**SDJ: Explanation on Financial Statements 2023**

On March 22, 2024, Song Da 25 JSC announced Official Dispatch No. 07/2024/CV-SD25 on explaining the content of the audit company's qualified opinion on the Audited Financial Statements as of December 31, 2023 as follows:

1. For the preparation and presentation of the Financial Statements
* Our Company has complied with the Accounting Standards, Vietnamese Corporate Accounting Regime and legal regulations related to the preparation and presentation of the Financial Statements; Specifically, the Financial Statements have reflected honestly and fairly, in key aspects, in accordance with the Accounting Standards, Vietnamese Corporate Accounting Regime and legal regulations related to the preparation and presentation of the Financial Statements.
* We build and maintain an internal control system to ensure the preparation and presentation of the Financial Statements without material errors due to fraud or error.
* All transactions have been recorded by us in documents and accounting books and have been reflected in the Financial Statements in accordance with the current Corporate Accounting Regime.
* There have been no or potential violations of any laws or regulations that, in the event of a violation, could have a material effect on the Financial Statements.
* We have used reasonable assumption to give accounting estimation, including estimation on reasonable value.
1. Content related to inventory assets and debt receivables and payables
* We have conducted an inventory of Inventory and Fixed Assets as of December 31, 2023. Therefore, we commit to the existence, accuracy and completeness of Inventory and Fixed Assets in accordance with the data presented in the Financial Statements for the fiscal year ending on December 31, 2023.
* We have sent confirmation letters to the Company's entity of receivables and payables. However, by the time of publishing the Financial Statements for the fiscal year ending on December 31, 2023, we have not fully recovered the debt confirmation letters. We commit that the debt receivables and payables presented on the Financial Statements for the fiscal year ending December on 31, 2023 are real, accurate and complete. At the same time, we commit to taking responsibility for any issues that arise related to this content.
* As of December 31, 2023, we have made a full provision for bad debt receivables based on the assessment of the collectability of each debt.
* As of December 31, 2023, we have fully depreciated fixed assets in accordance with the production and business status of our Company.
1. Content related to company separation
	1. The necessity of separating the business

Song Da 25 JSC is established under Business Registration No. 2800221072 issued by Thanh Hoa Department of Planning and Investment for the first time on February 09, 2006 and registered for the 15th change on January 28, 2022.

The Company's main business lines are civil construction, transportation, irrigation and tunnel brick production.

During the Company's business operations, due to the consequences of the economic crisis, late payment of project capital, many investors stop operations, change organizations and are unable to arrange capital to repay the Company's debt. From the above reasons, the Company's business results are at a loss; there is no business capital; and it is impossible to find jobs. As of December 31, 2020, the Company has accumulated losses of VND 59,150,667,630/VND 43,437,000,000 of owner's contributed capital; as of December 31, 2021, the accumulated loss is VND 69,690,187,764, leading to negative owners’ equity of VND 5,096,191,041 (source: Audited Financial Statements 2020 and 2021). Since then, the Company has had difficulty raising capital to maintain business operations.

From the above reasons, on June 29, 2021, the Annual General Meeting of Shareholders of Song Da 25 JSC met and issued a Resolution to separate Song Da 25 JSC into 02 new companies (MTS Quang Yen Joint Stock Company and GPF Vietnam Joint Stock Company).

The purpose of the General Meeting of Shareholders to separate the Company is to give companies the opportunity to call for investors to contribute capital to continue maintaining business operations.

* 1. The legal basis for separation and handover of the Company's capital is carried out accordingly
* Law on Enterprises No. 59/2020/QH14 dated June 17, 2020
* Minutes attached to the Annual General Mandate 2021 dated June 29, 2021 of Song Da 25 JSC
* Business Registration Certificate No. 2800221072 of Song Da 25 JSC, first issued by Thanh Hoa Department of Planning and Investment on February 09, 2006 and registered for the 15th change on January 28, 2022
* Auditor’s Report No. 141/BCKT/CT dated March 25, 2022 issued by Viet Nam Auditing and Valuation Company Limited
* Certificate of Price appraisal No. 09502/2022/CTTDG - APEC dated April 05, 2022 on the appraisal to determine the enterprise value of Song Da 25 JSC as of December 31, 2021.
* Minutes attached to Board Resolution No. 01/2022/NQ-HDQT dated April 05, 2022 of Song Da 25 JSC on the approval of enterprise appraisal value of Song Da 25 JSC as of December 31, 2021
* Minutes attached to Board Resolution No. 02/2022/NQ-HDQT dated April 08, 2022 of Song Da 25 JSC on approving the contents of the Annual General Meeting of Shareholders 2021 dated June 29, 2021 authorized to the Board of Directors for implementation.
* Decision No. 125/QD-CT dated May 25, 2022 on the sanction for administrative violations of tax
* Minutes attached to the Annual General Mandate 2022 dated June 30, 2022 on approving the issues of the Annual General Meeting of Shareholders 2021 on June 29, 2021 authorized to the Board of Directors for implementation
* And other related dossiers
* On May 10, 2022, our Company sends dossiers to change trading registration to Hanoi Stock Exchange and Vietnam Securities Depository to reduce the number of shares registered for trading to 1,212,200 shares, equivalent to the owners’ investment capital of VND 12,122,000,000 (before registering the change, it is 4,343,700 shares, equivalent to the owners’ investment capital of VND 43,370,000,000). On December 07, 2022, Hanoi Stock Exchange promulgated Decision No. 839/QD-SGDHN on temporarily suspending trading of the Company's shares (securities code: SDJ) for the reason: "Protecting the legitimate rights and interests of investors and ensuring the stability and safety of the securities market". The trading suspension period is from December 12, 2022 until Song Da 25 JSC completes the separation of enterprises and completes procedures for changing trading registration. As of now (the time of preparing the Financial Statements), our Company has not yet completed the procedures to change the trading registration.

We commit that the business restructuring (company separation) will be fully implemented and comply with the General Mandates approved by the Annual General Meeting of Shareholders 2021 and 2022 and will bear all legal responsibilities (if any) arising from these activities.

* Our Company also commits that it has complied with Decree No. 155/2020/ND-CP dated December 31, 2020 of the government on detailed regulations on implementing a number of articles of the Law on Securities and disclosed information according to Circular No. 96/2020/TT-BTC dated November 16, 2020 of the Minister of Finance on guiding information disclosure on the securities market.