**LM3: Explanation on Financial Statements for fiscal year 2023**

On April 1, 2024, LILAMA 3 Joint Stock Company announced Official Dispatch No. 35/TC-KT on the auditor's qualified opinion in the Financial Statements 2023 as follows:

* The Consolidated Financial Statements 2023 attached do not include the Consolidated Financial Statements of Subsidiary, which is Thang Long N08 Construction Joint Stock Company due to: At the end of 2018 and the beginning of 2019, the Company bought 36% of shares of Thang Long N08 Construction Joint Stock Company and 36% of shares 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 regulations, the unit must perform the consolidation including the financial statements of Thang Long N08 Construction Joint Stock Company. However, because this company has stopped operating for several years, the backlog has not been resolved, the figures of Financial Statements 2015, 2016, 2017, 2018 provided by this Company have not been audited. Due to the fact that the company has just received these figures and in the process of re-capturing the actual situation at this company, the 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.
* The Financial Statements 2017, 2018, 2019, 2020 and 2023 of LILAMA3 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 resolve outstanding issues.
* The Company is making a short provision for bad debts amounting up to 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 record, 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 provision at all.
* As of the time of announcing this Financial Statements, the audit company has not received confirmation letters for some customer receivables and short-term payables as of December 31, 2023 due to 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 which the company has advanced for many years to the construction units. However, the captains 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.
* The Company's accumulated losses exceed equity capital, the Company's short-term liabilities exceed short-term assets due to Doan Thanh Tuan's debt of VND 144,757,200,000. In 2022, the Company has an agreement with Mr. Doan Thanh Tuan to exchange debt into corresponding shares, and Mr. Doan Thanh Tuan pledged to support businesses in finding jobs and restructuring finances for businesses through approving financial restructuring measures to help businesses overcome the negative owners’s equity.