**LLM: Explanation for the qualified opinion of auditor**

On 13 Apr 2020, Vietnam Machinery Installation Corporation – Joint Stock Company explained the qualified opinion of the auditor as follows:

1. The qualified opinion of auditor: "The Corporation's consolidated financial statements for the fiscal year ended 31 December 2018 included the unaudited financial statements of Lisemco Joint Stock Company ("Lisemco" - formerly a subsidiary of the Corporation) caused us to give the qualified opinion for the previous year's consolidated financial statements. For the fiscal year ended 31 December 2019, the Corporation's consolidated financial income included approximately VND 209 billion of interest from Lisemco capital divestment transactions based on unaudited financial statements of Lisemco for the fiscal year ended December 31, 2018. At the same time, the Corporation's consolidated financial statements for the fiscal year ended 31 December 2019 did not include business results of Lisemco from January 1, 2019 to February 26, 2019 (the date the Corporation divested all its capital from Lisemco). We did not collect financial information, audited financial statements for Lisemco's operation period and fiscal year mentioned above, and also did not perform all the necessary replacement procedures. Accordingly, we cannot determine whether it is necessary to adjust these figures in the consolidated financial statements for the fiscal year ended on 31 December 2019 of the Corporation or not

Reason for the qualified opinion:

On February 26, 2019, the Corporation completed the entire divestment of 13,005,032 shares (equivalent to 79.98% of charter capital) from LISEMCO Joint Stock Company. Accordingly, from February 26, 2019, the Corporation is no longer a shareholder of LISEMCO Joint Stock Company

Because of no longer being a shareholder of LISEMCO Joint Stock Company, despite repeated contact, the Corporation was still unable to collect audited 2018 financial statements as well as business results of LISEMCO from January 1, 2019 to February 26, 2019

2. Causes of losses

In 2019, the after-tax profit on LILAMA's consolidated financial statements was (-) VND 86.1 billion

Reasons: The production and business activities of the parent company - LILAMA were still profitable, however, the construction industry market is currently facing difficulties: decline in public investment and the delayed, rescheduled investment projects, affecting the general employment and the revenue and profit of LILAMA

On the other hand, on December 31, 2018, LILAMA made provision of VND 331.8 billion for receivable debts of LISEMCO Joint Stock Company, at that time LISEMCO was a subsidiary of LILAMA. Therefore, provisions were excluded when preparing the consolidated financial statements in accordance with the guidance of Circular No.202/2014/TT - BTC dated December 22, 2014 of the Ministry of Finance. In 2019, LILAMA divested all capital at LISEMCO, LISEMCO was no longer a subsidiary or associate of LILAMA, so the above reserves were recorded in the income statement in 2019 in the consolidated financial statements, which reduced the profit after tax of the consolidated financial statement

3. Cause of the difference of 10% compared to the same period last year

Consolidated profit after tax of LILAMA in 2018 was negative VND 181.1 billion. The consolidated profit after tax of LILAMA in 2019 was negative VND 86.1 billion

Reason: Last year's consolidated profit after tax was a big loss because there was a big loss because of a big loss of one company (LISEMCO), negatively affecting the business results of entire LILAMA. In this year, LILAMA has withdrawn from LISEMCO, so the business and production results of LISEMCO no longer impact on LILAMA's business results

4. Cause of the difference of 5% compared to before audit

The consolidated profit after tax of LILAMA before audit was negative VND 76 billion

LILAMA's consolidated after-tax profit after audit was negative VND 86 billion

Reason: The preparation of financial statements for the 4th quarter of 2019 was based on the unaudited financial statement of the parent company and subsidiaries. The difference in the figures before and after the audit was mainly because of great change in the profit after tax of the subsidiaries compared to before auditing (specifically, LILAMA 5 changed from negative VND 6.7 billion (before audit) to negative VND 28.6 billion after audit), which had a considerable influence on the consolidated profit after tax of the whole Corporation