**FCS: Explanation for the cause of losses in the audited financial statements of 2019**

On 10 Mar 2020, Ho Chi Minh City Food Joint Stock Company announced the explanation for the cause of losses in the audited financial statements of 2019 as follows:

Based on the request of the State Securities Commission and Hanoi Stock Exchange on explanation for the loss business results in the 2019 financial statement of Ho Chi Minh City Food Joint Stock Company

Ho Chi Minh City Food Joint Stock Company would like to explain about the reasons for the losses as follows:

1/ Regarding the Company's business results in 2019:

According to audited financial statements of 2019, the profit after tax of Ho Chi Minh City Food Joint Stock Company was VND -15,545,156,158

2/ The main causes of the loss:

At the present time, the Company's business activities have also gradually stabilized. In the condition that the Company is short of capital, the Company temporarily takes full advantage of current resources and the best revenue in the short term. However, with the actual situation of the Company, the Company is suffering from depreciation; expenses; costs…at the units that operate services, processing and manufacturing; gross profit is not enough to offset costs, resulting in loss in 2019 business: VND 15,545,156,158, specifically:

- Charges such as fixed asset depreciation, amortization costs and others: VND 12,670,308,600

- Expenses for collecting arrears of land rent: VND 1,097,294,882

- Cost of unemployment allowance payment: VND 194,872,125

- Interest expenses due to late payment under the contract: VND 1,582,680,551

In 2019, the Company made efforts to implement solutions to improve business efficiency such as taking advantage of service exploitation, reducing costs. The company will continue to reduce losses and operate effectively in 2020