

**QUANG NINH CLEAN WATER
JOINT STOCK COMPANY**

No.: 635 /VB-CTN

Regarding the explanations of
exceptional audit opinions on the
2024 annual financial report

SOCIALIST REPUBLIC OF VIETNAM
Independence - Freedom - Happiness

Ha Long City, date 28 March 2025

To:

- Hanoi Stock Exchange;
- State Securities Commission.

Implementation on the Circular No. 96/2020/TT-BTC dated November 16, 2020 of the Ministry of Finance on providing the guideline on information disclosure on the stock market.

Based on the 2024 annual financial statements audited by VACO Auditing Co., Ltd.

Quang Ninh Clean Water Joint Stock Company would like to explain the exceptional audit opinions on the 2024 annual financial report with details as follows:

The Quawaco's Services and Apartment Complex Project was approved by the Quang Ninh People's Committee to allow Quang Ninh Water Supply and Construction Company (now Quang Ninh Clean Water Joint Stock Company) to make plan to build the apartments on the area of 1,959.0 m² in Document No. 245/UBND-QLDD dated January 12th, 2007. On November 17th, 2010, the Quang Ninh People's Committee issued Investment Certificate No. 22.121.000.161 for the project, of which: total investment: 252,224 million VND for the purpose of building apartments for sales to employees and other partners. Implementation progress: construction started in the fourth quarter of 2010; completed and put into operation in the fourth quarter of 2013. The project has been approved by the People's Committee of Quang Ninh Province with a scale of 1/500 master plan, ensuring legality. On January 21st, 2016, Ha Long City People's Committee issued Decision No. 233/QD-UBND on approving the adjustment of the total floor plan at a scale of 1/500, adjusting the number of floors of the building from 16 aboveground floors, 02 basement floors to 11 aboveground floors and 01 basement floor.

Due to the quiet situation of real estate market, the project cannot attract capital from buyers wishing to buy a house. Therefore, the Company does not have sufficient capital to continue investing in the project. In addition to that the Decree No. 91/2015/ND-CP dated October 13th, 2015 of the Government on investment of State capital in enterprises and management and use of capital and assets at Enterprises, in which point b and c, Clause 1, Article 21 stipulates "State-owned enterprises are not allowed to contribute capital or invest in real estates"; "In cases where state-owned enterprises have contributed capital and invested in the fields specified in Point b of this Clause and are not subject to investment approval by the Prime Minister, they must implement a plan to restructure and transfer the entire amount of capital invested according to regulations".

The project has stopped investing since December 2013, the value of unfinished costs as of December 31st, 2022 recorded on the Financial Statement is 61,522,861,960 VND.

On December 13th, 2022, the Company issued Document No. 2178/CTN-QLDT proposing to the People's Committee of Quang Ninh Province (Owner) to agree to propose a policy for the Company to terminate the investment activity and return the land to Quang Ninh People's Committee. Quang Ninh People's Committee has issued a transfer note: 6561/VP.UBND-PC dated December 16th, 2022, assigned the Department of Planning and Investment guiding the Company to comply with the provisions of law.

On January 6th, 2023, the Company received Document No. 18/KHDT-TTr dated January 4th, 2023 from the Department of Planning and Investment on providing comments on the proposal of Quang Ninh Clean Water Joint Stock Company, In which: *"Agreed with the Company in Document No. 2178/CTN-QLDT dated December 13th, 2022 on the sequence of steps to implement procedures for self-termination of investment activity according to the provisions of Clause 1, Article 48 of Investment Law No. 61/2020/QH14, Point a, Clause 2, Article 57 of Decree No. 31/2021/ND-CP dated March 26, 2021 of the Government and Circular 03/2021/TT-BKHDT dated April 9th, 2021 of the Ministry of Planning and Investment"*.

Based on the opinions of the Department of Planning and Investment, on January 9th, 2023, the Company continued sending Document 41/CTN-QLDT to the People's Committee of Quang Ninh Province on proposing the policy of terminating project investment activities and returned the land which used to implement the Quawaco's apartment building project combined with services.

On February 24th, 2023, the Department of Planning and Investment issued Document 570/KHDT-TTr reported to the Provincial People's Committee on terminating the project investment activities. Based on the comments of the Department of Planning and Investment, the Quang Ninh Provincial People's Committee issued Document No. 1335/VP. UBND dated March 9, 2023 on terminating investment activities in apartment building projects, including the opinion *"Quang Ninh Clean Water Joint Stock Company studies the opinions of the Department of Planning and Investment to implement contents related to the termination of investment activities of the Quawaco's Services and Apartment Complex Project to ensure the provisions of law; In case there are still problems and clarifications, the Company directly proactively works with the Department of Planning and Investment for receiving guidance on implementation according to regulations"*.

On April 19th, 2023, the Company worked directly with the Department of Planning and Investment for receiving the guidance. The conclusion of the meeting stated: *"Based on the provisions of the law mentioned above and the Charter of organization and operation, Quang Ninh Clean Water Joint Stock Company is requested to study the option of asking for the opinions from representative agencies."* Before implementation, the owner organizes a General Meeting of Shareholders and votes at the General Meeting of Shareholders on issuing a decision

to terminate project investment activities.

On June 16th, 2023, the People's Committee of Quang Ninh province issued document No. 1523/UBND-KTTC on organizing the 2023 Annual General Meeting of Shareholders of Quang Ninh Clean Water Joint Stock Company, which *"agrees with Proposal of the Department of Planning and Investment on the Representative of State capital at Quang Ninh Clean Water Joint Stock Company to participate and vote at the Annual General Meeting of Shareholders this year 2023. Request the Representative of the State capital at Quang Ninh Clean Water Joint Stock Company to .. rapidly & completely resolve the problems at the Quawaco's Services and Apartment Complex Project according to the conclusions of the inspection and examination agencies"*.

On June 20th, 2023, the Company's Board of Directors for the 2019-2023 term (meeting session no. 36) met and passed Resolution No. 773-NQ/NK2-HĐQT on approving the report on implementation and proposed solutions to resolve the project's problems: Quawaco's Services and Apartment Complex, and agreed to assign Mr. Hoang Ngoc Ha - General Director of the Company to direct the Management Department together with the Department of Investment, Engineering, Finance and Accounting, Environment and Water Quality and the Control Board to continue reviewing and completing the content of the implementation status report and solutions to resolve problems of the project: The Quawaco's Services and Apartment Complex has been approved by the Departments and Provincial People's Committee, allowing to vote at the Annual General Meeting of Shareholders of Quang Ninh Clean Water Joint Stock Company in 2023, after the Annual General Meeting of Shareholders. voted in favor, the Company made a report and proposed to seek the Owner's opinion regarding the Company's self-termination of investment activities in the project: Quawaco's Services and Apartment Complex, completed first. July 30th, 2023. If approved by the Provincial People's Committee, the Company will take the next steps.

On June 24, 2023, the 2023 Annual General Meeting of Shareholders of Quang Ninh Clean Water Joint Stock Company voted 100% unanimously to approve the report on the implementation status and resolve problems of the project: Quawaco's Services and Apartment Complex.

On December 8, 2023 and February 29, 2024, consecutively, the State capital representative at the Company issued documents No. 2182/CTN-QLDT and 430/CTN-QLDT to the People's Committee of Quang Ninh province proposing: (1) Approve the policy for the Company to self-terminate project investment activities and implement steps according to report No. 2178/CTN-QLDT dated December 13, 2022 of the Company and document No. 18/KHDT-TTr dated January 4, 2023 of the Department of Planning and Investment of Quang Ninh province; (2) Direct the Department of Finance of Quang Ninh province to guide the Company to handle unfinished expenses and assets on land of the project in accordance with the provisions of law, ensuring no loss of assets and capital of the state at the Company; (3) Direct the Department of

Natural Resources and Environment to guide the Company in implementing procedures regarding the lands, assets attached on land according to current legal regulations.

On June 27, 2024, the Company issued Document No. 1297/BC-CTN reporting to the People's Committee of Quang Ninh province on the implementation of the State Audit's recommendations in Notice No. 596/TB-KVVI dated January 14, 2021 with reference on the Quawaco Apartment and Service Building project. Currently, Quang Ninh Clean Water Joint Stock Company is continuing to follow closely with QN Provincial People's Committee who would review and direct its departments and branches to support and guide the Company to carry out procedures to resolve the project's shortcomings to ensure and secure the legal State capital in the company.

The above is the explanations of Quang Ninh Clean Water Joint Stock Company, the Company would like to report to the Hanoi Stock Exchange and the State Securities Commission for reference./.

Thank you very much.!

Receiving and Filling:

- as above (report);
- Board of management, executive board (coordination);
- Files: VT, KTT.

**ON BEHALF OF THE BOARD
CHAIRMAN**



Vu Van Tuan