**LO5: Explanation of LO5 stock under continued trading restriction**

On March 21, 2024, Lilama No.5 JSC announced Official Dispatch No. 18/CT-TCKT explaining the reasons for maintaining trading restrictions on LO5 shares of Lilama No.5 JSC as follows:

1. Regarding the reasons:

Based on the Audited Financial Statements 2023, as of December 31, 2023, Lilama No.5 JSC accumulated losses of VND 186,178 billion, of which the loss in 2023 was VND 18,570 billion, and the owner's equity was minus VND 111,268 billion, due to several reasons as follows:

* In 2007, the Company invested in an inefficient LILAMA welding material production plant and had to use short-term working capital to repay debts (both principal and interest), resulting in a high bank debt.
* Financial difficulties: Low annual revenue, and the profit from construction and installation production and business activities could not offset the fixed expenses from previous periods, such as interest expenses, depreciation of welding production lines, provision expenses, and accrued expenses.
* In 2023, the company settled by reducing revenue and transferring the outstanding expenses of certain projects, including the National Assembly Building, Bim Son Cement Grinding Station, and Tan Thang Cement Plant.
* The previous management and administration were not tightly controlled, some projects did not have lump-sum budgets, settlement budgets, or material settlement. The acceptance and debt collection work in some old projects, such as Thai Nguyen Steel Plant, Dragon Bridge of Danang, Vung Ang 1 Thermal Power Plant Lilama 45-1, Ha Long Cement, and inefficient welding rod customers.
1. Remedy plan:
	1. Short-term measures:
* Continuing to propose support from the Holding Company in marketing activities, bidding and job search as well as capital sources for production and business through advances, payments, and settlement of contracts between Lilama No.5 JSC and the Parent Company.
* Actively direct the acceptance and debt recovery.
* Enhance customer search to implement the restructuring of welding production machinery and equipment.
* Direct project implementation to ensure progress, quality, and safety.
* Achieve revenue targets beyond the plan.
* Reduce production and business service expenses.
* Strategic office staffing to align with the company's production and business situation.
* Continue to work with Vietnam Joint Stock Commercial Bank for Industry and Trade, Joint Stock Commercial Bank for Investment and Development of Vietnam, and customers allowing for rescheduling of debt payment.
* Liquidate damaged or obsolete machinery, equipment, materials, tools, and instruments to supplement capital.
	1. Long-term measures:

Restructure and sell headquarter/factory assets to repay bank debts and supplement capital for production and business.