

Separate Financial Statements

HAI PHONG WATER JOINT STOCK COMPANY

For the fiscal year ended 31 December 2024
(Audited)



Hai Phong Water Joint Stock Company

54 Dinh Tien Hoang street, Hoang Van Thu ward, Hong Bang district, Hai Phong city

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Hai Phong Water Joint Stock Company

54 Dinh Tien Hoang street, Hoang Van Thu ward, Hong Bang district, Hai Phong city

REPORT OF THE CHAIRMAN

The Chairman of Hai Phong Water Joint Stock Company ("the Company") presents its report and the Company's separate financial statements for the year ended 31 December 2024.

THE COMPANY

Hai Phong Water Joint Stock Company is an enterprise equitized from Hai Phong Water One Member Co., Ltd., according to Decision No. 732/QĐ-UBND dated April 9, 2015 of Hai Phong City People's Committee. The Company operates under the Business Registration Certificate No. 0200171274 issued for the first time on January 3, 2007 and amended for the 10th time on April 13, 2023 by the Department of Planning and Investment of Hai Phong City.

The Company's head office is located at 54 Dinh Tien Hoang, Hoang Van Thu Ward, Hong Bang District, Hai Phong City.

Business activities according to business registration, head office and affiliated units included in the Company's Separate Financial Statements are presented in the Notes to the Separate Financial Statements attached to this report.

THE BOARD OF DIRECTORS, MANAGEMENT BOARD AND SUPERVISORY BOARD

Members of the Board of Directors who held office during the year and to the date of this report are:

| | |
|---------------------|------------------------------------|
| Mr. Tran Viet Cuong | Chairman of the Board of Directors |
| Mr. Tran Van Duong | Vice chairman |
| Mr. Cao Van Quy | Member |
| Mr. Trinh Anh Tuan | Member |
| Mr. Dang Huu Dung | Member |

Members of the Management Board during the period and at the date of this report include:

| | |
|----------------------|-------------------------|
| Mr. Tran Van Duong | General Director |
| Mr. Cao Van Quy | Deputy General Director |
| Mr. Trinh Anh Tuan | Deputy General Director |
| Mr. Nguyen Danh Quan | Deputy General Director |

Members of the Supervisory Board include:

| | |
|-----------------------|-------------------------------|
| Ms. Le Thi Huong | Head of the Supervisory Board |
| Mr. Nguyen Minh Hoang | Member |
| Ms. Do Thi Thanh Diep | Member |

LEGAL REPRESENTATIVE

The legal representative of the Company during the year and up to the date of this Financial Statement is Mr. Tran Viet Cuong - Chairman of the Board of Directors

AUDITORS

AASC Limited has taken the audit of the separate financial statements for the Company.

STATEMENT OF THE CHAIRMAN'S RESPONSIBILITY IN RESPECT OF THE SEPARATE FINANCIAL STATEMENTS

The Chairman is responsible for the Separate Financial Statements of each fiscal year which give a true and fair view of the financial position of the Company and the results of its operation and its cash flows for the year then ended. In preparing those separate financial statements, the Chairman is required to:

- Establish and maintain an internal control system which is determined necessary by the

Hai Phong Water Joint Stock Company

54 Dinh Tien Hoang street, Hoang Van Thu ward, Hong Bang district, Hai Phong city

Chairman and those charged with governance to ensure the preparation and presentation of separate financial statements do not contain any material misstatement caused by errors or frauds;

- Select suitable accounting policies and then apply them consistently;
- Make judgments and estimates that are reasonable and prudent;
- State whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the separate financial statements;
- Prepare and present the separate financial statements on the basis of compliance with Vietnamese Accounting Standards, Vietnamese Corporate Accounting System and the statutory requirements relevant to preparation and presentation of separate financial statements;
- Prepare the separate financial statements on going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Chairman is responsible for ensuring that proper accounting records are kept which disclosed, with reasonable accuracy at any time, the separate financial position of Company and to ensure that the accounting records comply with the registered accounting system. It is responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Chairman confirms that the accompanying separate financial statements of the Company for the year ended 31 December 2024 prepared by us, give a true and fair view of the financial position, results of its operations and its cash flows for the year then ended in accordance with Vietnamese Accounting Standards, Vietnamese Corporate Accounting System and the statutory requirements relevant to the preparation and presentation of Separate Financial Statements.

OTHER COMMITMENTS

The Chairman commits that the Company complies with Decree 155/2020/ND-CP dated 31 December 2020 detailing the implementation of a number of articles of the Securities Law and that the Company does not violate the obligation to disclose information as prescribed in Circular No. 96/2020/TT-BTC dated 16 November 2020 of the Ministry of Finance guiding the disclosure of information on the stock market and Circular No. 68/2024/TT-BTC dated 18 September 2024 of the Ministry of Finance on amending and supplementing a number of articles of Circular No. 96/2020/TT-BTC.

On behalf of the Board of Directors and the Management Board



Tran Viet Cuong
Chairman

Hai Phong, 18 March 2025



No.: 180325.017/BCTC.FIS1

INDEPENDENT AUDITORS' REPORT

To: The Board of Directors and Management
Hai Phong Water Joint Stock Company

We have audited the accompanying separate financial statements of Hai Phong Water Joint Stock Company prepared on 18 March 2025, which comprise Separate Statement of financial position as at 31 December 2024, Separate Statement of income, Separate Statement of cash flows and Notes to the separate financial statements for the year then ended, as set out on pages 05 to 32.

The Chairman's Responsibility

The Chairman is responsible for the preparation and fair presentation of these separate financial statements that give a true and fair view in accordance with Vietnamese Accounting Standards and System and comply with relevant statutory requirements and for such internal control as management determines necessary to enable the preparation and fair presentation of these financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these separate financial statements based on our audit. We conducted our audit in accordance with Vietnamese Standards on Auditing. Those standards require that we comply with standards, ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the separate financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the separate financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the separate financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of separate financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the separate financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Auditor's opinion

In our opinion, the separate financial statements give a true and fair view, in all material respects, of the financial position of Hai Phong Water Joint Stock Company as at 31 December 2024, and of the results of its operations and its cash flows for the year then ended in accordance with the Vietnamese Accounting Standards and System and comply with statutory requirements related to preparation and presentation of the separate financial statements.



Do Manh Cuong
Deputy General Director
Registered Auditor No.
0744-2023-002-1

Hanoi, 18 March 2025

T: (84) 24 3824 1990 | F: (84) 24 3825 3973 | 1 Le Phung Hieu, Hanoi, Vietnam

Dinh Quang Trung
Auditor
Registered Auditor No.
3681-2022-002-1

SEPARATE STATEMENT OF FINANCIAL POSITION

As at 31 December 2024

| Code | ASSETS | Note | 31/12/2024 | 01/01/2024 |
|------------|---|------|--------------------------|--------------------------|
| | | | VND | VND |
| 100 | A. CURRENT ASSETS | | 597,265,362,259 | 505,668,936,522 |
| 110 | I. Cash and cash equivalents | | 7,825,224,346 | 6,637,452,083 |
| 111 | 1. Cash | 3 | 7,825,224,346 | 6,637,452,083 |
| 120 | II. Short-term investment | | 487,800,000,000 | 390,800,000,000 |
| 123 | 1. Short-term held to maturity | 4 | 487,800,000,000 | 390,800,000,000 |
| 130 | III. Short-term receivables | | 25,100,819,945 | 19,071,983,852 |
| 131 | 1. Short-term trade receivables | 5 | 9,537,424,620 | 9,687,061,356 |
| 132 | 2. Short-term advances to suppliers | | 6,683,562,056 | 3,349,135,686 |
| 136 | 3. Other short-term receivables | 6 | 9,589,470,674 | 7,014,654,243 |
| 137 | 4. Provisions for short-term bad debts | 5 | (709,637,405) | (978,867,433) |
| 140 | IV. Inventories | | 57,285,967,708 | 54,431,968,338 |
| 141 | 1. Inventories | 7 | 57,285,967,708 | 54,431,968,338 |
| 150 | V. Other current assets | | 19,253,350,260 | 34,727,532,249 |
| 151 | 1. Short-term prepaid expenses | 8 | 359,480,500 | 339,707,600 |
| 152 | 2. VAT deductibles | | 18,709,009,970 | 34,202,964,859 |
| 153 | 3. Tax and other receivables from the State | 13 | 184,859,790 | 184,859,790 |
| 200 | B. NON-CURRENT ASSETS | | 1,361,974,513,996 | 1,478,400,562,783 |
| 220 | I. Fixed assets | | 1,289,663,768,926 | 1,418,439,835,032 |
| 221 | 1. Tangible fixed assets | 9 | 1,288,128,866,170 | 1,417,935,906,409 |
| 222 | - Cost | | 3,557,258,593,751 | 3,489,181,510,829 |
| 223 | - Accumulated depreciation | | (2,269,129,727,581) | (2,071,245,604,420) |
| 227 | 2. Intangible fixed assets | 10 | 1,534,902,756 | 503,928,623 |
| 228 | - Cost | | 12,729,936,573 | 11,300,614,773 |
| 229 | - Accumulated amortisation | | (11,195,033,817) | (10,796,686,150) |
| 240 | II. Long-term assets in progress | | 45,348,064,517 | 34,051,434,179 |
| 242 | 1. Construction in-progress | 11 | 45,348,064,517 | 34,051,434,179 |
| 250 | III. Long-term investments | | 22,638,000,000 | 22,638,000,000 |
| 251 | 1. Investments in subsidiaries | 4 | 21,938,000,000 | 21,938,000,000 |
| 255 | 2. Long-term held to maturity | | 700,000,000 | 700,000,000 |
| 260 | IV. Other non-current assets | | 4,324,680,553 | 3,271,293,572 |
| 261 | 1. Long-term prepaid expenses | 8 | 4,324,680,553 | 3,271,293,572 |
| 270 | TOTAL ASSETS | | 1,959,239,876,255 | 1,984,069,499,305 |

SEPARATE STATEMENT OF FINANCIAL POSITION

As at 31 December 2024

(continued)

| Code | RESOURCES | Note | 31/12/2024 | 01/01/2024 |
|------------|---|-----------|--------------------------|--------------------------|
| | | | VND | VND |
| 300 | C. LIABILITIES | | 967,289,686,765 | 1,003,945,076,808 |
| 310 | I. Current liabilities | | 179,453,600,090 | 173,295,485,255 |
| 311 | 1. Short-term trade payables | 12 | 12,145,137,712 | 8,735,209,850 |
| 312 | 2. Short-term advances from customers | | 1,350,767,444 | 1,659,603,129 |
| 313 | 3. Tax payables and statutory obligations | 13 | 9,137,271,146 | 7,650,763,331 |
| 314 | 4. Payables to employees | | 49,406,244,524 | 42,842,507,927 |
| 315 | 5. Short-term accrued expenses | 14 | 4,205,921,245 | 4,890,673,640 |
| 319 | 6. Other short-term payables | 16 | 11,208,920,437 | 16,900,748,219 |
| 320 | 7. Short-term loans and liabilities | 15 | 78,414,701,220 | 73,333,444,292 |
| 322 | 8. Bonus and welfare funds | 17 | 13,584,636,362 | 17,282,534,867 |
| 330 | II. Long-term liabilities | | 787,836,086,675 | 830,649,591,553 |
| 338 | 1. Long-term loans and liabilities | 15 | 787,836,086,675 | 830,649,591,553 |
| 400 | D. EQUITY | | 991,950,189,490 | 980,124,422,497 |
| 410 | I. Owners' equity | 18 | 991,950,189,490 | 980,124,422,497 |
| 411 | 1. Contributed charter capital | | 742,069,400,000 | 742,069,400,000 |
| 411a | - Ordinary shares with voting right | | 742,069,400,000 | 742,069,400,000 |
| 418 | 2. Investment and development fund | | 153,161,317,242 | 148,693,227,492 |
| 421 | 3. Retained earnings | | 96,719,472,248 | 89,361,795,005 |
| 421b | - Undistributed profit of this year | | 96,719,472,248 | 89,361,795,005 |
| 440 | TOTAL RESOURCES | | 1,959,239,876,255 | 1,984,069,499,305 |



Tran Viet Cuong
Chairman

Nguyen Dang Ninh
Chief Accountant

La Thi Thu Huyen
Preparer

Hai Phong, 18 March 2025

SEPARATE STATEMENT OF INCOME
Year 2024

| Code | ITEMS | Note | Year 2024 VND | Year 2023 VND |
|------|--|------|-----------------------|-----------------------|
| 01 | 1. Gross revenue from goods sold and services rendered | 20 | 1,166,568,582,156 | 1,029,240,378,374 |
| 02 | 2. Less deductions | | - | - |
| 10 | 3. Net revenue from goods sold and services rendered | | 1,166,568,582,156 | 1,029,240,378,374 |
| 11 | 4. Cost of goods sold and services rendered | 21 | 745,856,535,993 | 636,927,820,878 |
| 20 | 5. Gross profit from goods sold and services rendered | | 420,712,046,163 | 392,312,557,496 |
| 21 | 6. Financial income | 22 | 31,090,254,857 | 33,068,669,780 |
| 22 | 7. Financial expenses | 23 | 96,596,429,791 | 87,225,970,272 |
| 23 | <i>In which: Interest expense</i> | | 57,466,701,350 | 60,775,543,195 |
| 25 | 8. Selling expenses | 24 | 140,072,503,703 | 138,444,214,735 |
| 26 | 9. General administrative expenses | 25 | 97,730,402,539 | 90,681,542,122 |
| 30 | 10. Operating profit | | 117,402,964,987 | 109,029,500,147 |
| 31 | 11. Other income | 26 | 15,954,521,043 | 12,035,914,037 |
| 32 | 12. Other expenses | 27 | 14,871,496,913 | 11,603,984,832 |
| 40 | 13. Other profit | | 1,083,024,130 | 431,929,205 |
| 50 | 14. Accounting profit before tax | | 118,485,989,117 | 109,461,429,352 |
| 51 | 15. Current corporate income tax expense | 28 | 21,766,516,869 | 20,099,634,347 |
| 60 | 17. Net profit after tax | | <u>96,719,472,248</u> | <u>89,361,795,005</u> |



Tran Viet Cuong
Chairman

Nguyen Dang Ninh
Chief Accountant

La Thi Thu Huyen
Preparer

Hai Phong, 18 March 2025

SEPARATE STATEMENT OF CASH FLOWS

Year 2024
(Indirect method)

| Code | ITEMS | Note | Year 2024 | Year 2023 |
|---|--|------|--------------------------|--------------------------|
| | | | VND | VND |
| I. CASH FLOWS FROM OPERATING ACTIVITIES | | | | |
| 01 | 1. Profit before tax | | 118,485,989,117 | 109,461,429,352 |
| | 2. Adjustments for: | | | |
| 02 | Depreciation and amortization | | 206,720,654,500 | 232,591,436,072 |
| 03 | Provisions | | (269,230,028) | (179,917,627) |
| 04 | Losses on exchange differences at the year-end | | 39,129,728,441 | 25,564,385,302 |
| 05 | (Gains) from investment activities | | (31,178,202,039) | (33,736,712,706) |
| 06 | Interest expense | | 57,466,701,350 | 60,775,543,195 |
| 08 | 3. Profit from operating activities before changes in working capital | | 390,355,641,341 | 394,476,163,588 |
| 09 | Decrease in receivables | | 8,494,137,511 | 23,359,869,006 |
| 10 | (Increase) in inventories | | (2,853,999,370) | (6,273,753,424) |
| 11 | Increase/(Decrease) in payables (excluding interest payables/CIT payables) | | 9,041,729,459 | (7,180,548,858) |
| 12 | (Increase)/Decrease in prepaid expenses | | (1,073,159,881) | 10,517,629,729 |
| 14 | Interest paid | | (58,151,453,745) | (58,912,187,763) |
| 15 | Corporate income tax paid | | (20,386,799,114) | (10,129,284,558) |
| 17 | Other payments on operating activities | | (24,489,233,653) | (19,748,983,536) |
| 20 | Net cash inflow from operating activities | | 300,936,862,548 | 326,108,904,184 |
| II. CASH FLOWS FROM INVESTING ACTIVITIES | | | | |
| 21 | 1. Purchase of fixed assets and other long-term assets | | (91,895,201,876) | (91,797,624,884) |
| 22 | 2. Proceeds from disposals of fixed assets and long-term assets | | 275,428,485 | 668,042,926 |
| 23 | 3. Loans granted, purchases of debt instruments of other entities | | (97,000,000,000) | (112,800,000,000) |
| 27 | 7. Interest, dividends and profit received | | 28,808,558,497 | 32,739,732,793 |
| 30 | Net cash outflow from investing activities | | (159,811,214,894) | (171,189,849,165) |

SEPARATE STATEMENT OF CASH FLOWS

Year 2024
 (Indirect method)
 (continued)

| Code | ITEMS | Note | Year 2024 VND | Year 2023 VND |
|--|---|------|--------------------------|--------------------------|
| III. CASH FLOWS FROM FINANCING ACTIVITIES | | | | |
| 34 | 4. Repayment of borrowings | | (76,862,201,714) | (121,846,955,608) |
| 36 | 6. Dividends paid | | (63,075,899,000) | (63,075,899,000) |
| 40 | Net cash outflow from financing activities | | (139,938,100,714) | (184,922,854,608) |
| 50 | Net cash flows in the year | | 1,187,546,940 | (30,003,799,589) |
| 60 | Cash and cash equivalents at beginning of the year | | 6,637,452,083 | 36,641,014,141 |
| 61 | Impact of exchange differences | | 225,323 | 237,531 |
| 70 | Cash and equivalents at the year-end | | 7,825,224,346 | 6,637,452,083 |



Tran Viet Cuong
 Chairman

Nguyen Dang Ninh
 Chief Accountant

La Thi Thu Huyen
 Preparer

Hai Phong, 18 March 2025

NOTES TO THE SEPARATE FINANCIAL STATEMENTS
Year 2024

1. GENERAL INFORMATION

Form of ownership

Hai Phong Water Joint Stock Company was equitized from the State-owned Enterprise - Hai Phong Water One Member Limited Liability Company, according to Decision No. 732/QD-UBND dated 09 April 2015 of Hai Phong City People's Committee. The company operates under Business Registration Certificate No. 0200171274 dated 03 January 2007 and amended for the 10th time on 13 April 2023 issued by the Department of Planning and Investment of Hai Phong City.

In addition to the Company's headquarters at 54 Dinh Tien Hoang, Hong Bang, Hai Phong, the Company has the following affiliated units:

| <u>Unit</u> | <u>Address</u> |
|--------------------------------------|--|
| An Duong Water Production Enterprise | No. 249 Ton Duc Thang Street, Lam Son Ward, Le Chan District, Hai Phong City |
| Central Water Supply Branch | No. 54 Dinh Tien Hoang, Hoang Van Thu Ward, Hong Bang District, Hai Phong City |
| Hai Phong Water Supply Branch 3 | Do Nha, Tan Tien Ward, An Duong District, Hai Phong City |
| Hai Phong Water Supply Branch 4 | Nguyet Ang Village, Thai Son Commune, An Lao District, Hai Phong City |
| Hai Phong Water Supply Branch 5 | Southeast Street, Cuu Vien Urban Area, Quan Tru Ward, Kien An District, Hai Phong City |
| Hai Phong Water Supply Branch 7 | Zone 2 Lung Dong, Dang Hai Ward, Hai An District, Hai Phong City |
| Hai Phong Water Supply Branch 8 | Residential Group 4, Street 361, Hung Dao Ward, Duong Kinh District, Hai Phong City |
| Pure Water Branch | No. 249 Ton Duc Thang Street, Lam Son Ward, Le Chan District, Hai Phong City |
| Network management enterprise | No. 54 Dinh Tien Hoang, Hoang Van Thu Ward, Hong Bang District, Hai Phong City |
| Watch and Construction Enterprise | No. 249B Ton Duc Thang Street, Lam Son Ward, Le Chan District, Hai Phong City |
| Vinh Bao Water Supply Branch | Bac Hai Area, Vinh Bao Town, Vinh Bao District, Hai Phong City |
| Cat Ba Water Supply Branch | No. 99, 1/4 Street, Cat Ba Town, Cat Hai District, Hai Phong City |
| Project Management Unit | No. 54 Dinh Tien Hoang, Hoang Van Thu Ward, Hong Bang District, Hai Phong |

The company has a subsidiary, Hai Phong Number Two Water Business JSC (Note 04).

The total number of employees of the company as of 31 December 2024 is 972 people (As of 01 January 2024 is 978 people).

Business field

The main business activities of the Company are to exploit, produce, supply and trade clean water for consumption, production, business and other needs; trade other products and services in the water industry in Hai Phong.

Business sector

The Company's main business activities are:

- ▶ Water exploitation, treatment and supply;
- ▶ Installation of water supply, drainage, heating and air conditioning systems;
- ▶ Production of non-alcoholic beverages, mineral water.

The Company's operation in the year that affects the Separate Financial Statements:

During the year, the Company adjusted the selling price of clean water in accordance with Decision No. 05/2024/QĐ-UBND dated 19 February 2024, issued by the People's Committee of Hai Phong City, which took effect from 01 March 2024. This, together with the increase in customer consumption volume, resulted in a revenue growth compared to the previous year (Note 20).

At the same time, due to the significant increase in the USD/VND exchange rate, the exchange rate differences cost in 2024 increased sharply compared to 2023 (Note 23).

2. ACCOUNTING SYSTEM AND ACCOUNTING POLICY

2.1 Accounting period and monetary currency unit

The accounting period commences annually from the 1st January and ends as at the 31st December. The Company maintains its accounting records in Vietnam Dong (VND).

2.2 Accounting Standards and Accounting system

Accounting System

The Company applies Enterprise Accounting System issued under Circular No. 200/2014/TT-BTC dated 22 December 2014 by the Ministry of Finance and Circular No. 53/2016/TT-BTC dated 21 March 2016 amending and supplementing some articles of Circular No. 200/2014/TT-BTC.

Statement of compliance with Vietnamese standards and accounting system

The Company applies Vietnamese Accounting Standards and supplementary documents issued by the State. Separate Financial Statements are prepared and presented in accordance with regulations of each standard and supplementary document as well as with current Accounting Standards and Accounting System.

2.3 Basis for preparation of Separate Financial Statements

Separate Financial Statements are presented based on historical cost principle.

Separate Financial Statements of the Company are prepared based on summarization of the Financial Statements of the Company's Office with the Separate Financial Statements of Project Management Unit - a dependent accounting unit.

In the Separate Financial Statements of the Company, the intra-group balances and transactions related to assets, equity, receivables and payables are eliminated in full.

Users of these separate financial statements should read them in conjunction with the consolidated financial statements of the Company and its subsidiary for the financial year ended 31 December 2024, in order to obtain a full understanding of the financial position, operating results, and cash flows of the Company as a whole.

2.4 Accounting estimates

The preparation of Separate Financial Statements in conformity with Vietnamese Accounting Standards, Vietnamese Corporate Accounting System and legal regulations relating to financial reporting requires the Chairman to make estimates and assumptions that affect the reported amounts of liabilities, assets and disclosures of contingent liabilities and assets at the date of the separate financial statements and the reported amounts of revenues and expenses during the fiscal year.

The estimates and assumptions that have a material impact in the Separate Financial Statements include:

- Provision for bad debts
- Estimated useful life of prepaid expenses
- Estimated useful life of fixed assets
- Estimated income tax

Such estimates and assumptions are continually evaluated. They are based on historical experience and other factors, including expectations of future events that may have a financial impact on the Company and that are assessed by the Chairman to be reasonable under the circumstances.

2.5 Financial instruments

Initial recognition

Financial assets

Financial assets of the Company include cash, cash equivalents, trade receivables, other receivables, lending loans. At initial recognition, financial assets are identified by purchasing price/issuing cost plus other expenses directly related to the purchase and issuance of those assets.

Financial liabilities

Financial liabilities of the Company include borrowings, trade payables, other payables and accrued expenses. At initial recognition, financial liabilities are determined by issuing price plus other expenses directly related to the issuance of those liabilities.

Subsequent measurement after initial recognition

Financial assets and financial liabilities have not been measured at fair value as at the end of the financial year because Circular No. 210/2009/TT-BTC and current regulations require the presentation of financial statements and disclosures relating to financial instruments, but do not provide equivalent guidance on the fair value measurement and recognition of financial assets and financial liabilities.

2.6 Foreign currency transactions

Transactions in currencies other than the accounting currency of the Company during the fiscal year are recorded at actual rate of exchange ruling at transaction dates.

Actual exchange rates for year-end revaluations of monetary items denominated in foreign currencies are determined by at the balance sheet date under the following principles:

- ▶ Accounts classified as assets are revaluated at buying exchange rates of commercial banks where the Company regularly conducts transactions;
- ▶ Cash deposited at bank are revaluated at buying exchange rates of commercial bank where the Company opens such foreign bank accounts;
- ▶ Accounts classified as liabilities are revaluated at selling exchange rates of commercial banks where the Company regularly conducts transactions.

All exchange differences arising from foreign currency transaction in the year and from revaluation of remaining foreign currency monetary at the end of the year shall be recorded into the financial income or expense in the fiscal year.

2.7 Cash

Cash comprises cash on hand, demand deposits

2.8 Financial Investment

Held-to-maturity investments are term deposits at banks that are held until maturity for the purpose of earning monthly interest.

Investments in subsidiaries are initially recognized at original cost. After initial recognition, the value of these investments is measured at original cost less provision for devaluation of investments.

Provision for devaluation of investments is made at the end of the year as follows:

- ▶ Provision for devaluation of investment in subsidiaries is made at the end of the period, based on the Separate Financial Statement of the subsidiary at the time of making the provision. Provision for devaluation of investment is made when the investee incurs a loss.
- ▶ For investments held to maturity: based on the ability to recover, set up provisions for doubtful debts according to the provisions of law.

2.9 Receivables

The receivables shall be recorded in details in terms of due date, entities receivable, types of currency and other factors according to requirements for management of the Company. The receivables are classified as short-term and long-term in the separate financial statements based on the remaining maturity of the receivables at the reporting date.

The provision for doubtful debts is made for receivables that are overdue under an economic contract, a loan agreement, a contractual commitment or a promissory note and for receivables that are not due but difficult to be recovered. Accordingly, the provisions for overdue debts shall be based on the due date stipulated in the initial sale contract, exclusive of the debt rescheduling between contracting parties and the case where the debts are not due but the debtor is in bankruptcy, in dissolution, or missing and making fleeing or estimating the possible losses.

2.10 Inventories

At initial recognition, inventories are stated at the cost comprising all costs of purchase, cost of conversion and other costs incurred in bringing the inventories to their present location and condition. After initial recognition, at the reporting date, inventories are stated at the lower of cost and net realizable value.

Net realizable value is estimated based on the selling price of the inventory less the estimated costs to complete the product and the estimated costs to sell the product.

Cost of inventories is calculated by weighted average method.
Inventories are recorded by perpetual method.

The value of work in progress is recorded for each project that is incomplete or of which revenue is unrecognised, corresponding to the amount of work in progress at the end of the year.

2.11 Fixed assets

Tangible and intangible fixed assets are stated at its historical cost. During the using time, tangible and intangible fixed assets are recorded at cost, accumulated depreciation and carrying amount.

Value after initial recognition

If these costs increase the future economic benefits expected to be obtained from the use of tangible fixed assets beyond the standard operating level as initially assessed, these costs are capitalized. as an additional cost of tangible fixed assets.

Other costs incurred after fixed assets have been put into operation, such as repair, maintenance and overhaul costs, are recorded in the income statement (separately) in the year in which the costs are incurred.

Fixed assets are depreciated using the straight-line method over their estimated useful life as follows:

| | |
|--|---------------|
| 1. Buildings and structures | 05 - 25 years |
| 2. Machinery, equipment | 05 - 10 years |
| 3. Vehicles and transportation equipment | 06 - 15 years |
| 4. Management equipment | 03 - 05 years |
| 5. Software | 03 - 08 years |
| 6. Other fixed assets | 03 - 05 years |

For fixed assets handed over from the completed constructions in this year but not yet approved the settlement, the temporary value which was added to the cost of fixed assets was calculated on the basis of accumulated expenditure up to the time that assets were handed over. When the value of the settlement is approved, the cost of fixed assets will be adjusted according to the approved value.

2.12 Construction in progress

Construction in progress includes fixed assets which is being purchased and constructed as at the balance sheet date and is recognised in historical cost. These costs include construction expenses, machinery and equipment installation costs, and other direct costs. Construction in progress is not depreciated until the relevant assets are completed and put into use.

2.13 Operating lease

Operating leases is fixed asset leasing in which a significant portion of the risks and rewards of ownership are retained by the lessor. Payments made under operating leases are charged to income statement on a straight-line basis over the period of the lease.

2.14 Prepaid expenses

Expenses relate to income statement in more than 01 fiscal year are recognised as prepaid expenses and are allocated into income statement of following fiscal years.

The calculation and allocation of long-term prepaid expenses to operating expenses in each accounting period should be based on the nature of those expenses to select a reasonable allocation method and criteria.

Prepaid expenses of the Company include:

- ▶ Tools and supplies include assets held by the Company for use in the ordinary course of business, with cost of each asset less than VND 30 million and therefore ineligible for recording

as fixed assets according to current regulations. The cost of tools and equipment is amortized on a straight-line basis over the period from 01 to 02 years.

- ▶ Other prepaid expenses are stated at cost and amortized using the straight-line method over their useful lives from 01 to 02 years.

2.15 Payables

The payables shall be recorded in details in terms of due date, entities payable, types of currency and other factors according to the requirements for management of the Company. The payables shall be classified into short-term payables or long-term payables on the separate financial statements according to their remaining terms at the reporting date.

2.16 Borrowings

Borrowings shall be recorded in details in terms of lending entities, loan agreement and terms of borrowings. In case of borrowings or liabilities denominated in foreign currency, they shall be recorded in details in terms of types of currency.

2.17 Borrowing costs

Borrowing costs are recognized as operating expenses in the year, in which it is incurred excepting those which are directly attributable to the construction or production of a qualifying asset are capitalized as part of the cost of that asset in accordance with VAS No. 16 "Borrowing costs". Besides, regarding borrowings serving the construction of fixed assets and investment properties, the interests shall be capitalized even when the construction duration is under 12 months.

2.18 Accrued expenses

Accrued expenses include payables to goods or services received from the suppliers or provided for the customers during the reporting period, but the payments for such goods or services have not been made which are recorded as operating expenses of the reporting period. Accrued expenses of this year is loan interest.

The recording of accrued expenses as operating expenses during the period shall be carried out under the matching principle between revenues and expenses during the year. Accrued expenses are settled with actual expenses incurred. The difference between accrued and actual expenses is reverted.

2.19 Investment and development fund, Bonus and welfare fund

The Investment and development fund, Bonus and welfare fund are extracted from net profit after tax.

2.20 Owner's equity

Owner's equity is stated at actually contributed capital of the Investors.

Retained earnings are used to present the Company's operating results (profit, loss) after corporate income tax and profit appropriation or loss handling of the Company.

Dividends to be paid to shareholders are recognised as a payable in Statement of Financial position after the announcement of dividend payment from the Board of Directors and announcement of cut-off date for dividend payment of Vietnam Securities Depository and Clearing Corporation.

2.21 Revenue

Revenue is recognized when it is probable that the economic benefits will flow to the Company and the amount of revenue can be reliably measured. Revenue is measured at the fair value of the consideration received or receivable, after deducting trade discounts, sales rebates, and returns. In addition, the following specific recognition criteria must also be met for revenue to be recognized:

Sales of goods

- ▶ Significant risks and rewards associated with the ownership of the goods have been transferred to the buyer; and
- ▶ The Company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold.

Rendering of services

- ▶ The stage of the completion of the transaction at the end of the reporting period can be measured reliably.

Financial income

Financial incomes include income from interest and other financial gains earned by the Company should be recognized when these two conditions are satisfied:

- ▶ It is probable that economic benefits associated with transaction will flow to the Company; and
- ▶ The amount of revenue can be measured reliably.

2.22 Cost of goods sold

Cost of goods sold and services provided is the total cost incurred for finished products, goods, supplies sold and services provided to customers during the year, recorded in accordance with revenue generated during the year and ensure compliance with the conservatism principle.

2.23 Financial expenses

Items recorded into financial expenses consist of:

- ▶ Expenses of capital borrowing;
- ▶ Loss due to foreign exchange differences arising from transactions relating to foreign currencies...

The above items are recorded by the total amount arising in the year without offsetting against financial income.

2.24 Corporate income tax

Current corporate income tax expenses are determined based on taxable income during the year and current corporate income tax rate (20%).

2.25 Related parties

The parties are regarded as related parties if that party has the ability to control or significantly influence the other party in making decisions about the financial policies and activities. The Company's related parties include:

- ▶ Companies, directly or indirectly through one or more intermediaries, having control over the Company or being under the control of the Company, or being under common control with the Company, including the Company's parent, subsidiaries and associates;
- ▶ Individuals, directly or indirectly, holding voting power of the Company that have a significant influence on the Company, key management personnel including directors and employees of the Company, the close family members of these individuals;
- ▶ Enterprises that the above-mentioned individuals directly or indirectly hold an important part of the voting power or have significant influence on these enterprises.

In considering the relationship of related parties to serve for the preparation and presentation of the Separate Financial Statements, the Company should consider the nature of the relationship rather than the legal form of the relationship.

2.26 Segment information

The clean water supply segment accounts for more than 90% of the Company's total operations, and all of the Company's activities are conducted within Hai Phong City. Therefore, the Company does not prepare segment reporting by business lines or geographical areas.

3. Cash

| | 31/12/2024 | 01/01/2024 |
|--------------|----------------------|----------------------|
| | VND | VND |
| Cash on hand | 58,866,906 | 53,226,467 |
| Cash in bank | 7,766,357,440 | 6,584,225,616 |
| | 7,825,224,346 | 6,637,452,083 |

4. Financial investment

Investments held to maturity

As at 31 December 2024, the investment held to maturity amounting to VND 488.5 billion is term deposits with terms from 06 months to 24 months at commercial banks.

Investment in subsidiaries

| | 31/12/2024 | | 01/01/2024 | |
|---|-----------------------|-----------|-----------------------|-----------|
| | Value | Provision | Value | Provision |
| | VND | VND | VND | VND |
| Hai Phong Number Two Water Business Joint Stock Company | 21,938,000,000 | - | 21,938,000,000 | - |
| | 21,938,000,000 | - | 21,938,000,000 | - |

The Company has not determined the fair value of this financial investment because Vietnamese Accounting Standards and Vietnamese Enterprise Accounting Regime do not have specific guidance on determining fair value.

Details of the investment in the subsidiary as at 31/12/2024 are as follows:

| Company name | Address | Ownership interest | Voting rights ratio | Main activities |
|---|---|--------------------|---------------------|--|
| Hai Phong Number Two Water Business Joint Stock Company | Residential Group 3, Do Nha, Tan Tien Ward, An Duong District, Hai Phong City | 65.29% | 65.29% | Extraction, treatment, and supply of clean water |

Significant transactions between the Company and its subsidiaries are presented in Note 32.

5. Short-term trade receivables

| | 31/12/2024 | | 01/01/2024 | |
|----------------------------|----------------------|----------------------|----------------------|----------------------|
| | Value | Provision | Value | Provision |
| | VND | VND | VND | VND |
| Other parties | | | | |
| Water bill | 5,070,075,548 | (192,856,889) | 4,586,309,249 | (173,714,717) |
| Water machine installation | 4,057,744,516 | (516,780,516) | 4,345,481,716 | (805,152,716) |
| Others | 409,604,556 | - | 755,270,391 | - |
| | 9,537,424,620 | (709,637,405) | 9,687,061,356 | (978,867,433) |

6. Other short-term trade receivables

| | 31/12/2024 | | 01/01/2024 | |
|---------------------------------------|----------------------|-----------|----------------------|-----------|
| | Value | Provision | Value | Provision |
| | VND | VND | VND | VND |
| Interest receivables | 7,292,152,044 | - | 5,197,936,987 | - |
| Social insurance and trade union fees | 14,093,201 | - | 2,815,248 | - |
| Advance | 14,572,253 | - | 86,335,314 | - |
| Others | 2,268,653,176 | - | 1,727,566,694 | - |
| | 9,589,470,674 | - | 7,014,654,243 | - |

7. Inventories

| | 31/12/2024 | | 01/01/2024 | |
|------------------|-----------------------|-----------|-----------------------|-----------|
| | Value | Provision | Value | Provision |
| | VND | VND | VND | VND |
| Raw material | 55,430,217,013 | - | 52,466,914,814 | - |
| Tools, supplies | 687,684,849 | - | 578,463,200 | - |
| Work in progress | 1,083,975,534 | - | 1,299,772,877 | - |
| Finished goods | 84,090,312 | - | 86,817,447 | - |
| | 57,285,967,708 | - | 54,431,968,338 | - |

8. Prepaid expenses

| | 31/12/2024 | 01/01/2024 |
|---|----------------------|----------------------|
| | VND | VND |
| a) Short-term | | |
| Tools and supplies | 359,480,500 | 339,707,600 |
| | 359,480,500 | 339,707,600 |
| b) Long-term | | |
| Tools and supplies | 3,840,949,062 | 2,939,855,688 |
| Bottle shells and purified water supplies | 483,731,491 | 331,437,884 |
| | 4,324,680,553 | 3,271,293,572 |

9. Tangible fixed assets

| | Buildings VND | Machinery and equipment VND | Vehicles equipment VND | Management equipment VND | Others VND | Total VND |
|---------------------------------|--------------------------|-----------------------------------|------------------------------|--------------------------------|-----------------------|--------------------------|
| Historical cost | | | | | | |
| As at 01/01/2024 | 1,148,850,340,509 | 294,337,582,236 | 2,026,485,869,528 | 9,231,092,081 | 10,276,626,475 | 3,489,181,510,829 |
| Purchase | 70,000,000 | 18,092,087,011 | 2,078,967,596 | 1,266,830,235 | - | 21,507,884,842 |
| Increase in the year | - | 5,853,402,294 | 49,404,932,047 | - | 775,518,518 | 56,033,852,859 |
| Liquidating, disposal | - | - | (3,015,621,624) | - | - | (3,015,621,624) |
| Other decreases | - | - | (6,449,033,155) | - | - | (6,449,033,155) |
| As at 31/12/2024 | 1,148,920,340,509 | 318,283,071,541 | 2,068,505,114,392 | 10,497,922,316 | 11,052,144,993 | 3,557,258,593,751 |
| Accumulated depreciation | | | | | | |
| As at 01/01/2024 | 583,130,043,819 | 194,080,460,587 | 1,275,771,554,393 | 7,986,919,146 | 10,276,626,475 | 2,071,245,604,420 |
| Depreciation in the year | 74,397,383,631 | 22,430,273,977 | 108,879,713,976 | 536,500,075 | 107,810,175 | 206,351,681,834 |
| Liquidating, disposal | - | - | (3,015,621,624) | - | - | (3,015,621,624) |
| Other decrease | - | - | (5,422,562,048) | - | - | (5,422,562,048) |
| As at 31/12/2024 | 657,527,427,450 | 216,510,734,564 | 1,376,213,084,697 | 8,523,419,221 | 10,384,436,650 | 2,269,159,102,582 |
| Net carrying amount | | | | | | |
| As at 01/01/2024 | 565,720,296,690 | 100,257,121,649 | 750,714,315,135 | 1,244,172,935 | - | 1,417,935,906,409 |
| As at 31/12/2024 | 491,392,913,059 | 101,772,336,977 | 692,292,029,695 | 1,974,503,095 | 667,708,343 | 1,288,099,491,169 |

▶ The original cost of fully depreciated tangible fixed assets that are still in use at the end of the year is VND 1,029,690,368,176.



10. Intangible fixed assets

The Company's intangible fixed assets are computer software with specific information as follows:

- ▶ Historical cost as of 31/12/2024 is VND 12,729,936,573;
- ▶ Depreciation during the period is VND 398,347,667;
- ▶ Accumulated depreciation as of 31/12/2024 is VND 11,195,033,817.

11. Construction in progress

| | 31/12/2024 | 01/01/2024 |
|---|-----------------------|-----------------------|
| | VND | VND |
| Construction in progress | 19,930,058,553 | 24,628,465,850 |
| D800 Water Supply Pipeline on Road 353 (Hoa Binh Canal – Hanoi – Hai Phong Expressway Interchange) | - | 17,100,460,477 |
| Water Supply Project for Cat Hai Island (Phase 1) (i) | 4,768,865,547 | 3,568,865,547 |
| Expansion of Cau Nguyet Water Plant Capacity to 60,000 m3/day&night (ii) | 1,815,391,538 | 1,815,391,538 |
| Construction of D400 Transmission Pipeline Supplying Western Tien Lang District (iii) | 9,204,256,644 | - |
| Water Supply for An Tho Commune, An Lao District (iv) | 3,031,183,727 | - |
| Others | 1,110,361,097 | 2,143,748,288 |
| Major repairs, maintenance, and free installation of water dispensers according to Decree No. 117/2007/ND-CP (v) | 25,418,005,964 | 9,422,968,329 |
| | 45,348,064,517 | 34,051,434,179 |

- (i) Water supply project to Cat Hai island (phase 1):
- ▶ Construction site: Dinh Vu - Cat Hai economic zone, Hai Phong city
 - ▶ Investor: Hai Phong Water Joint Stock Company
 - ▶ Project status at 31 December 2024: currently working with the Management Board of Economic Zones to implement the next steps of the project.
- (ii) Increase the capacity of Cau Nguyet NMN to 60,000 m3/day:
- ▶ Construction location: An Lao district, Hai Phong city
 - ▶ Investor: Hai Phong Water Joint Stock Company
 - ▶ Project status at 31 December 2024: adjusting the feasibility study report to convert the project to increase the capacity to 100,000 m3.
- (iii) Construction of D400 water supply pipeline to the western area of Tien Lang district:
- ▶ Construction location: Tien Lang district, Hai Phong cit
 - ▶ Investor: Hai Phong Water Joint Stock Company
 - ▶ Project status at 31 December 2024: completed installation and pressure testing of the pipeline. Flushing, disinfection, and site restoration are currently in progress..
- (iv) Construction of An Tho commune water supply network:
- ▶ Construction location: An Tho commune, An Lao district, Hai Phong city
 - ▶ Investor: Hai Phong Water Joint Stock Company
 - ▶ Project status as of 31 December 2024: construction and installation is underway, 500m of pipes are being coordinated in parallel with the progress of the new rural road expansion site.
- (v) The cost of major repairs, maintenance, and free installation of water dispensers according to Decree No. 117/2007/ND-CP is still unfinished.

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12. Short-term trade payables

| | 31/12/2024 | | 01/01/2024 | |
|--|-----------------------|-----------------------|----------------------|----------------------|
| | Book value VND | Liquidity VND | Book value VND | Liquidity VND |
| Other parties | | | | |
| Payables to suppliers related to capital construction activities | 6,829,675,241 | 6,829,675,241 | 5,516,709,896 | 5,516,709,896 |
| Duc Thinh Technical Trading Joint Stock Company | 2,501,080,980 | 2,501,080,980 | 5,174,935,200 | 5,174,935,200 |
| An Viet Hai Phong Construction and Trading Services Joint Stock Company | 2,164,168,087 | 2,164,168,087 | - | - |
| An Thinh Phat Trading and Services Co., Ltd. | 1,108,152,014 | 1,108,152,014 | - | - |
| Hai Phong Housing Construction Joint Stock Company | 759,463,360 | 759,463,360 | - | - |
| Others | 296,810,800 | 296,810,800 | 341,774,696 | 341,774,696 |
| Payables to suppliers related to business and production activities | 5,315,462,471 | 5,315,462,471 | 3,218,499,954 | 3,218,499,954 |
| Northern branch of Nha Be garment Corporation - JSC | 1,191,632,920 | 1,191,632,920 | - | - |
| Hai Phong Power One-Member Limited Liability Company | 588,227,639 | 588,227,639 | 661,324,495 | 661,324,495 |
| - Le Chan Branch | | | | |
| Hai Phong Power One-Member Limited Liability Company | 372,001,896 | 372,001,896 | 417,111,029 | 417,111,029 |
| - An Duong Branch | | | | |
| Hai Phong Power One-Member Limited Liability Company | 286,634,966 | 286,634,966 | 215,972,940 | 215,972,940 |
| - Kien An Branch | | | | |
| My Phat Production and Trading Co., Ltd. | 253,463,800 | 253,463,800 | - | - |
| Hai Phong Hydraulic Construction One-Member Limited Liability Company | 69,891,500 | 69,891,500 | 737,921,205 | 737,921,205 |
| - Thuy Nguyen Branch | | | | |
| Others | 2,553,609,750 | 2,553,609,750 | 1,186,170,285 | 1,186,170,285 |
| | 12,145,137,712 | 12,145,137,712 | 8,735,209,850 | 8,735,209,850 |

13. Tax payables and statutory obligations

| | 01/01/2024 | | Movement | | 31/12/2024 | |
|--------------------------|--------------------|----------------------|-----------------------|-----------------------|--------------------|----------------------|
| | Receivables VND | Payables VND | Actual payment VND | Payables VND | Receivables VND | Payables VND |
| VAT | 184,859,790 | - | - | - | 184,859,790 | - |
| Corporate income tax | - | 5,142,498,073 | 20,386,799,114 | 21,796,882,869 | - | 6,552,581,828 |
| Personal income tax | - | 1,132,660,267 | 5,533,782,457 | 5,583,217,505 | - | 1,182,095,315 |
| Natural resource tax | - | 278,725,600 | 278,745,600 | 299,465,100 | - | 299,445,100 |
| Land tax and land rental | - | - | 1,621,875,986 | 1,621,875,986 | - | - |
| Others | - | - | 1,665,635,907 | 1,665,635,907 | - | - |
| Other payables | - | 1,096,879,391 | 4,413,417,760 | 4,419,687,272 | - | 1,103,148,903 |
| | 184,859,790 | 7,650,763,331 | 33,900,256,824 | 35,386,764,639 | 184,859,790 | 9,137,271,146 |

The Company's tax settlements are subject to examination by the tax authorities. Because the application of tax laws and regulations on many types of transactions is susceptible to varying interpretations, amounts reported in the Separate Financial Statements could be changed at a later date upon final determination by the tax authorities.

14. Short-term accrued expenses

As at 01 January 2024 and 31 December 2024, accrued expenses represent accrued interest expenses in accordance with loan agreements (Note 15).

15. Loans and liabilities

| | 01/01/2024 | | Movement | | 31/12/2024 | |
|--------------------------------------|------------------------|------------------------|-----------------------|-----------------------|------------------------|------------------------|
| | Book value VND | Liquidity VND | Increase VND | Decrease VND | Book value VND | Liquidity VND |
| a) Short-term | | | | | | |
| Proportion of long-term loans | | | | | | |
| Project 2A (i) | 12,499,380,616 | 12,499,380,616 | 12,499,380,620 | 12,499,380,618 | 12,499,380,622 | 12,499,380,622 |
| Minh Duc Project (ii) | 294,296,279 | 294,296,279 | 294,296,286 | 294,296,276 | 294,296,283 | 294,296,283 |
| ADB Project (iii) | 60,539,767,397 | 60,539,767,397 | 69,149,781,738 | 64,068,524,820 | 65,621,024,315 | 65,621,024,315 |
| | 73,333,444,292 | 73,333,444,292 | 81,943,458,644 | 76,862,201,714 | 78,414,701,220 | 78,414,701,220 |
| b) Long-term | | | | | | |
| Project 2A (i) | 24,998,761,240 | 24,998,761,240 | - | 12,499,380,618 | 12,499,380,622 | 12,499,380,622 |
| Minh Duc Project (ii) | 588,592,559 | 588,592,559 | - | 294,296,276 | 294,296,283 | 294,296,283 |
| ADB Project (iii) | 878,395,682,046 | 878,395,682,046 | 39,129,953,764 | 64,068,524,820 | 853,457,110,990 | 853,457,110,990 |
| | 903,983,035,845 | 903,983,035,845 | 39,129,953,764 | 76,862,201,714 | 866,250,787,895 | 866,250,787,895 |
| Maturity within | | | | | | |
| - Next 12 months | (73,333,444,292) | (73,333,444,292) | | | (78,414,701,220) | (78,414,701,220) |
| - After 12 months | 830,649,591,553 | 830,649,591,553 | | | 787,836,086,675 | 787,836,086,675 |

Details of loans for each project are as follows:

- (i) **Kien An Water Supply Project (2A):** The purpose of the loan is to finance construction works, procurement of goods, and consultancy services under the Urban Water Supply Development Project (implemented under the Kien An – Hai Phong subproject). The loan was provided under the Subsidiary Loan Agreement dated 24 May 2006, between the Ministry of Finance, representing the Socialist Republic of Vietnam, and the Company, utilizing a portion of Credit No. 4028-VN from the International Development Association (IDA).

The loan was disbursed through the Hai Phong Branch of the Vietnam Development Bank with a fixed interest rate of 5.4% per annum and is due on 01 December 2025. Principal and interest are repayable semi-annually, commencing on 01 June 2011.

The loan is unsecured.

- (ii) **Minh Duc Township Pilot Water Supply Project:** The purpose of the loan is to finance the Design – Build – Operate Pilot Water Supply Project in Minh Duc township, Thuy Nguyen district, Hai Phong city. The loan was provided under the Subsidiary Loan Agreement dated 21 April 2006, between the Ministry of Finance, representing the Socialist Republic of Vietnam, and the Company, utilizing Grant No. TF-053091 from the Government of Finland.

The loan was disbursed through the Hai Phong Branch of the Vietnam Development Bank with a fixed interest rate of 6.0% per annum and is due on 01 December 2025. Principal and interest are repayable semi-annually, commencing on 01 June 2009.

The loan is unsecured.

- (iii) **Hai Phong City Water Supply System Expansion Project – Phase 2 under Vietnam Water Sector Development Program – Project 2:**

The purpose of the loan is to finance the project's expenditures. The loan was provided under the Subsidiary Loan Agreement dated 23 August 2013, between the Ministry of Finance, representing the Socialist Republic of Vietnam, and the Company, utilizing Loan No. 2961-VIE from the Asian Development Bank (ADB).

The loan was disbursed through the Hai Phong Branch of the Vietnam Development Bank with an interest rate based on the Secured Overnight Financing Rate (SOFR) (previously LIBOR for 6-month USD loans, replaced by SOFR since 2022 in accordance with the ADB notification dated 29 October 2021, and the Ministry of Finance's Official Letter No. 14882/BTC-QLN dated 28 December 2021), plus a margin of 0.4% per annum on the outstanding principal and minus a discount rate (subject to semi-annual adjustments); the loan matures on 01 December 2037. Principal and interest are repayable semi-annually, with the first principal repayment due on 01 June 2019, as stipulated in the loan agreement.

The loan is secured by all rights and interests arising from the operation of facilities developed under the Hai Phong Water Supply System Upgrade Project, which have been duly registered under secured transaction regulations.

16. Other short-term payables

| | 31/12/2024 | 01/01/2024 |
|--|-----------------------|-----------------------|
| | VND | VND |
| Payables for major repairs and construction investments | 1,602,470,560 | 7,877,374,312 |
| Payables to internal units for unpaid expenses | 3,895,722,111 | 3,872,197,755 |
| Payable for drainage services remitted to the State budget | 1,030,434,036 | 1,009,488,282 |
| Payable for bottle deposit | 3,932,250,000 | 3,315,950,000 |
| Others | 748,043,730 | 825,737,870 |
| | 11,208,920,437 | 16,900,748,219 |

17. Bonus and welfare funds

| | Bonus and welfare funds VND | Executive Bonus Fund VND | Total VND |
|--------------------------------------|-----------------------------------|--------------------------------|-----------------------|
| As at 01/01/2023 | 16,146,826,348 | 96,216 | 16,146,922,564 |
| Profit distribution of 2022 | 20,391,540,115 | 500,000,000 | 20,891,540,115 |
| Utilization of funds during the year | (19,255,927,812) | (500,000,000) | (19,755,927,812) |
| As at 31/12/2023 | 17,282,438,651 | 96,216 | 17,282,534,867 |
| Profit distribution of 2023 | 21,317,806,255 | 500,000,000 | 21,817,806,255 |
| Utilization of funds during the year | (25,015,704,760) | (500,000,000) | (25,515,704,760) |
| As at 31/12/2024 | 13,584,540,146 | 96,216 | 13,584,636,362 |

18. Owners' equity

a) Changes in owner's equity

| | Contributed charter capital VND | Investment and development fund VND | Retained earnings VND | Total VND |
|------------------------------------|---------------------------------------|---|-----------------------------|------------------------|
| As at 01/01/2023 | 742,069,400,000 | 144,273,888,591 | 88,386,778,016 | 974,730,066,607 |
| Profit of the previous year | - | - | 89,361,795,005 | 89,361,795,005 |
| Profit distribution of 2022 | - | 4,419,338,901 | (88,386,778,016) | (83,967,439,115) |
| As at 31/12/2023 | 742,069,400,000 | 148,693,227,492 | 89,361,795,005 | 980,124,422,497 |
| Profit of the current year | - | - | 96,719,472,248 | 96,719,472,248 |
| Profit distribution of 2023 (*) | - | 4,468,089,750 | (89,361,795,005) | (84,893,705,255) |
| As at 31/12/2024 | 742,069,400,000 | 153,161,317,242 | 96,719,472,248 | 991,950,189,490 |

(*) The Company distributes profits of 2023 according to Resolution No. 223/NQ-ĐHĐCĐ-2024 dated 17 April 2024 of the 2024 Annual general meeting of shareholders of Hai Phong Water Joint Stock Company as follows:

| | Rate % | Amount VND |
|---|---------------|-----------------------|
| Profit distribution during the period | | |
| - Appropriation to development investment fund | 5.00 | 4,468,089,750 |
| - Appropriation to bonus and welfare fund | 23.86 | 21,317,806,255 |
| - Appropriation to management fund | 0.56 | 500,000,000 |
| - Dividend payment (equivalent to VND 850 per share) | 70.58 | 63,075,899,000 |
| Total | 100.00 | 89,361,795,005 |

b) Details of Contributed capital

| | 31/12/2024 | | 01/01/2024 | |
|----------------------------|------------------------|---------------|------------------------|---------------|
| | VND | % | VND | % |
| State capital contribution | 597,978,400,000 | 80.58 | 597,978,400,000 | 80.58 |
| Other shareholders | 144,091,000,000 | 19.42 | 144,091,000,000 | 19.42 |
| | 742,069,400,000 | 100.00 | 742,069,400,000 | 100.00 |

c) Capital transactions with owners and distribution of dividends and profits

| | Year 2024 | Year 2023 |
|--|-----------------|-----------------|
| | VND | VND |
| Owner's Capital Contribution | | |
| - Capital contribution at the beginning of the year | 742,069,400,000 | 742,069,400,000 |
| - Capital contribution at the end of the year | 742,069,400,000 | 742,069,400,000 |
| Dividends and Profits | | |
| - Dividends, profits payable at the beginning of the year | - | - |
| - Dividends, profits payable during the year | 63,075,899,000 | 63,075,899,000 |
| + Dividends, profits distributed from previous year's earnings | 63,075,899,000 | 63,075,899,000 |
| - Dividends, profits paid in cash | 63,075,899,000 | 63,075,899,000 |
| + Dividends, profits distributed from previous year's earnings | 63,075,899,000 | 63,075,899,000 |
| - Dividends, profits payable at the end of the year | - | - |

d) Share

| | 31/12/2024 | 01/01/2024 |
|---|------------|------------|
| Number of shares registered for issuance | 74,206,940 | 74,206,940 |
| Number of shares issued and fully paid | 74,206,940 | 74,206,940 |
| - Ordinary shares | 74,206,940 | 74,206,940 |
| Number of shares outstanding | 74,206,940 | 74,206,940 |
| - Ordinary shares | 74,206,940 | 74,206,940 |
| Par value of outstanding shares: VND 10,000 per share | | |

19. Off-balance sheet Items and operating lease commitments

Assets under Operating Lease

The Company is managing and utilizing 49 land plots located in Hai Phong City with a total area of 372,397.74 square meters, primarily for use as headquarters, office buildings, water treatment plants, enterprise branches, warehouses, pumping stations, and reservoirs. The land use form is land lease with annual rental payments.

Assets Assigned for Management

The Company has been assigned by the People's Committee of Hai Phong City to manage assets under the An Duong Water Treatment Plant Upgrade Project, which was funded by non-refundable aid from the Government of Japan. These assets are operated and maintained by the Company to provide clean water supply for local residents, serving social welfare purposes.

On 24 June 2022, the Prime Minister promulgated Decree No. 43/2022/ND-CP regulating the management, use, and exploitation of clean water infrastructure under state management. As at 31 December 2024, the Company has completed reporting to the Hai Phong Department of Construction the list of facilities under its operation that provide clean water for residents and serve social welfare purposes. The Company is currently awaiting guidance from competent authorities on the asset management regime in accordance with the applicable regulations.

Foreign currencies

| | 31/12/2024 | 01/01/2024 |
|-----|------------|------------|
| USD | 200.11 | 200.11 |

20. Gross revenues from goods sold and services rendered

| | Year 2024 | Year 2023 |
|--|---------------------------------|---------------------------------|
| | VND | VND |
| Clean water business | 1,150,894,530,299 | 1,012,353,227,650 |
| Water dispenser installation | 5,032,169,000 | 6,677,094,556 |
| Purified water | 10,641,882,857 | 10,210,056,168 |
| | <u>1,166,568,582,156</u> | <u>1,029,240,378,374</u> |
| In which, revenue from related parties (Note 32) | <u>1,608,055,248</u> | <u>5,310,525,600</u> |

21. Cost of good solds and services rendered

| | Year 2024 | Year 2023 |
|---|-------------------------------|-------------------------------|
| | VND | VND |
| Clean water business | 731,308,087,956 | 621,477,548,997 |
| Water dispenser installation | 4,737,929,462 | 6,364,307,312 |
| Purified water | 9,810,518,575 | 9,085,964,569 |
| | <u>745,856,535,993</u> | <u>636,927,820,878</u> |
| In which, expenses from related parties (Note 32) | <u>578,391,912</u> | <u>-</u> |

22. Financial Income

| | Year 2024 | Year 2023 |
|--|------------------------------|------------------------------|
| | VND | VND |
| Interest on savings | 21,244,912,054 | 23,410,808,280 |
| Distributed dividends | 9,657,861,500 | 9,657,861,500 |
| Gain on exchange difference in the year | 187,481,303 | - |
| | <u>31,090,254,857</u> | <u>33,068,669,780</u> |
| In which, financial income from related parties (Note 32) | <u>9,657,861,500</u> | <u>9,657,861,500</u> |

23. Financial expenses

| | Year 2024 | Year 2023 |
|---|------------------------------|------------------------------|
| | VND | VND |
| Interest expense | 57,466,701,350 | 60,775,543,195 |
| Loss on exchange difference in the year | - | 886,041,775 |
| Loss on exchange difference at the year-end | 39,129,728,441 | 25,564,385,302 |
| | <u>96,596,429,791</u> | <u>87,225,970,272</u> |

24. Selling expenses

| | Year 2024 | Year 2023 |
|-------------------------------|-------------------------------|-------------------------------|
| | VND | VND |
| Labor | 97,795,071,837 | 88,762,747,695 |
| Materials and supplies | 1,511,987,600 | 1,491,235,052 |
| Depreciation and amortization | 23,501,421,707 | 35,564,560,105 |
| External services | 13,037,870,018 | 10,467,485,466 |
| Others by cash | 4,226,152,541 | 2,158,186,417 |
| | <u>140,072,503,703</u> | <u>138,444,214,735</u> |

25. General administrative expenses

| | Year 2024 | Year 2023 |
|-------------------------------|------------------------------|------------------------------|
| | VND | VND |
| Labor | 44,520,277,088 | 42,213,118,923 |
| Materials and supplies | 5,977,018,494 | 5,909,779,756 |
| Depreciation and amortization | 3,545,531,681 | 3,198,991,277 |
| Taxes, fees, and charges | 6,876,059,315 | 5,782,764,888 |
| External services | 22,252,272,856 | 17,922,390,817 |
| Others by cash | 14,559,243,105 | 15,654,496,461 |
| | <u>97,730,402,539</u> | <u>90,681,542,122</u> |

26. Other Income

| | Year 2024 | Year 2023 |
|--|------------------------------|------------------------------|
| | VND | VND |
| Liquidation of materials | 3,183,901,817 | - |
| Disposal of fixed assets | 321,997,307 | 720,000,000 |
| Collection of drainage service fees | 10,938,900,708 | 9,765,698,147 |
| Others | 1,509,721,211 | 1,550,215,890 |
| | <u>15,954,521,043</u> | <u>12,035,914,037</u> |
| In which, other income from related parties | <u>32,240,000</u> | <u>29,120,000</u> |
| (Note 32) | | |

27. Other expenses

| | Year 2024 | Year 2023 |
|---|-----------------------|-----------------------|
| | VND | VND |
| Liquidation of materials | 1,504,881,065 | - |
| Disposal of fixed assets | 46,568,822 | 51,957,074 |
| Cost of collecting of drainage service fees | 10,887,148,202 | 9,722,609,318 |
| Others | 2,432,898,824 | 1,829,418,440 |
| | 14,871,496,913 | 11,603,984,832 |

28. Corporate income tax

| | Year 2024 | Year 2023 |
|--|------------------------|------------------------|
| | VND | VND |
| Total profit/(loss) before tax: | 118,485,989,117 | 109,461,429,352 |
| Ineligible expenses | 4,456,729 | 694,603,885 |
| Taxable income | <u>118,490,445,846</u> | <u>110,156,033,237</u> |
| Adjustment: | | |
| - Distributed dividends | (9,657,861,500) | (9,657,861,500) |
| Taxed income | 108,832,584,346 | 100,498,171,737 |
| Tax rate | 20% | 20% |
| Corporate income tax payable | 21,766,516,869 | 20,099,634,347 |
| Opening CIT payables/(receivables) | 5,142,498,073 | (4,827,851,716) |
| CIT paid in the year | 20,356,433,114 | 10,129,284,558 |
| Closing CIT payable | 6,552,581,828 | 5,142,498,073 |

29. Expenses by nature

| | Year 2024 | Year 2023 |
|-----------------------|------------------------|------------------------|
| | VND | VND |
| Raw materials | 116,166,218,690 | 109,777,408,889 |
| Labour expenses | 257,363,827,500 | 240,449,078,806 |
| Depreciation expenses | 206,720,654,500 | 232,591,436,072 |
| External services | 357,543,652,567 | 235,647,645,759 |
| Others | 45,646,564,500 | 48,110,097,550 |
| | 983,440,917,757 | 866,575,667,076 |

30. Financial instrument

Financial risk management

Financial risks that the Company may face risks including: market risk, credit risk and liquidity risk. The Company has developed its control system to ensure the reasonable balance between cost of incurred risks and cost of risk management. The Chairman of the Company is responsible for monitoring the risk management process to ensure the appropriate balance between risk and risk control.

Market risk

The Company may face with the market risk such as: exchange rates and interest rates.

Exchange rate risk

The Company bears the risk of interest rates due to the transaction made in a foreign currency other than VND such as: borrowings and debts

Interest rate risk:

The Company bears the risk of interest rates due to the fluctuation in fair value of future cash flow of a financial instrument in line with changes in market interest rates if the Company has time or demand deposits, borrowings and debts subject to floating interest rates. The Company manages interest rate risk by analyzing the market competition situation to obtain interest beneficial for its operation purpose.

Credit Risk

Credit risk is the risk of financial loss to the Company if a counterparty fails to perform its contractual obligations. The Company has credit risk from operating activities (mainly to trade receivables) and financial activities (including deposits, loans and other financial instruments), detailed as follows:

| | Under 1 year VND | From 1 to 5 years VND | Total VND |
|-----------------------------|-------------------------------|-----------------------------|-------------------------------|
| 31/12/2024 | | | |
| Cash and cash equivalents | 7,766,357,440 | - | 7,766,357,440 |
| Trade and other receivables | 18,417,257,889 | - | 18,417,257,889 |
| Loans | 487,800,000,000 | 700,000,000 | 488,500,000,000 |
| | <u>513,983,615,329</u> | <u>700,000,000</u> | <u>514,683,615,329</u> |
| 01/01/2024 | | | |
| Cash and cash equivalents | 6,584,225,616 | - | 6,584,225,616 |
| Trade and other receivables | 15,722,848,166 | - | 15,722,848,166 |
| Loans | 390,800,000,000 | 700,000,000 | 391,500,000,000 |
| | <u>413,107,073,782</u> | <u>700,000,000</u> | <u>413,807,073,782</u> |

Liquidity Risk:

Liquidity risk is the risk that the Company has trouble in settlement of its financial obligations due to the lack of funds. Liquidity risk of the Company mainly arises from different maturity of its financial assets and liabilities.

Due date for payment of financial liabilities based on expected payment under the contracts (based on cash flow of the original debts) as follows:

| | Under 1 year VND | From 1 to 5 years VND | More than 5 years VND | Total VND |
|--------------------------|------------------------|-----------------------------|-----------------------------|------------------------|
| 31/12/2024 | | | | |
| Borrowing and debts | 78,414,701,220 | 262,484,097,248 | 525,351,989,427 | 866,250,787,895 |
| Trade and other payables | 23,354,058,149 | - | - | 23,354,058,149 |
| Accrued expenses | 4,205,921,245 | - | - | 4,205,921,245 |
| | 105,974,680,614 | 262,484,097,248 | 525,351,989,427 | 893,810,767,289 |
| 01/01/2024 | | | | |
| Borrowing and debts | 73,333,444,292 | 254,020,199,784 | 576,629,391,769 | 903,983,035,845 |
| Trade and other payables | 25,635,958,069 | - | - | 25,635,958,069 |
| Accrued expenses | 4,890,673,640 | - | - | 4,890,673,640 |
| | 103,860,076,001 | 254,020,199,784 | 576,629,391,769 | 934,509,667,554 |

The Company believes that risk level of loan repayment is low. The Company has the ability to pay due debts from cash flows from its operating activities and cash received from mature financial assets.

31. Subsequent events

There have been no significant events occurring after the accounting period, which would require adjustments or disclosures to be made in the Separate Financial Statements.

32. Transaction with related parties

List and relation between related parties and the Company are as follows:

| <u>Related parties</u> | <u>Relationship</u> |
|---|---------------------|
| Hai Phong Number Two Water Business Joint Stock Company | Subsidiary |
| Members of the Board of Management, Board of General Directors and Board of Supervisory | |

During the year, the Company had transactions with related parties as follows:

| <u>Company</u> | <u>Transactions</u> | <u>Year 2024</u> VND | <u>Year 2023</u> VND |
|---|------------------------|-------------------------|-------------------------|
| Hai Phong Number Two Water Business Joint Stock Company | Dividends distributed | 9,657,861,500 | 9,657,861,500 |
| | Clean water sales | 1,608,055,248 | 5,310,525,600 |
| | Clean water purchased | 578,391,912 | - |
| | Water testing services | 32,240,000 | 29,120,000 |

Remuneration of the Board of Directors, Management Board and Supervisory Board:

| Full name | Position | Year 2024 | Year 2023 |
|-------------------|--|----------------------|----------------------|
| | | VND | VND |
| Tran Viet Cuong | Chairman of the Board of Directors | 1,124,197,048 | 1,076,991,501 |
| Tran Van Duong | General Director – Vice Chairman of the Board of Directors | 1,002,334,206 | 956,150,166 |
| Cao Van Quy | Deputy General Director – Member of the Board of Directors | 935,401,143 | 868,713,993 |
| Trinh Anh Tuan | Deputy General Director – Member of the Board of Directors | 922,521,250 | 837,544,637 |
| Dang Huu Dung | Member of the Board of Directors | 255,980,000 | 240,820,000 |
| Vu Hong Duong | Member of the Board of Directors (Resigned as from 20 April 2023) | - | 83,500,000 |
| Nguyen Dang Ninh | Chief Accountant | 766,130,806 | 714,711,380 |
| Nguyen Danh Quan | Deputy General Director | 754,224,615 | 709,248,046 |
| Le Thi Huong | Head of the Supervisory Board | 733,046,651 | 659,314,981 |
| Do Thi Thanh Diep | Member of the Supervisory Board | 148,280,000 | 136,280,000 |
| Nguyen Minh Hoang | Member of the Supervisory Board | 303,226,054 | 293,813,183 |
| | | 6,945,341,772 | 6,577,087,886 |

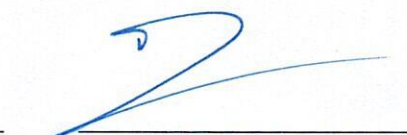
Except for the related parties with transactions as mentioned above, other related parties have no transactions during the period as well as balance at the end of the financial year with the Company.


33. Corresponding figures

The corresponding figures are those taken from the Separate Financial Statements for the year ended as at 31 December 2023, which was audited by AASC Limited.



Tran Viet Cuong
Chairman


Nguyen Dang Ninh
Chief Accountant


La Thi Thu Huyen
Preparer

Hai Phong, 18 March 2025

