

**BAC GIANG CLEAN WATER
JOINT STOCK COMPANY**

No.: *443* /CV-NSBG

Regarding: the explanation of issues to be
emphasized by the auditor in the Review
Report on the Mid-year Financial
Statements for the period from January 1 to
June 30, 2025.

SOCIALIST REPUBLIC OF VIETNAM
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Bac Ninh, August, 13, 2025

Dear: - **STATE SECURITIES COMMISSION**
- **HANOI STOCK EXCHANGE**

The Review Report on the Mid-year Financial Statements for the period from January 1 to June 30, 2025 of Bac Giang Clean Water Joint Stock Company was conducted by Vietvalues Auditing and Consulting Co., Ltd. However, in the report, according to the auditor's conclusion, there is a section which emphasizing issues, specifically:

Issues to be emphasized:

We would like to draw the readers' attention to:

- Note V.9 in the Notes to the Financial Statements, which describes the following: The project of the Water Plant No. 2, for which the company is the investor, has been halted according to Notice No. 120-TB/TU issued by the Bac Giang Provincial Party Committee on November 25, 2016, in order to invest in the DNP Clean Water Plant Project – Bac Giang of Dong Nai Plastic Joint Stock Company.

The amount invested in the Water Plant No. 2 project in Bac Giang City is VND12.002.822.443. All of these incurred costs will be collected and settled when the project is finalized.

According to the conclusion notice from the Standing Committee of the Provincial Party Committee on the investment policy for the DNP Bac Giang Clean Water Plant Project (Notice No. 120-TB/TU, dated November 25, 2016): The investment policy for the DNP Bac Giang Clean Water Plant Project of Dong Nai Plastic Joint Stock Company is agreed upon. The implementation of the Water Plant No. 2 project in Bac Giang City, with Bac Giang Clean Water Joint Stock Company as the investor, will be stopped, and no loans will be taken from the Asian Development Bank (ADB) for the project. This is based on the proposal of the Chairman of the Provincial People's Committee in Document No. 3686/TTr-UBND dated November 18, 2016, directing the Department of Planning and Investment and the Department of Finance to act as intermediaries, closely coordinating with Bac Giang Clean Water Joint Stock Company and Dong Nai Plastic Joint Stock Company during the process of Dong Nai



Plastic JSC buying shares to become a strategic shareholder of Bac Giang Clean Water JSC, as well as resolving any incurred costs for the Water Plant No. 2 project in Bac Giang City that had been financed through an ADB loan in accordance with regulations.

To date, the company has provisioned an amount of VND 4.000.000.000 for this project, pending further instructions from the competent authorities.

- Notes V.15 and V.18a on accrued expenses in the Notes to the Financial Statements, including the provisional depreciation of fixed assets for the Doi Ngo water supply system in Luc Nam District, are described as follows:

According to Decision No. 262/QĐ-UBND issued by the People's Committee of Bac Giang Province on February 11, 2015, regarding the approval of the final settlement for the completed project of the Doi Ngo water supply system in Luc Nam District, with a final settlement value of 39,442,075,000 VND. According to Notice No. 230/UBND-XD issued by the People's Committee of Bac Giang Province on January 25, 2014, the Provincial People's Committee agreed to transfer the management and operation of the project to Bac Giang Water Supply One Member Limited Liability Company, now Bac Giang Clean Water Joint Stock Company. However, the company has not yet received the handover minutes from the People's Committee of Luc Nam District for the project. Therefore, the company has provisionally depreciated (10%) this project in order to have funds to settle when the handover is completed by the relevant authority in the year, based on the final settlement value approved by the People's Committee of Bac Giang Province, and has stopped depreciation from July 1, 2019. Currently, the company is monitoring the assets held for safekeeping outside the balance sheet and is awaiting instructions from the competent authorities on how to handle this matter.

Our audit conclusion is not related to this issue.

The company's explanation regarding the above issues is as follows:

- Regarding the issue in Note V.9: The Water Plant No. 2 project in Bac Giang City, for which the company is the investor, has been halted according to Notice No. 120-TB/TU dated November 25, 2016, issued by the Bac Giang Provincial Party Committee. To date, the company has worked with the Department of Finance of Bac Giang Province, and the department has completed the evaluation and is finalizing the procedures for submission for approval.

- Regarding the issues in Notes V.15 and V.18a: The project for the Doi Ngo Town Water Supply System in Luc Nam District has not yet been officially handed over to Bac Giang Clean Water Joint Stock Company. The People's Committee of Bac Giang Province (old) issued an official letter directing relevant departments and agencies to continue adhering to regulations and provide advice to the Committee to facilitate the asset handover in the near future. At the same time, the company has



been tasked with managing and operating the system to ensure safe and stable water supply for the local community until the handover process is completed.

Above is the explanation from Bac Giang Clean Water Joint Stock Company regarding the issues to be emphasized by the auditor in The Review Report on the Mid-year Financial Statements for the period from January 1 to June 30, 2025, conducted by Vietvalues Auditing and Consulting Co., Ltd.

Sincerely!

Recipients:

- As addressed;
- Archive: Clerical./.

**BAC GIANG CLEAN WATER JOINT STOCK
COMPANY**

Chairman of the Board of Directors



Huong Xuan Cong

