TỔNG CÔNG TY XÂY DỰNG THỦY LỢI 4-CTCP

HYDRAULICS CONSTRUCTION CORPORATION NO. 4 – JSC
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No: 219./CV-BTC-TCT

SOCIALIST REPUBLIC OF VIETNAM
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Ho Chi Minh City, August 28, 2026

Explanation of Causes and Remedial Actions for the Qualified Opinion on the Interim Combined and Consolidated Financial Statements for the Six-Month Period Ended June 30, 2026.

To: - HANOI STOCK EXCHANGE

- Pursuant to the regulations on information disclosure as stipulated in Circular No. 96/2020/TT-BTC dated November 16, 2020 of the Ministry of Finance;

- Based on the Interim Combined and Consolidated Semi-Annual Financial Statements for the year 2026 of of Hydraulics Construction Corporation No. 4 – Joint Stock Company;

Hydraulics Construction Corporation No. 4 – JSC (hereinafter referred to as "the Corporation") hereby provides the explanation of causes and the roadmap for remedial actions regarding the Qualified Opinion on the reviewed Combined and Consolidated Financial Statements for the six-month period as follows:

I. Qualified Conclusion on the Interim Combined Financial Statements for the Six-Month Period Ended June 30, 2026:

1. Regarding Accounts Receivable with Incomplete Audit Confirmations:

a. **Qualified Conclusion:** "As of the date of issuance of this report, we have not yet obtained confirmation letters for receivables outstanding as at June 30, 2026, amounting to approximately VND 84.63 billion (of which approximately VND 62.45 billion has been provided for doubtful debts). Based on the other procedures performed, we have been unable to obtain sufficient appropriate information to assess the existence and completeness of these receivables, as well as the potential impact, if any, of this matter on the relevant amounts presented in the combined financial statements".

b. **Underlying causes and remedial actions**:

- **Underlying causes:** Due to the specific nature of executing large-scale construction projects with prolonged execution timelines, the processes for inspection, acceptance, billing, and final account settlement with Project Owners and customers are similarly extended. This has resulted in outstanding, uncollected receivable balances and posed significant difficulties in gathering debt confirmation letters within the mandated audit timeline.
- **Remedial actions:** The Corporation has been intensively expediting debt recovery efforts and circulating external confirmation letters. As a result, the unconfirmed receivable balance as of June 30, 2026, decreased by VND 5.36 billion (or a reduction of 5.96%) compared to December 31, 2025, dropping from VND 89.99 billion down to VND 84.63 billion. Moving forward, the Corporation will continue to aggressively pursue outstanding confirmation letters, collaborate with Project Owners and customers to finalize settlement documentations, and implement alternative audit procedures. Concurrently, full provisioning will be recognized in strict compliance with applicable regulations for any debts deemed highly irrecoverable.

2. Regarding Accounts Payable with Incomplete Audit Confirmations:

a. **Qualified Conclusion:** "As of the date of issuance of this report, we have not yet obtained confirmation letters for payables outstanding as at June 30, 2026, amounting to approximately VND 66.62 billion. Based on the other procedures performed, we have been unable to obtain sufficient appropriate information to assess the existence and completeness of these payables, as well as the potential impact, if any, of this matter on the relevant amounts presented in the combined financial statements".

b. **Underlying causes and remedial actions**:

- **Underlying causes:** The finalization of work volume reconciliations and account settlements with certain suppliers and subcontractors is structurally dependent upon the overall project acceptance progress with the Project Owners. Given the prolonged execution timelines of these projects, the final settlement processes are inherently extended. Consequently, legacy outstanding payables with subcontractors and suppliers remain unresolved, hindering the timely collection of debt confirmation letters within the mandated audit window.

- **Remedial actions:** Proactive debt review and reconciliation efforts have yielded positive transitions, evidenced by a VND 7.49 billion (or 10.11%) reduction in the unconfirmed accounts payable balance as of June 30, 2026, compared to December 31, 2025, dropping from VND 74.11 billion down to VND 66.62 billion. Moving forward, the Corporation will continue to engage with relevant counterparties to finalize billing and settlement figures, alongside performing rigorous debt cross-matching to thoroughly resolve these legacy outstanding liabilities.

3. **Regarding Construction-in-Progress (CIP) Expenses at the Housing Project No. 34 Thuy Loi Street:**

a. **Qualified Conclusion**: As presented in Note V.12 to the Notes to the combined financial statements, the balance of construction in progress as at June 30, 2026 relating to the residential Housing Project located at No. 34 Thuy Loi Street, Phuoc Long Ward, Ho Chi Minh City, amounted to approximately VND 21.78 billion (as of January 1, 2026: approximately VND 21.78 billion). We have not yet obtained sufficient appropriate audit evidence to assess the recoverable amount of the costs invested in the project. Accordingly, we have been unable to determine whether any adjustments to these amounts are necessary.

b. **Underlying causes and remedial actions**:

- **Underlying causes:** The construction-in-progress (CIP) balance as of June 30, 2026, for the Housing Project at No. 34 Thuy Loi Street, Phuoc Long Ward, Ho Chi Minh City, totaling approximately VND 21.78 billion, represents capitalized costs incurred during the project implementation process. Due to prolonged complications regarding regulatory investment procedures under general statutory frameworks, project implementation has been temporarily suspended (the balance recorded no additional additions compared to January 1, 2026).
- **Remedial actions:** The Corporation is continuing to proactively engage with competent state authorities to resolve the regulatory bottlenecks and finalize licensing documentation, aiming to resume project implementation at the earliest opportunity and ensure the ultimate recovery of the invested capital.

II. Qualified Conclusion on the Consolidated Interim Financial Statements for the Six-Month Period Ended June 30, 2026:

1. **Regarding Accounts Receivable with Incomplete Audit Confirmations:**

a. **Qualified Conclusion:** "As of the date of issuance of this report, we have not yet obtained confirmation letters for receivables outstanding as at June 30, 2026, amounting to approximately VND 93.58 billion (of which approximately VND 62.45 billion has been provided for doubtful debts). Based on the other procedures performed, we have been unable to obtain sufficient appropriate information to assess the existence and completeness of these receivables, as well as the potential impact, if any, of this matter on the relevant amounts presented in the Consolidated financial statements".

b. **Underlying causes and remedial actions**:

- **Underlying causes:** Due to the specific nature of executing large-scale construction projects with prolonged execution timelines, the processes for inspection, acceptance, billing, and final account settlement with Project Owners and customers are similarly extended. This has resulted in outstanding, uncollected receivable balances and posed significant difficulties in gathering debt confirmation letters within the mandated audit timeline.
- **Remedial actions:** The Corporation has been intensively expediting debt recovery efforts and circulating external confirmation letters across the Group. As a result, the consolidated unconfirmed receivable balance as of June 30, 2026, decreased by VND 5.35 billion (or a reduction of 5.41%) compared to December 31, 2025, dropping from VND 98.93 billion down to VND 93.58 billion. Moving forward, the Corporation will continue to aggressively pursue outstanding confirmation letters, collaborate with Project Owners and customers to finalize settlement documentations, and implement alternative audit procedures. Concurrently, full provisioning will be recognized in strict compliance with applicable regulations for any debts deemed highly irrecoverable.

2. **Regarding Accounts Payable with Incomplete Audit Confirmations:**

a. **Qualified Conclusion:** "As of the date of issuance of this report, we have also not yet obtained confirmation letters for payables outstanding as at June 30, 2026, amounting to approximately VND 82.18 billion. Based on the other procedures performed, we have been unable to obtain sufficient appropriate information to assess the existence and completeness of these payables, as well as the potential impact, if any, of this matter on the relevant amounts presented in the combined financial statements".

b. **Underlying causes and remedial actions**:

- **Underlying causes:** The finalization of work volume reconciliations and account settlements with certain suppliers and subcontractors is structurally dependent upon the overall project acceptance progress with the Project Owners. Given the prolonged execution timelines of these projects, the final settlement processes are inherently extended. Consequently, legacy outstanding payables with subcontractors and suppliers remain unresolved, hindering the timely collection of debt confirmation letters within the mandated audit window.
- **Remedial actions:** Proactive debt review and reconciliation efforts have yielded positive transitions, evidenced by a VND 7.49 billion (or 8.35%) reduction in the consolidated unconfirmed accounts payable balance as of June 30, 2026, compared to December 31, 2025, dropping from VND 89.67 billion down to VND 82.18 billion. Moving forward, the Corporation will continue to engage with relevant counterparties to finalize billing and settlement figures, alongside performing rigorous debt cross-matching to thoroughly resolve these legacy outstanding liabilities.

3. **Regarding Construction-in-Progress (CIP) Expenses and Deferred Expenses:**

   a. **Qualified Conclusion**:

- As presented in Note V.8 to the consolidated financial statements, the balance of other long-term deferred expenses at the Subsidiary - Thuy Loi 4B Real Estate Investment Joint Stock Company as at June 30, 2026 was approximately VND 5.36 billion (as at January 1, 2026: approximately VND 5.36 billion). We were unable to obtain sufficient appropriate audit evidence to assess the appropriateness and accuracy of this balance of other long-term prepaid expenses. Accordingly, we were unable to determine whether any adjustments to these amounts were necessary.
- As presented in Note V.12 to the consolidated financial statements, the balance of long-term work-in-progress costs relating to the residential project at No. 34 Thuy Loi Street, Phuoc Long Ward, Ho Chi Minh City, held by the Subsidiary - Thuy Loi 4B Real Estate Investment Joint Stock Company, was approximately VND 9.24 billion as at June 30, 2026 (as at January 1, 2026 approximately VND 9.24 billion). We were unable to obtain sufficient appropriate audit evidence to assess the recoverable amount of the work-in-progress costs of this project. Accordingly, we were unable to determine whether any adjustments to these amounts were necessary.
- As presented in Note V.12 to the consolidated financial statements, the balance of construction in progress costs relating to the residential project at No. 34 Thuy Loi Street, Phuoc Long Ward, Ho Chi Minh City and the 414 High-rise Building Project was approximately VND 22.25 billion as at June 30,2026 (as at January 1, 2026: approximately VND 22.25 billion). We were unable to obtain sufficient appropriate audit evidence to assess the recoverable amount of the costs invested in these projects. Accordingly, we were unable to determine whether any adjustments to these amounts were necessary.

   b. **Underlying causes and remedial actions**:

- **Underlying causes:** These expenses represent actual costs incurred during the initial investment preparation and project development phases. Due to prolonged complications regarding regulatory investment procedures under general statutory frameworks, these projects have been temporarily suspended (the balances recorded no additional additions compared to January 1, 2026).
- **Remedial actions:** The Corporation and its subsidiary are continuing to proactively collaborate with competent state authorities to dismantle regulatory bottlenecks and finalize licensing documentation, aiming to bring these projects into operation at the earliest opportunity in order to recover the invested costs.

The above is the explanation provided by Hydraulics Construction Corporation No. 4 – JSC, which is respectfully submitted to the Hanoi Stock Exchange.
Respectfully yours!

Recipients:
- As above;
- Board of Directors; Audit Committee (for reporting);
- Filed: Archives.

LEGAL REPRESENTATIVE

TỔNG GIÁM ĐỐC

TỔNG CÔNG TY XÂY DỰNG THỦY LỢI 4 - CTCP

Nguyễn Xuân Hòa