**HJC: Explanation on and remedy for HJC stock under continued alert**

On March 28, 2024, Hoaviet Joint Stock Company announced Official Dispatch No. 176/CPHV-TCKT explaining the continued alert for HJC shares as follows:

1. Contents:

The auditor's qualified opinion on the recent 3-year financial statements of Hoaviet Joint Stock Company is all related to the issue of not agreeing on the land rental unit price and not being able to sign an appendix to the land lease contract to determine unit price for calculating land rent between Dong Nai Provincial People's Committee and the Company. At the same time, through the financial statement audit periods, the Company has issued official dispatch explaining the auditor's qualified opinion in accordance with regulations.

Contents of auditor's qualified opinion:

On December 31, 2023, according to the arrear notices from the Dong Nai Provincial Tax Department, the Company will have to pay additional land rent for the years from 2011 to 2015 with the amount of VND 22.6 billion and other years from 2021 to 2023 with an amount of VND 29.5 billion. However, the Company submitted to the High People's Court in Ho Chi Minh City to handle this issue because it disagrees with the above notices and is waiting for the final conclusion. At the time of releasing this report, the Company had not received the Court's conclusion on this issue. We were unable to obtain sufficient appropriate evidence regarding the Company's liability related to the amount of land rent required for the financial statements for the fiscal year ended December 31, 2023. Therefore, we could not determine if these figures needed to be adjusted or not.

1. Reasons

Because the People's Committee of Dong Nai Province and the Company have not agreed on the land rental unit price and have not yet signed the land lease contract appendix to determine the unit price for land rental calculation During the period from 2012 to 2022, the Company repeatedly sent documents to the competent authorities on determining the land rental price to sign an appendix to the land lease contract to serve as an accurate basis for the land rental contract to determine the land rent payable to Dong Nai Province. In Official Dispatch No. 14943/UBND-KTNS dated December 4, 2020 and Official Dispatch No. 4071/UBND-KTNS dated April 19, 2021 by Dong Nai Provincial People's Committee, there was an opinion to assign the Tax Department to preside and coordinate with the Department of Natural Resources and Environment and relevant units of Dong Nai province to review regulations, research and promptly re-determine the land rental price as a basis for the Department of Natural Resources and Environment to sign the land lease contract appendix according to regulations. The Company sent a request for dialogue (to the People's Committee of Dong Nai province, the Department of Taxation of Dong Nai province, the Department of Natural Resources and Environment of Dong Nai province and the Department of Finance of Dong Nai province on November 1, 2021) related to the Company's proposal on land rental price to determine the land rental unit price and sign the contract appendix, but no dialogue was allowed.

Dong Nai Provincial Tax Department's issuance of administrative decisions (1) Notice No. 2863/TB-CT dated April 14, 2020, (2) Document No. 5546/CT-QLHKDCNTK dated June 18, 2020, ( 3) Notice No. 783/TB.CT.QLHKDCNTK dated November 20, 2020 was not in accordance with the provisions of Decree No. 46/2014/ND-CP, Decree 135/2016/ND-CP, Circular No. 77/ 2014/TT-BTC and Circular No. 333/2016/TT-BTC.

In the content of Official Dispatch No. 11818/BTC-QLCS dated October 15, 2021 by the Ministry of Finance responding to the determination of land rental unit price sent to the Company, accordingly, the Ministry of Finance quoted the legal regulations on determining The land rent unit price adjustment of each cycle increases no more than 15% compared to the land rent unit price of the previous stable period. The company submitted to the competent Court to handle this issue because of not agreeing with the unit price and the application of the law which was not in accordance with the provisions of the law, causing damage to the legitimate rights and interests of the Company. The First Instance was accepted and tried in document No. 110/2021/TLST-HC dated December 7, 2021 and decision No. 11/2023/QDXXST-HC dated March 27, 2023 by the People's Court of Dong Nai Province. The Appeal was accepted and tried in Document No. 488/TLPT-HC dated July 18, 2023 and Decision No. 5815/2023/QDPT dated November 1, 2023 by the High People's Court in Ho Chi Minh City. Bright.

On March 1, 2023, the High People's Court in Ho Chi Minh City issued Appeal Judgment No. 130/2024/HC-PT on lawsuit request of cancellation of administrative decisions on land prices. Accordingly, the High People's Court in Ho Chi Minh City decided to accept the appeal of Hoaviet Joint Stock Company. Amend First Instance Administrative Judgment No. 17/2023/HC-ST dated May 30, 2023 of the People's Court of Dong Nai Province. The Court of Appeal ruled:

1. Accept the lawsuit request of Hoaviet Joint Stock Company.
2. Cancel administrative decisions of the Director of Dong Nai Tax Department including: Notice No. 2863/TB-CT dated April 14, 2020 of the Director of Dong Nai Tax Department on rental unit price; Notice No. 5546/TB-CT dated June 18, 2020 of the Director of Dong Nai Tax Department on the correction of Notice on land rental unit price No. 2863/TB-CT dated April 14, 2020; Notice No. 783/TB-CT.QLHKDCNTK dated November 20, 2020 of Dong Nai Provincial Tax Department on payment of land rent (collection of land rent). Because the defendant issued the Notices (administrative decisions being sued) without proper authority, therefore they are not obligated to carry out the official duties as regulated.

Up to the present time, the problems in determining land rent in the Long Binh land area that the Company is managing and using have not been completely resolved or thoroughly handled due to objective reasons, related to mechanisms and policies of the State. After receiving the Appeal Judgment of the High People's Court in Ho Chi Minh City, the Company sent document No. 159/CPHV-TCKT dated March 22, 2024 to the People's Committee of Dong Nai Province and the Tax Department of Dong Nai Province. to request a working schedule, determine the land rental price, as a basis for the Company to complete its financial obligations to the state according to regulations. Up to now, there has been no response from the People's Committee of Dong Nai Province as well as relevant departments.

1. Directions and solutions

Hoaviet Joint Stock Company will continue to follow the People's Committee of Dong Nai Province and the Tax Department of Dong Nai Province to request work schedules, redefine land rental prices in accordance with the law, and thoroughly handle problems, and promptly report to Department the results of the case.

Above is the explanation of Hoaviet Joint Stock Company on the reasons and directions to overcome the maintenance of warning status for the reason "The Annual Financial Statements were given qualified opinion by the auditor for 03 consecutive years or more" according to Decision No. 140/QD-SGDHN dated March 20, 2024 by the Hanoi Stock Exchange.