

THE SOCIALIST REPUBLIC OF VIETNAM

Independence – Freedom – Happiness



No. 2782021-2/CV-HAGL

(Re: Additional Interpretation of issues in the reviewed financial statements)

Gia Lai, 8th September, 2021

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

Hoang Anh Gia Lai Joint Stock Company (“Company”) (Stock code: HAG) would like to interpret the additional issues in the disclosed reviewed financial statements for the first half of 2021 as follows:

1. Adjusting corresponding figures in the statements for the six-month accounting period ended 30 June 2021

As stated in the audited consolidated financial statements for the fiscal year ended 31 December 2020, in 2020, due to the adverse effects of the Covid-19 pandemic on the economy as a whole and business activities of the Group as well as of its partners in particular, the Group's Board of Management has reviewed the recoverability of long-standing receivables since previous fiscal years.. Accordingly, based on the losses in production and business activities of the partners and the general difficulties in the agricultural industry that have arisen from previous years, the Board of Management has reviewed the asset structure securing the outstanding receivables and collect additional historical information on the liquidity of the partners that could not be obtained previously due to time and inadequate human resource. The Board of Management recognizes that the estimation of the recoverability of the long-standing receivables at the time of the financial statements of previous years has not fully reflected the risk of loss these receivables. On that basis, at the time of preparation and disclosure of the reviewed interim financial statements for 2020, the figures have not yet been adjusted, so in the reviewed interim financial statements for the 6-month accounting period of 2021, the Board of Management has adjusted the corresponding figures in relation to the provision for considerable doubtful debts in the past on the following basis:

Detail	30 th June, 2021
Total outstanding receivables	10,800,278,056
Assets used to secure debts	
– Gia lai Livestock's recoverable net assets	1,650,192,722
– Le Me's recoverable net assets	826,932,000
– Provision for payables	304,163,939
– Security of Mr. Doan Nguyen Duc, BOD Chairman	<u>1,698,998,772</u>
The carrying amount of the debts after deduction from the above-mentioned security assets, it is necessary to consider and assess the recoverability:	6,319,990,623
Provision has been made as at 31 December 2019 (after retrospection at the end of the year ended 31 December 2020)	<u>5,057,046,565</u>
Additional provision for the 6-month accounting period ended 30 June 2020	1,262,944,058

2. Interpretation of the disposal transaction by Hoang Anh Gia Lai Agricultural Joint Stock Company (“HNG”) leading to an increase in accumulated loss of VND 1,013,165,414 thousand:

On January 8, 2021, HNG held an Extraordinary General Meeting of Shareholders to pass Resolution No. 0801/21/NQDHDCD-HAGL Agrico on the private placement of additional shares for Truong Hai Agriculture Joint Stock Company. (“THAGRICO”) to swap liabilities, to supplement HNG's working capital needs. In addition, on this same day, the Board of Directors of HNG approved Resolution No. 0801/21/NQHĐQT-HAGL Agrico on the dismissal of Mr. Doan Nguyen Duc from the position of

Chairman of the Board of Directors, the Company's representative. in HNG, and elected Mr. Tran Ba Duong, the representative of THAGRICO in HNG, to hold the position of Chairman of the Board of Directors. Accordingly, HNG is no longer a subsidiary of the Company from this date.

Pursuant to regulations in force and Section e, Point 3, Article 50 of Circular 202/2014/TT-BTC guiding the method of preparation and presentation of consolidated financial statements: "*In the past, the parent company has divested a part of capital in the subsidiary and has recognized the result of that divestment in the undistributed profit after tax of the Consolidated Balance Sheet, now divesting an additional part of the investment capital in the subsidiary leading to loss of control, the parent company must transfer the previously recognized profit and loss in undistributed after-tax profit to the consolidated income statement.*" the Board of Management conducted review of the divestments related to HNG from previous years recorded in undistributed profit after tax to transfer to the consolidated income statement at the time of loss of control. For that reason, the Group's accumulated loss increased by VND 1,013,165,414 thousand as disclosed in the reviewed financial statements.

Above is the Company's interpretation of emphasis of matter in the reviewed FS for the six-month accounting period ended 30 June 2021.

Yours faithfully,

Recipients:

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

**HOANG ANH GIA LAI JOINT STOCK
COMPANY
GENERAL DIRECTOR**

VO TRUONG SON