**MEC: Explanation of the qualified opinion on the Financial Statements 2023**

On April 24, 2024, Song Da Mechanical - Assembling Joint Stock Company announced Official Dispatch No. 30CT-TCKT on explaining the auditor's qualified opinion on the Financial Statements 2023 as follows:

1. According to the Audited Combined Financial Statements 2023:

Basis of auditor’s qualified opinion:

Some receivables (receivables from customers and prepayments to sellers) and liabilities (payables to sellers, prepayments from buyers) have not been reconciled and confirmed with relevant entities as of December 31, 2023 are VND 83,691,485,680 and VND 132,153,535,606, respectively and as of December 31, 2022 are VND 98,906,457,629 and VND 68,280,521,941, respectively. Through additional and alternative audit procedures, we were unable to obtain sufficient appropriate audit evidence about the above balance as well as the impact (if any) on the Company's Combined Financial Statements for the fiscal year ending December 31, 2023.

In previous years, the Company has not fully made provision for bad receivable debts for long-term overdue debt balances, estimated at about VND 3,236,175,404. If the Company recorded a full provision for bad receivable debts in previous years, the Combined Balance Sheet would increase the target "Provision for short-term bad receivable debts" and decrease the target "Undistributed profit after tax” on January 1, 2023 with the corresponding value.

The Company has not yet collected the Financial Statements for the fiscal year ending December 31, 2023 of Someco 1 Power Joint Stock Company (joint venture). Therefore, we cannot give an opinion on the accuracy and completeness of the loss provisions for investments in joint ventures that are recorded in the following targets: (i) Target "Financial expenses" of this year in the amount of VND 7,174,731,829; (ii) Target "Provision for devaluation of long-term financial investments” in the amount of VND (23,817,361,651) (closing balance). (Details in the Financial Statements footnote No. V.2b).

1. According to the Audited Consolidated Financial Statements 2023:

Basis of auditor’s qualified opinion:

The Financial Statements 2023 of Someco Technology One Member Company Limited (Subsidiary) and Long Son Branch of Someco Hagiang Joint Stocks Company (Subsidiary) are not audited because these units stopped operation many years ago. Therefore, we cannot give an opinion on the figures on the Balance Sheet of these entities consolidated into the Consolidated Balance Sheet as of December 31, 2023 with total assets of VND 34,866,233,685 (opening balance is VND 41,500,585,661), payables of VND 49,565,289,948 (opening balance is VND 49,665,289,948) and undistributed profit after tax of VND (21,682,062,660) (opening balance is VND (21,739,522,892)). (Details in the Financial Statements footnote No. I.6a).

The fixed assets of Nam Ly 1 Hydropower Plant have not been classified according to the use of the assets. The depreciation period of these assets is estimated to be 30 years without depreciation according to the useful life of each asset. We do not have enough basis to draw conclusions about the accumulated depreciation of Nam Ly 1 Hydropower Plant as well as the impact of this issue on related targets on the Consolidated Financial Statements.

Some receivables (receivables from customers and prepayments to sellers) and liabilities (payables to sellers, prepayments from buyers) have not been reconciled and confirmed with relevant entities as of December 31, 2023 are VND 141,367,859,172 and VND 137,821,134,696, respectively, and December 31, 2022 are VND 108,361,252,408 and VND 90,432,044,927, respectively. Through additional and alternative audit procedures, we were unable to obtain sufficient appropriate audit evidence about the above balance as well as the impact (if any) on the Consolidated Financial Statements for the fiscal year ending December 31, 2023 of the Group of Companies.

In previous years, the Group of Companies did not fully make provision for bad receivable debts for long-term overdue debt balances, estimated at about VND 3,236,175,404. If the Group of Companies recorded a full provision for bad debts, the consolidated balance sheet would increase the target "Provision for short-term bad receivable debts" and decrease the target "Undistributed profit after tax" on January 1, 2023 with the corresponding value.

The Group of Companies has not yet collected the Financial Statements for the fiscal year ending December 31, 2023 of Someco 1 Power Joint Stock Company (joint venture). Therefore, we cannot give an opinion on the accuracy and completeness on the accuracy and completeness of the following targets: (i) Target "Investment in joint ventures” in the amount of VND 36,830,075,998; (ii) Target "Profit or loss in joint ventures” in the amount of VND (53,865,814). (Details in the Financial Statements footnote No. V.2b).

1. The Company’s explanation:

* For reconciliation and confirmation of receivables (receivables from customers and prepayments to sellers): The Company sends reconciliations and letters confirming receivables and prepayments to sellers on a monthly, quarterly and annual basis by direct/express delivery. However, some customers when receiving the reconciliation and debt confirmation letters are slow and deliberately do not confirm or compare the debt balance, causing the reconciliation rate to not be guaranteed according to the Audit's regulations. This is the main reason for the auditor's qualified opinion.
* For provision for bad receivable debts: The Company evaluates receivables based on the ability to collect debts, so it has not made provision for bad receivable debts in 2023. In 2024, the Company will deploy synchronous solutions to collect receivables so that it does not have to make provisions according to the auditor’s opinion mentioned above.
* For collecting Financial Statements for the fiscal year ending December 31, 2023 of Someco 1 Power Joint Stock Company (joint venture): Someco 1 Power Joint Stock Company did not provide the Financial Statements 2023 and other content as requested by Song Da Mechanical - Asembling Joint Stock Company. In order to protect its rights and legitimate interests, the Company initiated a lawsuit against Someco 1 Power Joint Stock Company and was accepted by the People's Court of Lang Son province according to notice No. 01/TB-TLVA dated April 9, 2024.
* For the Financial Statements of Someco Technology One Member Company Limited (Subsidiary) and Long Son Branch of Someco Hagiang Joint Stocks Company (Subsidiary): The Company has a policy of dissolving the above units to merge into the Holding Company. However, due to problems in resolving obligations with the state budget and insurance, the prescribed procedures have not been completed.