

**UDCONS CONTRUCTION
INVESTMENT CORPORATION**

SOCIALIST REPUBLIC OF VIETNAM

Independence – Freedom – Happiness

No.: 296 /UDCons-TCKT

Tam Thang, August 29, 2025

*Re: Explanation of Loss in Reviewed financial
statement and Qualified Audit Opinion"*

To: - Hanoi Stock Exchange

- Pursuant to Circular 96/2020/TT-BTC dated November 16, 2020, guiding information disclosure on the stock market by the Ministry of Finance.

- Pursuant to the profit after tax indicator showing a loss in the reviewed financial statements for the first 6 months of 2025, the difference compared to the same period in 2024, and the qualified opinions in the separate and consolidated reviewed reports, UDCons Contruction Investment Corporation (Stock code: UDC) provides the following explanation:

I./ Separate Financial Statements:

1./ Explanation of profit after tax difference compared to the same period and reasons for loss

1- Profit after tax for the first 6 months of 2024:	-18,871,790,600
2- Profit after tax for the first 6 months of 2025:	-22,606,668,877
3- Fluctuation compared to the same period in 2024 [3]=[2]-[1]:	-3,734,878,277

Reasons:

The separate profit after tax for the first 6 months of 2025 was a loss of VND 22.6 billion, an increase in loss of VND 3.73 billion compared to the loss of VND 18.87 billion in the same period of 2024. The increase in the loss of profit after tax for the first 6 months of 2025 compared to the same period in 2024 was mainly due to the company recognizing an inventory provision of VND 6.79 billion. Consequently, although revenue for the first 6 months of 2025 reached VND 89.72 billion, an increase of VND 9.24 billion, equivalent to an 11% increase compared to VND 80.47 billion in the same period of 2024, the gross profit for the first 6 months of 2025 was a loss of VND 4.75 billion, a decrease of VND 6.63 billion compared to a profit of VND 1.87 billion in the same period of 2024. However, due to a decrease in total financial expenses and administrative expenses, and an increase in other income for the first 6 months of 2025, the difference in profit after tax for the first 6 months of 2025 only decreased by VND 3.73 billion compared to the same period in 2024.



The separate profit after tax for the first 6 months of 2025 was a loss of VND 22.6 billion, primarily due to low gross profit from construction and installation activities, high financial expenses, and high provision expenses, while revenue from construction and installation activities, the company's main operation, was not large enough to generate a gross profit level that could offset and cover the financial expenses, administrative expenses, and provision expenses incurred during the period, which amounted to VND 14.75 billion, VND 5.24 billion, and VND 6.79 billion respectively, leading to the reported loss in profit after tax for the first 6 months of 2025.

II./ Consolidated Financial Statements:

1./ Explanation of profit after tax difference compared to the same period and reasons for losses

1- Profit after tax for 6 months of 2024:	- 29,421,267,691
2- Profit after tax for 6 months of 2025:	- 24,905,477,819
3- Fluctuation compared to the same period of 2024 [3]=[2]-[1]:	4,515,789,872

Reasons:

The consolidated Profit after tax for the first 6 months of 2025 was a loss of VND 24.9 billion, a reduction in loss of VND 4.51 billion compared to the loss of VND 29.42 billion in the same period of 2024. In addition to the profit fluctuations at the parent company as presented in Section I of this document, the Profit after tax of both two subsidiaries also recognized reduction in losses compared to the same period of 2024. Specifically, the Profit after tax of UDC Company Limited was a loss of VND 713 million, a reduction in loss of VND 2.45 billion compared to the loss of VND 3.16 billion in the same period; the Profit after tax of Thanh Chi Joint Stock Company was a loss of VND 1.58 billion, a reduction of VND 6.46 billion compared to the loss of VND 8.04 billion in the same period. The reduced losses of the two subsidiaries contributed to the consolidated Profit after tax for the first 6 months of 2025 showing a reduced loss compared to the same period of 2024, with the reduction amount being VND 4.5 billion.

The consolidated profit after tax for the first six months of 2025 recorded a loss mainly due to low gross profit from construction activities at the parent company, along with high financial expenses and provisions, while the revenue at the parent company was not sufficient to generate gross profit to offset and cover the expenses incurred during the period, resulting in a loss at the parent company. In addition, the business results of the two subsidiaries also recorded losses: Thanh Chi Joint Stock Company incurred a loss of VND 1.58 billion due to depreciation expenses of mining assets and equipment that have ceased operation; UDC Company Limited incurred a loss of VND 713 million as hotel operations remained ineffective. These factors led to the consolidated profit after tax for

Q2/2025 of the Company being negative, as reported.

III./ Explanation of Qualified Audit Opinions in Separate and Consolidated Reports:

1./ Explanation of Qualified Opinion on Work-in-Progress Production and Business Costs and Doubtful Debts:

Pursuant to the separate and consolidated financial statements for the first 6 months of 2025 that have been reviewed, AASC Auditing Firm Company Limited has a qualified opinion regarding the value of outstanding work-in-progress production and business costs and doubtful debts as follows:

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As of January 01, 2025 and June 30, 2025, the value of outstanding work-in-progress costs pending settlement or temporarily suspended construction, was VND 28.65 billion and VND 20.62 billion, respectively, and outstanding receivables were VND 1.93 billion and VND 1.77 billion, respectively, for which the Company has not assessed the recoverability. We have not obtained the necessary documentation to assess the net realizable value of this item.

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Company's Explanation:

The value of outstanding work-in-progress costs pending settlement, as noted in the auditor's qualified opinion, is due to the company still having several construction projects where changes in volume and unit prices of materials and labor have arisen compared to the contract, but have not yet been confirmed for payment by the investor, leading to the company not yet transferring the corresponding costs.

In the first 6 months of 2025, the Company assessed and made provisions for some work-in-progress costs of these projects totaling VND 6.79 billion. However, due to difficulties in the assessment process, there are still some projects with work-in-progress costs that have not been timely assessed, leading the auditor to continue issuing a qualified opinion on these unassessed items. For receivables not yet provisioned, amounting to VND 1.77 billion, the Company will review and undertake necessary procedures to assess the recoverability of these outstanding receivables during the final accounting period of 2025.

2./ Explanation of Qualified Opinion Related to Overdue Interest on Payables to the Enterprise Restructuring Support Fund:

Pursuant to the separate and consolidated financial statements for the first 6 months of 2025 that have been reviewed, AASC Auditing Firm Company Limited has a qualified opinion regarding the overdue interest on payables to the Enterprise Restructuring Support Fund as follows:

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The Company is currently recognizing payables to the Enterprise Restructuring and Development Support Fund amounting to VND 39.5 billion and dividends payable corresponding to the state capital investment amounting to VND 25.7 billion. Overdue interest related to the aforementioned payables has not been recognized as the Company awaits guidance and directives from competent authorities.

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Company's explanation:

Currently, the company has a payable to the Fund for Enterprise Restructuring and Development Support for equitization funds amounting to VND 39.5 billion and dividends payable for the years 2009, 2010, 2011, 2012 amounting to VND 25.7 billion, which are recorded as payables on the financial statements as of June 30, 2025. However, the overdue interest related to these debts has not been recognized by the company in its financial statements due to:

According to Audit Result Notice No. 257/TB-KTNN KV XIII dated September 05, 2019, for the 2018 audit by the State Audit Office of Region XIII, the State Audit Office recommended that the People's Committee of Ba Ria - Vung Tau province determine the late payment interest for the state capital portion that increased from the time of enterprise valuation until its official conversion into a Joint Stock Company, and also for dividends distributed from state capital in the years 2009, 2010, 2011, 2012 that the entity has not yet remitted to the Enterprise Restructuring and Development Support Fund. Concurrently, it recommended processing the aforementioned late payment interest when conducting enterprise valuation for state divestment in accordance with Decision No. 1232/QD-TTg dated August 17, 2017, of the Prime Minister and Plan No. 110/KH-UBND dated October 11, 2017, of the People's Committee of Ba Ria - Vung Tau province. As of the date of preparing the financial statements, the Company has not yet received guidance or directives from competent authorities regarding the procedure for enterprise valuation for state divestment at the Company. The Company will record overdue interest upon receiving specific guidance from the competent authorities.

3./ Explanation of the qualified opinion regarding investment provision:

Based on the reviewed separate and consolidated financial statements for the first 6

months of 2025, AASC Auditing Firm Company Limited issued a qualified opinion regarding the provision for investment losses as follows:

In note 15 of the interim financial statements, the investment in Thanh Chi Joint Stock Company (a subsidiary) as of June 30, 2025, has not been assessed for investment loss provision. If the provision were recognized, financial expenses and accumulated losses for the period would increase by the same amount of VND 7.59 billion, and the value of the "Long-term financial investments" item would decrease accordingly.

And the opinion in the consolidated financial statements is as follows:

As of June 30, 2025, the Parent Company has not considered assessing and making a provision for impairment of its investment in Thanh Chi Joint Stock Company (a subsidiary), leading to the deferred tax liabilities item (code 341) on the interim consolidated balance sheet and the deferred corporate income tax expense item (code 52) on the interim consolidated income statement being understated by VND 1.51 billion.

The company's explanation:

Currently, the company has an investment in Thanh Chi Joint Stock Company with an ownership ratio equivalent to 52.15% of Thanh Chi Joint Stock Company's charter capital. According to Thanh Chi Joint Stock Company's financial statements as of June 30, 2025, the current equity value is less than the actual investment value of the owner due to the company having accumulated losses; however, in its separate and consolidated financial statements for the 6 months of 2025, the company has not yet made a provision for this investment. The Company believes that Thanh Chi Joint Stock Company's business results for the last 6 months of the year may partially offset the accumulated losses, and therefore, the Company will make a provision for this investment in the accounting period at the end of 2025.

IV./ Auditor's emphasis on significant doubt about the Company's ability to continue as a going concern:

The company's business operations in the first 6 months of 2025 have shown positive changes, with the company signing many new contracts, thereby increasing its revenue for the first 6 months of 2025 compared to the same period in 2024. However, due to high financial expenses and provisions, the company has not yet been able to escape losses.

The company's restructuring plan for the 2021-2025 period was approved by the People's Committee of Ba Ria - Vung Tau Province in Official Letter No. 10602/UBND-VP dated July 30, 2024, and was approved by the company's General Meeting of Shareholders in Resolution No. 01/NQ.DHĐCĐ-UDEC dated June 28, 2025.

For the reasons stated above, the Company believes it will overcome the current difficult period and that this forms the basis for the reviewed financial statements to be presented on a going concern basis.

The above is the explanation from UDCons Construction Investment Corporation, respectfully submitted to the esteemed Shareholders.

Sincerely./.

Recipients:

- As above;
- Archived AD, Financial and Accounting Department.

GENERAL DIRECTOR



Mai Ngoc Dinh