**KTL: Explanation on qualified opinion on Financial Statements 2023**

On March 29, 2024, ThangLong Metal Wares Joint Stock Company announced Official Dispatch No. 02/KKTL-2024 on explaining the auditor's qualified opinion on the Financial Statements 2023 as follows:

ThangLong Metal Wares Joint Stock Company was converted from Thang Long Metal One Member Limited Company according to Decision No. 760/QD-UBND dated September 16, 2008 of Hanoi People's Committee and officially operated from November 28, 2008. The Company's charter capital is VND 192,000,000,000, of which the state capital invested in the enterprise is VND 126,805,000,000, accounting for 66.04% of the charter capital.

The Company's main business is manufacturing and trading household metal products and parts for other industries from thin sheet metal; manufacturing and trading household products such as: Oil stoves, pots, pans, electric kettles, electric stoves, gas stoves, decorative lamps, public lighting covers, other household appliances and mechanical processing; manufacturing and sale of motorbike spare parts; Manufacturing, trading and assembling products of: cars, motorbikes, refrigeration, civil electricity, sanitary equipment and other consumer goods; manufacturing and trading all kinds of molds and specialized equipment; Importing equipment, machinery, technical supplies, and chemicals to serve the production needs of the Company and units in the industry; Exporting the Company's business items;

The company is currently organizing production in 04 factories with over 1,500 employees. The Company's annual revenue ranges from VND 900 billion to more than VND 1,000 billion, average monthly revenue ranges from 70 billion to 100 billion. The company's customers are mainly large domestic and foreign enterprises, production and delivery plans are stable and requirements for delivery assurance are very high. Specifically:

In the domestic market, the Company specializes in providing motorbike parts products for two large customers, HONDA Vietnam Company and GOSHI Thang Long Company, with monthly revenue of over VND 50 billion. Orders are determined to be delivered in specific time zones on each day and the delivery guarantee rate is calculated in PPM (Parts per million). If the requirements are not met, compensation will have to be made for all production stoppages at all factories in the system.

For exported goods, the Company is exporting to IKEA customers for distribution throughout the European market; OLYMPIA customers distribute in the US market and some other customers...with monthly revenue of over VND 20 billion. The group of exported goods has a delivery time determined by day of the week and in case of failure to meet requirements, all costs relevant to the sales system throughout the market area will have to be compensated.

With such stable production plans and very high delivery requirements, the Company proactively accepts inventory of raw materials, semi-finished products, finished products, and tools. At the same time, establish an optimal production plan, ensuring absolutely on-time delivery to customers.

In particular, the inventory of semi-finished products is due to the continuous production process, so at the time of inventory, the inventory is scattered in production workshops and on the production line.

Every year, the Audit team conducts inventory counts and evaluates unfinished products on the production line. However, when the audit team takes inventory on December 31 every year, due to scattered inventory of semi-finished products in many production lines and time is limited, the audit team cannot count everything themselves, but only randomly checks and collects evidence about the inventory at the workshops, production teams of the factories...

Given the above reality, the evidence directly collected by the audit team on inventory and assessment of unfinished products on the production line is incomplete, so the Auditor gives a qualified opinion: “We were unable to collect sufficient appropriate audit evidence about the existence and loss value, if any, of this unfinished production cost. Therefore, we have not determined whether it is necessary to adjust the balance of unfinished production and business expenses or make provision for inventory devaluation and relevant items as of January 1, 2023 and December 31, 2023”.

Regarding the qualified opinion on the auditor’s report dated December 31, 2023, our company would like to affirm: To determine the value of work in progress as of December 31, 2023, we have recorded and presented consistently with the Company's actual unfinished production and business expenses on the Balance Sheet on December 31, 2023. We can affirm the occurrence as well as the future realizable value of this expense as the basis to not make provisions for devaluation of inventory as of December 31, 2023.