**API: Explanation of the Financial Statements 2023**

On March 30, 2024, Asia-Pacific Investment JSC announced Official Dispatch No. 16B/2023/CV-API on the information disclose of the Financial Statements 2024 and the related explanation as follows:

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
| No. | Target | Financial Statements of the Holding Company | | | Consolidated Financial Statements | | |
| 2023 | 2022 | Difference rate | 2023 | 2022 | Difference rate |
| 1 | Revenue from goods sold and service provision | 200,062,416,867 | 685,018,070,277 | -71% | 210,997,766,321 | 782,603,716,800 | -73% |
| 2 | Deductions of revenue | 17,812,053,373 | - |  | 17,812,053,373 |  |  |
| 3 | Cost of goods sold | 130,209,711,138 | 507,285,741,885 | -74% | 136,612,796,058 | 573,442,545,335 | -76% |
| 4 | Financial revenue | 26,073,957,620 | 61,514,549,592 | -58% | 49,206,287,821 | 114,360,629,989 | -57% |
| 5 | Financial expense | 63,578,625,194 | 38,911,524,167 | 63% | 80,986,752,598 | 59,414,654,337 | 36% |
| 6 | Selling expense | 23,745,196,692 | 50,081,419,166 | -53% | 23,750,196,692 | 54,672,153,268 | -57% |
| 7 | General and administrative expense | 34,322,091,879 | 40,767,511,688 | -16% | 42,436,567,312 | 56,817,374,590 | -25% |
| 8 | Net profit from business activities | - 43,531,303,789 | 109,486,422,963 | -140% | - 40,906,446,873 | 152,470,410,244 | -127% |
| 9 | Other profits | - 4,655,808,772 | 8,274,062,250 | -156% | 4,849,045,907 | - 14,993,905,594 | -68% |
| 10 | Profit before tax | - 48,187,112,561 | 117,760,485,213 | -141% | - 45,755,492,780 | 137,476,504,650 | -133% |
| 11 | Profit after tax | - 48,187,112,561 | 101,002,932,237 | -148% | - 53,815,187,926 | 121,282,006,313 | -144% |

The profit after tax in 2023 decreased compared to that of the same period in 2022 due to unfavorable real estate market conditions, leading to a decline in demand and the fact that Company did not intensify sales launches. Specifically, the revenue from goods sold and services provided by the Holding Company in 2023 decreased by 71%, and the cost of goods sold decreased by 74% compared to the same period in 2022. On the Consolidated Financial Statements, these figures decreased by 73% and 76% respectively. Additionally, during the year, the Company implemented early payment discount policies, which increased financial expense to serve the purpose of debt recovery and optimize cash flow efficiency.

* Explanation of the profit loss in the reporting period, shifting from profit in the report of the previous corresponding period to a loss in this period or vice versa, as follows:

The adverse effects of the real estate market led to a loss in profit after tax on the Financial Statements of both the Holding Company and the Consolidated Company that suffered a loss. Specifically, the Holding Company’s loss was VND 48,187,112,561, and the Consolidated Company’s loss was VND 53,815,187,926.

* Explanation of the difference of 5% or more of profit after tax in the Financial Statement before and after audit, moving from loss to profit or vice versa:

The profit after tax on the Holding Company’s Financial Statements and Consolidated Company's Financial Statements differed by more than 5% before and after the audit. The main reason is that as of December 31, 2023, our Company had not yet collected the Financial Statements of the units, so the self-prepared report had no basis for provisioning expenses.

* Explanation of the audit organization issuing an opinion that is not a modified opinion for the Audited Financial Statements 2023:

Reason for auditor’s qualified opinion:

"As of December 31, 2023, the Company was making prepayments to individuals who are employees of the Company for the purpose of conducting transactions related to the implementation and investment in the development of potential projects, amounting to VND 104,661,534,573 (see Footnote V.6a). As of the date of this Report, we have not been provided with the documents reporting the results of the prepayments or the dossiers for the settlement of the prepayments to determine whether the prepayments have been used for the intended purposes. Therefore, we cannot draw a conclusion on the reasonableness of the prepayment balance at the end of the fiscal year nor can we draw a conclusion on whether the prepayment was used for the intended purpose.

The Company’s explanation: In terms of the prepayment balance as of December 31, 2023: VND 104,661,534,573 is a prepayment for staff to implement potential projects and land clearance for ongoing projects. The company is urging employees to urgently complete reimbursement dossiers in accordance with regulations.

“As of December 31, 2023, the Company was lending to related parties an amount of VND 114,888,000,000, loan interest receivable is VND 33,759,312,877, of which, some loans have no collateral. (Footnotes of Financial Statements No. V.3 and V.6a). As for loans with collateral, the Company also has no measures to manage the collateral. We have not collected appropriate evidence to evaluate the possibility of recovery, nor can we give an opinion on the amount of provision for bad receivable debts that needs to be made (if any) for these receivables.

The Company’s explanation: In terms of loans and interest on loans to related parties, we evaluate the development potential of companies, contractual loans and stipulate terms on collateral being real estate products from the borrowers’ projects.