

No.: 147 /TCT-TCKT

Re: Explanation for the Qualified
Opinion in the Consolidated Financial
Statements for the Year 2024.

Hanoi, 31 March 2025

To: - The State Securities Commission
- Hanoi Stock Exchange

1. Company's name : Song Da Corporation - JSC

- Stock symbol : SJG

- Address : G10 House, No. 493 Nguyen Trai Street, Thanh Xuan
Nam Ward, Thanh Xuan District, Hanoi City, Vietnam.

- Tel : (84-024)38541164 Fax : (84-024)38541161

2. Explanation for the Auditor's Qualified Opinion:

**2.1 Impact of the consolidated financial statement arising from Song Da 4 JSC
– a subsidiary of Song Da Corporation - JSC**

At the time of preparing the Financial Statements for the financial year ended 31 December 2024, short-term receivables from customers and other short-term receivables that were overdue and unlikely to be recovered by Song Da 4 JSC amounted to VND 193,007,028,390 and VND 5,010,767,615, respectively. The corresponding provision made for doubtful debts was VND 7,141,187,857. Based on the documents provided, the auditor was unable to assess the certainty and reasonable basis of the aforementioned assessments by Song Da 4 JSC. The auditor also could not perform any other audit procedures to obtain sufficient appropriate audit evidence regarding the recoverability of the above-mentioned receivables. Therefore, the auditor could not determine whether adjustments to the provision for doubtful debts recorded for these receivables by Song Da 4 JSC were necessary.

As at the date of the audit report, the balances of trade receivables, advances, and trade payables as at 31 December 2024, amounting to VND 158,357,988,705, VND 6,886,067,538, and VND 116,131,442,254 respectively, had not been confirmed through reconciliation. The auditor performed all necessary audit procedures but was unable to obtain sufficient appropriate audit evidence regarding the existence of these balances. Accordingly, the auditor was unable to determine whether any adjustments to these balances were necessary.

**2.2 Impact of the consolidated financial statement arising from Song Da 6 JSC
– a subsidiary of Song Da Corporation – JSC**

We have disclaimed an opinion on the financial statements of Song Da 6 Joint Stock Company (Song Da 6 JSC) for the financial year ended 31 December 2024, due to our inability to obtain sufficient appropriate audit evidence to provide a basis for our opinion, specifically:

At the time of preparing the Financial Statements for the financial year ended 31 December 2024, Song Da 6 JSC's overdue short-term customer receivables amounted to VND 107,178,972,651, with a corresponding provision for doubtful debts of VND 0 (as of 1 January 2024, the overdue amount was VND 113,978,972,651, also with a provision of VND 0). With the documents provided, the auditor was unable to assess the certainty and reasonableness of the above assessments made by Song Da 6 JSC. Additionally, the auditor was unable to perform alternative audit procedures to obtain sufficient appropriate audit evidence regarding the recoverability of these receivables. Therefore, the auditor could not determine whether adjustments to the provision for doubtful debts for these receivables were necessary.

As of the date of issuing the audit report, the auditor was unable to obtain sufficient independent confirmation letters for certain receivables from customers totaling VND 110,222,636,266 and payables to suppliers totaling VND 50,864,671,037. The auditor was also unable to perform any alternative audit procedures. Consequently, the auditor could not determine whether adjustments to these balances were necessary.

Reason for the Qualified Opinion in the Financial Statements of Song Da 4 Joint Stock Company:

Regarding the opinion on receivables and provision for doubtful debts: These receivables are past due in accordance with the contractual terms. Due to the nature of construction projects involving multiple components and extended construction periods, many projects are concurrently under completion, construction, and finalisation. As such, the confirmation of the receivable amounts becomes feasible only when they are due for payment. On the other hand, Song Da 4 - JSC is in the process of assessing the estimated recoverability of each receivable based on the payment terms stipulated in the signed contracts with the main construction contractors. The settlement of these receivables depends on the payment mechanism between the project owner and the main contractor, as well as the finalisation process of the projects, which is influenced by State policies and mechanisms. Therefore, the recovery of these receivables cannot be completed until such issues are resolved.

Regarding the balances of receivables, advances, and payables for which confirmation responses have not been received, the reason is that the customers are currently reviewing and finalising the settlement of construction projects. For certain balances, unilateral offsetting or clearing has been made by counterparties through affiliated units or project management boards without mutual agreement. The Company is actively working with project owners and suppliers, implementing various measures to recover the outstanding debts, and hopes to recover them in the near future. The Company will continue to provide updated information to the auditor.

Reason for the qualified opinion on the financial statements of Song Da 6 Joint Stock Company:

With regard to accounts receivable from customers, Song Da 6 frequently communicates, prepares reconciliation minutes, and urges the collection of receivables. However, as some project works are still in the final settlement phase, the investors have not fully settled the outstanding debts.

In addition, certain uncooperative customers refused to sign the debt confirmation letters as requested by the audit firm. As a result, at the time of preparing the financial statements for the financial years ended 31 December 2023 and 31 December 2024, the audit firm was unable to obtain sufficient confirmations sent to Song Da 6's customers. Therefore, the audit firm considered that it could not determine the impact on the relevant items presented in the Company's financial statements.

The above is the explanation from Song Da Corporation – JSC regarding the qualified opinion of the auditor on the 2024 consolidated financial statements. The Corporation affirms that the above explanation is true and takes full responsibility for the disclosed information.

Recipients:

- As above;
- BOM (for reporting);
- BOS (for reporting);
- Archives: Corporation Office,
Finance & Accounting Department;



TỔNG GIÁM ĐỐC

Trần Anh Đức