

VIETNAM NATIONAL TOBACCO CORPORATION  
**HOA VIET JOINT STOCK COMPANY**

No.: 157/CPHV-TCKT

Re: Explanation of the qualified audit opinion  
in the audited Financial Statements 2024

**SOCIALIST REPUBLIC OF VIETNAM**  
**Independence – Freedom - Happiness**

*Dong Nai province, March 25<sup>th</sup>, 2025*

To: Hanoi Stock Exchange

Based on the Financial Statement 2024 of Hoa Viet Joint Stock Company audited by An Viet Auditing Company Limited No. 18/2025/KT-AVI-TC2 dated March 21, 2025, the qualified audit opinion is stated as follows:

As detailed in Note 16 of the Financial Statements, in the past, the Company has received notices of land rent arrears from the Dong Nai Provincial Tax Department, including Notice No. 783/TB.CT.QLHKDCNTK dated November 20, 2020, on land rent arrears (land rent arrears) for the period 2011 - 2015 with an amount of about VND 22.6 billion; Notice No. 675/TB-CT.QLHKDCN&TK dated June 2, 2021, on the collection of land and water surface rent for the period 2016 - 2020 with the amount of 16.97 billion VND and on August 19, 2021, Dong Nai Provincial Tax Department sent Official Dispatch No. 7056/CTDON-QLHKDCNTK on correcting the content of the dispatch and the problem in determining the land rent price of Hoa Viet Joint Stock Company, recording the content "According to the opinion of the Company, the amount has been paid in the period from January 1, 2016 to the date of payment. December 31, 2020, is VND 8,785,470,000, the above amount if the unit has paid the State budget in accordance with the provisions of the Tax Law (no late payment according to the notices of provisional annual land rent payment from January 1, 2016, to December 31, 2020, and Notice No. 675/TB-CT.QLHKDCN&TK dated June 2, 2021, of Dong Nai Tax Department, the unit has paid the full annual land rent and additional land rent due to price difference".

During the period from 2021 to 2024, the Dong Nai Provincial Tax Department sent Notice No. 675/TB-CT.QLHKDCN&TK dated June 2, 2021, Notice No. 100/TB-CTDON dated May 5, 2022, Notice No. 108/TB-CTDON dated May 5, 2023, and Notice No. 103/TB-CTDON dated April 25, 2024, regarding the payment of land rent and water surface rent. According to the above notifications, The annual land and water surface rent amount that the company must pay is 11.59 billion VND. The Company has declared and paid land rent for 1.75 billion VND, short of the notice of 9.84 billion VND. By the time of issuing the accompanying financial statements, the Company had received Judgment No. 130/2024/HC-PT dated March 1, 2024, of the High People's Court in Ho Chi Minh City with the verdict "Accepting the lawsuit request of Hoa Viet Joint Stock Company, declaring to cancel the administrative

decisions of the Director of the Dong Nai Provincial Tax Department including Notice No. 2863/TB-CT dated April 14, 2020 of the Director of the Dong Nai Provincial Tax Department on land rental price; Notice No. 5546/TB-QLHKDCNTK dated June 18, 2020 of the Director of the Dong Nai Provincial Tax Department on correcting the notice on land rental price No. 2863/TB-CT dated April 14, 2020, Notice No. 783/TB.CT.QLHKDCNTK dated November 20, 2020, of the Dong Nai Provincial Tax Department on land rental payment (land rental arrears collection); After receiving Judgment 130, the Company is continuing to make recommendations and work with competent authorities in Dong Nai province to negotiate and agree on land rental price as the basis for signing contract appendices of land rental contract No. 47/HDTD dated October 12, 2009 to accurately determine the amount of land rental payable, as a solid basis for recording in the Financial Statements. The accompanying financial statements do not include any adjustments necessary to account for the effects of the above matters.

#### Qualified Audit Opinion

Based on our audit, except for the matter described in the “Basis for Qualified Opinion” paragraph, nothing has come to our attention that causes us to believe that the accompanying financial statements do not present fairly, in all material respects, the financial position of the Company as at December 31, 2024, and its financial performance and its cash flows for the year then ended in accordance with Vietnamese Accounting Standards, the Vietnamese corporate accounting system and the relevant statutory requirements applicable to financial reporting.

Hoa Viet Joint Stock Company (The Company) explains the qualified audit opinion as follows:

The Company has proposed to the competent state agency to resolve the land rental price in accordance with the provisions of the Law, specifically:

- Determining the land rental price in the period from January 1, 2011 to December 31, 2015 as stipulated in Clause 7, Article 15 of Decree No. 46/2014/ND-CP dated May 15, 2014 (amended and supplemented by Clause 4, Article 3 of Decree No. 135/2016/ND-CP dated September 9, 2016) and Clause 2, Article 8 of Circular No. 77/2014/TT-BTC dated June 16, 2014 (amended and supplemented by Clause 1, Article 4 of Circular No. 333/2016/TT-BTC dated December 26, 2014) is not greater than 15% of the land rental price in the period from January 1, 2006 to December 31, 2010.

- Determining the land rental price in the period 2021 - 2025 is stipulated in Clause 4, Article 3 of Decree No. 135/2016/ND-CP dated September 9, 2016

(amending and supplementing Clauses 7 and 8, Article 15 of Decree No. 46/2014/ND-CP).

- In the content of Official Dispatch No. 11818/BTC-QLCS dated October 15, 2021 of the Department of Public Asset Management under the Ministry of Finance responding to the determination of the land rental price sent to the Company. Accordingly, the Ministry of Finance cited the legal provisions in Decree 46/2014/ND-CP dated May 15, 2014 and Circular No. 77/2014/TT-BTC dated June 16, 2014 to respond to the determination of the adjustment level of the land rental price in each cycle allowed to increase by no greater than 15% compared to the land rental price of the previous stable period.

Because of disagreeing with the notices of the Tax Department of Dong Nai Province, the Company filed a lawsuit with the People's Court of Dong Nai Province. The lawsuit was accepted in Official Dispatch No. 110/2021/TLST-HC dated December 7, 2021, tried at first instance according to Official Dispatch No. 11/2023/QDXXST-HC dated March 27, 2023 and sentenced in First Instance Judgment No. 17/2023/HC-ST dated May 30, 2023.

Because of disagreeing with the First Instance Judgment of the People's Court of Dong Nai Province, the Company filed an appeal to the High People's Court in Ho Chi Minh City for an appeal hearing. The appeal was heard in Document No. 5815/2023/QDPT dated November 1, 2023. In the Appeal Judgment No. 130/2024/HC-PT dated March 1, 2024 of the High People's Court in Ho Chi Minh City, the court ruled to accept the lawsuit request of the Company and annul the administrative decisions of the Director of the Tax Department of Dong Nai Province, including: Notice No. 2863/TB-CT dated April 14, 2020 of the Director of the Tax Department of Dong Nai Province on land rental prices; Notice No. 5546/CT-QLHKDCNTK dated June 18, 2020 of the Director of the Dong Nai Provincial Tax Department on correction of Notice on land rental price No. 2863/TB-CT dated April 14, 2020; Notice No. 783/TB.CT.QLHKDCNTK dated November 20, 2020 of the Director of the Dong Nai Provincial Tax Department on tax payment (revenue collection of land rental). Accordingly, the two parties agree to determine the land rental price in accordance with legal regulations in order to serve as a basis for signing an appendix to the contract on land rental price based on the agreement signed by the parties.

On April 22, 2024, the Company issued Document No. 227/CPHV-TCKT requesting the People's Committee of Dong Nai province to consider and approve the decision to reduce the land rental price in the period 2011 - 2015 to no greater than 15% compared to the land rental price in the period 2006 - 2010.

On December 9, 2024, the Company issued Document No. 779/CV-TCKT commenting on the content of the draft to sign the adjustment of the land lease

contract. Accordingly, the Company does not agree with the land rental price stated in the draft to adjust the land lease contract and continues to request the competent authorities to consider and resolve the Company's proposal. Up to now, the Departments and branches have not continued to work with the Company yet.

In case that the result of determining the land rental price is not in accordance with the provisions of law and causes a financial damage to the Company, the Company will continue to file a lawsuit and bring the case to a competent state agency to protect our legitimate rights and interests as well as preserve the state capital invested in the Company.

The above is the explanation of the Company regarding the auditor's qualified audit opinion according to the audited Financial Report for 2024. The Company commits that the explanation is completely true and commits to take responsibility for the content of the published information.

We hope that the Hanoi Stock Exchange will consider and approve.

Sincerely./ 

**Receivers:**

- As above;
- BOD, BOS;
- Archives: Office, Accounting Department.



**Luong Huu Hung**