

**ORIENTAL SHIPPING AND
TRADING JOINT STOCK
COMPANY**

**THE SOCIALIST REPUBLIC OF
VIETNAM**
Independence - Freedom - Happiness

No: 47/2025/PD-TCKT

*Re: explanation and solution to
overcome the situation of being put on
warning list*

Hanoi, March April 03 th, 2025

To: Hanoi Stock Exchange

ORIENTAL SHIPPING AND TRADING JOINT STOCK COMPANY

Stock code: NOS

Address: 278 Ton Duc Thang - Dong Da District - Hanoi City

Phuong Dong Shipping and Trading Joint Stock Company would like to send our sincere greetings and thanks to your agency for your cooperation and support to our Company in the past time.

On August 21, 2024, our Company received Decision No. 918/QD-SGDHN dated August 21, 2024 of the Hanoi Stock Exchange on maintaining the trading restriction for NOS shares and requesting an explanation of the reasons and a solution to overcome the trading restriction situation. Our Company would like to explain the reasons and propose a solution as follows:

1. Explanation of reasons

1.1. Regarding the reason for negative equity:

According to the audited semi-annual financial report for 2024, the equity target is still negative VND 5,015 billion due to the loss in production and business results from 2011 to 6 months of 2024. Specifically as follows:

- The Company's undistributed profit after tax target as of June 30, 2024 is negative VND 5,274 billion, mainly due to the impact of the period of sharp downturn in the shipping market from the end of 2008 to 2020. The supply of ships on the market far exceeds the demand for transportation, causing freight rates to decrease, fuel prices, spare parts and supplies to remain high, especially high financial costs related to loans for ship investment such as: interest and exchange rate differences due to foreign exchange fluctuations.

After efforts to restructure the business, especially financial restructuring of overdue loans, the Company's business operations have been maintained stably and gradually improved. However, due to the impact of the 2019 Sino-US trade war, the Covid 19 pandemic spreading worldwide from early 2020 to 2021, internal disagreements between crude oil exporting countries, political instability on the Korean peninsula, the Russia-Ukraine conflict, the Israel-Hamas armed conflict have prolonged the global recession, and declining trade activities have directly affected the

domestic and international shipping market in general and the Company's production and business activities in particular.

1.2. Regarding the auditor's exception from 03 consecutive years

a. Regarding the debt of Loans and financial leasing debts, Interest payable

Our company has sent a letter confirming the balance of the debts: Loans and financial leasing debts. However, at the time of the audit report, the company has not received a confirmation because some banks and credit institutions only sent confirmation of the balance as of December 31, some banks have sold the debt to other organizations so they did not respond to the letter.

The Company's Nosco Victory ship was financed by Southeast Asia Commercial Joint Stock Bank - Hai Phong Branch with co-financing from Vietnam Public Joint Stock Commercial Bank and International Joint Stock Commercial Bank - Saigon Branch. The above loan was sold by the Banks to Vietnam Asset Management Company (VAMC). - The Company's Hong Linh ship was financed by Maritime Commercial Joint Stock Bank - Hanoi Branch and Vietnam Development Bank - SGD I. In 2018, the Company handed over the Hong Linh ship to auction assets to recover credit loans. According to the 3-party working minutes on the handling of Hong Linh ship assets, Vietnam Maritime Commercial Joint Stock Bank will write off the principal and interest after handling the secured assets. Therefore, in 2023, the Company did not calculate the interest payable on the Hong Linh ship.

b. Regarding the investment in the joint venture company.

As of June 30, 2024, the Company currently has 01 subsidiary and 02 associates. Of which, the subsidiary is: Nosco Quang Ninh Trading and Waterway Transport Joint Stock Company and the associates are: Bac Trading and Seaway Transport Joint Stock Company and Nosco Shipyard Joint Stock Company. The Company has set aside 100% of the investment in the above companies.

+ Bac Trading and Seaway Transport Joint Stock Company has currently stopped operating and has a Decision to declare bankruptcy on January 25, 2018

+ Nosco Shipyard Joint Stock Company is currently operating, has audited the 6-month 2024 financial statements, but the auditor has not yet issued the audit report.

2. Solution to overcome the situation of restricted transactions

a. Market situation and fleet operations

It is expected that the market in the last 6 months of 2024 will still have potential risks and many challenges with instability due to the world political and economic situation, especially high fuel prices, which will affect the results of fleet operations. However, the Company will strengthen market analysis and assessment, actively negotiate with partners to sign effective vessel operation contracts, closely follow market trends, and be flexible in combining time-charter and self-exploitation methods to maximize market opportunities.

b. Roadmap for recovery

c. Implementation solutions

- + Closely monitor market developments to select the most suitable and effective transportation contracts and vessel exploitation plans.

+ Thoroughly reduce costs in management, operation and production and business.

- + Continue to strengthen management, especially fuel management, spare parts, supplies, and crew maintenance to better control costs. Further improve technical management, supplies, fuel, maintenance, etc.

- + Research and develop investment plans, hire external ships... to increase the transport capacity and competitiveness of the fleet.

+ Seek solutions to restructure debt with banks and credit institutions to help the Company thoroughly resolve overdue debts and interest, contributing to improving the financial situation.

Our company believes that in 2024 and the following years, with the efforts of the Board of Directors as well as all employees and crew members of the Company, the above difficulties will be overcome.

The above is the explanation of Oriental Trading and Transport Joint Stock Company on the causes, measures and roadmap to overcome the situation of restricted transactions. We hope that your Agency will approve.

Sincerely thank you!

Recipient: 

- As above;

- *Save financial accounting*



Mr. Pham Van Tuong