

No. 511/19//CV-HAGL
(Re: *Explanation for fluctuations in business results in the separate financial statements for the Quarter III/2019*)

THE SOCIALIST REPUBLIC OF VIETNAM

Independence – Freedom – Happiness



Gia Lai, 5th November 2019

To: - **The State Securities Commission**
- **Ho Chi Minh Stock Exchange**

Hoang Anh Gia Lai Joint Stock Company (“the Company”) and its subsidiaries (“the Group”) (stock code: VND HAG) would like to explain the fluctuations in business results in the separate financial statements for Quarter III/2019 as follows:

I. Explanation for the losses in Quarter III/2019:

Total loss of the Company before tax in Quarter III/2019 was 368,0 billion dongs, bao gồm lỗ hoạt động kinh doanh 363.7 billion dongs và lỗ khác 4.4 billion dongs. Lỗ từ hoạt động kinh doanh bao gồm chi tiết như sau:

- Gross profit	:	2.3 billion dongs
- Financial income	:	444.4 billion dongs
- Financial expenses	:	(797.7) billion dongs
- Selling expenses	:	(0.8) billion dongs
- General and administrative expenses	:	(11.9) billion dongs
- Profits in associates and joint ventures	:	(363.7) billion dongs

It was mainly because the Company recognized provision for investment in Hoang Anh Gia Lai Hydro Power Joint Stock Company, based on the agreements of project transfer to external partners.

II. Explanations:

1. Operating activities:

- Revenues from sales of commodities and service provision in the period: decreased 48.0 billion dongs as compared with the same period of 2018 (Quarter III/2018: 67.0 billion dongs; Quarter III/2019: 19.0 billion dongs). Major fluctuations are as follows:
 - + Revenues from sales of goods, commodities and service decreased 18.0 billion dongs as compared with the same period of 2018 (Quarter III/2018: 37,0 billion dongs; Quarter III/2019: 19.0 billion dongs) mainly because sales and purchase of products and machines supplied for the Agribusiness sector.
 - + Revenue from property decreased 30.0 billion dongs as compared with the same period of 2018 (Quarter III/2018: 30.0 billion dongs; Quarter III/2019: not generated because in Quarter III/2018 the Company transferred part of the property project in Quy Nhon city, Binh Dinh province to a third party.
- Cost of goods and commodities and service provision decreased 28.1 billion dongs as compared with the same period of 2018 (Quarter III/2018: 44.8 billion dongs; Quarter III/2019: 16.7 billion dongs). Major fluctuations are as follows:
 - + Cost of goods and commodities and service decreased 18.1 billion dongs as compared with the same period of 2018 (Quarter III/2018: 34.8 billion dongs; Quarter III/2019: 16.7 billion dongs).

- + Cost of properties decreased 10.0 billion dongs as compared with the same period of 2018 (Quarter III/2018: 10.0 billion dongs; Quarter III/2019: not generated).

2. Financing activities:

- Financial income: increased by 158.4 billion dongs as compared with the same period of 2018 (Quarter III/2018: 286.0 billion dongs; Quarter III/2019: 444.4 billion dongs) mainly because the Company had recorded proceeds from disposal of investments in subsidiaries and associates.
- Financial expenses: increased by 528,6 billion dongs as compared with the same period of 2018 (Quarter III/2018: 269.1 billion dongs; Quarter III/2019: 797.7 billion dongs). Major fluctuations are as follows:
 - + Interest expenses decreased 65,0 billion dongs as compared with the same period of 2018 (Quarter III/2018: 266.8 billion dongs; Quarter III/2019: 201.8 billion dongs) mainly because loan balance decreased.
 - + Provision for investment in subsidiaries increased by 595,9 billion dongs as compared with the same period of 2018 (Quarter III/2018: not generated; Quarter III/2019: 595.9 billion dongs) mainly because the Company recognized provision for investment in Hoang Anh Gia Lai Hydro Power Joint Stock Company, based on the agreements of project transfer to external partners.

The Group's other operations have been going on normally with no considerable fluctuations

Above is the Company's explanations on the business results in the Consolidated financial statements for Quarter III of 2019.

Yours faithfully,

<p>Recipients: - As above; - Filed at Filing and Planning and Investment Department.</p>	<p>HOANG ANH GIA LAI JOINT STOCK COMPANY GENERAL DIRECTOR</p> <p>VO TRUONG SON</p>
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