**AGF: Explain and provide a remedy plan**

On April 16, 2024, An Giang Fisheries Import & Export Joint Stock Company announced Official Dispatch No. 10/CV.CPTS on explaining negative owners’ equity and auditor’s qualified opinion on the Audited Financial Statements for the accounting period from January 1, 2023, to December 31, 2023 as follows:

1. The explanation for the owner's equity of negative VND 178,691,539,936 on the Audited Financial Statements for the accounting period from January 1, 2023, to December 31, 2023.

Including the following main reasons:

1. The Company has suffered from long-term business losses since 2017.
2. The business results of AGIFISH had not yet recovered, which aligned with the impact of the COVID-19 pandemic. China is the main export market of companies outsourcing to AGIFISH, leading to limited imports into this market. As a result, AGIFISH’s sales of processing services during the period decreased, and production output was lower than break-even output.
3. In addition, the impact of the war between Russia and Ukraine inflicted heavy damage on the global economy. This included inflation, a rise in fuel and food prices, disruption of the supply chain, and fluctuations in the EUR/USD exchange rate, all of which affected the purchasing power of the European market. Consequently, exports to this market were reduced.
4. To control inflation, the State Bank tightened domestic capital flows, causing bank loan interest rates to increase. AGIFISH had to pay high-interest expenses. The difficulty in accessing loans also led to insufficient working capital for production activity expansion.

The combination of the above factors led to a decrease in both export and domestic revenue. The factory’s inadequate operational capacity resulted in gross profits that were insufficient to offset financial expenses, selling expenses, and general and administrative expenses. This is the main reason why AGIFISH's profit after tax was negative, and the owners’ equity was negative VND 178,691,539,936. With the current situation, AGIFISH is in the process of restructuring its business operations, including the liquidation of assets and some ineffective investments, specifically as follows:

* Narrow the scale of farming, liquidate farming areas in accordance with the reality of the consumer market, and rent out unused farming areas to reduce expenses, increase revenue and ensure cash flow.
* Provide pangasius fillet processing services for export at processing factories to stabilize revenue and cash flow, fulfill debt and interest repayment obligations with credit organizations and stabilize workers’ lives.
* As for export business activities, buy back finished products from processing units to supply to traditional customers to maintain loyalty. Focus on upgrading the machinery and equipment system of the AGF360 Factory to produce value-added goods for export to the European market when the situation changes for the better;
* Make agreements with banks to ensure working capital for production and business activities in the meantime.
* Promote production of value-added products to increase domestic and export market share; introduce new products to the market to compensate for the shrinking fillet products. Change domestic product business methods and models towards centralizing and streamlining to reduce selling expenses, increase competitiveness and promote efficiency.
1. Audit organization's qualified opinions for 3 consecutive years or more.

The auditor's qualified opinions in the Audited Financial Statements for the accounting period from January 1, 2023 to December 31, 2023 were explained by AGIFISH in Official Dispatch No. 08/CV.CPTS dated March 27, 2024.

In the Financial Statements 2021, 2022, 2023. The auditor gave qualified opinions on 19,674.77m2 of land and assets attached to the land, which is located at Group 64, Dong Thanh B Cluster, My Thanh Ward, Long Xuyen City, An Giang Province (now My Thoi Cold Storage). The auditor issued qualified opinions because it was not possible to obtain sufficient appropriate audit evidence regarding the ownership of AGIFISH, according to the real estate purchase and sale contract signed on May 14, 2010 between Delta AGF Investment & Construction,. JSC (DELTA AGF), was established based on the consensus of related parties. Due to questions about DELTA AGF's responsibility to pay land rent before the transfer, the legal dossiers for the above asset were not completed. According to the conclusion of First Instance Judgment No. 07/2023/KDTM-ST dated June 22, 2023, of the People's Court of Long Xuyen City, An Giang Province, the real estate purchase and sale contract dated May 14, 2010, and attached Contract Appendix No. 01 dated June 10, 2010, were declared invalid by the Trial Panel. However, AGIFISH disagreed with the verdict and filed an appeal to reclaim related rights for the Company and its shareholders. AGIFISH is currently performing relevant procedures as requested by the Court. After the Court of Appeal's verdict, AGIFISH will have the basis as well as evidence for the above asset.

As for accumulated losses amounting to VND 872,586,220,403 as of December 31, 2023, short-term debt currently exceeds short-term assets by VND 361,895,953,171; and for the owners’ equity of negative VND 178,691,539,936, AGIFISH has explained and provided remedy plan in Part 1.