**HTE: Explanation on and remedy for HTE stock under alert**

On April 16, 2024, Ho Chi Minh City Electric Power Trading Investment Corporation announced Official Dispatch No. 0318/TRADIN-TCKT on explaining the reasons for the stock’s alert due to the Company’s Annual Financial Statements’ qualified opinions over 3 consecutive years by the auditing organization, reasons and solutions as follows:

In accordance with independent auditor’s report No. 015/2022/UHYHCM-BCKTDL dated March 21, 2022 by UHY Auditing & Consulting Company Limited and independent auditor’s report No. A0622389-R/MOORE AISC-DN6 by Moore AISC Auditing and Informatics Services Company Limited. In accordance with independent auditor’s report No. A0623240-HN/MOORE AISC- DN6 dated March 30, 2024 by Moore AISC Auditing and Informatics Services Company Limited, the Company issues auditor’s qualified opinion in the last 3 consecutive years with the same unresolved problem as follows:

In the footnote No V.7 - Inventory, the costs of work in progress of the contracts providing the package “1 X 925KWP grid-tied rooftop solar power system at Phuoc Dong wharf industrial park” as of December 31, 2023 is VND 77,332,922,489 and the Company has recorded the entire acceptance value with Subcontractors corresponding to this cost but has not yet conducted acceptance with the Investors. At the same time, the Company also recorded prepayments from Investors of the above projects at the expense "Prepayments by buyer" as of December 31, 2023 as VND 42,189,436,426. The progress of these contracts was completed and energized on December 18, 2020, but up to now, they have not yet been accepted and settled with these Investors. The Company has requested the competent court to resolve the breach of economic contract and has accepted this lawsuit. Accordingly, the parties have taken steps to conciliate but have not yet succeeded. The failure to consider the estimate of loss provisions for the above cost packages stemmed from the Company's decisions in previous years and led to the previous auditor giving a qualified audit opinion on the Financial Statements of those periods. Up to the time of issuing this report, we have not been able to collect sufficient appropriate audit evidence to assess the possibility of recovery as well as fully assess the value, timeliness and reasonableness of these expenses as well as determine their effects on other items on the accompanying Financial Statements.

With this document, our Company would like to be allowed to explain the reasons and ways to overcome the auditor's qualified opinion in the Financial Statements as follows:

1. Ho Chi Minh City Electric Power Trading Investment Corporation (Tradincorp Company explained the situation as follows:

In 2020, Tradincorp Company provided the bidding package “Supply and installation of mechanical and electrical systems, water supply system, fire prevention and fighting system for Lot B1 factories” and “Design and supply of technological equipment and construction of 1 X 925KWP grid-tied rooftop solar power system” for the following investors: Công ty TNHH MTV Ánh Sáng HBM (tentatively translated as HBM Lightning MTV Company Limited), Công ty TNHH MTV Kỹ Thuật HBM (tentatively translated as HBM MTV Technical Company Limited), Công ty TNHH MTV Đầu tư SOLAR HBM (tentatively translated as SOLAR HBM MTV Investment Company Limited), Công ty TNHH MTV Công nghệ xanh HBM (tentatively translated as HBM Green Technology MTV Company Limited), Công ty TNHH MTV Đầu tư Công nghệ xanh HBM (tentatively translated as HBM Green Technology Investment MTV Company Limited), Công ty TNHH MTV Đầu tư năng lượng HBM Long An (tentatively translated as HBM Long An Energy Investment MTV Company Limited), IMG Phuoc Dong Joint Stock Company.

Total value of the solar power system bidding package is: VND 94,984,160,012 and the fire protection contract value is VND 16,200,000,000 with investors as above.

The implementation of contracts was completed. The system was energized on December 18, 2020. The investors have energized and supplied electricity for Power Company Long An from the end of 2020 until now. However, up to now, the above investors have not been accepted and paid for the project with Tradincorp Company. In addition, these investors have not yet fully paid the debts of the bidding package to Tradincorp Company. The bidding package “Design and supply of technological equipment and construction of 1 X 925KWP grid-tied rooftop solar power system” has a debt of VND 42,341,546,132 and the debt for “Supply and installation of mechanical and electrical systems, water supply system, fire prevention and fighting system for Lot B1 factories” is VND 5,970,316,909.

1. Tradincorp Company proposed solutions for the event as follows:

The construction project was completed at the end of 2020. At the beginning of 2021, the Board of Leaders and Managers of departments carrying out Tradincorp Company’s construction projects regularly contacted and worked actively with investors on the basis of completing the acceptance and settlement procedures. However, investors were not willing to cooperate to achieve this plan, causing many problems and barriers in the acceptance and settlement procedures. As a result, the acceptance and settlement procedures have not yet been completed.

Tradincorp Company decided to use legal intervention by filing a lawsuit against investors - HBM Group at the People’s Court of Can Duoc District, Long An Province. The case is being processed. From 2022 until now, we have been participating in many mediation sessions at the court, supplemented documents and directly justified to clarify the related issue as well as fulfilled requests according to court proceedings. Because of the Defendant-HBM Group’s avoidance of completing the acceptance and settlement procedures, the case is currently at the on-site appraisal stage, which will serve as the foundation for resolving this case.

Until now, for the bidding package “Supply and installation of mechanical and electrical systems, water supply system, fire prevention and fighting system for Lot B1 factories”, Investors have coordinated with Tradincorp Company to complete the acceptance and settlement process and likely to fully complete in Q2/2024. This shows a positive sign of the Investors in resolving the remaining bidding package “Design and supply of technological equipment and construction of 1 X 925KWP grid-tied rooftop solar power system”. Based on the results obtained from one of the two bidding packages from the Investors, Executive Board, Managers of Construction Department, lawyers’ consultant, People’s Court of Can Duoc District, Long An Province, we wish to further accelerate the acceptance and settlement of the remaining projects of the Investors. Initially, finalizing the project, and collecting all remaining debts. Finally, completely resolving underlying problems, which have not been tackled for a long time and related to qualified opinions in Financial Statements given by the auditors.

Based on the results of the Court’s arbitration, if the case is successfully adjudicated, the judgment is enforced, or the investors coordinate to complete the acceptance and settlement of the project, Tradincorp Company will recover the remaining debts. Approve active cooperation with lawyers, the court and investors, Tradincorp Company assesses the quickest recovery possibility in 2024. In the worst case scenario, by the end of 2025, if the project has not yet been accepted and settled and Tradincorp Company still cannot fully recover the remaining debts of the project, the Company will propose to the authority for decision and consideration and make provision in the Financial Statements by 2025.