**LIC: Explanation on Financial Statements 2023**

On April 19, 2024, Licogi Corporation - JSC announced Official Dispatch No. 191/2024/CV-TCKT on the auditor’s qualified opinion for the Audited Consolidated Financial Statements 2023 as follows:

In the Consolidated Financial Statements for the fiscal year ended December 31, 2023, the auditor's qualified opinion is as follows:

“Thinh Liet New Urban Area Project

As of January 01, 2023, the Corporation has capitalized loan interest into the item: "Long-term production and business expenses in progress" of the Thinh Liet New Urban Area Project with a total accumulated value of VND 395.2 billion. In 2023, the Corporation continues to capitalize loan interest into "Long-term production and business expenses in progress" of VND 1.6 billion. Accordingly, the total value of accumulated capitalized interest expenses as of December 31, 2023 is VND 396.8 billion. Because the Thinh Liet New Urban Area Project has been prolonged, we cannot collect the necessary information to determine the interest expenses capitalized on this project according to Vietnamese Accounting Standard No. 16 - Borrowing expenses.

* Explanation on the auditors qualified opinion of the audit company regarding the Thinh Liet New Urban Area Project:

Thinh Liet Urban Area Project is developed by the Hanoi People's Committee with Decision No. 3649/QD-UB dated September 17, 2007 of the Hanoi People's Committee on allowing Infrastructure Construction and Development Corporation - LICOGI (Ministry of Construction) to officially use 351,618m2 of land in Thinh Liet, Tuong Mai and Hoang Van Thu Wards, Hoang Mai District to implement the Project. On September 15, 2017, Hanoi People's Committee promulgates the Decision on investment policy for the Project with the investor being LICOGI Urban and Housing One Member Company Limited. During the implementation of the Project, interest expenses incurred are capitalized by LICOGI Urban and Housing One Member Company Limited according to Vietnamese Accounting Standard No. 16. However, the Project is dragged on due to objective factors. Up to now, the Project is still in the process of compensation and site clearance. For the area where the site clearance has been completed, the People's Committee of Hoang Mai District has issued the document reporting the progress and area of site clearance completed for the Thinh Liet New Urban Area Project and requested the City People's Committee to complete procedures for land allocation to the Investor to implement the Project. Therefore, the Corporation continues to capitalize interest expenses related to this Project without temporarily suspending the capitalization of interest expenses.

* Remedy plan:

In 2024, Licogi Corporation - JSC will urge LICOGI Urban and Housing One Member Company Limited to contact competent authorities for guidance on implementing procedures in accordance with the provisions of the Law so that the Project can continue to be implemented. Only then will LICOGI Urban and Housing One Member Company Limited carry out project business and have revenue and profit. Capitalized interest expenses and advances to the Project Management Board are recovered/refunded and accounted for in the Project's expenses.

“Receivables and provision for bad receivable debts:

As of January 01, 2023 and December 31, 2023, the Corporation's subsidiaries are recording a number of receivables for which the auditor cannot assess the rights and obligations, existence, accuracy and completeness as well as assess the loss of these receivables. In details: Licogi 15 Joint Stock Company: VND 79.5 billion and VND 77.45 billion; Water Electrical System and Machinery Installation Licogi Joint Stock Company: VND 8.6 billion and VND 5.5 billion; Foundation Engineering and Construction 20 Joint Stock Company: VND 89.9 billion and VND 87.36 billion; Licogi 10 Joint Stock Company: VND 47.4 billion and VND 34.6 billion; Licogi Quang Ngai Joint Stock Company: VND 8.5 billion and VND 24.78 billion

Inventory

The auditor was unable to carry out necessary audit procedures to determine the existence of inventory as of January 01, 2023 and December 31, 2023 of the Corporation's subsidiaries, specifically as follows: Licogi 15 Joint Stock Company: VND 14.06 billion and VND 11.4 billion; Foundation Engineering and Construction 20 Joint Stock Company: VND 10.3 billion and VND 10.3 billion. Licogi 10 Joint Stock Company: VND 78.9 billion and VND 90.1 billion.

Payables

As of January 01, 2023 and December 31, 2023, the Corporation's subsidiaries are recording a number of receivables for which the auditor cannot collect necessary documents to determine the rights and obligations, existence, accuracy and completeness of these payables, specifically as follows: Licogi 15 Joint Stock Company: VND 106.66 billion and VND 99.05 billion; Water Electrical System and Machinery Installation Licogi Joint Stock Company: VND 21.3 billion and VND 6.7 billion; Foundation Engineering and Construction 20 Joint Stock Company: VND 84.5 billion and VND 82.67 billion; Licogi 10 Joint Stock Company: VND 59.3 billion and VND 68.6 billion; Licogi Quang Ngai Joint Stock Company: VND 29 billion and VND 20.98 billion.

Other issues

As of December 31, 2023, Licogi 15 Joint Stock Company (subsidiary of the Corporation) has not recorded interest expenses according to the Notice on overdue debt, total interest balance and penalty interest balance of the Company at Joint Stock Commercial Bank for Investment and Development of Vietnam - Bim Son Branch being VND 11.4 billion and VND 1.8 billion, For other loans, because we cannot collect loan contracts arising from previous years and there is still a balance until December 31, 2023, we cannot fully estimate the interest that the Company needs to record. As a result, we cannot determine the necessary adjustments related to profit(loss) in the Corporation's Consolidated Financial Statements for the fiscal year ending on December 31, 2023.

Explanation on the auditor's qualified opinion of the audit company regarding the contents above:

The audit company’s qualified opinion includes existing issues of subsidiaries that have arisen for a long time and have not been able to be overcome due to many reasons such as the settlement process of prolonged projects, unfinished projects, projects arising litigation, and financial difficulties leading to difficult debt reconciliation with customers; or investors while main contractors dawdled and avoided implementing debt reconciliation for fear of debt collection.

* Remedy plan:

Licogi Corporation - JSC will urge and direct its subsidiaries to review and compare receivables and payables, implement inventory, make provision for receivables, and fully account for fines for violations, fines for late payment of taxes, and interest payable expenses to the Bank according to regulations.