

**VIETNAM WATER AND
ENVIRONMENT INVESTMENT
CORPORATION – JSC (VIWASEEN)**

SOCIALIST REPUBLIC OF VIETNAM
Independence - Freedom - Happiness

Ref: 168 /CTN-TCKT

Hanoi, 11th April 2025

Subj.: Explanation of qualified Audit Opinion
in the Audited Financial Statements
for the year 2024

To: - The State Securities Commission
- Hanoi Stock Exchange

- Company's name: Vietnam Water and Environment Investment Corporation
- Stock Code: VIW
- Head Office Address: No. 52 Quoc Tu Giam Street, Van Mieu-Quoc Tu Giam Ward, Dong Da District, Hanoi City.

Pursuant to Article 2 of Decision No. 340/QD-SGDHN dated April 4, 2025, issued by the Hanoi Stock Exchange regarding the inclusion of VIW stock of Vietnam Water and Environment Investment Corporation - JSC (Viwaseen) in the warning list due to the audited financial statements for three consecutive years receiving qualified audit opinions, Viwaseen would like to provide the following explanation and corrective action plan:

1. For receivables from customers, advances to suppliers, and unsettled advances that have not been fully reconciled:

a) Causes:

- As a construction and installation enterprise, Viwaseen has a wide range of customers located in various regions with frequent personnel changes that have made it difficult to reconcile receivables during the audit process of the 2024 financial statements.
- Some receivables have been inherited from previous years since the Corporation's establishment.

b) Remedial measures:

As of the date of the 2024 audited financial statements, the reconciliation rate of receivables remained low. Viwaseen continues to urge and carry out reconciliation of all unreconciled balances to increase the reconciliation rate and serve as a basis for making provisions for bad debts. For long-outstanding receivables, Viwaseen is collecting relevant documents and will proceed with financial resolution or make provisions in accordance with the Corporation's financial regulations.

2. Final settlement of prolonged, unfinished construction projects recorded under work-in-progress costs:

a) Causes:

These lingering projects mainly include budget-funded ones for which the final settlement (A-B) has not been signed by Employers, pending results from inspections



or audits by regulatory authorities. As a result, Viwaseen lacks a legal basis for internal settlement. In some projects assigned by contracting, unresolved disputes regarding out-of-contract volumes have also delayed finalization.

b) Remedial Measures:

Viwaseen is coordinating with relevant departments and project owners to accelerate the finalization of A-B settlements upon receipt of inspection or audit conclusions by competent authorities in order to proceed with project settlements. Once the A-B settlements are signed, the internal settlements will be carried out, and long-standing work-in-progress costs will be addressed, losses identified, and provisions made in accordance with regulations. Viwaseen is also working with relevant parties to resolve any construction-related issues.

3. Offsetting of internal receivables and payables:

a) Causes:

The incomplete offsetting of inter-company receivables and payables is due to longstanding balances between the parent company and its subsidiaries, as well as among the subsidiaries themselves, which have not yet been reconciled. This stems from differences in accounting practices and cost tracking methods used by each entity, resulting in discrepancies.

b) Remedial Measures:

Viwaseen has instructed capital representatives at subsidiaries to review and reconcile accounting records for each intercompany contract, providing a basis for offsetting during the consolidated financial statement preparation.

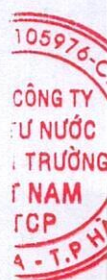
4. Unaudited financial statements of subsidiaries:

a) Causes:

As of December 31, 2024, Viwaseen's consolidated financial statements were prepared based on the parent company's statements, as well as those of its subsidiaries and associates. However, financial statements of the subsidiaries, including Viwaseen.2 JSC, Water Supply and Drainage Construction JSC No. 12, Viwaseen Human Resources, Trade and Tourism Development JSC, Viwaseen - Phuong Huong Environment Investment and Development JSC, Water, Electric and Mechanical Installation and Construction JSC -VIWASEEN.4 and some affiliates have not been audited due to various reasons. These include the lingering effects of the COVID-19 pandemic, which led to scaled-down or halted operations, financial difficulties, and employee departures, leaving the entities unable to afford audit services for their 2024 financial reports.

b) Remedial Measures:

Viwaseen is enhancing monitoring of its subsidiaries' business operations through capital representatives. This allows for participation in governance and real-time management, enabling the company to provide timely directions and solutions to address difficulties. In parallel, Viwaseen is studying and proposing implementation of its 2021–2025 restructuring plan, concentrating resources on the Corporation's core business areas.



This is the explanation and corrective action plan by Vietnam Water and Environment Investment Corporation – JSC.

Sincerely!

Recipient:

- As addressed;
- Filled at: Archive, Finance – Accounting Dept.



Ngô Văn Dung

