**ITS: Explanation on Audited Financial Statements of Holding Company**

On March 29, 2024, Vinacomin – Investment, Trading and Service Joint Stock Company promulgated Official Dispatch No. 119/TCKT – ITASCO explaining the difference in the figures in the Separate Financial Statements 2023 compared to that of 2022 as follows:

Unit: VND

|  |  |  |  |
| --- | --- | --- | --- |
| Target | 2023 | 2022 | Difference |
| 1 | 2 | 3 | 4=2-3 |
| Profit before tax of the Holding Company | 13,476,222,753 | 12,495,706,537 | 980,516,216 |
| Current corporate income tax expense | 9,953,126,757 | 6,323,348,320 | 3,629,778,437 |
| Deferred corporate income tax expense | 0 | 0 | 0 |
| Profit after tax of the Holding Company | 3,523,095,996 | 6,172,358,217 | (2,649,262,221) |

According to the table above, the decrease in profit after tax in 2023 compared to that in 2022 is due to higher corporate income tax expense in 2023 compared to that in 2022.

On March 29, 2024, Vinacomin – Investment, Trading and Service Joint Stock Company promulgated Official Dispatch No. 120/TCKT – ITASCO explaining the difference in the Separate Financial Statements 2023 before and after audit as follows:

Unit: VND

|  |  |  |  |
| --- | --- | --- | --- |
| Target | 2023 | | Difference |
| After audit | Before audit |
| 1 | 2 | 3 | 4=2-3 |
| Profit before tax of the Holding Company | 13,476,222,753 | 14,134,374,147 | 658,151,394 |
| Current corporate income tax expense | 9,953,126,757 | 10,075,106,132 | (121,979,375) |
| Deferred corporate income tax expense | 0 | 0 | 0 |
| Profit after tax of the Holding Company | 3,523,095,996 | 4,059,268,015 | (536,172,019) |

Reason of the difference: In the process of preparing the Financial Statements, relevant departments failed to provide documents on time, so the data collection was late and incomplete.

On March 29, 2024, Vinacomin – Investment, Trading and Service Joint Stock Company promulgated Official Dispatch No. 121/TCKT – ITASCO explaining the auditor's qualified opinion for the Audited Separate Financial Statements 2023 as follows:

1. The auditor's qualified opinion

Basis of the auditor’s qualified opinion:

As stated in Section 5.5 - Notes to the Separate Financial Statements, the Company has lent the amount of VND 392,313,770,000 to Công ty TNHH Sơn Lạc Viên (temporarily translated as Son Lac Vien Co., Ltd.), at an annual interest rate of 10%/year and a maturity date of December 31, 2023, for the purpose of serving production and business activities. The above loan was approved by the Company's Board of Directors in Meeting Minutes of the Board of Directors No. 01.20.03/BB - HDQT dated March 20, 2023. The loan was secured by shares in the hydropower companies of Công ty CP Năng lượng An Xuân (temporarily translated as An Xuan Energy Joint Stock Company) under the collateral contract of third-party property rights dated August 28, 2023. At the time of the audit, Son Lac Vien Co., Ltd. has not completed the Financial Statements for the fiscal year 2023. With the documents provided by the Company, we could not collect sufficient appropriate audit evidence about the recoverable value of this receivable as of December 31, 2023. Therefore, we could not determine if these figures needed to be adjusted or not.

As of December 31, 2023, and as presented in Section 5.3 and 5.6 - Notes to the Separate Financial Statements, the Company had total overdue debts of VND 38,499,226,513 (accounts receivable from customers of VND 27,285,503,714 and other receivables of VND 11,213,722,799). According to the Company’s assessment, these overdue debts were still recoverable, so the Company has not made provisions for bad receivable debts. With the documents provided by the Company, we could not determine the amount of provisions for bad receivable debts that need to be made as of December 31, 2023. Therefore, we could not determine if these figures needed to be adjusted or not.

At the moment, we have not yet collected the Audited Financial Statements of the joint ventures for the fiscal year 2023 for the amount of VND 12,070,000,000 the Company invested in these companies as of December 31, 2023. With the documents provided by the Company, we could not determine if these figures needed to be adjusted or not.

In Section 5.6 – Explanation on the Separate Financial Statements, the Company has entrusted investment with Công ty cổ phần Dầu tư năng lượng ITASCO (temporarily translated as ITASCO Energy Investment Joint Stock Company) under Investment Cooperation Contract No. 02/2022/HTDT/VITASCO - ITASCO NL dated July 18, 2022, to collaborate on implementing the investment and construction of hydropower projects in Lai Chau and Dien Bien provinces, with a remaining investment as of December 31, 2023 of VND 248,038,319,351. The investment procedures of the projects were being completed, and the ground for construction was being prepared. The cooperation was approved by the Company's Board of Directors in Meeting Minutes of the Board of Directors No. 02.15.07/BB - HDQT dated July 15, 2022. However, as of December 31, 2023, the Company has not obtained progress reports on the implementation of the investment cooperation projects. With the current documents available, we do not have sufficient basis to provide an assessment of the feasibility or effectiveness of the project.

Auditor’s qualified opinion

In our opinion, except for the effects of the matters in the paragraph “Ground for the auditor’s qualified opinion”, the Separate Financial Statements honestly and reasonably reflected, in all vital aspects, the financial situations of Vinacomin – Investment, Trading and Service Joint Stock Company as of December 31, 2023, as well as its business results and cash flows for the fiscal year ended on the same day, in accordance with Vietnam Accounting Standards and the Vietnam Accounting System, and the legal requirements relating to the preparation and presentation of the Separate Financial Statements.

1. The Company’s explanation

Regarding the loan extended to Son Lac Vien Co., Ltd, which was collateralized by shares in the hydropower companies of An Xuan Energy Joint Stock Company under a collateral contract of third-party property rights dated August 28, 2023, the audit company stated that there was insufficient basis to assess its recoverability. Therefore, the audit company gave the auditor’s qualified opinion as above. The Company is currently supplementing the necessary documents related to the collateralized assets as well as the evidence of the loan’s recoverability to supplement the audit company in the near future.

Regarding the overdue debts of VND 38,499,226,513 (accounts receivable from customers of VND 27,285,503,714 and other receivables of VND 11,213,722,799), the audit company has assessed that there was insufficient basis to provide an opinion on the recoverability of these debts. Therefore, the audit company has issued an auditor’s qualified opinion as above. The Company has evaluated that these overdue debts are still recoverable, hence no provision for bad receivable debts has been made. The Company will supplement documents regarding the recoverability of these debts to the audit company, and take measures to recover the outstanding debts at the earliest opportunity.

Regarding the Financial Statements of the joint ventures, we have sent an official dispatch requesting the Audited Financial Statements for the fiscal year 2023. However, at present, these joint ventures have not yet completed their Financial Statements, so the audit company has issued an auditor’s qualified opinion as above. The Company will soon provide the Audited Financial Statements of the joint ventures to the audit company.

Regarding the entrusted investment with ITASCO Energy Investment Joint Stock Company under Investment Cooperation Contract No. 02/2022/HTDT/VITASCO - ITASCO NL dated July 18, 2022, to collaborate on implementing the investment and construction of hydropower projects in Lai Chau and Dien Bien provinces, with a remaining investment as of December 31, 2023 of VND 248,038,319,351. The investment procedures of the projects were being completed, and the ground for construction was being prepared. Two projects have already commenced construction. The cooperation was approved by the Company's Board of Directors in Meeting Minutes of the Board of Directors No. 02.15.07/BB - HDQT dated July 15, 2022. However, according to the audit company, audit company did not have sufficient basis to provide an assessment of the feasibility or effectiveness of the project. The Company will expedite the construction progress of the hydropower projects and provide additional relevant documents to the audit company.