**HLY: Explanation on Financial Statements 2023**

On January 24, 2024, Yen Hung Construction Ceramic Joint Stock Company announced Official Dispatch No. 04/HLY-TCKT on explaining the auditor’s qualified opinion in the Financial Statements 2023 as follows:

As the Company stated in Footnote No. 1, on December 31, 2023, total short-term liabilities were VND 61.26 billion, 12.8 times larger than short-term assets, total liabilities were VND 64.29 billion, 6.4 times larger than charter capital. Overdue debt was VND 51.52 billion (including overdue tax debt is VND 5.8 billion, leading to invoice enforcement). Accumulated loss was VND 53.81 billion, 5.4 times larger than charter capital, leading to negative owners’ equity of VND 33.3 billion, cash flow from production and business activities in the year was negative VND 2.26 billion. The Company has not been able to complete the land lease application to expand the exploitation area of ​​Song Khoai clay mine and must stop all brick production activities from September 2023 due to no longer having financial resources and the number of employees slumped by 78 people compared to that of the last year. In addition, the Company received Decision to execute the judgment according to request No. 74/QD-CCTHANDS dated October 16, 2023 and Decision to execute the judgment according to request No. 181/QD-CCTHANDS dated November 21, 2023 by the Department of Civil Judgment Enforcement of Quang Yen Town on the obligation to pay loans and interest (see Footnote No. 17). These events, together with issues stated in Footnote No. 1, indicate the existence of a key uncertainty factor that cast significant doubt on the Company's going concerns. However, the Company’s Managing Director still prepares the Financial Statements for the fiscal year ending December 31, 2023 on the basis of the assumption of going concerns. We have performed the necessary audit procedures but still have not collected sufficient evidence related to the plan that the Company’s Managing Director has made to overcome the current situation in the next 12 months. Therefore, we were unable to assess the effect of this matter on the attached Financial Statements of the Company.