**FGL: Explanation and remedy plan to overcome the status of securities being put under alert**

On April 12, 2024, Gia lai Coffee Joint Stock Company announced Official Dispatch No. 24/CV-FGL on explanation and remedy plan to overcome the status of securities being put under alert in Q1/2024 as follows:

1. Status of remedying the status of securities being put under alert in Q1/2024:

The first opinion is related to the handover of assets between the Joint Stock Company and the State-Owned Limited Liability Company. The second opinion, as of September 13, 2018, the State has divested capital exceeding the value recorded in the State’s book with the amount of VND 24,305,035,075. The main reason is the accumulated accounting loss as of September 13, 2018 (this accounting loss of the State-Owned Limited Liability Company occurs before the time of equitization). The Company temporarily records to the item: “Receivables for equitization” and proposes People’s Committee of Gia Lai Province to comment on this loss. The official figures will depend on the Decision of People’s Committee of Gia Lai Province and the competent authorities.

Regarding the 2 above qualified opinions, the Company has received the conclusion of Mr. Nguyen Huu Que - Deputy Chair of People’s Committee of Gia Lai Province according to Notice No. 40/TB-VP dated March 06, 2024, which includes the following content: Assign Department of Planning and Investment to preside over, coordinate with related agencies to complete dossiers, propose the Provincial People’s Committee to approve the settlement after equitization of Gia lai Coffee Joint Stock Company before April 15, 2024.

The third opinion is related to the handling of land rent and late payment penalty in Ia Grai District and Chu Se District, which have not been fully accounted for in the Company’s operating expense, specifically as follows:

* During the State-Owned Enterprise stage, the land rent is VND 7,774,706,081 and the late payment penalty is VND 2,350,758,470.
* During the Joint Stock Company stage (in 2019), the land rent is VND 395,826,472 and the late payment penalty is VND 135,444,900.

This is the amount of land rent incurred during the State-Owned Enterprise stage, which is not included in the equitization plan and the dossier to determine the enterprise value. On the other hand, the fact that the Tax Sub-Department calculates land rent on the entire land area that is handed over for local management by Provincial People’s Committee is not appropriate. To address this issue, the Company has prepared and submitted a document to the Provincial People’s Committee and relevant departments within the Province for suitable handling.

The fourth opinion is related to the mortgage of Certificates of land use rights, ownership of houses, and other assets attached to the land. These assets, owned by the Company, are used as collateral for a loan of Bien Ho Tea Joint Stock Company from Vietnam Bank For Agriculture and Rural Development - Gia Lai Branch. This loan supports the production and business activities of both Companies. Without this loan, the operations of both companies would likely come to a standstill. To address this issue, the Company will convene a General Meeting of Shareholders to propose a plan for attracting additional investment capital and repaying these mortgages. (The time to organize the General Meeting of Shareholders is expected in Q2 this year)

1. Remedy plan to overcome the status of securities being put under alert in Q1/2024 and the entire 2024:

The contents in the auditor’s qualified opinions are all related to the handover of assets and financial handling when the Company transitions from a State-Owned Limited Liability Company to a Joint Stock Company, which has not yet been approved by People’s Committee of Gia Lai Province. The Company still continues to implement and coordinate with People’s Committee of Gia Lai Province to complete this asset handover, however, the progress is a bit slow. In the coming time, the Company will urgently complete this work so that the Company has a basis to manage assets and stabilize production and business activities.