

**SONG DA INVESTMENT AND
CONSTRUCTION JOINT STOCK
COMPANY**

SOCIALIST REPUBLIC OF VIETNAM
Independence - Freedom - Happiness

Section: 26.3.1 /SDD- GT BCTC
Re: Explanation: After-tax profit decreased
by more than 10% compared to the same
period last year and the auditor refused to
give an opinion on the 2024 Financial
Statement.

Hanoi, March 26, 2025

Dear:

**- State Securities Commission
- Hanoi Stock Exchange**

Financial report issuing organization: Song Da Investment and Construction Joint
Stock Company

Stock code: SDD Trading floor: UPCOM

Our company hereby submits to you the Financial Statements for the year 2024 ending
on December 31, 2024 audited by Vietnam Auditing and Valuation Company Limited -
Hanoi Branch signed on March 24, 2025.

The Company's 2024 Financial Report has a profit after tax in the reporting period
that differs by more than 10% compared to the same period last year and the auditor refused
to give an opinion. The Company would like to explain as follows:

**1- Explanation: The Company's after-tax profit in 2024 differs by more than
10% compared to the same period last year:**

According to the business performance report in the company's 2024 Financial
Report, the difference between 2024 and 2023 profit after tax is as follows:

TT	Target	2024 (VND)	2023 (VND)	Dog record (increase +)(decrease -)	Increase, decrease %
1	Profit after tax	(16,050,212,999)	(19,841,940,162)	3,790,827,163	19%

The company's 2024 after-tax profit will differ by more than 10% compared to 2023 for the
following reasons:

+ The company's 2024 operating revenue decreased compared to 2023 revenue: (78%) ;

+ Cost of goods sold decreased: (74%);

+ Financial costs decreased: (14%);

+ Business management costs increased: 87%;

+ Other profits increased: 71%.

* Combining the above factors, the Company's 2024 after-tax profit will differ by VND 3,790,827,163, equivalent to a loss reduction (19%) compared to 2023.

2- Explanation of the basis for the refusal to give an opinion:

In the Basis for Disclaimer of Opinion – Independent Audit Report section of the Company's 2024 Financial Statements, the following content is stated:

As of December 31, 2024, the Company's accumulated loss was: (70,028,814,764) VND, current liabilities were greater than current assets by VND 92,376,898,364. These factors raise significant doubts about the Company's ability to continue as a going concern. However, the financial statements have been prepared on a going concern basis, without providing sufficient information and convincing explanations about the ability to maintain operations in the near future. With the audit procedures performed, we were unable to obtain sufficient appropriate audit evidence to assess the Company's ability to pay and maintain working capital in the near future. Therefore, we were unable to confirm the appropriateness of using the going concern basis to prepare the financial statements.

Refusal to comment:

Because of the significance of the matters discussed in the “Basis for Opinion” paragraph, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion. Accordingly, we are unable to express an audit opinion on the accompanying financial statements.

The company would like to explain as follows:

- As of December 31, 2024, the Company's accumulated loss is: (70,028,814,764) VND:

From 2020 to present, the Company's business performance depends on the business performance of commercial electricity generation of Muong Sang 2 Hydropower Plant, because the business performance of construction and installation contracting and other

business activities of the Company did not win new projects and had low profit margins. Meanwhile, in recent years, due to little rain, Muong Sang 2 Hydropower Plant has only generated 60% of its design capacity, the outstanding investment loan is high, so the annual investment loan interest of the project is large, so the business performance of commercial electricity of Muong Sang Sang Hydropower Plant is at a loss, leading to the Company's annual business performance being at a loss and accumulated to December 31, 2024 is (70,028,814,764) VND . The annual loss will gradually decrease when the Company pays off the investment loan for the project and the interest on the loan is low. The Company's Board of Directors is looking for measures to increase the water storage capacity to increase the annual electricity generation output to increase electricity generation revenue and reduce losses .

- As of December 31, 2024, the Company's short-term debt is greater than its short-term assets by an amount of VND 92,376,898,364.

+ The Company's current monthly cash flow is the proceeds from the sale of commercial electricity from the Muong Sang 2 Hydropower Plant, which is used to cover the capital needs for the Company's production and business. In addition, the Board of Directors and the Board of Management are actively seeking other sources of capital mobilized from organizations and individuals to meet the Company's working capital needs to ensure the Company's continuous production and business activities.

+ Monthly revenue from electricity business of Muong Sang 2 Hydropower Plant is collected , so short-term assets receivable are low. Because electricity generation only reaches 60% of capacity, not enough to pay principal and interest on long-term loans of the project, the long-term payable balance must be transferred to short-term every year, so short-term debt increases. In the short-term debt of the Company, there are some main indicators: Short-term payables to suppliers: 11,917,022,513 VND; Other short-term payables: 15,271,158,539 VND, Short-term loans and financial leasing debts: 62,976,045,757 VND. The Board of Directors and the Board of Management are actively working with the Bank and customers to restructure the debt repayment period to long-term, find other sources of capital and restore construction and trading activities to increase working capital, repay debts to reduce short-term payables to ensure the continuity of the Company's production and business activities.

The Company explains to the State Securities Commission and Hanoi Stock Exchange about the Company's 2024 Financial Statements audited by Vietnam Auditing and Valuation Company Limited - Hanoi Branch signed on March 24, 2025.

Recipient:

- Above.
- Lu VP .

COMPANY DIRECTOR



Nguyen Phuong Dong

