**MIE: Explanation for maintaining the warning status for shares due to the Consolidated Financial Statements having an auditor's qualified opinion for 3 consecutive years**

On April 12, 2024, Machines and Industrial Equipment Corporation announced Official Dispatch No. 286/CV-MIE-TCKT explaining the maintenance of warning status for shares due to the Consolidated Financial Statements having an auditor's qualified opinion for 3 consecutive years as follows:

1. The auditor's qualified opinion recorded in the Audited Consolidated Financial Statements 2023

Auditor’s qualified opinion

In our opinion, except for the effects of the matters in the “Basis of auditor’s qualified opinion” paragraph, the Consolidated Financial Statements honestly and reasonably reflected the financial situations of the Company in material aspects as of December 31, 2023, as well as its business results and cash flow status for the fiscal year ending on the same day, in accordance with Vietnamese Accounting Standards, the current Vietnamese Corporate Accounting System, and the legal requirements related to the preparation and presentation of the Consolidated Financial Statements.

Basis of auditor’s qualified opinion

(1) As presented in section 5.3; section 5.4; Section 5.5, Part 5 "Consolidated Financial Statements Footnotes", the Corporation currently has a number of outstanding debts as of December 31, 2023 and December 31, 2022 as follows: Receivables from customers of The Vietnam National Complete Equipment and Technics Import Export Corporation Limited: VND 59,039,493,041; Prepayment to the seller of Mechanical Products Export- Import Company Limited: VND 20,549,503,289; Other receivables of The Vietnam National Complete Equipment and Technics Import Export Corporation Limited: VND 6,115,416,932. These are outstanding debts as of September 30, 2014 (the time to determine enterprise value for equitization) but have not been processed when determining enterprise value as well as when announcing the enterprise value for equitization; and customer receivables of Mechanical Products Export- Import Company Limited arising after September 30, 2014 that are overdue as of December 31, 2023 have the following value: VND 20,936,665,113. At the time of issuing this report, the Holding Company and four Subsidiaries (100% owned by the Holding Company) are waiting for the competent authority to approve the equitization settlement and handle related issues, including outstanding debts. Therefore, the Corporation has not made a provision for doubtful accounts receivable for these outstanding debts. The auditors are also unable to perform alternative audit procedures to evaluate the value of provisions required to be made on December 31, 2023 and December 31, 2022. Therefore, the auditors could not determine if these figures needed to be adjusted or not.

(2) As presented in section 5.3; section 5.4; Section 5.5, Part 5 "Consolidated Financial Statements Footnotes", the Corporation currently has a number of outstanding debts as of December 31, 2023 and December 31, 2022 as follows: Receivables from customers: VND 328,790,740, Prepayment to seller: VND 234,572,661, Other receivables: VND 18,184,136,530. These are outstanding debts related to the case that occurred at the General Import Export Business Enterprise of Quang Trung Mechanical Engineering Company Limited (Subsidiary). According to the Combined Financial Statements for the fiscal year ending December 31, 2023 of Quang Trung Mechanical Engineering Company Limited, because the case is in the execution stage, Quang Trung Mechanical Engineering Company Limited has not determined loss for the above bad debts. As of December 31, 2023, the Corporation has not yet made a provision for doubtful accounts receivable for these outstanding debts. The auditors are also unable to perform alternative audit procedures to evaluate the value of provisions required to be made on December 31, 2023 and December 31, 2022. Therefore, the auditors could not determine if these figures needed to be adjusted or not.

1. Explanation

(1) Regarding opinions about receivable debts at subsidiaries, the Corporation provides the following explanation:

Similar to the previous explanations, this auditor's qualified opinion has existed for over 3 years because the units are currently waiting for the competent authority to approve the equitization settlement and handle related issues, including the outstanding debt mentioned above. Currently, the competent authorities are still conducting the equitization settlement at the Corporation, so the Corporation has not assessed the loss of investment in these two subsidiaries in the Audited Combined Financial Statements 2023.

As soon as the competent authorities conduct the equitization settlement, the Corporation will make adjustments according to regulations. Currently, the Corporation has sent documents to the Ministry of Industry and Trade urging the equitization settlement according to the Official Dispatch No. 726/CV-MIE-TCKT dated July 21, 2021, Official Dispatch No. 212/CV-MIE-TCKT dated March 25, 2022 and Official Dispatch No. 286/CV-MIE-TCKT dated April 14, 2023 but has not received any response yet.

(2) Regarding the audit opinion related to the ongoing investigation at the General Import Export Business Enterprise - a unit under Quang Trung Mechanical Engineering Company Limited (subsidiary):

In 2022, the High People's Court in Hanoi issued appeal judgment No. 536/2022/HS-PT dated August 11, 2022, which takes legal effect from the date of sentencing. At the time of preparing the Consolidated Financial Statements 2023, because the case is in the execution phase, the Company has not yet determined the loss for the above bad debt receivables. Therefore, the Company and the Corporation have not made provisions for these debts. As soon as the enforcement process concludes, both the Company and the Corporation will proceed to handle these outstanding debts receivable. Subsequently, the audit company will no longer give a qualified opinion on this matter.

On April 12, 2024, Machines and Industrial Equipment Corporation announced Official Dispatch No. 287/CV-MIE-TCKT explaining the maintenance of warning status for shares due to the Consolidated Financial Statements having an auditor's qualified opinion 3 consecutive years as follows:

1. Auditor's qualified opinion recorded in the Audited Combined Financial Statements 2023

Auditor’s qualified opinion

In our opinion, except for the effects of the matters in the “Basis of auditor’s qualified opinion” paragraph, the Combined Financial Statements honestly and reasonably reflected the financial situations of the Company in material aspects as of December 31, 2023, as well as its business results and cash flow status for the fiscal year ending on the same day, in accordance with Vietnamese Accounting Standards, the current Vietnamese Corporate Accounting System, and the legal requirements related to the preparation and presentation of the Financial Statements.

Basis of auditor’s qualified opinion

As presented in Section 5.2.b, Part 5, Combined Financial Statements Footnotes, the Corporation has investments in two subsidiaries, Mechanical Products Export- Import Company Limited and The Vietnam National Complete Equipment and Technics Import Export Corporation Limited with book value as of December 31, 2023 of VND 186,946,683,204 and VND 35,893,995,830, respectively (as of December 31, 2022, the value is VND 186,946,683,204 and VND 35,893,995,830). At the date of this Combined Financial Statements, the Corporation has not assessed the decline in value of investments in these three Subsidiaries. The auditors were unable to collect sufficient appropriate evidence relating to the decline in value of these investments, as well as unable to perform alternative audit procedures to assess the value of provisions that need to be made as of December 31, 2023 and December 31, 2022. Therefore, the auditors could not determine if these figures needed to be adjusted or not.

1. Explanation

The Corporation provides the following explanation for the auditor's qualified opinion lasting for three years or more as follows:

Regarding opinions on receivables at subsidiaries, related to the Corporation's capital investment in these units:

Similar to the previous explanations, this auditor's qualified opinion has existed for over 3 years because the units are currently waiting for the competent authority to approve the equitization settlement and handle related issues, including the outstanding debt mentioned above. Currently, the competent authorities are still conducting the equitization settlement at the Corporation, so the Corporation has not assessed the loss of investment in these two subsidiaries in the Audited Combined Financial Statements 2023.

As soon as the competent authorities conduct the equitization settlement, the Corporation will make adjustments according to regulations. Currently, the Corporation has sent documents to the Ministry of Industry and Trade urging the equitization settlement according to the Official Dispatch No. 726/CV-MIE-TCKT dated July 21, 2021, Official Dispatch No. 212/CV-MIE-TCKT dated March 25, 2022 and Official Dispatch No. 286/CV-MIE-TCKT dated April 14, 2023 but has not received any response yet.