

**PORT OF HAI PHONG
JOINT STOCK COMPANY**

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

No: 565/CHP-TCKT

Haiphong, February 21st 2025

Re: Explanation of the qualified opinion
by auditors in the 2024 audited
financial statements

Attention:

- State Securities Commission;
- Hanoi Stock Exchange.

Port of Hai Phong Joint Stock Company (Stock Code: PHP) would like to explain the auditors' qualified opinion regarding the separate and consolidated audited financial statements for the fiscal year from January 1st 2024, to December 31st 2024, as follows:

Auditors' opinion:

"As of 31 December 2024, Company recognized assets related to Berths No. 04 and No. 05 and the Chua Ve Port container yard under the item "Tangible Fixed Assets" (code 221) on the Separate Balance Sheet. These assets had a total historical cost of VND 279.7 billion and a net carrying amount of VND 142.14 billion. The sources of funds for these assets are recorded under "Long-term Borrowings and Finance Lease Liabilities" (code 338) on the Separate Balance Sheet, with a corresponding value of VND 342.1 billion. These assets belong to Phase II of the Hai Phong Port Renovation and Upgrading Project, which was invested by Ministry of Transport using Japanese ODA loans and the Government's counterpart funding.

As required by Ministry of Finance, Company has temporarily paid to the State budget some amounts related to the above project, including: Depreciation of assets related to berths No. 04 and No. 05 and Chua Ve port container yard during the period from 2014 to 31 December 2018 at VND 44.8 billion, and temporary accrued interest expenses of loans at VND 149.3 billion.

In compliance with the Resolution No. 71/NQ-CHP dated 12 June 2020 of the Board of Management, Company has stopped depreciating and recognizing interest cost since 01 January 2020 for assets related to berths No. 04 and No. 05, and Chua Ve port container yard to pending for approved finalized solution by Government authorities on these assets. As at 8 June 2023, Company issued Document No. 1674/CHP-TCKT to Ministry of Transport proposing Port of Hai Phong JSC would be re-assigned to manage and use Berths No. 04, No. 05 and Chua Ve Port container yard, in accordance with the Document No. 2313/TTg-KTN dated 25 December 2013 by Prime Minister. Ministry of Transport issued Document No. 10882/BGTVT-TC on 28 September 2023, to Ministry of Finance seeking opinions on draft Decree of the management, operation and utilization of maritime infrastructure assets (replacing Decree No. 43/2018/NĐ-CP dated 12 March 2018). Ministry of Transport proposed adding content to the transitional provisions of the Decree in case the proposal is approved, it would resolve the management form of assets, i.e., the assets at berth No. 4, 5 of Chua Ve Port would be handed over to Hai Phong Port for management and utilization (not for lease). On 24 December 2024, the Government Office issued Notification No. 569/TB-VPCP regarding the conclusions on feedback and explanations from Government Members on the Decree on the management, operation, and utilization of inland waterway infrastructure assets.



Accordingly, the Deputy Prime Minister agreed not to stipulate transitional handling in the Decree for maritime infrastructure assets formed from state capital, and assigned Ministry of Transport and Ministry of Finance to urgently report the solution plan. When the official approval of the management and utilization plan for the assets at berth No. 4, 5, Chua Ve container yard, and equipment package is received, Hai Phong Port will be responsible for updating the financial report data. On 27 December 2024, following Resolution No. 168/NQ-CHP, the Board of Management of Company approved the policy to continue depreciating berth No. 04, 05, and Chua Ve container yard according to the proposal of the General Director of Hai Phong Port in Report No. 4882/CHP-TCKT dated 25 December 2024.

As of the issued date of this audited report, there has been no any further directive from the Government agency on the management form of berths No. 04, No. 05, and the container yard at Chua Ve Port of Company being issued. Therefore, we do not have sufficient basis to determine the costs related to the use of berths 04, No. 05 and Chua Ve port container yard of Company from 01 January 2020 to 31 December 2024.

Ministry of Finance has requested a review of Company's equitization process (as the finalization of the State capital value at the time of equitization has not yet been approved by the relevant authorities). Once official approval is obtained from the regulatory authorities regarding the borrowing and debt repayment plan, Company will make the necessary adjustments (if any) to this Separate Financial Statements.

We have not been able to collect the necessary documents to assess the full impact of the aforementioned issues on Company's Consolidated Financial Statements."

The auditor's qualified opinions have been mentioned since the Company transitioned to a joint-stock company on July 01st 2014, and Port of Hai Phong Joint Stock Company has submitted written explanations to the State Securities Commission and the Hanoi Stock Exchange regarding auditors' qualified opinions in the financial statements from 2014 to 2023. As of December 31st 2024, the regulatory authorities have yet to be approved a resolution for Berth No.04, Berth No.05, and the Chua Ve container yard yet; thus, the auditors' qualified opinions remain.

Port of Hai Phong Joint Stock Company submits the explanation of the auditors' qualified opinions to clarify this information on relevant financial statements and ensure that shareholders and investors could fully understand the Company's financial situation.

Best regards.

Recipients: 

- As addressed;
- Board of Management;
- Archive: Admin, Secretary, Financial Dept.



Nguyen Tuong Anh