

No. 0404/19/CV-HAGL

(Re. Explaining the qualified opinion in
the audited consolidated financial
statements for 2018)

 Gia Lai, April 4, 2019

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

Following the document No. 3003-1/19/CV-HAGL dated March 30, 2019, Hoang Anh Gia Lai Joint Stock Company (The Company) and its subsidiaries (the Group), (stock code: HAG), would like to further explain some significant details about the qualified opinion given by auditors related to short-term and long-term receivables from related parties of An Phu Real Estate Investment Joint Stock Company (“An Phu”) in the audited consolidated financial statements for 2018. This additional explanation is intended for shareholders and investors a clearer insight into of positive movements of the figures as follows:

1. The short-term and long-term receivables:

a. The values of the short-term and long-term receivables from related parties of An Phu:

| Party | Amount (VND'000) |
|-----------------------------------------------------------|-------------------------|
| Gia Lai Livestock JSC | 4,550,604,169 |
| Dai Loc Hung Think One member Co., Ltd. | 61,576,500 |
| Phu Hoang Anh JSC | 341,668,291 |
| Thanh Binh Investment and Construction Consultant Co.,Ltd | 219,817,820 |
| An Tien Co., Ltd. | 124,235,470 |
| Minh Tuan Services Co, Ltd. | 5,501,714 |
| Hoang Anh Mekong JSC | 12,624,059 |
| Phuc Bao Minh Construction and Services Trading JSC | 67,975,000 |
| Huynh De Construction JSC | 229,216,928 |
| Thang Long Agriculture Development One member Co, Ltd | 200,852,876 |
| Le Me JSC | 1,556,446,096 |
| Hoang Anh Gia Lai Wooden Furniture JSC | 224,338,555 |
| Total | 7,594,857,478 |

b. The values of the advances to suppliers (Construction contractors of Hydropower projects):

| Party | Amount (VND'000) |
|-----------------|-------------------------|
| Nguyen Bon | 15,841,880 |
| Pham Khanh Thi | 8,462,339 |
| Bui Nguyen Duoc | 1,863,605 |

| | |
|--------------|-------------------|
| Total | 26,167,824 |
|--------------|-------------------|

2. Judgment of recoverability of the **loan** receivables above:

Unit: VND'000

| Item | HAGL's estimation | EY's estimation |
|---------------------------------------------------------------------------------------------------|----------------------|----------------------|
| A. Total loan receivables from An Phu | 7,594,857,479 | 7,594,857,479 |
| Estimation of the recoverability of the receivables from the following resources | | |
| - Recoverable net revenue of Gia Lai Livestock | 2,005,380,055 | 1,133,841,883 |
| - Offsetting loans of An Phu Group and related parties | 1,742,624,604 | 1,742,624,604 |
| - Guarantee provided by Mr. Doan Nguyen Duc – BOD Chairman of and related individuals | 2,151,307,948 | 2,151,307,948 |
| - Accounts recoverable from An Phu's assets | 2,156,795,410 | - |
| B. Total receivables from the Construction contractors of Hydropower projects | 26,167,824 | 26,167,824 |
| HAGL has collected the contractor group's assets which are offset against the receivables. | 26,167,824 | - |
| The recoverability of receivables is not determined | - | 2,593,250,868 |

Thus, for the **doubtful** recoverability of the total balance, the Group has made adequately judgment of the **recoverability**. However, due to limitation on the audit scope, the auditors can not not fully review the recoverability above, and give qualified opinion on the amount of the receivables of VND 2,593,250,868 thousand.

In addition, the Group comment that the total balance of short-term and long-term loan receivables of An Phu and the total qualified balance about determination of the recoverability based on auditor's opinion as at December 31, 2017 and December 31, 2018, have noticeably improved as follows:

| | December 31, 2017 | December 31, 2018 | Unit: VND'000 Reduced qualified balance |
|--------------------------------------------------------------------------------------------------|------------------------------|------------------------------|-------------------------------------------------------|
| - Total of the loan receivables from An Phu | 10,570,063,864 | 7,594,857,478 | 2,975,206,386 |
| - Total qualified balance about determination of the recoverability based on auditor's o opinion | 4,023,878,331 | 2,593,250,868 | 1,430,627,463 |

From the table above, it can be seen that the Group's collection of the short-term and long-term receivables from An Phu in 2018 is better than that in 2017 and the Group will continue to further the collection of the loans above in the coming time. In a more specific interpretation, if the Group had to make a provision for those receivables on December 31, 2017, it had to reverse part of the provision by the end of 2018 because the recoverability of the loan receivables has improved.

The above is the Company's explanation about the qualified opinion given by the auditors in the audited consolidated financial statements for 2018.

Yours faithfully.

Recipients:

- As above;
- Archive - Planning & Investment.

GENERAL DIRECTOR



Võ Trường Sơn

