**VEA: Explain and remedy the securities status**

On April 19, 2024, Vietnam Engine and Agricultural Machinery Corporation announced Official Dispatch No. 204/VEAM-TCKT on explaining and providing a remedy plan for the warning status of securities as follows:

1. Explanation of the audit opinion

In 2023: As for the auditor’s qualified opinion in the Audited Statements of UHY Auditing and Consulting Company Limited No. 400/2024/UHY-BCKT dated March 28, 2024 on the Consolidated Financial Statements 2023, VEAM has explained in Section I.2 of Document No. 181/VEAM-TCKT dated March 29, 2024 on explaining auditor’s opinion and fluctuations in profit after tax in the Audited Financial Statements 2023.

In 2022: As for the auditor’s qualified opinion in the Audited Statements of UHY Auditing and Consulting Company Limited No. 317/2023/UHY-BCKT dated March 30, 2023 on the Consolidated Financial Statements 2022, VEAM has explained in Section I.2 of Document No. 219/VEAM-TCKT dated March 31, 2023 on explaining auditor’s opinion and fluctuations in profit after tax in the Audited Financial Statements 2022.

In 2021: As for the auditor’s qualified opinion in the Audited Statements of UHY Auditing and Consulting Company Limited No. 263/2022/UHY-BCKT dated March 31, 2022 on the Consolidated Financial Statements 2021, VEAM has explained in Section I.2 of Document No. 193/VEAM-TCKT dated March 31, 2022 on explaining auditor’s opinion and fluctuations in profit after tax in the Audited Financial Statements 2021.

All mentioned Documents, which explain the auditor’s qualified opinions for the years 2023, 2022, and 2022, have been disclosed fully and promptly according to the provisions of Circular No. 96/2020/TT-BTC dated November 16, 2020 of the Ministry of Finance on guidance on information disclosure on the stock market.

1. Remedy plan for the warning status of securities (for auditor’s qualified opinion that still exists in the Consolidated Financial Statements 2023)

“As of December 31, 2023, the Corporation has not yet assessed the possibility of recovering overdue receivables amounting to VND 44,173,318,013. On January 1, 2023, the overdue receivables amounted to VND 166,081,816,385, which includes both principal and interest receivables amounting to VND 121,192,143,608… ”

“The units continue to review and compile the receivables dossiers for each customer to establish a comprehensive basis for considering the provision for bad debts in accordance with regulations. Concurrently, the units have established a Debt Collection Committee and actively implemented debt collection.

“As of December 31, 2023, the Corporation provisioned for devaluation of inventories amounting to VND 739,372,385 out of the total backlog inventory and delayed turnover worth VND 106,818,758,390 (the provisioned value on January 01, 2023 was VND 1,007,856,390 out of the total backlog and delayed inventory worth VND 123,814,327,969)... ”

VEAM and its member units are urgently developing auction plans (by lot, retail, promotion, etc.) to sell backlogged, delayed inventory as soon as possible, and concurrently expanding traditional sales channels (outlets) nationwide, actively participating in agricultural exhibitions to introduce products, etc. to promote the consumption of inventory in the near future. Some products for export are no longer feasible, the member units have re-produced them for consumption in the domestic market.

“As of December 31, 2023, a number of expenses, amounting to VND 456,927,529,750, were suspended pending processing (including: interest expense, depreciation, and land rent of the Sponge Iron Factory that stopped operating since 2015 and the Bac Kan Branch of Material and Complete Equipment Export - Import Corporation, totaling VND 453,134,333,347, were reflected in prepaid expenses and production and business expenses in progress... ”

The value of pending expenses is mainly fixed asset depreciation expense, loan interest expense, and some other expenses of the Sponge Iron Factory arising from previous years. Currently, Matexim is developing a plan to re-manufacture the Sponge Iron Factory project. The pending expenses will be gradually allocated to the production expense when the Factory reopens. The allocation time is expected to be equal to the remaining time of the project. At the same time, with a view to restructuring the entire operations of the Company, Matexim has developed a plan to increase capital. The capital increase plan is being reviewed and perfected to pose the optimal solution.