

No.: 631 /CBTT-CTN

Ha Long, March 28th 2025

PERIODIC DISCLOSURE OF FINANCIAL STATEMENTS

To: Hanoi Stock Exchange

Implementation on the regulations in Clause 3, Article 14, Circular No. 96/2020/TT-BTC dated November 16th, 2020 of the Ministry of Finance providing the guideline on the disclosure of information on the stock market, Quang Ninh Clean Water Joint Stock Company announces financial report information for 2024 with the Hanoi Stock Exchange as follows:

1. Name of the organization: QUANG NINH CLEAN WATER JOINT STOCK COMPANY

- Stock code: NQN
- Address: 449 Nguyen Van Cu Street, Hong Hai Ward, Ha Long City, Quang Ninh Province
- Telephone: 0203 3835733
- Email: nuocsachqn@gmail.com Website: <https://quawaco.com.vn/>
- Content of the disclosed information:
- Financial statements for 2024

☐ Separate financial statements (Listed organizations without subsidiaries and the parent entity having no subordinate units);

☐ Consolidated financial statements (Listed organizations with subsidiaries);

☒ Combined financial statements (Listed organizations with subordinate accounting units under a separate accounting system).

- Cases that require explanation of the reasons:

+ The audit organization gives an opinion that is not a full acceptance opinion on the financial statements (for reviewed/audited financial statements...);:

☒ Yes

☐ No

Written explanation in case of accumulation of tick "yes":

☒ Yes

☐ No

+ Net profit after tax in the reporting period shows a difference of 5% or more before and after auditing, changing from a loss to a profit or vice versa (for audited financial statements in 2024):

☐ Yes

☒ No

Written explanation in case of accumulation of tick "yes":

☐ Yes

☐ No

+ Net profit after corporate income tax in the income statement for the reporting period changes by 10% or more compared to the same period of the previous year:

☐ Yes

☒ No

Written explanation in case of accumulation of tick "yes":

☐ Yes

☐ No

+ Net profit after tax in the reporting period shows a loss, changing from a profit in the same period of the previous year to a loss in the current period, or vice versa:

☐ Yes

☒ No

Written explanation in case of accumulation of tick "yes":

☐ Yes

☐ No

This information has been disclosed on the company's website on 28/3/2025, at the following link:: <https://quawaco.com.vn/category/co-dong/bao-cai-tai-chinh/>

Attached documents:

- FS for 2024

Person responsible for the information disclosure
LEGAL REPRESENTATIVE
CHAIRMAN OF THE BOARD OF DIRECTOR *John*



Vũ Văn Tuấn

DN - OFF-BALANCE SHEET REPORT - CONSOLIDATED

Criteria	Code	Note	Current Year	Previous Year
1. Bad debts to collect	110	D (Dong)	1,137,793,061	1,358,577,436
a) Bad debts arising during the year	111	P (Dong)		605,299,386
b) Bad debts were resolved during the year	112	P (Dong)	46,614,882	0
2. Short-term domestic loans and financial lease debt	120	D (Dong)	44,739,428,914	43,290,195,616
Short-term loans from credit institutions	121	D (Dong)		
Remaining short-term loans and financial lease debt	122		44,739,428,914	43,290,195,616
3. Short-term foreign loans and financial lease debt	130	D (Dong)	16,517,663,784	16,517,663,784
a) Short-term loans from credit institutions	131	D (Dong)	16,517,663,784	16,517,663,784
b) Remaining loans and other short-term financial lease debts	132			
4. Domestic long-term financial lease loans and debt	140	D (Dong)	134,213,637,187	106,478,857,095
a) Long-term loans from commercial banks and credit institutions	141	D (Dong)	134,213,637,187	106,478,857,095
b) Issuing bonds (excluding convertible bonds)	142			
c) Domestic long-term financial tax	143			
d) Other long-term domestic loans	144			
5. Foreign long-term financial lease loans and debt	150	D (Dong)	102,822,169,919	119,339,833,703
a) Re-borrow ODA capital from the Government	151	D (Dong)	102,822,169,919	119,339,833,703
b) Foreign loans guaranteed by the Government	152			
c) Foreign loans in the form of self-borrowing and self-payment	153			
d) Issuing bonds (excluding convertible bonds)	154			
e) Remaining foreign loans	155			
6. Overdue debts	156			
7. Taxes and other arising amounts must be carried over to the previous year's state budget	157	D (Dong)	14,823,376,368	12,443,585,847
8. Charter capital	200	D (Dong)	508,315,940,393	508,315,940,393
9. Taxes and other arising amounts must be paid to the state budget	300	D (Dong)	148,988,237,791	151,223,216,263
a) Payment to state budget from domestic business activities	310	D (Dong)	135,106,149,084	137,536,650,223
b) Payment to the state budget from import-export business activities	330			

Criteria	Code	Note	Current Year	Previous Year
c) Dividends and remaining profits must be paid to the state budget	350	P (Dong)	13,882,088,707	13,686,566,040
10. Taxes and other arising amounts paid to the state budget	351	D (Dong)	151,801,652,286	148,843,425,742
- Profits paid to the state budget	352	P (Dong)	13,882,088,707	13,686,566,040
11. Taxes and other amounts still payable to the state budget next year	360	D (Dong)	12,009,961,873	14,823,376,368
12. Total salary fund	622	D (Dong)	246,333,179,878	219,630,812,025
13. Average number of employees (person)	610		1,344	1,356
14. Average salary per person/year	623		183,283,616	161,969,625

Prepared by



Le Thi Hau

Chief Accountant



To Thi Hang Nga

Hà Long, March 26th, 2025

CHAIRMAN OF THE BOD



Vũ Văn Tuấn

Lưu VAO

QUANG NINH CLEAN WATER JOINT STOCK COMPANY

AUDITED FINANCIAL STATEMENTS

For the year ended 31 December 2024

March 2025

TABLES OF CONTENTS

CONTENTS	<u>PAGES</u>
STATEMENT OF BOARD OF MANAGEMENT AND BOARD OF GENERAL DIRECTORS	1 - 2
INDEPENDENT AUDITORS' REPORT	3 - 4
BALANCE SHEET	5 - 6
INCOME STATEMENT	7
CASH FLOW STATEMENT	8
NOTES TO THE FINANCIAL STATEMENTS	9 - 31

**STATEMENT OF CHAIRMAN OF BOARD OF MANAGEMENT
AND BOARD OF GENERAL DIRECTORS**

The Chairman of the Board of Management and the Board of General Directors of Quang Ninh Clean Water Joint Stock Company (the “Company”) presents this report together with the Company’s financial statements for the year ended 31 December 2024.

BOARD OF MANAGEMENT AND BOARD OF GENERAL DIRECTORS

The members of the Board of Management and the Board of General Directors of the Company who held office during the year and to the date of this report are as follows:

Board of Management

Mr. Vu Van Tuan	Chairman
Mr. Hoang Ngoc Ha	Member
Mr. Trinh Van Binh	Member
Mr. Tran Manh	Member
Mrs. Nguyen Thi Thanh	Member
Mrs. To Thi Hang Nga	Member
Mr. Nguyen The Duc	Member (Appointed on 26 June 2024)
Mr. Nguyen Duc Long	Member (Dismissed on 26 June 2024)

Board of General Directors

Mr. Hoang Ngoc Ha	General Director
Mr. Trinh Van Binh	Deputy General Director
Mr. Tran Manh	Deputy General Director
Mr. Nguyen The Duc	Deputy General Director

Legal representative

The legal representative of the Company during the year and to the date of this report is Mr. Vu Van Tuan - Chairman of the Board of Management of the Company.

STATEMENT OF RESPONSIBILITY OF CHAIRMAN OF BOARD OF MANAGEMENT AND BOARD OF GENERAL DIRECTORS

The Chairman of the Board of Management and the Board of General Directors of the Company are responsible for preparing the financial statements, which give a true and fair view of the financial position of the Company as at 31 December 2024, its financial performance and its cash flows for the year then ended. In preparing these financial statements, the Chairman of the Board of Management and the Board of General Directors are required to:

- Select suitable accounting policies and then apply them consistently;
- Make judgments and estimates that are reasonable and prudent;
- State whether applicable accounting principles have been followed, subject to any material departures disclosed and explained in the financial statements;
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business; and
- Design and implement an effective internal control system for the purpose of properly preparing and presenting the financial statements so as to minimize errors and frauds.


The Chairman of the Board of Management and the Board of General Directors are responsible for ensuring that proper accounting records are kept, which disclose, with reasonable accuracy at any time, the financial position of the Company and that the financial statements comply with Vietnamese Accounting Standards, accounting regime for enterprises and legal regulations relating to the preparation and presentation of financial statements. The Chairman of the Board of Management and the Board of General Directors are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of frauds and other irregularities.

The Chairman of the Board of Management and the Board of General Directors confirm that the Company has complied with the above requirements in preparing these financial statements.

**STATEMENT OF CHAIRMAN OF BOARD OF MANAGEMENT
AND BOARD OF GENERAL DIRECTORS (CONTINUED)**

**STATEMENT OF RESPONSIBILITY OF CHAIRMAN OF BOARD OF MANAGEMENT AND BOARD
OF GENERAL DIRECTORS (CONTINUED)**

In the opinion of the Chairman of the Board of Management and the Board of General Directors, the financial statements give a true and fair view of the financial position of the Company as at 31 December 2024, its financial performance and its cash flows for the year then ended in accordance with Vietnamese Accounting Standards, accounting regime for enterprises and legal regulations relating to the preparation and presentation of financial statements.

For and on behalf of the Board of Management and the Board of General Directors, 



Vu Van Tuan
Chairman of Board of Management
Quang Ninh, 26 March 2025



No.: 125 /VACO/BCKiT.NV2

INDEPENDENT AUDITORS' REPORT

**To: The shareholders, the Board of Management and the Board of General Directors
Quang Ninh Clean Water Joint Stock Company**

We have audited the accompanying financial statements of Quang Ninh Clean Water Joint Stock Company (the "Company"), prepared on 26 March 2025 as set out from page 05 to page 31, which comprise the balance sheet as at 31 December 2024, the income statement, the cash flow statement for the year then ended, and the notes to the financial statements (hereinafter referred to as the "financial statements").

Executive Board's Responsibility

The Executive Board is responsible for the preparation and fair presentation of these financial statements in accordance with Vietnamese Accounting Standards, accounting regime for enterprises and legal regulations relating to the preparation and presentation of financial statements and for such internal control as the Executive Board determines as necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Vietnamese Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Chairman of the Board of Management and the Board of General Directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

Basis for Qualified Opinion

As stated in Note 14 of the Notes to the financial statements, the Company has been suspending the implementation of the Quawaco Apartment Building project since 27 March 2014. The total investment cost of this project in the Company's financial statements as at 31 December 2024 is VND 61,522,861,960 (similar to the figure as at 01 January 2024). The Company continues to work with the competent authorities to resolve the unfinished status of this project. Therefore, we are unable to assess the impairment value of this project (if any), and we are also unable to determine whether it is necessary to adjust the figures related to the long-term work in progress.

INDEPENDENT AUDITORS' REPORT (CONTINUED)

Qualified Opinion

In our opinion, except for the impact of the matter described in the "Basis for Qualified Opinion" paragraph, the financial statements present fairly, in all material respects, the financial position of the Company as at 31 December 2024, its financial performance and its cash flows for the year then ended in accordance with Vietnamese Accounting Standards, accounting regime for enterprises and legal regulations relating to the preparation and presentation of financial statements.



Nguyen Duc Tien

Deputy General Director

Audit Practising Registration Certificate

No. 0517-2023-156-1

For and on behalf

VACO AUDITING COMPANY LIMITED

Hanoi, 26 March 2025

Vu Anh Tu

Auditor

Audit Practising Registration Certificate

No. 5775-2023-156-1

BALANCE SHEET
As at 31 December 2024

Unit: VND

ASSETS	Codes	Notes	Closing balance	Opening balance
A - CURRENT ASSETS	100		154,549,943,253	101,507,043,975
I. Cash and cash equivalents	110	4	110,904,167,594	70,608,136,927
1. Cash	111		70,904,167,594	40,608,136,927
2. Cash equivalents	112		40,000,000,000	30,000,000,000
II. Short-term receivables	130		14,318,264,731	6,032,829,425
1. Short-term trade receivables	131	5	2,284,845,452	2,460,132,330
2. Short-term advances to suppliers	132	6	9,112,238,579	1,831,300,659
3. Other short-term receivables	136	7	4,058,973,761	3,099,973,872
4. Provision for short-term doubtful debts	137	8	(1,137,793,061)	(1,358,577,436)
III. Inventories	140	9	26,935,857,946	24,697,110,503
1. Inventories	141		27,440,243,034	26,479,263,530
2. Provision for devaluation of inventories	149		(504,385,088)	(1,782,153,027)
IV. Other current assets	150		2,391,652,982	168,967,120
1. Short-term prepayments	151	10	416,316,177	168,967,120
2. Value-added tax deductibles	152		1,975,336,805	-
B - NON-CURRENT ASSETS	200		976,110,836,739	956,625,325,261
I. Fixed assets	220		888,808,515,993	869,256,311,876
1. Tangible fixed assets	221	12	886,427,600,271	868,087,280,554
- Cost	222		2,972,601,543,391	2,756,020,589,489
- Accumulated depreciation	223		(2,086,173,943,120)	(1,887,933,308,935)
2. Intangible fixed assets	227	13	2,380,915,722	1,169,031,322
- Cost	228		9,497,347,938	7,159,436,651
- Accumulated amortization	229		(7,116,432,216)	(5,990,405,329)
II. Long-term assets in progress	240	14	78,977,706,978	80,750,864,224
1. Long-term work in progress	241		61,522,861,960	61,522,861,960
2. Construction in progress	242		17,454,845,018	19,228,002,264
III. Other non-current assets	260		8,324,613,768	6,618,149,161
1. Long-term prepayments	261	10	8,324,613,768	6,618,149,161
TOTAL ASSETS (270 = 100 + 200)	270		1,130,660,779,992	1,058,132,369,236

The accompanying notes are an integral part of these financial statements

BALANCE SHEET (CONTINUED)

As at 31 December 2024

Unit: VND

RESOURCES	Codes	Notes	Closing balance	Opening balance
C - LIABILITIES	300		473,141,654,196	417,854,915,456
I. Current liabilities	310		232,031,603,657	189,231,726,615
1. Short-term trade payables	311	15	69,616,862,490	47,873,125,332
2. Short-term advances from customers	312	16	383,831,797	340,411,434
3. Taxes and amounts payable to the State budget	313	11	12,009,961,873	14,823,376,368
4. Payables to employees	314		61,919,425,795	42,455,660,129
5. Short-term accrued expenses	315	17	3,580,172,139	3,624,793,035
6. Other short-term payables	319	18	2,614,290,020	1,283,847,835
7. Short-term loans and obligations under finance leases	320	19	61,257,092,698	59,807,859,400
8. Bonus and welfare funds	322		20,649,966,845	19,022,653,082
II. Non-current liabilities	330		241,110,050,539	228,623,188,841
1. Other long-term payables	337	18	4,074,243,433	2,804,498,043
2. Long-term loans and obligations under finance leases	338	19	237,035,807,106	225,818,690,798
D - EQUITY	400		657,519,125,796	640,277,453,780
I. Owner's equity	410	20	657,519,125,796	640,277,453,780
1. Owner's contributed capital	411		508,315,940,393	508,315,940,393
- Ordinary shares carrying voting rights	411a		508,315,940,393	508,315,940,393
2. Investment and development fund	418		71,719,968,890	58,529,320,724
3. Retained earnings	421		56,813,616,513	52,762,592,663
- Retained earnings of the current year	421b		56,813,616,513	52,762,592,663
4. Construction investment fund	422		20,669,600,000	20,669,600,000
TOTAL RESOURCES (440 = 300 + 400)	440		1,130,660,779,992	1,058,132,369,236



Vu Van Tuan
Chairman of Board of Management
Quang Ninh, 26 March 2025

To Thi Hang Nga
Chief Accountant

Le Thi Hau
Preparer

INCOME STATEMENT

For the year ended 31 December 2024

Unit: VND

ITEMS	Codes	Notes	Current year	Prior year
1. Revenue from goods sold and services rendered	01	22	810,799,562,100	780,739,085,199
2. Deductions	02		-	-
3. Net revenue from goods sold and services rendered (10 = 01 - 02)	10		810,799,562,100	780,739,085,199
4. Cost of goods sold and services rendered	11	23	648,074,884,500	622,440,220,710
5. Gross profit from goods sold and services rendered (20 = 10 - 11)	20		162,724,677,600	158,298,864,489
6. Financial income	21	25	1,101,678,664	314,838,174
7. Financial expenses	22	26	20,166,755,364	27,542,622,767
- In which: Interest expenses	23		20,166,755,364	27,542,622,767
8. Selling expenses	25	27	66,657,016	19,181,917
9. General and administration expenses	26	27	74,041,499,800	65,326,236,161
10. Operating profit {30 = 20 + (21 - 22) - (25 + 26)}	30		69,551,444,084	65,725,661,818
11. Other income	31	28	2,569,693,180	326,303,033
12. Other expenses	32	29	1,063,180,480	444,869,140
13. Profit from other activities (40 = 31 - 32)	40		1,506,512,700	(118,566,107)
14. Accounting profit before tax (50 = 30 + 40)	50		71,057,956,784	65,607,095,711
15. Current corporate income tax expense	51	30	14,244,340,271	12,844,503,048
16. Net profit after corporate income tax (60 = 50 - 51)	60		56,813,616,513	52,762,592,663
17. Basic earnings per share	70	31	1,118	543



Vũ Văn Tuan
Chairman of Board of Management
Quang Ninh, 26 March 2025

To Thi Hang Nga
Chief Accountant

Le Thi Hau
Preparer

CASH FLOW STATEMENT*(Direct method)**For the year ended 31 December 2024**Unit: VND*

ITEMS	Codes	Current year	Prior year
I. Cash flow from operating activities			
1. Receipts from sales of goods and services and other revenue	01	953,732,004,003	917,201,949,713
2. Payment to suppliers	02	(267,570,099,286)	(206,073,946,199)
3. Payment to employees	03	(206,721,761,978)	(233,819,028,393)
4. Interest expense paid	04	(20,607,956,684)	(27,426,925,286)
5. Corporate income tax paid	05	(16,659,329,324)	(12,477,100,275)
6. Other cash inflows	06	9,964,358,763	9,268,594,378
7. Other cash outflows	07	(183,867,826,463)	(182,119,454,314)
<i>Net cash from operating activities</i>	<i>20</i>	<i>268,269,389,031</i>	<i>264,554,089,624</i>
II. Cash flows from investing activities			
1. Acquisition of fixed assets and other non-current assets	21	(227,125,702,502)	(124,699,939,846)
2. Proceeds from sale of fixed assets and other non-current assets	22	109,474,582	-
3. Interest and dividend received	27	812,692,362	314,838,174
<i>Net cash from investing activities</i>	<i>30</i>	<i>(226,203,535,558)</i>	<i>(124,385,101,672)</i>
III. Cash flows from financing activities			
1. Proceeds from borrowings	33	78,013,324,200	79,030,639,257
2. Repayment of principals	34	(65,346,974,594)	(168,590,610,402)
3. Dividends and profits paid	36	(14,436,172,412)	(14,232,846,331)
<i>Net cash from financing activities</i>	<i>40</i>	<i>(1,769,822,806)</i>	<i>(103,792,817,476)</i>
Net cash increase/ decrease during the year (50 = 20 + 30 + 40)	50	40,296,030,667	36,376,170,476
Cash and cash equivalent at the beginning of the year	60	70,608,136,927	34,231,966,451
Cash and cash equivalent at the end of the year (70 = 50 + 60 + 61)	70	110,904,167,594	70,608,136,927



Vu Van Tuan
Chairman of Board of Management
Quang Ninh, 26 March 2025

To Thi Hang Nga
Chief Accountant

Le Thi Hau
Preparer

NOTES TO THE FINANCIAL STATEMENTS*These notes are an integral part of and should be read in conjunction with the accompanying financial statements***1. GENERAL INFORMATION****Structure of ownership**

Quang Ninh Clean Water Joint Stock Company (hereinafter referred to as “the Company”) is a Joint Stock Company converted from Quang Ninh Clean Water Business One Member Limited Liability Company under the Business Registration Certificate of joint stock company No. 5700100104 dated 31 December 2013 and the 14th amended certificate dated 18 July 2024 issued by the Department of Planning and Investment of Quang Ninh Province.

The Company’s head office is located at No. 449 Nguyen Van Cu Street, Hong Hai Ward, Ha Long City, Quang Ninh Province.

The total number of employees of the Company as at 31 December 2024 was 1,344 (as at 31 December 2023 was 1,356).

Operating industries and principal activities

The operating industries of the Company are:

- Exploiting, producing, and trading clean water for daily life, production and other needs in Quang Ninh Province;
- Managing water supply and drainage investment projects in the province;
- Investing in the construction of water supply, drainage and environmental sanitation works. General contractor for implementing water supply projects in the form of turnkey;
- Producing and trading pure drinking water;
- Planning the construction of water supply and drainage technical infrastructure.

The principal activities of the Company are Production, trading of clean water, and construction and installation of water supply technology and pipelines.

Normal production and business cycle

The Company’s normal production and business cycle is carried out for a period of 12 months or less.

Company’s structure: The Company has the following dependent units:

Affiliated units	Address	Principal activities
Dong Trieu Water Enterprise	Duc Chinh Ward, Dong Trieu Town, Quang Ninh Province	Clean water business
Uong Bi Water Enterprise	Quang Trung Street, Uong Bi City, Quang Ninh Province	Clean water business
Quang Yen Water Enterprise	Yen Giang Ward, Quang Yen Town, Quang Ninh Province	Clean water business
Bai Chay Water Enterprise	Hung Thang Ward, Ha Long City, Quang Ninh Province	Clean water business
Hong Gai Water Enterprise	Nguyen Van Cu Street, Ha Long City, Quang Ninh Province	Clean water business
Dien Vong Water Plant	Quang Hanh Ward, Cam Pha City, Quang Ninh Province	Clean water business
Cam Pha Water Enterprise	Tran Phu Street, Cam Pha City, Quang Ninh Province	Clean water business
Van Don Water Enterprise	Cai Rong Town, Van Don District, Quang Ninh Province	Clean water business
Mien Dong Water Enterprise	Tien Yen Town, Tien Yen District, Quang Ninh Province	Clean water business
Mong Cai Water Enterprise	Nguyen Du Street, Mong Cai City, Quang Ninh Province	Clean water business
Quang Ninh Water Supply Project Management Board	Nguyen Van Cu Street, Ha Long City, Quang Ninh Province	Water supply construction

Declaration of comparability of information in financial statements

Comparative figures in financial statements are figures in audited financial statements for 2023.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

These notes are an integral part of and should be read in conjunction with the accompanying financial statements

2. FINANCIAL YEAR, APPLIED ACCOUNTING STANDARDS AND REGIME**Financial year**

The Company's financial year begins on 01 January and ends on 31 December.

Applied accounting regime

The Company applied Vietnamese accounting standards, accounting regime for enterprises in accordance with Circular No. 200/2014/TT-BTC dated 22 December 2014, Circular No. 53/2016/TT-BTC dated 21 March 2016 of the Ministry of Finance on amending and supplementing a number of articles of Circular No. 200/2014/TT-BTC, and circulars guiding the implementation of accounting standards of the Ministry of Finance in the preparation and presentation of financial statements.

Declaration of compliance with accounting standard and accounting regime

The Chairman of the Board of Management and the Board of General Directors ensure to comply with the requirements of Vietnamese accounting standards, accounting regime for enterprises in accordance with Circular No. 200/2014/TT-BTC dated 22 December 2014, Circular No. 53/2016/TT-BTC dated 21 March 2016 of the Ministry of Finance on amending and supplementing a number of articles of Circular No. 200/2014/TT-BTC, and circulars guiding the implementation of accounting standards of the Ministry of Finance in preparation of financial statements.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**Accounting convention**

The financial statements are prepared on an accrual basis (except for information relating to cash flows).

The accompanying financial statements, expressed in Vietnamese Dong (VND), are prepared under the historical cost convention and in accordance with Vietnamese Accounting Standards, accounting regime for enterprises and legal regulations relating to the preparation and presentation of financial statements.

Going concern

As at 31 December 2024, the current liabilities exceeded the current assets by about VND 77.4 billion (as at 31 December 2023: about VND 87.7 billion). However, the Company's water supply network has been continuously expanded, with good growth in revenue over the years and stable cash flows from operating activities. The infrastructure of Quang Ninh province continues to develop, thereby continuously expanding the clean water supply network. Therefore, the Company made heavy investments in fixed assets; its revenue growth potential is assessed well. On the other hand, with the characteristics of the clean water business, the cash flow is very stable, ensuring the ability to pay short-term debts. In addition, the Company continues to receive credit sources from commercial banks. Therefore, the Chairman of the Board of Management and the Board of General Directors of the Company believe that the application of the going concern basis in preparing the financial statements is appropriate.

Estimates

The preparation of financial statements in conformity with Vietnamese Accounting Standards, accounting regime for enterprises and legal regulations relating to the preparation and presentation of financial statements requires the Chairman of the Board of Management and the Board of General Directors to make estimates and assumptions that affect the reported amounts of assets, liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the financial year. Although these accounting estimates are based on the best knowledge of the Chairman of the Board of Management and the Board of General Directors, actual results may differ from those estimates.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

These notes are an integral part of and should be read in conjunction with the accompanying financial statements

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**Evaluation and recognition at fair value**

The Law on Accounting came into effect since 01 January 2017 which included regulations on evaluation and recognition at fair value at the end of the financial year. However, by the time of this report, there is no specific instruction for this matter; therefore, the Chairmand of the Board of Management and the Board of General Directors has considered and applied as follows:

- a) *Financial instruments are recognized and revaluated at fair value based on historical cost less provisions (if any) in accordance with current regulations.*
- b) *For assets and liabilities (except item a as mentioned above), the Company does not have any basis to determine the reliable value; therefore, the Company records at historical cost.*

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, demand deposits and short-term, highly liquid investments with a recovery or maturity period not exceeding 3 months, that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

Receivables

Receivables represent the amounts recoverable from customers or other debtors and are stated at book value less provision for doubtful debts.

Provision for doubtful debts is made for receivables that are overdue for six months or when the debtor is in dissolution, in bankruptcy, or is experiencing similar difficulties and so may be unable to repay the debt.

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost comprises direct materials and where applicable, direct labour costs and those overheads that have been incurred in bringing the inventories to their present location and condition. Cost is calculated using the weighted average method and recorded under the perpetual method. Net realisable value represents the estimated selling price less all estimated costs to completion and costs to be incurred in marketing, selling and distribution.

The evaluation of necessary provision for inventory obsolescence follows prevailing accounting regulations which allow provisions to be made for obsolete, damaged, or sub-standard inventories and for those which have costs higher than net realisable values as at the balance sheet date.

Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less accumulated depreciation.

The costs of purchased tangible fixed assets comprise their purchase prices and any directly attributable costs of bringing the assets to their working condition and location for their intended use. Expenses incurred after initial recognition are only recorded as an increase in cost of fixed assets if these costs are certain to increase future economic benefits from the use of such assets. Expenses that do not satisfy the above conditions are recognized as expenses during the year.

When a fixed asset is sold or disposed, its cost and accumulated depreciation are written off and any gain or loss arising from the disposal is included in the income or expenses for the year.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

These notes are an integral part of and should be read in conjunction with the accompanying financial statements

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**Tangible fixed assets and depreciation (Continued)**

Tangible fixed assets are depreciated using the straight-line method over their estimated useful lives as follows:

	<u>Years of depreciation</u>
Buildings and structures	07 - 30
Machinery and equipment	05 - 10
Motor vehicles and conveyances	10 - 25
Management equipment	03 - 05

Intangible fixed assets and amortization

Intangible fixed assets are amortized using the straight-line method over their estimated useful lives, as follows:

	<u>Years of amortization</u>
Computer software	03
Licenses and franchises	03
Publishing rights	03
Others	03 - 05

Construction in progress

Properties in the course of construction for production, rental or administrative purposes, or for other purposes, are carried at cost. Cost includes costs that are necessary to form the assets in accordance with the Company's accounting policy. Depreciation of these assets, on the same basis as other assets, commences when the assets are ready for their intended use.

Prepayments

Prepayments are expenses which have already been paid but relate to results of operations of multiple accounting periods.

Prepayments include: Value of tools, supplies and other costs which are expected to provide future economic benefits to the Company. These expenditures have been capitalised as prepayments, and are allocated to the income statement using the straight-line method over 1 to 3 years.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)*These notes are an integral part of and should be read in conjunction with the accompanying financial statements***3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)****Payables and accrued expenses**

Payables represent the amount payable to suppliers or others. Payables are presented at book value.

Payables and accrued expenses are recognized for amounts to be paid in the future related to goods and services received. Accrued expenses are recognized based on reasonable estimates of the amount to be paid.

The classification of payables as trade payables, accrued expenses, and other payables is made under the following principles:

- Trade payables reflect payables arising from purchases of goods, services, assets and sellers are independent units to the Company. In addition, the Company monitors the short-term trade payables.
- Accrued expenses reflect amounts payable for goods or services received from the seller or provided to the buyer but not be paid due to lack of invoices or incomplete accounting records and documents, payments to employees for leave and prepaid production and business expenses.
- Other payables reflect non-trade payables and does not relate to the purchase, sale or supply of goods or services.

Owner's equity

Owner's contributed capital is recognized based on the actual contributed capital of the shareholders.

Profit distribution

Profit after tax is distributed to shareholders after deducting funds in accordance with the Charter of Company and regulations of the law which has been approved by the General Assembly of Shareholders.

Dividends are recognized as liabilities when having the approval of the General Meeting of Shareholders.

Revenue recognition

Revenue from the sale of goods is recognised when all five (5) following conditions are satisfied :

- (a) The Company has transferred to the buyer the significant risks and rewards of ownership of the goods;
- (b) The Company retains neither continuing managerial involvement to the degree usually associated with; ownership nor effective control over the goods sold;
- (c) The amount of revenue can be measured reliably;
- (d) It is probable that the economic benefits associated with the transaction will flow to the Company; and
- (e) The costs incurred or to be incurred in respect of the transaction can be measured reliably.

Revenue of a transaction involving the rendering of services is recognised when the outcome of such transactions can be measured reliably. Where a transaction involving the rendering of services is attributable to several periods, revenue is recognised in each period by reference to the percentage of completion of the transaction at the balance sheet date of that period. The outcome of a transaction can be measured reliably when all four (4) following conditions are satisfied:

- (a) The amount of revenue can be measured reliably;
- (b) It is probable that the economic benefits associated with the transaction will flow to the Company;
- (c) The percentage of completion of the transaction at the balance sheet date can be measured reliably; and
- (d) The costs incurred for the transaction and the costs to complete the transaction can be measured reliably;

Interest income is recognized on an accrual basis, by reference to the principal outstanding and at the applicable interest rate.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

These notes are an integral part of and should be read in conjunction with the accompanying financial statements

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**Borrowing costs**

Borrowing costs are recognised in the income statement in the year when incurred unless they are capitalised in accordance with Vietnamese Accounting Standard No. 16 "Borrowing costs". Accordingly, borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the cost of those assets. For specific borrowings for the purpose of construction of fixed assets and investment properties, borrowing costs are capitalised even when the construction period is less than 12 months.

All other borrowing costs are recognized in the income statement when incurred.

Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit before tax as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years (including loss carried forward, if any) and it further excludes items that are never taxable or deductible.

Deferred tax is recognized on significant differences between carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit and is accounted for using balance sheet liability method. Deferred tax liabilities are generally recognized for all temporary differences and deferred tax assets are recognized to the extent that it is probable that taxable profit will be available against which deductible temporary differences can be utilized.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realized. Deferred tax is charged or credited to profit or loss, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same tax authority and the Company intends to settle its current tax assets and liabilities on a net basis.

The determination of the tax currently payable is based on the current interpretation of tax regulations. However, these regulations are subject to periodic variation and their ultimate determination depends on the results of the tax authorities' examinations.

Other taxes are paid in accordance with the prevailing tax laws in Vietnam.

Related parties

Parties are considered to be related parties when one party has ability to control another or has significant influence in making decisions related to financial and operational policies. Parties are also considered as related parties when they bear the same control and significant influence.

When considering the relationship of related parties, it is more focused on the nature of the relationship than the legal form.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)*These notes are an integral part of and should be read in conjunction with the accompanying financial statements***3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)****Related parties (Continued)**

The Company's related parties include:

Related parties	Relationship
People's Committee of Quang Ninh Province	Controlling shareholders
Members of Board of Management, Board of General Directors, Board of Supervisors, and Chief Accountant	Key leaders

4. CASH AND CASH EQUIVALENTS

	Closing balance	Opening balance
	VND	VND
Cash on hand	288,708,718	1,368,574,387
Cash in bank	70,615,458,876	39,239,562,540
Cash equivalents (i)	40,000,000,000	30,000,000,000
Total	110,904,167,594	70,608,136,927

Note:

(i) Bank deposits with term of 03 month, with an interest rate of 3.0%/year – 4.2%/year.

5. SHORT-TERM TRADE RECEIVABLES

	Closing balance	Opening balance
	VND	VND
Receivables from water users	1,295,930,291	1,863,451,555
Others	988,915,161	596,680,775
Total	2,284,845,452	2,460,132,330

6. SHORT-TERM ADVANCES TO SUPPLIERS

	Closing balance	Opening balance
	VND	VND
TK Plus Company Limited	2,981,535,000	-
Construction Technology Development Joint Stock Company	2,111,344,000	-
Quang Ninh Construction and Trade Services Joint Stock Company	806,567,600	-
Centre for Architecture and Construction Investment Consulting (i)	360,741,000	360,741,000
BHD Construction Investment and Design Consulting Joint Stock Company (i)	167,447,000	167,447,000
Others	2,684,603,979	1,303,112,659
Total	9,112,238,579	1,831,300,659

Note:

(i) This is the advance to the contractors to implement the Quawaco Apartment Building project. Details of the project are presented in Note 14.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)*These notes are an integral part of and should be read in conjunction with the accompanying financial statements***7. OTHER SHORT-TERM RECEIVABLES**

	<u>Closing balance</u>	<u>Opening balance</u>
	VND	VND
Receivables from advances for construction materials	3,039,955,376	1,667,006,065
Personal income tax	478,963,285	985,028,758
Advances	11,662,197	32,000,000
Others	528,392,903	415,939,049
Total	4,058,973,761	3,099,973,872

8. PROVISION FOR SHORT-TERM DOUBTFUL DEBTS

	<u>Closing balance</u>		<u>Opening balance</u>	
	Amount	Recoverable amount	Amount	Recoverable amount
	VND	VND	VND	VND
Centre for Architecture and Construction Investment Consulting	360,741,000	-	360,741,000	-
Ban Mai Trading and Investment Joint Stock Company	200,000,000	-	200,000,000	-
BHD Construction Investment and Design Consulting Joint Stock Company	167,447,000	-	167,447,000	-
Synthesized Cosmopolitan Architecture Joint Stock Company	94,116,909	-	94,116,909	-
DCC Construction Joint Stock Company	72,471,000	-	72,471,000	-
People's Committee of Bai Chay Ward	52,658,686	-	52,658,686	-
Transportation Works Construction Project Management Authority of Quang Ninh Province	-	-	42,427,042	-
Thanh Thang Investment Construction Joint Stock Company - Cai Lan Port, Bai Chay Ward	41,796,000	-	41,796,000	-
Hung Thinh Phat Infrastructure Development and Construction Company Limited	11,156,500	-	39,500,000	-
Orient Consultant and Investment for Infrastructure Development Joint Stock Company	-	-	39,241,000	-
Uong Bi City Land Fund Development Center	36,963,000	-	36,963,000	-
Others	403,683,966	303,241,000	514,456,799	303,241,000
Total	1,441,034,061	303,241,000	933,630,436	303,241,000

9. INVENTORIES

	<u>Closing balance</u>		<u>Opening balance</u>	
	Cost	Provision	Cost	Provision
	VND	VND	VND	VND
Raw materials (i)	26,834,938,986	(504,385,088)	26,127,075,997	(1,782,153,027)
Tools and supplies	568,812,086	-	341,881,438	-
Work in progress	36,491,962	-	10,306,095	-
Total	27,440,243,034	(504,385,088)	26,479,263,530	(1,782,153,027)

Note:

- (i) During the year, the Company liquidated slow-moving and poor-quality materials that had been made provision for devaluation of inventories, under the Resolution of Board of Management No. 868-NQ/NK2-HDQT dated 22 November 2023 on approving the plan for liquidation of materials in 2023. Accordingly, the Company reversed the provision for devaluation of inventories that had been made as at 31 December 2023. As at 31 December 2024, the Company made a provision for devaluation of inventories for the stagnant, poor-quality inventories that is difficult to sell, with the amount of VND 504,385,088.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)*These notes are an integral part of and should be read in conjunction with the accompanying financial statements***10. PREPAYMENTS**

	<u>Closing balance</u>	<u>Opening balance</u>
	VND	VND
a) Short-term		
Tools and supplies issued for consumption	86,943,410	152,944,656
Others	329,372,767	16,022,464
Total	416,316,177	168,967,120
b) Long-term		
Tools and supplies issued for consumption	6,853,260,006	4,647,562,664
Others	1,471,353,762	1,970,586,497
Total	8,324,613,768	6,618,149,161

11. TAXES AND AMOUNTS RECEIVABLE FROM/PAYABLE TO THE STATE BUDGET

	<u>Opening receivable</u>	<u>Opening payable</u>	<u>Payable during</u>	<u>Paid during</u>	<u>Closing receivable</u>	<u>Closing payable</u>
	balance	balance	the year	the year	balance	balance
	VND	VND	VND	VND	VND	VND
Value added tax	-	432,564,902	9,622,937,597	10,055,502,499	-	-
Corporate income tax	-	4,565,272,943	14,244,340,271	16,659,329,324	-	2,150,283,890
Personal income tax	-	748,560,788	1,401,876,021	1,758,116,741	-	392,320,068
Resource tax	-	1,131,057,956	4,566,401,962	5,212,568,621	-	484,891,297
Land rent, non-agricultural land use tax	-	10,537,414	294,128,147	289,038,681	-	15,626,880
Environmental protection fee	-	17,556,735	50,138,779	59,008,450	-	8,687,064
Business license tax	-	-	20,864,000	20,864,000	-	-
Fee for exploitation rights	-	-	4,839,373,960	4,209,348,960	-	630,025,000
Other fees, charges, and payables	-	7,917,825,630	100,066,088,347	99,655,786,303	-	8,328,127,674
Total	-	14,823,376,368	135,106,149,084	137,919,563,579	-	12,009,961,873

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)*These notes are an integral part of and should be read in conjunction with the accompanying financial statements***12. INCREASE, DECREASE IN TANGIBLE FIXED ASSETS**

	Buildings and structures	Machinery and equipments	Motor vehicles and conveyances	Management equipment	Total
	VND	VND	VND	VND	VND
COST					
Opening balance	713,742,711,301	402,981,430,865	1,633,780,695,515	5,515,751,808	2,756,020,589,489
- Purchases during the year	-	6,500,879,406	1,886,360,186	743,987,510	9,131,227,102
- Completed capital construction investment	58,695,954,492	58,553,191,594	113,701,059,110	-	230,950,205,196
- Adjustment of asset groups	(70,614,017,792)	40,773,271,337	28,412,986,199	205,126,747	(1,222,633,509)
- Sales, disposals	(4,602,549,920)	(8,901,442,265)	(8,326,767,604)	(447,085,098)	(22,277,844,887)
Closing balance	697,222,098,081	499,907,330,937	1,769,454,333,406	6,017,780,967	2,972,601,543,391
ACCUMULATED DEPRECIATION					
Opening balance	424,425,110,185	318,629,945,187	1,140,467,961,707	4,410,291,856	1,887,933,308,935
- Charges for the year	26,566,135,181	35,491,017,661	157,594,891,368	554,126,973	220,206,171,183
- Adjustment of asset groups	(14,427,518,181)	4,004,642,106	10,351,224,134	10,294,256	(61,357,685)
- Sales, disposals	(4,602,549,920)	(8,893,421,854)	(7,961,122,441)	(447,085,098)	(21,904,179,313)
Closing balance	431,961,177,265	349,232,183,100	1,300,452,954,768	4,527,627,987	2,086,173,943,120
NET BOOK VALUE					
Opening balance	289,317,601,116	84,351,485,678	493,312,733,808	1,105,459,952	868,087,280,554
Closing balance	265,260,920,816	150,675,147,837	469,001,378,638	1,490,152,980	886,427,600,271

The cost of tangible fixed assets which have been fully depreciated but are still in use as at 31 December 2024 is VND 1,185,298,423,976 (as at 31 December 2023: VND 975,639,345,038).

As stated in Note 19, the Company mortgaged the assets formed from the projects to secure loans from credit institutions. The net book value as at 31 December 2024 is VND 444,664,649,056 (as at 31 December 2023: VND 413,166,748,967).

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)*These notes are an integral part of and should be read in conjunction with the accompanying financial statements***13. INCREASE, DECREASE IN INTANGIBLE FIXED ASSETS**

	Publishing rights	Computer software	Licenses and franchises	Others	Total
	VND	VND	VND	VND	VND
COST					
Opening balance	90,000,000	3,407,740,447	2,106,137,113	1,555,559,091	7,159,436,651
- Purchases during the year	-	-	1,115,277,778	-	1,115,277,778
- Adjustment of fixed asset groups	-	1,222,633,509	-	-	1,222,633,509
Closing balance	90,000,000	4,630,373,956	3,221,414,891	1,555,559,091	9,497,347,938
ACCUMULATED AMORTIZATION					
Opening balance	90,000,000	2,388,083,786	1,956,762,452	1,555,559,091	5,990,405,329
- Charges for the year	-	885,368,723	179,300,478	-	1,064,669,201
- Adjustment of fixed asset groups	-	61,357,686	-	-	61,357,686
Closing balance	90,000,000	3,334,810,195	2,136,062,930	1,555,559,091	7,116,432,216
NET BOOK VALUE					
Opening balance	-	1,019,656,661	149,374,661	-	1,169,031,322
Closing balance	-	1,295,563,761	1,085,351,961	-	2,380,915,722

The cost of intangible fixed assets which have been fully amortized but are still in use as at 31 December 2024 is VND 6,080,269,985 (as at 31 December 2023: VND 4,113,048,943).

As stated in Note 19, the Company mortgaged some intangible assets to secure loans from credit institutions. The net book value as at 31 December 2024 is VND 0 (as at 31 December 2023 is VND 113,383,086).

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)*These notes are an integral part of and should be read in conjunction with the accompanying financial statements***14. LONG-TERM ASSETS IN PROGRESS****Long term work in progress**

	Closing balance		Opening balance	
	Cost	Recoverable amount	Cost	Recoverable amount
	VND	VND	VND	VND
Quawaco Apartment Building	61,522,861,960	61,522,861,960	61,522,861,960	61,522,861,960
Total	61,522,861,960	61,522,861,960	61,522,861,960	61,522,861,960

Note:

QUAWACO Apartment Building on Nguyen Van Cu Street, Hong Hai Ward, Ha Long City, Quang Ninh Province:

- Total project estimate: VND 213,341,841,000;
- Investment capital: Own capital and other capital sources;
- Investment purpose: Construction of apartments for sale to employees and others;
- Total unfinished costs aggregated on the Company's financial statements: VND 61,522,861,960;
- Implementation status: The project has been temporarily suspended since 27 March 2014, to request approval for planning adjustment. On 21 January 2016, Ha Long City People's Committee issued Decision No. 233/QĐ-UBND approving the adjustment of the master plan at a scale of 1/500 of this project. The new approved planning has adjusted to decrease the number of floors of the building from 18 floors to 12 floors (including 11 floors + 01 basement) and expanded the ground area.

On 25 September 2018, the Company sent Document No. 1315/CTN-KT to the People's Committee of Quang Ninh Province and the Department of Natural Resources and Environment of Quang Ninh Province to report on the implementation progress of the Quawaco Apartment Building Project;

The Company issued Document No. 549/CTN-KH dated 15 April 2022 to the People's Committee of Quang Ninh Province on the implementation status of the project. On 25 April 2022, the Provincial People's Committee issued Transfer Notice No. 791/PC-UBND on transferring the Company's document to the Department of Planning and Investment to preside over and obtain opinions from the Departments of Construction, Finance, Natural Resources and Environment, and the People's Committee of Ha Long City to study and advise the Provincial People's Committee to consider and resolve in accordance with regulations. On 07 June 2022, the Department of Planning and Investment issued Document No. 2014/KHDT-TDGSDT reporting to the People's Committee of Quang Ninh Province the opinions of relevant departments and branches on a number of proposed contents of Quang Ninh Clean Water Joint Stock Company.

On 13 December 2022, the Company issued Document No. 2178/CTN - QLDT requesting the People's Committee of Quang Ninh Province to agree in principle to allow the Company to terminate its investment activities and return the land of Project implementation. On 16 December 2022, the Provincial People's Committee issued Transfer Notice No. 6561/VP.UBND-PC, assigning the Department of Planning and Investment to guide the Company to implement in accordance with the provisions of laws. On 09 March 2023, the Company received Document No. 1335/VP. UBND and Document No. 570/KHĐT-TTr of the People's Committee of Quang Ninh Province and Department of Planning and Investment on terminating investment activities of Quawaco Service Apartment Building Project.

On 24 June 2023, the Company reported at the 2023 Annual General Meeting of Shareholders on the implementation situation and solutions to resolve existing problems of Quawaco Service Apartment Building Project.

On 29 February 2024, the Company issued Document No. 430/CTN-QLDT reporting to the People's Committee of Quang Ninh Province on the proposed content of self-termination of project investment activities (second report and proposal following Document No. 2182/CTN-QLDT dated 08 December 2023).

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)*These notes are an integral part of and should be read in conjunction with the accompanying financial statements***14. LONG-TERM ASSETS IN PROGRESS (CONTINUED)****Long term work in progress (Continued)**

On 27 June 2024, the Company issued Document No. 1297/BC-CTN reporting to the People's Committee of Quang Ninh Province on the implementation of the recommendations of the State Audit Office in Notice No. 596/TB-KVVI dated 14 January 2021 on Quawaco Service Apartment Building Project. Currently, the Company is continuing to work with competent authorities for guidance in implementing procedures to resolve existing problems of the Project.

Construction in progress

	<u>Closing balance</u>	<u>Opening balance</u>
	VND	VND
Investment in HDPE D355 pipeline from K67 bridge to Ha Lam TTA for increasing transmission at Cao Xanh Ward, Ha Khanh	3,869,200,825	-
Investment in installing HDPE D630 pipe to replace old D800 steel pipe section from D800-600 bridge valve point - battalion 185	1,683,863,238	-
Investment in construction of Yen Lap water plant with capacity of 26,000 m3/day (phase 2)	1,654,496,566	922,327,819
Renovation and increase of capacity of Dien Vong water plant by 29,500 m3/day	1,096,692,711	326,363,636
Investment in installing front-line meter clusters on the water supply network of Quang Yen Water Enterprise	1,055,552,196	-
Production management house Of Cam Pha Water Enterprise	-	3,770,423,592
Investment in a transmission pipeline D225+160+110 and a common service pipeline to lay pipes and supply clean water to people in Trang Luong Commune, Dong Trieu	-	3,342,107,277
Others	8,095,039,482	10,866,779,940
Total	17,454,845,018	19,228,002,264

15. SHORT-TERM TRADE PAYABLES

	<u>Closing balance</u>		<u>Opening balance</u>	
	Amount	Amount able to be paid off	Amount	Amount able to be paid off
	VND	VND	VND	VND
Pumps Europe Joint Stock Company	24,345,905,700	24,345,905,700	-	-
Vietnam Technology and Infrastructure Company Limited	6,569,989,000	6,569,989,000	-	-
Truong Giang Construction Development Investment Joint Stock Company	2,811,450,451	2,811,450,451	2,514,766,001	2,514,766,001
Song Cong Environment Company Limited	2,190,600,000	2,190,600,000	-	-
Vinagenset Joint Stock Company	1,942,767,118	1,942,767,118	124,874,052	124,874,052
Eastern Quang Ninh Irrigation Company Limited	1,772,086,680	1,772,086,680	213,222,240	213,222,240
Hawaco Mechanical & Electrical Company Limited	-	-	6,841,670,085	6,841,670,085
Euro Green Plastic Joint Stock Company	398,516,585	398,516,585	3,736,112,669	3,736,112,669
Others	29,585,546,956	29,585,546,956	34,442,480,285	34,442,480,285
Total	69,616,862,490	69,616,862,490	47,873,125,332	47,873,125,332

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)*These notes are an integral part of and should be read in conjunction with the accompanying financial statements***16. SHORT-TERM ADVANCES FROM CUSTOMERS**

	<u>Closing balance</u>	<u>Opening balance</u>
	VND	VND
Myway Ha Long Investment and Hotel Joint Stock Company	130,700,000	-
Alpha Quang Ninh Technical Service & Trading Co., Ltd	45,991,263	115,652,068
The Sapphire Residence Apartment Building Management Board	-	109,250,000
Others	207,140,534	115,509,366
Total	383,831,797	340,411,434

17. SHORT-TERM ACCRUED EXPENSES

	<u>Closing balance</u>	<u>Opening balance</u>
	VND	VND
Accrual of interest expenses	1,233,256,559	1,674,685,866
Accrual of operating expenses	2,346,915,580	1,950,107,169
Total	3,580,172,139	3,624,793,035

18. OTHER PAYABLES

	<u>Closing balance</u>	<u>Opening balance</u>
	VND	VND
a) Short-term	2,614,290,020	1,283,847,835
Payables for social insurance, health insurance, and unemployment insurance	1,278,302	55,744,916
Payables for forest environmental service fees	411,998,704	381,560,348
Payables for temporary land rent	1,628,224,064	-
Others	572,788,950	846,542,571
b) Long-term	4,074,243,433	2,804,498,043
Long-term deposits and collateral	4,074,243,433	2,804,498,043
Total	6,688,533,453	4,088,345,878

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)*These notes are an integral part of and should be read in conjunction with the accompanying financial statements***19. LOANS AND OBLIGATIONS UNDER FINANCE LEASES**

	Closing balance		During the year		Opening balance	
	Amount	Amount able to be paid off	Increase	Decrease	Amount	Amount able to be paid off
	VND	VND	VND	VND	VND	VND
a) Short-term loans	61,257,092,698	61,257,092,698	66,796,207,892	65,346,974,594	59,807,859,400	59,807,859,400
<i>Current portion of long-term loans</i>	<i>61,257,092,698</i>	<i>61,257,092,698</i>	<i>66,796,207,892</i>	<i>65,346,974,594</i>	<i>59,807,859,400</i>	<i>59,807,859,400</i>
Vietnam Joint Stock Commercial Bank for Industry and Trade - Quang Ninh Branch (i)	13,321,284,300	13,321,284,300	14,522,464,300	26,923,333,212	25,722,153,212	25,722,153,212
Vietnam Development Bank - Quang Ninh Branch (ii)	16,517,663,784	16,517,663,784	16,517,663,784	16,517,663,784	16,517,663,784	16,517,663,784
Vietnam Bank for Agriculture and Rural Development - Quang Ninh Branch (iii)	12,234,510,050	12,234,510,050	12,234,510,050	11,537,207,856	11,537,207,856	11,537,207,856
Shinhan Vietnam Bank Limited - Pham Hung Branch (iv)	9,000,717,564	9,000,717,564	10,258,623,178	6,872,873,242	5,614,967,628	5,614,967,628
Joint Commercial Bank for Investment and Development of Vietnam - Southwest Quang Ninh Branch (v)	7,270,400,000	7,270,400,000	9,443,000,000	2,172,600,000	-	-
Joint Stock Commercial Bank for Investment and Development of Vietnam - Cam Pha Branch (v)	2,052,000,000	2,052,000,000	2,729,133,080	1,093,000,000	415,866,920	415,866,920
Joint Stock Commercial Bank for Foreign Trade of Vietnam - Ha Long Branch (vii)	860,517,000	860,517,000	1,090,813,500	230,296,500	-	-
b) Long-term loans	237,035,807,106	237,035,807,106	78,013,324,200	66,796,207,892	225,818,690,798	225,818,690,798
Vietnam Joint Stock Commercial Bank for Industry and Trade - Quang Ninh Branch (i)	9,539,540,400	9,539,540,400	-	14,522,464,300	24,062,004,700	24,062,004,700
Vietnam Development Bank - Quang Ninh Branch (ii)	102,822,169,919	102,822,169,919	-	16,517,663,784	119,339,833,703	119,339,833,703
Vietnam Bank for Agriculture and Rural Development - Quang Ninh Branch (iii)	58,502,325,950	58,502,325,950	14,650,000,000	12,234,510,050	56,086,836,000	56,086,836,000
Shinhan Vietnam Bank Limited - Pham Hung Branch (iv)	37,170,823,237	37,170,823,237	22,762,897,700	10,258,623,178	24,666,548,715	24,666,548,715
Joint Commercial Bank for Investment and Development of Vietnam - Southwest Quang Ninh Branch (v)	24,303,524,200	24,303,524,200	33,746,524,200	9,443,000,000	-	-
Joint Stock Commercial Bank for Investment and Development of Vietnam - Cam Pha Branch (v)	2,156,823,400	2,156,823,400	3,222,488,800	2,729,133,080	1,663,467,680	1,663,467,680
Joint Stock Commercial Bank for Foreign Trade of Vietnam - Ha Long Branch (vii)	2,540,600,000	2,540,600,000	3,631,413,500	1,090,813,500	-	-

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

These notes are an integral part of and should be read in conjunction with the accompanying financial statements

19. LOANS AND FINANCE LEASE OBLIGATIONS (CONTINUED)Note:

- (i) Long-term loans from Vietnam Joint Stock Commercial Bank for Industry and Trade - Quang Ninh Branch under many contracts with floating interest rates of about 7.8%/year to 9.5%/year, adjusted under the Bank's announcement; the purpose of each contract is to upgrade and invest in the Company's projects and infrastructure. These loans are secured by assets formed from the loan capital.
- (ii) Long-term loans from Vietnam Development Bank - Quang Ninh Branch represent the sub-loan agreements between the Ministry of Finance and Quang Ninh Construction and Water Supply Company (the predecessor of the Company) to serve the investment in "Project to prevent water loss in water pipes" and "Uong Bi water supply project, Quang Ninh Province under the urban water supply and wastewater Project". The Company pays interest to the Ministry of Finance annually at the rates of 5.4% and 6.75% respectively, plus a re-lending fee of 0.2%/year". These two loans are unsecured.
- (iii) Long-term loans from Vietnam Bank for Agriculture and Rural Development - Quang Ninh Branch under many contracts with floating interest rates of about 7.5%/year to 9%/year, adjusted margin under the Bank's announcement; the purpose of each contract is to upgrade and invest in the Company's projects and infrastructure. These loans are secured by assets formed from the loan capital.
- (iv) Long-term loans from Shinhan Bank Vietnam Limited - Pham Hung Branch to serve the investment in the "Construction of a 4,000m³ clean water tank for Dien Vong Water Plant" Project, the "Investment in increasing the capacity of Hoanh Bo water plant from 10,000 to 20,000 m³/day" Project, the "Investment in construction of production management and operation house of Cam Pha Water Enterprise" Project, and the "Khe Mai Water Plant in Doan Ket Commune, Van Don District, Quang Ninh Province" Project, with floating interest rates of about 6.9% to 7.4%/year, adjusted margin under the Bank's announcement. These loans are secured by assets formed from the loan capital.
- (v) Long-term loan from Joint Stock Commercial Bank for Investment and Development of Vietnam - Southwest Quang Ninh Branch to invest in backup pumps at Cao Van raw water pumping station to increase the capacity of Dien Vong Water Plant to 90,000 m³/day. Loan term is no more than 36 months from the date of first disbursement with the term interest rate of 6.0%/year. This loan is secured by assets formed from the loan capital.
- (vi) Long-term loans from Joint Stock Commercial Bank for Investment and Development of Vietnam - Cam Pha Branch for investment in HDPE D355 pipeline to supply water to Bac Tien Phong Industrial Park. Loan term is no more than 36 months from the first disbursement date with a term interest rate of 6.8%. These loans are secured by assets formed from the loan capital.
- (vii) Long-term loan from Joint Stock Commercial Bank for Foreign Trade of Vietnam - Ha Long Branch to serve the HDPE pipeline project D450+315+225+160 on line UB02 in Phuung Nam ward, Uong Bi city. Loan term is no more than 36 months from the date of first disbursement with the term interest rate of 6.0%/year. This loan is secured by assets formed from the loan capital.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)*These notes are an integral part of and should be read in conjunction with the accompanying financial statements***19. LOANS AND FINANCE LEASE OBLIGATIONS (CONTINUED)**

Long-term loans and obligations under finance leases will be repay under the following schedule:

	<u>Closing balance</u>	<u>Opening balance</u>
	VND	VND
Within one year	61,257,092,698	59,807,859,400
In the second year	56,449,976,636	45,793,284,588
From the second year to the fifth year	125,048,759,922	99,274,896,402
After five years	55,537,070,548	80,750,509,808
Total	298,292,899,804	285,626,550,198
Less: Payables within 12 months (presented under short-term loans)	61,257,092,698	59,807,859,400
Payables after 12 months	237,035,807,106	225,818,690,798



NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)*These notes are an integral part of and should be read in conjunction with the accompanying financial statements***20. OWNER'S EQUITY***Movement in owner's equity**Unit: VND*

	Owner's contributed capital	Investment and development fund	Retained earnings	Construction investment fund	Total
Opening balance of prior year	508,315,940,393	45,181,162,825	44,493,859,664	20,669,600,000	618,660,562,882
Profit for the year	-	-	52,762,592,663	-	52,762,592,663
Fund allocation	-	13,348,157,899	(30,261,013,333)	-	(16,912,855,434)
Dividend payment	-	-	(14,232,846,331)	-	(14,232,846,331)
Opening balance of current year	508,315,940,393	58,529,320,724	52,762,592,663	20,669,600,000	640,277,453,780
Profit for the year	-	-	56,813,616,513	-	56,813,616,513
Fund allocation (i)	-	13,190,648,166	(38,326,419,956)	-	(25,135,771,790)
Dividend payment (i)	-	-	(14,436,172,707)	-	(14,436,172,707)
Closing balance of current year	508,315,940,393	71,719,968,890	56,813,616,513	20,669,600,000	657,519,125,796

Note:

- (i) The Company allocates funds and pays dividends under the Resolution of the General Meeting of Shareholders No. 02/2023/NQ-DHCD dated 24 June 2023, as follows:

Unit: VND

Allocation of the Bonus and welfare fund	25,135,771,790
Allocation of the Investment and development fund	13,190,648,166
Dividend payment (*)	14,436,172,707
Total	52,762,592,663

- (*) During the year, the Company paid all of this dividend in cash.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

These notes are an integral part of and should be read in conjunction with the accompanying financial statements

20. OWNER'S EQUITY (CONTINUED)***Charter capital***

According to the 13th amended Business Registration Certificate No. 5700100104 dated 01 March 2022, issued by the Department of Planning and Investment of Quang Ninh Province, the Company's charter capital is VND 508,315,940,393.

As at 31 December 2024, the charter capital has been contributed by shareholders as follows:

Shareholders

	Closing balance		Opening balance	
	VND	%	VND	%
Quang Ninh Provincial People's Committee	488,805,940,393	96.16%	488,805,940,393	96.16%
Others	19,510,000,000	3.84%	19,510,000,000	3.84%
Total	508,315,940,393	100%	508,315,940,393	100%

Shares

	Closing balance	Opening balance
- Number of shares issued to the public		
+ Ordinary shares	50,831,594	50,831,594
- Number of outstanding shares		
+ Ordinary shares	50,831,594	50,831,594

The par value of Ordinary shares is VND 10,000/share.

21. OFF-BALANCE SHEET ITEMS**Operating lease assets**

The Company signs contracts on lease of land in Quang Ninh Province for the purpose of constructing pumping stations, wells, water tanks, water treatment areas, etc. According to these contracts, the Company is exempted from land rent or must pay annual land rent until the contract expiry date.

Bad debts written off

	Closing balance	Opening balance
	VND	VND
Bad debts written off	672,556,901	625,942,019

22. REVENUE FROM GOODS SOLD AND SERVICES RENDERED

	Current year	Prior year
	VND	VND
Revenue from clean water production	780,597,476,539	751,527,736,178
Revenue from network development	7,120,839,084	10,339,707,339
Revenue from purified drinking water	1,701,936,803	547,700,359
Revenue from drainage fees	10,294,865,064	9,836,393,058
Others	11,084,444,610	8,487,548,265
Total	810,799,562,100	780,739,085,199

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)*These notes are an integral part of and should be read in conjunction with the accompanying financial statements***23. COST OF GOODS SOLD AND SERVICES RENDERED**

	Current year	Prior year
	VND	VND
Cost of clean water production	619,365,891,076	596,014,701,506
Cost of network development	6,392,080,893	9,197,018,258
Cost of purified drinking water	1,590,905,961	523,175,205
Cost of drainage fees	9,829,628,103	9,296,699,657
Other costs	10,391,993,379	5,626,473,057
Provision for devaluation of inventories	504,385,088	1,782,153,027
Total	648,074,884,500	622,440,220,710

24. PRODUCTION COST BY NATURE

	Current year	Prior year
	VND	VND
Material costs	120,966,825,265	88,255,377,414
Labors	261,212,081,571	241,329,206,499
Depreciation and amortization	221,210,105,256	246,986,898,895
Out-sourced services	113,609,229,914	107,074,243,281
Other monetary expenses	4,879,258,878	1,636,159,193
Provisions	330,215,595	2,387,452,413
Total	722,207,716,479	687,669,337,695

25. FINANCIAL INCOME

	Current year	Prior year
	VND	VND
Bank interest	1,101,678,664	314,838,174
Total	1,101,678,664	314,838,174

26. FINANCIAL EXPENSES

	Current year	Prior year
	VND	VND
Interest expenses	20,166,755,364	27,542,622,767
Total	20,166,755,364	27,542,622,767

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)*These notes are an integral part of and should be read in conjunction with the accompanying financial statements***27. SELLING EXPENSES AND ADMINISTRATION EXPENSES**

	Current year	Prior year
	VND	VND
a) Selling expenses		
Out-sourced services	66,657,016	19,181,917
Total	66,657,016	19,181,917
b) General and administration expenses		
Labors	37,729,879,319	33,355,980,734
Depreciation and amortization	5,576,923,809	8,384,406,332
Provisions	(174,169,493)	-
Others	30,908,866,165	23,585,849,095
Total	74,041,499,800	65,326,236,161

28. OTHER INCOME

	Current year	Prior year
	VND	VND
Liquidation of materials and fixed assets	2,450,110,639	-
Excess materials from inventory physical count	-	211,208,987
Others	119,582,541	115,094,046
Total	2,569,693,180	326,303,033

29. OTHER EXPENSES

	Current year	Prior year
	VND	VND
Expenses from disposals of fixed assets	376,665,574	-
Support to reduce water bills for customers	353,187,430	-
Penalties on administrative violations	151,961,162	384,863,879
Others	181,366,314	60,005,261
Total	1,063,180,480	444,869,140

30. CURRENT CORPORATE INCOME TAX EXPENSE

	Current year	Prior year
	VND	VND
Profit before tax	71,057,956,784	65,607,095,711
Adjustments for taxable income		
Add: Adjustments for increasing profit before tax	1,152,520,911	1,071,820,030
Assessable income	72,210,477,695	66,678,915,741
Current corporate income tax expense at 20% tax rate	14,442,095,539	13,335,783,148
Corporate income tax reduction for female employees	(351,415,000)	(491,280,100)
Adjustment of prior year's corporate income tax expense	153,659,732	-
Total corporate income tax expense	14,244,340,271	12,844,503,048

The Company temporarily determines the corporate income tax expense based on the taxable income for the financial year after adjusting the items as presented above. The final determination of corporate income tax depends on the results of the examination by the competent tax authority.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)*These notes are an integral part of and should be read in conjunction with the accompanying financial statements***31. BASIC EARNINGS PER SHARE**

	Current year	Prior year (Restated)
	VND	VND
Profit after corporate income tax	56,813,616,513	52,762,592,663
Adjustments for:		
- Allocation of bonus and welfare funds	-	(25,135,771,790)
Profit allocated to ordinary shares	56,813,616,513	27,626,820,873
Average number of outstanding shares during the year	50,831,594	50,831,594
Basic earnings per share	1,118	543

Note:

The Company allocated the bonus and welfare fund of VND 25,135,771,790 in 2023 in accordance with the Resolution No. 02/2024/NQ-DHDCD dated 25 June 2024. Therefore, the basic earnings per share in 2023 have been restated (the basic earnings per share presented in the 2023 financial statements is VND 1,038/share).

By the time of these financial statements, the Company has no plan to distribute 2024 profits, therefore, there is no basis to determine the profit adjustments attributable to shareholders owning ordinary shares in 2024.

The par value of shares is VND 10,000/share.

32. SEGMENT REPORTING

Segment information is presented by business sector and geographical area:

Geographical area

The Company's operations are mainly in Quang Ninh province. Therefore, the Company does not prepare segment reports by geographical area.

Business sector

The Company operates in the water supply and the construction and installation of works serving water supply activities. Revenue from the construction and installation sector accounts for a small proportion, therefore, the Company does not prepare segment reports by business sector.

33. OTHER INFORMATION

According to Decision No. 908/QĐ-TTg dated 29 June 2020 of the Prime Minister approving the list of enterprises with State capital to divest capital by the end of 2020, Quang Ninh Clean Water Joint Stock Company is subject to suspension of divestment until the end of 2020 to review and develop a plan for restructuring and divestment in the period of 2021-2025.

According to Decision No. 22/2021/QĐ-TTg dated 02 July 2021 of the Prime Minister on criteria for classifying State-owned enterprises, State-owned enterprises will convert the ownership, restructure, and divest capital in the period of 2021-2025. Accordingly, enterprises operating in the field of exploitation, production, and supply of clean water belong to the group of enterprises in which the State holds over 50% to under 65% of charter capital.

According to Decision No. 1479/QĐ-TTg dated 29 November 2022 of the Prime Minister approving the plan to restructure State-owned enterprises and enterprises with state capital in the period of 2022-2025, Quang Ninh Clean Water Joint Stock Company is an enterprise that maintains the state capital ratio at 96.16%.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)*These notes are an integral part of and should be read in conjunction with the accompanying financial statements***34. TRANSACTIONS AND BALANCES WITH RELATED PARTIES***During the year, the Company had significant transactions with related parties as follows:*

	<u>Current year</u>	<u>Prior year</u>
	VND	VND
Dividend paid		
Quang Ninh Provincial People's Committee	13,882,088,707	13,686,566,040

Remuneration paid to the Board of Management, Board of General Directors, and Board of Supervisors:

<u>Member</u>	<u>Position</u>	<u>Current year</u>	<u>Prior year</u>
		VND	VND
Mr. Vu Van Tuan	Chairman of Board of Management	819,876,805	856,381,712
Mr. Hoang Ngoc Ha	Member of Board of Management cum General Director	743,916,398	766,259,023
Mr. Trinh Van Binh	Member of Board of Management cum Deputy General Director	721,493,805	742,401,666
Mr. Tran Manh	Member of Board of Management cum Deputy General Director	672,028,195	669,293,422
Mr. Nguyen The Duc	Member of Board of Management cum Deputy General Director (Appointed on 26 June 2024)	651,533,121	644,871,904
Mrs. To Thi Hang Nga	Member of Board of Management	665,369,805	684,355,456
Mrs. Nguyen Thi Thanh	Member of Board of Management	575,271,134	562,671,039
Mr. Nguyen Duc Long	Member of Board of Management (Dismissed on 26 June 2024)	228,901,529	476,958,118
Mrs. Le Thi Tam	Head of Board of Supervisors	566,746,599	599,809,932
Mrs. Pham Phuong Dung	Member of Board of Supervisors (Dismissed on 26 June 2024)	100,795,478	221,235,768
Mr. Pham Duy Hieu	Member of Board of Supervisors (Dismissed on 26 June 2024)	102,529,991	226,418,205
Mrs. Luu Thi Hien	Member of Board of Supervisors (Dismissed on 26 June 2024)	85,765,130	155,577,698
Mrs. Nguyen Thi Hong	Member of Board of Supervisors (Appointed on 26 June 2024)	114,862,944	-
Mrs. Nguyen To Nhu	Member of Board of Supervisors (Appointed on 26 June 2024)	107,247,344	-



Vu Van Tuan
Chairman of Board of Management
Quang Ninh, 26 March 2025

To Thi Hang Nga
Chief Accountant

Le Thi Hau
Preparer