**APT: Explanation on violations of disclosing information on the Financial Statements**

On April 19, 2024, Saigon Aquatic Products Trading Joint Stock Company announced Official Dispatch No. 69 /CV-THS on the Explanation of suspected violations of regulations on information disclosure of the audited Financial Statements 2023 to the Hanoi Stock Exchange according to Official Dispatch No. 885/SGDHN-QLNY as follows:

1. Explanation

Causes of delay in disclosing information about the Company's explanation in case the audit company gives a modified opinion on the Financial Statements

APT would like to explain this issue as follows:

The qualified opinion in the auditor's report concerns issues with the Company's ability to continue operating due to an unbalanced financial situation and negative equity many times larger than its charter capital. Specifically:

As of December 31, 2023, the Company has an accumulated loss of VND 1,354,547 million, leading to the negative owners’ equity of VND 1,264,715 million. The above-accumulated loss is essentially a loss due to interest incurred on loans payable to Sacombank (formerly owed to Southern Commercial Joint Stock Bank)... for the years from 2009 and before. From 2010 to the present, the Company has gradually restored production and business activities, gradually stabilizing.

* Bad debts:

Bad debts as of December 31, 2023, were VND 110.474 billion which are debts arising from 2009 or earlier, 100% provision had been made and a lawsuit had been filed a lawsuit with the People's Court to enforce the judgment demanding debt payment. With all solutions and efforts, in 2023 as well as over the past many years, the Company's Executive Board continues to pursue the resolution of lawsuits that have been filed and are currently serving judgments although judgment cases have a very low debt collection ability because the judgment debtors have no assets or are unable to repay the debt. There are cases where the debtor has passed away without leaving an inheritance. For cases where the judgment debtor has assets but the assets have been mortgaged to the bank to secure the loan, these assets must be given priority when liquidating to pay for the bank's loans, the creditors will be paid after the bank. On the other hand, the defendants' bank loans are often higher than the current value of the secured assets, so it is difficult to pay the amount owed to the Company.

* Overdue debts:

Overdue debt as of December 31, 2023, is VND 1,400 million, including:

* Overdue debt payable to Sacombank: VND 1,375 billion
* Principal debt: VND 103 billion and 5,833 taels of SJC gold worth VND 538 billion
* Interest debt (VND and SJC) VND 837 billion
* Payable to Saigon Trading Corporation (interest on loans before 2009): VND 25 billion

Previous solutions to handle Sacombank's debt such as converting loans into charter capital, issuing shares to increase charter capital to implement the Company's restructuring according to the direction of the City People's Committee that has been approved by the Company's General Meeting of Shareholders for many years, and according to the direction of the Board of Directors, the Company's Executive Board has developed plans to negotiate with the Bank but cannot implement them due to legal mechanisms. The company is proposing a plan for both sides to seek investors to buy back this loan. Currently, Sacombank is still working with the Court to carry out legal procedures to conduct a trial of the lawsuit against APT.

Debts of Saigon Trading Corporation: is the loan interest arising from the Company's previous business loan (before 2009). APT has paid off the principal debt of over VND 100 billion and part of the interest, only VND 25 billion left. The Company has also sent a document requesting Satra to consider the policy of exempting or reducing this interest because currently, the Company is no longer able to pay overdue debts because it is facing great difficulties in working capital for business.

APT's financial conditions are still too difficult, and business capital is limited, but it still has to continue to maintain production and business activities, stabilizing jobs for more than 300 employees over the years is a continuous effort of the Board of Directors, the Executive Board and Employees of the Company. Having to pay interest payments to Satra and overdue debts from Sacombank to APT is very difficult to do and is beyond the Company's ability. If there is no appropriate financial solution, it will cause all activities of the Company to stop, causing hundreds of workers to lose their jobs, and causing social instability.

2. Causes of delayed information disclosure.

APT would like to explain this issue as follows:

* Because verifying the qualified factors mentioned above is relatively complicated, it leads to a longer time to announce the report.
* At the same time, the deadline to submit the audited Financial Statements was on the weekend (Saturday - March 30, 2024), so the report was announced on Monday (April 1, 2024).

The Executive Board of APT made an effort to disclose information on the day upon receiving the report.

II REMEDY SOLUTIONS.

As mentioned above, the reason for the audit to have a qualified opinion as well as being late for disclosing the information about the Financial Statements than prescribed is also because:

The accumulated loss of VND 1,354.5 billion is a loss due to the loan interest payable to Sacombank and the handling of debt provisions, inventory, etc. of previous years. Therefore, to make APT's financial situation better, there must be a solution to completely resolve the debt payable to Sacombank.

The Executive Board has also sent documents to Sacombank many times to propose the finalization of the two credit contracts mentioned above, write off interest debt and freeze debt..., creating conditions for APT to restructure, maintain operations, and create jobs for workers in the spirit of Notice No. 477/TB-VP dated July 12, 2011, of the People's Committee of Ho Chi Minh City. Up to now, the Bank has not responded but has initiated a lawsuit against the Company at the People's Court of Binh Tan District, Ho Chi Minh City in 2022.

Although the Company has many difficulties such as degraded infrastructure and outdated machinery that does not meet production requirements, employees are unstable, disengaged, and lack business capital but must be self-reliant because there is no support from any bank or financial institution... the Executive Board has made great efforts to maintain APT Company's production and business activities gradually stabilizing and restoring pure business activities to be effective every year, implementing good policies and taking care of the material and spiritual lives of employees. At the same time, since 2010 up to now, efforts have been made to find and propose feasible solutions, but up to now, we have not been able to resolve the existing problems. Shortly, the Executive Board will continue to negotiate with the parties to gradually resolve the above problems.