**CHS: Explanation on the cause and solutions to overcome the situation of shares being placed on alert status**

On April 15, 2024, Ho Chi Minh City Public Lighting Joint Stock Company announced Official Dispatch No. 342/CTCSCC on explaining the reason for the Financial Statements having qualified opinion for 03 years as follows:

* The predecessor of Ho Chi Minh City Public Lighting Joint Stock Company is Ho Chi Minh City Public Lighting Company Limited.
* Pursuant to Decision No. 6770/QD-UBND dated December 10, 2015 of the People's Committee of Ho Chi Minh City on approving the plan and converting Ho Chi Minh City Public Lighting Company Limited under Ho Chi Minh City Finance and Investment State-Owned Company to a joint stock company.
* On July 1, 2016, Ho Chi Minh City Public Lighting Joint Stock Company officially operated under the Joint Stock Company model.
* Hanoi Stock Exchange issued Decision No. 05/QD-SGDHN dated January 4, 2017 on approving the registration for share trading of Ho Chi Minh City Public Lighting Joint Stock Company. The first trading day was January 12, 2017.
* Implementing regulations on disclosing information on Financial Statements, Ho Chi Minh City Public Lighting Joint Stock Company had selected the audit company from the list issued by the State Securities Commission.
* In the Audited Financial Statements 2016, there is a qualified opinion on the inability to fully collect confirmation letters of outstanding customer accounts receivable debts as of December 31, 2016 with an amount of VND 5.9 billion.
* In the Financial Statements 2017, the auditor’s qualified opinion on the inability to collect debt confirmation was "This problem has been partially addressed by the Company. As of December 31, 2017, the accounts receivable from customers whose debt had not yet been confirmed and whose recoverability had not been assessed was VND 3.77 billion.”
* In the Financial Statements 2019, the auditor’s qualified opinion was "As of December 31, 2019, long-standing customer receivables that had not yet been confirmed and had not been assessed for recovery were VND 3.57 billion.”
* In the Financial Statements 2022, the auditor’s qualified opinion was that debt confirmation had not been collected and the recoverability of customer debts amounting to VND 3.57 billion as of December 31, 2022 had not been assessed.
* In the Financial Statements 2023, the auditor’s qualified opinion was related to the fact that debt confirmation had not yet been collected and the recoverability of customer debts amounting to VND 3.57 billion had not been assessed.
* Debts that had not been collected and had not yet been confirmed and the recoverability of customer debts that had not been assessed as mentioned in the auditor’s qualified opinion are debts transferred to the Company from when it was a limited company. From 2017 up to now, the Company has tried to contact the investors to confirm and pay these debts, specifically the value of unconfirmed debt has decreased from VND 5.9 billion to VND 3.57 billion.
* These debts all belong to investors using state budget sources, so recovery is still guaranteed. However, the debts are the value the investors retain as a security measure for pending settlement approval. After the projects are approved by the competent authorities, based on the approval decision, the investors will pay the remaining value after deducting budget refunds (if any).
* Thus, debt recovery depends on the progress of project settlement approval by competent authorities. Every year, the Company has sent a request to confirm debts according to regulations, however, the investors only confirmed the payment value at the time the construction project was completed and when the payment capital plan was available.

On that basis, the Company's solution is to continue to annually send requests for debt confirmation to investors according to regulations, and continue to monitor project approval progress from competent authorities to promptly coordinate with the investors to carry out request and payment procedures in accordance with regulations.