**HTW: Explanation for the financial statements of 2019**

On 31 Mar 2020, Hatinh Water Supply Joint Stock Company explained the financial statements of 2019 as follows:

1. Explanation for profit difference of over 10%:

The reason for the difference of over 10% in profit after tax of 2019 compared to 2018:

- The output of commercial water in 2019 increased by 8.9% compared to 2018

- Adjusting the clean water selling price of Ky Anh town area, Cau Treo international border gate according to Decision 46/2019/ QD - UBND from August 27, 2019

- Term deposits in 2019 increased by VND 11,043,744,978 compared to 2019

- Interest expense decreased by VND 450,382,027 due to the reduction in the World Bank principal loan of VND 8,138,645,084 compared to 2018

2. Explanation for the difference of over 5% before and after the audit,

- Adjust the depreciation expense of fixed assets of the Center for Water Supply of Ha Tinh Economic Zone in accordance with Decision 3296/QD - UBND dated October 4, 2019 on approval of the handed over

- Handling of year-end inventory data on bad debts and damaged supplies

- Adjustment of some prepaid expenses due to the adjustment of number of allocation periods

3. Auditor’s opinion: - In our opinion, the financial statements reflect honestly and reasonably in important aspects of the financial situation of Ha Tinh Water Supply Joint Stock Company on 31 December, 2019, as well as the business results and cash flow situation in the fiscal year ended on the same day, in accordance with Vietnam's accounting standards, accounting regime and legal provisions related to preparation and presentation of financial statements

- Emphasis of matters: We remind the reader to Note 18 in the Notes to the financial statements. Accordingly, the equity value of the Water Supply Center of Ha Tinh Economic Zone handed over to the company is determined by Decision No. 3296/QD-UBND dated October 4, 2019 of Ha Tinh Provincial People's Committee: VND 148,389,512,281 but recorded in other short-term payables because the Company is in the process of completing the dossier and procedures for requesting to increase the scale and capital structure

We also remind the reader to Note 19 in the Notes to the Financial Statements: The Company's profit in 2019 after deducting accumulated losses in previous years was temporarily distributed by the Company 90% to the bonus and welfare fund waiting for approval of the General Meeting of Shareholders

Our unqualified opinion is not related to the above matters