

**GIA LAI COFFEE
JOINT STOCK COMPANY**

No:/CV- FGL

*"Re: Explanation of the Reviewed Financial
Information statement for the fiscal ended as of
December 31, 2024"*

SOCIALIST REPUBLIC OF VIETNAM

Independence – Liberty - Happiness

Gia Lai, March 18., 2025

**To: STATE SECURITIES COMMISSION
HANOI STOCK EXCHANGE**

Gia Lai Coffee Joint Stock Company (the "Company") respectfully extends its greetings and cooperation to your esteemed agency.

Pursuant to Point b, Clause 1, Article 8 of Circular 155: A public company is required to disclose its annual financial statements and audit report, accompanied by an explanation from the company in cases where the audit does not issue an unqualified opinion on the financial statements.

In the Reviewed Financial Information Statement No. 13/2025/BCKT/AUD-DNVVALUES dated March 10, 2025, issued by the Da Nang Branch of Chuan Viet Auditing and Consulting Co., Ltd., there are qualified opinions regarding the annual financial statements for the accounting period ending December 31, 2024, of the Company, specifically as follows:

1. As presented in Note V18.b on long-term borrowings and finance leases, the Company's Board of Directors has decided to use land use rights certificates, house ownership, and other assets attached to land granted to the Company as collateral for the loans of Ho Bien Ho Tea Joint Stock Company (a jointly invested company) at the Bank for Agriculture and Rural Development – Gia Lai Branch since 2022. Such loan security for a related party is not in compliance with Clause 3, Article 293 of Decree 155/2020/ND-CP dated December 31, 2020, detailing the implementation of certain provisions of the Securities Law.
2. As presented in Section VIII.1 – Contingent Liabilities, the land lease fees and late payment penalties as per the Tax Authority's notice have not been fully recorded in the Company's prior operating expenses, specifically:
 - The state-owned enterprise period: VND 7,754,365,354 (land lease fees) and VND 4,020,354,217 (late payment penalties).
 - The joint-stock company period (2019): VND 395,826,472 (land lease fees) and VND 215,124,770 (late payment penalties).

The obligation to pay this land lease fee to the State Budget remains unresolved between the two parties. The Company has filed a lawsuit against the Director of the Gia Lai Tax Department, and the case is currently being handled by the Gia Lai People's Court. Accordingly, these amounts may impact the Balance Sheet (if applicable) depending on the decision of the competent State authority.

The Company provides explanations for the above opinions as follows:

The first opinion, related to the mortgage of the Land Use Rights Certificates, House Ownership Rights, and Other Assets Attached to the Land, concerns assets owned by the Company, which were used as collateral for the loan of Bien Ho Tea Joint Stock Company at Agribank – Gia Lai Branch to support the business operations of both companies.

The second opinion, related to the handling of land rental fees and late payment penalties in Ia Grai District and Chu Se District, which have not been fully recorded in the Company's operating expenses, is specifically as follows:

- The state-owned enterprise period: VND 7,754,365,354 (land lease fees) and VND 4,020,354,217 (late payment penalties).

- The joint-stock company period (2019): VND 395,826,472 (land lease fees) and VND 215,124,770 (late payment penalties).

This land rental fee arose during the State-Owned Enterprise period and was not included in the equitization plan or the enterprise valuation dossier. Moreover, the calculation of land rental fees by the Tax Sub-Department, which includes areas that had already been reassigned by the Provincial People's Committee to local management, is not appropriate. The Company has filed a lawsuit against the Director of the Gia Lai Tax Department, and the People's Court of Gia Lai Province has accepted the case. Accordingly, these figures may impact the Balance Sheet (if applicable), depending on the decision of the competent State Authority.

The above is the explanation of Gia Lai Coffee Joint Stock Company regarding the qualified opinions in the Reviewed Financial Information Statement for the fiscal ended as of December 31, 2024. We sincerely hope for the consideration and approval of the State Securities Commission and the Hanoi Stock Exchange.

Thank you and best regards./.

GIA LAI COFFEE JOINT STOCK COMPANY

General manager 

NGUYEN CONG TIEN

Recipients:

- *As above*
- *Gia Lai Coffee Joint Stock Company*

