**NQN: Explanation on the reason and remedial measures for shares being put under warning**

On April 05, 2024, Quang Ninh Clean Water Joint Stock Company announced Official Dispatch No. 639/CTN-KTT on explanation on the reason and remedial measures for shares being put under warning due to the auditor's qualified opinions for 3 consecutive years as follows:

Reason:

The Quawaco Apartment Building project was approved by the People's Committee of Quang Ninh Province, allowing Quang Ninh Water Supply and Construction Company (now Quang Ninh Clean Water Joint Stock Company) to make a plan to build an apartment building on a land area of 1,959.0 m2 through Document No. 245/UBND-QLDD dated January 12, 2007. On November 17, 2010, the People's Committee of Quang Ninh Province issued Investment Certificate No. 22.121.000.161 for the project, in which: Total investment value: VND 252,224 million for the purpose of building apartments to sell to employees and other subjects. Implementation progress: Construction started in Q4/2010; the project was completed and put into operation in Q4/2013. The project has been approved by the People's Committee of Quang Ninh Province with a 1/500 master plan, ensuring legality. On January 21, 2016, Ha Long City People's Committee issued Decision No. 233/QD-UBND on approving the adjustment of the total floor plan at a scale of 1/500, adjusting the number of floors of the building from 16 aboveground floors and 02 underground floors to 11 aboveground floors and 01 underground floor.

Due to the quiet real estate market situation, the project cannot attract capital from parties wishing to buy a house. Therefore, the Company does not have enough 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 in enterprises and management and use of capital and assets at Enterprises, in which, at 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 and invested in the fields specified in Point b of this Clause and are not approved by the Prime Minister, they must implement a restructuring plan and transfer all invested capital according to regulations”. .

The project has not been invested in since December 2013, the value of unfinished costs as of December 31, 2022 recorded on the Financial Statements is VND 61,522,861,960.

Remedial measures:

On December 13, 2022, the Company issued Document No. 2178/CTN-QLDT requesting the People's Committee of Quang Ninh Province (Owner) to agree to propose policies for the Company to terminate investment activities and return the land for project implementation, the Provincial People's Committee has issued Transfer Document No. 6561/VP.UBND-PC dated December 16, 2022 on assigning the Department of Planning and Investment to guide the Company to implement in accordance with the provisions of law.

On January 6, 2023, the Company received Document No. 18/KHDT-TTr dated January 4, 2023 from the Department of Planning and Investment on providing comments on the proposal of Quang Ninh Clean Water Joint Stock Company, in which: “Agree with the Company in Document No. 2178/CTN-QLDT dated December 13, 2022 on the sequence of steps to carry out procedures for self-termination of investment activities according to the provisions of 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 No. 03/2021/TT-BKHDT dated April 9, 2021 of the Ministry of Planning and Investment".

Based on the opinions of the Department of Planning and Investment, on January 9, 2023, the Company continued to send Document 41/CTN-QLDT to the People's Committee of Quang Ninh Province on the proposal to terminate project investment activities and return the land to implement the Quawaco Apartment & Services Building project.

On February 24, 2023, the Department of Planning and Investment issued Document 570/KHDT-TTr reporting to the Provincial People's Committee on terminating project investment activities. Based on the comments of the Department of Planning and Investment, the Provincial People's Committee issued Document No. 1335/VP.UBND dated March 9, 2023 on terminating investment activities in apartment building projects, including the opinion “Quang Ninh Clean Water Joint Stock Company shall study the opinions of the Department of Planning and Investment to implement the contents related to the termination of investment activities of the Quawaco Apartment & Services Building project ensuring the provisions of the Law; In case there are still problems or unclear content, the Company proactively works directly with the Department of Planning and Investment to receive guidance on implementation according to regulations”.

On April 19, 2023, the Company worked directly with the Department of Planning and Investment for guidance. The conclusion of the meeting stated: “Based on the provisions of the law mentioned above and the Charter of organization and operation, Quang Ninh Clean Water Joint Stock Company is requested to consider collecting opinions from the Owner's representative agency before organizing the General Meeting of Shareholders and voting at the General Meeting of Shareholders on issuing a Decision to terminate project investment activities.

On June 16, 2023, the People's Committee of Quang Ninh Province issued Document No. 1523/UBND-KTTC on organizing the Annual General Meeting of Shareholders 2023 of Quang Ninh Clean Water Joint Stock Company, in which “agrees with the proposal of the Department of Planning and Investment on the Representative of State capital at Quang Ninh Clean Water Joint Stock Company participating and voting at the Annual General Meeting of Shareholders 2023. Request the Representative of the State capital at Quang Ninh Clean Water Joint Stock Company to:... soon completely resolve the problems at the Quawaco Apartment Building Project according to the conclusions of the inspection and examination agencies. ”

On June 20, 2023, the Company's Board of Directors for the 2019-2023 term (Session No. 36) met and approved Resolution No. 773-NQ/NK2-HDQT on approving the report on implementation and propose solutions to solve the problems of the Quawaco Apartment & Services Building project, and at the same time agreed to assign Mr. Hoang Ngoc Ha - General Manager of the Company to direct the Investment Management Department to preside over and coordinate with the Departments of: Planning, Engineering, Financial Accounting, Environmental Water Quality and the Supervisory Board to continue reviewing and completing the content of the report on implementation status and solutions to resolve problems of the Quawaco Apartment & Services Building project that has been approved by the Departments and Provincial People's Committee, allowing voting at the Annual General Meeting of Shareholders of Quang Ninh Clean Water Joint Stock Company in 2023. After the Annual General Meeting of Shareholders voted in favor, the Company made a proposal to ask for the Owner's opinion regarding the Company's self-termination of investment activities of the Quawaco Apartment & Services Building project, completed before July 30, 2023. If approved by the Provincial People's Committee, the Company will take the next steps.

On June 24, 2023, the Annual General Meeting of Shareholders 2023 of Quang Ninh Clean Water Joint Stock Company voted to approve the report on the implementation and resolution of the problems of the Quawaco Apartment & Services Building project.

On March 18, 2024, Quang Ninh Clean Water Joint Stock Company issued Document No. 511/CTN-TK on issuing additional dossier for the Quawaco Apartment & Services Building project, Document No. 2182/CTN-QLDT dated December 8, 2023 and Document No. 430/CTN-QLDT on proposing the policy of self-terminating project investment activities.

On March 29, 2024, the People's Committee of Quang Ninh Province issued Document No. 1757/VP.UBND on the handling plan for the Quawaco Apartment & Services Building project. The Company is compiling a report to the People's Committee of Quang Ninh Province according to Document No. 1757/VP.UBND and continues to request the People's Committee to: (1) Approve the policy for the Company to terminate its investment activities in the Project and implement the steps according to the Company's Report No. 2178/CTN-QLDT dated December 13, 2022 and Document No. 18/KHDT-TTr dated January 4, 2023 of the Department of Planning and Investment of Quang Ninh Province; (2) Direct the Department of Finance of Quang Ninh Province to guide the Company to handle unfinished costs and assets on land of the project in accordance with the provisions of law, ensuring no loss of state assets and capital at the Company; (3) Direct the Department of Natural Resources and Environment to guide the Company in implementing procedures regarding land and assets on land according to current legal regulations.