

**VIETNAM ELECTRICITY
CONSTRUCTION JOINT
STOCK CORPORATION**

No: 511 CV/VNECO-TCKT

V/v Explanation of the basis for the
qualified audit opinion and emphasized
matter

THE SOCIALIST REPUBLIC OF VIETNAM
Independence - Freedom - Happiness

Da Nang City, 29 August 2025

To: - The State Securities Commission
 - Ho Chi Minh Stock Exchange

Vietnam Electricity Construction Joint Stock Corporation (hereinafter referred to as the "VNECO") hereby provides an explanation of the basis for the qualified audit opinion and emphasized matter on the review interim Consolidated and Financial Statements for the period ended 30th June 2025:

I. Explanation of the Basis for the Qualified Audit Opinion

1. Explanation of the Basis for the Qualified Audit Opinion on the review interim Financial Statements:

a. In relation to the Basis for the Qualified Audit Opinion: "As of June 30, 2025, the unreconciled and confirmed balance of receivables (Codes 131, 132, 136) is VND 149.8 billion (as of December 31, 2024, it is VND 159.9 billion); the unreconciled and confirmed balance of payables (Codes 311, 312, 319) is VND 350.8 billion (as of December 31, 2024, it is VND 336.4 billion). We have performed procedures to review these balances, however, the procedures we performed have not provided us with sufficient evidence regarding the existence of these receivables and payables, and we have not determined the provisions required to be made in accordance with the regulations on preparation and presentation of interim consolidated financial statements for overdue receivables. Therefore, we are unable to determine whether the necessary adjustments to these figures are required in the interim consolidated financial statements for the accounting period ended June 30, 2025 of the Corporation":

With respect to the basis for the qualified audit opinion in section 1.a: As of the preparation date of the financial statements the period ended 30th June 2025, VNECO had sent debt confirmation letters as of June 30, 2025 to project owners, contractors, suppliers, and other customers. However, as of the issuance date of the reviewed semi-annual financial statements for 2025, VNECO had not received certain confirmation responses. VNECO will continue to contact and remind the project owners, contractors, suppliers, and other customers to obtain such confirmation letters in order to verify the existence of the related receivables and payables..

b. In relation to the Basis for the Qualified Audit Opinion: "Up to now, the Corporation has not provided the Financial Statement for the accounting period ending on June 30, 2025 of VNECO Hoi Xuan Investment and Construction Joint Stock Company to evaluate the investment in this Company with the amount of VND 30,820,000,000. With the documents provided, we cannot determine the amount of provisions required to be set up according to regulations. Therefore, we cannot determine whether the figures need to be adjusted in the Interim Consolidated Financial Statement for the accounting period ending on June 30, 2025 of the Corporation or not":

With respect to the basis for the qualified audit opinion in section 1.b: At the time of preparing the Interim financial statements for period ended June 30, 2025, VNECO had only received the self-prepared financial statements of VNECO Hoi Xuan Investment and Construction Joint Stock Company for the fiscal year ended December 31, 2024. The entity has not yet provided its self-prepared financial statements for the accounting period ended June 30, 2025; therefore, VNECO is unable to determine whether an additional provision should be made or an existing provision should be reversed in accordance with prevailing regulations.

c. In relation to the Basis for the Qualified Audit Opinion: "During the period, the Corporation has reviewed and settled the unfinished costs of construction works. However, as of June 30, 2025, the Corporation has not yet settled some works with an amount of VND 34,019,317,973 (as of December 31, 2024, it was VND 34,019,317,973). With the documents provided, we are unable to collect sufficient appropriate evidence to determine the reasonableness and recoverability of this expense. Therefore, we are unable to determine whether it is necessary to adjust these indicators or not, as well as the impact (if any) on other indicators in the Interim Financial Statements for the accounting period ended June 30, 2025 of the Corporation":

With respect to the basis for the qualified audit opinion in section 1.c: for the construction-in-progress values referred to in this section, VNECO has not yet finalized certain documentation with the project owners relating to the volume of completed work. Consequently, acceptance certificates required for revenue recognition have not been issued. VNECO will complete the necessary documentation in order to recognize revenue in subsequent accounting periods, thereby offsetting and reducing the corresponding construction-in-progress costs

2. Explanation of the Basis for the Qualified Audit Opinion on the review interim Consolidated Financial Statements

a. In relation to the Basis for the Qualified Audit Opinion: "As at 30/06/2025, The outstanding balances of receivables (Codes 131, 132, 136) that have not yet been reconciled and confirmed amounted to VND 401.3 billion (VND 258.3 billion as at 31/12/2024); the outstanding balances of payables (Codes 311, 312, 319) that have not yet been reconciled and confirmed amounted to VND 378.5 billion (VND 361.4 billion as at 31/12/2024). We have performed certain procedures to review these balances; however, the procedures performed have not enabled us to obtain sufficient appropriate evidence regarding the existence of these receivables and payables, or the provisions required to be made in accordance with the regulations on the preparation and presentation of interim consolidated financial statements for overdue receivables. Accordingly, we are unable to determine whether any adjustments are necessary to these figures in the interim consolidated financial statements of the Corporation for the accounting period ended 30/06/2025.":

This matter has been addressed in section 1.a above and has been included in the auditor's opinion on the reviewed interim financial statements of the subsidiaries.

b. In relation to the Basis for the Qualified Audit Opinion: "Up to now, the Corporation has not provided the financial statements of its other long-term investment in Vneco Hoi Xuan Investment and Electricity Construction Joint Stock Company, with a carrying amount of VND 30,820,000,000. Based on the documents provided, we were unable to determine the provision required to be made in accordance with the regulations. Accordingly, we are unable to determine whether any adjustments are necessary to the interim consolidated financial statements of the Corporation for the period ended 30/06/2025.":

This matter has been addressed in section 1.b above.

c. In relation to the Basis for the Qualified Audit Opinion: "During the period, the Corporation carried out a review and finalization of construction-in-progress costs. However, as at 30/06/2025, there remained certain projects that had not yet been finalized with a total amount of VND 38,737,612,961 (as at 31/12/2024 is VND 38,737,612,961). Based on the documents provided, we were unable to obtain sufficient and appropriate audit evidence to determine the reasonableness and recoverability of these costs. Accordingly, we are unable to determine whether any adjustments to these balances are necessary, as well as the potential impact (if any) on other items of the interim consolidated financial statements of the Corporation for the period ended 30/06/2025."

This matter has been addressed in section 1.c above.

d. In relation to the Basis for the Qualified Audit Opinion: "VNECO 8 Elictricity Construction Joint Stock Company (a subsidiary of the Corporation) has total assets as of June 30, 2025 of VND 57,759,754,758 (as of January 1, 2025, VND 92,853,996,708), short-term debts of VND 112,633,855,391 exceeding short-term assets by VND 58,624,852,171, overdue principal and interest outstanding of VND 60,416,789,223 and VND 15,711,416,612, respectively. During the period, the Company's profit after tax was negative VND 36,135,119,927; At the same time, the accumulated undistributed profit after tax up to June 30, 2025 is negative 73,852,594,889 VND. These conditions affect the ability to continue operating of VNECO 8 Elictricity Construction Joint Stock Company. We were unable to obtain sufficient appropriate audit evidence regarding VNECO 8 Elictricity Construction Joint Stock Company's ability to continue as a going concern. Therefore, we were unable to determine whether the interim financial statements of VNECO 8 Elictricity Construction Joint Stock Company were prepared on the assumption that the Company will continue as a going concern and its impact on the interim consolidated financial statements for the period ended June 30, 2025 of the Corporation":

With respect to the basis for the qualified audit opinion in section 2.d: Due to the severe and prolonged impact of the Covid-19 pandemic during 2020–2022, construction activities were suspended, resulting in increased administrative expenses, working capital loan interest, and fluctuations in input material prices. Consequently, projects reaching the settlement stage have experienced reduced profitability or are at risk of incurring significant losses. VNECO8 is currently facing serious financial difficulties, with overdue bank debts leading to loan reclassification and suspension of credit facilities by banks, further exacerbating the unit's business recovery challenges. At present, the Management of VNECO8 continues to work with credit institutions and partners to develop appropriate resolution plans.

VNECO has contributed an investment of VND 9,746,980,000 in VE8 and has made a provision of VND 7,934,723,800; therefore, the impact of VE8's operating performance on VNECO's operations is not material.

II. Explanation of the emphasized matter

1. Explanation of the emphasized matter on the review interim Financial Statements

a. With respect to the matter requiring emphasis: "As presented in Note 5.6 in the Notes to the Interim Consolidated Financial Statements, which describes the fact that REENIZE Trading Joint Stock Company has taken over the entire volume of work that has been performed and accepted and will continue to perform the remaining work to complete the entire volume of work signed between the Corporation and Hoi Xuan Power Construction Joint Stock Company, Ve Nguon Company Limited, Lam Thuan

Phat Investment Company Limited. The total transfer value is VND 61,579,748,640, at the same time, the Corporation has recorded a reduction in receivables with the above 3 entities with a total value of VND 64,398,171,902, a decrease in the provision value of VND 53,550,041,972 and an increase in receivables from REENIZE Trading Joint Stock Company of VND 61,579,748,640."

REENIZE Company continues to carry out the remaining workload under the Contract for the Construction of Hydro-mechanical Equipment and Auxiliary Works of the Hoi Xuan Hydropower Project, and to take over and record the value of the works already completed. However, to date, the project owner has not yet arranged the necessary funding for further implementation, and the project has been classified as requiring urgent special attention for resolution pursuant to the conclusion of the Government Inspectorate in order to avoid wastefulness. VNECO will continue to coordinate with contractors to implement the remaining items immediately after the funding difficulties are resolved."

b. With respect to the matter requiring emphasis: "In Note 7.3 of the Notes to the Interim Consolidated Financial Statements, which describes the issue related to the results of Judgment No. 618/2018/HS-PT dated November 2, 2018 of the High People's Court in Ho Chi Minh City. On February 8, 2022, the Civil Judgment Enforcement Department of Da Nang City issued a decision to postpone the enforcement of the judgment against the Corporation. Currently, the Corporation is carrying out procedures to request the competent authority to resolve the case according to the Chief Justice procedure".

With respect to the matter emphasized in Section II.1.b: The Company continues to monitor and implement the procedures for cassation review

c. With respect to the matter requiring emphasis: "As stated in Note 7.4 of the Notes to the Interim Consolidated Financial Statements, which describes that at the time of reporting, the Corporation has not yet held the Annual General Meeting of Shareholders in 2024 and 2025 as prescribed in Clause 2, Article 139, Law on Enterprises 2020".

With respect to the matter emphasized in Section II.1.c: On July 1, 2025, Resolution No. 09/NQ-VNECO-HĐQT was issued regarding the change of the schedule for convening the 2025 Annual General Meeting of Shareholders as stipulated in Decision No. 07/QĐ-VNECO-HĐQT dated April 25, 2025, which had already been disclosed to the market under Announcement No. 428/TB-VNECO-CBTT dated July 2, 2025.

d. With respect to the matter requiring emphasis: "In Note 4, the Notes to the Interim Consolidated Financial Statements: As of June 30, 2025, the Corporation's short-term liabilities exceeded its short-term assets by VND 180,803,734,720; the outstanding principal and overdue interest of bank loans were VND 79,386,418,578 and VND 12,094,733,012, respectively. During the period, the Corporation's after-tax profit was negative VND 68,783,180,881; at the same time, as of June 30, 2025, the accumulated undistributed after-tax profit was negative VND 126,653,719,017. The Corporation's ability to continue as a going concern depends on its ability to collect receivables, extend loans, and payables from commercial banks, suppliers, and future business performance. These conditions indicate the existence of material uncertainties regarding the Corporation's ability to continue as a going concern".

With respect to the matter emphasized in Section II.1.d: In response to objective risks directly impacting the Corporation since the Covid-19 pandemic, the Company's management has proactively prioritized addressing outstanding issues, executing key national projects, engaging with banks to restructure repayment schedules and extend

debt under Circular No. 02/2023/TT-NHNN and Circular No. 06/2024/TT-NHNN, streamlining business operations, reducing operating costs, and gradually shifting its business structure towards greater flexibility in crisis response and mitigating risks from policy changes. At the same time, the Company has strengthened receivables collection and tightened cash flow control. The Corporation is confident that it will gradually overcome current challenges, ensure its going-concern capability, and achieve stable recovery in the coming period."

2. Explanation of the emphasized matter on the review interim Consolidated Financial Statements:

a. With respect to the matter requiring emphasis: "As presented in Note 5.6 in the Notes to the Interim Consolidated Financial Statements, which describes the fact that REENIZE Trading Joint Stock Company has taken over the entire volume of work that has been performed and accepted and will continue to perform the remaining work to complete the entire volume of work signed between the Corporation and Hoi Xuan Power Construction Joint Stock Company, Ve Nguon Company Limited, Lam Thuan Phat Investment Company Limited. The total transfer value is VND 61,579,748,640, at the same time, the Corporation has recorded a reduction in receivables with the above 3 entities with a total value of VND 64,398,171,902, a decrease in the provision value of VND 53,550,041,972 and an increase in receivables from REENIZE Trading Joint Stock Company of VND 61,579,748,640".

This matter has been addressed in section II.1.a above.

b. With respect to the matter requiring emphasis: "In Note 7.3 of the Notes to the Interim Consolidated Financial Statements, which describes the issue related to the results of Judgment No. 618/2018/HS-PT dated November 2, 2018 of the High People's Court in Ho Chi Minh City. On February 8, 2022, the Civil Judgment Enforcement Department of Da Nang City issued a decision to postpone the enforcement of the judgment against the Corporation. Currently, the Corporation is carrying out procedures to request the competent authority to resolve the case according to the Chief Justice procedure".

This matter has been addressed in section II.1.b above.

c. With respect to the matter requiring emphasis: "As stated in Note 7.4 of the Notes to the Interim Consolidated Financial Statements, which describes that at the time of reporting, the Corporation has not yet held the Annual General Meeting of Shareholders in 2024 and 2025 as prescribed in Clause 2, Article 139, Law on Enterprises 2020".

This matter has been addressed in section II.1.c above.

d. With respect to the matter requiring emphasis: "As presented in Note 7.4 in the Notes to the Interim Consolidated Financial Statements, which describes the issues related to the judgments of VNECO 8 Electricity Construction Joint Stock Company (a subsidiary of the Corporation) and the Banks on overdue principal, interest, overdue penalty interest, and late payment interest. At the date of preparation of this Financial Statement, VNECO 8 Electricity Construction Joint Stock Company has not received the final conclusion of the People's Court handling the case".

This matter has been addressed in section I.2 above. The Company will make the required disclosures in compliance with applicable regulations once a judgment or ruling has been issued by the Court.

e. With respect to the matter requiring emphasis: "As disclosed in Note 4 to the Interim Consolidated Financial Statements: As at 30/06/2025, the Corporation's short-term liabilities exceeded its current assets by VND 393,839,160,485; the outstanding principal and interest on bank borrowings that were overdue and unpaid amounted to

VND 180,343,451,844 and VND 36,890,002,851 respectively. During the period, the profits after corporate income tax a net loss of VND 88,280,476,214; and as at 30/06/2025, the accumulated undistributed net loss amounted to VND 217,302,704,181. The Corporation's ability to continue as a going concern depends on the recoverability of receivables, the extension of borrowings and payables from commercial banks and suppliers, and the future performance of its business operations. These conditions indicate the existence of a material uncertainty that may cast significant doubt on the Corporation's ability to continue as a going concern".

This matter has been addressed in section II.1.d above and the summary of matters emphasized by the auditor in the reviewed financial statements of the subsidiaries".

VNECO respectfully submits this explanation!

CHIEF ACCOUNTANT



Pham Do Minh Triet



CHAIRMAN



Nguyen Anh Tuan

Recipients:

- As above;
- Save at VNECO;