**PHH: Explanation on the difference in profit after tax in the Audited Financial Statements 2023 compared to that in 2022**

On March 15, 2024, Hong Ha Viet Nam Joint Stock Company announced Official Dispatch No. 14/CV-HHVN on explaining the difference of profit after tax in the Audited Financial Statements 2023 compared with that of 2022 as follows:

1. On the difference in profit after tax in Audited Financial Statements 2023 compared to that in 2022:

* In the Separate Financial Statements of the Company:
* Profit after tax in 2023: VND 67,989,683
* Profit after tax in 2022: VND 11,931,775,378

Profit after tax in the Separate Financial Statements 2023 of the Company decreased by 99.43% compared to that in 2022 due to the decline in financial revenue. This is mostly because in 2022 the Company recorded a financial revenue of VND 15.7 billion from transferring the rights to purchase shares of a subsidiary - Tu Hiep Hong Ha Petrolium Joint Stock Company

* In the Consolidated Financial Statements of the Company:
* Profit after tax in 2023: VND 2,312,886,258
* Profit after tax in 2022: VND (-8,689,743,881)

Profit after tax in the Consolidated Financial Statements 2023 of the Company increased by more than 126.62% compared to that in 2022. This is because in 2023 the Company recorded a sale of 1.1 million shares of joint venture - Công ty CP Tứ Hiệp (tentatively translated as Tu Hiep Joint Stock Company) into the financial revenue, which makes the consolidated profit after tax in 2023 increased compared to that in 2022

1. On the difference between profit after tax on the self-made Consolidated Financial Statements 2023 and profit after tax in the Audited Consolidated Financial Statements 2023

* Profit after tax in the self-made Financial Statements 2023: VND 49,780,862
* Profit after tax in the Audited Financial Statements 2023: VND 2,317,347,419

Reason: At the time of making the self-made statements, the Company did not process the consolidation of the joint venture according to the owners’ equity method

1. On profit after tax in Audited Consolidated Financial Statements changing from loss in 2022 to profit in 2023

Reason: In 2023, the Company sold 1.1 million shares of the joint venture - Tu Hiep Joint Stock Company, which makes the consolidated profit after tax in 2023 turn into profit

1. On the auditor’s disclaimer of opinions:

Reason: At the time of the audit, the auditor did not obtain enough appropriate audit evidence as a basis for giving audit opinion for the following contents:

* The payment of VND 77,022,500,000 under the capital transfer contract No. 01/HDCN dated June 23, 2010 between Hong Ha Viet Nam Joint Stock Company and Mr. Nguyen Tat Lac was assessed by the Company as a loss according to the Meeting Minutes of the Board of Directors No. 10/2015/BB-HDQT on December 25, 2015: Currently, the Company is still trying to contact with Mr. Nguyen Tat Lac to handle the rights and obligations of the parties under the Transfer Contract. To be prudent, in 2015, the Company allocated 50% (equivalent to VND 38,511,250,000) of the above payment to business expenses. In 2016, the Company continued to allocate the amount of VND 6,000,000,000 to business expenses, the remaining amount equivalent to VND 32,511,250,000 is currently recorded as a long-term prepaid expense by the Company.
* Other receivables of Phong Thinh Company Limited related to the Copper ore flotation line Contract No. 09/2010 dated September 08, 2010; The Contract Appendix dated February 22, 2011; Contract Appendix No. 02 dated March 22, 2011 with the balance on December 31, 2023 being VND 11,347,160,000. The Company also had a balance confirmation letter with Phong Thinh Company Limited. However, despite the long-term debt, the Company has not had enough documents to determine the recoverable value as a basis for the provision.
* At the time of December 31, 2023, the Company has not yet collected the Financial Statements 2023 of Công ty CP Kinh doanh Tổng Hợp Việt Lào (tentatively translated as Viet Lao General Business Joint Stock Company), leading to not considering the provision for the loss of the financial investment into this Company.
* For the receivables from customers with the value of VND 2.38 billion, the Company is currently in the process of recovering debts, hence, we have not considered a provision for this.