

No: 3103A/2025/GT-BCTC

Hanoi, March 31, 2025

Re: Explanation of the Audited Financial
Statement for the Accounting Period Ending
31/12/2024

To:

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

Name of Organization : CNC Capital Vietnam Joint Stock Company
Stock Code : KSQ
Head Office : No. 6, Alley 54, Le Quang Dao Street, Phu Do Ward, Nam Tu
Liem District, Hanoi
Phone : 024 3564 3689
Fax : 024 3564 3690

Based on Clause 4, Article 11 of Circular No. 96/2020/TT-BTC issued by the Ministry of Finance on November 16, 2020, CNC Capital Vietnam Joint Stock Company presents the explanation for the audited financial statements for the accounting period ending on December 31, 2024, as follows:

1. Explanation of the Auditor's Opinion

Qualified Audit Opinion:

"As of December 31, 2024, the Company's accumulated losses amount to VND 36,304,781,395, and its current liabilities exceed its current assets by VND 9,363,050,904. The Company is experiencing a working capital deficit, making it unable to meet its due obligation. As of December 31, 2024, the Company also had an overdue bank loan principal of VND 33,950,000,000 and estimated interest payable of VND 9,955,136,958. Including a penalty interest of VND 3,112,210,836. These factors raise doubts about the Company's ability to continue as a going concern. The Company's ability to operate depends on future profits from business cooperation projects. However, We have not been able to sufficient appropriate evidence regarding these business plans. As a result, we cannot determine whether thoe accompanying financial statements have been appropriately prepared based on the assumption of the Company's ability to continue as a going concern. The financial statements for the fiscal year ending December 31, 2024, have nonetheless been presented based on the going concern assumption."

Emphasis of Matter:

In 2024, the Company aimed to expand its business into new sectors, including manufacturing auxiliary equipment for the medical field, medical consumables, electronic



components, and household plastic goods. At the 2024 Annual General Meeting held on April 26, 2024, the Board of Directors and the Company's management presented to shareholders the plan to recover investments/business activities. Simultaneously, the purchase of assembly lines for dialyzer production was approved under Resolution No. 01/2024/NQ-ĐHĐCĐ-CNC dated April 26, 2024. However, since this new business venture is still in the initial stages of procurement and assembly, there has been no product output or revenue recorded yet. This has resulted in reduced revenue, insufficient income to cover fixed expenses, and lower post-tax profits for 2024.

The Company remains committed to paying debts and liabilities on time. In 2024, the Company made significant repayments to bank loans, amounting to 10.75 times higher than in 2023. The management team is actively working to expedite the investment process and operational deployment to generate profits, address debts, and cover essential costs. With the efforts of the leadership and the entire staff, the Company believes it can settle its debts and achieve stable and sustainable development in the coming year.

Emphasis of Matter

“We would like to draw attention to readers to Note 4.4 in the Notes to the Financial Statements:

In 2023, the Company entered into an investment cooperation agreement with Tien Dai Phat Co.,Ltd. for an amount of VND 152,000,000,000 to invest in the construction and business operation of the “VIWASEEN Hạ Đình apartment complex for Sale and office Rental” project. The two parties mutually agreed to terminate the investment cooperation agreement early, as documented in Memorandum No. 2803/2024/BBT/TĐP-CNC dated March 28, 2024. Accordingly, Tiến Đại Phát Co., Ltd. was obligated to reimburse the Company for the invested capital of VND 152,000,000,000 along with interest of VND 7,378,038,356 by December 31, 2024. However, as of December 31, 2024, Tiến Đại Phát Co., Ltd. still had an outstanding obligation to pay VND 22,601,700,000.”

Explanation:

As mentioned, CNC Capital Vietnam has assessed the performance of its investments/business activities and recovered most of the investments by December 31, 2024. The Company has successfully retrieved VND 129,398,300,000 in contributed capital. On September 29, 2024, both parties signed an agreement to extend the deadline for repayment of the remaining principal and interest until March 31, 2025.

1. Post-Tax Profit in the Reporting Period Shows a Difference of 5% or More Before and After Auditing

Explanation:

At the time of preparing the Q4 Financial Statement (January 17, 2025), the company recorded figures based on updated documents at that time. Following discussions with the auditors and finalization of documents with relevant partners, the company made changes to the recognition method to better reflect the actual situation and comply with tax regulations.

2. Corporate Income Tax Post-Tax Profit in the Reporting Period Changes by 10% or More Compared to the Same Period Last Year; the Final Business Result Shows a Loss; and Transitions from Profit Last Year to Loss This Year:



- The post-tax profit in the audited financial statements for the accounting period ending December 31, 2023, was VND 7,936,400,287.
- The post-tax profit in the audited financial statements for the accounting period ending December 31, 2024, was VND (4,443,984,182).
- The difference is VND 3,492,416,105.

Reason for the Change:

In 2023, besides revenue from trading construction materials, the company also gained profits from business cooperation with partners, resulting in a positive production and business performance. Entering 2024, the management reevaluated and recovered impractical investment/business cooperation projects to focus financial resources on sustainable business operations. This strategic shift was approved at the 2024 Annual General Meeting. However, since the new investment project is still in the initial stages of construction, procurement, and production line assembly, no product output or revenue has been recorded, leading to reduced revenue and post-tax profit for 2024.

This concludes our company's explanation regarding the audited financial statements for the accounting period ending December 31, 2024.

Respectfully,

Thank you.

Recipients:

- As above;
- BOD, BOM, BOS;
- Archives.

**CNC CAPITAL VIETNAM
JOINT STOCK COMPANY**



CHỦ TỊCH HĐQT
Trần Việt Hùng

