**CSI: Explanation of the Financial Statements**

On March 28, 2024, Viet Nam Construction Securities Joint Stock Company announced Official Dispatch No. 19/2024/CSI/CV-TGD an Explanation of changes in profit after tax 2023 compared to 2022 as follows:

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **No.** | **Target** | **2023 (VND)** | **2022 (VND)** | **Fluctuation (%)** |
| 1 | Operating revenue  | 12,596,729,913 | 38,337,863,375 | (67.14) |
| 2 | Operating expense | 9,810,406,041 | 12,301,087,671 | (20.25) |
| 3 | Revenue from Financial activities | 9,311,147 | 20,146,114 | (53.78) |
| 4 | General and administrative expense | 12,901,141,475 | 11,631,818,634 | 10.91 |
| 5 | Other expenses | 1,399,946,007 | 1,200,595 | 116,504.35 |
| 6 | Total profit before tax | (11,505,452,459) | 14,423,902,589 |  |
| 7 | Corporate income tax expense | 1,159,386,089 | 1,725,634,548 | (32.81) |
| 8 | Profit after tax | 912,664,838,548) | 12,698,268,041 |  |

Reason:

* In 2023, the securities market faced difficulties, with the company experiencing a low customer growth rate and a decrease in customer assets, leading to a significant decline in the company's operating revenue (decreased by 67.14%) compared to 2022, specifically: In 2023, the revenue from proprietary trading activities decreased sharply by 70.36% compared to 2022. Additionally, brokerage revenue in 2023 decreased by 68.43% compared to 2022, and revenue from securities investment consulting activities in 2023 decreased by 56.56% compared to 2022.
* The company's operating expenses in 2023 decreased by 20.25% compared to 2022, primarily due to ensuring the safety of proprietary trading operations, thus avoiding significant losses from FVTPL.
* The general and administrative expenses in 2023 slightly increased by 10.91% compared to that in 2022;
* Other expenses of the company in 2023 increased significantly by 116,504.35% compared to 2022;

Thus, due to the deeper decrease in revenue compared to the decrease in expenses, the profit after tax in 2023 decreased significantly compared to 2022.

On March 28, 2024, Viet Nam Construction Securities Joint Stock Company announced Official Dispatch No. 20/2024/CSI/CV-TGD on the explanation of the loss in profit after tax as follows:

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| **No.** | **Content** | **2023 (VND)** |
| 1 | Operating revenue | 12,596,729,913 |
| 2 | Operating expense | 9,810,406,041 |
| 3 | General and administrative expenses | 12,901,141,475 |
| 4 | Other expenses | 1,399,946,007 |
| 5 | Corporate income tax expense:* Deferred corporate income tax expense
 | 1,159,386,089 |
| 6 | Profit after tax | (12,664,838,548) |

Reason:

In 2023, the company experienced a low customer growth rate, resulting in a decrease in customer assets. Therefore, the company's operating revenue amounted to VND 12,596,729,913. Meanwhile, the operating expenses of the company were VND 9,810,406,041 and the company's General and administrative expenses were VND 12,901,141,475. Additionally, other expenses amounted to VND 1,399,946,007.

Therefore, the insufficient revenue to cover expenses led to the profit after tax being a loss in 2023.

On March 29, 2024, Viet Nam Construction Securities Joint Stock Company announced Official Dispatch No. 25/2024/CSI/CV-TGD on explanation of the modified audit opinion on the Audited Financial Statements 2023 as follows:

1. Auditor's qualified opinion: The average cash amount of approximately VND 127 billion is deposited by the Company into the bank account to sign fixed-term deposit contracts at the end of each quarter and is withdrawn from the bank account to replenish cash funds on the first days of the following quarters. We have not received reasonable explanations regarding the maintenance of the cash balance as stated above. Therefore, we are unable to assess the impact of this issue on the Company's Financial Statements 2023."
* Explanation of the Company: In 2023, following certain business plans, the Company maintained an average cash balance of approximately VND 127 billion. The cash balance was also regularly deposited into the bank account as reported in each reporting period. On December 31, 2023, the Company also conducted a cash inventory with the presence of an independent auditor and obtained a bank confirmation letter as requested by the auditor. Therefore, the cash balance reported in the Company's Financial Statements 2023 is entirely accurate and reasonable. Maintaining a large cash reserve throughout the year may not have yielded high efficiency compared to depositing funds into bank savings accounts. However, due to certain company plans, the company accepted this inefficiency.
1. Audit’s qualified opinion: "According to the Financial Statements 2023 of the entities in which the Company invested in shares, including Viet Nam Galaxy International Investment Joint Stock Company with a capital contribution of VND 18,200,000,000, and Noah Technology Joint Stock Company with a capital contribution of VND 14,200,000,000, which are currently perfunctorily operating with other receivables being the main assets. Due to limitations in information, we are unable to assess the reasonable value of these investments, and therefore, we cannot evaluate their impact on the Company's Financial Statements 2023."
* The Company’s explanation: The Company executed the investment by purchasing shares of Viet Nam Galaxy International Investment Joint Stock Company with a capital contribution of VND 18,200,000,000 and Noah Technology Joint Stock Company with a capital contribution of VND 14,200,000,000 following current regulations. Due to the economic difficulties in recent years, both companies are striving to maintain minimal operations while awaiting economic recovery. Currently, the shareholders of these two companies have some business plans that are expected to yield higher efficiency, hence their main assets are primarily in other receivables. Viet Nam Galaxy International Investment Joint Stock Company and Noah Technology Joint Stock Company are not listed on the stock exchange and have not gone public, therefore, there is no basis for evaluating the reasonable value of these investments according to current regulations.