**LM3: Explanation on Financial Statements 2023**

On April 12, 2024, LILAMA 3 Joint Stock Company announced Official Dispatch No. 40/TC-KT on maintaining the trading restriction for LM3 shares as follows:

1/ On the disclaimer of opinions on the Audited Financial Statements 2023,

* The Consolidated Financial Statements 2023 attached do not include the Consolidated Financial Statements of Subsidiary, which is Thang Long N08 Construction Joint Stock Company because: At the end of 2018 and the beginning of 2019, the Company bought 36% of shares of Thang Long N08 Construction Joint Stock Company from Thang Long Joint Stock Corporation and another 36% from Vietnam Debt And Asset Trading Corporation (DATC). At present, the Company is the Holding Company of Thang Long N08 Construction Joint Stock Company with 72% of share capital. According to the regulations, the Company had to consolidate the Financial Statements of Thang Long N08 Construction Joint Stock Company. However, because this company has stopped operating for several years, and has not resolved its shortcomings, the data of Financial Statements 2015, 2016, 2017, 2018 of this Company have not been audited. Because the company has just received these figures and is in the process of re-capturing the actual situation at this company, the Audit Company has not yet approved the provided data. The Company has planned to invite the Audit company to review and re-check the book figures. When the data is audited, the Company will carry out the Consolidation of Financial Statements according to regulations.
* Financial Statements of 2017, 2018, 2019, 2020, 2021, 2022 and 2023 of LILAMA3.4 Joint Stock Company have not been audited because this company has stopped operating since 2017. Officers and employees of this company have changed jobs, currently the Company is focusing on resolving outstanding issues.
* The Company is making an insufficient provision for bad debts with the amount of VND 4,110,000,000 due to the acquisition of receivables of Thang Long N08 Construction Joint Stock Company from Vietnam Debt And Asset Trading Corporation (DATC) and acquired 72% shares of Thang Long N08 Construction Joint Stock Company. The unit has an investment cooperation contract with Thang Long N08 Construction Joint Stock Company in the use and exploitation of the Office and warehouse at No. 86 Tan Xuan, Xuan Dinh Ward, Bac Tu Liem District, Hanoi. After completing the reconciliation minutes, confirming the completed volume and debts, the Company will deduct a part of the debt of the investment cooperation contract to reduce the receivables of Thang Long N08 Construction Joint Stock Company, hence, the Company has not made a provision.
* As of the time of announcing the Financial Statements, the audit company has not received confirmation letters for some customer receivables and short-term payables as of December 31, 2023 because some customers have temporarily stopped operations, changed their headquarters, or changed their legal entities, the unit has no basis for confirmation and comparison. For prepaid debt that has not been reconciled, this is an old debt that the company prepaid from many years ago to the construction units. However, the leaders of these units are currently has been retired for a long time, so it cannot be compared, the Company has also made provision for these debts.

2/ About negative owner’s equity in the Audited Financial Statements 2023

At the end of 2008, LILAMA3 Joint Stock Company decided to invest in the construction of the Bach Hac mechanical and shipbuilding factory project, the project went into operation inefficiently, the revenue was low not enough to cover the depreciation expense, interest expense, there was no source of principal repayment of the bank loan, so on June 28, 2013, the Vietnam Debt And Asset Trading Corporation (DATC) signed a debt purchase and sale contract with Vietnam Joint Stock Commercial Bank for Industry and Trade - Dong Anh Branch to buy back the entire debt of LILAMA3 Joint Stock Company with a book value of VND 270.4 billion.

On March 31, 2016, Viet Nam Machinery Installation Corporation - JSC (LILAMA) transferred all 2,563,600 shares and VND 83.2 billion of receivables at LILAMA3 Joint Stock Company to Vietnam Debt And Asset Trading Corporation (DATC).

On January 19, 2023, Vietnam Debt And Asset Trading Corporation (DATC) successfully completed the auction of 2,563,600 shares and receivables with a value of more than VND 381 billion through a public auction at Saigon - Hanoi Securities JSC (SHS). Mr. Doan Thanh Tuan is an investor who bought DATC's even lots along with receivables at LILAMA3 Joint Stock Company.

In the Audited Financial Statements 2023, negative owner’s equity is due to the debt payable to Mr. Doan Thanh Tuan in the amount of VND 144,757,200,000 (this is the amount still to be paid by Mr. Doan Thanh Tuan after LILAMA3 Joint Stock Company has paid part of the principal debt and Mr. Doan Thanh Tuan has cleared all interest debt of more than VND 232 billion to the Company). Mr. Doan Thanh Tuan agreed on the private placement plan for debt swaps, and Mr. Doan Thanh Tuan is committed to supporting the Company in finding work and financial restructuring for businesses through approval of financial structuring measures for businesses to tackle negative owner’s equity.