



No: 01/GT-QCG.BCR

Explanation for the business result and the
emphasis of matter paragraph in Auditor's
view of the audited Separate Financial
Statements Y2024.

Gia Lai, 08th April, 2025

To: - STATE SECURITIES COMMISSION
- HO CHI MINH STOCK EXCHANGE

Regarding the difference in the profit after tax between Y2024 and Y2023, the emphasis of matter paragraph in Auditor's view of Separate Financial Statement Y2024 which was audited by UHY Auditing and Consulting LLC. Quoc Cuong Gia Lai Joint Stock Company would like to explain as follows:

I. Profit after CIT:

VND million

Line item	Audit		Difference	% Increase(+)/ Decrease (-)
	Y2024	Y2023		
B	(1)	(2)	(3)=(1)-(2)	(4)=(3)/(2)
Separate Financial Statement	65.815	5.397	60.418	1.119,47%

The reason: The profit after CIT of 2024 is increased compared with 2023 because in 2024 the Company boosted the sales and hand-over of apartments to customers and transferred the shares of the company at the related company.

II. The emphasis of matter paragraph in Auditor's view of Separate Financial Statement Y2024 which was audited:

Auditor would like to address the following matters about **"the emphasis of matter paragraph"** in the audited Separate Financial Statement Y2024 as follows:

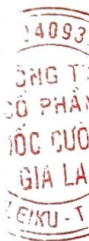
1. Viewpoint: As stated in the Remark No.4 of Note No.9.b "Other long outstanding accounts receivable", the amount of over VND 74.3 billion is a part of the payment related to Tan Phong Riverside Apartment - Commercial Building Project under the Business cooperation contract with Tan Thuan Investment and Construction Company Limited. According to the Appeal judgement No. 184/2023/HS-PT dated 03/04/2023, the High People's Court of Ho Chi Minh city has stated: "Assign Ho Chi Minh City People's Committee to resolve this task in accordance with the regulations of law, but while processing it, Ho Chi Minh City People's Committee is requested to consider and ensure the rights of residents, enterprises, and organizations related". As of the issuance of this report, Ho Chi Minh City People's Committee has not finalized the official decision whether the Company is allowed to continue to deploy this project or not. Currently, the Company is working with Ho Chi Minh City People's Committee to continue the project implementation.

The Company's explanation: This is a part of the value that the Company has paid to partners related to Tan Phong Riverside Apartment - Commercial Building Project located in District 7, HCMC. During the contract performance, Tan Thuan Investment and Construction Company Limited has not completed the relocation of the underground cable line of the 220kv Nha Be - Tao Dan line across the land, therefore Tan Thuan company has transferred and Quoc Cuong Gia Lai has received a part of the project area of 11.967,4m² for investment and construction completion. After the underground cable line 220kv was completely moved out of the project, the Parties continued to implement procedures to hand over the remaining area, then occurring the case involving Mr. Tran Cong Thien and his accomplices, the handover of the remaining area must be temporarily suspended and await the judgment of the competent Court. Until 03/04/2023, the Appeal judgement No. 184/2023/HIS-PT issued by the High People's Court of Ho Chi Minh city declared that "The Riverside residential project (Area 4) is transferred to Ho Chi Minh City People's Committee to resolve in accordance with the regulations of law, but while processing this task, Ho Chi Minh City People's Committee is requested to consider and ensure the rights of residents, enterprises, and organizations related." The Company has invested, completely constructed, and handed over to customers to put the construction located in the area of 11.967,4m² into use as prescribed.

Because the planning indicators of the Project such as land use coefficient, land use density of the entire area, main technical infrastructure such as wastewater treatment tank, water supply and drainage system, connecting traffic... have been approved by competent authorities at all levels for the entire area of the project of 21,895.3m², the Company has not completed the common utilities, main technical infrastructure (such as the current temporary wastewater treatment tank, not in the right location and capacity for the entire project, only to temporarily serve the handed over project), lighting system, internal traffic (exit/entrance to the common parking basement), external area (exit/entrance adjacent to the project) has not been fully connected to the entire project (because there is still land that has not been assigned) will greatly affect the lives of residents who have received houses and lived here as well as future residents, affecting the security of the area, the legitimate rights of the people, as well as the responsibility in managing and operating the project of the entire Project. Currently, the Company has been actively working and making recommendations to the Ho Chi Minh City People's Committee so that the Company can continue to complete the Project to ensure the legitimate rights of residents and businesses.

2. Viewpoint: As stated in Note No.12 - "Long-term work in progress", the Enforcement Agency is holding some compensation and land clearance documents for the North Phuoc Kien Residential Area Project until the Company repays the amount of 2,882.8 billion VND to Sunny Island Investment Joint Stock Company, after which the documents will be released for normal project implementation. Therefore, the Company has temporarily reclassified this value as long-term assets on the Balance Sheet when preparing this report. To ensure reasonable comparative data as required, the Company has retrospectively adjusted the beginning of the year figures as stated in Note No.36.3. As soon as the Company makes the payment and receives the documents for normal project implementation, the Company will reclassify these expenses as short-term assets.

After reclassification as mentioned above, the Company's total current assets as at 31 December 2024, amounted to 1,387.8 billion VND, while the Company's current liabilities as at 31



December 2024, amounted to 4,226.7 billion VND (mainly including a liability of 2,882.8 billion VND for the enforcement proceedings). As stated in Note 36.1, this indicates the existence of a significant uncertainty that could lead to considerable doubt about the Company's ability to continue as a going concern. However, the Company's management has recognized this issue and has developed business plans and cash flow plans for 2025 and the following years. The management believes that the Company will continue to meet its debt obligations as they fall due and will maintain its ability to continue operations in the future. Accordingly, the separate financial statements for the year ended 31 December 2024, have been prepared on a going concern basis.

The Company's explanation: Currently, the Company is in progress of deploying the procedures to complete the legal documents of Bac Phuoc Kien Residential area project in compliance with the applicable law while deploying the compensation for site clearance for the remaining area. Enforcement Agency is listing the assets which are the original documents of the compensation for the project's site clearance to serve the purpose of ensuring the execution of judgments related to the amount of VND 2.882.8 billion (Auditor has accessed to these original documents at Enforcement Agency). To ensure reasonable comparative data as prescribed, the Company temporarily re-classifies and presents "Short-term work in progress" amounting to 5.360.883.910.704 VND as "Long-term work in progress" (including beginning and ending balance) in the Balance Sheet when preparing the Separate Financial Statement for the year ended 31/12/2024.

After the Company temporarily re-classifies and presents "Short-term work in progress" (as mentioned above), the short-term liabilities are greater than short-term assets, which leads to "the information about on-going operation" mentioned in Note No. 36.1 in the Separate Financial Statement for the year ended 31/12/2024. On the other hand, in the fiscal year 2024, the Company had positive cash flow (+71,08 billion VND); the profit after tax of the Company was also positive (+65,8 billion VND); owner equity was positive (+4.192,6 billion VND). The Company assures that the business performance is stable and believes that the Company still can fulfill their payment obligations for the debts that fall due as well as maintain the on-going continuation of the Company in the future.

Above is the explanation of Quoc Cuong Gia Lai Joint Stock Company on the fluctuations in Business Performance Results on the Separate Financial Statements before and after auditing 2024, as well as the explanation of the contents of "the emphasis of matter paragraph" on the audited Separate Financial Statements for 2024.

Best Regards,

**GENERAL DIRECTOR**
NGUYEN QUOC CUONG