



DRAFT

REPORT

**PERFORMANCE RESULTS OF THE BOARD OF DIRECTORS IN 2024
DIRECTIONS AND TASKS FOR 2025**

In accordance with the Company's Charter and relevant legal regulations, the Board of Directors (BOD) hereby presents this report to the Annual General Meeting of Shareholders in 2025 of Bac Giang Clean Water Joint Stock Company on the governance, business operations, and other key activities in 2024, along with directions and tasks for 2025, as follows:

I. General Overview and Implementation of the 2024 Annual General Meeting Resolutions

1. Overview of the Board of Directors' Activities in 2024

Operating as a joint-stock company with 51% state-owned capital, the BOD performed its management functions over the Company's business activities. With a spirit of unity and determination to execute the resolutions of the 2024 Annual General Meeting of Shareholders, the BOD successfully directed and managed the Company to achieve all assigned targets, as outlined below:

a) General Governance Functions per the Charter.

- The BOD closely followed the resolutions of the Annual General Meeting of Shareholders and actual business conditions to guide all business and operational activities, ensuring the fulfillment of assigned targets. The BOD maintained monthly meetings with the participation of the Executive Board, the Supervisory Board, and department heads to promptly address concerns and facilitate effective decision-making

- The BOD unanimously approved key management issues, based on recommendations from the Executive Board, including:

+ Approval of the 2024 business performance report and the 2025 business plan (*developed based on specific criteria at the beginning of 2025, after the clean water price in Bac Giang City and surrounding areas was approved*).

+ Review and approve quarterly, semi-annual, and annual financial reports. The independent auditor provided evaluations and feedback based on the Executive Board's proposals.

+ Disclosure of information as per State Securities Commission regulations and Company policies.

+ Issuance of additional internal governance regulations. Each month, the Chairman of the BOD issues a meeting conclusion report, which is disseminated

to all employees to ensure proper implementation.

- + Approval of budget estimates and procurement bidding results for equipment and materials serving business operations within the scope of authority, based on proposals from the Executive Board.

- + In 2024, there was a transfer of shares from a major shareholder (accounting for 24.99% of BGW shares). Based on the shareholder's request and in accordance with the Company's Charter, the BOD carried out the procedures for dismissal and election of BOD and Supervisory Board members for the 2021-2026 term, which was submitted for approval at the Annual General Meeting of Shareholders.

- + Investment decisions in accordance with the Company's development plan, including approving infrastructure projects as outlined in the strategic plan.

b) Oversight of the Executive Board:

- + The BOD exercised its oversight role over the Executive Board and all company departments to ensure effective governance.

- + The BOD regularly directs and evaluates the implementation of business operations and other activities to ensure efficiency and alignment with the Company's actual conditions.

- + The BOD actively provided guidance and promptly resolved difficulties to facilitate the Executive Board and departments in effectively directing and organizing business operations.

c) Investment Management.

- The BOD approved investment projects in production facilities and the expansion of pipeline networks to develop customer bases in areas where the Company has potential for clean water business. These decisions were made based on analysis and voting by BOD members, following recommendations from the Executive Board to serve business operations, implement the resolutions of the Annual General Meeting of Shareholders, and address emerging practical needs.

d) Financial Management:

- Financial management has always been a key focus of the BOD, ensuring transparency and compliance with legal regulations while safeguarding the legitimate interests of shareholders. Financial management was assessed through regular oversight by the Company's Supervisory Board and evaluations from independent auditors based on mid-year review reports and the annual financial audit report.

e) Oversight of the Supervisory Board:

- + The BOD always directs and facilitates the Supervisory Board in conducting inspections of business operations, financial management, personnel affairs, employee compensation policies, and profit distribution to shareholders. These activities are carried out in accordance with the principles of

independence, transparency, and compliance with the Company Charter and relevant legal regulations.

f) Shareholder Relations:

+ The BOD maintained transparent communication with shareholders, adhering to disclosure regulations and ensuring equal access to company information.

- The disclosure policy was strictly implemented following the regulations of the State Securities Commission, ensuring compliance with the characteristics of the Company as a large-scale public enterprise.

- The BOD provided complete information on the Company's website, ensuring equal access for all shareholders

- Ensuring that all shareholder rights as stipulated by law, the Company's Charter, and the resolutions of the Annual General Meeting of Shareholders were fully and seriously implemented

- The Board of Directors always strictly adheres to the process of seeking approval from the Annual General Meeting of Shareholders regarding investment projects, clean water production and business operations in the region, profit distribution, capital preservation and development, financial management, dismissal and election of Board of Directors and Supervisory Board members for each term, as well as the distribution of dividends to shareholders and fulfillment of responsibilities towards employees. Particularly, the BOD ensures compliance with obligations towards the Provincial People's Committee, which holds a dual role as both the legal representative of the state ownership and the majority shareholder, owning 51% of the company's shares.

2. Implementation Results of the 2024 Annual General Meeting of Shareholders' Resolution.

a) General Assessment.

- Based on the 2024 plan approved by the Annual General Meeting of Shareholders and its actual implementation, the BOD evaluates that its activities over the past year have been conducted within its authority, with a practical approach and high efficiency. The BOD has successfully built a cohesive team, with each individual working with a high sense of responsibility and diligence. In its relations with the executive management and socio-political organizations, the BOD has always facilitated collaboration while maintaining its proper role and responsibilities.

- In managing the Company, the BOD, together with the Party Committee, the Board of Management, and various organizations, has fostered a unified, transparent, and open working environment in production and business activities, particularly in profit distribution. This has created trust and consensus among all employees, Party members, and shareholders, ensuring that individuals and teams work with a high sense of responsibility and caution in all assigned tasks.

b) Business Operations

- The year 2024 has been particularly challenging for business operations, as global and regional developments, including armed conflicts in various parts of the world, have directly impacted production and business activities. In response, the BOD, in collaboration with the Board of Management, has developed action plans and strategies, implementing decisive measures to achieve the goals set forth by the Annual General Meeting of Shareholders. As a result, the key performance indicators outlined in the shareholders' resolution have largely exceeded targets, ensuring the interests of employees and shareholders. These results are reflected in specific performance indicators as follows:

| No. | Indicator | Unit | 2024 Performance | % of Plan | % YoY Change |
|-----|----------------------------------|-------------------------|------------------|-----------|--------------|
| 1 | Total Revenue | Billion VND | 182.23 | 101.24 | 103.78 |
| 2 | Commercial Water Volume: | | | | |
| | + Bac Giang City | Million m ³ | 16.120 | 99.77 | 104.36 |
| | + Luc Nam Factory | Thousand m ³ | 734 | 109.88 | 118.06 |
| 3 | Profit: | | | | |
| | + Before tax. | Billion VND | 14.89 | 106.36 | 97.25 |
| | + After tax. | Billion VND | 11.48 | 102.50 | 97.99 |
| 4 | Profit Per Share. | VND | 570 | 102.70 | 104.01 |
| 5 | Expected Dividend Rate | % | 5.7 | + 2.7 | + 4.01 |
| 6 | Water Loss Ratio. | | | | |
| | - Bac Giang City | | | | |
| | + Technological Water Loss Ratio | % | 1.2 | - 0.7 | - 0.7 |
| | + Network Water Loss | % | 10.55 | + 0.35 | + 0.18 |
| | - Luc Nam Factory: | | | | |
| 7 | + Technological Water Loss Ratio | % | 3.94 | + 0.94 | + 1.27 |
| | + Network Water Loss | % | 11.73 | - 0.27 | + 0.43 |
| | Customer Growth: | | | | |
| 7 | + Bac Giang City | customer | 2,498 | 124.90 | 97.77 |
| | + Luc Nam Factory | customer | 1,643 | 205.38 | 555.07 |

c) Evaluation of the Board of Management's Performance

- In 2024, despite certain challenges in production and business operations, the Board of Management has strictly implemented the directives of the Board of Directors, proactively developed a flexible and practical business plan, and successfully achieved specific results in several key areas:

+ Ensuring a balanced approach that harmonizes the interests of the State, the enterprise, customers, and shareholders while effectively fulfilling the three main tasks: clean water production, clean water distribution, and investment management.

+ Key business indicators have surpassed the targets set by the General Meeting of Shareholders, while the company's capital has been preserved and expanded.

+ Employee income and working conditions have been enhanced and continuously improved.

+ As the company's core business, clean water production has been maintained with a strong focus on three key criteria—safety, quality, and customer service. Service innovations have strengthened customer trust. The purchase of clean water from DNP-BG has been coordinated effectively, ensuring mutual benefits and strict compliance with contractual agreements.

+ The company has fully and promptly fulfilled all obligations to the State, employees, and shareholders. Throughout the year, there have been no legal violations requiring review under corporate or legal regulations.

+ Several important goals have been achieved as planned, including completing legal procedures for the investment project to construct the company's office headquarters and adjusting the selling price of clean water, among others.

d) Evaluation of the Supervisory Board's Performance

- The Supervisory Board has fundamentally fulfilled its functions and duties in accordance with the Company's Charter and relevant legal regulations. It has worked closely with the Board of Directors and the Board of Management in carrying out the company's overall objectives.

- Acting as a bridge between the Board of Directors, the Board of Management, and shareholders, the Supervisory Board has contributed to balancing and harmonizing interests and rights. It has effectively maintained its independence and objectivity in performing its responsibilities.

3. Existing Limitations and Areas for Improvement

- Alongside the significant achievements in company management and execution of the 2024 Annual General Meeting of Shareholders' Resolution, which have contributed to the stability and growth of the enterprise as well as the interests of shareholders and employees, there remain certain limitations and shortcomings that need to be addressed to enhance future performance:

+ The company has not fully leveraged its available resources, including financial capacity, human capital, business advantages, corporate branding, customer trust, and the support of the Provincial Party Committee, the People's Committee, and other authorities. As a result, business efficiency remains limited, and dividend payouts to shareholders have yet to reach optimal levels.

+ The leadership has not been sufficiently assertive or specific in directing the Board of Management, departments, and unions, leading to suboptimal effectiveness in business operations.

+ There has been hesitancy in implementing technological advancements in management and operations, as well as in adopting new water supply technologies.

+ The oversight of the Board of Management, the Supervisory Board, and various departments has, at times, been untimely and insufficiently thorough, causing delays in implementing directives from the Board of Directors and the Chairman.

+ The Board of Management and the Supervisory Board have occasionally demonstrated passivity and limited responsibility in executing the directives of the Board of Directors and fulfilling the resolutions set forth by the Annual General Meeting of Shareholders.

II. Board of Directors' Directions and Objectives for 2025.

The Board of Directors has set forth the following key objectives and action plans for 2025:

1. Successfully organize the 2025 Annual General Meeting of Shareholders and ensure safe and efficient business operations.

2. Direct the effective implementation of the 2025 General Meeting of Shareholders' Resolution, closely monitor and supervise the execution of resolutions by the Board of Management, Supervisory Board, and all company departments to ensure consistency and alignment. Strive to achieve and exceed the business targets set by the General Meeting.

3. Enhance the quality of water supply services to strengthen customer trust and maintain a competitive edge in the market. Focus on expanding the water supply network in Tan Yen, Luc Nam, and Viet Yen while ensuring the completion and settlement of investment projects that have been put into operation.

4. Continue reviewing and refining corporate governance policies and internal management regulations, ensuring alignment with state laws and the company's operational characteristics.

5. Strengthen monitoring and supervision to support the Board of Management, the Supervisory Board, and all departments in effectively executing the resolutions of the General Meeting of Shareholders. Pay close attention to investment efficiency, business operations, and the optimal use of capital and other resources.

6. Enhance shareholder relations, especially with major shareholders, ensuring timely, transparent, and comprehensive information disclosure in accordance with legal regulations and the Company Charter.

7. Fully comply with legal regulations applicable to public companies and other relevant laws in business operations and related activities, ensuring a balanced and fair distribution of benefits among all stakeholders.

8. Proactively invest in the application of science and technology, as well as advanced and modern management methods, in the administration of business operations. Special emphasis will be placed on investments in production areas to ensure the quality of clean water products, consistently meeting the standards of "Clean water for drinking and domestic use." Additionally, there will be a strong focus on enhancing customer service quality to meet the increasingly high expectations of customers

9. Collaborate with local authorities and communities to protect and improve the water quality of the Thuong and Luc Nam Rivers, ensuring sustainable water sources for production.

10. Maintain close cooperation with DNP - Bac Giang Company in implementing the "Wholesale Clean Water Purchase" Contract based on the principles of Trust - Cooperation - Mutual Development. Promptly address any arising issues to prevent disputes and conflicts of interest.

11. Finalize investment plans for the Company's new office headquarters, with the goal of commencing construction in Q4 2025. Additionally, complete the settlement of the Water Plant No. II project funded by ADB loans and close out contracts with contractors per regulatory requirements.

This report outlines the operational performance of 2024 and the strategic directions for 2025. The Board of Directors sincerely welcomes contributions from shareholders to further improve corporate governance and management efficiency.

We express our deep appreciation to all shareholders for attending the 2025 Annual General Meeting of Shareholders. The Board is fully committed to carrying out its responsibilities with the highest level of integrity, objectivity, and diligence, ensuring maximum benefits for the company and meeting the expectations and trust of all shareholders.

Respectfully,

Recipients:

- BOD, Executive Board, Supervisory Board;
- Shareholders;
- Information Disclosure Records;
- Archives: Administration Office, General Meeting Records.

**ON BEHALF OF THE BOD
CHAIRMAN**

Huong Xuan Cong