NQN: Explanation for the difference in profit after tax of 2019 year on year and the qualified opinion of the auditor on Financial Statement 2019

On 27 Mar 2020, Quang Ninh Clean Water Joint Stock Company explained the difference in profit after tax of 2019 year on year and the qualified opinion of the auditor upon the Financial Statement 2019 as follows:

1. Profit after tax of 2019 increased by over 10% year on year

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| No | Target | 2019 | 2018 | Difference | Rate (%) |
| 1 | Net revenue | 588,778,097,744 | 542,168,807,064 | 46,609,290,680 | 8.6% |
| 2 | Cost of goods sold | 449,521,379,917 | 417,612,938,898 | 31,908,441,019 | 7.6% |
| 3 | Profit after tax | 51,852,304,933 | 47,120,338,340 | 4,731,966,593 | 10.04% |

Reason: In 2019, the economic – social condition of Quang Ninh Province has transformed positively, the economy was more stable and developed. The urban areas, tourist destinations, entertainment destinations were invested and put into operation, attracted many tourists, increased the demand on clean water in the Province. The water supply infrastructures of the Company was invested newly, improved, replaced, many main transmission routes, many distribution pipe lines were replaced newly partly increased the water supply capacity, reduced the loss, the average use of water increased so the revenue of 2019 also increased year on year by 8.6%. The Company saved the input expenses (expense for electricity, chemicals, stationery, meeting, guest rooms, etc.), ensured for the incomes of employees and benefits of shareholders. Therefore, the profit after tax of 2019 increased by over 10% year on year

1. The qualified opinion of the auditor upon the Financial Statement 2019, audited by AASC Auditing Firm Company Limited, issued on 26 Mar 2020 as follows:
* The qualified opinion of the auditor upon the Financial Statement 2019: “the Company has suspended carrying out the project of Quawaco apartments building since 27 Mar 2014 and was reviewing, completing the investment procedures. Total investment expense into this project at the Financial Statement by 31 Dec 2019: VND 61,522,861,960. We could not collect fully the necessary procedures to evaluate the loss upon this project (if any) and this issue’s affections to the attached Financial Statement of the Company. Therefore, we also could not define that is it necessary to adjust this issue or not”
* Explanation of the Company: Project of constructing the Quawaco apartments building at Nguyen Van Cu, Ha Long City, Quang Ninh in order to sell these apartments for the employees and other objects with the total estimate of VND 213,341,841,000 was suspended in construction on 27 Mar 2014, expense in process at 31 Dec 2019 was recorded at the Financial Statement: VND 61,522,861,960. We was reviewing, completing the investment procedures to continue mobilizing the capitals and carrying out this project in coming periods. Position of the Quawaco project was in central of Ha Long City, Quang Ninh Province where the real estate market is very vibrant and the real estate price is high, the project was approved for master plan of grounds 1/500, ensured for its legality, therefore, we believed that the recoverable value would not be lower than the investment into this project and we do not believe that there would be any loss toward the investment into this project