**SP2: Explanation for the qualified opinion of auditor**

On 26 Mar 2020, Su Pan 2 Hydropower Joint Stock Company explained the qualified opinion of auditor as follows:

1. About the debts

- On 31 December 2019, a number of outstanding debts existed in the financial statements of the Company many years ago. The Company is continuing to work to recover these debts. Up to now, these debts have been over 3 years overdue, so AAC Auditing and Accounting Company asked the Company to make provision for doubtful debts in accordance with Circular 48/ 2019/ TT - BTC dated 08 August 2019 of the Ministry of Finance with a provision amount of VND 1,978,938,813

- The value cut down upon settlement of Su Pan 2 hydropower project: VND 903,583,761, the Company determined to recover from the contractors and is currently tracking in “Other receivables”. Up to now, the Company has not determined the specific debtors and receivable amounts of each object.

- On December 31, 2019, receivable and payable debts not reconciled, confirmed were respectively VND 5,737,292,255 and VND 22,114,758,602. These liabilities are mainly related to the debts of contractors for Su Pan 2 hydropower plant. Due to the slow settlement of the projects, the Company did not work specifically with each contractor to agree on the value of the implemented volume, so some contractors have not confirmed the specific debt

2. Regarding the recognition of losses due to termination of invested projects:

Regarding the losses of Nam Can hydropower project (VND 14,654,688,095) arising from 2016 and not yet recorded in the business results of 2016 but currently reflected in the item "other short-term receivables". About this amount, the Company will remedy in the shortest time

+ About Su Pan 1 Hydropower and Van ban Hydropower projects, the investment value was accounted in the construction in progress of the Company. However, two projects were decided by the People's Committee of Lao Cai province to terminate the investment policy and revoke investment licenses according to Official Dispatch No.3142/ UBND-CN of December 10, 2009 and 4271/ UBND - TH dated November 4, 2013 because the Company did not submit project documents to the People's Committee of Lao Cai Province in time. The investment value of these two projects was still reflected in the item Construction in progress because the Company did not complete the legal procedures to liquidate these projects

3. Receivables of Sa Pa Hydropower Company Limited

According to the Decision on recognizing the agreement of the parties No.03/2014/ QDST - DS dated November 5, 2014 of the People's Court of Sa Pa District. However, on July 18, 2019, the Superior People's Court in Hanoi issued a cassation decision No.39/2019/ DS - GDT announcing the cancellation of the entire Decision No.03/2014/ QDST - DS mentioned above and deliver the case file to the People's Court of Sa Pa District, Lao Cai Province. Currently, the Company has made a cassation application

4. Regarding the interest expenses of Song Da Corporation, the Company did not recognize the payable interest in 2019 for the principal loan (VND 15,000,000,000) and the payables to the suppliers (VND 1,183,397,247) of Song Da Corporation - JSC. The company is in the process of working with Song Da Corporation on the loan contract No.06/2011/ HDTD/ TDSD – SDHL and relevant obligations