**AMV: Explanation on the situation of securities being put under warning and the route to overcome**

On May 4, 2024, American Vietnamese Biotech Incorporation announced Official Dispatch No. 11/2024/CV-AMV on explaining the Official Dispatch No. 246/QD-SGDHN as follows:

1. Auditor’s qualified opinion: “According to Footnotes No. 5, as of December 31, 2023, at American Vietnamese Biotech Incorporation, the balance of prepayment payment to suppliers of some subsidiaries has been overdue but the goods has not been delivered as per the contracts (balance of prepayment to sellers at subsidiaries: Công ty CP Phòng khám Hà Đông (tentatively translated as Ha Dong Clinic JSC), Công ty CP Phòng khám Việt Trì (tentatively translated as Viet Tri Clinic JSC), Công ty CP Phòng khám kỹ thuật cao Gia Lâm (tentatively translated as Gia Lam High-tech Clinic JSC), Công ty CP Phòng khám Hòa Bình (tentatively translated as Hoa Binh Clinic JSC), Công ty CP Phòng Khám Medicare Hậu Giang (tentatively translated as Hau Giang Medicare Clinic JSC), Công ty CP Phòng Khám Medicare Cần Thơ (tentatively translated as Can Tho Medicare Clinic JSC), and Công ty CP Phòng Khám Medicare Sóc Trăng (tentatively translated as Soc Trang Medicare Clinic JSC)). The total amount of prepayment to sellers which is overdue but the goods has been delivered is: VND 399,840,000,000.

With normal audit procedures, we cannot identify the recoverability of the above receivables.”

Explanation: Due to the impacts of objective factors like: From the focal points of the manufacturers, goods suppliers, the forced changes in import procedures for specific goods serving the specialized industries compared to the plan when the parties sign a contract, leading to the change in delivery progress.

Plan to overcome: Despite not yet receiving the goods, the company continues to execute the contracts. Because the company maintains its business strategies and continues to implement projects, it requires specialized goods from suppliers with whom contracts have been signed. The company is vigorously pushing for delivery by partners, negotiating to reduce purchase prices, and addressing issues regarding compensation for damages caused by delayed delivery. Additionally, the company has devised several plans to ensure the above factors.

1. Auditor’s qualified opinion: “As of December 31, 2023, the value of inventories which are software of all kinds is: VND 140,080,690,416 (in which the inventories are software do not change throughout the year is: VND 99,965,521,616). These inventories have been stored and not been put into use for years. With normal audit procedures, we cannot estimate the net realizable value of the inventories.”

Explanation: Inventories which are softwares of the Company were imported for the implementation of the medical image storage and transmission system to replace the medical film printing according the traditional professional contents. Along with the strong development of science and technology, the imaging diagnosis technology has increasingly developed, the implementation of PACS technology in examination and treatment facilities not only meets the professional requirements in the field of medical examination and treatment but also very effective in terms of economic benefits as the film printing is no longer in use, hence the costs of purchasing films, storing film and environmental treatment are saved. However, there are some impacts of objective factors like: Regarding policies and implementation mechanisms, the Ministry of Health's directives are still unclear and timely. Therefore, hospitals are waiting for additional guidance to officially put PACS systems into operation. Besides, the COVID-19 pandemic in 2020, 2021; the facilities of the partners not being capable of implementing the application, the need to change the appropriate compatible equipment and machinery system, leading to these softwares not being used as the original business plan.

Plans: Based on the potential assessment criteria of the PACS system in the healthcare sector, the company has not changed its business strategy. Currently, the company is actively supporting existing partners to overcome difficulties and obstacles, especially in synchronizing the technological equipment system to integrate the software for future use. At the same time, the company is seeking new partners to ensure infrastructure and technical requirements are met. The goal is to resolve the issues with the pending inventory of goods as soon as possible. In order to resolve the issues with the pending inventory of goods as soon as possible.