



**QUANG NINH CLEAN WATER
JOINT STOCK COMPANY**

No. 824/CTN-TK

Re: Explanation of causes and
remedial measures for the warning
area of the auditor's excepted
opinion on the financial statements
for three consecutive years

SOCIALIST REPUBLIC OF VIETNAM
Independence - Freedom - Happiness

Quang Ninh, April 13, 2026

To: Hanoi Stock Exchange.

On April 9, 2026, Quang Ninh Clean Water Joint Stock Company - Stock code NQN received Notification No. 1328/TB-SGDHN and Decision No. 305/QĐ-SGDHN dated April 1, 2026, from the Hanoi Stock Exchange regarding the continuation of the warning status for NQN shares on the UPCOM trading system due to the annual financial statements receiving an exceptive audit opinion from the auditing organization for three consecutive years or more.

Quang Ninh Clean Water Joint Stock Company would like to explain the reasons and propose remedial measures as follows:

Reason:

The Quawaco Apartment Building project was approved by the Quang Ninh Provincial People's Committee allowing Quang Ninh Construction and Water Supply Company (now Quang Ninh Clean Water Joint Stock Company) to develop a plan to build an apartment building on a 1,959.0 m2 plot of land as stated in Document No. 245/UBND-QLĐĐ dated January 12, 2007. On November 17, 2010, the Quang Ninh Provincial People's Committee issued Investment Certificate No. 22.121.000.161 for the project, with a total investment of 252,224 million VND aimed at constructing apartments to sell to staff, workers, and other subjects. The implementation schedule was to commence construction in Q4/2010 and complete and put into operation in Q4/2013. The project was approved by the Quang Ninh Provincial People's Committee with a 1/500 scale master plan, ensuring legal compliance. On January 21, 2016, the Ha Long City People's Committee issued Decision No. 233/QĐ-UBND approving the adjustment of the 1/500 scale master plan, adjusting the number of floors of the building from 16 above-ground floors and 2 basements to 11 above-ground floors and 1 basement.

Due to the sluggish real estate market, the project has not attracted capital from parties interested in purchasing houses. Therefore, the Company does not have sufficient capital to continue investing in the project. In addition, Decree No. 91/2015/ND-CP dated October 13, 2015, of the Government on investment of

state capital into enterprises and management and use of capital and assets in enterprises, specifically in points b and c, clause 1, Article 21, stipulates that "State-owned enterprises are not allowed to contribute capital or invest in the real estate sector"; "In cases where state-owned enterprises have contributed capital or invested in the sectors specified in this clause without permission from the Prime Minister, they must implement a restructuring plan and transfer all invested capital according to regulations."

The project has been suspended since December 2013, and the value of unfinished costs as of December 31, 2025, recorded in the financial statements, is 61,522,861,960 VND.

Remedial plan:

On December 13, 2022, the Company issued Document No. 2178/CTN-QLĐT requesting the People's Committee of Quang Ninh Province (Owner) to approve the proposal for the Company to terminate the investment activities and return the land used for the project. The Provincial People's Committee issued transfer note No. 6561/VP.UBND-PC dated December 16, 2022, assigning the Department of Planning and Investment to guide the Company to implement according to legal regulations.

On January 6, 2023, the Company received Document No. 18/KHĐT-TTr dated January 4, 2023, from the Department of Planning and Investment regarding the participation in comments on the proposal of Quang Ninh Clean Water Joint Stock Company, stating: "Agree with the Company in Document No. 2178/CTN-QLĐT dated December 13, 2022, on the sequence of steps to carry out the procedures for self-termination of investment activities according to the provisions at 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-BKHĐT dated April 9, 2021, of the Ministry of Planning and Investment."

Based on the opinion of the Department of Planning and Investment, on January 9, 2023, the Company continued to issue Document No. 41/CTN-QLĐT sent to the People's Committee of Quang Ninh Province regarding the proposal to terminate the investment activities of the project and return the land used for the Quawaco apartment building combined with service project.

On February 24, 2023, the Department of Planning and Investment issued Document No. 570/KHĐT-TTr reporting to the Provincial People's Committee on the termination of the investment project. Based on the contents of the Department of Planning and Investment's opinions, the Provincial People's Committee issued Document No. 1335/VP.UBND dated March 9, 2023, on the termination of the investment activities of the apartment building project, including opinions "*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 apartment building combined with service project, ensuring compliance with legal regulations; in case there are still unclear or problematic contents, the Company proactively works directly with the Department of Planning and Investment to receive guidance for implementation according to regulations.”

On April 19, 2023, the Company worked directly with the Department of Planning and Investment to receive guidance. The conclusion of the meeting stated: “Based on the above-mentioned legal regulations and the organizational operation charter, it is proposed that Quang Ninh Clean Water Joint Stock Company study the request for opinions from the representative agency of the Owner before organizing the General Meeting of Shareholders and voting at the General Meeting of Shareholders on the issuance of a decision to terminate the investment activity of the project.”

On June 16, 2023, the Quang Ninh Provincial People's Committee issued document No. 1523/UBND-KTTC regarding the organization of the 2023 Annual General Meeting of Shareholders of Quang Ninh Clean Water Joint Stock Company, in which it *“agrees with the proposal of the Department of Planning and Investment on the participation and voting of the State capital representative at Quang Ninh Clean Water Joint Stock Company at the 2023 Annual General Meeting of Shareholders. It requires the State capital representative at Quang Ninh Clean Water Joint Stock Company to... promptly resolve the outstanding issues in the Quawaco apartment building project according to the conclusions of the inspection and examination agencies”*.

On June 20, 2023, the Board of Directors of the Company for the 2019-2023 term (36th meeting) convened and approved Resolution No. 773-NQ/NK2-HĐQT regarding the approval of the report on the implementation status and proposed solutions to resolve the issues of the project: Quawaco mixed-use apartment building, while agreeing to assign Comrade Hoang Ngoc Ha – General Director of the Company to direct the Investment Management Department to take the lead in coordinating with the Planning, Technical, Financial Accounting, Water Quality and Environment departments, and the Supervisory Board to continue reviewing and completing the content of the report on the implementation status and solutions to resolve the issues of the project: Quawaco mixed-use apartment building, which has been approved by the Departments and the Provincial People's Committee, allowing it to be voted on at the 2023 Annual General Meeting of Shareholders of Quang Ninh Clean Water Joint Stock Company. After the Annual General Meeting of Shareholders votes in favor, the Company will submit a proposal report to seek the Owner's opinion on the Company's self-termination of the investment project: Quawaco mixed-use apartment building, to be completed before July 30, 2023. If approved by the

Provincial People's Committee, the Company will proceed with the next steps.

On June 24, 2023, the 2023 Annual General Meeting of Shareholders of Quang Ninh Clean Water Joint Stock Company voted with 100% agreement to approve the report on the implementation status and resolution of issues of the project: Quawaco mixed-use apartment building.

On March 18, 2024, Quang Ninh Clean Water Joint Stock Company issued document No. 511/CTN-TK regarding the supplementary dossier for the Quawaco Combined Residential and Service Building project. Document No. 2182/CTN-QLĐT dated December 8, 2023, and Document No. 430/CTN-QLĐT concerning the proposal for the policy of self-termination of the investment project.

On March 29, 2024, the Office of the Provincial People's Committee issued Document No. 1757/VP.UBND to the Company, requesting the Company to urgently implement the recommendations of the State Audit Office Region VI in Notification No. 596/TB-KV VI dated October 14, 2021, proposing to develop a plan to report to the Provincial People's Committee for final resolution in accordance with the provisions of Decree No. 91/2015/ND-CP dated October 13, 2015, of the Government on investment of state capital into enterprises and management and use of capital and assets in enterprises.

On June 27, 2024, the Company issued Document No. 1297/BC-CTN to the Quang Ninh Provincial People's Committee regarding the implementation of the State Audit Office's recommendations in Notification No. 296/TB-KVVI dated October 14, 2021, on the Quawaco Combined Residential and Service Building project, which outlined options to report to the Provincial People's Committee for final resolution of the project's existing issues and continued to request the Provincial People's Committee to consider and direct relevant departments to support and guide the Company in completing procedures to resolve the project's outstanding issues, ensuring the preservation of state capital in the enterprise.

On July 4, 2024, the Provincial People's Committee issued Document No. 3901/VP.UBND-KTTC assigning relevant departments, sectors, and localities to study the proposal content of Quang Ninh Clean Water Joint Stock Company, the directive documents of the Provincial People's Committee, the leadership of the Provincial People's Committee, and current legal regulations to proactively guide and resolve within their authority.

On July 23, 2024, the Department of Natural Resources and Environment sent Document No. 4368 to the Company, in which the Department stated that Document No. 153/TNMT-QHKH dated January 10, 2023, had responded to the proposal content of Quang Ninh Clean Water Joint Stock Company.

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On November 26, 2024, the Company sent Document No. 2512/BC-CTN to the Party Committee of the Quang Ninh Provincial People's Committee reporting on the project implementation status and proposing solutions to resolve project issues.

The Company reported to the Quang Ninh Provincial Inspectorate on the implementation results according to the recommendations in the Inspection Conclusion on the apartment building project in Document No. 2518/BC-CTN dated November 27, 2024, and Document No. 2740/BC-CTN dated December 20, 2024.

On January 17, 2025, the Quang Ninh Provincial People's Committee held a meeting with relevant departments and sectors regarding the Quawaco combined apartment building and service project. At the meeting, the project implementation process was evaluated, and solutions were proposed to remove obstacles to avoid waste when the project is prolongedly halted.

On March 17, 2025, the Quang Ninh Provincial People's Committee held a meeting with departments, sectors, and the Company regarding the Quawaco combined apartment building and service project. At the meeting, the departments and the Company were assigned to review and comprehensively evaluate documents related to the project.

On March 18, 2025, the Department of Finance issued Official Letter No. 441/STC-TCDN to Quang Ninh Clean Water Joint Stock Company, requesting the Company to submit a report on the settlement of investment costs for the completed project.

On March 20, 2025, the Company issued Official Letter No. 545/CTN-BC to the Quang Ninh Provincial Department of Finance reporting on the implementation status of the investment costs for the Quawaco mixed-use apartment building project.

On April 4, 2025, the Company issued Official Letter No. 757/CTN-BC reporting to the Quang Ninh Provincial People's Committee regarding the proposal to update the prolonged backlog project according to Prime Minister's Urgent Dispatch No. 26/CĐ-TTg dated March 31, 2025.

On April 8, 2025, the Provincial People's Committee issued Transfer Note No. 215/VP.UBND-PC to the Department of Finance to study and advise on the proposal of Quang Ninh Clean Water Joint Stock Company in Official Letter No. 757/CTN-BC dated April 4, 2025.

On April 10, 2025, the Department of Finance issued Official Letter No. 1190/STC-QLĐT reporting to the Provincial People's Committee on the proposal to convert the project of Quang Ninh Clean Water Joint Stock Company. On April 18, 2025, the Provincial People's Committee Office issued Official

Letter No. 2530/VP.UBND-XDMT regarding the review of conditions for project adjustment and the conclusions of the audit and project inspection.

On April 22, 2025, the Company issued Official Letter No. 935/CTN-BC to the Department of Finance reporting on the proposal to convert the Quawaco mixed-use apartment building project into the headquarters of the Hong Gai Water Enterprise.

On May 7, 2025, the Department of Finance issued Official Letter No. 1938/STC-QLĐT reporting to the Provincial People's Committee for consideration and agreement on the policy to allow the project conversion according to the proposal of Quang Ninh Clean Water Joint Stock Company.

On June 6, 2025, the Company issued Document No. 1361/CTN-QLĐT to the Provincial People's Committee and requested the Provincial People's Committee to consider and provide guidance on resolving the contents reported and proposed by the Department of Finance and the Company.

On June 13, 2025, the Office of the Provincial People's Committee issued Document No. 4155/VP.UBND-TC to the Departments of Finance, Construction, Agriculture and Environment; sent to the Provincial Inspectorate and the Company, assigning the Company to study the document from the Department of Finance, based on the actual situation and authority, and legal regulations on planning, investment, and land to implement the next procedures as prescribed; assigning the departments to coordinate and guide the Company in implementation according to regulations.

On June 26, 2025, the Quang Ninh Provincial People's Committee issued Document No. 2147/UBND-TC regarding opinions on the plan for distributing after-tax profits in 2024 and organizing the 2025 annual General Meeting of Shareholders of Quang Ninh Clean Water Joint Stock Company, including *"the content of approving the owner's report on the implementation status of the Quawaco mixed-use apartment building project and the plan to convert it into an investment project to build the office headquarters of Hong Gai Water Enterprise; the Provincial People's Committee has given opinions in Document No. 4155/VP.UBND-TC dated June 13, 2025, and the representative of the state capital in the enterprise participates in opinions, voting, and deciding on the above issues at the 2025 annual General Meeting of Shareholders in accordance with regulations."*

At the 2025 Annual General Meeting of Shareholders, the Company approved the report on the implementation of the Quawaco Residential and Service Building Project and the plan to convert it into the Construction Investment Project for the Hong Gai Water Enterprise Office Headquarters.

On July 9, 2025, the Department of Construction issued document No. 4069/SXD-QLĐTXD regarding the implementation of the Quawaco Residential

and Service Building Project, providing guidance on some contents related to the construction investment of the Quawaco Residential and Service Building and the plan to convert it into the Construction Investment Project for the Hong Gai Water Enterprise Office Headquarters.

On November 29, 2025, the Company issued document No. 3241B/CTN-TT to the People's Committee of Ha Long Ward regarding the approval of the adjustment of the 1/500 scale master plan for the Hong Gai Water Enterprise Headquarters.

On March 30, 2026, the People's Committee of Ha Long Ward issued document No. 757/UBND-KTHTĐT to the People's Committee of Quang Ninh Province concerning Quang Ninh Joint Stock Company's proposal to adjust the 1/500 scale master plan for the Hong Gai Water Enterprise Headquarters.

On March 31, 2026, the Office of the Provincial People's Committee issued transfer slip No. 2769/VP.UBND-XD&MT to the Department of Construction to study and take the lead along with related units: Department of Finance, Department of Agriculture and Environment, People's Committee of Ha Long Ward, Quang Ninh Clean Water Joint Stock Company, and related units to review and advise the Provincial People's Committee to consider the content within their authority; report to the Provincial People's Committee before April 15, 2026.

Up to now, the Company is awaiting opinions from departments, sectors, and competent authorities regarding the adjusted planning of the project, while continuing to study legal regulations to propose a report to the Quang Ninh Provincial People's Committee to resolve the project's difficulties. Above is the explanation for the reason why the financial statements for three consecutive years received qualified audit opinions from the auditing organization. The Company respectfully reports to the Hanoi Stock Exchange. ✓

Sincerely!

Recipients:

- As above;
- Board of Directors,
Company Management Board (for reference);
- Archives: Office, Accounting.
Controlled by Pham Manh

**CHAIRMAN OF THE
COMPANY'S BOARD OF
DIRECTORS**

(Signed)

Vu Van Tuan

