**VE8: Explanation for the stock put into the supervision status and solutions**

On 31 Mar 2020, VNECO8 Electricity Construction Joint Stock Corporation explained the stock put into the supervision status and solutions as follows:

On April 6, 2020, VNECO8 Electricity Construction Joint Stock Company received Notice No.258/TB - SGDHN dated April 1, 2020 on putting VE8 shares into the supervision status and Official Letter No.: 447/SGDHN-QLNY dated April 1, 2020 of the Hanoi Stock Exchange requesting the Company to explain the reasons for the securities put into the supervision status and give solutions. The company explains and gives solutions as follows:

1/ Explanation: According to the audited financial statements of 2018, the after-tax profit was (negative) VND - 4,078,835,142 and the profit after tax of 2019 was (negative) VND - 2,518,040,261 due to:

- For construction and installation: Due to change in the specialized norm estimation of work of installation of electricity transmission lines and transformer stations under the Decision No.4970/QD - BCT of the Ministry of Industry and Trade on low price like the norm of constructing common civil works, therefore the actual cost of many construction items was higher, leading to losses; Many projects of great value and high profits were expected to be constructed in the period but were congested because the Investor failed to clear the ground or failed to make a schedule of cutting electricity for construction such as the 220kV transmission line connecting Tan Uyen 500kV substation, Duc Hoa 220kV line, Ba Ria - Ngai Giao 110kV line, the 110kV line connecting Hoa Binh 2 substation…

- For the production of BTLT poles: The application of the standard 5847:2016 in place of the standard 5847:1994 and 5846:1994 made the production cost of centrifugal concrete poles increase greatly but the price the power industry applied did not increase accordingly

- With the above reasons, the revenue in the past two years only reached 65% of the plan; meanwhile, the management expense, sales expense, financial expense were equivalent to the plan; The projects were related to compensation could not be carried out but had to spend on maintenance of warehouses and tents, expenses for material officials, storekeepers…, which made the Company's business results in the last two years lose VND 6,596,875,403

2/ Solutions: The Board of Directors and the Management Board have business and production plans in 2020 with the goal of increasing revenue, reducing costs to cover the loss. This plan is waiting for the approval of the General Meeting of Shareholders