



No.: 30120-1/CV-HAGL

(Re: Explanation for fluctuations in business results in the separate financial statements for Quarter IV/2019)

Gia Lai, 30 January, 2020

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

Hoang Anh Gia Lai Joint Stock Company (“the Company”) (stock code: HAG) would like to give the explanation for the fluctuations in business results in the consolidated financial statements for Quarter IV/2019 compared with Quarter IV/2018 as follows:

- Loss after tax Quarter IV/2019: 343 billion dongs.
- Loss after tax Quarter IV/2018: 349 billion dongs.

The fluctuations are as follows:

1. Business operations

- Revenues from sales of commodities and of service provision decreased by 459 billion dongs, accounting for 43% compared with that of the same period in 2018 (Quarter IV/2018: 1,069 billion dongs; Quarter IV/2019: 610 billion dongs). The fluctuations are as follows:
 - + Revenue from sale of fruits decreased by 226 billion dongs compared with that of the same period in 2018 (Quarter IV/2018: 554 billion dongs; Quarter IV/2019: 328 billion dongs mainly because the Group no longer consolidated revenues from the Group of Dong Duong Companies and Trung Nguyen Rubber One Member Company Ltd.
 - + Revenue from the sales of goods and commodities decreased by 82 billion dongs compared with that of the same period in 2018 (Quarter IV/2018: 147 billion dongs; Quarter IV/2019: 65 billion dongs) mainly because the Group heavily invested in fruit sector.
 - + Revenue from rendering of other services increased by 18 billion dongs compared with that of the same period in 2018 (Quarter IV/2018: 44 billion dongs; Quarter IV/2019: 62 billion dongs).
 - + Sale of cows decreased by 35 billion dongs compared with that of the same period in 2018 (Quarter IV/2018: 35 billion dongs; Quarter IV/2019: not generated) mainly because the Group did not prioritize working capital to fund cattle sector, instead, on fruit sector.
 - + Sale of latex decreased by 67 billion dongs compared with that of the same period in 2018 (Quarter IV/2018: 221 billion dongs; Quarter IV/2019: 154 billion dongs). Revenue from sale of chilli decreased by 60 billion dongs compared with that of the same period in 2018 (Quarter IV/2018: 60 billion dongs; Quarter IV/2019: Not generated) mainly because it was The Group's policy to advocate conversion of cultivated plants, focusing on investment in fruits.
 - + Sale of property decreased by 7 billion dongs compared with that of the same period in 2018 (Quarter IV/2018: 7 billion dongs; Quarter IV/2019: Not generated).
- Cost of goods sold in the period decreased by 251 billion dongs compared with that of the same period in 2018 (Quarter IV/2018 was 873 billion dongs; Quarter IV/2019 was 622 billion dongs). The fluctuations are as follows:
 - + Cost of fruits decreased by 56 billion dongs compared with that of the same period in 2018 (Quarter IV/2018: 357 billion dongs; Quarter IV/2019: 301 billion dongs).
 - + Cost of goods and commodities decreased by 3 billion dongs compared with that of the same period in 2018 (Quarter IV/2018: 63 billion dongs; Quarter IV/2019: 60 billion dongs).
 - + Cost of other services decreased by 29 billion dongs compared with that of the same period in 2018 (Quarter IV/2018: 85 billion dongs; Quarter IV/2019: 56 billion dongs).
 - + Cost of cows decreased by 74 billion dongs compared with that of the same period in 2018 (Quarter IV/2018: 74 billion dongs; Quarter IV/2019: Not generated).

- + Cost of latex decreased by 30 billion dong compared with that of the same period in 2018 (Quarter IV/2018: 235 billion dong; Quarter IV/2019: 205 billion dong).
- + Cost of chili decreased by 52 billion dong compared with that of the same period in 2018 (Quarter IV/2018: 52 billion dong; Quarter IV/2019: Not generated).
- + Cost of properties decreased by 6 billion dong compared with that of the same period in 2018 (Quarter IV/2018: 6 billion dong; Quarter IV/2019: Not generated).
- General and administrative expense decreased by 193 billion dong compared with that of the same period in 2018 (Quarter IV/2018: 286 billion dong; Quarter IV/2019: 93 billion dong) mainly because in Quarter IV/2018 there were a number of provisions related to business operation which was less than that of Quarter IV/2019. Also, amortization of goodwill decreased compared with that of the same period in 2018 due to the Group's disposal of subsidiaries in 2019.

2. Financing activities

- Financial income increased by 19 billion dong compared with that of the same period in 2018 (Quarter IV/2018: 239 billion dong; Quarter IV/2019: 258 billion dong). Major fluctuations are as follows:
 - + Proceeds from disposal of investments increased by 39 billion dong compared with that of the same period in 2018 (Quarter IV/2018: Not generated; Quarter IV/2019: 39 billion dong).
 - + Interest income increased by 16 billion dong compared with that of the same period in 2018 (Quarter IV/2018: 195 billion dong; Quarter IV/2019: 211 billion dong).
 - + Gain from exchange rate difference decreased by 33 billion dong compared with that of the same period in 2018 (Quarter IV/2018: 41 billion dong; Quarter IV/2019: 8 billion dong).
- Financial expenses in the period decreased by 6 billion dong compared with that of the same period in 2018 (Quarter IV/2018: 355 billion dong; Quarter IV/2019: 349 billion dong). The fluctuations are as follows:
 - + Interest expenses decreased by 32 billion dong compared with that of the same period in 2018 (Quarter IV/2018: 320 billion dong; Quarter IV/2019: 288 billion dong) mainly because loan balance decreased.
 - + Loss on exchange rate difference increased by 16 billion dong compared with that of the same period in 2018 (Quarter IV/2018: 26 billion dong; Quarter IV/2019: 42 billion dong).

3. Other activities

- Other income in the period increased by 3 billion dong compared with that of the same period in 2018 (Quarter IV/2018: 8 billion dong; Quarter IV/2019: 11 billion dong).
- Other expenses in the period increased by 153 billion dong compared with that of the same period in 2018 (Quarter IV/2018: 129 billion dong; Quarter IV/2019: 282 billion dong) mainly because the Group assessed non-performing assets and adjusted cost of investment in rubber plantations to the cost of conversion into fruit plantations.

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

Above is the Company's explanation on the business results in the Consolidated financial statements for Quarter IV/2019.

Trân trọng!

Recipients :

- As above;
- Archived at Filing and Planning and Investment Department

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