**SJG: Explanation of qualified opinions on the Consolidated Financial Statements 2023**

On April 9, 2024, Song Da Corporation announced Official Dispatch No. 249/TCT-TCKT on explaining qualified opinions on the Consolidated Financial Statements 2023 as follows:

1. Explanation on the modified opinion:
	1. Impact on the Consolidated Financial Statements arising at Song Da 3 Joint Stock Company - Subsidiary of Song Da Corporation

At the time of preparing the Financial Statements for the fiscal year ending December 31, 2023, Song Da 3 Joint Stock Company conducted an assessment of recoverability to consider making provision for bad debts for customer receivables, prepayment to suppliers, other receivables (including prepayment to employees) that have existed for many years with a book value of about VND 98.05 billion (provisions have been made in the amount of about VND 11.3 billion). With the documents provided, the auditor could not assess the certainty and reasonable basis of the above assessments of Song Da 3 Joint Stock Company. The auditor also could not perform any other audit procedures to collect sufficient appropriate audit evidence to evaluate the recoverability of the above receivables. Therefore, the auditor could not determine whether it is necessary to adjust the provisions for bad debts made for these receivables of Song Da 3 Joint Stock Company.

By the time of issuing the auditor's report, the auditor could not collect independent confirmation letters for a number of receivable debts (including customer receivables, prepayments to sellers and other receivables), and some liabilities (including payables to suppliers and other payables). There were also no alternative audit procedures that the auditor can perform. Therefore, the auditor could not determine whether adjustments are necessary for these debt balances, details are as follows:

* The value of receivables that did not receive a confirmation letter was about VND 21.97 billion; The value of receivables that had a difference between the confirmation letter and the book value but the reason has not been clarified by Song Da 3 Joint Stock Company are about VND 46.36 billion.
* The value of liabilities that did not receive a confirmation letter was about VND 23.3 billion; The value of liabilities that had a difference between the confirmation letter and the book value but the reason has not been clarified by Song Da 3 Joint Stock Company are about VND 10.69 billion.

During the year, Song Da 3 Joint Stock Company recorded a decrease in the target Inventory - Cost of production and business in progress, and increased the target Cost of goods sold with a value of about VND 46.95 billion. Appropriate and necessary audit procedures have been performed by the auditor, however, the auditor was unable to collect sufficient appropriate audit evidence to evaluate the recognition of this cost of goods sold.

* 1. Impact on Consolidated Financial Statements arising at Song Da 6 Joint Stock Company - Subsidiary of Song Da Corporation

At the time of issuing the Consolidated auditor's report of Song Da Corporation for the fiscal year ending December 31, 2023, the auditor could not collect the auditor's report for the fiscal year ending on same day of Song Da 6 Joint Stock Company. The Corporation is using the Financial Statements for the fiscal year ending December 31, 2023 of Song Da 6 Joint Stock Company, which was independently established and announced to be consolidated into the Corporation's Consolidated Financial Statements. We have performed the necessary audit procedures but have not been able to evaluate the errors (if any) as well as the necessary adjustments related to these errors in the Consolidated Financial Statements for the fiscal year ending December 31, 2023 of the Corporation. Some information on the Financial Statements of Song Da 6 Joint Stock Company is as follows: Total assets: VND 1,018,842,358,345; Liabilities: VND 736,264,315,173; Owners' equity: VND 282,578,043,172; Revenue: VND 150,088,756,780; Profit after tax; VND -150,298,258,382;

Reasons for qualified opinion on the Financial Statements of Song Da 3 Joint Stock Company:

Regarding comments on receivables and provisions for bad debts: Song Da 3 Joint Stock Company has evaluated the recoverability of these debts on the basis of the payment term according to the contracts signed with the General Construction Contractor. The settlement of the project depends on the payment mechanism between the Investor and General Contractor, as well as the settlement of projects related to the State's policy mechanisms, so debt recovery cannot be carried out until these issues have been resolved; such as Sesan 3, Sesan 4, Pleikrong, Xekaman 1;

Regarding the value of receivables that did not receive a response confirmation letter of VND 21.97 billion out of the total debt of VND 243.5 billion; Of which, VND 46.36 billion of debt has been reconciled but there was a difference (not the difference of VND 46.36 billion); The reason was that when finalizing with the General Contractor/Investor, the volume was reduced, the unit had a written request for final settlement but it had not been implemented. It was past the deadline stated in the written request for final settlement, so the unit unilaterally recorded a book settlement to avoid overdue payment or take timely recovery measures, increasing or decreasing this debt; Some items that the Company unilaterally deducted/offset through units/executive boards have not been agreed upon for implementation.

Regarding the value of liabilities that did not receive a response confirmation letter of VND 23.3 billion compared to the total debt of VND 153.6 billion. The debt value that has a confirmation letter but there was a difference is VND 10.69 billion (of which the difference was VND 2.3 billion) because partner units calculated loan interest on the deferred debt portion that has not been agreed and confirmed between the parties.

Regarding the qualified opinion of the inventory on the Financial Statements of Song Da 3 Joint Stock Company: The determination of the cost price of construction works has been determined by the costs at the beginning of the period and the costs incurred during the period except the value of the unfinished volume at the end of the period before tax and a portion of the norm profit (if any). Therefore, in 2023, the Company recorded costs incurred in the period and carried forward all of those costs corresponding to the revenue made in the period.

Reasons for qualified opinion on the Financial Statements of Song Da 6 Joint Stock Company:

Currently, Song Da 6 Joint Stock Company is reviewing and working with the audit company - A&C Auditing and Consulting Company Limited on audit results of the Financial Statements 2023 (expected to be issued in the near future).