

Thanh Hoa, day 11 month 05 year 2026

**REPORT ON THE ACTIVITIES OF THE BOARD OF  
DIRECTORS IN 2025 AT ANNUAL GENERAL MEETING OF  
SHAREHOLDERS 2026**

To: The General Meeting of Shareholders of Thanh Hoa Water Supply JSC

Pursuant to the provisions of law, the Charter on organization and operation of Thanh Hoa Water Supply Joint Stock Company and the Resolution of the Annual General Meeting of Shareholders dated June 16, 2025, the Board of Directors of Thanh Hoa Water Supply Joint Stock Company respectfully reports to the General Meeting of Shareholders on the operational results of the Board of Directors in 2025 and the proposed work program of the Board of Directors in 2026 as follows:

**PART 1**

**THE ACTIVITIES OF THE BOARD OF DIRECTORS IN 2025**

**I. CHARACTERISTICS AND SITUATION**

**1. Advantages**

- The Company consistently received close attention and direction from the Provincial Party Committee and the People's Committee of Thanh Hoa Province, together with active support and coordination from departments, agencies and local authorities.
- Strong solidarity, unity and determination among the leadership team, along with the dedicated efforts of all employees and workers throughout the Company.
- The successful organization of the 13th Party Congress and the 13th Trade Union Congress created an atmosphere of enthusiasm and confidence, affirming the determination and solidarity of all officials, Party members and employees.
- The organizational structure continued to be improved. Internal regulations and management policies were timely reviewed, amended and supplemented to align with practical business operations and legal requirements.
- The Company continued to receive trust and support from customers and the community. Water supply service quality was continuously improved, strengthening the Company's reputation and brand and facilitating the expansion of service coverage throughout the province.
- Water supply capacity was enhanced through investment, renovation, upgrading and expansion of the network system, together with the promotion of digital transformation in management, supervision and operations, thereby improving production efficiency, reducing water loss and ensuring safe and stable water supply to better meet the growing needs of residents and businesses.
- The Company possesses 95 years of experience in establishment and

development.

## **2. Difficulties**

- In 2025, the Company's production and water supply activities faced numerous difficulties due to complicated weather conditions, prolonged storms and flooding, which reduced water source quality and disrupted electricity supply. Many plants, including Ham Rong, Quang Hung, Nong Cong, Bim Son, Yen Dinh, Ngoc Lac and Thach Thanh, were affected and temporarily suspended operations. Total downtime exceeded 1,000 hours, an increase of more than 280 hours compared to 2024, resulting in increased costs and negatively affecting the Company's ability to ensure safe and uninterrupted water supply.

- Prices of materials, equipment and raw materials, particularly construction materials such as sand, stone, concrete and asphalt, fluctuated sharply and exceeded officially announced state price levels. Limited supply due to insufficient licensed reserves created challenges for investment, repair and construction activities.

- The expansion of transportation infrastructure and urban renovation projects throughout the province directly affected the water pipeline network, increasing risks of damage, water loss and difficulties in ensuring safe water supply operations.

- Awareness and habits relating to clean water usage and cashless payments among certain customers, especially in rural areas, remained limited, leading to an increasing number of customers with no water consumption and a relatively low rate of non-cash payment adoption.

- Expansion of the water supply network in rural areas continued to face challenges due to high investment costs, while mobilization of socialized capital remained limited because of inconsistent mechanisms, policies and legal procedures.

- Site clearance and construction permit procedures for renovation and repair projects remained difficult, prolonging implementation time and affecting project schedules.

- The pipeline system, which was invested in many years ago, has significantly deteriorated but has not yet been synchronously upgraded or replaced due to limited financial resources. Many pipelines pose risks of leakage and pipe bursts, increasing water loss rates, affecting service quality, raising operating and repair costs, and creating difficulties in management and water supply safety assurance.

- Water prices have not been adjusted in a timely manner in line with rising input costs such as electricity, materials, chemicals and labor costs, thereby directly affecting the Company's financial resources and investment capability, especially in the context of network expansion, technological transformation and digital transformation requirements.

## **3. Structure and members of the Board of Directors**

The Board of Directors for the 2025-2030 term was elected by The General Meeting of Shareholders includes 05 members, including 01 full-time chairman, 01 vice chairman and 03 concurrent members. Specifically, as follows:

1. Mr. Le The Son – Chairman of Board of Directors – Full-time
2. Mr. Pham Van Tu – Vice Chairman of Board of Directors
3. Mr. Le Trung Hieu – Member of Board of Directors cum General Director
4. Mr. Le Sy Len – Member of Board of Directors cum Vice General Director
5. Mr. Le Van Quy – Member of Board of Directors cum Vice General Director

#### **4. Salaries, Remuneration, Bonuses and Other Benefits of Members of the Board of Directors**

Salaries, remuneration, bonuses and other benefits of members of the Board of Directors were paid by the Company in accordance with the Resolution of the 2025 Annual General Meeting of Shareholders (Resolution No. 38/NQ-DHDCD dated June 16, 2025), based on legal regulations and the Company Charter. Specifically: Full-time members of the Board of Directors received salaries in accordance with the planned salary fund applicable to full-time managers of the Company under Decree No. 53/2016/ND-CP dated June 13, 2016 of the Government regulating labor, salaries, remuneration and bonuses applicable to joint stock companies in which the State holds controlling ownership. Non-executive members received concurrent remuneration at a rate of VND 3 million/person/month.

## **II. PERFORMANCE RESULTS OF THE BOARD OF DIRECTORS IN 2025:**

### **1. Summary of Meetings and Resolutions of the Board of Directors**

- In 2025, the Board of Directors organized five direct meetings to discuss and decide matters within its authority and responsibilities. Members of the Board attended all meetings fully and provided clear opinions with a high sense of responsibility toward matters discussed and submitted for approval.

- During 2025, the Board of Directors issued four Resolutions and 103 Decisions focusing on the following areas:

- Approval and promulgation of amended and supplemented internal regulations and policies in line with the operational model, practical conditions and prevailing legal regulations.

- Approval of business and production plans, development investment plans, repair and renovation plans, and labor utilization plans.

- Members of the Board of Directors developed personal work programs and plans and effectively implemented them, thereby improving operational efficiency and task performance.

The activities of the Board of Directors complied with legal regulations, the Company Charter and internal regulations, successfully fulfilling the objectives and duties assigned during the year.

**2. Transactions between the Company and members of the Board of Directors; transactions between the Company and other companies in which members of the Board of Directors within the three years immediately preceding the transaction date:** During the year, no transactions arose between the Company and members of the Board of Directors or their related persons; nor were

there any transactions between the Company and other companies in which members of the Board of Directors acted as founding shareholders or enterprise managers within the three years immediately preceding the transaction date.

### **3. Results of Supervisory of the General Director and other executives**

- The Board of Directors regularly conducted close supervision and proposed timely solutions to support the Executive Management Board in effectively implementing the strategies, plans, resolutions and decisions of the Board of Directors, as well as in managing the Company's production and business activities.

- The Board regularly inspected and monitored compliance with legal regulations and the Company's internal governance regulations in the management activities of the Executive Management Board.

- On a monthly basis, the Chairman of the Board of Directors attended meetings with the Executive Management Board and functional departments of the Company to review business performance reports and provide direct guidance and operational directions during meetings, helping improve governance and management efficiency.

- All resolutions, approval decisions and key assignments delegated by the Board of Directors to the Executive Management Board were closely monitored, supervised and reviewed by the Board.

- The governance and management relationship between the Board of Directors and the General Director was maintained in close coordination and in compliance with the Company Charter and internal governance regulations. During operations, the General Director regularly reported and proposed unresolved matters to the Board of Directors for guidance to ensure consistency in management and operations, while maintaining effective coordination with the Board of Directors and the Supervisory Board and complying with laws, the Company Charter and internal regulations.

In 2025, the General Director and executive officers effectively implemented the resolutions and decisions of the General Meeting of Shareholders and the Board of Directors, while complying with reporting obligations and providing complete and timely information in accordance with legal regulations.

### **4. Results of implementing the Resolution of the General Meeting of Shareholders in 2025**

Although the Company continued to face various objective and subjective difficulties, its production and business activities in 2025 remained stable and continued to grow. Key indicators relating to output, revenue, profit, state budget contributions and average employee income all increased compared to 2024 and exceeded the targets set out in the Resolution of the 2025 Annual General Meeting of Shareholders. The material and spiritual lives of employees continued to improve, while the Company's reputation and brand were further strengthened.

The 2025 business performance results are reflected in the following key indicators:

No	Indicator	Unit	Resolution 2025	Actual 2025	Compared to Resolution
1	Commercial water	m <sup>3</sup>	43.663.000	44.023.343	100,83 %
2	Total revenue	Million VND	462.070	475.000	102,80%
	<i>Water revenue</i>	Million VND	450.054	457.418	101,64%
	<i>Construction, Consulting and other revenue</i>	Million VND	12.016	17.582	146,32%
3	Water loss rate	%	15,0	16,0	-1%
4	Customer development	Household	8.605	12.134	141,01%
5	Percentage of 0m3 customer	%	7,7	8,45	-0,75%
6	Non-cash water payment	%	52,0	58,0	111,54%
7	Payable to State budget	Million VND	50.000	77.430	151%
8	Profit	Million VND	61.000	70.146	114,99%
9	Average income	1000VND /month	12.000	13.250	110,42%

In addition to the above achievements, to continue implementing its strategic objectives, the Company prioritized resources for developing water supply systems in areas under its management and selectively implementing upgrading and renovation projects to reduce water loss and expand water supply coverage for customers.

To improve the efficiency of water production and supply and reduce water loss rates, the Company continued implementing the installation and operation of master meter systems, network zoning and water loss monitoring systems to formulate investment, repair and renovation plans for pipeline areas with high water loss rates caused by deteriorated water supply systems. The Company also accelerated digital transformation and strengthened the application of technology to meet corporate governance and water network management requirements.

#### 5. Dividend payment for 2025

The company paid dividend for 2024 in accordance with the Resolution of the 2025 Annual General Meeting of Shareholders, ensuring compliance with the prescribed timeline.

## PART 2 BOARD OF DIRECTORS'S WORK PROGRAM FOR 2026

### 1. Some key targets for 2026:

- Commercial water: 45.589.200 m<sup>3</sup>
- Total revenue: 473,809 billion VND

*Water revenue: 463,809 billion VND*

*Construction, Consulting and other revenue: 10,0 billion VND*

- Water loss rate: 16,0%
- Percentage of 0m<sup>3</sup> customer: 7,5%
- Non-cash water payment: 62,0%
- Customer development: 8.025 households
- Payable to State budget: 51,5 billion VND
- Profit: 61,5 billion VND
- Average income: 12.130.000 VND/person/month

## **2. Key Tasks and Solutions**

In order to successfully fulfill the 2026 production and business plan, the Board of Directors will focus on directing the implementation of the following key tasks and solutions in a comprehensive manner:

2.1 Continue strengthening political and ideological education for officials, Party members and employees to enhance responsibility and accountability in performing assigned duties;

2.2 Continue effectively implementing the protection and management of water sources, ensuring absolute safety in water supply operations and meeting customers' water demand efficiently.

2.3 Direct and effectively implement measures to combat water loss and non-revenue water. Monthly and quarterly evaluations and analyses of causes will be conducted to develop synchronized and appropriate solutions, striving to maintain the water loss ratio at  $\leq 16.0\%$ .

2.4 Prioritize investment resources for upgrading water plants, synchronizing the urban water network system and enhancing water production capacity. At the same time, organize the preparation, research, evaluation and submission to the Board of Directors of the Central Operation Center Project in 2026 as a basis for consideration and implementation decisions.

2.5 Continue promoting communication and customer mobilization programs to encourage cashless payment methods and reduce the number of customers without water consumption

2.6 Seek support and coordination from local authorities at all levels; continue implementing selective investment in customer development and market expansion activities to ensure investment efficiency and sustainable development.

2.7 Promote digital transformation and strengthen the application of technology in corporate governance and management of the water supply network system.

2.8 Continue tightening discipline and labor regulations, strengthening inspection and supervision activities to promptly prevent violations, while strictly handling cases of non-compliance with the Company's internal rules and regulations.

## **3. Objectives Regarding Environment, Society and Community**

- Ensure the exploitation, production and supply of clean water in accordance with sustainable development principles, economical use of water resources and strict compliance with regulations on the management and protection of underground

urban infrastructure systems during the construction of water supply systems.

- Coordinate with local authorities in protecting water sources, promoting water conservation and environmental protection awareness, fully implementing corporate social responsibilities and actively participating in community-oriented activities.

- Build the image of Thanh Hoa Water Supply Joint Stock Company as the water supply enterprise with the best service quality in the region, always customer-oriented under the motto: “Clean Water from the Heart – Reaching New Heights of Excellence.”

#### 4. Implementation Organization

The Board of Directors assigns the Executive Management Board to organize and effectively implement the proposed objectives in accordance with legal regulations, the Company Charter, internal rules and regulations.

The above is the report of the Board of Directors submitted to the 2026 Annual General Meeting of Shareholders for consideration and approval.

**Recipient:**

- As above;
- Board of Directors
- Archive: Company

**ON BEHALF OF THE BOARD OF DIRECTORS  
CHAIRMAN**



Thanh Hoa, day 11 month 05 year 2026

## REPORT ON THE IMPLEMENTATION OF THE 2025 BUSINESS PRODUCTION AND ORIENTATION FOR THE 2026 BUSINESS PRODUCTION PLAN

**To** : The General Meeting of Shareholders of Thanh Hoa Water Supply JSC

In 2025, the Company's production and business operations were carried out amid both favorable conditions and numerous challenges. In particular, the weather developments became increasingly complicated due to climate change, especially extreme weather events, saline intrusion, and prolonged heavy rains, which significantly affected water quality and supply sources. In addition, fluctuations in input material prices, rising inflation, frequent power shortages and outages, together with changes in commodity prices, posed considerable challenges to the Company's production and business activities. However, with innovation in leadership and management, decisive direction from the Chairman of the Board of Directors and the Board of Management, close coordination among departments and units, and the efforts and determination of all officers, employees, and workers, together with the trust and support of customers, the Company successfully overcame difficulties and fulfilled the assigned tasks, thereby maintaining stable business operations and achieving positive results in 2025. The Board of Management hereby presents to the General Meeting of Shareholders the report on the implementation results of the 2025 business production plan and the orientation and tasks for 2026 as follows:

### I. GENERAL SITUATION

As of the present time, the Company has a total of 878 managers and employees, including: 332 female employees (accounting for 43.5%) and 496 male employees (accounting for 56.5%).

The Board of Directors consists of 05 members; the Board of Management consists of 05 members; the Board of Supervisors consists of 03 members; and there are 08 affiliated departments and 18 dependent units.

**Charter Capital:** VND 329.954.110.000, of which:

+) State ownership: 63,62% .

+) Other shareholders: 36,38%.

**Main business:** Production and trading of clean water and other related business activities as prescribed by law.

#### 1. Advantages:

- The Company has continuously received close attention and direction from the Provincial Party Committee, the Provincial People's Committee, and support from all levels, sectors, and local authorities.

- The spirit of creativity, flexibility, determination, and discipline in management and operation has been consistently promoted by the Board of Directors, the Board of Management, and all employees.

- The solidarity, unity, determination, and strong commitment of the leadership

team, together with the efforts of all officers, employees, and workers throughout the Company.

- The successful organization of the 13th Party Congress and the 13th Trade Union Congress created a positive atmosphere, strengthened confidence, and reinforced the determination and spirit of solidarity among all officers, Party members, and employees.

- The organizational structure has continued to be improved. The system of internal regulations and management mechanisms has been reviewed, amended, and supplemented in a timely manner to align with actual conditions and meet practical requirements in production and business operations.

- The Company continues to receive trust and support from customers and the community. The quality of water supply services has continuously improved, strengthening the Company's reputation and brand while creating favorable conditions for expanding its service coverage across the province.

- Water supply capacity has been enhanced through investment, renovation, upgrading, and expansion of the pipeline network and water plants, together with the application of digital transformation in management, operation, supervision, and administration. This has contributed to improving production efficiency, reducing water loss, and ensuring safe and stable water supply to better meet the increasing demands of residents and enterprises

## **2. Challenges:**

- In 2025, the Company's production and water supply activities faced numerous difficulties due to complicated weather conditions, prolonged storms and flooding, deterioration in water source quality, and power supply disruptions. Many plants such as Ham Rong, Quang Hung, Nong Cong, Bim Son, Yen Dinh, and Ngoc Lac Water Plants were affected, forcing production interruptions. The total downtime of water plants exceeded 1,000 hours (an increase of more than 280 hours compared to 2024), thereby increasing costs and affecting the Company's ability to ensure safe and continuous water supply.

- Prices of materials, equipment, and raw materials, especially construction materials such as sand, stone, concrete, and asphalt, fluctuated sharply and exceeded the officially announced state price levels. Meanwhile, supply shortages due to limited licensed reserves failing to meet demand caused difficulties for the Company's investment, repair, and construction activities.

- The development and expansion of transportation infrastructure and urban beautification projects within the province directly affected the water pipeline network, increasing the risk of damage and water loss, thereby impacting the Company's ability to ensure water supply safety.

- The awareness and habits of using clean water and making non-cash payments among a portion of customers, particularly in rural areas, remain limited, leading to an increase in inactive customers and a relatively low rate of non-cash payment adoption.

- Investment in expanding the water supply network in rural areas continues to face difficulties due to high investment costs, while the mobilization of socialized capital remains limited because of mechanisms, policies, and relatively low recovery periods.

- Site clearance and construction permit procedures for renovation and repair projects still face many obstacles, prolonging implementation time and affecting project progress.

- The pipeline system, which was invested in many years ago, has deteriorated but has not yet been synchronously renovated or replaced due to limited funding sources. Many

pipeline sections pose risks of leakage and pipe bursts, increasing the water loss ratio, affecting service quality, while also raising operation and maintenance costs and causing difficulties in management and ensuring water supply safety.

- Water prices have not yet been adjusted in a timely manner in line with increases in input costs such as electricity, materials, chemicals, labor costs, etc., directly affecting the Company's financial resources and investment capacity, especially in the context of expanding the water supply network and applying advanced technologies.

## II. RESULTS OF THE IMPEMENTATION OF TAKS IN 2025:

### 1. Key performance indicators achieved:

No.	Indicators	Unit	Actual 2025 TH 2025	Compare (%)	
				Actual 2024	Compared to Previous Year (%)
1	Commercial water output	m <sup>3</sup>	44.023.343	42.301.528	104,07
2	Total revenue	Million VND	475.000	466.209	101,89
	<i>Water sales</i>	Million VND	457.418	438.116	104,41
	<i>Construction + Others</i>	Million VND	17.582	28.043	62,70
3	Loss rate	%	16,0	16.50	-0,5
4	Customer Development	Household	12.134	11.970	101,37
5	Cutomer 0m3	%	8,45	9,0	-0,55
6	Non-cash payment ratio	%	58,0	42,53	136,37
7	State budget contribution	Million VND	77.430	74.722	103,62
8	Profit	Million VND	70.146	69.500	100,93
9	Average income	1000VND /month	13.250	12.900	102,71

### 2. Management and Administration Activities:

Management and administration activities have continued to be innovated toward a proactive, flexible, and efficient approach, meeting the increasingly high requirements of production and business operations. In 2025, the Company continued to improve its governance and operational capabilities through organizational restructuring, enhancing management capacity, and ensuring unified, timely direction throughout the entire system.

The Board of Management promoted its leadership role in effectively organizing the implementation of assigned tasks, directing affiliated units to strictly comply with management and operational procedures while strengthening inspection and supervision of implementation progress and results. The Company focused on reviewing and evaluating the effectiveness of management and operational activities at each stage and each department, thereby improving management efficiency, reducing unnecessary costs, and creating unity and consensus throughout the Company. Cost management and savings

were implemented strictly and appropriately, ensuring compliance with State regulations, while also improving the income and living standards of employees.

The supervisory role of the Board of Directors, the Board of Supervisors, and internal control activities was regularly carried out, ensuring compliance with the Charter and legal regulations. In addition, the Company paid special attention to improving the working environment and enhancing the material and spiritual well-being of employees, thereby creating motivation and a stable working environment, promoting engagement, and contributing sustainably to the Company's long-term development.

### **2.1. Water production and supply activities:**

Despite unfavorable conditions and extreme weather, including multiple prolonged heavy rain and flooding events at several water plants, the water supply system still ensured stable operations due to proactive planning, coordination, and reserve water sources. Some plants such as Ham Rong, Bim Son, and Vinh suffered reduced water quality and supply interruptions, but thanks to timely management and operational measures, the situation was quickly stabilized, and water supply services were maintained safely throughout the province.

Strict compliance with production processes and water quality assurance in accordance with QCVN 01-1:2024/BYT was maintained. Water quality indicators at all water plants were continuously improved, receiving positive feedback from customers.

### **2.2. Financial management:**

Financial management activities were implemented strictly and effectively, fully meeting the requirements of production and business operations. Investment, capital management, and the use of capital resources were carried out prudently, transparently, and in compliance with regulations, ensuring efficiency and cost optimization. Financial and accounting management complied with State regulations on finance and accounting. In 2025, total revenue reached VND 475 billion, equivalent to 101.04% compared to the previous year; profit reached VND 70.7 billion, equivalent to 100.7% compared to the previous year.

The Company actively monitored and updated financial and accounting policies and mechanisms promulgated by the State, ensuring full, timely, and compliant implementation. Financial resources were managed efficiently, economically, and for the right purposes. In 2025, the Company fulfilled its tax obligations to the State budget in the amount of VND 400 million.

Accounting and financial settlement activities were conducted promptly, ensuring quality and compliance with regulations.

### **2.3. Planning and Materials Management:**

Based on the direction and resolutions of the Board of Directors and the Board of Management, the Planning and Materials Department coordinated closely with relevant units to comprehensively review actual conditions, analyze indicators, forecast market fluctuations, and proactively develop supply plans and implementation schedules for the production and business plan in a timely, proactive, and practical manner.

Planning activities and the implementation of assigned tasks were synchronized, ensuring close coordination among professional units and clearly defining the responsibilities of each unit. Targets were assigned specifically to each department and branch in association with the responsibilities of unit leaders. Through this, planning activities effectively served as an important management tool, creating motivation to promote innovation and creativity, enhancing the sense of responsibility, and enabling

units to exceed assigned targets and tasks.

The Board of Management regularly directed and closely monitored the implementation progress, promptly addressing arising issues in production operations through specific solutions aimed at reorganizing operations, improving efficiency, stabilizing the water supply source, and ensuring compliance with SXKD regulations.

In the context of continuous fluctuations in material, equipment, and raw material prices due to impacts from geopolitical factors, inflation, and exchange rate changes, which caused supply disruptions at certain times, the Company's leadership proactively directed departments and functional units to forecast market developments, evaluate supply conditions, and establish reserve plans to ensure sufficient materials, equipment, and raw materials for production and operations. Procurement, storage, and supply management activities were implemented strictly, transparently, and in compliance with regulations on quality assurance, cost optimization, and timely response to production needs in all situations, thereby ensuring stable water supply.

#### **2.4. Human Resources:**

In 2025, the Company continued to review, evaluate, and streamline its workforce to improve management efficiency, operational effectiveness, and labor productivity while ensuring the implementation of production and business tasks. The Board of Management currently consists of 31 personnel, including members of the Company's leadership team. Management and supervisory activities at all levels continued to be strengthened, enhancing operational efficiency and promoting the implementation of production and business tasks.

- Salary and bonus regimes for employees were implemented in accordance with State regulations and internal regulations, contributing to improved work efficiency and long-term employee commitment to the Company.
- The Company organized 05 training courses with a total of 886 participants, including professional training, labor safety, fire prevention and fighting, occupational safety and health, and technical training to improve staff competencies and task performance. The Company also organized rank promotion examinations for professional employees and title examinations for 15 employees.
- The Company continued to promote the development of corporate culture associated with building a civilized and modern working environment, strengthening discipline and responsibility awareness. Internal regulations and rules were strictly implemented to promptly address violations and enhance employees' sense of compliance and responsibility, thereby improving management effectiveness, strengthening internal unity, and enhancing the Company's image and reputation.

#### **2.5. Administrative Management:**

The Company continued to strengthen, innovate, and improve the effectiveness of administrative management, creating a professional, scientific, and modern working environment, thereby enhancing the operational efficiency of departments and units. Administrative activities such as document management, direction and coordination, and working condition support were carried out promptly, thoroughly, and professionally, effectively supporting the Company's overall management and operational activities.

Internal security and order management were strictly implemented, ensuring workplace safety for employees. Archiving and document storage activities were carried out systematically and conveniently, meeting operational and management requirements.

#### **2.6. Technical management activities:**

Technical management activities received special attention from the Company and were implemented rigorously in close association with practical requirements. Water quality was regularly inspected and monitored in strict compliance with regulations, ensuring conformity with standards and technical specifications and safeguarding the health of consumers and the community.

Water supply plans were developed based on assessments of infrastructure conditions, identification of water source risks, and forecasts of weather developments, thereby establishing timely preventive and response measures. The digitization of pipeline data and network mapping helped optimize system operation, contributing to more efficient water supply management, reduced water loss, early detection of incidents, and ensuring continuous water supply to customers.

Water sample testing activities were carried out in close coordination between the testing department and relevant authorities. In 2025, 1,269 water samples were tested, including:

- Internal testing: 2,044 samples (raw water: 434 samples, treated water: 434 samples, external network water: 1,176 samples).
- External testing: 125 samples.

Testing results showed that water quality complied with regulations issued by the Ministry of Health and disease control centers at the sampling locations all met Ministry of Health standards.

Machinery and equipment systems at water plants and units were regularly inspected, maintained, and repaired, ensuring stable operation and sufficient water production capacity to meet demand and maintain safe and efficient operations.

Water supply operation and regulation activities were flexibly coordinated among units and the Thanh Hoa Urban Water Supply Plant and related water plants. Water sources were properly stored and distributed, ensuring stable pressure, minimizing water loss and leakage, and ensuring adequate water supply during peak periods.

Survey, design, construction, supervision, and acceptance activities for technical works were implemented in accordance with current regulations.

Regular investment, renovation, and upgrading of infrastructure and technical systems were carried out, bringing positive efficiency to basic construction investment activities.

## **2.7. Investment and Construction**

During the year, the Company prioritized resources to implement several investment projects aimed at upgrading and expanding the water supply network and enhancing water supply capacity, thereby contributing to improving service quality, adapting to urbanization demands, and ensuring clean water security. Notable projects included: upgrading and expanding the raw water intake station at the Northern Ma River Water Plant; extending the DN900–D630 transmission pipeline from the Northern Ma River Water Plant to the Yen Dinh Water Plant; upgrading the pumping station and raw water pipeline from the Hoang Hoa Reservoir to the Northern Ma River Water Plant; the NM Bim Son pumping station project, etc. The Company also installed a clean water pipeline network to several communes and regions, serving the expansion of the water supply network to rural areas, mountainous areas, remote regions, and disadvantaged localities, thereby contributing to improving living conditions and promoting the implementation of Resolution No. 58 and Resolution No. 05/8/2020 of the Politburo. In 2025, the Company newly developed 12 branch pipelines for customers;

At the same time, many deteriorated facilities and works were repaired, renovated, and replaced in a timely manner to ensure water supply safety; contributing to improved operational efficiency, enhanced water supply capacity, and reduced water loss rates.

Investment and construction projects were implemented in accordance with regulations, ensuring quality, schedule, and efficiency in the use of investment capital for basic construction activities.

### **2.8. Water loss Prevention Activities:**

Although water loss prevention activities still faced many difficulties due to the aging pipeline system, impacts from urban infrastructure development projects, prolonged heavy rains causing ground subsidence, and increasing water demand pressure during peak periods, the Board of Management and related units actively implemented synchronized solutions to control and gradually reduce the water loss ratio. The Board of Directors and the Board of Management regularly monitored, directed, and supervised implementation progress while coordinating closely with units to ensure effective implementation. Propaganda and awareness campaigns were strengthened to encourage water users to cooperate in protecting the water supply system, promptly reporting leaks, and actively participating in water-saving practices. At the same time, the Company continued to review and improve the management of water supply networks; divide water supply zones and areas to facilitate monitoring and control of water loss rates; strengthen inspections and supervision to detect and handle incidents in a timely manner; and coordinate with the Board of Directors to launch emulation campaigns to improve water loss prevention efficiency, thereby enhancing the responsibility and awareness of all officers, employees, and workers throughout the Company.

The Company implemented water loss prevention at 1,218 locations, with 4,696 leakage points handled. The total volume of water loss in 2025 was 1,067,724 m<sup>3</sup>. The water loss ratio in 2025 was maintained below 16% (a decrease of 0.5% compared to the previous year).

### **2.9. Customer care activities**

Customer care activities continued to receive direction and attention from the Board of Directors and the Board of Management. Information reception and processing systems were maintained continuously 24/7, ensuring timely handling of customer feedback, requests, and complaints. In 2025, the total number of inquiries and information requests received reached 11,917 cases, an increase of 953 cases compared to 2024.

The Company focused on improving the quality of customer service through upgrading information technology applications. Specifically, the digitalization rate of procedures reached 77%, the rate of online applications reached over 70%, the rate of online payment reached over 90%, the number of water supply interruptions due to pipeline failures was reduced to 440 cases, and the rate of unresolved incidents within 24 hours decreased to 158 cases. Customer consultation and support activities were strengthened through information channels and digital customer service applications, thereby creating favorable conditions for customers to access information, interact, and use services quickly, conveniently, and effectively.

With the motto “Clean Water for Life” and the goal of continuously improving service quality, service provision processes and water quality management and treatment activities were always prioritized by the Company. Through this, the Company’s reputation and image continued to be strengthened, creating a solid foundation for sustainable

## **2.10. Information Technology:**

In 2025, under the direction of the Board of Directors and the Board of Management, digitalization activities were strongly promoted in line with the national digital transformation orientation and the policies of Thanh Hoa Province. The management information system and specialized software applications were upgraded and operated more efficiently, ensuring information was updated, stored, and retrieved quickly and conveniently, thereby improving management and operational efficiency throughout the Company.

The Customer Information Management Software (CityWork) was implemented comprehensively at all affiliated units. Software modules such as Meter Reading Management (XMASolutions) were connected at three branches including Bim Son, Nam Phat, and Bac Thanh Hoa, helping automate meter reading and synchronize data more efficiently. The Office Management Software (eOffice) was improved and widely applied in management and administrative operations, facilitating document circulation, digital signatures, QR code applications, and interconnection of operational management and direction data throughout the Company.

Activities such as online meter reading, remote meter maintenance, and online monitoring equipment were implemented extensively, ensuring stable operation and enhancing management efficiency. The rate of customers using smart meters reached 59% (an increase of 16.5% compared to the previous year), while the rate of electronic invoice usage reached 76% (an increase of 11.9% compared to the previous year).

## **2.11. Occupational Safety and Hygiene:**

Occupational safety and hygiene activities received serious and synchronized attention from the Company at all levels and departments in accordance with Labor Law regulations, contributing to ensuring workplace safety in production and business operations. Water plants and water supply units were equipped with fencing systems and fully installed labor protection equipment, camera systems, fire prevention and fighting equipment, and lightning protection systems operating 24/7. Machinery and equipment were regularly inspected and maintained; occupational safety and hygiene activities were implemented strictly; working environments and production conditions were improved to ensure labor safety.

Employees were fully equipped with labor protection gear, fire prevention and firefighting equipment (PCCC), and occupational safety tools as required. During the year, no labor accidents or fire and explosion incidents occurred.

The Company coordinated with the Fire Prevention and Fighting Police Department (PC07) to organize training courses and fire prevention drills for 148 officers and employees. At the same time, the Company continued to coordinate with functional authorities to organize fire prevention and rescue response drills at water plants and affiliated units under the direction and supervision of local Fire Prevention and Fighting Committees.

The Company also focused on periodic health check-ups for all employees and implemented regimes related to labor safety, occupational hygiene, and toxic/hazardous working conditions in accordance with regulations, thereby contributing to maintaining stable production and business operations and ensuring sustainable development.

### **2.12. Employee Welfare Activities:**

The Company has consistently paid attention to fully implementing policies and welfare regimes for employees, while also promoting social welfare activities, thereby contributing to improving employees' living conditions and creating motivation for long-term commitment to the Company.

The rights and benefits of employees have always been guaranteed; salary policies for employees have been maintained in a timely and proper manner, ensuring compliance with labor regulations. In 2025, the average income reached VND 13,250,000/person/month, equivalent to 102.7% compared to the previous year.

Social insurance, health insurance, unemployment insurance, and other employee welfare regimes were fully and timely implemented in accordance with regulations, ensuring employees' legitimate rights and interests. In addition, the Company continued to implement support policies for employees with difficult circumstances and organized periodic health check-ups, annual vacations, and cultural and sports activities for employees.

The Company paid attention to improving both material and spiritual life for employees; organized many cultural, artistic, and sports activities among officers and employees within the Company and with external units, helping strengthen solidarity, exchange experiences, and improve working spirit. Movements such as emulation campaigns, sports activities, and art performances were maintained regularly, contributing to creating a positive working atmosphere, motivating employees to strive and successfully fulfill assigned tasks.

The Company also actively responded to humanitarian and charitable activities and social welfare programs such as contributing to gratitude funds, encouragement funds, disaster relief funds, supporting poor households, and supporting victims of Agent Orange/dioxin, etc., with a total amount of over VND 1.15 billion.

### **2.13. Security and Defense Activities**

Security and defense activities continued to receive attention, with regular propaganda and dissemination of Party guidelines and State laws, ensuring social order and safety, fire prevention and fighting, and protection of State assets. The Company coordinated with local authorities to ensure security and order, especially at water plants, pumping stations, and key operational areas. In 2025, the Company coordinated with the Provincial Military Command to organize military training and drills for militia and self-defense forces; 28 employees participated in military training, 05 employees participated in defense and security training courses.

The implementation of security and defense duties was carried out strictly in accordance with regulations, while the Company continued to strengthen management, promptly detect and handle arising situations, and ensure safety for production and business activities as well as employees' lives.

### **2.14. Implementation of Democratic Regulations at Grassroots Level:**

The Company strictly implemented grassroots democratic regulations in accordance with Decree No. 145/2020/NĐ-CP, ensuring employees' rights to participate in opinions, supervision, and the creation of a stable, united, and sustainable working environment. The implementation of democratic regulations was maintained through regular labor conferences, periodic dialogues, and information disclosure regarding production and business conditions, regimes, and policies.

Directions related to innovation of regulations, management mechanisms, production and business plans, and income distribution plans were all publicly and transparently implemented. Employees' opinions and recommendations were directly received and promptly addressed.

Inspection and supervision of the implementation of democratic regulations were maintained regularly; labor contracts, salary payment, and financial management were implemented in accordance with regulations. Through this, employees' democratic rights were promoted, contributing to improving management effectiveness and strengthening solidarity within the Company.

### **3. Emulation and Reward Activities:**

With achievements attained in production and business activities in 2025, the Company's emulation and reward council evaluated, recognized, and commended collectives and individuals with outstanding achievements, thereby motivating and encouraging the completion of production and business tasks throughout the Company, specifically as follows:

#### **Regarding collectives:**

- 01 collective awarded the Excellent Labor Collective title;
- 12 collectives awarded the Advanced Labor Collective title;
- 16 collectives awarded the Excellent Labor Team title;
- 01 collective proposed to the Provincial People's Committee for a Certificate of Merit;
- 02 collectives awarded Certificates of Merit by the Provincial People's Committee for outstanding achievements in assigned tasks.

#### **Regarding individuals:**

- 483 individuals awarded the Advanced Labor title;
- 102 individuals awarded the Excellent Labor title;
- 74 individuals awarded Certificates of Merit by the Company;
- 14 individuals proposed to the Provincial People's Committee for Certificates of Merit;
- 19 individuals awarded Certificates of Merit by the Company's Trade Union;
- 07 individuals awarded Certificates of Merit by the Provincial People's Committee.

### **4. Limitations and Causes:**

#### **4.1. Limitations:**

Besides the achieved results, in 2025 the Company's operations still faced several limitations and difficulties that required focused efforts to overcome, specifically:

- Leadership and direction activities at times and in certain tasks lacked decisiveness; the implementation of some tasks was still delayed, affecting overall performance and planned targets.
- Although the water loss ratio was controlled and showed a decreasing trend, it remained relatively high in some areas with aging pipeline systems.
- The rate of inactive customers and non-cash payment rates remained high and had not yet reached targeted levels.
- Investment progress for several projects was still slow, and construction work at

some locations was affected by weather conditions and complicated site clearance issues.

- Some officers and employees had not fully demonstrated responsibility and proactiveness in their work; compliance with certain internal rules and regulations remained incomplete.

#### 4.2. Causes:

##### \* Objective causes:

- Các dự án giao thông và chỉnh trang đô thị diễn ra thường xuyên đã tác động trực tiếp đến hệ thống cấp nước hiện hữu, ảnh hưởng đến hành lang an toàn các tuyến ống. Đồng thời, ý thức bảo vệ hạ tầng cấp nước của một bộ phận người dân còn hạn chế, dẫn đến nguy cơ hư hỏng đường ống, gây gián đoạn cấp nước và làm gia tăng thất thoát;

- Tiến độ thực hiện một số dự án đầu tư, sửa chữa và cải tạo công trình bị ảnh hưởng bởi các yếu tố khách quan như điều kiện thời tiết, các thủ tục cấp phép kéo dài, dẫn đến chậm tiến độ so với kế hoạch;

- Một bộ phận khách hàng chưa nhận thức rõ nguy hại của việc sử dụng nguồn nước giếng khoan, chưa có thói quen sử dụng nước sạch khi mới lắp đặt;

- Một số khoản nợ từ nguồn vốn ngân sách nhà nước, qua nhiều thời kỳ nên rất khó cân đối;

##### \* Nguyên nhân chủ quan:

- Ý thức trách nhiệm cá nhân người đứng đầu đơn vị trong việc lãnh đạo chỉ đạo, quản lý điều hành và ý thức chấp hành kỷ luật của một bộ phận nhỏ CBCNVLĐ còn hạn chế, thiếu thần trách nhiệm;

#### 5. General assessment:

2025 was marked by numerous difficulties and challenges, but it was also a year that reflected the Company's strong determination and efforts to overcome all obstacles. The close coordination and solidarity among the Board of Directors, the Executive Management Board, the Supervisory Board, functional departments, affiliated units and all employees contributed significantly to the successful fulfillment and overachievement of the targets and tasks assigned under the Resolution of the General Meeting of Shareholders. The Company maintained stable and efficient water supply operations across its managed areas while continuing to strengthen its development foundation, enhance its reputation and brand image, and create favorable conditions for further growth in the future.

### III. ORIENTATION, KEY TASKS AND SOLUTIONS FOR 2026

In 2026, the water supply sector is expected to continue facing numerous challenges due to increasingly severe climate change impacts, rising prices of electricity, materials and fuel, while water prices have not been adjusted over the past eight years. In addition, the roadmap for implementing digital transformation requires substantial financial resources, whereas the Company's financial resources remain limited. In this context, the Board of Directors and the Executive Management Board have identified the following objectives, tasks and solutions for 2026:

#### 1. Objective

Based on the production and business results achieved in 2025, together with the Company's strategic development orientation for 2026 and subsequent years, the Board of Directors has determined the key objectives and tasks for 2026 as follows: increasing commercial water output, revenue growth, accelerating customer development,

improving service quality, while simultaneously reducing water loss rates and lowering the ratio of customers with zero water consumption (0m<sup>3</sup>).

The Company will focus on enhancing operational efficiency in association with sustainable development requirements and the criteria for evaluating clean water supply quality in urban areas and inter-municipal regions under the Government's regulations, while improving water supply production capacity. The immediate priority is to complete and commission key projects aimed at enhancing water supply capacity; reducing water loss and non-revenue water to below 16%; maintaining the ratio of customers with 0m<sup>3</sup> consumption at 7.5%; maintaining bad debt ratios below 3.0–3.5%; and ensuring stable average employee income. At the same time, the Company will continue promoting digital transformation in the management and operation of the water supply system and improving service quality under the operating motto: *“Clean Water from the Heart – Reaching New Heights of Excellence”*.

## 2. Key targets:

- Commercial water: 45.589.200 m<sup>3</sup>
- Total revenue: 473,809 billion VND  
*Water revenue: 463,809 billion VND*  
*Construction, Consulting and other revenue: 10,0 billion VND*
- Water loss rate: 16,0%
- Percentage of 0m<sup>3</sup> customer: 7,5%
- Non-cash water payment: 62,0%
- Customer development: 8.025 households
- Payable to State budget: 51,5 billion VND
- Profit: 61,5 billion VND
- Average income: 12.130.000 VND/person/month

## 3. Task and Solution

In order to successfully fulfill the 2026 production and business plan, the Company will focus on implementing the following key tasks and solutions in a synchronized manner:

3.1 Continue strengthening political and ideological education for officials, Party members and employees in order to enhance responsibility and accountability in performing assigned duties;

3.2 Actively and effectively manage water sources and ensure adequate chemicals and production materials in service of water supply operations, thereby ensuring stable water quality for customers; particularly focusing on controlling Non-Revenue Water (NRW), purchasing and storing chemicals and materials.

3.3 Continue intensifying measures to combat water loss and non-revenue water; conduct monthly and quarterly evaluations and analyses of causes, and implement synchronized and appropriate solutions, striving to reduce the water loss ratio to below 16.0%

3.4 Prioritize investment resources for upgrading water plants and synchronizing the MLĐÔ network system in order to enhance water production capacity. At the same time, continue researching, evaluating and submitting the Central Operation Center Project in 2026 to the Board of Directors for consideration and implementation approval.

3.5 Promote communication campaigns and encourage customers to adopt cashless payment methods and address customers with zero water consumption in a reasonable

and appropriate manner, thereby contributing to reducing the ratio of customers with 0m<sup>3</sup> water usage

3.6 Seek support and coordination from local authorities at all levels; continue selectively investing in customer development and market expansion activities to ensure investment efficiency and sustainable development..

3.7 Strengthen discipline and labor regulations, enhance compliance awareness among officials, Party members and employees; strictly implement disciplinary measures where violations occur; promptly prevent and strictly handle violations of internal rules and labor discipline..

3.8 Maintain and promote solidarity within the leadership team, officials, Party members and employees; improve management and operational efficiency; strengthen leadership, direction and administration in order to promptly address difficulties and obstacles, ensuring stable and safe production and business operations and the successful fulfillment of assigned tasks..

3.9 Effectively implement emulation, commendation, review and evaluation activities; promptly recognize and reward collectives and individuals with outstanding achievements to create motivation for competition and encourage innovation and creativity in task performance.

3.10 Continue promoting the activities of socio-political organizations; through patriotic emulation movements, foster unity, solidarity and innovation among officials and employees, thereby maximizing collective intelligence and internal strength.

3.11 Promote digital transformation, strengthen the application of technology in corporate governance and management of the water supply network system.

**Recipient:**

- As above;
- BoD, CEO;
- Archive: Company

**GENERAL DIRECTOR**



*Le Trung Hieu*  
**Le Trung Hieu**

*Thanh Hoa, day 11 month 05 year 2026*

**REPORT ON THE ACTIVITIES OF THE SUPERVISORY BOARD IN 2025  
AT THE ANNUAL GENERAL MEETING OF SHAREHOLDERS IN 2026**

To: Shareholders of Thanh Hoa Water Supply Joint Stock Company.

*Pursuant to the Law on Enterprises No. 59/2020/QH14 dated June 17, 2020; the Law on Management and Investment of State Capital in Enterprises No. 68/2025/QH14 dated June 14, 2025; the Law on Securities No. 54/2019/QH14 and relevant legal regulations;*

*Pursuant to Circular No. 116/2020/TT-BTC dated December 31, 2020 of the Ministry of Finance guiding a number of corporate governance issues applicable to public companies;*

*Pursuant to the Charter, internal regulations and current corporate governance regulations of Thanh Hoa Water Supply Joint Stock Company; and the Resolution of the Annual General Meeting of Shareholders dated June 16, 2025;*

The Supervisory Board reports to the annual general meeting of shareholders on the performance results of The Supervisory Board in 2025 and expected plan of activities in 2026, as follows:

**A. Activities of The Supervisory Board in 2025**

**I. Performance results of the Supervisory Board.**

**1. Personnel of the Supervisory Board**

The Supervisory Board of Thanh Hoa Water Supply Joint Stock Company for the 2020–2025 term was elected by the General Meeting of Shareholders on June 29, 2020 and consisted of three members:

- Ms. Le Thi Ha : Hear of the Supervisory Board
- Mr. Nguyen Cong Khanh : Member of the Supervisory Board
- Ms. Trinh Thi Huyen : Member of the Supervisory Board

After the end of the term, Ms. Le Thi Ha retired under the applicable retirement regime, and Mr. Nguyen Cong Khanh did not continue for the new term. At the General Meeting of Shareholders held on June 16, 2025, the Supervisory Board for the 2025–2030 term elected three members, including:

- Ms. Vu Van Ha : Hear of the Supervisory Board
- Mr. Le Thi Thanh Thuong : Member of the Supervisory Board
- Ms. Trinh Thi Huyen : Member of the Supervisory Board

**2. Performance Results of the Supervisory Board**

Immediately after the General Meeting, the Supervisory Board convened to elect the Head of the Supervisory Board, develop and promulgate the operational

regulations for the 2025–2030 term, and assign specific responsibilities to each member.

Based on the 2025 work plan approved by the Annual General Meeting of Shareholders, and in accordance with legal regulations and the Company's Charter, the Supervisory Board implemented its assigned duties and responsibilities. In performing its supervisory functions, the Head of the Supervisory Board attended all monthly management meetings chaired by the General Director, meetings of the Board of Directors, and certain other meetings of the Company to monitor and oversee the management and administration activities of the Board of Directors, the General Director, and the Company's operations.

During the year, the Supervisory Board held four quarterly meetings to evaluate the implementation of inspection and supervision duties and to deploy tasks for the following quarters. Throughout the course of its duties, the Supervisory Board did not obstruct the Company's business operations. Members of the Supervisory Board consistently complied with legal regulations, the Company's Charter, and resolutions of the General Meeting of Shareholders in exercising their assigned rights and obligations to safeguard the legitimate interests of the Company.

### **3. Salaries, Remuneration and Other Benefits of the Supervisory Board**

Salaries, remuneration and benefits of the Supervisory Board were paid in accordance with the Resolution of the Annual General Meeting of Shareholders 2025. Specifically: From January to May 2025, the Head of the Supervisory Board received salary based on the planned salary fund applicable to full-time managerial personnel of the Company under Decree No. 53/2016/ND-CP regarding management, labor, salary, remuneration and bonuses applicable to enterprises in which the State holds controlling shares. From June to December 2025, remuneration was paid in accordance with Decree No. 248/ND-CP dated September 15, 2025 of the Government regulating salary, remuneration and bonuses for direct representatives of state ownership, representatives of state capital and Controllers in State-owned enterprises. The two concurrent members received remuneration of VND 2,000,000/person/month.

## **II. Supervision Results of the Board of Directors, the General Director and Executive Officers**

### **1. For the Board of Directors:**

The Board of Directors of Thanh Hoa Water Supply Joint Stock Company for the 2025–2030 term was elected by the General Meeting of Shareholders on June 16, 2025 and consists of five members. Immediately after the General Meeting, the Board of Directors elected the positions of Chairman, Vice Chairman and three members, while assigning duties to each member to ensure an appropriate structure between executive and non-executive members in compliance with legal regulations.

The Chairman of the Board of Directors is also the legal representative and directly participates in the Company's operational management.

Members of the Board of Directors developed personal work programs and plans and effectively implemented such plans, ensuring transparency of information and enhancing corporate governance efficiency. The Board regularly supervised the General Director and other executive officers in the daily management of the Company's business operations, while promptly directing and administering the Company's activities in compliance with legal regulations, the Company Charter, internal regulations and resolutions of the General Meeting of Shareholders.

During the year, the Board of Directors organized five in-person meetings to resolve matters within its authority and issued 107 resolutions, decisions, submissions and reports for consultation, direction and administration of the Company's operations in accordance with its authority. The Board also directed the review, amendment and timely promulgation of the Company's internal rules and regulations in compliance with prevailing laws and the Company's operational realities.

At its meetings, the Board of Directors regularly reviewed and evaluated the performance of both the Board and the Executive Management, thereby promptly proposing orientations and solutions to address outstanding issues and operational difficulties.

Through its supervisory activities, the Supervisory Board recognized that the Board of Directors complied with legal regulations, the Company Charter and resolutions of the General Meeting of Shareholders in exercising its rights and obligations prudently and responsibly. Resolutions and decisions issued by the Board were within its authority, met practical requirements and generated positive benefits for shareholders and the Company. Members of the Board fully attended meetings and provided clear and responsible opinions on matters discussed and voted upon. All resolutions and decisions of the Board were approved with 100% consensus, and meeting minutes were properly recorded and archived in accordance with regulations.

## **2. For the General Director and Executive Director**

The General Director and executive officers consistently demonstrated strong efforts and implemented various solutions to successfully fulfill the targets and duties assigned by the General Meeting of Shareholders and the Board of Directors. They regularly monitored and managed the areas and units under their responsibility.

During the course of administration, the General Director regularly reported and proposed unresolved matters to the Board of Directors for guidance in order to ensure consistency in management and operations. The General Director also maintained effective coordination with the Board of Directors and the Supervisory Board while ensuring compliance with laws, the Company Charter, and internal regulations.

**III. Giao dịch Transactions between the Company and members of the Board of Directors, the General Director, other executive officers of the enterprise and their related persons; transactions between the Company and other companies in which members of the Board of Directors, the General Director or other executive officers of the enterprise have served as managers within the three years immediately preceding the transaction date:** There were no transactions between the Company and members of the Board of Directors, the General Director, other executive officers of the enterprise, or their related persons.

**IV. Coordination Among the Supervisory Board, Board of Directors, General Director and Shareholders**

The Board of Directors, the General Director and the Company's management team consistently created favorable conditions for the Supervisory Board to access documents and records, while respecting the Supervisory Board's authority to examine the legality and reasonableness of Company operations. All resolutions, decisions and meeting minutes of the Board of Directors, reports of the General Director, and Company-issued documents were fully and promptly provided to the Supervisory Board in the same manner as to members of the Board of Directors. The Head of the Supervisory Board attended meetings of the Board of Directors, Executive Management and certain Company meetings to monitor and oversee management and operational activities as well as the Company's production and business performance. During the performance of its duties, the Supervisory Board regularly coordinated and exchanged opinions with the Board of Directors and the General Director, while providing recommendations and proposals relating to management and operational activities without causing any disruption to the Company's business operations. In 2025, the Supervisory Board did not receive any requests or recommendations from shareholders, shareholder groups or employees requiring inspection of matters related to the Company's management and operations.

**V. Results of monitoring the Company's operation and finance**

**1. Regarding production and business activities 2025**

In 2025, the Company's production and business activities faced numerous difficulties due to rising input material costs, together with the impact of restructuring and transitioning to the two-tier local government model. The mixed and long-established water supply network system continued to face increasing risks of water loss and leakage. The number of customers in rural areas using water remained low and below cost-recovery levels. In addition, long-outstanding receivables arising from construction and installation activities were still substantial and slow to recover. However, thanks to the advantages of its specialized business sector, together with appropriate policies and effective leadership, direction and management decisions, the Company's business operations remained stable and continued to grow, exceeding the targets assigned by the General Meeting of Shareholders, specifically as follows:

### **1.1. Water supply production and business activities:**

– Commercial water output reached 44,023,343 m<sup>3</sup>, equivalent to 100.83% of the approved target and an increase of 4.07% compared to 2024.

– Revenue from water sales reached VND 457,418 million, equivalent to 101.64% of the approved target and an increase of 4.41% compared to 2024.

– Water loss ratio was 16.0%, exceeding the planned target by 1% but decreasing by 0.5% compared to 2024.

– Newly developed customers reached 12,134 households, equivalent to 141.01% of the approved target and an increase of 1.37% compared to 2024.

– The proportion of customers with 0m<sup>3</sup> water consumption decreased by 0.55% compared to the same period last year; however, it remained higher than the target level of below 8%.

– Most water pipeline projects were substantially completed and put into operation, contributing to customer expansion, enhancement of water supply capacity and revenue growth during the year.

**1.2. Consultancy, Construction and Other Service Activities:** These activities included customer development, consultancy, construction and installation services, as well as environmental fee collection activities. Total revenue generated amounted to VND 17,582 million.

**1.3. Finance activities:** Financial income mainly consisted of interest earned from bank deposits and short-term financial investments. Revenue from financial activities reached VND 1,561 million..

**1.4. Other income:** Other income amounted to VND 686 million, primarily derived from compensation for site clearance relating to water supply system projects.

## **2. Regarding monitoring the Company's financial situation**

### **2.1. Situation of capital preservation and development**

#### **a) Owner's equity:**

- At the beginning of the period (01/01/2025) is 427.218 million VND;

- At the end of the period (31/12/2025) is 437.336 million VND

- The preservation coefficient is 1,02

#### **b) Total Assets:**

- At the beginning (01/01/2025) is 692.614 million VND

- At the end (31/12/2025) is 715.107 million VND

- The fixed assets self-financing ratio is 0,81 (Equity/Fixed assets)

c) Profit after tax is 62.943 million VND, increases 1,28% compared to 2024

#### **d) Capital Utilization Efficiency:**

- Return on Equity (ROE) is 14,5% (compared to 14,9% in 2024).

- Return of Assets (ROA) is 8,8% (compared to 8,9% in 2024).

### **2.2. Management and use of capital and assets at the enterprise**

a) Investment Procurement and Capital Construction Forming Assets: In 2025, the Company implemented procurement and capital construction investments

in accordance with plans approved by the Board of Directors. The accounting book values recorded as of December 31, 2025 were as follows:

- Construction in progress carried forward from the previous year: VND 19,634 million.
- Value implemented during 2025: VND 122,878 million.
- Value capitalized into assets: VND 36,878 million.
- Value carried forward to the following year: VND 86,275 million.

Investment and construction projects were mainly financed by depreciation funds and short-term borrowings from commercial banks. The authority for approval, procedures and implementation complied with legal regulations, the Company Charter and resolutions of the General Meeting of Shareholders. Most completed projects were put into operation and achieved their intended objectives, contributing to market expansion, revenue growth, reduction in water loss rates and improved operational efficiency compared to the previous year.

In 2025, the Company implemented the expansion project of Mat Son Water Plant capacity from 50,000 m<sup>3</sup>/day-night to 70,000 m<sup>3</sup>/day-night, with a total estimated investment cost of VND 62.6 billion. As of December 31, 2025, VND 35.029 billion had been disbursed, with the remaining amount expected to be implemented in Q1/2026.

b) External investments (capital contribution, share purchase, bond purchase): None.

c) Mobilization and Utilization of Borrowed Capital; Bond Issuance:

- Mobilization and Utilization of Borrowed Capital:

+ During the year, the Company did not incur any new capital mobilization.

+ The cumulative outstanding loan balance as of December 31, 2025 was VND 150,821 million, consisting mainly of bank loans obtained in previous years for the Company's major projects and for the project "Upgrading the technological production line and expanding the capacity of Mat Son Water Plant from 50,000 m<sup>3</sup>/day-night to 70,000 m<sup>3</sup>/day-night – Phase 1."

- Bond Issuance: None.

d) Asset management, debt management, debt repayment ability and debt to equity ratio

- Management cash and financial investments: the Company maintained adequate accounting books and records for monitoring and management in accordance with regulations. At the end of the fiscal year, cash balances and funds were reconciled and physically inspected. As of December 31, 2025, cash and short-term financial investments amounted to VND 15,299 million.

- Management of receivables: The Company maintained complete general and detailed accounting records to monitor receivables by counterparties and conducted year-end debt confirmations. As of December 31, 2025, short-term receivables amounted to VND 29,091 million. In order to preserve owners' equity, the Company made provisions for overdue receivables amounting to VND 19,593 million..

- Management of inventory: The Company accounted for inventories using the perpetual inventory method and valued inventories based on the weighted average method. Proper accounting records were maintained and year-end physical inventory counts were conducted in accordance with regulations. As of December 31, 2025, inventory value amounted to VND 17,987 million, mainly consisting of raw materials and water meters. The Company also recorded an inventory impairment provision of VND 2,416 million..

- Management of Fixed assets: The Company maintained adequate accounting records for management, utilization and depreciation of fixed assets in accordance with Circular No. 45/2013/TT-BTC dated April 25, 2013 of the Ministry of Finance. Depreciation was calculated using the straight-line method and applied consistently to all assets throughout the fiscal year. Year-end physical inspections of fixed assets were conducted in accordance with regulations. As of December 31, 2025, the net book value of fixed assets was VND 538,270 million, equivalent to 35.1% of original cost.

- Management of payables, debt-to-equity ratio and solvency: The Company maintained adequate accounting records to monitor and manage liabilities by counterparties and conducted year-end debt confirmations in accordance with regulations.

+ Total liability at the end of period amounted to 277.770 million VND, an increase 4,6% compared to the beginning of period, of which:

Short-term debt is 146.761 million VND, accounting for 52,8%;

Long-term debt is 131. million VND, accounting for 47,2%

+ The debt-to-equity is 0,63

+ The general debt-repaying ability is 2,57 (Total assets/total liability). This indicator is greater than 2 shows that the company's solvency is good.

+ Current ratio is 0,42 (Current assets/Current liability)

+ Quick ratio is 0,30 ((Current assets – inventory)/Current liability)

+ The company has no overdue debts.

e) Management of Revenue, Income, Expenses and Profit: The Company maintained complete general and detailed accounting books to monitor and manage revenue, expenses and profit in accordance with accounting standards and the Company's financial regulations. Revenue was recognized consistently with the related expenses incurred.

h) Management of Funds: The Company maintained complete accounting records for the monitoring, management, appropriation and utilization of funds in accordance with applicable regulations and resolutions of the General Meeting of Shareholders..

- Investment development fund: Opening balance as of January 1, 2025 was VND 35,117 million. Additional appropriation from 2024 after-tax profit during the year amounted to VND 9,322 million. Closing balance as of December 31, 2025 was VND 44,439 million. Since 2016, the Company has not utilized the Development Investment Fund.

- Reward and Welfare Fund: The Company allocated and utilized the Reward and Welfare Fund in compliance with regulations and did not use employee reward funds to pay bonuses to the Board of Directors, Executive Management or the Head of the Supervisory Board..

As of January 1, 2025, the Reward and Welfare Fund balance was VND 5,968 million. Additional appropriation from 2024 after-tax profit during the year amounted to VND 9,372 million. Expenditures for initiatives, rewards and employee welfare during the year totaled VND 7,070 million, leaving a remaining balance of VND 8,270 million as of December 31, 2025.

i). Management of Labor, Salaries and Salary-related Contributions: The Company managed labor, salaries, remuneration and bonuses in compliance with legal regulations and the Company's internal regulations, ensuring that salary and bonus payments were linked to work performance and aligned with the Company's policies. Salary provisions did not exceed the limits prescribed under Decree No. 248/ND-CP dated September 15, 2025 of the Government regulating salary, remuneration and bonuses for direct representatives of state ownership, representatives of state capital and Controllers in State-owned enterprises. The Company fully complied with regulations regarding contributions to social insurance, health insurance, unemployment insurance and trade union funds..

**\* Key financial indicators and Business performance in 2025:**

*Unit: VND*

Indicator	No.	Beginning of the Year (01/01/2025)	End of the year (31/12/2025)
<b>I. Current assets</b>	<b>100- BCĐKT</b>	<b>96.516.546.779</b>	<b>62.079.687.036</b>
1. Cash and cash equivalents	110-BCĐKT	45.366.481.134	15.299.239.766
2. Short-term financial investment	120-BCĐKT		600.000.000
3. Short-term receivables	130-BCĐKT	27.537.099.565	29.091.107.731
Including: Provision for doubtful debts	137-BCĐKT	(22.888.031.935)	(19.593.684.050)
4. Inventory	140-BCĐKT	19.634.617.582	15.571.129.999
5. Other current assets	150-BCĐKT	3.978.348.498	1.518.209.540
<b>II. Non-current assets</b>	<b>200- BCĐKT</b>	<b>596.097.837.043</b>	<b>653.028.200.542</b>
1. Long-term receivable	210-BCĐKT	0	0
2. Fixed assets	220-BCĐKT	559.065.563.047	538.270.891.798
- Tangible fixed assets	221-BCĐKT	558.682.296.365	537.807.475.136
- Intangible fixed assets	227-BCĐKT	383.266.682	463.416.662
3. Real estate investments	230-BCĐKT	0	0

4. Long-term work in progress	240-BCĐKT	19.634.749.851	86.275.317.900
5. Long-term financial investment	250-BCĐKT	0	0
6. Other non-current assets	260-BCĐKT	17.397.524.145	28.481.990.844
<b>III. Liabilities</b>	<b>300-BCĐKT</b>	<b>265.396.043.581</b>	<b>277.770.931.568</b>
1. Current liabilities	310-BCĐKT	140.096.143.059	146.761.873.088
including: Overdue debts		0	0
2. Non-current liabilities	330-BCĐKT	125.299.900.522	131.009.058.480
<b>IV. Equity</b>	<b>400-BCĐKT</b>	<b>427.218.340.241</b>	<b>437.336.956.010</b>
1. Owner's equity	410-BCĐKT	427.218.340.241	437.336.956.010
Trong đó: Owner's contributed capital	411-BCĐKT	329.954.110.000	329.954.110.000
2. Development investment fund	418-BCĐKT	35.117.230.089	44.439.280.112
3. Undistributed profit after tax	421-BCĐKT	62.147.000.152	62.943.565.898
<b>V. Business Performance</b>		<b>2024</b>	<b>2025</b>
1. Revenue		468.685.678.303	477.247.835.850
- Net revenue	10-BCKQKD	456.084.144.257	475.000.083.940
- Revenue from financial activities	21-BCKQKD	1.304.215.763	1.561.184.245
- Other income	31-BCKQKD	11.297.318.283	686.567.665
2. Total expenses		399.185.496.812	407.101.336.678
3. Profit before tax	50-BCKQKD	69.500.181.491	70.146.499.172
4. Net income	60-BCKQKD	62.147.000.152	62.943.565.898
<b>VI. Other indicators</b>			
1. Total amount payable to the state budget (tax, fee, state dividend)		81.214.755.880	77.431.327.795
Including: Taxes		53.537.210.833	49.754.782.748
2. Profit before tax/ average of equity		0,17	0,16
3. Liability/Equity		0,62	0,63
4. Total employee salary fund		140.868.000.000	144.690.000.000
5. Average number of employees (people)		910	906

6. Average of employee salary/month		12.900.000	13.250.000
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## **VI. Compliance with Legal Regulations and the Resolution of the Annual General Meeting of Shareholders**

1. Compliance with Legal Regulations and Obligations to the State: The Company complied with legal regulations relating to labor, environment, social responsibilities, capital management, finance, taxation and other obligations payable to the State budget. The Company also fulfilled its responsibilities toward the community and stakeholders in accordance with applicable laws. Taxes, fees and dividends payable to the State were fully and timely paid without any overdue obligations.

2. Dividend Payment for 2025: The Company implemented dividend declaration and payment in accordance with the Resolution of the Annual General Meeting of Shareholders dated June 16, 2025. Specifically, dividends paid to State shareholders amounted to VND 27,676 million, while dividends paid to individual shareholders amounted to VND 15,826 million. The Company completed full payment on schedule on August 15, 2025..

3. Payment of Salaries and Remuneration for Management Personnel: The Company implemented payments in accordance with the Resolution of the 2025 General Meeting of Shareholders.

4. Auditor of the 2025 Financial Statements: The auditor of the 2025 financial statements was International Auditing Company Limited, which was selected and approved by the 2025 Annual General Meeting of Shareholders.

## **VII. Proposals and recommendations**

1. Expedite the implementation progress of major and key projects in order to promptly meet customers' water demand in the area and further improve investment efficiency.

2. Continue implementing more effective solutions to reduce water loss and non-revenue water, as well as the number of customers with 0m<sup>3</sup> water consumption.

3. Promote digital transformation and strengthen the application of technology in network management and corporate governance.

## **B. OPERATING PLAN 2026**

1. Continue supervising the Board of Directors and the General Director in the management and administration of the Company; inspect the legality and appropriateness of management and operational activities in production and business operations.

2. Inspect and supervise the implementation progress of the 2026 production and business plan, investment development plan, and repair and renovation plan.

3. Review quarterly, semi-annual and annual financial statements, as well as reports and documents evaluating the Company's management activities.

4. Supervise the implementation of the Resolution of the 2026 Annual General Meeting of Shareholders and compliance with current legal regulations.

5. Inspect and supervise other duties in accordance with the Company Charter and provisions of law./.

**Recipient:**

- As above;
- Board of Directors, CEO
- Archive: Company, Supervisory Board

**ON BEHALF OF THE SUPERVISORY BOARD  
HEAD OF SUPERVISORY BOARD**



**Vu Van Ha**