

ANNUAL REPORT

2024



<http://www.phongphucorp.com/>

PHONG PHU CORPORATION

📍 48 Tang Nhon Phu, Quarter 18, Tang Nhon Phu Ward, Thu Duc City, HCM City

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🌐 phongphucorp.com

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01

General Information

Overview Information

Formation and development process

Achievements

Business lines and locations

Governance model, business organization, and management apparatus

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Risks



OVERVIEW INFORMATION



Trading Name: PHONG PHU CORPORATION

International Name: PHONG PHU CORPORATION

Business Registration Certificate No.: 0301446006 issued for the first time on February 20, 2009 and the 19th change registration on January 20, 2025 by the De-partment of Planning and Investment of Ho Chi Minh City.

Address: 48 Tang Nhon Phu, Quarter 18, Tang Nhon Phu B Ward, Thu Duc City, Ho Chi Minh City, Vietnam.

Phone number: (028) 6684 7979

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STOCK CODE

PPH

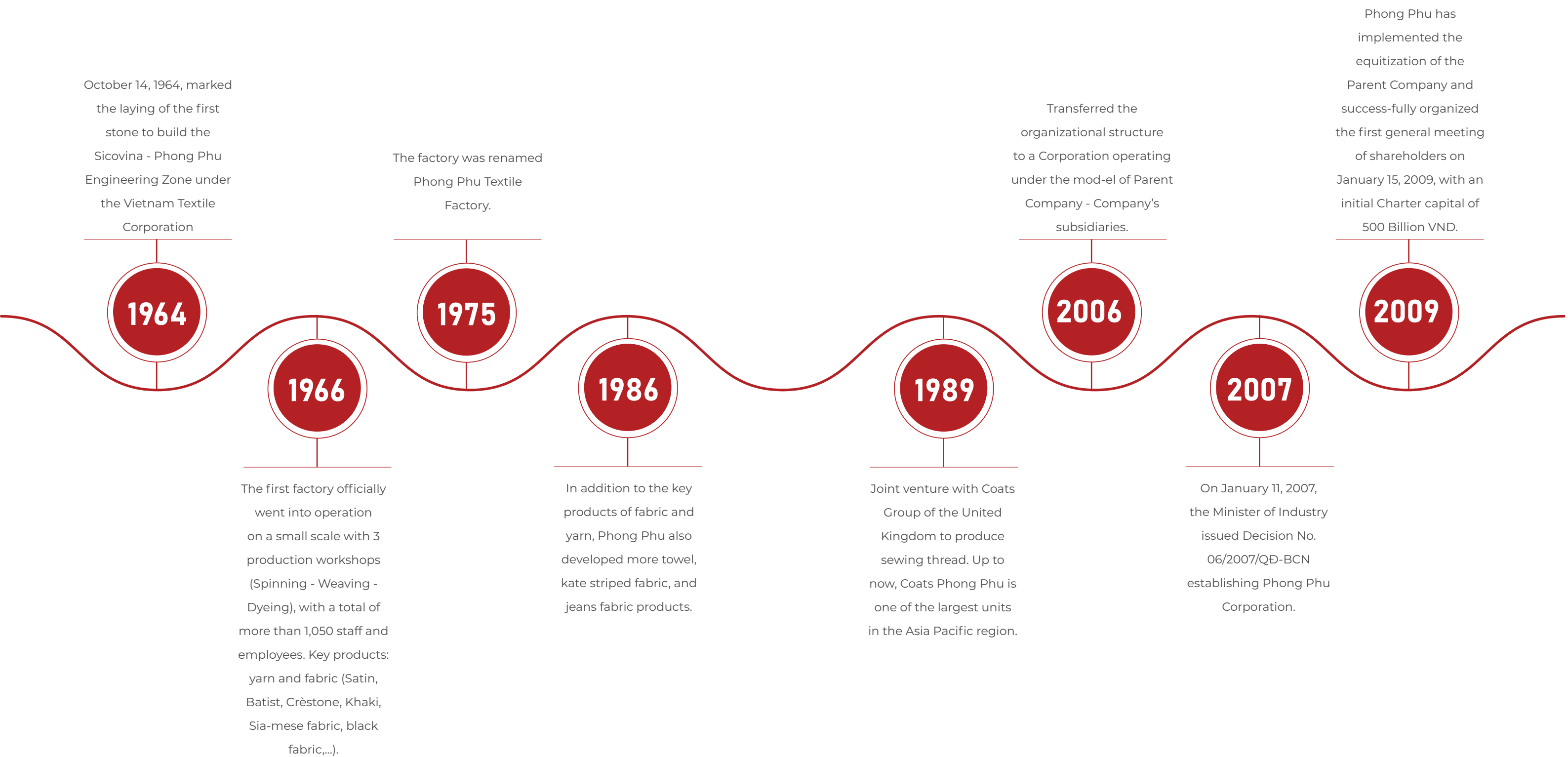
CHARTER CAPITAL

746,708,910,000 VND

OWNER'S EQUITY

1,769,495,680,797 VND

FORMATION AND DEVELOPMENT PROCESS



FORMATION AND DEVELOPMENT PROCESS (CONTINUED)

The corporation restructured, completed a closed supply chain from spinning - weaving - dyeing - sewing, welcomed free trade agreements, increased internal strength of the enterprise and accelerated investment.

2014

2017

Stock symbol PPH of Phong Phu Joint Stock Corporation officially traded on the UPCOM market.

Phong Phu Joint Stock Corporation is proud to be a supplier of towel products for the FIFA World Cup 2022 event.

2022

2023

In 2023, the Corporation was awarded the Certificate of Merit “Typical Enterprise for Employees” by the Vietnam General Confederation of Labor. This is a program chaired by the Vietnam General Confederation of Labor, in coordination with the Ministry of Labor, Invalids and Social Affairs and the Vietnam Chamber of Commerce and Industry (VCCI) implemented from 2014. From 2018 to now, Phong Phu has continuously been awarded certificates of merit “Typical Enterprise For Employees” by the Vietnam Textile and Garment Union.

2024 marks an important milestone in the 60-year journey of Phong Phu Joint Stock Corporation (1964-2024). In particular, for the 9th consecutive time, Phong Phu’s Mollis premium towel brand is proud to achieve the noble title of “Vietnam National Brand 2024”. Mollis not only affirms its position by launching high-class towel products with environmentally friendly materials, sophisticated designs, and diverse designs, but also becomes a symbol of care and modern lifestyle.

2024



ACHIEVEMENTS

- Hero of Labor title
- Third-class, Second-class, First-class Independence Order
- Third-class, Second-class, First-class Labor Order
- Third-class Military Exploit Order
- Excellent emulation flag of the Prime Minister
- High quality Vietnamese goods
- Typical State-owned enterprise
- Gold Cup for Community Development
- Favorite Vietnamese brand
- Vietnam Gold Star Award
- Excellent supplier of the largest Target supermarket group in the United States
- Prestigious export enterprise
- Social responsibility award
- Top 10 Vietnamese business stars
- Enterprises with product brands selected to participate in the National Brand program
- Top 10 Vietnamese Brands



BUSINESS LINES AND LOCATIONS

Business lines

Textiles and garments are a long-standing traditional manufacturing and business field and also the strength of Phong Phu Corporation.

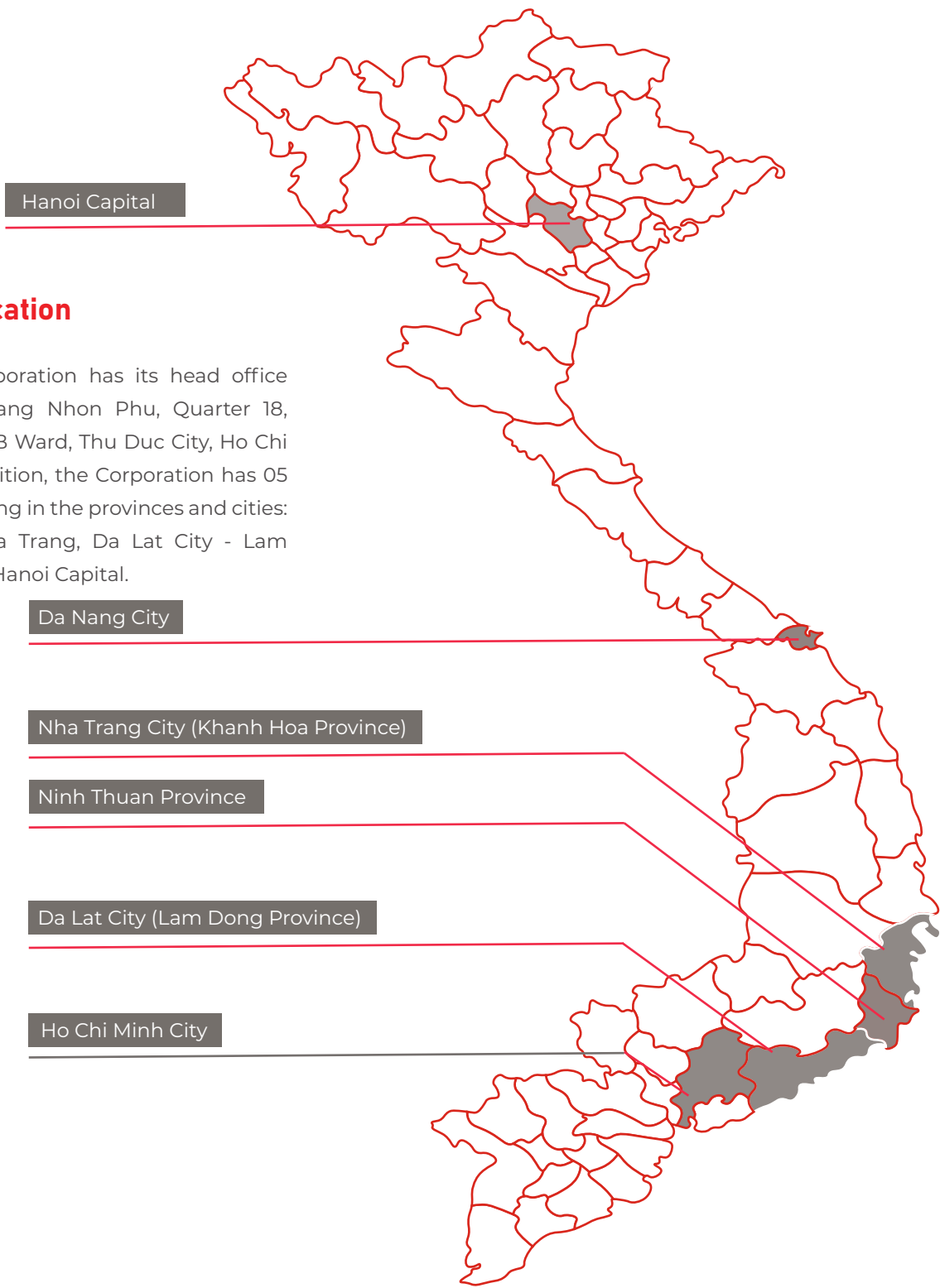


Business activities

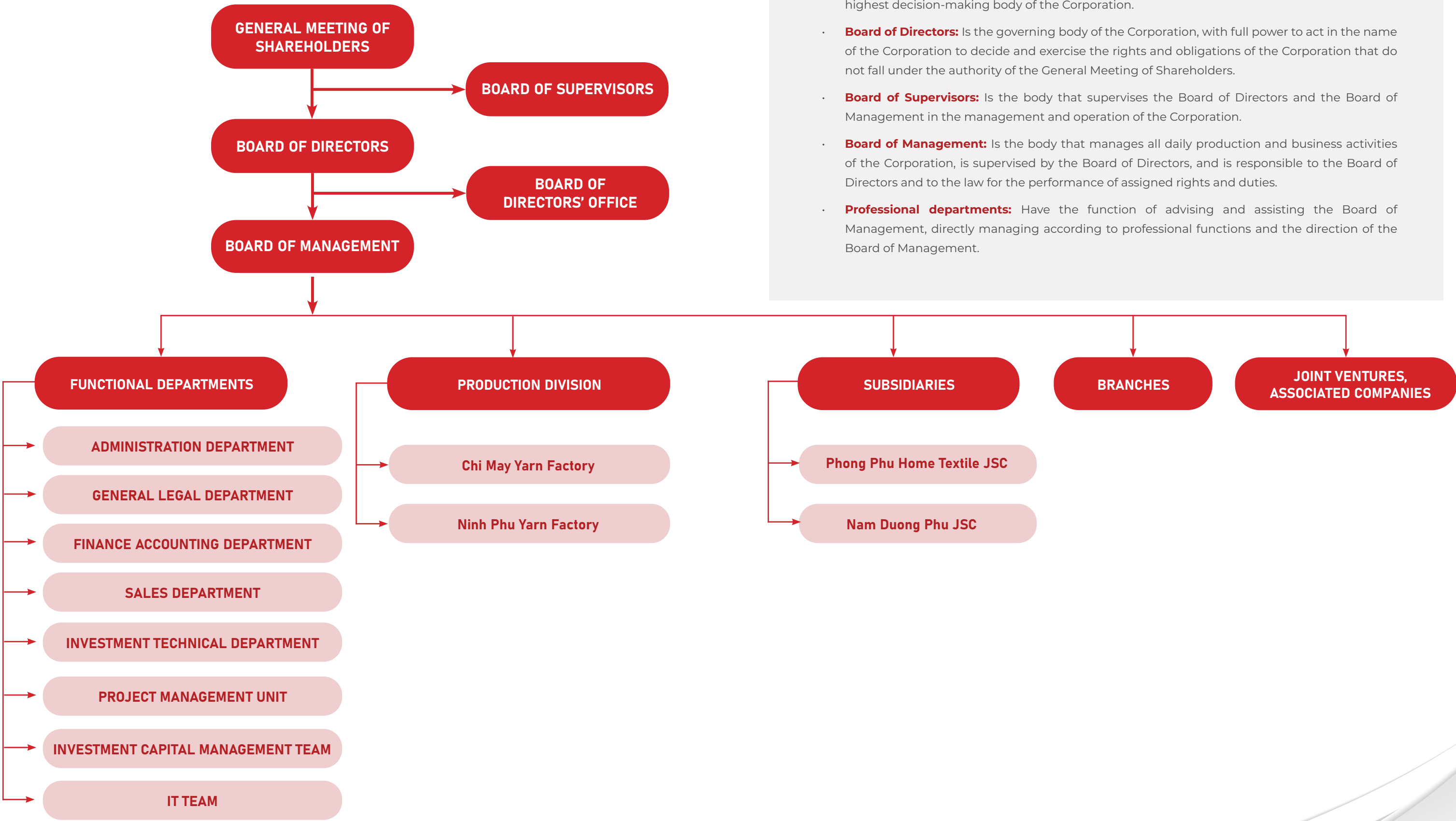
- Production of yarn, sewing thread, embroidery thread, woven fabric, production of towels, clothes, ready-made clothes; Packaging
- Trading in machinery and spare parts for the textile and garment industry.
- Trading in office equipment, electrical materials, machinery, equipment for industry, testing and measuring systems for experimentation and environment. Wholesaling of electrical machinery, electrical equipment, and electrical materials (generators, electric motors, electrical wires, equipment used in electrical circuits)
- Wholesaling of agricultural machinery, equipment, and spare parts; Scientific research services; technology transfer
- Pig farming (not operating at headquarters); Planting and tending forests; Exploitation and processing of forest products
- Construction, consulting, design, and installation of civil and industrial electrical systems, refrigeration; Food and beverage services (no food and beverage or entertainment activities at the headquarters)
- Construction of infrastructure, industrial parks, urban areas, housing development; Consulting and real estate brokerage
- Preschool and elementary education
- Mechanical processing
- Production and distribution of steam, hot water, air conditioning
- Wastewater treatment
- Interior decoration activities
- Advertisement
- Retail of garments
- Growing starchy tubers, sugar cane, tobacco plants, fiber plants, oilseed crops, pepper plants, rubber plants, coffee plants, tea plants; growing vegetables, beans of all kinds, ornamental plants, and growing flowers (not operating at the headquarters)

Business location

Phong Phu Corporation has its head office located at 48 Tang Nhon Phu, Quarter 18, Tang Nhon Phu B Ward, Thu Duc City, Ho Chi Minh City. In addition, the Corporation has 05 branches operating in the provinces and cities: Ninh Thuan, Nha Trang, Da Lat City - Lam Dong, Da Nang, Hanoi Capital.



GOVERNANCE MODEL,
BUSINESS ORGANIZATION, AND MANAGEMENT APPARATUS



COMPANY’S SUBSIDIARIES, ASSOCIATED COMPANY

Company's subsidiaries



Phong Phu Home Textile Joint Stock Company

Business lines: Production and trading of textile products.

Actually contributed Charter capital: 144,000,000,000 VND

Percentage of ownership: 90% Actually contributed charter capital



Nam Duong Phu Joint Stock Company

Business lines: Production and trading of textile products

Actually contributed Charter capital: 17,360,000,000 VND

Percentage of ownership: 81.08% Actually contributed charter capital



Associated company



Dong Nam Textile Joint Stock Company

Business lines: Production and trading of garment products..

Actually contributed Charter capital: 120,370,240,000 VND

Percentage of ownership: 35.99% Actually contributed charter capital

Nha Trang Textile & Garment Joint Stock Company

Business lines: Production and trading of garment products.

Actually contributed Charter capital: 235,000,000,000 VND

Percentage of ownership: 23.89% Actually contributed charter capital

Coats Phong Phu Limited Liability Company

Business lines: Production, purchase, sale of cotton, fiber, yarn

Actually contributed Charter capital: 225,389,712,000 VND

Percentage of ownership: 35.65% Actually contributed charter capital

Phong Phu - Daewon - Thu Duc Housing Development Corporation

Business lines: Trading in real estate, land use rights of owners, users or lessees

Actually contributed Charter capital: 303,479,411,966 VND

Percentage of ownership: 47.64% Actually contributed charter capital

HUD Saigon Housing And Urban Development Investment Joint Stock Company

Business lines: Investment, construction, real estate business.

Actually contributed Charter capital: 46,500,000,000 VND

Percentage of ownership: 21.51% Actually contributed charter capital

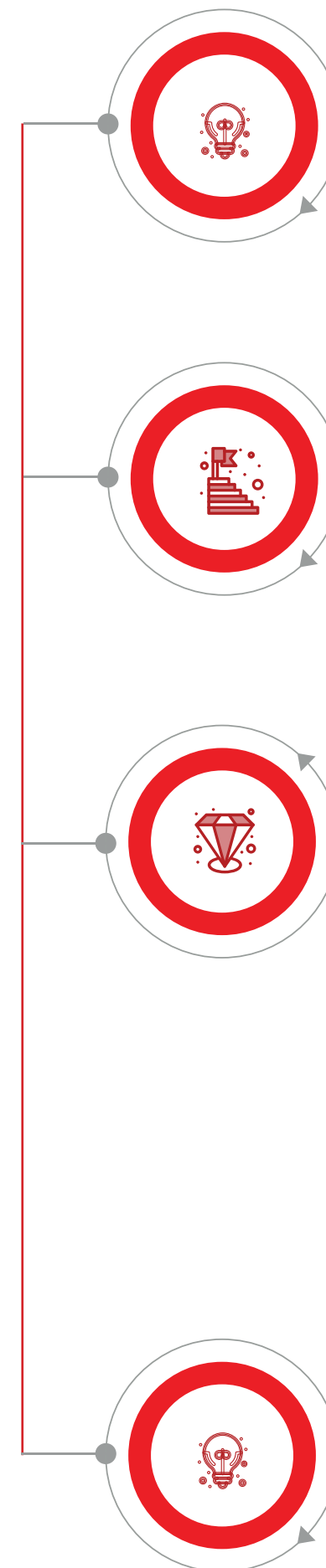
Dalat Garment Joint Stock Company

Business lines: Production, trading of garment products, raw materials, machinery and equipment for the textile industry.

Actually contributed Charter capital: 10,577,500,000 VND

Percentage of ownership: 40% Actually contributed charter capital

DEVELOPMENT ORIENTATION



Vision

To become a leading powerful economic enterprise, specializing in production and business in the textile and garment industry

Mission

To enhance economic potential and community life quality through providing products and services with outstanding quality.

Core values

- Create a working environment that is safe in all aspects and highly effective.
- Meet all customer needs with all solutions.
- Cooperate and develop with responsibility to the community.
- Honesty
- Professionalism

The Company's main objectives

- Continue to research, invest in expansion, develop production, and develop supply chains to increase the efficiency of the Corporation's production and business activities.
- Direct the development of planning, long-term plans, and development strategies for the Corporation and its member units.
- Promote research and development, initiatives to improve and rationalize production and business to diversify products and designs, stabilize and improve the quality of products and services, save costs, and improve competitiveness.
- Pay attention to directing the prevention of objective and subjective risks, combating corruption, wastefulness, and sluggishness that affect the results, growth rate, and health of the business.
- Ensure the goal of striving for "sustainable development, adaptive innovation, and out-standing efficiency".



Medium and Long-term Development Strategy

Regarding production

- Promote advantages and continue to stabilize production for the O2 supply chains of Sewing Thread and Household Products
- Optimize the chain, improve productivity: Maintain machinery periodically, upgrade equipment; Apply lean production to reduce waste; Train workers to operate high-tech machinery.
- Greening – Saving energy: Use recycled, organic, or biological fibers; Invest in a circulating water system to save dyeing water; Maintain compliance with green standards such as OEKO-TEX, GOTS, etc.
- Diversify products: Polyester blended yarn, colored yarn, microfiber yarn; Spa towels, hotel towels, baby towels, gifts....



Regarding the market

- Continue to promote strengths and continuously develop and expand the market for the O2 supply chains of Sewing Thread and Household Products.
- Focus on exploiting and maintaining the existing target market, considering this a strategic and continuous core mission. Strengthen the development of markets where Vietnam has a competitive advantage and maximize opportunities in markets in countries participating in trade agreements with Vietnam.
- Put customers at the center, build a system and chain of operations to meet the requirements of the supply chain.

Regarding Human Resources

- Build a strong, united, and long-term committed team of personnel with the company.
- Build a competitive remuneration policy, consolidate the personnel apparatus, and focus on developing a team of professional sales staff.

Regarding business

- Building and developing a brand: Build a professional website; Participate in garment and textile industry fairs and exhibitions;
- Focus on target customers:
 - » Domestic: Commercial centers, supermarkets, hotels, spas, hospitals, schools.
 - » International: Japan, EU, South Korea, Russia, USA...
- Diversify sales channels:
 - » Selling on e-commerce platforms such as Tiktok Shop, Shopee, Lazada.
 - » Develop seasonal sales marketing programs.



Regarding Provision & Flexibility

- Proactively stockpile raw materials when cotton/fiber/yarn prices fluctuate.
- Link with satellite factories to expand when there are large orders.
- Monitor and update consumer trends to develop and improve products

Sustainable development goals

The current trend of environmental protection is receiving attention around the world, including Phong Phu Corporation. As one of the leading enterprises in Vietnam in the field of textiles and garments. With 60 years of history (1964-2024), Phong Phu has constantly developed and grown, becoming one of the leading enterprises with prestige and product quality in the market. Phong Phu always aims towards the trend of developing green and environmentally friendly production at a high level. This is demonstrated by Phong Phu's strong investment in advanced and environmentally friendly production technologies. Specifically, Phong Phu has implemented advanced technologies such as wastewater treatment, recycling wastewater for production, and waste heat recovery to reduce environmental discharge.

The application of advanced production technologies has helped Phong Phu significantly reduce the amount of waste released into the environment, contributing to environmental protection, demonstrating responsibility to the community and society.

In addition to business and environmental issues, Phong Phu always pays attention to the salary, bonus, remuneration, and social policies to improve the material life of employees. Phong Phu has built a system of salaries, bonuses, remuneration, and social policies commensurate with the capacity and contribution of employees. This has helped employees have a stable life and improve the quality of life. In addition, Phong Phu also promotes the spirit and solidarity of all staff through team activities and social activities. Phong Phu has organized many team activities and social activities to connect members in the company, creating a united and friendly working environment.



RISKS

Economic risks

At the end of the year, the global economic growth forecast from international organizations is stable or slightly increased. Specifically, organizations such as the OECD, IMF, and EU all forecast global GDP growth in 2024 to reach 3.2%. Fitch Ratings forecasts global economic growth in 2024 to reach 2.8%, 0.1 percentage points higher than the previous forecast. The United Nations believes that the world economy will achieve a growth rate of 2.7% in 2024. However, the world economy in 2024 is complex and unpredictable, with many influencing factors such as escalating conflicts in many regions, strong fluctuations in gasoline and oil prices and freight rates, slow recovery of the global economy and trade, along with the complex developments of natural disasters, climate change, and energy security.

In the context of many fluctuations in the global economy, Vietnam's economy in 2024 still maintains a positive trend, with GDP increasing by 7.09% compared to the previous year, exceeding the target set by the National Assembly. All quarters of the year had positive growth. Vietnam's growth drivers include promoting production in processing and manufacturing industries, expanding export markets, developing the domestic market, increasing investment, and supporting businesses.

In 2024, Vietnam's textile and garment export turnover is estimated at 44 Billion USD, an increase of 11.26% compared to 2023, completing the set target. The United States continues to be the key export market, bringing in 16.71 Billion USD, an increase of 12.33% compared to 2023 and accounting for 37.98% of the total export value. Other major markets such as Japan, the EU, South Korea, China, and ASEAN also make important contributions. However, Vietnam's textile and garment industry also faces many risks and challenges, including declining global trade affecting import and export, prolonged inflation in key markets reducing purchasing power, and other uncertain factors. Domestic textile and garment enterprises face a decline in profits. The textile and garment industry is forecast to continue to face issues such as reduced export orders, risky supply chains, high input costs, and debt obligations. However, the forecast for 2025, the entire textile and garment industry sets a target of achieving an export turnover of about 47 - 48 Billion USD.

Furthermore, on April 02, 2025, US President Donald Trump announced a new import tariffs, imposing a 46% retaliatory tariff on goods exported from Vietnam to the United States. This decision creates many challenges for Vietnamese businesses, especially in key export industries such as textiles and garments, including Phong Phu. To proactively respond and minimize the impact of these risks in the coming year, the Company's Board of Directors will focus on actions to diversify markets and partners, improve competitiveness, and strengthen supply chain management.

Legal risk

Phong Phu Corporation operates as a joint-stock company established in Vietnam and is also a large public company registered for trading on the Hanoi Stock Exchange (Upcom). Therefore, in addition to complying with general laws such as the Enterprise Law, Investment Law, Accounting Law, Tax Law, and Labor Code, the Company is also subject to the Securities Law and related documents.

In 2025, the stock market is expected to continue to witness significant changes as regulatory agencies are in the process of amending and perfecting the legal framework, especially the Securities Law and guiding decrees.

To proactively respond to changes in the law, the Company pays particular attention to regularly updating legal regulations, ensuring that all business operations comply with the latest regulations. The company periodically reviews internal processes, policies and activities, promptly adjusting points that are no longer appropriate, in order to minimize legal risks and optimize operational efficiency. This not only helps the Company flexibly adapt to legal changes, but also contributes to enhancing reputation and strengthening trust from partners and stakeholders.



Raw material risk

Raw material risk is currently becoming one of the biggest challenges facing the textile industry. New-generation free trade agreements set strict requirements on the origin of goods, requiring manufacturers to ensure that materials from fiber to fabric meet standards. However, Vietnam is still dependent on importing a large amount of raw cotton and fabric, mainly from China, leading to dependence and potential risks in supply. In addition, the textile industry also faces fluctuations in raw material prices, affected by factors such as gasoline prices and freight rates. In particular, the decrease in the average export price of raw cotton creates great pressure, affecting the business performance of enterprises in the industry.

The leadership of the Corporation has clearly identified the challenges from raw material risks, including dependence on imports, price fluctuations and pressure from unit prices. To proactively respond to these challenges, in the near future, the Corporation will focus on diversifying supply sources, investing in production technology, risk management and developing a sustainable supply chain.

Sales risk

Regarding positive factors, Vietnam’s textile and garment industry still maintained relatively good export growth in 2024 and has optimistic forecasts for 2025. The industry also proactively diversifies export markets, customer segments and products, helping to reduce dependence on a specific market or group of goods. New generation Free Trade Agreements (FTAs) also create favorable conditions for expanding export markets. The business results of many textile and garment enterprises in the third quarter of 2024 also show positive growth.

However, the industry also faces many risks. Businesses are currently facing difficulties in accessing large orders, mainly having to receive small orders with high requirements for quality and delivery time. The stability of orders is a concern, as brands can change their decisions quickly. Export prices tend to decrease, putting pressure on business profits. In addition, the industry is also affected by macro factors such as the complicated global economic situation and high gasoline prices and freight rates.

Currently, Vietnam’s textile and garment industry is in a situation of both growth opportunities and facing many challenges and risks in sales activities. To maintain growth momentum and sustainable development, effective risk management is a key factor, requiring businesses to proactively respond, flexibly adjust business strategies, and enhance competitiveness.

Other risks

Natural disasters, epidemics, or natural factors always pose many risks to all business lines, directly reducing the production and service capacity of enterprises. In particular, the Corporation operates in the textile and garment sector, an industry with many flammable items, and must strengthen inspection and closely monitor fire prevention and fighting activities. In addition, it is necessary to train officials and employees in the enterprise on fire and explosion prevention measures to avoid loss of life and property. Purchasing natural disaster insurance is also something the Corporation needs to pay attention to when operating to prevent risks and recover from damage.





02

Operating situation during the year

Results of production and business activities during the year

Organization and personnel

Investment situation, project implementation situation

Financial situation

Shareholder structure, changes in owner's investment capital

Report on environmental and social impacts of the company

RESULTS OF PRODUCTION AND BUSINESS ACTIVITIES DURING THE YEAR

World economic situation



The world economic situation in 2024 is complex and unpredictable, affected by many negative factors:

- Escalating conflicts in various regions.
- Strong fluctuations in gasoline prices and freight rates.
- Slow recovery of commercial economy, total global investment declines.
- Natural disasters, climate change, and energy security are becoming increasingly complex.

Domestic economic situation



Vietnam's economy in 2024 shows positive growth in the context of many global fluctuations:

- GDP growth rate in 2024 reached 7.09% compared to the previous year.
- Total import and export turnover of goods reached 786.29 Billion USD, an increase of 15.4% compared to the previous year.
- Exports increased by 14.3%, imports increased by 16.7%.
- Trade balance of goods had a surplus of 24.77 Billion USD.
- Total export turnover of textiles and garments in 2024 reached approximately 44 Billion USD, an increase of 11.26% compared to 2023.

At Phong Phu



The Corporation has shown the ability to adapt and strive to overcome the common difficulties of the economy, maintain growth momentum and achieve positive business results. Specifically, while 2024 witnessed many major challenges for both the world and domestic economies, the Corporation demonstrated its bravery and flexibility in operation. The advantages are still promoted:

- Production and Market: Phong Phu has specialized production capacity (supplier of sewing thread to Coats globally) and a diverse market (domestic through major re-tail channels and international exports).
- Resources: The company has a team of experienced, dedicated and enthusiastic employees.
- Orientation: Phong Phu receives high consensus from shareholders and investors on the development strategy.



RESULTS OF PRODUCTION AND BUSINESS ACTIVITIES DURING THE YEAR (CONTINUED)

In the face of the “uncertain” challenges of the market, Phong Phu Corporation has implemented various solutions to accelerate investment in technology and automate production lines to ensure fast delivery schedules and high product quality.

Results of production and business activities during the year (consolidated)

Unit: billion VND

Target	Actual in 2023	Plan in 2024	Actual in 2024	% Actual in 2024/ Plan in 2024	% Actual in 2024/2023
Revenue	2,113.06	2,600.00	2,642.13	101.62%	125.04%
Expenses	1,793.32	2,270.00	2,258.11	99.48%	125.92%
Profit before tax	319.73	330.00	384.02	116.37%	120.11%
Profit after tax	316.74	324.00	380.54	117.45%	120.14%



Revenue structure (Consolidated)

Unit: billion VND

No.	Content	Actual in 2023	Actual in 2024	Actual in 2024/ 2023
1	Revenue from sales and service provision	1,754.52	2,238.05	127.56%
2	Revenue deductions	5.14	5.38	104.58%
3	Profit/loss in joint ventures and associates	320.27	352.01	109.91%
4	Financial revenue	43.28	48.55	112.17%
5	Other revenue	0.12	8.90	7124.69%
Total		2,113.05	2,642.14	125.04%



ORGANIZATION AND PERSONNEL

List of Board of Directors

No.	Board of Directors' members	Position	Number of shares owned			
			Individual		Representative	
			Quantity	Percentage	Quantity	Percentage
1	Mr. Tran Quang Nghi	Chairman (Non-Executive Member)	200,000	0.27%	18,667,723	25%
2	Mr. Duong Khue	Member	166,494	0.22%	11,273,984	15.1%
3	Mr. Pham Phu Chung	Member	29,619	0.04%	7,467,089	10%
4	Ms. Pham Minh Huong	Member (Non-Executive Member)	962,227	1.29%	-	-
5	Ms. Truong Thi Ngoc Phuong	Member	89,665	0.12%	-	-

On May 16, 2024, the Annual General Meeting of Shareholders of Phong Phu Corporation approved the dismissal of Ms. Bui Thi Thu from the position of Member of the Board of Directors due to the end of her term, and at the same time appointed Ms. Truong Thi Ngoc Phuong as Member of the Board of Directors for the new term.



Curriculum vitae of Member of the Board of Directors



Mr. Tran Quang Nghi

Chairman of the Board of Directors

Qualification: Master of Business Administration.

Work experience: Mr. Tran Quang Nghi started working at Phong Phu in 1980. He has made many important contributions to the development journey of Phong Phu Corporation. He has been a member of the Board of Directors and held the position of Chairman of the Board of Directors continuously from 2009 to present.

Current position: Vice Chairman of the Board of Directors of Vietnam National Textile and Garment Group, Chairman of the Members' Council of Coats Phong Phu Co., Ltd. and Chairman of the Board of Directors of Phong Phu Corporation



Mr. Duong Khue

Member of the Board of Directors, General Director

Qualification: Master of Business Administration

Work experience: Mr. Duong Khue started working at Phong Phu in 1990. He joined the Board of Directors of Phong Phu in August 2020 and was appointed as General Director of Phong Phu Corporation from October 2020 to present.

Current position: Chairman of the Board of Directors of Nam Duong Phu Corporation, Member of the Board of Directors/ General Director of Phong Phu Corporation.

Curriculum vitae of Member of the Board of Directors (Continued)



Mr. Pham Phu Chung

Member of the Board of Directors, Deputy General Director

Qualification: Master of Business Administration.

Work experience: Mr. Pham Phu Chung started working at Phong Phu in 1992. He joined the Board of Directors of Phong Phu in June 2022 and was appointed as Deputy General Director of Phong Phu from October 07, 2022 to present.

Current position: Chairman of the Board of Directors of Dong Nam Textile Corporation, Deputy General Director of Phong Phu Corporation.



Ms. Truong Thi Ngoc Phuong

Member of the Board of Directors, Chief Executive Officer

Qualification: Master of Business Administration

Work experience: Ms. Truong Thi Ngoc Phuong has been working at Phong Phu Corporation since 1996. She was appointed as Chief Executive Officer of Phong Phu Corporation on July 15, 2022 and joined the Board of Directors of Phong Phu for the term 2024-2029 from May 16, 2024 to present.

Current position: Chief Executive Officer of Phong Phu Corporation; Member of the Board of Directors of Phong Phu International Corporation; Member of the Board of Directors/ Deputy General Director of Nam Duong Phu Corporation and participates in the Board of Supervisors at a number of Phong Phu's associated companies.



Ms. Pham Minh Huong

Member of the Board of Directors

Qualification: Master of Business Administration and Finance.

Work experience: Ms. Pham Minh Huong has been with Phong Phu Corporation since 2001. She has been a member of the Board of Directors of Phong Phu from 2013 to present.

Current position: Member of the Board of Directors of Phong Phu Corporation



List of Board of Supervisors

No.	Member of the Board of Supervisors	Position	Number of shares owned			
			Individual		Representative	
			Quantity	Percentage	Quantity	Percentage
1	Ms. Nguyen Thi My Le	Head of the BOS	41,327	0.06%	-	-
2	Ms. Vu Thi Thuy Duong	Member of the BOS	3,000	0,004%	-	-
3	Mr. Le Hong Linh	Member of the BOS	-	-	-	-

On May 16, 2024, the General Meeting of Shareholders of Phong Phu Corporation approved the dismissal of Ms. Tran Lien Huu from the position of Member of the Board of Supervisors due to the end of her term, and at the same time appointed Mr. Le Hong Linh as Member of the Board of Supervisors for the new term.

Profile of the Board of Supervisors members



Ms. Nguyen Thi My Le

Head of the Board of Supervisors

Qualification: Master of Science in Experimental Business Administration (EMBA), Bachelor of Finance and Banking, Certificate in Risk Management and Internal Control.

Work experience: Ms. Le has been with Phong Phu since 1997, participating in the Board of Supervisors and has been trusted to be elected as the Head of the Board of Supervisors of Phong Phu Corporation since 2019 until now.

Current position: Head of the Board of Supervisors of Phong Phu Corporation.



Ms. Vu Thi Thuy Duong

Member of the Board of Supervisors

Qualification: Bachelor of Economics

Work experience: Ms. Vu Thi Thuy Duong has been a member of the Board of Supervisors of Phong Phu Corporation since 2011 to date.

Current position: Deputy Chief of Office of the Board of Directors of Vietnam National Textile And Garment Group, Head of the Board of Supervisors of Viet Thang Corporation, Member of the Board of Supervisors of Phong Phu Corporation.



Mr. Le Hong Linh

Member of the Board of Supervisors

Qualification: Bachelor of Finance and Accounting

Work experience: Mr. Le Hong Linh has just joined the Board of Supervisors for the 2024-2029 term of Phong Phu Corporation from May 16, 2024 to date.

Current position: Member of the Board of Supervisors of Phong Phu Corporation.

List of the Board of Management

No.	Member of the Board of Management	Position	Number of shares owned			
			Individual		Representative	
			Quantity	Percentage	Quantity	Percentage
1	Mr. Duong Khue	Board of Directors' members, General Director	166,494	0.22%	11,273,984	15.1%
2	Mr. Pham Phu Chung	Board of Directors' members, Deputy General Director	29,619	0.04%	7,467,089	10%
3	Ms. Truong Thi Ngoc Phuong	Board of Directors' members, Chief Executive Director	89,665	0.12%	-	-
4	Ms. Le Thi Hoang Trang	Deputy General Director	25,410	0.03%	-	-
5	Mr. Ly Anh Tai	Deputy General Director	62,507	0.08%	-	-
6	Mr. Nguyen Van Nhiem	Chief Executive Director	70,000	0.09%	-	-
7	Mr. Doan Kien	Chief Executive Director	-	-	-	-
8	Ms. Le Thi Tu Anh	Chief Accountant	4,300	0,005%	-	-

In 2024, there were no changes in the Board of the Management.



Curriculum vitae of the Board of Management

Mr. Duong Khue

See introduction information of the Board of Directors

Mr. Pham Phu Chung

See introduction information of the Board of Directors

Ms. Truong Thi Ngoc Phuong

See introduction information of the Board of Directors



Ms. Le Thi Hoang Trang

Deputy General Director

Qualification: Bachelor of Law, training certificates in human resources director, executive director

Work experience: Ms. Le Thi Hoang Trang has been working at Phong Phu Corporation from 1995 to date. She was appointed as Deputy General Director of Phong Phu Corporation on July 15, 2022.

Current position: Secretary of the Party Committee, Chairman of the Trade Union, Deputy General Director of Phong Phu Corporation.



Mr. Ly Anh Tai

Deputy General Director

Qualification: Master of Business Administration

Work experience: Mr. Ly Anh Tai has been working at Phong Phu since 1996 to date. He was appointed as Deputy General Director of Phong Phu on October 07, 2022.

Current position: General Director of Nam Duong Phu Corporation, Deputy General Director of Phong Phu Corporation.

List of the Board of Management (Continued)



Mr. Nguyen Van Nhiem
Chief Executive Director

Qualification: Master of Business Administration.

Work experience: Mr. Nguyen Van Nhiem has been working at Phong Phu since October, 1989 to date. He was appointed as Managing Director of Phong Phu Corporation since 2015.

Current position: Chairman of the Board of Directors of Phong Phu Household Appliances Corporation, Managing Director of Phong Phu Corporation.



Ms. Le Thi Tu Anh
Chief Accountant

Qualification: Bachelor of Economics - Finance; Chief Accountant Certificate; Practicing Accountant Certificate (APC).

Work experience: Ms. Le Thi Tu Anh has worked at Phong Phu Corporation from 2009 to present.

Current position: Chief Accountant of Phong Phu Corporation, Head of the Supervisory Board of Dong Nam Textile JSC.



Mr. Doan Kien
Chief Executive Director

Qualification: Master of Textile - Garment Technology, Mechanical Engineer from Hanoi University of Science and Technology.

Work experience: Mr. Doan Kien has been working at Phong Phu since 2005 and other units in the Vietnam National Textile And Garment Group. He was appointed as Managing Director of Phong Phu from April, 2021 to date.

Current position: TMember of the Board of Directors/General Director of Dong Nam Textile JSC, Member of the Board of Directors of Phong Phu - Daewon - Thu Duc Housing Development JSC, Member of the Board of Directors of Nam Dinh Textile Urban Development Joint Stock Company, Managing Director of Phong Phu Corporation.



Number of officials, employees and workers

No.	Criteria	Year 2023		Year 2024	
		Quantity (people)	Percentage (%)	Quantity (people)	Percentage (%)
I	By labor level	684	100%	584	100%
1	University and Postgraduate level	83	12.13%	80	13.70%
2	College and professional secondary level	63	16.52%	81	13.87%
3	Skilled workers	125	18.27%	169	28.94%
4	Unskilled workers	413	60.38%	254	43.49%
II	By gender	684	100%	584	100%
1	Male	440	64.33%	338	57.88%
2	Female	244	35.67%	246	42.12%
III	By term of labor contract	684	100%	584	100%
1	Short-term contract under 1 year	1	0.15%	-	-
2	Term contract of 1 to 3 years	340	49.71%	221	37.84%
3	Undetermined term contract	343	50.15%	363	62.16%
Total		684	100%	584	100%

Average income of employees

No.	Target	Year 2023	Year 2024
1	Number of employees	684	584
2	Average salary (VND/person/month)	11,260,000	12,220,000

Policies for employees

Remuneration and benefits

Phong Phu Corporation builds a competitive remuneration system to recognize and reward employees' contributions. In addition to attractive salaries, Phong Phu also offers performance-based bonuses, comprehensive welfare programs (insurance, healthcare, leave...), employee engagement activities, and clear promotion opportunities. The Corporation wants employees to feel valued, cared for, and motivated to commit to and develop their careers at the company. To ensure the best benefits and welfare for employees, Phong Phu equips a health insurance package for 100% of staff, helping them feel secure in their work and take care of themselves and their families. At the same time, the Corporation constantly improves remuneration and benefit packages, ensuring competitiveness compared to other businesses in the industry, in order to attract and retain capable employees.

Recruitment

Phong Phu creates an image as a reputable employer, attracting talent with transparent, fair policies and attractive career development opportunities. The Corporation seeks candidates with high professional qualifications, a positive working spirit, suitable for corporate culture and willing to contribute to the overall development. To attract the best candidates, Phong Phu focuses on building competitive recruitment policies, creating clear career development conditions and a professional, dynamic working environment.

Human resource development

The Corporation always pays attention to the quality and skills of employees. Through training classes, the Corporation organizes training for employees to improve their skills, guiding the use and operation of new technology machinery and equipment to serve the Corporation's production activities.

Working environment

Phong Phu creates a professional, dynamic, safe and friendly working environment. The Corporation values respect, cooperation and open communication between members. Phong Phu focuses on the balance between work and life, supporting employees to develop comprehensively. Phong Phu also cares about the health, spirit and cohesion of employees, creating conditions for them to work effectively, creatively and happily. To ensure safety and health for employees, Phong Phu strictly complies with labor safety regulations and is fully equipped with labor protection equipment, building a safe, healthy, fair and effective working environment.

INVESTMENT SITUATION, PROJECT IMPLEMENTATION SITUATION

Major investments

In 2024, the Corporation invested in increasing production capacity, constructing and renovating factories, and replacing machinery and equipment for the fiber industry with a total cost of more than 70.1 Million VND. Investment in OE yarn production line with a cost of more than 39.3 Million VND

Financial situation at Company's subsidiaries, associated companies

(See the Audited Consolidated Financial Statements 2024)



FINANCIAL SITUATION

Unit: Billion VND

Target	Year 2023	Year 2024	% year 2024/ year 2023
Total asset value	3,538.78	3,579.05	101.14%
Net revenue	1,749.38	2,232.68	127.63%
Profit from business activities	324.68	379.63	116.93%
Other profit	(4.94)	4.39	(88.84%)
Profit before tax	319.73	384.02	120.11%
Profit after tax	316.74	380.54	120.14%
Dividend payout ratio	30%	(*)	-

(*) Will be presented at the Annual General Meeting of Shareholders in 2025.



Financial indicators (Consolidated)

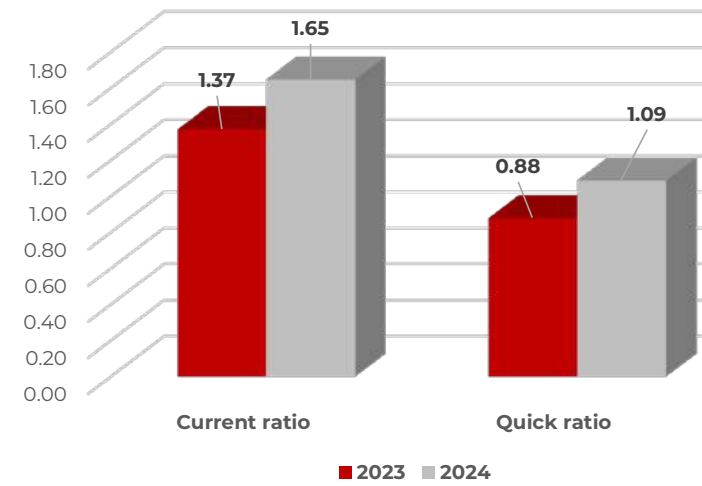
Target	Unit	Year 2023	Year 2024
Solvency indicators			
Current ratio	Lần	1.37	1.65
Quick ratio	Lần	0.88	1.09
Capital structure indicators			
Debt/Total assets ratio	%	51.01%	47.36%
Debt/Equity ratio	%	104.14%	89.97%
Operational efficiency indicators			
Inventory turnover	Vòng	3.42	3.01
Total asset turnover	Vòng	0.50	0.63
Profitability indicators			
Profit after tax/Net revenue	%	18.11%	17.04%
Profit after tax/Equity	%	18.27%	20.20%
Profit after tax/Total assets	%	8.95%	10.63%
Profit from business activities/Net revenue	%	18.56%	17.00%

FINANCIAL SITUATION (CONTINUED)

Financial indicators (Continued)

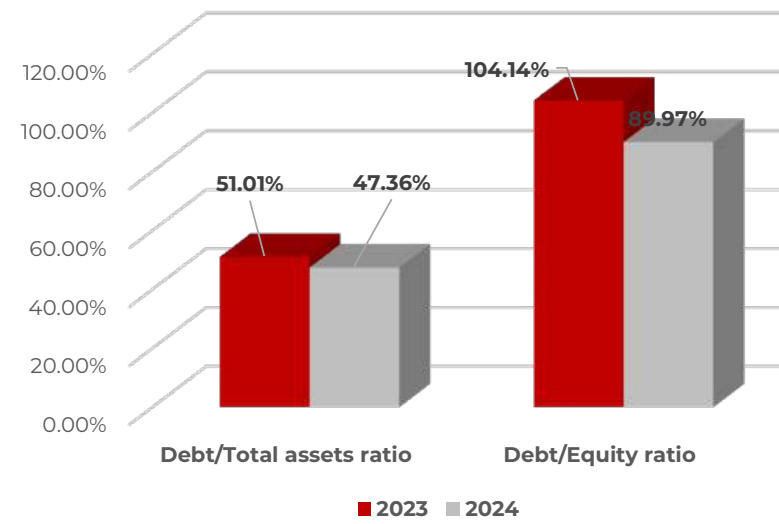
Solvency indicators

In 2024, the Corporation recorded a significant improvement in its liquidity. Both the current ratio (increasing from 1.37 to 1.65 times) and the quick ratio (rising from 0.88 to 1.09 times) showed marked increases compared to 2023. This growth was primarily driven by a sharp rise in current assets, especially highly liquid assets such as cash, cash equivalents, and short-term financial investments. This reflects the Corporation's stronger financial capacity.



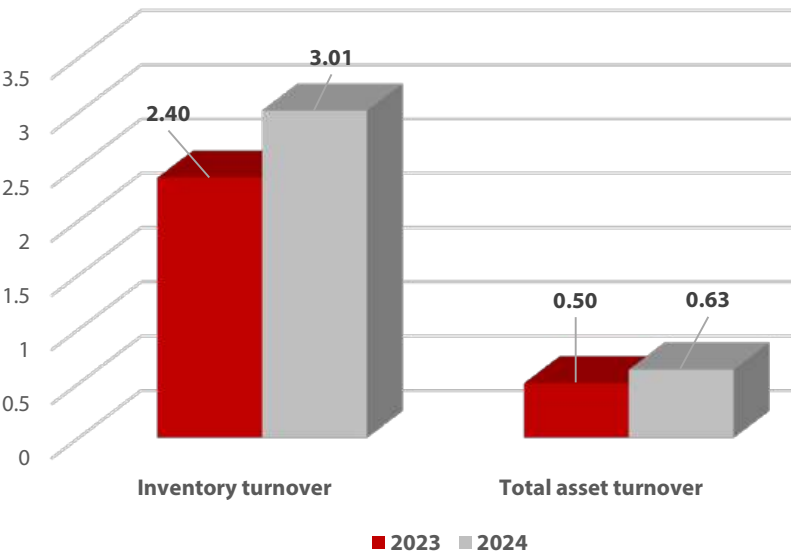
Capital structure indicators

In 2024, the Corporation recorded a significant improvement in capital structure, thanks to a significant decrease in liabilities, including taxes paid to the State and short-term loans. Specifically, the debt-to-total assets ratio decreased from 51.01% in 2023 to 47.36%, and the debt-to-equity ratio decreased from 104.14% in 2023 to 89.97%. These changes reflect efforts to optimize capital sources, reduce dependence on debt, and strengthen the financial autonomy of the Corporation.



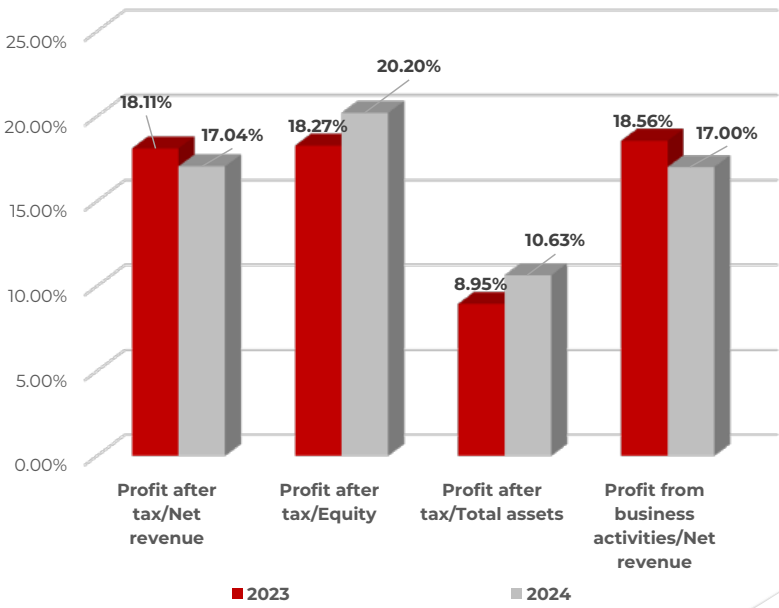
Operational efficiency indicators

In 2024, the Corporation recorded an impressive growth in business performance. Inventory turnover reached 3.01 turns in 2024. At the same time, total asset turnover also increased from 0.50 turns to 0.63 turns, showing that the business operations of the enterprise are growing better and better. These positive results are evidence of the optimization of operating processes, improved efficiency in the use of resources, and effective management by the leadership in the past year.



Profitability indicators

In 2024, the financial situation of the Corporation reflects fluctuations in profitability. The profit margin on net revenue recorded a slight decrease, from 18.11% to 17.04%, but still remained at a relatively positive level. In contrast, the indicators reflecting the efficiency of capital and asset utilization showed a significant change. The profit after tax on equity increased from 18.27% to 20.20%, and the profit after tax on total assets increased from 8.95% to 10.63%, demonstrating that the Corporation has optimized its resources and investment capital. This result shows the effectiveness in the business operations of the Corporation in 2024.



Shares



60 since 1964
PHONG PHU

74,670,891

Total number of outstanding
common shares

Par value per share: 10,000 VND/ share



(As of 31/12/2024)

No.	Object	Number of shares	Ownership Percentage/ Charter capital (%)	Number of shareholders	Shareholder structure	
					Organization	Individual
I	State shareholders	-	-	-	-	-
II	Major shareholders (5% or more of share capital)	51,037,193	68.35%	3	3	-
1	In the country	51,037,193	68.35%	3	3	-
2	Foreign	-	-	-	-	-
III	Company's labor union	627,680	0.84%	1	1	-
IV	Other shareholders	23,006,018	30.8%	2,082	11	2,071
1	In the country	23,006,018	30.8%	2,077	11	2,066
2	Foreign	18,750	0.03%	5	-	5
V	Treasury shares	-	-	-	-	-
Total (I + II + III + IV+V)		74,670,891	100%	2,086	15	2,071
Of which: - In the country		74,652,141	99.97%	2,081	15	2,066
- Foreign		18,750	0.03%	5	-	05

List of major shareholders



(As of 31/12/2024)

No.	Name	Number of shares	Ownership Percentage/ Charter capital (%)
1	Vietnam National Textile And Garment Group	37,408,796	50.10%
2	Duong Tran Real Estate Trading and Investment JSC	7,172,326	9.61%
3	An Tam Investment Development JSC	6,456,071	8.65%
TOTAL		51,037,193	68.35%



REPORT ON ENVIRONMENTAL AND SOCIAL IMPACTS OF THE COMPANY

Impact on the environment

Textiles are a resource-intensive industry, including labor, energy, and raw material inputs. In 2025, the Corporation made remarkable efforts in using resources efficiently and sustainably. Regarding the use of raw materials, the Corporation has prioritized the use of raw materials from natural, environmentally friendly sources. In particular, cotton and Polyester fibers are the two main materials used. Textile products manufactured from these materials not only ensure quality and meet consumer needs but are also environmentally friendly and easily biodegradable in nature. In addition, the Corporation has also signed a cooperation agreement on the development of rooftop solar power on factories in Ho Chi Minh City and Ninh Thuan. This is an important step in developing renewable energy, contributing to reducing greenhouse gas emissions and protecting the environment. The Corporation's efforts in using resources efficiently and sustainably have contributed to improving product value, increasing the competitiveness of businesses in the market and protecting the environment. To continue promoting the achieved results, the Corporation needs to continue to promote research and application of new and advanced technologies in production, in order to improve energy efficiency, save raw materials and minimize impact on the environment.



Management of raw material sources

Total amount of raw materials used to manufacture and package the organization’s main products and services during the year

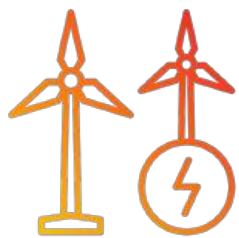
No.	Item	Unit	Total quantity	Number of reused	Amount of recycled materials	% Reuse	Note
I Material							
1	PP outer processed fiber bag	Piece	29,190	28,900	-	99.01%	Reuse of single PP outer processed fiber bag of NT & HTL
2	Carton	Piece	13,485	-	-	0.00%	
3	TK crate liner	Sheet	14,611	8,767	-	60.00%	Reusing crate liner of century fiber crate
4	13-layer liner	Sheet	200,935	114,987	-	57.23%	
5	Fiber stamp	Piece	5,860,600	-	-	0.00%	
6	Foam bag	Kg	10,456	-	-	0.00%	
7	Paper cone	Piece	-	-	-	-	
8	Plastic cone	Piece	68,300	67,617	-	99.00%	21 Uses/Year
9	Crate brace	Kg	800	-	-	0.00%	
10	Nylon wire	Kg	-	-	-	-	
11	Fiber dyeing plastic core	Piece	5,860,600	-	-	0.00%	
12	PE film 500 mm 16 kg/ roll	Roll	2,129	-	-	0.00%	
II Raw material							
1	Polyester Staple Fiber	Kg	2,299,311	11,631	-	0.51%	Polyester Staple Fiber
2	Filament fiber	Kg	1,939,351	-	-	0.00%	Filament fiber

Report the percentage of recycled raw materials used for production

- Renewable energy has been used with a total capacity of 7MWp, of which 6MWp is in the Thu Duc area and 1MWp is in Ninh Thuan.
- Ninh Thuan Dyeing Factory has reused wastewater at a rate of 15%-20%, averaging 15,000 – 16,000 m3/month
- Over 80% of CM yarn is produced from Recycle raw materials, with an output of 3,737 tons/year

REPORT ON ENVIRONMENTAL AND SOCIAL IMPACTS
OF THE COMPANY (CONTINUED)

Energy consumption



Direct and indirect energy consumption

The textile industry is an energy-intensive industry, especially electrical energy. According to estimates, the Vietnamese textile industry consumes an average of 391 Billion kWh of electricity per year, accounting for about 10% of the total electricity consumption of the entire industry. To overcome the situation of power waste, Phong Phu Corporation and Coro Renewables Vietnam Co., Ltd. (Coro Renewables Vietnam) signed a cooperation agreement on the development of rooftop solar power on factories in Ho Chi Minh City and Ninh Thuan. According to the agreement, the project has a capacity of 2.884 kwp, with an expected annual electricity output of about 4.2 Million KWh/year. This not only helps save electricity costs, increasing the profit margin of the Corporation, but also helps reduce greenhouse gas emissions, build a “green” brand, and reduce the risk of power shortages affecting business and production operations. The use of lighting that uses less energy but provides sufficient lighting efficiency for the business production process also contributes to saving electrical energy for the Corporation.

Energy saved through energy-efficient initiatives

- Electricity consumption - converted (Kwh): 7,083,258 Kwh, saving a 12% Percentage compared to 2023.
- Gasoline (tons): 31 tons, a 3% decrease compared to 2023
- Solar Energy (kWh): In 2024, 4,433,228 kWh of solar energy was used, an increase of 35% compared to 2023. The increased use of solar—clean energy—not only contributed to reducing greenhouse gas emissions but also helped save electricity costs.

Water consumption



Water supply and water consumption

The use of a large amount of water in the production of yarn, sewing thread, and towels is a characteristic of the textile industry. For Phong Phu Corporation, a proper wastewater recycling and treatment process has been implemented, which does not adversely affect the surrounding environment. Proactive inspection of the water system is conducted regularly to remedy water leaks, thereby limiting water loss. The Corporation has also installed smart spray nozzles to control the amount of water used.

Solutions to reduce wastewater treatment costs Effective operation

- Install fine trash filters to reduce silt.
- Switch to cyclical operation to reduce electricity costs during hours of reduced wastewater flow. Technology improvement
- Automate the aeration system, adjust the amount of oxygen needed, and increase treatment efficiency.
- Install an online monitoring system to monitor wastewater quality and reduce the amount of treatment chemicals needed

Percentage and total amount of water recycled and reused

Approximately: 36,000 m³; accounting for about 10%/amount of clean water consumed

REPORT ON ENVIRONMENTAL AND SOCIAL IMPACTS
OF THE COMPANY (CONTINUED)

Policies related to employees

Number of employees, average salary for employees

- Regarding salary: based on the salary market, gradually build and complete an income and benefit policy suitable for employees based on capacity and work efficiency for each individual and each job position, to promote the spirit of promoting individual capacity and contributing to the Company's development. In 2024, an income increase was Implemented for employees, reaching approximately 7%.
- Regarding regimes and benefits: propose participation in health insurance for employees with the goal of improving morale and caring for the lives of employees to create conditions and a working environment, connecting employees to work for a long time at the Company.



Labor policies to ensure the health, safety and welfare of employees

- Employees are fully equipped with labor protection equipment, and the working environment is safe and meets the regulations on labor safety and hygiene.
- The Corporation takes care of mid-shift meals for employees with adequate nutrition, and there are separate policies for heavy, hazardous, and toxic workers.
- The Corporation organizes periodic health checks for 100% of employees and arranges for a company Medical Station at Phong Phu Corporation to regularly monitor and care for employees' health.

Employee training activities

- Average training hours per year, per employee and by employee classification: 16h/month
- Skill development and continuous learning programs to support employees in ensuring employment and career development: Production team leader training, bidding nghiệp vụ, report writing skills...
- Effectively implement the State's policies and regulations of law for employees. Pursuant to the salary market, continue to build and improve income and welfare policies for employees based on capacity and contribution efficiency, to be flexible for each individual and each job position. Ensure employment, stable income and continuously improve and enhance the material and spiritual life for employees.
-

REPORTS RELATED TO RESPONSIBILITIES TO THE LOCAL COMMUNITY

The Corporation believes that a strong enterprise should not only bring maximum benefits to shareholders but also demonstrate its good values to local communities in particular and society in general. In 2024, the Corporation has well performed its social responsibilities through social and charitable activities aimed at building a friendly Phong Phu image and brand in the community, such as:

- On the occasion of celebrating the 60th anniversary of the Corporation’s establishment (1964-2024), the Corporation supported the “For the Poor” Fund of Thu Duc City and Tang Nhon Phu B Ward with 1.2 Billion VND.
- Mobilizing union members and employees to contribute to the “Charitable Society” Fund in 2024 launched by the Vietnam National Textile and Garment Group - Trade Union, with a total contribution of 51,896,000 VND; contributing to support people in the Northern regions severely damaged by Typhoon Yagi, with a total contribution of 255,880,000 VND; in addition, the Corporation also supported 06 tons of all kinds of cotton towels for people in areas severely affected by Typhoon Yagi, equivalent to 792 Million VND.



Mr. Duong Khue - General Director of Phong Phu Corporation has donated to the “For the Poor” Fund of Thu Duc City and Tan Nhon Phu B Ward.



The 6th Scholarship Award Ceremony Supporting Students to School in 2024.

- Continuing to implement the “Supporting Students to School” scholarship program in 2024, awarding 14 scholarships (including 08 scholarships of 5,000,000 VND/scholarship and 06 scholarships of 3,000,000 VND/scholarship) to children of workers with particularly difficult family circumstances who still overcome difficulties and achieve excellent academic achievements in the 2023-2024 school year. Donate 02 bookshelves to children in the Central Highlands, with an amount of 15 Million VND.



Ngày hội hiến máu nhân đạo năm 2024

03

Reports and assessments of the Board of Management



Evaluation of production and business results

Financial situation

Improvements in organizational structure, policies, and management

Explanation of the Board of Management regarding audit opinions

Future development plan

Report evaluating the company's environmental and social responsibilities

EVALUATION OF PRODUCTION AND BUSINESS RESULTS

Faced with the “uncertain” difficulties of the market, Phong Phu Corporation has had many solutions to promote investment in technology and automation of production lines to ensure fast delivery progress and high product quality.

Business results in 2024 (Consolidated)

Unit: Billion VND

No.	Target	2024 Plan	2024 Implementation	% compared to 2024 Plan
1	Total revenue	2,600	2,642	102%
2	Profit before tax	330	384	116%
3	Profit after tax	324	381	117%

Business results in 2024 (of the Parent Company)

Unit: Billion VND

No.	Target	2024 Plan	2024 Implementation	% compared to 2024 Plan
1	Total revenue	1,850	1,973	107%
2	Profit before tax	295	349	118%
3	Profit after tax	295	349	118%



EVALUATION OF PRODUCTION AND BUSINESS RESULTS (CONTINUED)

In order to achieve the above business results, in 2024, the leadership and staff of the Corporation have implemented many activities to consolidate the internal strength of the Corporation, preparing for the production and business plan and development in the coming time, specifically:

Regarding development investment

- Supplementing equipment to increase production capacity for the fiber sector from 100 tons/month to 130 tons/month; investing in new machinery and equipment for Ninh Phú to meet the production needs of three raw material sources simultaneously.

Programs for the 2025 cost reduction target

- Conducting trials to replace old-generation engines with synchronous motors (some equipment in Ninh Phu), aiming to reduce electricity consumption by 10%/norm.
- Continue to upgrade and improve the AC2 automatic air control chamber to reduce electricity consumption by 6% compared to the standard level.
- Installing pinter yarn break detectors and rough cut-offs on Rieter spinning machines. Initial assessment shows a reduction in raw material waste rate in yarn from 0.91% to 0.6%.

Regarding production management and product design development:

- Implemented 54 projects, reducing production costs by 2.06%.
- Product quality reached 98.52%, a significant improvement compared to 98.36% in 2023.
- To meet the demand for diverse product designs, the peak month saw approximately 130 samples, with more than 950 samples developed in 2024. At the same time, the company met short lead times, completing orders within 2–3 weeks.

Regarding governance

- Completing the internal governance document system throughout the entire Corporation, from functional departments to manufacturing plants, to create a legal framework for the activities of the units to be strictly adhered to.
- Effectively implementing social responsibility through social and charitable activities aimed at building a friendly image and brand of Phong Phú within the community.

Regarding personnel - training

- Planning for cadres, training a successor team, rejuvenating the team throughout the system, especially strengthening Business personnel, design engineers, and dyeing chemical engineers;
- Organizing and arranging the operating apparatus in a streamlined manner, maximizing professional capacity in the direction of specialization according to functions and tasks; Establishing a new Administration Department and a General Legal Department based on the reorganization of the General Administration Department; appointing 05 mid-level management staff (heads, deputies, assistants of departments); Establishing a new Office of the Board of Directors to assist the Board of Directors in supervising the implementation of resolutions and directions from the Board of Directors and tasks under the authority of the Board of Directors.
- Developing/adjusting/completing/supplementing the competency framework of 94 job positions (including production: 46 positions; departments: 48 positions) and 128 job descriptions (including production: 67 positions; departments: 61 positions). Digitizing personnel data stored on software, including personal information, work history, training history, salary increases, etc.
- Organizing training courses and developing human resources at the source. Sending some staff to participate in internal training programs organized by the Group, including topics such as: investment project management, legal affairs, finance and accounting; Sending some employees to participate in training programs to improve professional knowledge outside the company, such as bidding nghiệp vụ according to new regulations, updated and supplemented social insurance law in 2024, and salary policies in 2024; Coordinating with Hanoi University of Science and Technology to organize management skills and soft skills training courses for factory managers from production team leaders upwards.

Regarding salaries

- based on the salary market, continue to build and complete income and benefit policies suitable for employees based on capacity and work efficiency for each individual and each job position, to promote the spirit of promoting individual capacity and contributing to the development of the Company. In 2024, adjustments were made to increase income for employees by approximately 7%.

Regarding regimes and benefits

- Proposing participation in health insurance for employees with the goal of improving morale and caring for the lives of employees to create conditions and a working environment, connecting employees to work for a long time at the Company.

Regarding data digitalization

- Completing the connection work to collect electricity consumption data from branch offices to the centralized data system, reducing manual tasks and facilitating quick monitoring and control.

FINANCIAL SITUATION

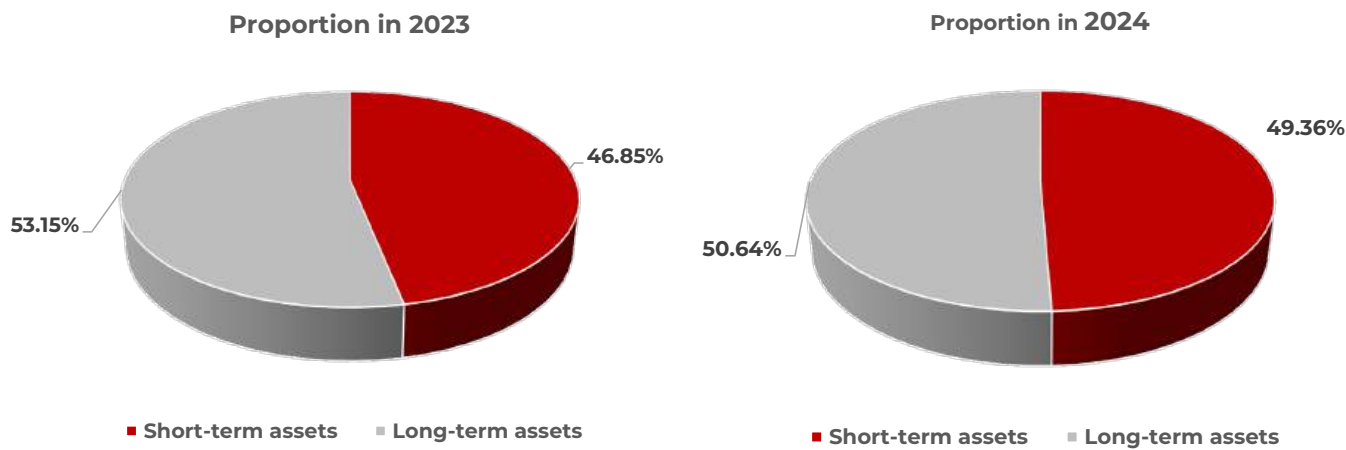
Asset situation (Consolidated)

Unit: Billion VND

Indicator	2023		2024		Increase/Decrease	
	Value	Percentage	Value	Percentage	Value	Percentage
Short-term assets	1,657.80	46.85%	1,766.59	49.36%	108.79	6.56%
Long-term assets	1,880.98	53.15%	1,812.47	50.64%	(68.51)	(3.64%)
Total assets	3,538.78	100.00%	3,579.05	100.00%	40.27	1.14%

In 2024, the Corporation recorded total assets reaching 3,579.05 Billion VND, an increase of 40.27 Billion VND compared to 2023. Short-term assets grew outstandingly, reaching 1,766.59 Billion VND, an increase of 108.79 Billion VND compared to 2023, accounting for 49.36% of total assets. This reflects abundant liquidity and optimized short-term business performance, ensuring working capital for daily operations.

Long-term assets recorded a decrease of 68.51 Billion VND compared to 2023, down to 1,812.47 Billion VND, accounting for 50.64% of total assets. This adjustment is mainly due to depreciation of fixed assets during the period. The shift in asset structure to short-term assets shows that the General Director is prioritizing optimizing capital use efficiency, increasing liquidity and focusing on activities with rapid profitability in the context of a volatile market.



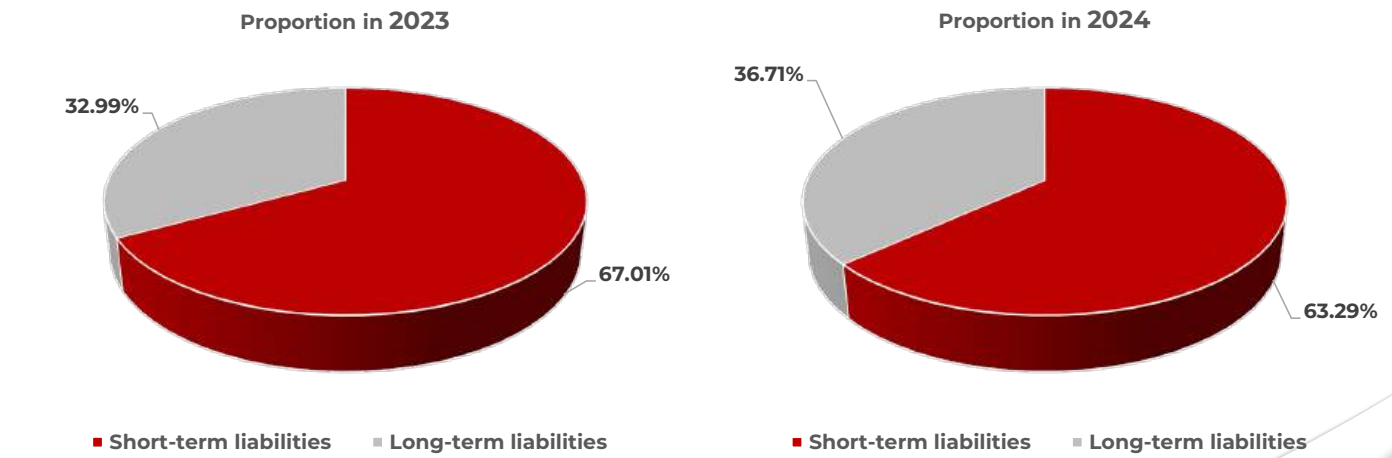
Liabilities situation (Consolidated)

Unit: Billion VND

Indicator	2023		2024		Increase/Decrease	
	Value	Percentage	Value	Percentage	Value	Percentage
Short-term liabilities	1,209.79	67.01%	1,072.86	63.29%	(136.93)	-11.32%
Long-term liabilities	595.48	32.99%	622.18	36.71%	26.70	4.48%
Total liabilities	1,805.27	100.00%	1,695.03	100.00%	(110.23)	-6.11%

In 2024, the Corporation's short-term debt recorded a sharp decrease compared to 2023. Specifically, short-term debt decreased by 136.93 Billion VND, equivalent to a decrease of 11.32%, down to 1,072.86 Billion VND. The proportion of short-term debt decreased from 67.01% in 2023 to 63.29% in 2024. This reflects efficiency in managing and minimizing short-term financial pressure, while optimizing the General Director's capital structure.

Compared to 2023, the Corporation's long-term debt increased slightly in 2024, reaching 622.18 Billion VND, an increase of 26.70 Billion VND, equivalent to an increase of 4.48%. The proportion of long-term debt increased from 32.99% in 2023 to 36.71% in 2024. This increase mainly comes from long-term financial loans and long-term payables. However, this increase is insignificant and does not affect the General Director's cash flow or solvency. Adjusting the debt structure demonstrates a balance between short-term and long-term capital needs, ensuring stable and sustainable development.

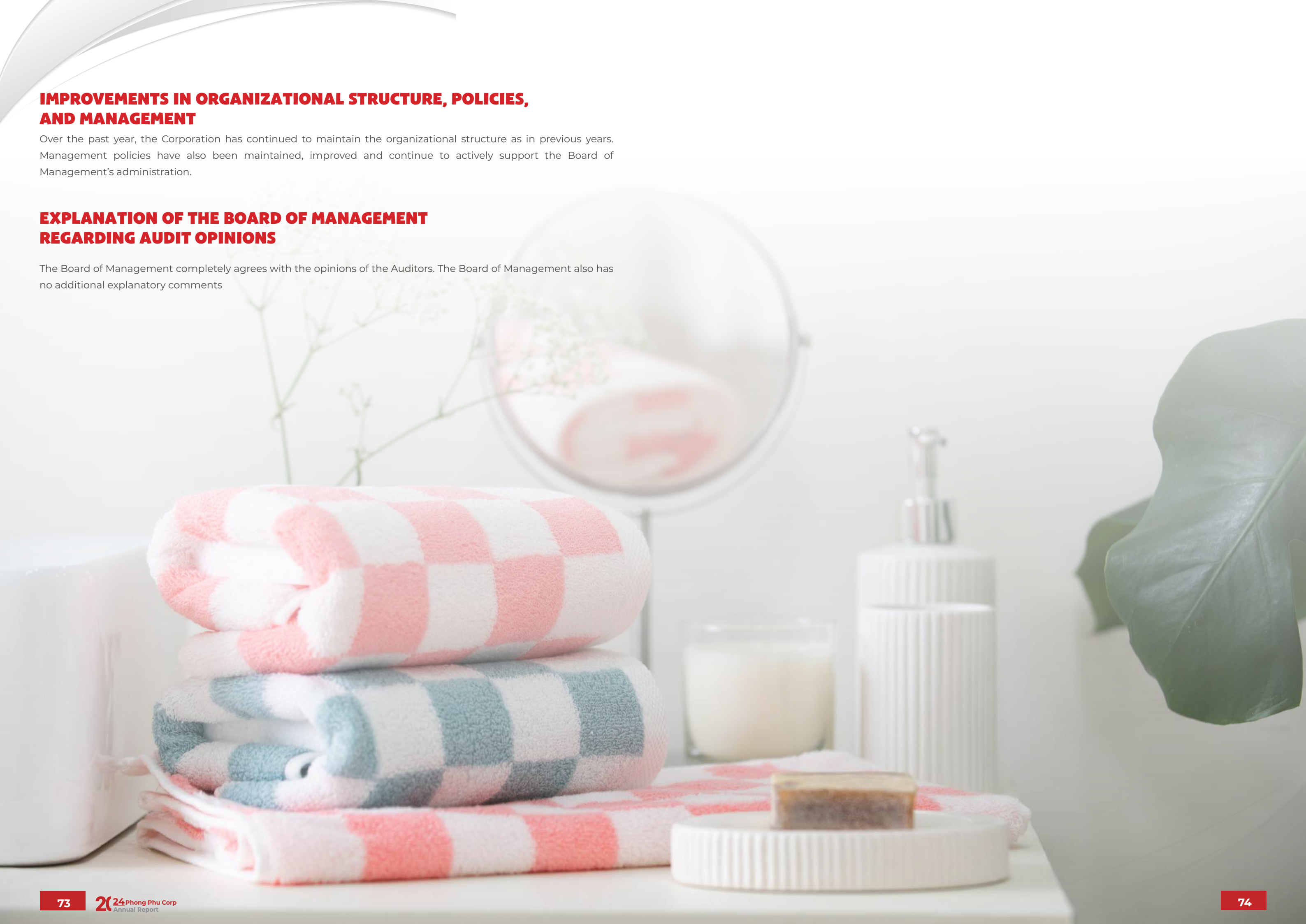


**IMPROVEMENTS IN ORGANIZATIONAL STRUCTURE, POLICIES,
AND MANAGEMENT**

Over the past year, the Corporation has continued to maintain the organizational structure as in previous years. Management policies have also been maintained, improved and continue to actively support the Board of Management's administration.

**EXPLANATION OF THE BOARD OF MANAGEMENT
REGARDING AUDIT OPINIONS**

The Board of Management completely agrees with the opinions of the Auditors. The Board of Management also has no additional explanatory comments



FUTURE DEVELOPMENT PLAN

Assessment of the economy

Overall, 2025 is expected to be a challenging year for the socio-economic context of Vietnam. The implementation of appropriate economic policies and effective utilization of opportunities from the international context will play an important role in achieving the set development goals.

World factors

According to international organizations, global trade in 2025 has a high level of uncertainty and is difficult to predict. This instability is largely due to the following reasons:

- increased geopolitical tensions, which could cause commodity prices to spike again. Conflicts in the Middle East and Ukraine could worsen, directly affecting countries that import goods, with higher commodity prices coupled with a rising dollar.
- The implementation of new tariff policies from countries with strong influence, such as the U.S. and China, is expected to hinder trade activities.

The year 2025 will also mark a breakthrough for AI (artificial intelligence), as this technology is no longer a distant concept but has deeply penetrated every aspect of life. New generations of large language models (LLM) can process and analyze complex data, opening up breakthrough applications in healthcare, education, and manufacturing.

The trend of remote work continues to shape the labor market, while “de-globalization” slows trade growth, causing supply chains to be restructured to adapt to global fluctuations.

Domestic factors

- The National Assembly of Vietnam has approved a GDP growth target of at least 8% for 2025, an increase from the previous target of 6.5% to 7%. However, some experts believe that achieving this goal is challenging and requires specific solutions from the Government.
- Forecasts from financial institutions: most international financial institutions such as the WB, ADB, OECD, and IMF forecast Vietnam's growth in 2025 at 6.1%-6.6%. Domestically, the Vietnamese economy is expected to continue to maintain positive growth momentum, but will face intertwined advantages, difficulties, and challenges, specifically:
 - » Challenges for the Vietnamese textile and garment industry:
 - » Production and labor costs: increasing labor costs and difficulty in recruitment, fluctuations in interest rates and exchange rates will affect competitiveness.
 - » Green transition requirements: The global trend towards sustainable production and emission reduction requires businesses to invest in environmentally friendly technologies. To meet international standards such as ESG and green certifications, this process requires significant capital and management capabilities.
 - » Changes in customer behavior: International brands are increasingly demanding in terms of quality, delivery speed, and supplier responsibility for products.
 - » Pressure on prices and small orders: Export order prices continue to decrease, while most businesses have to accept small orders with high requirements for time and quality, reducing profit margins.
- The digital economy, digital transformation, and innovation are identified as new growth drivers, serving as the foundation for increasing productivity and efficiency of the economy. Developing the semiconductor industry is a strategic goal, not only a driving force for the development of other industries such as e-commerce, manufacturing, and logistics, but also a foundational element for the development of the digital economy and digital society in Vietnam.
- Opportunities to expand markets, participate more deeply in the global supply chain, and attract investment as Vietnam actively participates in free trade agreements (FTAs).

FUTURE DEVELOPMENT PLAN (CONTINUED)

Forecast of impact on the textile and garment industry

Opportunity

- Vietnam can leverage its free trade agreements and strategic geographic location to attract foreign investment, particularly in high-tech manufacturing. The global supply chain shift also offers Vietnam the opportunity to become a key manufacturing hub in the region.
- Digital transformation and sustainable development: Adopting technology and moving towards sustainable production helps businesses enhance product value and meet the global green consumption trend.

Challenge

- Trade fluctuations and monetary policy: 2025 is forecast to be a stormy year for Vietnam's textile and garment industry, facing a series of challenges from trade fluctuations, inflation, and monetary policy.
- On April 02, 2025, U.S. President Donald Trump enacted a new tariff policy, in which Vietnam is subject to a 46% countervailing duty on goods exported to the U.S. This decision will have a significant impact on the Vietnamese economy in 2025, especially for key export industries such as textiles and garments, including Phong Phu, which will reduce export turnover as the competitiveness of Vietnamese goods with other countries will decrease, while reducing the purchasing power of the U.S. market.
- Working conditions and labor income: Workers in the textile and garment industry have to work in noisy, dusty (cotton, fiber, fabric...), hot environments, but their income is not high. Improving the working environment and compensation is important to retain workers and improve productivity.



Implementation solutions

For the Fiber industry

- Expand synchronous connection of machinery and equipment, monitor real-time operations, trace data, invest in additional and upgrade equipment and supporting tools with automation features (automatic bobbin feeder, yarn break detector, coarse cut-off...).
- Experiment with and apply the use of synchronous motors with large power consumption on equipment to increase electricity saving potential by about 8-10%.
- Search for and directly negotiate with genuine parts manufacturers to aim for a 5-10% reduction in unit prices compared to previous purchases.
- Research and develop new products with high added value, suitable for the Corporation's technology equipment conditions, and convert to 100% use of recycled materials.
- Conduct a pre-feasibility study for the investment project to expand and relocate production by 2030.



For the Home Appliance sector

- Export: Maintain traditional markets, promote the development of retail chains in the EU (Ikea, Action, JYSK, Vomar, Brunotti), the United States (Target), Japan (Aeon, Muji, Shimamura, Marushin).
- Domestic market: Continue to develop multi-channels to develop and grow the domestic market again: Supermarkets, traditional markets, Horeca, B2B, E-commerce. Special attention should be paid to promoting online marketing activities (B2C and B2B).
- Production: Promote initiatives to reduce processing costs. Develop action programs to reduce processing costs compared to norms by 3% to increase profitable value.
- Human resources: continue to plan and train successor and key personnel, and recruit Fiber, Textile, Dyeing, and Business engineers.
- Promote R&D activities:
 - » Invest budget to improve the rapid prototyping department, diversify to meet effective sales work;
 - » Research new material lines with different features, high quality, and competitive prices.
 - » Research and optimize finishing technology processes, ensure quality, reduce time, and reduce costs.
 - » Research market trends and customer needs to orient product development.

FUTURE DEVELOPMENT PLAN (CONTINUED)

Implementation solutions (Continued)

Participate in the circular economy, green economy – sustainable development

- Regarding the Use of Renewable Energy
 - » Solar power has been used for electricity generation at residential houses, factory areas, and parking lots.
 - » It is expected that in Q1 2025, the company will begin investing in solar power systems at factory areas.
 - » The construction of houses in the future will design structures to ensure the installation of solar power systems.
- Investment: invest in a waste fiber tearing line recovered from fiber and weaving production stages for reuse as circular raw materials, creating Recycle Post - Consumer fiber lines for towel products of European supply chains such as IKEA.
- Green planting and moving towards certification CARBON: By 2025, the Corporation aims to plant approximately 500 trees (expected to be from Melaleuca, Oil and Hoang Nam trees) within its operations. This initiative will contribute to achieving environmental sustainability goals and enhancing the company's image.

Plant trees and proceed to apply for CARBON certification

In 2025, the plan is to complete planting about 500 trees (expected Melaleuca, Oil and Hoang Nam trees) in the premises of the Parent Company. The number of trees planted will gradually increase until 2030 to achieve the goal of fulfilling commitments to environmental protection, sustainable development, and building a green, friendly working space to enhance Phong Phu's brand image.

About the market

- Focus on exploiting and maintaining existing target markets, considering this a strategic and key task throughout. Strengthen the development of markets where Vietnam has a competitive advantage and maximize opportunities in markets in countries participating in trade agreements with Vietnam.
- Taking customers as the center, build a system and chain of activities to meet the requirements of the supply chain.

Regarding finance

- Maintain and continue to improve the Z score at the Parent Company above 4.0 and the Home Appliance Company above 2.8.
- Balance and use VND and USD loans with low interest rates, and circulate cash flow flexibly to optimize loan interest costs.
- Continue to promote finding partners to divest from non-core investments according to the General Meeting of Shareholders Resolution in 2024, soon recover capital and focus on investing in core business areas.

Regarding human resources

- Continue to provide additional management knowledge training for 100% of middle-level management staff according to the planning list.
- Consider increasing benefits for employees by purchasing health insurance for employees at approximately 1.5 Million VND/person/year for medical examination, treatment, hospitalization, and maternity leave.
- Experimented with and applied the use of high-power synchronous motors on equipment to increase electricity savings by approximately 8–10%.

Regarding new investment and development cooperation

- Research and invest in the production of new products such as bed sheets and blankets.
- For the Yarn Sector:
 - » Continue to invest in in-depth expansion to increase yarn production capacity in Thu Duc, with an estimated cost of about 29 billion VND.
 - » Invest in automation (automatic bobbin feeder, yarn break detector, coarse yarn stopper), with an estimated cost of about 7.5 billion VND.
 - » Invest in expanding yarn production capacity, with an estimated cost of about 32.8 billion VND.
- For the Household Sector: Continue to invest in and replace equipment to increase towel production capacity in Ninh Thuan and Thu Duc, with a total estimated value of nearly 100 billion VND. Including:
 - » Invest in replacing splicing machines, wringing machines, automatic cross-cutting machines, and color matching machines in Thu Duc.
 - » Invest in automation equipment in Ninh Thuan's sewing workshop (cutting machines, sewing machines, carton-sealing machines).
 - » Equip and upgrade infrastructure, laboratory equipment, etc.

Information system management

The current trend of digital transformation is developing strongly, especially in the context of increasingly popular AI and automation technologies. Some specific solutions:

- AI and intelligent automation: Applying AI to data analysis, customer care (chatbot, virtual switchboard), etc.;
- Cloud Computing & Hybrid Cloud: optimizing costs, improving security and expanding the target market.
- Synchronize the digitization of management data into the General Director's office. Continue to improve the information system by investing in replacing advanced information technology equipment with high security value.
- Use advanced management software, shorten time, report promptly to relevant agencies and information disclosure work as required.

REPORT EVALUATING THE COMPANY’S ENVIRONMENTAL AND SOCIAL RESPONSIBILITIES

Assessment related to environmental indicators

The Corporation has demonstrated significant efforts in the effective and sustainable management and utilization of resources. The prioritization of natural and environmentally friendly materials, specifically cotton and polyester fibers, is highly appreciated. Textile products made from these materials not only meet consumer demand but are also environmentally friendly due to their ease of decomposition. In addition, the agreement to develop rooftop solar power at factories in Ho Chi Minh City and Ninh Thuan is an important step, reflecting a strong commitment to renewable energy development and greenhouse gas emission reduction. These efforts not only contribute to environmental protection but also enhance product value and the Corporation's competitiveness. The Corporation also emphasizes energy savings through the use of efficient lighting and improvements in wastewater treatment processes.

However, the Board of Management fully recognizes that the textile and garment industry is characterized by high energy and water consumption. Therefore, the continued research and application of new and advanced production technologies to optimize the use of energy and raw materials, while minimizing environmental impacts, remains an important mission for the future



Assessment related to labor issues

The Corporation has implemented practical policies and actions to improve the lives and working conditions of employees. Specifically, the Corporation has adjusted incomes, proposed participation in health insurance, fully provided personal protective equipment, ensured a safe working environment, supplied nutritious mid-shift meals, organized periodic health checks, and launched skill development training programs. These policies demonstrate The Corporation's concern for the health, safety, and welfare of its employees.

To further strengthen engagement and motivation among employees, the Corporation will continue to develop and improve its income and welfare policies to ensure fairness and competitiveness.

Assessment related to the Corporation's responsibility to the local community

The Corporation clearly defines its role and responsibility not only to shareholders but also to the community and society at large. In 2024, the Corporation has carried out many meaningful social and charitable activities, contributing to building a friendly and responsible corporate image. These activities include supporting the “Fund for the Poor,” awarding scholarships to children of workers in difficult circumstances, donating bookshelves to children in mountainous areas, contributing to charity funds, and supporting people affected by natural disasters. The Board of Management highly values these contributions and is committed to maintaining and further promoting social responsibility activities in the future.



The Ceremony to Honor Individuals with Significant Contributions to Phong Phu Corporation in 2024

04

Assessment of the Board of Directors

Assessment of the Board of Directors on the Company's operations
Assessment of the Board of Directors on the operation of the Company's Board of Management
Plans and orientations of the Board of Directors in 2025



ASSESSMENT OF THE BOARD OF DIRECTORS ON THE COMPANY’S OPERATIONS

Advantages

In 2024, Vietnam’s textile and garment industry maintained a fairly good growth rate. From the third quarter of 2024, the industry overcame the difficulties of the first 06 months of 2024 to maintain growth momentum with significantly improved production and business efficiency. Specifically:

- Import and export of goods is a prominent bright spot and a driving force for economic growth in 2024 thanks to the recovery of international market demand. The GDP growth rate in 2024 of the entire economy reached 7.09% compared to the previous year, considering the period 2011 - 2024, achieving the target set by the National Assembly, the GDP growth rate in 2024 was only lower than the growth rate in 2018, 2019 and 2022. Overall in 2024, the total import and export turnover of goods reached 786.29 Billion USD, an increase of 15.4% compared to the previous year, of which exports increased by 14.3%, imports increased by 16.7%. Merchandise trade balance surplus of 24.77 Billion USD.
- Inflation is controlled at an appropriate level, actively supporting economic growth. The average consumer price index (CPI) in 2024 compared to the previous year increased by 3.63%.
- Employment and average income of workers in 2024 increased compared to the previous year; social security work is promptly concerned; relief activities for people in difficult areas and areas affected by natural disasters and storms are carried out widely, practically and effectively by ministries, departments and localities.

For the textile and garment industry

- Total textile and garment export turnover in 2024 reached approximately 44 Billion USD, rising to 2nd position after China in terms of total textile and garment export turnover, surpassing Bangladesh, an increase of 11.26% compared to 2023.
- Main export markets include the United States (16.71 Billion USD, up 12.33%), Japan, the EU, South Korea, China, and ASEAN.
- In 2024, Vietnam’s textile and garment industry enjoys many advantages as 17 out of 19 new-generation free trade agreements (FTAs) have come into effect. Free trade agreements such as the EVFTA and CPTPP not only help reduce tariffs but also create favorable conditions for Vietnamese textile and garment products to access demanding markets such as Japan, the EU, the US,... These markets bring great advantages to Vietnam’s textile and garment industry, allowing for the diversification of partners and products with high added value.
- The industry also effectively adopts automation technology, digital governance, and adapts well to the green and sustainable standards required by many export markets.
- Textile and garment workers easily adapt to digital technology transformation, actively respond to creative labor emulation movements, have many initiatives and technological innovations to improve productivity and quality, hone their skills to become skilled workers, and accompany businesses in production, business, and export..

Difficulties

2024 is a difficult year for the Vietnamese economy, in the context of unpredictable global geopolitical instability, severe natural disasters occurring at home and abroad, and labor shortages and competition in major production centers and industrial parks, causing many difficulties for businesses in organizing production.

Challenges for Vietnam's textile and garment industry:

- Production and labor costs: increasing labor costs and difficulty in recruitment, fluctuations in interest rates and exchange rates will affect competitiveness.
- Green transformation requirements: Strict environmental and safety standards require businesses to invest heavily in product research and development as well as certification processes, strict environmental regulations, putting pressure on finances.
- Changes in customer behavior: International brands are increasingly demanding in terms of quality, delivery speed, and supplier responsibility for products.
- Changes in orders or sudden pauses also cause difficulties in production management.
- Pressure on prices and small orders: Export order prices continue to decrease while most businesses have to accept small orders with high requirements on time and quality, reducing profit margins.

In an increasingly competitive environment, in order to continue to maintain its position and participate in a high-value position in the global supply chain, the Board of Directors together with the General Director of the Corporation have clearly identified their current situation; correctly assess the situation, proactively, flexibly, and synchronously implement solutions, improve competitiveness, innovate management methods in parallel with the sustainable development of their existing platforms of tradition and solidarity, together with the support and sharing of shareholders, especially the major shareholder Vietnam National Textile and Garment Group, so Phong Phu has overcome difficulties and is on a growth trajectory as targeted.

Results achieved in 2024 are as follows

- Total consolidated revenue reached 2,642 Billion VND.
- Consolidated pre-tax profit reached 384 Billion VND.
- Consolidated after-tax profit reached 380.5 Billion VND.
- The dividend payout rate for shareholders in 2024 is expected to be 25%/par value of shares.

ASSESSMENT OF THE BOARD OF DIRECTORS ON THE OPERATION OF THE COMPANY'S BOARD OF MANAGEMENT

General assessment

- The members of the Board of Management have university degrees or higher, and the majority have master's degrees, are well-trained in their fields, have in-depth knowledge of the assigned areas, and have many years of experience in business management and administration. There is a harmony in textile expertise, experience, in-depth understanding of technological processes, and expertise in finance, human resources, and business administration.
- The General Director implements a quarterly reporting regime on the implementation of the Board of Directors' resolutions in accordance with the Internal Regulations on the governance of the Corporation.
- The Board of Management has managed the production and business operations of the Corporation in accordance with the resolutions of the General Meeting of Shareholders, the resolutions of the Board of Directors, and in compliance with the Enterprise Charter and legal regulations.
- The Board of Management is well aware of the advantages and difficulties of the Corporation, so it has been flexible in managing production and business activities. At the same time, it has issued internal documents and documents under its authority to effectively control all production and business activities of the Corporation, and has effectively played the role of risk control right from the Board of Management and middle management levels.
- The Board of Management has set a goal for 2024: Profit growth and market development. Therefore, Phong Phu has made continuous efforts for sustainable development, which are: steadfast in its goals, smart management, digitization of management data, investment in additional machinery and equipment, and updating of technology and science to improve the Corporation's management system.



Some issues that Board of Management needs to pay attention to in the coming time

The year 2025 is forecast to be a difficult year for textile and garment enterprises. The world situation is complicated and difficult to predict, especially the impact of the tax policy that the United States just announced in early April 2025, along with the reactions of some countries, leading to tariff tensions between the United States and other countries. The risk of a trade war may negatively impact global economic growth.

The breakthrough development of artificial intelligence (AI) and its applications is no longer a “trend” but will create a real competitive game for manufacturing enterprises. AI is not simply a supporting tool, but it is gradually changing the nature of business operations in a more positive direction.

In that context, the Board of Management needs to pay attention to the following issues:

- Research and propose new investments, technology innovation, development of new products, market development and effective revenue increase. Improve and complete digital governance, digital transformation programs to apply to production in order to reduce costs and increase the Corporation's productivity.
- Focus on exploiting and maintaining the existing target market, considering this as a strategic focus throughout. Strengthen the development of markets where Vietnam has a competitive advantage and maximize opportunities in markets in countries participating in trade agreements with Vietnam.
- Focus on human resource development, training at the source or additional recruitment in new conditions with flexible and effective methods. Develop a training policy and assign training targets for each position: quantity, content, etc. With the mindset of innovating management methods, focusing on the results of work, improving revenue and developing the market, focusing on reviewing and standardizing management methods to assign appropriate personnel, and maximizing the initiative and creativity of the team.
- Regularly and proactively develop response plans to adapt to changes caused by natural disasters, epidemics, and the impacts of war.





Board of Directors of the Corporation for the 2024 - 2029 Term

PLANS AND ORIENTATIONS OF THE BOARD OF DIRECTORS IN 2025

The Board of Directors, together with the Board of Management and all employees, are determined to strive in the management and administration of the enterprise to complete the goals and tasks assigned by the General Meeting of Shareholders in 2025, ensuring the goal of "sustainable development, adaptive innovation and outstanding efficiency" with the following plans and orientations:

- Effectively implement the Resolutions of the Board of Directors on: personnel work, monitoring investment efficiency, corporate culture, internal control, production, finance, practicing thrift and fighting waste..., which identifies that stagnation and lack of drastic determination are also a waste of opportunity and growth rate.
- Focus on planning and developing medium and long-term plans in accordance with the development strategy of the Corporation and its member units.
- Promote investment and development, strengthen digital transformation according to new trends, apply artificial intelligence to general management, and focus on key projects. Research and develop

new products with high differentiation and other products besides traditional products such as blankets, sheets, curtains, etc. to bring high value to the Corporation.

- Promote initiatives to improve and rationalize production and business in order to diversify products and designs, stabilize and improve the quality of products and services, save costs and improve competitiveness.
- Pay special attention to directing the prevention of objective and subjective risks, anti-corruption, waste, and stagnation affecting the results, growth rate and health of the business.
- Regarding consolidating and developing human resources: have specific solutions to create positive motivation for employees, especially the business and market development team, in order to promote intelligence, creative intelligence and dedication, build a worthy income/reward policy to stimulate breakthrough thinking. This is a core element for training, developing and consolidating human resources.

05

Corporate Governance



Activities of the Board of Directors

Activities of the Board of Supervisors

**Transactions, remuneration and benefits of the Board of Directors,
Board of Management and the Board of Supervisors**

ACTIVITIES OF THE BOARD OF DIRECTORS

Meetings of the Board of Directors

In 2024, the members of the Board of Directors attended meetings fully and gave opinions on issues under the authority of the Board of Directors with a high sense of responsibility, promoting the leadership capacity of the members, for the benefit of the shareholders and the development of the Company.

No.	Board of Directors' members	Position	Number of meetings attended by the BOD	Attendance rate	Reasons for non-attendance
1	Mr. Tran Quang Nghi	Chairman	61/61	100%	
2	Mr. Duong Khue	Member	61/61	100%	
3	Mr. Pham Phu Chung	Member	61/61	100%	
4	Ms. Pham Minh Huong	Member	61/61	100%	
5	Ms. Truong Thi Ngoc Phuong	Member	47/61	77%	Elected to the BOD from May 16, 2024
6	Ms. Bui Thi Thu	Member	14/61	22.9%	Stopped participating in the BOD from May 16, 2024



Resolutions/ Decisions of the Board of Directors

No.	Resolution/ Decision No.	Date	Content	Rate
1	47/NQ-HĐQT	01/02/2024	Approval of Loans from VIB Bank	100%
2	88/NQ-HĐQT	27/03/2024	Plan for the 2024 Annual General Meeting of Shareholders	100%
3	109/NQ-HĐQT	16/04/2024	Appointment of Capital Management Representatives and Nomination of Personnel to the Board of Directors and Supervisory Board at Phong Phu Home Textile JSC	100%
4	108A/NQ-HĐQT	16/04/2024	Plan for the 2024 Annual General Meeting of Shareholders	100%
5	130A/NQ-HĐQT	03/05/2024	Approval of Investment Plan for Replacement of Carding Machines	100%
6	130B/NQ-HĐQT	03/05/2024	Approval of Additional Investment in Small Equipment for Ninh Phu Yarn Factory	100%
7	151/QĐ-HĐQT	23/05/2024	Election of the Chairman of the Board of Directors	100%
8	150A/NQ-HĐQT	23/05/2024	Approval of Investment for Expansion of Ninh Phu Yarn Factory	100%
9	154/NQ-HĐQT	24/05/2024	Adjustment of the Total Budget for the Plan to "Invest in Additional Equipment to Increase Sewing Thread Ca-pacity"	100%
10	153A/NQ-HĐQT	24/05/2024	Approval of the Total Budget for the "Investment and Expansion of Ninh Phu Yarn Factory"	100%
11	155/QĐ-HĐQT	27/05/2024	Dividend Payment for the Remaining 2023 Profits	100%
12	156A/NQ-HĐQT	27/05/2024	Approval of the Overall Bidding Plan for the "Investment and Expansion of Ninh Phu Yarn Factory"	100%
13	160/QĐ-HĐQT	04/06/2024	Establishment of a Branch Office in Da Nang	100%
14	160B/NQ-HĐQT	04/06/2024	Authorization for Investment Cooperation Approval	100%
15	157/QĐ-HĐQT	10/06/2024	Approval of Additional Collateral for the ADB Loan Agreement	100%

ACTIVITIES OF THE BOARD OF DIRECTORS (CONTINUED)

Resolutions/ Decisions of the Board of Directors (Continued)

No.	Resolution/ Decision No.	Date	Content	Rate
16	164A/QĐ-HĐQT	10/06/2024	Authorization to Approve Investments or Asset Sales	100%
17	168/NQ-HĐQT	12/06/2024	Approval of Investment in Small Equipment (Diesel Forklift)	100%
18	169A/QĐ-HĐQT	12/06/2024	Approval of Loans from BIDV – Ho Chi Minh City Branch	100%
19	171/QĐ-HĐQT	12/06/2024	Approval of Loans from ACB – Nguyen Van Troi Branch	100%
20	172/QĐ-HĐQT	13/06/2024	Advance Dividend Payment for 2024	100%
21	185B/QĐ-HĐQT	28/06/2024	Reorganization of the General Affairs and Administration Department	100%
22	201/NQ-HĐQT	28/06/2024	Approval of Investment for Replacement of Winder Machines at the Sewing Thread Factory	100%
23	186A/NQ-HĐQT	01/07/2024	Approval of Divestment at Lien Phuong	100%
24	188/QĐ-HĐQT	03/07/2024	Approval of the Selection of Auditors	100%
25	188B/NQ-HĐQT	03/07/2024	Approval of collateral assets for depositing to open an import (L/C) for machinery and equipment. (5 billion VND)	100%
26	202A/NQ-HĐQT	04/07/2024	Approval of the Total Budget for the "Investment in Replacement of Winder Machines at the Sewing Thread Factory"	100%
27	207A/NQ-HĐQT	08/07/2024	Approval of the Overall Bidding Plan for the "Investment in Replacement of Winder Machines at the Sewing Thread Factory"	100%
28	267/NQ-HĐQT	26/08/2024	Approval of L/C Deposits for the "Investment in Replacement of Carding Machines" Project	100%
29	265/QĐ-HĐQT	26/08/2024	Decision to Liquidate Equipment (Kuster) in Da Nang	100%
30	309/NQ-HĐQT	08/10/2024	Approval of the Capital Transfer Plan for the Corporation's Equity in Lien Phuong	100%

No.	Resolution/ Decision No.	Date	Content	Rate
31	321A/NQ-HĐQT	21/10/2024	Supplementary Collateral for ADB	100%
32	331A/NQ-HĐQT	31/10/2024	Approval of Investment to Repurchase Leased Machinery and Equipment in Nha Trang	100%
33	337/QĐ-HĐQT	07/11/2024	Establishment of the BOD Office	100%
34	340/NQ-HĐQT	08/11/2024	Approval of Loans from Vietinbank	100%
35	344/NQ-HĐQT	12/11/2024	Approval of L/C Deposits for the "Investment in Replacement of Winder Machines at the Sewing Thread Factory" Project	100%
36	362/NQ-HĐQT	29/11/2024	Approval of Loans from Vietcombank	100%
37	378/QĐ-HĐQT	16/12/2024	Advance dividend payment for 2024 (phase 2)	100%
38	378A/NQ-HĐQT	16/12/2024	Approval of Loans from SeaAbank	100%
39	392/NQ-HĐQT	25/12/2024	Signing and executing transactions with related parties	100%
40	411/QĐ-HĐQT	31/12/2024	Adjustment of the record date for 2024 advance dividend payment	100%
41	445/ QĐ-HĐQT	31/12/2024	Approval of the project final settlement for the additional investment in equipment to increase the spinning capacity for sewing thread	100%

Activities of independent Board of Directors members

None

List of Board of Directors members with corporate governance training certificates

Training courses on corporate governance were involved by members of Board of Directors, the Board of Supervisors, Director (General Director), other managers and secretaries in accordance with regulations on corporate governance.

Participate in training sessions organized by the SSC, the Stock Exchange (if any).

Send staff to participate in professional training courses in the field of finance and accounting, and controllers.

ACTIVITIES OF THE BOARD OF SUPERVISORS

Meetings of the Board of Supervisors

No.	Member of the Board of Supervisors	Position	Number of meetings attended	Attendance rate	Percentage of votes	Reasons for non-attendance
1	Ms. Nguyen Thi My Le	Head of BOS	03	100%	100%	
2	Ms. Vu Thi Thuy Duong	Member	03	100%	100%	
3	Mr. Le Hong Linh	Member	02	66.66%	100%	Joined the BOS from 16/5/2024
4	Ms. Tran Lien Huu	Member	02	66.66%	100%	Stopped participating in the Member of the BOS from 16/5/2024

Activities of the Board of Supervisors

Performing the supervisory tasks of the Member of the Board of Supervisors in accordance with the enterprise law, the Charter on organization and operation of the Corporation and the internal management regulations of the Corporation, the operation of the Board of Supervisors in 2024 is as follows:

Supervising the activities of the Board of Directors and the Board of Management in implementing

- Operational regulations, General Meeting of Shareholders Resolutions, Board of Directors Resolutions;
- Meetings of the Board of Directors;

Monitoring production-business activities

- The implementation status of the production-business plan of the Corporation and companies with capital from the Corporation;
- The financial situation and business results of the Parent Company and the Corporation's subsidiaries;
- The implementation status of investment projects of the Parent Company and the Corporation's subsidiaries;

Related activities

- Periodic inspection: Appraisal of the Corporation's annual financial statements.
- Risk warning in production-business, financial, and investment activities.
- Participating in meetings of the Board of Directors.
- Organizing meetings of the Member of the Board of Supervisors.

Coordination of activities between the Member of the BOS and the activities of the BOD, the Board of Management and other management personnel

The BOD, the Board of Management and other management personnel facilitate the Member of the BOS to perform the functions and tasks of the Member of the BOS.

TRANSACTIONS, REMUNERATION AND BENEFITS OF THE BOARD OF DIRECTORS, BOARD OF MANAGEMENT AND THEBOARD OF SUPERVISORS

Salaries, bonuses, remuneration, other benefits, and expenses for each member of the BOD, members of the BOS, the Director or General Director, and management staff

(See Consolidated Financial Statements)

Share transactions of internal persons

None

Contracts or transactions with internal persons

Transactions between the Company and its affiliated persons or between the Company and its major shareholders, internal persons and affiliated persons of internal persons

No.	Name of organization/ individual	Relationship with the Company	NSH No	Time of transaction	Resolution No./ Decision approved	Content, quantity, total transaction value
1	Hoa Tho Textile - Garment Joint Stock Corporation	Same Parent Company (Vietnam Tex-tile and Garment Group)	0400101556	2024	Minutes of the Board of Directors meeting on October 20, 2021 and May 09, 2023	Providing services. 2.2 Billion VND
2	Vinatex Nam Dinh City Development Joint Stock Company	Related to the Parent Company (Vi-etnam National Textile And Garment Group)	0600823862	2024		Dividends received: 1.6 Billion VND

Transaction between internal persons of the Company, affiliated persons of internal persons and the Company's subsidiaries in which the Company takes controlling power

None

CÁC GIAO DỊCH, THÙ LAO VÀ CÁC KHOẢN LỢI ÍCH CỦA HỘI VND QUẢN TRỊ, BAN KIỂM SOÁT VÀ BAN TỔNG GIÁM ĐỐC (CONTINUED)

Transactions between the Company and other objects

No.	Name of organization/ individual	Relationship with the Company	NSH No	Time of transaction	Resolution No./ Decision approved	Content, quantity, total transaction value
1	Vietnam National Textile And Garment Group	Parent Company	0100100008	2024	Resolution No. 356/NQ-HĐQT dated December 30, 2023	Contract for purchase of goods, raw materials. Total value: 624.2 Million VND
						Received services: 487.3 Million VND
						Interest and fees of loan payable: 38.5 Billion VND
						Dividends payable: 93.5 Billion VND
2	Phong Phu Home Textile Joint Stock Company	Company's subsidiaries	4500470547	2024	Resolution No. 356/NQ-HĐQT dated December 30, 2023	Contract for sale of goods, finished products. Total value: 135.1 Billion VND
						Service provision contract. Total value: 90.5 Billion VND
						Asset lease receivables: 9.9 billion VND
						Dividends received: 14.4 Billion VND
						Contract for purchase of goods, raw materials. Total value: 275.2 Billion VND
3	Coats Phong Phu Limited Liability Company	Affiliated company/ Related person of internal persons	0300828098	2024	Resolution No. 356/NQ-HĐQT dated December 30, 2023	Service receipt contract. Total value: 8.7 Billion VND
						Contract for sale of goods, finished products. Total value: 719.8 Billion VND
						Service provision contract. Total value: 16 Billion VND
						Dividends received: 354.9 Billion VND
						Contract for purchase of goods, raw materials. Total value: 372.2 Billion VND

No.	Name of organization/ individual	Relationship with the Company	NSH No	Time of transaction	Resolution No./ Decision approved	Content, quantity, total transaction value
4	Phuoc Loc Joint Stock Company	Affiliated company/ Related person of internal persons	0304506503	2024	Resolution No. 356/NQ-HĐQT dated December 30, 2023	Contract for sale of goods, finished products. Total value: 70.8 Billion VND
						Service provision contract: 7.8 Billion VND.
						Dividends received: 900 Million VND
						Contract for purchase of goods, raw materials. Total value: 85.3 Billion VND
5	Phong Phu International Joint Stock Company	Affiliated company/ Related person of internal persons	0304995318	2024	Resolution No. 356/NQ-HĐQT dated December 30, 2023	Dividends payable: 64.5 Million VND.
						Service provision contract. Total value: 16.39 Billion VND
						Dividends received: 7.2 Billion VND
						Dividends payable: 2.5 Billion VND
6	Dong Nam Textile Joint Stock Company	Affiliated company	0301166182	2024	Resolution No. 356/NQ-HĐQT dated December 30, 2023	Paid-in capital contribution: 21.59 Billion VND
7	Nam Duong Phu Joint Stock Company	Company's subsidiaries	0317851320	2024	Resolution No. 356/NQ-HĐQT dated December 30, 2023	Contract for sale of goods, finished products. Total value: 745.2 Million VND
						Contract for purchase of goods, raw materials. Total value: 20.03 Billion VND
						Paid-in capital contribution: 4.4 Billion VND
8	Nha Trang Textile & Garment Joint Stock Company	Associated company	4200237973	2024	Resolution No. 356/NQ-HĐQT dated December 30, 2023	Contract for purchase of goods and raw materials. Total value: 29.3 Million VND
						Received services: 23.9 Billion VND
						Purchased assets: 3.3 Billion VND

Assessment of the implementation of corporate governance regulations

Phong Phu always ensures corporate governance in accordance with the Law, Charter, internal regulations and criteria to ensure the Corporation’s operations in the smoothest manner; pursuing goals for the benefit of the Corporation and its shareholders, as well as creating favorable conditions for monitoring the Corporation’s operations effectively, thereby encouraging the Corporation to use resources in the best way. In addition, the Corporation always enhances governance knowledge for members of the Board of Directors and the Board of Management by sending staff to training courses according to the announcements of the State Securities Commission, related agencies and corporate governance classes. From there, improve business efficiency, improve access to capital sources, reduce capital costs as well as build trust with shareholders and investors.





06

Financial statements

Audit opinion

Audited financial statements



STATEMENT OF THE BOARD OF DIRECTORS

The Board of Directors of Phong Phu Corporation (hereinafter referred to as “the Corporation”) presents this statement together with the Consolidated Financial Statements for the fiscal year ended 31 December 2024, including the Combined Financial Statements of the Corporation and the Financial Statements of the subsidiaries (hereinafter collectively referred to as “the Group”).

Business highlights

Phong Phu Corporation is a company formed by equitizing the former State-owned company in line with the Decision No. 06/2007/QĐ-BCN dated 11 January 2007 of the Minister of Industry (now is the Ministry of Industry and Trade). The Corporation has been operating under the Business Registration Certificate No. 0301446006, which was registered for the first time on 20 February 2009 and amended for the 19th time on 20 January 2025, granted by Ho Chi Minh City Department of Planning and Investment.

Head office

- Address : No. 48 Tang Nhon Phu Street, Quarter 18, Tang Nhon Phu B Ward, Thu Duc City, Ho Chi Minh City
- Tel. : +84 (028) 3514 7340
- Fax : +84 (028) 3840 6790

The Corporation's affiliates:

Affiliates	Address
Branch of Phong Phu Corporation	No. 378 Minh Khai Street, Vinh Tuy Ward, Hai Ba Trung District, Hanoi City
Branch of Phong Phu Corporation in Nha Trang	Km1447, Vinh Phuong Commune, Nha Trang City, Khanh Hoa Province
Branch of Phong Phu Corporation in Da Lat – Du Lys Hotel	No. 14 Nam Ky Khoi Nghia Street, Ward 1, Da Lat City, Lam Dong Province
Branch of Phong Phu Corporation in Ninh Thuan – Ninh Phu Fiber Factory	Hanh Tri Village, Quang Son Commune, Ninh Son District, Ninh Thuan Province
Branch of Phong Phu Corporation in Da Nang	No. 34 Ong Ich Duong Street, Hoa Tho Dong Ward, Cam Le District, Da Nang City

Principal business activities of the Corporation are:

- Manufacturing fibers, sewing thread, embroidery thread, woven cloth, towels, fabric, fibers, garments, readymade garments (excluding clothes, bleaching, dyeing, starching, printing and processing second-hand goods), packages (excluding scrap recycling, pulp production at the head office);
- Trading machines, spare parts used in garment and textile industries. Trading office equipment, electrical materials, machinery and equipment serving industrial production, checking and measuring system serving environmental experiment. Wholesaling electrical machinery and equipment, electrical materials (generators, electric motors, electric wires, equipment used in electronic boards). Wholesaling machinery and equipment, spare parts of agricultural machinery;
- Providing services of scientific researches and technology transfer;
- Breeding pigs (not at the head office);
- Afforesting and tending forest;
- Exploiting and processing forestal products;
- Executing, consulting, designing and installing civil-industrial and refrigerant electric system;
- Providing food and beverage services (not providing food and beverage service and games at the head office);
- Constructing infrastructures, industrial and urban parks, developing houses;
- Giving consulting and brokerage services in real estate;
- Kindergarten and primary education;
- Mechanical processing;
- Producing, distributing steam, hot water, air-conditioning;

STATEMENT OF THE BOARD OF DIRECTORS (cont.)

- Treating sewage;
- Providing interior decoration services;
- Providing advertising services;
- Retailing garments;
- Growing bulbs with starch content, sugar cane, tobacco including rustic tobacco, plants or crops in order to harvest thread or fiber, plants or crops with oil seeds or nuts containing oil, pepper, rubber, coffee, tea, bean of all types, ornamentals and flowers (not at the head office).

Board of Management and Executive Board

The Board of Management and the Executive Board of the Corporation during the year and as of the date of this statement include:

The Board of Management

Full name	Position	Appointing/Re-appointing/Resigning date
Mr. Tran Quang Nghi	Chairman	Re-appointed on 23 May 2024
Mr. Duong Khue	Member	Re-appointed on 16 May 2024
Mr. Pham Phu Chung	Member	Re-appointed on 16 May 2024
Ms. Pham Minh Huong	Member	Re-appointed on 16 May 2024
Ms. Bui Thi Thu	Member	Resigned on 16 May 2024
Ms. Truong Thi Ngoc Phuong	Member	Appointed on 16 May 2024

The Supervisory Board

Full name	Position	Appointing/Re-appointing/Resigning date
Ms. Nguyen Thi My Le	Head of the Board	Re-appointed on 23 May 2024
Ms. Vu Thi Thuy Duong	Member	Re-appointed on 16 May 2024
Ms. Tran Lien Huu	Member	Resigned on 16 May 2024
Mr. Le Hong Linh	Member	Appointed on 16 May 2024

The Executive Board

Full name	Position	Appointing/Re-appointing date
Mr. Duong Khue	General Director	Appointed on 06 October 2020
Ms. Le Thi Hoang Trang	Deputy General Director	Appointed on 15 July 2022
Mr. Pham Phu Chung	Deputy General Director	Appointed on 07 October 2022
Mr. Ly Anh Tai	Deputy General Director	Appointed on 07 October 2022
Mr. Nguyen Van Nhiem	Chief Executive Officer	Re-appointed on 01 June 2019
Mr. Doan Kien	Chief Executive Officer	Appointed on 01 April 2021
Ms. Truong Thi Ngoc Phuong	Chief Executive Officer	Appointed on 15 July 2022

Legal representative

The legal representative of the Corporation during the year and as of the date of this statement is Mr. Duong Khue – General Director (appointed on 06 October 2020).

Auditors

A&C Auditing and Consulting Co., Ltd. has been appointed to perform the audit on the Group's Consolidated Financial Statements for the fiscal year ended 31 December 2024.

Responsibilities of the Board of Directors

The Board of Directors of the Corporation is responsible for the preparation of the Consolidated Financial Statements to give a true and fair view of the consolidated financial position, the consolidated financial performance and the consolidated cash flows of the Group during the year. In order to prepare these Consolidated Financial Statements, the Board of Directors must:

- select appropriate accounting policies and apply them consistently;
- make judgments and estimates reasonably and prudently;
- state clearly whether the accounting standards applied to the Group are followed or not, and all the material differences from these standards are disclosed and explained in the Consolidated Financial Statements;
- prepare the Consolidated Financial Statements of the Group on the going-concern basis, except for the cases that the going-concern assumption is considered inappropriate;
- design and implement effectively the internal control system to minimize the risks of material misstatements due to frauds or errors in the preparation and presentation of the Consolidated Financial Statements.

The Board of Directors hereby ensures that all the proper accounting books of the Group have been fully recorded and can fairly reflect the financial position of the Group at any time, and that all the accounting books have been prepared in compliance with the applicable Vietnamese Accounting System. The Board of Directors is also responsible for protecting the Group's assets, and consequently has taken appropriate measures to prevent and to detect frauds and other irregularities.

The Board of Directors hereby commits to the compliance with the aforementioned requirements in preparation of the Consolidated Financial Statements.

Approval of the Financial Statements

The Board of Directors of the Corporation hereby approves the accompanying Consolidated Financial Statements, which give a true and fair view of the consolidated financial position as of 31 December 2024 of the Group, its consolidated financial performance and its consolidated cash flows for the fiscal year then ended, in conformity with the Vietnamese Accounting Standards, the Vietnamese Enterprise Accounting System and relevant statutory requirements on the preparation and presentation of the Consolidated Financial Statements.

For and on behalf of the Board of Directors,



Duong Khue
General Director

Date: 30 March 2025

A&C AUDITING AND CONSULTING CO., LTD.

Head Office : 02 Truong Son St., Ward 2, Tan Binh Dist., Ho Chi Minh City, Vietnam Tel: +84 (028) 3547 2972 kttv@a-c.com.vn
Branch in Ha Noi : 40 Giang Vo St., Dong Da Dist., Ha Noi City, Vietnam Tel: +84 (024) 3736 7879 kttv.hn@a-c.com.vn
Branch in Nha Trang : Lot STH 06A.01, St. No.13, Le Hong Phong II Urban Area, Phuoc Hai Ward, Nha Trang City, Vietnam Tel: +84 (0258) 246 5151 kttv.nt@a-c.com.vn
Branch in Can Tho : 15-13 Vo Nguyen Giap St., Cai Rang Dist., Can Tho City, Vietnam Tel: +84 (0292) 376 4995 kttv.ct@a-c.com.vn



No. 1.0848/25/TC-AC

INDEPENDENT AUDITOR'S REPORT

To: THE SHAREHOLDERS, THE BOARD OF MANAGEMENT AND THE BOARD OF DIRECTORS OF PHONG PHU CORPORATION

We have audited the accompanying Consolidated Financial Statements of Phong Phu Corporation (hereinafter referred to as "the Corporation") and its subsidiaries (hereinafter collectively called "the Group"), which were prepared on 29 March 2025 (from page 07 to page 55) including the Consolidated Balance Sheet as of 31 December 2024, the Consolidated Income Statement, the Consolidated Cash Flow Statement for the fiscal year then ended and the Notes to the Consolidated Financial Statements.

Responsibility of the Board of Directors

The Board of Directors of the Corporation is responsible for the preparation, true and fair presentation of the Consolidated Financial Statements of the Group in accordance with the Vietnamese Accounting Standards, the Vietnamese Enterprise Accounting System and relevant statutory requirements on the preparation and presentation of the Consolidated Financial Statements; and responsible for such internal control as the Board of Directors determines necessary to enable the preparation and presentation of the Consolidated Financial Statements to be free from material misstatement, whether due to fraud or error.

Responsibility of Auditors

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the Consolidated Financial Statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the Consolidated Financial Statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the preparation and true and fair presentation of the Consolidated Financial Statements 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 internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Board of Directors, as well as evaluating the overall presentation of the Consolidated Financial Statements.

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

Opinion of Auditors

In our opinion, the Consolidated Financial Statements give a true and fair view, in all material respects, of the consolidated financial position as of 31 December 2024 of the Group, its consolidated financial performance and its consolidated cash flows for the fiscal year then ended, in conformity with the Vietnamese Accounting Standards, the Vietnamese Enterprise Accounting System and relevant statutory requirements on the preparation and presentation of the Consolidated Financial Statements.

Emphasis of matter

Without qualifying our opinion above, we would like to draw the readers' attention to the followings:

- As presented at Note No. VIII.7 in the Notes to the Consolidated Financial Statements regarding the transfer of Residential Area project in Phuoc Long B Ward, Thu Duc City, Ho Chi Minh City between Saigon Agriculture Incorporation and the Corporation. The Corporation accordingly appropriated provision for loss payable to Saigon Agriculture Incorporation on the basis of the loss determined at the transfer date under the Judgment dated 18 December 2021 and the Appellate Judgments dated 08, 09 and 15 June 2022 of the People's Court of Ho Chi Minh City. Currently, the Corporation and Saigon Agriculture Incorporation are waiting for guidance on resolving civil issues (if any) arising from the cancellation of the project transfer contract between the involved parties in accordance with the applicable laws.
- The Corporation received the Notices of Ho Chi Minh City Tax Department and Ho Chi Minh City Department of Natural Resources and Environment regarding the determination of land leasing rate applicable to the period from 10 April 2017 to 31 December 2024 as well as the land areas and the land use purposes corresponding to each land area and location of land leased by the Corporation (see Note No. VIII.1). Currently, the Corporation has not received any official notices from Tax Department regarding the payments of land rental to the State Budget, these amounts accordingly have not been recognized in the Consolidated Financial Statements.

For and on behalf of
A&C Auditing and Consulting Co., Ltd.



Hoàng Thái Vương
Partner

Audit Practice Registration Certificate No. 2129-2023-008-1
Authorized Signatory

Ho Chi Minh City, 30 March 2025



Nguyen Thi Phuoc Tien
Auditor

Audit Practice Registration Certificate No. 1199-2023-008-1

PHONG PHU CORPORATION

Address: No. 48 Tang Nhon Phu Street, Quarter 18, Tang Nhon Phu B Ward, Thu Duc City, Ho Chi Minh City
CONSOLIDATED FINANCIAL STATEMENTS
For the fiscal year ended 31 December 2024

CONSOLIDATED BALANCE SHEET

As of 31 December 2024

Unit: VND

ITEMS	Code	Note	Ending balance	Beginning balance
A - CURRENT ASSETS	100		1.766.586.086.522	1.657.799.775.90
I. Cash and cash equivalents	110	V.1	123.279.779.901	74.073.059.41
1. Cash	111		72.679.779.901	67.797.035.83
2. Cash equivalents	112		50.600.000.000	6.276.023.57
II. Short-term financial investments	120		546.189.593.362	490.656.983.59
1. Trading securities	121		-	-
2. Provisions for devaluation of trading securities	122		-	-
3. Held-to-maturity investments	123	V.2a	546.189.593.362	490.656.983.59
III. Short-term receivables	130		489.715.825.856	495.303.760.90
1. Short-term trade receivables	131	V.3	437.727.287.214	374.560.508.37
2. Short-term prepayments to suppliers	132	V.4	21.623.063.707	8.220.335.81
3. Short-term inter-company receivables	133		-	-
4. Receivables according to the progress of construction contract	134		-	-
5. Receivables for short-term loans	135		-	-
6. Other short-term receivables	136	V.5a	54.837.551.162	136.997.473.01
7. Allowance for short-term doubtful debts	137	V.6	(24.486.403.454)	(25.111.525.36)
8. Deficit assets for treatment	139		14.327.227	636.969.01
IV. Inventories	140		601.007.721.345	595.755.494.71
1. Inventories	141	V.7	607.962.909.452	605.029.837.21
2. Allowance for devaluation of inventories	149	V.7	(6.955.188.107)	(9.274.342.49)
V. Other current assets	150		6.393.166.058	2.010.477.21
1. Short-term prepaid expenses	151	V.8a	1.467.153.797	1.166.896.51
2. Deductible VAT	152		4.718.243.246	635.811.71
3. Taxes and other receivables from the State	153	V.17	207.769.015	207.769.01
4. Trading Government bonds	154		-	-
5. Other current assets	155		-	-

PHONG PHU CORPORATION

Address: No. 48 Tang Nhon Phu Street, Quarter 18, Tang Nhon Phu B Ward, Thu Duc City, Ho Chi Minh City

CONSOLIDATED FINANCIAL STATEMENTS

For the fiscal year ended 31 December 2024

Consolidated Balance Sheet (cont.)

ITEMS	Code	Note	Ending balance	Beginning balance
B- NON-CURRENT ASSETS	200		1.812.465.966.813	1.880.979.683.89
I. Long-term receivables	210		3.940.070.645	1.948.001.13
1. Long-term trade receivables	211		-	
2. Long-term prepayments to suppliers	212		-	
3. Working capital in affiliates	213		-	
4. Long-term inter-company receivables	214		-	
5. Receivables for long-term loans	215		-	
6. Other long-term receivables	216	V.5b	3.940.070.645	1.948.001.13
7. Allowance for long-term doubtful debts	219		-	
II. Fixed assets	220		1.054.372.239.697	1.139.015.542.07
1. Tangible fixed assets	221	V.9	942.578.952.394	1.045.043.899.12
- Historical cost	222		2.287.317.961.521	2.301.518.088.11
- Accumulated depreciation	223		(1.344.739.009.127)	(1.256.474.188.996)
2. Financial leased assets	224	V.10	111.684.730.902	93.851.024.74
- Historical cost	225		122.118.650.662	100.459.854.55
- Accumulated depreciation	226		(10.433.919.760)	(6.608.829.813)
3. Intangible fixed assets	227	V.11	108.556.401	120.618.21
- Initial cost	228		583.927.273	583.927.27
- Accumulated amortization	229		(475.370.872)	(463.309.066)
III. Investment property	230		-	
- Historical costs	231		-	
- Accumulated depreciation	232		-	
IV. Long-term assets in process	240		6.882.372.470	1.703.961.81
1. Long-term work in process	241		-	
2. Construction-in-progress	242	V.12	6.882.372.470	1.703.961.81
V. Long-term financial investments	250		723.048.832.989	715.157.944.51
1. Investments in subsidiaries	251		-	
2. Investments in joint ventures and associates	252	V.2b	650.156.006.561	631.403.652.0
3. Investments in other entities	253	V.2c	105.929.737.637	105.929.737.61
4. Provisions for devaluation of long-term financial investments	254	V.2c	(33.036.911.209)	(22.175.445.13)
5. Held-to-maturity investments	255		-	
VI. Other non-current assets	260		24.222.451.012	23.154.234.31
1. Long-term prepaid expenses	261	V.8b	17.333.312.671	12.328.445.51
2. Deferred income tax assets	262	V.13	-	
3. Long-term components and spare parts	263		-	
4. Other non-current assets	268		-	
5. Goodwill	269	V.14	6.889.138.341	10.825.788.8
TOTAL ASSETS	270		3.579.052.053.335	3.538.779.459.81

PHONG PHU CORPORATION

Address: No. 48 Tang Nhon Phu Street, Quarter 18, Tang Nhon Phu B Ward, Thu Duc City, Ho Chi Minh City

CONSOLIDATED FINANCIAL STATEMENTS

For the fiscal year ended 31 December 2024

Consolidated Balance Sheet (cont.)

ITEMS	Code	Note	Ending balance	Beginning balance
C - LIABILITIES	300		1.695.033.301.995	1.805.267.530.47
I. Current liabilities	310		1.072.855.779.140	1.209.790.239.27
1. Short-term trade payables	311	V.15	264.768.227.637	262.271.396.36
2. Short-term advances from customers	312	V.16	138.987.307.686	137.439.253.93
3. Taxes and other obligations to the State Budget	313	V.17	5.121.241.541	153.081.698.22
4. Payables to employees	314	V.18	68.112.150.907	61.778.793.62
5. Short-term accrued expenses	315	V.19	10.383.298.588	8.423.087.80
6. Short-term inter-company payables	316		-	
7. Payables according to the progress of construction contracts	317		-	
8. Short-term unearned revenue	318	V.20a	4.029.941.115	3.440.009.98
9. Other short-term payables	319	V.21a,c	131.157.198.322	103.246.176.28
10. Short-term borrowings and financial leases	320	V.22a,c	374.262.338.235	402.583.798.38
11. Provisions for short-term payables	321	V.23	62.473.188.366	62.473.188.36
12. Bonus and welfare funds	322	V.24	13.560.886.743	15.052.836.30
13. Price stabilization fund	323		-	
14. Trading Government bonds	324		-	
II. Non-current liabilities	330		622.177.522.855	595.477.291.20
1. Long-term trade payables	331		-	
2. Long-term advances from customers	332		-	
3. Long-term accrued expenses	333		-	
4. Inter-company payables for working capital	334		-	
5. Long-term inter-company payables	335		-	
6. Long-term unearned revenue	336	V.20b	20.497.647.770	24.487.076.07
7. Other long-term payables	337	V.21b,c	13.891.296.000	9.926.000.00
8. Long-term borrowings and financial leases	338	V.22b,c	587.788.579.085	561.064.215.11
9. Convertible bonds	339		-	
10. Preferred shares	340		-	
11. Deferred income tax liability	341		-	
12. Provisions for long-term payables	342		-	
13. Science and technology development fund	343		-	

PHONG PHU CORPORATION

Address: No. 48 Tang Nhon Phu Street, Quarter 18, Tang Nhon Phu B Ward, Thu Duc City, Ho Chi Minh City

CONSOLIDATED FINANCIAL STATEMENTS

For the fiscal year ended 31 December 2024

Consolidated Balance Sheet (cont.)

ITEMS	Code	Note	Ending balance	Beginning balance
D - OWNER'S EQUITY	400		1.884.018.751.340	1.733.511.929.32
I. Owner's equity	410		1.884.018.751.340	1.733.511.929.32
1. Owner's capital	411	V.25	746.708.910.000	746.708.910.00
- Ordinary shares carrying voting rights	411a		746.708.910.000	746.708.910.00
- Preferred shares	411b		-	-
2. Share premiums	412	V.25	32.368.276.001	32.368.276.00
3. Bond conversion options	413		-	-
4. Other sources of capital	414		-	-
5. Treasury stocks	415		-	-
6. Differences on asset revaluation	416		-	-
7. Foreign exchange differences	417		-	-
8. Investment and development fund	418	V.25	512.396.290.709	471.023.935.26
9. Business arrangement supporting fund	419		-	-
10. Other funds	420		-	-
11. Retained earnings	421	V.25	554.897.813.293	453.080.475.33
- Retained earnings accumulated to the end of the previous period	421a		331.548.575.510	453.080.475.33
- Retained earnings of the current period	421b		223.349.237.783	-
12. Construction investment fund	422		-	-
13. Benefits of non-controlling shareholders	429	V.25	37.647.461.337	30.330.332.72
II. Other sources and funds	430		-	-
1. Sources of expenditure	431		-	-
2. Fund to form fixed assets	432		-	-
TOTAL LIABILITIES AND OWNER'S EQUITY	440		3.579.052.053.335	3.538.779.459.80

Ho Chi Minh City, 29 March 2025


Tran Lan Anh
Preparer


Le Thi Tu Anh
Chief Accountant


Duong Khue
General Director



PHONG PHU CORPORATION

Address: No. 48 Tang Nhon Phu Street, Quarter 18, Tang Nhon Phu B Ward, Thu Duc City, Ho Chi Minh City

CONSOLIDATED FINANCIAL STATEMENTS

For the fiscal year ended 31 December 2024

CONSOLIDATED INCOME STATEMENT

For the fiscal year ended 31 December 2024

Unit: VND

ITEMS	Code	Note	Current year	Previous year
1. Revenue from sales of goods and provisions of services	01	VI.1	2.238.054.501.804	1.754.522.756.502
2. Revenue deductions	02	VI.2	5.377.071.122	5.141.359.865
3. Net revenue	10		2.232.677.430.682	1.749.381.396.637
4. Cost of sales	11	VI.3	1.803.527.972.601	1.401.637.434.862
5. Gross profit	20		429.149.458.081	347.743.961.775
6. Financial income	21	VI.4	48.549.589.677	43.283.518.454
7. Financial expenses	22	VI.5	103.476.344.756	87.735.875.529
In which: Loan interest expenses	23		54.671.580.549	59.352.205.703
8. Gain or loss in joint ventures, associates	24	V.2b	352.006.941.295	320.268.114.578
9. Selling expenses	25	VI.6	88.390.177.071	77.059.549.951
10. General and administration expenses	26	VI.7	258.205.156.184	221.824.872.170
11. Net operating profit	30		379.634.311.042	324.675.297.157
12. Other income	31	VI.8	8.896.409.854	124.867.296
13. Other expenses	32	VI.9	4.507.003.474	5.065.667.225
14. Other profit/(loss)	40		4.389.406.380	(4.940.799.929)
15. Total accounting profit before tax	50		384.023.717.422	319.734.497.228
16. Current income tax	51	V.17	3.482.742.573	2.991.362.446
17. Deferred income tax	52		-	-
18. Profit after tax	60		380.540.974.849	316.743.134.782
19. Profit after tax of the Parent Company	61		373.773.464.227	311.362.639.035
20. Profit after tax of non-controlling shareholders	62		6.767.510.622	5.380.495.747
21. Basic earnings per share	70	VI.10	4.507	3.865
22. Diluted earnings per share	71	VI.10	4.507	3.865

Ho Chi Minh City, 29 March 2025


Tran Lan Anh
Preparer


Le Thi Tu Anh
Chief Accountant


Duong Khue
General Director



PHONG PHU CORPORATION

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CONSOLIDATED FINANCIAL STATEMENTS
For the fiscal year ended 31 December 2024

CONSOLIDATED CASH FLOW STATEMENT

(Indirect method)

For the fiscal year ended 31 December 2024


Unit: VND

ITEMS	Code	Note	Current year	Previous year
I. Cash flows from operating activities				
1. Profit before tax	01		384.023.717.422	319.734.497.228
2. Adjustments				
- Depreciation/(Amortization) of fixed assets and investment properties	02	V.9, V.10, V.11, V.14	142.536.047.428	138.365.572.421
- Provisions and allowances	03	V.2c, V.6, V.7	7.917.189.774	1.845.909.591
- Exchange gain/(loss) due to revaluation of monetary items in foreign currencies	04	VI.5	22.263.262.240	16.843.485.301
- Gain/(loss) from investing activities	05	V.2b, VI.4, VI.8, VI.9	(389.500.584.275)	(352.240.488.747)
- Interest expenses	06	VI.5	54.671.580.549	59.352.205.701
- Others	07		-	-
3. Operating profit before changes of working capital	08		221.911.213.138	183.901.181.521
- Increase/(decrease) of receivables	09		7.020.214.001	(45.204.322.300)
- Increase/(decrease) of inventories	10		(2.933.072.235)	7.331.825.851
- Increase/(decrease) of payables	11		(108.272.346.371)	108.357.688.241
- Increase/(decrease) of prepaid expenses	12		(5.305.124.436)	1.793.143.531
- Increase/(decrease) of trading securities	13		-	-
- Interest paid	14	V.19, V.21a, V.22, VI.5, VII	(57.717.261.062)	(65.692.256.300)
- Corporate income tax paid	15	V.17	(3.874.434.936)	(2.539.266.391)
- Other cash inflows	16		-	-
- Other cash outflows	17	V.24, V.25	(43.608.577.086)	(31.897.121.831)
Net cash flows from operating activities	20		<u>7.220.611.013</u>	<u>156.050.872.321</u>
II. Cash flows from investing activities				
1. Purchases and construction of fixed assets and other non-current assets	21	V.10, V.12, V.22, VII	(63.330.341.320)	(62.870.816.501)
2. Proceeds from disposals of fixed assets and other non-current assets	22	V.9, VI.8,	5.811.673.494	9.618.307.941
3. Cash outflow for lending, buying debt instruments of other entities	23	V.2a	(1.014.189.593.362)	(938.286.972.591)
4. Cash recovered from lending, selling debt instruments of other entities	24	V.2a	958.656.983.597	720.629.989.001
5. Investments in other entities	25	V.2b	(21.591.240.000)	-
6. Withdrawals of investments in other entities	26		-	-
7. Interest earned, dividends and profits received	27	V.2b, V.5a, VI.4, VII	391.171.737.227	460.865.516.511
Net cash flows from investing activities	30		<u>256.529.219.636</u>	<u>189.956.024.421</u>

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CONSOLIDATED FINANCIAL STATEMENTS
For the fiscal year ended 31 December 2024
Consolidated Cash Flow Statement (cont.)


ITEMS	Code	Note	Current year	Previous year
III. Cash flows from financing activities				
1. Proceeds from issuing stocks and capital contributions from owners	31		-	-
2. Repayment for capital contributions and re-purchases of stocks already issued	32		-	-
3. Proceeds from borrowings	33	V.22	1.036.972.956.926	749.222.852.581
4. Repayment for loan principal	34	V.22	(1.072.862.872.819)	(770.860.085.257)
5. Payments for financial leased assets	35	V.22	(22.518.654.105)	(66.992.823.059)
6. Dividends and profit paid to the owners	36	V.21, V.25	(157.974.609.475)	(255.713.371.765)
Net cash flows from financing activities	40		<u>(216.383.179.473)</u>	<u>(344.343.427.498)</u>
Net cash flows during the year	50		47.366.651.176	1.663.469.251
Beginning cash and cash equivalents	60	V.1	74.073.059.413	72.369.002.941
Effects of fluctuations in foreign exchange rates	61		1.840.069.312	40.587.211
Ending cash and cash equivalents	70	V.1	<u>123.279.779.901</u>	<u>74.073.059.411</u>


Tran Lan Anh
Preparer


Le Thi Tu Anh
Chief Accountant



Ho Chi Minh City, 29 March 2025


Duong Khue
General Director

PHONG PHU CORPORATION

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CONSOLIDATED FINANCIAL STATEMENTS
For the fiscal year ended 31 December 2024

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the fiscal year ended 31 December 2024

I. GENERAL INFORMATION**1. Investment form**

Phong Phu Corporation (hereinafter referred to as “the Corporation” or “the Parent Company”) is a joint stock company.

2. Operating fields

The Corporation operates in different fields.

3. Principal business activities

The principal business activities of the Corporation are manufacturing and trading fibers, cloth, towels, sewing thread, embroidery thread, garments and fashion clothes (excluding bleaching, dyeing, starching and printing on the textile, sewed, knitted products, processing second-hand goods); trading chemicals and dye (excluding chemicals of high toxicity); trading machines, equipment, materials and spare parts serving textile – dyeing – garment industries; trading silk, thread, textile fibers and garments, etc.

4. Normal operating cycle

The normal operating cycle of the Corporation is within 12 months.

5. Structure of the Group

The Group includes the Parent Company and 2 subsidiaries controlled by the Parent Company. These subsidiaries are consolidated in these Consolidated Financial Statements.

5a. List of subsidiaries to be consolidated

Subsidiary	Address	Principal business activities	Capital contribution rate	Benefit rate	Voting rate
Phong Phu Home Textile Joint Stock Company (formerly known as Quang Phu Textile and Garment Joint Stock Company)	Hanh Tri Village, Quang Son Commune, Ninh Son District, Ninh Thuan Province	Manufacturing, trading cotton, fibers, fabric, garments; trading chemicals, dye, machinery and equipment of textile and garment industries	90%	90%	90%
Nam Duong Phu Joint Stock Company (*)	No. 48 Tang Nhon Phu Street, Tang Nhon Phu B Ward, Thu Duc City, Ho Chi Minh City	Manufacturing, trading cotton, fibers	96,28%	96,28%	97,97%

(*) According to the Charter of Nam Duong Phu Joint Stock Company, the Corporation invests in Nam Duong Phu Joint Stock Company at the voting rate and benefit rate of 48% and Phong Phu Home Textile Joint Stock Company invests in Nam Duong Phu Joint Stock Company at the voting rate and benefit rate of 10%. As of the balance sheet date, the shareholders of Nam Duong Phu Joint Stock Company have not fully contributed the registered charter capital; therefore, the Group’s voting rate and benefit rate in Nam Duong Phu Joint Stock Company are corresponding to the actual contribution rate of 96,28%.

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CONSOLIDATED FINANCIAL STATEMENTS
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Notes to the Consolidated Financial Statements (cont.)**5b. List of associates reflected in the Consolidated Financial Statements using the equity method**

Associates	Address	Principal business activities	Ownership rate		Voting rate	
			Ending balance	Beginning balance	Ending balance	Beginning balance
Coats Phong Phu Limited Liability Company	No. 48 Tang Nhon Phu Street, Tang Nhon Phu B Ward, Thu Duc City, Ho Chi Minh City	Manufacturing and trading cotton, fibers	35,65%	35,65%	35,65%	35,65%
HUD Saigon Housing and Urban Development Investment Joint Stock Company	No. 159 Dien Bien Phu Street, Ward 15, Binh Thanh District, Ho Chi Minh City	Investing, constructing and trading real estate	21,51%	21,51%	21,51%	21,51%
Dalat Garment Joint-Stock Company	No. 09 Phu Dong Thien Vuong Street, Da Lat City, Lam Dong Province	Manufacturing and trading garments, materials, machinery and equipment used in garment and textile industries	40,00%	40,00%	40,00%	40,00%
Phong Phu - Daewon - Thu Duc Housing Development Corporation	No. 378 Minh Khai Street, Vinh Tuy Ward, Hai Ba Trung District, Hanoi City	Trading real estate, land use right of owners, users or lessees	47,64%	47,64%	47,64%	47,64%
Phong Phu Trading & Investment Promotion Corporation	No. 168B Bui Thi Xuan Street, Pham Ngu Lao Ward, District 1, Ho Chi Minh City	Manufacturing, trading cotton, imported materials; manufacturing and exporting towel of all kinds	31,71%	31,71%	34,74%	34,74%
Dong Nam Textile Joint Stock Company	No. 727 Au Co Street, Tan Thanh Ward, Tan Phu District, Ho Chi Minh City	Manufacturing textile products	35,99%	35,99%	35,99%	35,99%
Nha Trang Textile & Garment Joint Stock Company	Vinh Phuoc Commune, Nha Trang City, Khanh Hoa Province	Manufacturing textile products	23,89%	23,89%	23,89%	23,89%

6. Statement of information comparability on the Consolidated Financial Statements

The corresponding figures in the previous year can be comparable with those in the current year.

7. Headcount

As of the balance sheet date, the Group’s headcount is 1.983 (headcount at the beginning of the year: 1.937).

II. FISCAL YEAR AND ACCOUNTING CURRENCY**1. Fiscal year**

The fiscal year of the Group is from 01 January to 31 December annually.

2. Accounting currency unit

The accounting currency unit is Vietnamese Dong (VND) because transactions of the Group are primarily made in VND.

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CONSOLIDATED FINANCIAL STATEMENTS

For the fiscal year ended 31 December 2024

Notes to the Consolidated Financial Statements (cont.)

III. ACCOUNTING STANDARDS AND SYSTEM

1. Accounting System

The Group companies apply the Vietnamese Accounting Standards, the Vietnamese Enterprise Accounting System, which were issued together with the Circular No. 200/2014/TT-BTC dated 22 December 2014 guiding the Vietnamese Enterprise Accounting System, the Circular No. 53/2016/TT-BTC dated 21 March 2016, the Circular No. 202/2014/TT-BTC dated 22 December 2014 guiding presentation and preparation of the Consolidated Financial Statements as well as other Circulars guiding implementation of the Vietnamese Accounting Standards of the Ministry of Finance in preparation and presentation of the Consolidated Financial Statements.

2. Statement of the compliance with the Accounting Standards and System

The Board of Directors ensures to follow all the requirements of the Vietnamese Accounting Standards, the Vietnamese Enterprise Accounting System, which were issued together with the Circular No. 200/2014/TT-BTC dated 22 December 2014, the Circular No. 53/2016/TT-BTC dated 21 March 2016, the Circular No. 202/2014/TT-BTC dated 22 December 2014 as well as other Circulars guiding implementation of the Vietnamese Accounting Standards of the Ministry of Finance in preparation and presentation of the Consolidated Financial Statements.

IV. ACCOUNTING POLICIES

1. Accounting convention

The Consolidated Financial Statements are prepared on the accrual basis (except for the information related to cash flows).

2. Consolidation bases

The Consolidated Financial Statements include the Combined Financial Statements of the Parent Company and the Financial Statements of its subsidiaries. A subsidiary is an enterprise that is controlled by the Parent Company. The control exists when the Parent Company has the power to directly or indirectly govern the financial and operating policies of the subsidiaries to obtain economic benefits from their activities. In determining the control power, the potential voting right arising from options or debt and capital instruments that can be converted into common shares as of the balance sheet date should also be taken into consideration.

The financial performance of subsidiaries, which are acquired or disposed during the year, is included in the Consolidated Income Statement from the date of acquisition or disposal of investments in those subsidiaries.

The Financial Statements of the Parent Company and those of subsidiaries used for consolidation are prepared in the same accounting period and apply consistently accounting policies to the same types of transactions and events in similar circumstances. In the case that the accounting policy of a subsidiary is different from the accounting policy applied consistently in the Group, the Financial Statements of that subsidiary will be properly adjusted before being used for the preparation of the Consolidated Financial Statements.

Intra-group balances in the Balance Sheet and intra-group transactions and unrealized profits resulting from these transactions must be completely eliminated. Unrealized losses resulting from intra-group transactions are also eliminated unless costs cannot be recovered.

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CONSOLIDATED FINANCIAL STATEMENTS

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Notes to the Consolidated Financial Statements (cont.)

Benefits of non-controlling shareholders reflect profit or loss and net assets of subsidiaries, which are not held by the Group and presented in a separate item of the Consolidated Income Statement and the Consolidated Balance Sheet (classified under owner's equity). Benefits of non-controlling shareholders include the values of their non-controlling benefit at the initial date of business combination and those arise within the ranges of changes in owner's equity from the date of business combination. The losses arising in the subsidiaries are attributed equally to the ownership rate of non-controlling shareholders, even if such losses are higher than the interest owned by these shareholders in net assets of the subsidiaries.

3. Foreign currency transactions

Transactions in foreign currencies are converted at the actual exchange rates ruling as of the transaction dates. The ending balances of monetary items in foreign currencies are converted at the actual exchange rates ruling as of the balance sheet date.

Foreign exchange differences arisen from foreign currency transactions during the year shall be included into financial income or financial expenses. Foreign exchange differences due to the revaluation of ending balances of the monetary items in foreign currencies after offsetting their positive differences against negative differences shall be included into financial income or financial expenses.

The exchange rate used to convert foreign currency transactions is the actual exchange rate ruling as at the time of these transactions. The actual exchange rates applied to foreign currency transactions are as follows:

- For the foreign currency trading contract (including spot contract, forward contract, future contract, option contract, currency swap): the exchange rate stipulated in the contracts of trading foreign currency between the Group and the Bank.
- For capital contribution made or received: the buying rate ruling as at the date of capital contribution of the bank where the Group opens its account to receive contributed capital.
- For receivables: the buying rate ruling as at the time of transactions of the commercial bank where the Group designates the customers to make payments.
- For payables: the selling rate ruling as at the time of transactions of the commercial bank where the Group supposes to make payment.
- For acquisition of assets or immediate payments in foreign currency (not included into payable accounts): the buying rate of the commercial bank where the Group makes payments.

The exchange rates used to re-evaluate the ending balances of monetary items in foreign currencies are determined according to the following principles:

- For foreign currency deposits: the buying rate of the bank where the Group opens its foreign currency account.
- For monetary items in foreign currencies classified as other assets: the buying rate of each bank.

For monetary items in foreign currencies classified as liabilities: the selling rate of each bank.

4. Cash and cash equivalents

Cash includes cash on hand and demand deposits. Cash equivalents are short-term investments of which the due dates do not exceed 3 months from the dates of the investments that are readily convertible into known amounts of cash and that are subject to an insignificant risk of change in value as of the balance sheet date.

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CONSOLIDATED FINANCIAL STATEMENTS

For the fiscal year ended 31 December 2024

Notes to the Consolidated Financial Statements (cont.)

5. Financial investments

Held-to-maturity investments

Investments are classified as held-to-maturity investments that the Corporation intends and is able to hold to maturity. The Company's held-to-maturity investments include term deposits for the purpose of receiving periodical interest.

Held-to-maturity investments are initially recognized at cost including the acquisition cost and other transaction costs. After initial recognition, these investments are recorded at recoverable value. Interest from these held-to-maturity investments after acquisition date is recognized in Income Statement on the basis of the interest income to be received. Interest incurred prior to the Group's acquisition of held-to-maturity investments is deducted into the costs at the acquisition time.

When there is reliable evidence proving that a part or the whole investment cannot be recovered and the loss is reliably measured, the loss is recognized as financial expenses during the year and directly deducted into the investment costs.

Investments in joint ventures and associates

Joint ventures

A joint venture is an entity which is established by a contractual arrangement whereby the Group and the involved parties undertake an economic activity that is subject to joint control. Joint control is the contractually agreed sharing of control over an economic activity, and exists only when the strategic financial and operating decisions relating to the activity require the unanimous consent of the venturers.

The Group recognizes its benefits in jointly-controlled entities in accordance with the equity method. Accordingly, contributed capital in joint ventures is initially recognized at cost and then adjusted for the changes in the Group's ownership rate of net assets of jointly-controlled entities. The Consolidated Income Statement reflects the Group's ownership in the financial performance of jointly-controlled entities. The Group stops using the equity method from the date it ceases to have the jointly-controlled right or significant influences on jointly-controlled entities.

The Financial Statements of the jointly-controlled entity are prepared for the accounting period that is the same with the Consolidated Financial Statements of the Group. In the case that the accounting policy of a jointly-controlled entity is different from the accounting policy applied consistently in the Group, the Financial Statements of that jointly-controlled entity will be properly adjusted before being consolidated in the Consolidated Financial Statements.

Unrealized profits/(losses) arising from transactions with jointly-controlled entities are eliminated in proportion to the amount under the Group's ownership in the preparation of the Consolidated Financial Statements.

Associates

An associate is an entity which the Group has significant influence but not the control to govern the financial and operating policies. Significant influence is the right to participate in making the associate's financial and operating policies but not control those policies.

Investments in associates are recorded as in the owner's equity method. Accordingly, the investment in associate is initially recorded at costs on the Consolidated Financial Statements and then adjusted for the post acquisition change in the Group's share of net assets of the associate. If the Group's share of loss of an associate exceeds or equals the carrying amount of an investment, the investment is then reported at nil (0) value on the Consolidated Financial Statements, except when the Group has obligations to pay on behalf of the associate to satisfy obligations of the associate.

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Notes to the Consolidated Financial Statements (cont.)

The Financial Statements of the associate are prepared for the accounting period that is the same with that of the Group. In the case that the accounting policy of an associate is different from the accounting policy applied consistently in the Group, the Financial Statements of that associate will be suitably adjusted before being used for the preparation of the Consolidated Financial Statements.

Unrealized profits/(losses) arising from transactions with associates are eliminated in proportion to the amount under the Group's ownership in the preparation of the Consolidated Financial Statements.

Investments in equity instruments of other entities

Investments in equity instruments of other entities include such investments in equity instruments that do not enable the Group to have the control, joint control or significant influence on these entities.

Investments in equity instruments of other entities are initially recognized at costs, including cost of acquisition plus other directly attributable transaction costs. Dividends and profit incurred prior to the acquisition of investments are deducted into investment costs. Dividends and profit incurred after the acquisition of investments are recorded into the Group's financial income. Particularly, the dividends paid in form of shares are not recorded as an increase in costs, but the increases in quantity of shares is followed up.

Provisions for impairment of investments in equity instruments of other entities are made as follows:

- For investments in listed shares or fair value of investments which is reliably measured, provisions are made on the basis of the market value of shares.
- For investments of which the fair value cannot be measured at the time of reporting, provision is made based on the losses suffered by investees, with the amount defined by the difference between owners' actual contributed capital and the total owners' equity as of the balance sheet date multiplied (x) by the Group's rate of charter capital owning in these investees.

Increases/(decreases) in the provisions for impairment of investments in equity instruments of other entities as of the balance sheet date are recorded into financial expenses.

6. Receivables

Receivables are recognized at the carrying amounts less allowances for doubtful debts.

The classification of receivables as trade receivables or other receivables is made according the following principles:

- Trade receivables reflect receivables concerning the commercial nature arising from purchase and sale transactions between the Group and customers who are independent to the Group.
- Other receivables reflect receivables not concerning the commercial nature and irrelevant to purchase and sale transactions.

Allowance is made for each doubtful debt on the basis of the ages of debts after offsetting against liabilities (if any) or estimated loss as follows:

- As for overdue debts:
 - 30% of the value of debts overdue between 6 months and less than 1 year.
 - 50% of the value of debts overdue between 1 year and less than 2 years.
 - 70% of the value of debts overdue between 2 years and less than 3 years.
 - 100% of the value of debts overdue more than 3 years.
- As for doubtful debts: Allowance is made on the basis of the estimated loss.

Allowance for other receivables is made for each doubtful debt on the basis of estimated loss.

Increases/(decreases) in the allowance for doubtful debts as of the balance sheet date are recorded into general and administration expenses.

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Notes to the Consolidated Financial Statements (cont.)

7. Inventories

Inventories are recognized at the lower of cost or net realizable value.

Cost of inventories is determined as follows:

- For materials and merchandise: Costs comprise costs of purchases and other directly relevant costs incurred in bringing the inventories to their present location and conditions.
- For work-in-process:
 - Construction of real estate project: Costs include construction costs, loan interest, land use right and other directly relevant expenses.
 - Production of products: Costs include costs of main materials, labors and other directly relevant expenses.
- For finished goods: Costs comprise costs of materials, direct labor and directly relevant general manufacturing expenses allocated on the basis of normal operations.

Stock-out costs are determined in accordance with the weighted average method and recorded in line with the perpetual method.

Net realizable value is the estimated selling price of inventories in the ordinary course of business deducts the estimated costs of completion and the estimated costs necessary to make the sale.

Allowance for devaluation of inventories is recognized for each category of inventory when their costs are higher than their net realizable values. Increases/(decreases) in the obligatory allowance for devaluation of inventories as of the balance sheet date are recorded into costs of sales.

8. Prepaid expenses

Prepaid expenses comprise actual expenses incurred but relevant to financial performance in several accounting periods. Prepaid expenses of the Group mainly include land use right, tools and repair expenses. These prepaid expenses are allocated over the prepayment period or period in which corresponding benefits are realized.

Land use right

Expenses on transfer of land use right include the actual expenses paid for the transferred land being used by the Corporation. Expenses on transfer of temporary land use right are allocated over the term specified in Land Use Right Certificate.

Tools

Expenses on tools being put into use are allocated into costs in accordance with the straight-line method for the maximum period of 3 years.

Repair expenses

Repair expenses include the actual expenses used to repair offices for lease, machinery and equipment. These expenses are allocated into the financial performance for the maximum period of 3 years.

9. Operating leased assets

A lease is classified as an operating lease if it transfers substantially all the risks and rewards incident to ownership belonging to the lessor. The lease expenses are allocated in the Group’s operation costs in accordance with the straight-line method over the lease term and do not depend on the method of lease payment.

10. Tangible fixed assets

Tangible fixed assets are determined by their historical costs less accumulated depreciation. Historical costs of tangible fixed assets include all the expenses paid by the Group to bring the asset to its working condition for its intended use. Other expenses arising subsequent to initial recognition are included into historical costs of fixed assets only if it can be clearly demonstrated that the expenditure has resulted in future economic benefits expected to be obtained from the use of these assets. Those which do not meet the above conditions will be recorded into operation expenses during the year.

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Notes to the Consolidated Financial Statements (cont.)

When a tangible fixed asset is sold or disposed, its historical cost and accumulated depreciation are written off, then any gain or loss arising from such disposal is included in the income or the expenses during the year.

Tangible fixed assets are depreciated in accordance with the straight-line method over their estimated useful lives. The depreciation period applied is as follows:

Fixed assets	Years
Buildings and structures	05 – 50
Machinery and equipment	05 – 20
Vehicles	06 – 10
Office equipment	03 – 08

11. Financial leased assets

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incident to ownership belonging to the lessee. Financial leased assets are determined by their historical costs less accumulated depreciation. Historical cost is the lower cost of the fair value of the leased asset at commencement of the lease term and the present value of the minimum lease payments. Discount rate used to calculate the present value of the minimum lease payments is the interest rate implicit in the lease or else mentioned in the lease. If the interest rate implicit in the lease cannot be determined, the incremental borrowing rate at commencement of the lease term will be applied.

Financial leased assets are depreciated in accordance with the straight-line method over their estimated useful lives. If there is no reasonable certainty that the Group will obtain ownership at the end of the lease, the fixed asset shall be depreciated over the shorter of the lease term and the estimated useful life of the asset. The depreciation period of the financial leased assets is as follows:

Fixed assets	Years
Machinery and equipment	06 – 15
Vehicles	08

12. Intangible fixed assets

Intangible fixed assets are determined by their initial costs less accumulated amortization.

Initial costs of intangible fixed assets include all the costs paid by the Group to bring the asset to its working condition for its intended use. Other costs relevant to intangible fixed assets arising subsequent to initial recognition are included into operation costs during the year only if these costs are associated with a specific intangible fixed asset and result in future economic benefits expected to be obtained from the use of these assets.

When an intangible fixed asset is sold or disposed, its initial costs and accumulated amortization are written off, then any gain or loss arising from such disposal is included in the income or the expenses during the year.

The Group’s intangible fixed asset only includes computer software.

Expenses attributable to computer software, which is not a part associated with the relevant hardware, will be capitalized. Costs of computer software include all the expenses paid by the Group until the date the software is put into use. Computer software is amortized in accordance with the straight-line method in 02 – 05 years.

13. Construction-in-progress

Construction-in-progress reflects the expenses (including relevant loan interest expenses following the accounting policies of the Group) directly attributable to assets under construction, machinery and equipment under installation for purposes of production, leasing and management as well as the repair of fixed assets in progress. These assets are recorded at historical costs and not depreciated.

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CONSOLIDATED FINANCIAL STATEMENTS

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Notes to the Consolidated Financial Statements (cont.)

14. Business combination and goodwill

The business combination is accounted by applying acquisition method. The costs of business merging include the fair values as at the acquisition date of the exchanged assets, the incurred or assumed liabilities as well as the equity instruments issued by the Group in exchange for control of the acquiree, plus any cost directly attributable to the business combination. The acquired assets, the identifiable and contingent liabilities assumed from the business merging are recognized at their fair values as at the acquisition date.

If the business combination covers some accounting periods, the cost of business merging equals the total investment made at the date of obtaining the control of subsidiaries plus the amount of previous investments which are re-evaluated at fair value as at the date of obtaining the control of subsidiaries. The difference between the re-evaluated amount and the cost of investment shall be recorded in the financial performance provided that the Group does not have any significant influence on subsidiaries prior the date of obtaining the control and the investment in subsidiaries is presented in line with the cost method. In case where the Group has significant influence on the subsidiaries prior the date of obtaining the control the investment in subsidiaries is presented in line with the equity method, the difference between the re-evaluated amount and the cost of investment determined in line with the equity method shall be recorded in the financial performance; and the difference between the investment determined in line with the equity method and the cost of investment shall be directly recorded in "Retained earnings" of the Consolidated Balance Sheet.

The excess of the cost of business combination over the ownership share of the Group in the net fair value of the assets, the identifiable and contingent liabilities of acquiree which are recognized at the date obtaining the control of subsidiaries is recognized as goodwill. If the ownership share of the Group in the net fair value of the assets, the identifiable and contingent liabilities of acquiree which are recognized at the date of obtaining the control of subsidiaries exceeds the cost of business combination, the difference will be included in the financial performance.

Goodwill is allocated in accordance with the straight-line method in 10 years. When there is evidence that loss of goodwill is larger than the allocation amount, the allocation amount during the year is the arisen loss.

The benefit of non-controlling shareholders as at the date of business combination is initially measured on the basis of the ownership share of non-controlling shareholders in the fair values of the assets, the liabilities and the inherent liabilities recognized.

15. Contractual arrangement

Jointly controlled operations

In respect of its interest in jointly controlled operations, the Group shall recognize in its Consolidated Financial Statements:

- the assets that the Group controls.
- the liabilities that the Group incurs.
- the Group earns from the sale of goods or services by the joint venture.
- the expenses that the Group incurs.

16. Payables and accrued expenses

Payables and accrued expenses are recorded for the amounts payable in the future associated with the goods and services received. Accrued expenses are recognized on the basis of reasonable estimates for the amount payable.

The classification of payables as trade payables, accrued expenses or other payables is made according the following principles:

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Notes to the Consolidated Financial Statements (cont.)

- Trade payables reflect payables of commercial nature arising from the purchase of goods, services, or assets, of which the seller is an independent entity with the Group.
- Accrued expenses reflect expenses for goods, services received from suppliers or supplied to customers but have not been paid, invoiced or lack of accounting records and supporting documents; pay on leave payable to employees; and accrual of operation expenses.
- Other payables reflect payables of non-commercial nature and irrelevant to purchase, sales of goods or provisions of services.

The payables and accrued expenses are classified as short-term and long-term items in the Consolidated Balance Sheet on the basis of their remaining term as of the balance sheet date.

17. Provisions for payables

Provisions are recorded when the Group has present obligations (legal or constructive) as a result of a past event; it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; and a reliable estimate can be made of the amount of the obligation.

If time causes material effects, the provisions will be determined by deducting the amount to be spent in future to settle the liability at the pre-tax discount rate that reflects the assessments of the time value of money and the specific risks from this liability in the current market. The increase in provisions due to the effect of time will be recognized as a financial expense.

18. Owner's equity

Owner's capital

The contributed capital is recorded according to the actual amount invested by the Corporation's shareholders.

Share premiums

Share premiums are recorded in accordance with the difference between the issuance price and face value upon the IPO, additional issue or the difference between the re-issuance price, carrying value of treasury stocks and the equity component of convertible bonds upon maturity. Expenses directly related to the additional issue of stocks and the re-issuance of treasury stocks are recorded as a decrease in share premiums.

19. Profit distribution

Profit after tax is distributed to the shareholders after appropriation for funds under the Charter of the Corporation as well as legal regulations and approved by the General Meeting of Shareholders.

Profit distribution to shareholders is done under consideration to non-monetary items belonging to retained earnings which probably affects cash flows and dividend payment ability, including gains arisen from the revaluation of assets contributed as capital, interest due to the revaluation of monetary items, financial instruments and other non-monetary items.

Dividends are recorded as payables upon the approval of the General Meeting of Shareholders.

20. Recognition of revenue and income

Revenue from sales of merchandise and finished goods

Revenue from sales of merchandise and finished goods are recognized when the following conditions are satisfied:

- The Group transfers most of risks and benefits incident to the ownership of merchandise or products to customers.
- The Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the merchandise, products sold.

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Notes to the Consolidated Financial Statements (cont.)

- The amount of revenue can be measured reliably. Where the contracts stipulate that buyers have the right to return products, merchandise purchased under specific conditions, the revenue is recorded only when those specific conditions are no longer exist and buyers retains no right to return merchandise, products (except for the case that such returns are in exchange for other goods or services).
- The Group received or shall probably receive the economic benefits associated with sale transactions.
- The cost incurred or to be incurred in respect of the sale transaction can be measured reliably.

Revenue from provisions of services

Revenue from provisions of services shall be recognized when all of the following conditions are satisfied:

- The amount of revenue can be measured reliably. When the contract stipulates that the buyer is entitled to return the services provided under specific conditions, the revenue is recognized only when these specific conditions are no longer existed and the buyer is not entitled to return the services provided.
- The Group received or shall probably receive the economic benefits associated with the provision of services.
- The stage of completion of the transaction at the end of reporting period can be measured reliably.
- The costs incurred for the transaction and the costs to complete the transaction can be measured reliably.

In the case that the services are provided in several accounting periods, the determination of revenue is done on the basis of the volume of work done as of the balance sheet date.

Revenue from sales of real estate

Revenue from sales of real estate that invested by the Group shall be recognized when all of the following conditions have been satisfied:

- the real estate is fully completed and handed over to the buyers, and the Group has transferred to the buyer the significant risks and rewards of ownership of the real estate.
- The Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the real estate sold.
- The amount of revenue can be measured reliably.
- The Group received or shall probably receive the economic benefits associated with the transaction.
- The costs incurred or to be incurred in respect of the transaction can be measured reliably.

In case the customer has the right to complete the interior of the real estate and the Group completes the interior of the real estate according to the designs, models, and customer requirements under the separate contract, the revenue is recognized upon the completion and handover of the main construction works to customers.

Revenue from operating lease

Revenue from operating lease is recognized in accordance with the straight-line method during the lease term. Rentals received in advance for several periods are allocated to revenues in consistence with the lease term.

Interest

Interest is recorded based on the term and the actual interest rate applied in each particular period.

Dividends and profit shared

Dividends and profit shared are recognized when the Group has the right to receive dividends or profit from the capital contribution. Particularly, the dividends paid in form of shares are not recorded as an increase in value, but the increasing quantity of shares is followed up.

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Notes to the Consolidated Financial Statements (cont.)**21. Revenue deductions**

Revenue deductions include trade discounts, sales allowances, sales returns incurred in the same year of providing products, merchandise, services, in which revenues are derecognized.

In case of products, merchandise, services provided in the previous years but trade discounts, sales allowances, sales returns incurred in the current year, revenues are derecognized as follows:

- If trade discounts, sales allowances, sales returns incur prior to the release of the Consolidated Financial Statements, revenues are derecognized on the Consolidated Financial Statements of the current year.
- If trade discounts, sales allowances, sales returns incur after the release of the Consolidated Financial Statements, revenues are derecognized on the Consolidated Financial Statements of the following year.

22. Borrowing costs

Borrowing costs include loan interest and other costs incurred directly relevant to borrowings.

Borrowing costs are recorded as an expense when it is incurred. In case the borrowing costs are directly attributable to the construction or the production of an asset in progress, which takes a substantial period of time (over 12 months) to get ready for intended use or sales of the asset, these costs will be included in the cost of that asset. To the extent that the borrowings are especially for the purpose of construction of fixed assets and investment properties, the borrowing cost is eligible for capitalization even if construction period is under 12 months. Incomes arisen from provisional investments as loans are recognized as a decrease in the costs of relevant assets.

23. Expenses

Expenses are those that result in outflows of the Group's economic benefits and are recorded at the time of transactions or when incurrence of the transaction is reliable regardless of whether payment for expenses is made or not.

Expenses and their corresponding revenues are simultaneously recognized in accordance with matching principle. In the event that matching principle conflicts with prudence principle, expenses are recognized based on the nature and regulations of accounting standards in order to guarantee that transactions can be fairly and truly reflected.

24. Corporate income tax

Corporate income tax includes current income tax and deferred income tax.

Current income tax

Current income tax is the tax amount computed based on the taxable income. Taxable income is different from accounting profit due to the adjustments of temporary differences between tax and accounting figures, non-deductible expenses as well as those of non-taxable income and losses brought forward.

Deferred income tax

Deferred income tax is the amount of corporate income tax payable or refundable due to temporary differences between book values of assets and liabilities serving the preparation of the Financial Statements and the values for tax purposes. Deferred income tax liabilities are recognized for all the temporary taxable differences. Deferred income tax assets are recorded only when there is an assurance on the availability of taxable income in the future against which the temporarily deductible differences can be used.

Carrying values of deferred corporate income tax assets are considered as of the balance sheet date and will be reduced to the rate that ensures enough taxable income against which the benefits from part of or all of the deferred income tax can be used. Deferred corporate income tax assets, which have not been recorded before, are considered as of the balance sheet date and are recorded when there is certainly enough taxable income to use these unrecognized deferred corporate income tax assets.

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Notes to the Consolidated Financial Statements (cont.)

Deferred income tax assets and deferred income tax liabilities are determined at the estimated rate to be applied in the year when the assets are recovered or the liabilities are settled based on the effective tax rates as of the balance sheet date. Deferred income tax is recognized in the Income Statement. In the case that deferred income tax is related to the items of the owner's equity, corporate income tax will be included in the owner's equity.

The Group shall offset deferred tax assets and deferred tax liabilities if:

- The Group has the legal right to offset current income tax assets against current income tax liabilities; and
- Deferred income tax assets and deferred income tax liabilities are relevant to corporate income tax which is under the management of one tax authority either:
 - Of the same subject to corporate income tax; or
 - The Group has intention to pay current income tax liabilities and current income tax assets on a net basis or recover tax assets and settle tax liability simultaneously in each future period to the extent that the majority of deferred income tax liabilities or deferred income tax assets are paid or recovered.

25. Related parties

A party is considered a related party of the Group in case that party is able to control the Group or to cause material effects on the financial decisions as well as the operations of the Group. A party is also considered a related party of the Group in case that party is under the same control or is subject to the same material effects.

Considering the relationship of related parties, the nature of relationship is focused more than its legal form.

26. Segment reporting

A business segment is a distinguishable component of the Group that is engaged in manufacturing or providing products or services and that is subject to risks and returns that are different from those of other business segments.

A geographical segment is a distinguishable component of the Group that is engaged in manufacturing or providing products or services within a particular economic environment and that is subject to risks and returns that are different from those of components operating in other economic environments.

The Group's segment information is prepared and presented in conformity with the accounting policies applicable to the preparation and presentation of the Consolidated Financial Statements of the Group.

V. ADDITIONAL INFORMATION ON THE ITEMS OF THE CONSOLIDATED BALANCE SHEET**1. Cash and cash equivalents**

	Ending balance	Beginning balance
Cash on hand	2.640.733.697	1.598.777.712
Bank deposits	70.039.046.204	66.198.258.147
Cash equivalents – Deposits of which the principal maturity is from 3 months or less	50.600.000.000	6.276.023.554
Total	123.279.779.901	74.073.059.413

2. Financial investments

The financial investments of the Group include held-to-maturity investments and investments in other entities. The Group's financial investments are as follows:

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Notes to the Consolidated Financial Statements (cont.)**2a. Held-to-maturity investments**

This item reflects bank deposits, of which the principal maturity is from 6 months to 1 year. The Contracts of Term Deposits at VietinBank and ACB with the total amount of VND 55.500.000.000 have been used to secure the L/C payment obligations and guarantees at the same banks (see Note No. V.22).

2b. Investments in joint ventures and associates

	Ending balance			Beginning balance		
	Original amount	Profit arisen after the investment date	Total	Original amount	Profit arisen after the investment date	Total
Coats Phong Phu Limited Liability Company	85.253.638.578	311.747.220.574	397.000.859.152	85.253.638.578	332.359.745.569	417.613.384.147
HUD Saigon Housing and Urban Development Investment Joint Stock Company	10.000.000.000	19.739.243	10.019.739.243	10.000.000.000	6.480.834	10.006.480.834
Dalat Garment Joint-Stock Company	6.769.616.000	(1.636.287.331)	5.133.328.669	6.769.616.000	(1.932.024.300)	4.837.591.700
Phong Phu - Daewon - Thu Duc Housing Development Corporation	144.586.200.608	(5.228.765.629)	139.357.434.979	144.586.200.608	(14.610.737.957)	129.975.462.651
Phong Phu Trading & Investment Promotion Corporation	6.800.516.237	(6.800.516.237)	-	6.800.516.237	(6.800.516.237)	-
Dong Nam Textile Joint Stock Company	46.888.561.208	13.394.805.154	60.283.366.362	25.297.321.208	12.296.906.424	37.594.227.632
Nha Trang Textile & Garment Joint Stock Company	70.968.627.165	(32.607.349.009)	38.361.278.156	70.968.627.165	(39.592.122.113)	31.376.505.052
Total	371.267.159.796	278.888.846.765	650.156.006.561	349.675.919.796	281.727.732.220	631.403.652.016

Value of the Group's ownership in joint ventures and associates is as follows:

	Beginning balance of ownership value	Capital increase during the year	Profit/(loss) during the year	Dividends and profit shared during the year	Other decreases	Ending balance of ownership value
Coats Phong Phu Limited Liability Company	417.613.384.147	-	334.333.003.950	(354.945.528.945)	-	397.000.859.152
HUD Saigon Housing and Urban Development Investment Joint Stock Company	10.006.480.834	-	13.258.409	-	-	10.019.739.243
Dalat Garment Joint-Stock Company	4.837.591.700	-	295.736.969	-	-	5.133.328.669
Phong Phu - Daewon - Thu Duc Housing Development Corporation	129.975.462.651	-	9.381.972.328	-	-	139.357.434.979
Phong Phu Trading & Investment Promotion Corporation	-	-	-	-	-	-
Dong Nam Textile Joint Stock Company	37.594.227.632	21.591.240.000	1.097.898.730	-	-	60.283.366.362
Nha Trang Textile & Garment Joint Stock Company	31.376.505.052	-	6.885.070.909	-	99.702.195	38.361.278.156
Total	631.403.652.016	21.591.240.000	352.006.941.295	(354.945.528.945)	99.702.195	650.156.006.561

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Notes to the Consolidated Financial Statements (cont.)*Transactions with joint ventures and associates*

Significant transactions between the Group and joint ventures and associates are as follows:

	Current year	Previous year
Coats Phong Phu Limited Liability Company		
Profit shared	354.945.528.945	410.844.829.248
Sales of finished goods and merchandise	719.788.233.270	501.934.324.971
Service provisions	16.047.715.530	15.177.221.087
Purchase of materials	372.234.312.970	233.602.324.814
Dong Nam Textile Joint Stock Company		
Capital contribution	260.000.000	-
Sales of finished goods	22.812.996	-
Receipt of capital contribution	260.000.000	-
Sales of finished goods	22.812.996	-
Capital contribution	21.591.276.542	-
Nha Trang Textile & Garment Joint Stock Company		
Sales of finished goods and merchandise	-	3.592.970.303
Service provisions	-	6.553.775.136
Receivable for interest on asset rental	-	4.527.399.646
Purchase of merchandise, materials	1.519.280.484	9.534.114.491
Service charges	23.962.409.646	15.852.609.622
Factory transfer support	-	2.564.726.758
Purchase of tools, fixed assets	3.361.155.981	-
Dalat Garment Joint-Stock Company		
Dividends shared	-	634.652.566

2c. Investments in other entities

	Ending balance		Beginning balance	
	Original amount	Provision	Original amount	Provision
Binh An Garment Textile Material Accessories Joint Stock Company	13.027.052.451	(1.423.365.164)	13.027.052.451	(246.155.288)
Lien Phuong Textile & Garment Corporation	32.288.540.334	(9.402.117.994)	32.288.540.334	-
Gia Dinh Development Corporation	12.533.634.095	-	12.533.634.095	-
Gia Dinh - Phong Phu Textile and Garment Corporation	5.852.355.319	(5.852.355.319)	5.852.355.319	(5.852.355.319)
Vietnam Wool Joint Stock Company	1.337.103.882	(877.928.858)	1.337.103.882	(949.900.491)
Vietnam Textile Garment Materials Trading and Manufacturing Company Limited	11.282.879.453	(10.683.281.723)	11.282.879.453	(10.508.383.656)
Saigon - Rach Gia Corporation	2.984.184.383	(2.984.184.382)	2.984.184.383	(2.804.972.612)
Hung Phu Joint Stock Company	1.813.677.769	(1.813.677.769)	1.813.677.769	(1.813.677.768)
Vinatex Nam Dinh City Development Joint Stock Company	7.500.000.000	-	7.500.000.000	-
Phuoc Loc Joint Stock Company	3.216.754.481	-	3.216.754.481	-
Phong Phu International Joint Stock Company	14.093.555.470	-	14.093.555.470	-
Total	105.929.737.637	(33.036.911.209)	105.929.737.637	(22.175.445.134)

Fair values

The Group has not measured the fair values of investments because there has been no specific guidance on measurement of fair values.

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Notes to the Consolidated Financial Statements (cont.)*Provision for investments in other entities*

Changes in provision for investments in other entities are as follows:

	Current year	Previous year
Beginning balance	22.175.445.134	17.355.315.590
Extraction of provision	10.861.466.075	4.820.129.544
Ending balance	33.036.911.209	22.175.445.134

3. Short-term trade receivables

	Ending balance	Beginning balance
Receivables from related parties	277.018.342.238	210.485.660.916
Coats Phong Phu Limited Liability Company	262.239.956.872	196.535.436.993
Phong Phu Trading & Investment Promotion Corporation	12.930.807.340	12.930.807.340
Phong Phu International Joint Stock Company	1.490.805.374	1.003.372.075
Hoa Tho Textile - Garment Joint Stock Corporation	274.347.052	-
Vietnam National Textile and Garment Group	82.425.600	16.044.508
Receivables from other customers	160.708.944.976	164.074.847.463
Total	437.727.287.214	374.560.508.379

The right to get receivables of VND 60.000.000.000 and claims on receivables of VND 6.235.843.562 have been mortgaged to secure the Group's loans from VietinBank - Ho Chi Minh City Branch and ACB - Saigon Branch respectively (see Note No.V.22a).

4. Short-term prepayments to suppliers

	Ending balance	Beginning balance
Prepayments to related party	2.077.920	-
Viet Thang Corporation	2.077.920	-
Prepayments to other suppliers	21.620.985.787	8.220.335.833
Dong Quang Spinning Corporation	127.464.624	1.332.815.915
Hoang Thi Loan Textile & Garment Joint Stock Company - prepayment for processing services	10.000.000.000	-
Olam Global Agri Pte Ltd.	-	1.090.921.650
Olam International Limited	-	932.307.200
Van Khoa Technical Services Trading Company Limited	2.360.897.266	889.230.636
Other suppliers	9.132.623.897	3.975.060.432
Total	21.623.063.707	8.220.335.833

5. Other receivables**5a. Other short-term receivables**

	Ending balance		Beginning balance	
	Value	Allowance	Value	Allowance
Phong Phuoc Investment Development Joint Stock Company - Profit receivable from business co-operation in Dong Mai project	-	-	74.071.866.212	-
Phong Phuoc Investment Development Joint Stock Company - Receivable for deferred payment	-	-	11.448.047.374	-
Saigon Agriculture Incorporation - Receivable for business co-operation in Lang Le - Bau Co project (*)	43.532.895.759	(16.291.758.178)	43.532.895.759	(16.291.758.178)
Receivable for interest on asset rental	354.507.539	-	400.801.124	-

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Notes to the Consolidated Financial Statements (cont.)

	Ending balance		Beginning balance	
	Value	Allowance	Value	Allowance
Dividends shared	1.651.686.000	-	-	-
Advance	5.341.881.094	-	2.868.812.602	-
Other short-term receivables	3.956.580.770	(3.242.551.090)	4.675.049.951	(3.242.551.090)
Total	54.837.551.162	(19.534.309.268)	136.997.473.022	(19.534.309.268)

(*) On 09 April 2021, Ho Chi Minh City People's Committee Office issued the Notice No. 279/TB-VP on conclusion of Vo Van Hoan, Vice Chairman of the Municipal People's Committee agreeing the policy that Saigon Agriculture Incorporation would not continue the project implementation and it is assigned to enter into negotiation to terminate the business co-operation contract with the Corporation. On 26 May 2021, the Department of Natural Resources and Environment issued the Document No. 4046/STNMT-QLĐ to report to the Municipal People's Committee on taking back the project land and handing it over to the People's Committee of Binh Chanh District.

On 15 May 2023, the People's Committee of Ho Chi Minh City issued the Decision No. 1923/QĐ-UBND on recovery of land for Lang Le – Bau Co Industrial Cluster project. The Corporation and Saigon Agriculture Incorporation are working to reach an agreement on unfinished investment costs, shared capital and outstanding balances of the involved parties to report to the Municipal People's Committee for appraisal and direction toward handling.

5b. Other long-term receivables

	Ending balance		Beginning balance	
	Value	Allowance	Value	Allowance
Long-term deposits	-	-	76.332.598	-
VAT on financial leases	2.559.086.949	-	-	-
Other long-term receivables	1.380.983.697	-	1.871.668.533	-
Total	3.940.070.646	-	1.948.001.131	-

6. Doubtful debts

	Ending balance		Beginning balance	
	Original amount	Recoverable value	Original amount	Recoverable value
Saigon Agriculture Incorporation	43.532.895.759	27.241.137.581	43.532.895.759	27.241.137.581
Tai Tin Company Limited	3.242.551.090	-	3.242.551.090	-
Other organizations and individuals	5.455.764.842	503.670.656	5.643.466.094	66.249.997
Total	52.231.211.691	27.744.808.237	52.418.912.943	27.307.387.578

Changes in allowances for doubtful debts are as follows:

	Current year	Previous year
Beginning balance	25.111.525.365	25.434.741.362
Extraction/(reversal) of allowance	(625.121.911)	4.658.590.671
Treatment for balances (*)	-	(4.981.806.668)
Ending balance	24.486.403.454	25.111.525.365

(*) Writing off doubtful debts that cannot be recovered according to the Meeting Minutes dated 29 November 2023 of the Board of Management of Phong Phu Home Textile Joint Stock Company.

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Notes to the Consolidated Financial Statements (cont.)

7. Inventories

	Ending balance		Beginning balance	
	Original cost	Allowance	Original cost	Allowance
Goods in transit	-	-	6.365.471.268	-
Materials and supplies	136.636.089.820	(2.069.136.181)	142.189.822.926	(4.121.336.108)
Work-in-process	142.647.829.387	(1.685.911.923)	147.408.669.776	(2.648.094.987)
Construction-in-progress costs of the project (*)	187.766.564.464	-	187.766.564.464	-
Finished goods	128.704.264.411	(3.200.140.003)	103.289.248.610	(2.504.911.401)
Merchandise	8.502.593.674	-	15.464.971.717	-
Goods on consignment	3.705.567.696	-	2.545.088.456	-
Total	607.962.909.452	(6.955.188.107)	605.029.837.217	(9.274.342.496)

(*) This item reflects Construction-in-progress costs of Residence Area project in Phuoc Long B Ward, Thu Duc City, Ho Chi Minh City (see Notes No. VIII.7).

The rotating merchandise with the minimum mortgage values of VND 245.000.000.000 and VND 40.000.000.000 respectively have been mortgaged to secure the Corporation's loans from Vietcombank – Ninh Thuan Branch and VietinBank – Ho Chi Minh Branch (see Note No. V.22).

Changes in allowance for devaluation of inventories are as follows:

	Current year	Previous year
Beginning balance	9.274.342.496	16.907.153.112
Reversal of allowance	(2.319.154.389)	(7.632.810.616)
Ending balance	6.955.188.107	9.274.342.496

8. Prepaid expenses

8a. Short-term prepaid expenses

	Ending balance	Beginning balance
Tools	592.917.089	98.529.935
Insurance premiums	351.935.046	279.390.124
Other short-term prepaid expenses	522.301.662	788.976.444
Total	1.467.153.797	1.166.896.503

8b. Long-term prepaid expenses

	Ending balance	Beginning balance
Tools	4.325.290.590	781.824.424
Repair expenses	7.315.584.492	3.865.643.888
Land use right	3.918.367.320	5.387.755.080
Other long-term prepaid expenses	1.774.070.269	2.293.222.137
Total	17.333.312.671	12.328.445.529

9. Tangible fixed assets

Increase/(decrease) in tangible fixed assets is presented in the attached Appendix 01.

Some tangible fixed assets, of which the carrying value is VND 377.056.811.368, have been mortgaged to secure the loans from banks and Vietnam National Textile and Garment Group (see Note No. V.22).

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All tangible fixed assets, i.e. machinery and equipment under “Quang Phu Towel Factory - Phase 1”, “Quang Phu Towel Factory - Phase 2” projects and Quang Phu Towel Factory in Quang Son Commune, Ninh Son District, Ninh Thuan Province, of which the carrying value is totally VND 148.220.448.452, have been mortgaged to secure the loan of the Group from Vietcombank (see Note No. V.22).

Some tangible fixed assets, i.e. “Narrow horizontal cutting machine”, “Yamato high-speed electronic catalog rotary overlock machine” and “Automatic dismantling stringing machine”, of which the carrying value is VND 3.879.618.860, have been mortgaged to secure the loan of the Group from VietinBank – Ho Chi Minh City Branch (see Note No. V.22a).

10. Financial leased assets

	Machinery and equipment	Vehicles	Total
Historical costs			
Beginning balance	97.908.880.314	2.550.974.243	100.459.854.557
Financial leases during the year	34.856.428.559	520.000.000	35.376.428.559
Acquisition of financial leased assets	(13.717.632.454)	-	(13.717.632.454)
Ending balance	119.047.676.419	3.070.974.243	122.118.650.662
Depreciation			
Beginning balance	6.506.626.029	102.203.784	6.608.829.813
Depreciation during the year	7.367.752.033	376.649.552	7.744.401.585
Acquisition of financial leased assets	(3.919.311.638)	-	(3.919.311.638)
Ending balance	9.955.066.424	478.853.336	10.433.919.760
Carrying values			
Beginning balance	91.402.254.285	2.448.770.459	93.851.024.744
Ending balance	109.092.609.995	2.592.120.907	111.684.730.902

After the completion of lease term or premature payment for all leases and if the Group has performed all obligations as in the agreement stipulated in financial lease contract, the lessor commits to selling these leased assets to the Group at the nominal price.

11. Intangible fixed assets

	Initial costs	Amortization	Carrying values
Beginning balance	583.927.273	463.309.060	120.618.213
Amortization during the year	-	12.061.812	-
Ending balance (*)	583.927.273	475.370.872	108.556.401

(*) In which, initial costs of intangible fixed assets fully amortized but still in use are VND 403.000.000.

12. Construction-in-progress

	Beginning balance	Increases during the year	Inclusion into fixed assets and financial leased assets during the year	Inclusion into expenses	Ending balance
Acquisition of fixed assets	-	44.811.219.226	(40.441.881.411)	(2.497.983.203)	1.871.354.612
Construction-in-progress	1.703.961.819	17.001.299.804	(10.439.291.665)	(3.254.952.100)	5.011.017.858
- Vung Tau City new market project	1.407.780.001	-	-	-	1.407.780.001
- Winding machine	-	7.172.224.627	(5.115.114.092)	(982.505.700)	1.074.604.835
- Other projects	296.181.818	9.829.075.177	(5.324.177.573)	(2.272.446.400)	2.528.633.022
Total	1.703.961.819	61.812.519.030	(50.881.173.076)	(5.752.935.303)	6.882.372.470

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13. Deferred income tax assets**Unrecognized deferred income tax assets**

The Group has not recognized deferred income tax assets for the following items:

	Ending balance	Beginning balance
Temporarily deductible difference	81.676.486.842	94.413.007.473
Accrued expenses	4.089.822.379	5.061.066.905
Provisions for payables	62.473.188.366	62.473.188.366
Non-deductible loan interest expenses ⁽ⁱ⁾	15.113.476.097	26.878.752.202
Taxable loss ⁽ⁱⁱ⁾	88.947.721.291	232.194.236.862
Total	170.624.208.133	326.607.244.335

(i) In accordance with the Government’s Decree No. 132/2020/NĐ-CP dated 05 November 2020, from the tax period of 2019 onwards, the non-deductible loan interest is carried forward to the next tax period for the determination of total deductible loan interest if the actually incurred loan interest in the next tax period is lower than the amount of prescribed deductible loan interest. The loan interest may be carried forward for a maximum consecutive period of 5 years, counting from the year following the year of incurring non-deductible loan interest. Deferred income tax assets are not recognized since there is little possibility on use of such loan interest expenses.

(ii) According to the current Law on Corporate Income Tax, the loss of any tax year is brought forward to offset against the profit of the following years for the maximum period of 5 years from year after the loss suffering year and the temporary differences can be deducted without any limit on time. Deferred income tax assets are not recognized for these accounts since there is little possibility on the availability of taxable income in the future against which these accounts can be used.

14. Goodwill**Initial costs**

Beginning balance	39.366.504.802
Ending balance	39.366.504.802

Amount allocated

Beginning balance	28.540.715.981
Allocation during the year	3.936.650.480
Ending balance	32.477.366.461

Carrying value

Beginning balance	10.825.788.821
Ending balance	6.889.138.341

15. Short-term trade payables

	Ending balance	Beginning balance
Payables to related parties	162.482.464.291	153.417.756.091
Coats Phong Phu Limited Liability Company	160.984.769.508	113.580.209.519
Nha Trang Textile & Garment Joint Stock Company	1.465.953.176	39.837.546.572
Towel Woven Joint Stock Company - Nam Dinh	31.741.607	-
Textile Garment	-	-
Payables to other suppliers	102.285.763.346	108.853.640.278
Total	264.768.227.637	262.271.396.369

The Group has no overdue trade payables.

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16. Short-term advances from customers

	<u>Ending balance</u>	<u>Beginning balance</u>
<i>Advances from related parties</i>	9.984.020.760	9.984.020.760
Vietnam National Textile and Garment Group	21.442.860	21.442.860
Vietnam Textile Garment Materials Trading and Manufacturing Joint Stock Company	9.962.577.900	9.962.577.900
<i>Advances from other customers</i>	129.003.286.926	127.455.233.173
Advances from customers with respect to the transfer of terrace houses of Residence Area project in Phuoc Long B Ward (see Notes No. VIII.4 and VIII.6)	115.401.827.748	115.401.827.748
Vinh Phuong Trading Production Company Limited	-	2.165.201.342
Other customers	13.601.459.178	9.888.204.083
Total	138.987.307.686	137.439.253.933

17. Taxes and other obligations to the State Budget

Details of taxes and other obligations to the State Budget are presented in the attached Appendix 02.

Value added tax (VAT)

The Group companies have to pay VAT in accordance with the deduction method. The VAT rates applied are as follows:

- Leasing, trading fiber: (*) 10%
- Using water, trading cotton, scraps: 05%

- (*) For the period from 01 January 2024 to 30 June 2024, the VAT rate applied to some goods and services is 8% according to the Government's Decree No. 94/2023/NĐ-CP dated 28 December 2023 stipulating the VAT reduction policy under the Resolution No. 110/2023/QH15 dated 29 November 2023 of the National Assembly. For the period from 01 July 2024 to 31 December 2024, the VAT rate applied to some goods and services is 8% according to the Government's Decree No. 72/2024/NĐ-CP dated 30 June 2024 stipulating the VAT reduction policy under the Resolution No. 142/2024/QH15 dated 29 June 2024 of the National Assembly.

Import-export duties

The Group companies have declared and paid these duties in line with the Customs' notices.

Corporate income tax

According to the Investment Incentive Certificate No. 43121000136 dated 26 April 2011 granted by the People's Committee of Ninh Thuan Province to Corporation's project in difficult social-economic areas and the Official Letter No. 979/CT-TTHT dated 25 March 2014 of the Tax Department of Ninh Thuan Province giving guidance on corporate income tax incentives, Phong Phu Home Textile Joint Stock Company is applied the preferential tax rate of 10% in 15 years (i.e. from 2012 to 2026), exempted from tax in 4 years (i.e. from 2013 to 2016) and reduced 50% of tax payable in 9 following years (i.e. from 2017 to 2025).

Income from other activities is subject to the tax rate of 20% on taxable income.

Other Group companies have to pay corporate income tax on taxable income at the rate of 20%.

The Group's corporate income tax payable during the year includes:

	<u>Current year</u>	<u>Previous year</u>
Phong Phu Corporation	29.729.199	-
Phong Phu Home Textile Joint Stock Company	2.968.915.033	2.899.099.478
Nam Duong Phu Joint Stock Company	484.098.341	92.262.968
Total	3.482.742.573	2.991.362.446

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Determination of corporate income tax liability of the Group companies is based on currently applicable regulations on tax. Nonetheless, these tax regulations may change from time to time and tax regulations applicable to variety of transactions can be interpreted differently. Hence, the tax amounts presented in the Consolidated Financial Statements can be changed upon the inspection of tax authorities.

Natural resources tax

The Group companies have to pay natural resource tax for the activity of exploiting underground water.

Land rental, property tax

The Corporation has to pay land rental for the land lots being used according to the notices of the tax department.

The Corporation made retroactive adjustment for the land rental and fines for late payment by 2024 for the land lot at No. 2 Truong Chinh Street, Tay Thanh Ward, Tan Phu District, Ho Chi Minh City according to the Notices No. 09/TB-CCTTP dated 20 March 2024, No. 253487/TB-TB07-CTTTP dated 09 April 2024 and No. 14791/TB-CCTTP dated 30 October 2024 of Tan Phu District Tax Department (see Note No. VIII.5).

Other taxes

The Group companies have declared and paid these taxes in line with the prevailing regulations.

18. Payables to employees

This item reflects salary, bonus to be paid to employees.

19. Short-term accrued expenses

	<u>Ending balance</u>	<u>Beginning balance</u>
Loan interest expenses	976.018.244	868.496.364
Utility expenses	3.552.006.566	3.408.494.183
Commission	1.302.331.245	1.024.077.158
Payment for reaching sales target, supermarket support	347.068.683	428.339.058
Advertising expenses	1.020.000.000	-
Welfares for employees	-	683.775.592
Other short-term accrued expenses	3.185.873.850	2.009.905.447
Total	10.383.298.588	8.423.087.802

20. Unearned revenues**20a. Short-term unearned revenues**

	<u>Ending balance</u>	<u>Beginning balance</u>
<i>Unearned revenues earned from related party</i>	3.157.462.000	3.157.462.000
Coats Phong Phu Limited Liability Company – Advance for lease of fixed assets	3.157.462.000	3.157.462.000
<i>Unearned revenues earned from other organizations and individuals</i>	872.479.115	282.547.981
Total	4.029.941.115	3.440.009.981

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20b. Long-term unearned revenues

	<u>Ending balance</u>	<u>Beginning balance</u>
Unearned revenues earned from related party	17.366.041.000	20.523.503.000
Coats Phong Phu Limited Liability Company - Prepayment for leasing fixed assets (*)	17.366.041.000	20.523.503.000
Unearned revenues earned from other organizations and individuals	3.131.606.770	3.963.573.071
Vinh Phuong Trading Production Company Limited - Investment for expanding Denim 1 Textile Factory	3.131.606.770	3.963.573.071
Total	20.497.647.770	24.487.076.071

(*) This item reflects unearned revenues related to the prepaid factory rental of Coats Phong Phu Limited Liability Company to 30 June 2031.

21. Other payables**21a. Other short-term payables**

	<u>Ending balance</u>	<u>Beginning balance</u>
Payables to related party	55.166.499.398	40.488.480.033
Vietnam National Textile and Garment Group - Loan interest expenses	2.794.184.998	3.079.684.033
Vietnam National Textile and Garment Group - Dividends payable	52.372.314.400	37.408.796.000
Payables to other organizations and individuals	75.990.698.924	62.757.696.254
An Tam Investment Development Joint Stock Company – Receipt of business cooperation capital	19.500.000.000	19.500.000.000
Dividends payable	53.293.689.860	37.954.590.235
Other short-term payables	3.197.009.064	5.303.106.019
Total	131.157.198.322	103.246.176.287

21b. Other long-term payables

	<u>Ending balance</u>	<u>Beginning balance</u>
Lien Phuong Textile & Garment Corporation - Receipt of long-term capital contribution	5.226.000.000	5.226.000.000
Receipt of long-term deposits and mortgages	8.665.296.000	4.700.000.000
Total	13.891.296.000	9.926.000.000

21c. Overdue debts

The Group has no other overdue payables.

22. Borrowings and financial leases**22a. Short-term borrowings and financial leases**

	<u>Ending balance</u>	<u>Beginning balance</u>
Current portions of long-term loans payable to related party	16.438.837.322	14.250.503.699
Vietnam National Textile and Garment Group (see Note No. V.22b)	16.438.837.322	14.250.503.699
Short-term loans and financial leases payable to other organizations and individuals	357.823.500.913	388.333.294.688
Short-term loans from banks (*)	281.070.539.960	305.420.464.768
BIDV	8.980.019.302	-
VietinBank	94.654.835.424	65.080.657.370

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	<u>Ending balance</u>	<u>Beginning balance</u>
Vietcombank	168.538.506.791	184.337.182.129
ACB	8.897.178.443	49.938.994.448
VIB	-	6.063.630.821
Short-term loans from other individuals (see Note No. V.22b)	71.472.960.953	70.632.567.208
Current portions of long-term loans (see Note No. V.22b)	-	1.920.000.000
Current portions of financial leases (see Note No. V.22b)	5.280.000.000	10.360.262.712
Total	374.262.338.235	402.583.798.387

(*) The short-term loans from banks are to supplement working capital.

In which:

- The loan of Phong Phu Home Textile Joint Stock Company from VietinBank as of 31 December 2024 for an amount of VND 91.684.173.464 (beginning balance: VND 47.146.763.352) is secured by mortgaging receivables and inventories with values of VND 60.000.000.000 and VND 40.000.000.000 respectively, and assets, including “Narrow horizontal cutting machine”, “Yamato high-speed electronic catalog rotary overlock machine” and “Automatic dismantling stringing machine” (see Notes No. V.3, V.7 and V.9).
- The loan of Phong Phu Home Textile Joint Stock Company from Vietcombank as of 31 December 2024 for an amount of VND 163.522.094.367 (beginning balance: VND 172.922.885.899) is secured by mortgaging Quang Phu Towel Factory – Phase 1 in Quang Son Commune, Ninh Son District, Ninh Thuan Province; Quang Phu Towel Factory – Phase 2 in Quang Son Commune, Ninh Son District, Ninh Thuan Province; used machinery and equipment, i.e. 18 Tsudakoma air jet looms, compressed air system and electrical power system, 12 Toyota weaving machines, 1 Tumbler machine, 1 Texpa automatic horizontal sewing machine, 8 yarn spinning machines, 4 weaving machines, other machinery and equipment, and rotating goods with the minimum mortgaged value of VND 245.000.000.000 (see Notes No. V.7 and V.9).
- The loan of Phong Phu Home Textile Joint Stock Company from ACB – Saigon Branch as of 31 December 2024 for an amount of VND 3.218.071.797 (beginning balance: VND 49.938.994.448) is secured by mortgaging the Group’s claims on some trade receivables (see Notes No. V.3).

The Group is solvent over short-term loans and financial leases.

Details of increase/(decrease) of short-term loans and financial leases during the year are presented in the attached Appendix 03.

22b. Long-term borrowings and financial leases

	<u>Ending balance</u>	<u>Beginning balance</u>
Long-term loans payable to related party	516.330.778.162	509.186.881.533
Vietnam National Textile and Garment Group (i)	516.330.778.162	509.186.881.533
Long-term loans and financial leases payable to other organizations and individuals	71.457.800.923	51.877.333.602
Long-term loans from bank	6.325.404.134	-
Vietcombank (ii)	6.325.404.134	-
Financial leases	65.132.396.789	51.877.333.602
Vietcombank Financial Leasing Co., Ltd. (iii)	65.132.396.789	51.829.355.539
Chailease International Leasing Company Limited (iv)	-	47.978.063
Total	587.788.579.085	561.064.215.135

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- (i) The loan from Vietnam National Textile and Garment Group is to restructure finance, pay non-current liabilities from credit institutions according commitments of Vietnam National Textile and Garment Group with ADB and the Ministry of Finance. This loan is secured by mortgaging some fixed assets (see Note No. V.9).
- (ii) The loan of Phong Phu Home Textile Joint Stock Company from Vietcombank – Ninh Thuan Branch according to the Contract No. 0312/NTH/2024/CD dated 05 June 2024 is to invest in machinery and equipment and to construct warehouse for towel production capacity. The maximum loan amount is VND 44.000.000.000 and the interest rate is specified in each loan disbursement (adjusted every 6 months). The loan term is 84 months, starting from the first disbursement date. This loan is secured by mortgaging assets, i.e. machinery and equipment formed from the loan capital for “Towel Production Capacity Investment” Project; Quang Phu Towel Factory - Phase 1 in Quang Son Commune, Ninh Son District, Ninh Thuan Province; Quang Phu Towel Factory - Phase 2 in Quang Son Commune, Ninh Son District, Ninh Thuan Province; system of machinery and equipment of the project “Quang Phu Towel Factory 1”; system of machinery and equipment of the project “Quang Phu Towel Factory 2”, and rotating goods with a minimum mortgage value of VND 245.000.000.000 (see Notes No. (see Notes No. V.7 and V.9).
- (iii) The financial leases from Vietcombank Financial Leasing Co., Ltd. – Ho Chi Minh City Branch are according to the following contracts:
- The loan of USD 512.960,00 according to the Contract No. 90.22.04/CTTC dated 07 June 2022 is to lease stenter machine, cross-sectioner and mold control system. The lease term is 84 months. The principal and interest are repaid monthly. The purchase value of assets upon expiry of the lease term is VND 16.000.000.
 - The loan of USD 23.631,20 according to the Contract No. 90.22.12/CTTC dated 19 September 2022 is to lease cone excavator, vacuum system and pneumatic connector. The lease term is 84 months. The principal and interest are repaid monthly. The purchase value of assets upon expiry of the lease term is VND 800.000.
 - The loan of USD 42.504,00 according to the Contract No. 90.22.13/CTTC dated 19 September 2022 is to lease colorimeter and Datacolor Match Textile software. The lease term is 84 months. The principal and interest are repaid monthly. The purchase value of assets upon expiry of the lease term is VND 1.400.000.
 - The loan of EUR 340.080,00 according to the Contract No. 90.22.06/CTTC dated 05 August 2022 is to lease 2 high-pressure dyeing machines. The lease term is 84 months. The principal and interest are repaid monthly. The purchase value of assets upon expiry of the lease term is VND 11.000.000.
 - The loan of VND 5.795.280.000 according to the Contract No. 90.22.07/CTTC dated 29 August 2022 is to lease Tumbler dryers, gas recycling systems, humidity readers and controls. The lease term is 84 months. The purchase value of assets upon expiry of the lease term is VND 7.500.000.
 - The loan of USD 1.504.349,6 according to the Contract No. 90.22.11/CTTC dated 19 September 2022 is to lease Toyota air loom. The lease term is 84 months. The purchase value of assets upon expiry of the lease term is VND 47.500.000.
 - The loan of USD 34.400,00 according to the Contract No. 90.22.15/CTTC dated 18 November 2022 is to lease cotton transport truck. The lease term is 84 months. The purchase value of assets upon expiry of the lease term is VND 1.100.000.
 - The loan of VND 664.549.983 according to the Contract No. 90.23.01/CTTC dated 27 February 2023 is to lease Knotmaster splicing machine and accompanying accessories. The lease term is 84 months. The purchase value of assets upon expiry of the lease term is VND 900.000.
 - The loan of VND 978.160.000 according to the Contract No. 90.23.04/CTTC dated 05 April 2023 is to lease a Fortuner car. The lease term is 84 months. The purchase value of assets upon expiry of the lease term is VND 1.500.000.
 - The loan of VND 989.600.000 according to the Contract No. 90.23.14/CTTC dated 15 December 2023 is to lease a Fortuner car. The lease term is 84 months. The purchase value of assets upon expiry of the lease term is VND 1.400.000.

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- The loan of VND 375.374.580 according to the Contract No. 90.23.12/CTTC dated 15 November 2023 is to lease centrifugal spinning machine. The lease term is 84 months. The purchase value of assets upon expiry of the lease term is VND 550.000.
 - The loan of VND 3.628.800.000 according to the Contract No. 90.23.13/CTTC dated 27 December 2023 is to lease 2 Hengtai automatic cross cutters. The lease term is 84 months. The purchase value of assets upon expiry of the lease term is VND 5.000.000.
 - The loan of VND 449.280.000 according to the Contract No. 90.24.02/CTTC dated 24 April 2024 is to lease a 3-ton diesel forklift. The lease term is 60 months. The purchase value of assets upon expiry of the lease term is VND 600.000.
 - The loan of VND 26.240.000.000 according to the Contract No. 90.24.10/CTTC dated 12 August 2024 is to lease OE spinning production line. The lease term is 60 months. The purchase value of assets upon expiry of the lease term is VND 33.000.000.
- (iii) The financial lease of Phong Phu Home Textile Joint Stock Company from Chailease International Leasing Company Limited for an amount of VND 2.111.035.190 according to the Contract No. C201036902 dated 27 November 2020 is to purchase 10-color cotton printing line system. The lease term is 48 months up to 11 December 2024. The principal and interest are repaid monthly. The purchase value of assets upon expiry of the lease term is VND 2.973.289. This loan was prematurely paid off by Phong Phu Home Textile Joint Stock Company during the year.

The Group is solvent over long-term loans and financial leases.

Repayment schedule of long-term loans and financial leases is as follows:

	Total debts	1 year or less	More than 1 year to 5 years	More than 5 years
Ending balance				
Long-term loans from banks	6.325.404.134	-	-	6.325.404.134
Long-term loans from other organizations	532.769.615.484	16.438.837.322	84.422.609.147	431.908.169.015
Financial leases	70.412.396.789	5.280.000.000	61.164.159.429	3.968.237.360
Total	609.507.416.407	21.718.837.322	145.586.768.576	442.201.810.509
Beginning balance				
Long-term loans from individuals	525.357.385.232	16.170.503.700	73.184.298.000	436.002.583.532
Financial leases	62.237.596.314	10.360.262.711	39.235.329.752	12.642.003.851
Total	587.594.981.546	26.530.766.411	112.419.627.752	448.644.587.383

Details of increases/(decreases) of long-term loans and financial lease during the year are presented in the attached Appendix 03.

22c. Overdue borrowings and financial leases

The Group has no overdue loans and financial leases.

23. Provisions for short-term payables

In 2021, based on the judgement dated 18 December 2021 of the People’s Court of Ho Chi Minh City on the violation of Saigon Agriculture Incorporation regarding the transfer of the Residence Area project in Quarter 4, Phuoc Long B Ward, Thu Duc City, Ho Chi Minh City, the Group made a provision for loss payable to Saigon Agriculture Incorporation on the basis of the loss determined as at the transfer date for an amount of VND 62.473.188.366. Accordingly, the provision for loss is made on the basis of the land area of 9.568 m² (corresponding to the adjacent land area, for which capital was mobilized and signed the transfer contract) and the loss rate was determined at 28% of the capital contributed by Saigon Agriculture Incorporation.

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	Beginning balance	Increases due to extraction from profit	Disbursement during the year	Ending balance
Bonus fund	11.568.294.582	16.827.860.988	(20.172.934.331)	8.223.221.239
Welfare fund	657.094.501	6.000.000.000	(4.740.670.216)	1.916.424.285
Bonus fund for the Executive Board	2.827.447.219	18.206.322.095	(17.612.528.095)	3.421.241.219
Total	15.052.836.302	41.034.183.083	(42.526.132.642)	13.560.886.743

25. Owner's equity**25a. Statement of the changes in owner's equity**

Information on the changes in owner's equity is presented in the attached Appendix 04.

25b. Details of owner's capital

	Ending balance	Beginning balance
Vietnam National Textile and Garment Group	374.087.960.000	374.087.960.000
Other shareholders	372.620.950.000	372.620.950.000
Total	746.708.910.000	746.708.910.000

25c. Shares

	Ending balance	Beginning balance
Number of shares registered to be issued	74.670.891	74.670.891
Number of shares sold to the public	74.670.891	74.670.891
- Common shares	74.670.891	74.670.891
- Preferred shares	-	-
Number of shares repurchased	-	-
- Common shares	-	-
- Preferred shares	-	-
Number of outstanding shares	74.670.891	74.670.891
- Common shares	74.670.891	74.670.891
- Preferred shares	-	-

Face value per outstanding share: VND 10.000.

25d. Profit distribution

During the year, the Corporation distributed the 2023 profit in accordance with the Resolution No. 142/NQ-ĐHĐCĐ/PP dated 16 May 2024 of 2024 Annual General Meeting of Shareholders as follows:

	Amount to be distributed	Dividends advanced in the previous year	Amount distributed in the current year
• Distribution of dividends to shareholders	224.012.673.000	186.677.227.500	37.335.445.500
• Appropriation for investment and development fund	17.529.434.000	-	17.529.434.000
• Appropriation for bonus and welfare funds	17.529.434.000	-	17.529.434.000
• Appropriation for bonus to the Board of Management, the Supervisory Board, the Executive Board and hospitality expenditure (3%)	10.517.660.000	-	10.517.660.000
• Appropriation for bonus for reaching over target (10% of extra-profit)	6.099.134.000	-	6.099.134.000

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Notes to the Consolidated Financial Statements (cont.)Additionally, the Corporation made the 1st advance and the 2nd advance of 2024 dividends as follows:

- According to the Decision No. 172/QĐ-HĐQT dated 13 June 2024 of the Board of Management, and the Notice No. 173/TB-PP dated 13 June 2024, the Corporation made the 1st advance of 2024 dividends at the rate of 6%/face value. The final date for registration to exercise the dividend advance right is 28 June 2024, and the dividend payment date is 26 July 2024 onwards, with the amount of VND 44.802.534.600.
- According to the Decision No. 378/QĐ-HĐQT dated 16 December 2024 of the Board of Management, the Notices No. 379/TB-PP dated 16 December 2024, No. 413/TB-PP dated 31 December 2024, and the Decision No. 411/QĐ-HĐQT dated 31 December 2024, regarding the adjustment of the closing date for registration of 2024 dividend payment right, the Corporation made the 2nd advance of 2024 dividends at the rate of 14%/face value. The final date for registration to exercise the dividend advance right is 13 January 2025. The Corporation recognized the 2nd advance of 2024 dividends with the amount of VND 104.539.247.400 at item "Other short-term payables" (code 319) in the Consolidated Balance Sheet.

26. Off-Consolidated balance sheet items**26a. Foreign currencies**

	Ending balance	Beginning balance
US Dollar (USD)	1.475.828,95	1.444.432,82
Euro (EUR)	751,64	1.318,04

26b. Treated doubtful debts

	Ending balance		Beginning balance		Reasons for writing off
	Original currency	VND	Original currency	VND	
G.F.G SRL	76.693,80	1.795.401.858	76.693,80	1.795.401.858	Irrecoverable
Sky Imports	46.947,60	1.099.043.316	46.947,60	1.099.043.316	Irrecoverable
Bach Viet Production Trading Service Co., Ltd.	-	591.750.229	-	591.750.229	Irrecoverable
Other customers	20.987,04	1.495.611.265	20.987,04	1.495.611.265	Irrecoverable
Total		4.981.806.668		4.981.806.668	

VI. ADDITIONAL INFORMATION ON THE ITEMS OF THE CONSOLIDATED INCOME STATEMENT**1. Revenue from sales of goods and provisions of services****1a. Gross revenue**

	Current year	Previous year
Revenue from sales of finished goods	1.824.172.245.220	1.467.398.508.766
Revenue from sales of merchandise, provisions of services	413.733.610.587	286.504.370.392
Revenue from sales of real estate	148.645.997	619.877.344
Total	2.238.054.501.804	1.754.522.756.502

1b. Revenue from sales of goods and provisions of services to related parties

Apart from sales of goods and service provisions to joint ventures and associates presented in Note No. V.2b, the Group has sales of goods and service provision to other related parties which are not subsidiaries, joint ventures and associates as follows:

	Current year	Previous year
Phong Phu International Joint Stock Company		
Service provisions	16.391.493.534	14.981.054.966

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	<u>Current year</u>	<u>Previous year</u>
Hoa Tho Textile - Garment Joint Stock Corporation		
Service provisions	2.251.027.071	2.008.961.060
Phuoc Loc Joint Stock Company		
Sales of merchandise, finished goods	70.842.612.052	48.025.067.514
Service provisions	7.849.603.204	5.789.008.155
2. Revenue deductions		
	<u>Current year</u>	<u>Previous year</u>
Trade discounts	1.262.156.956	808.139.034
Sales returns	4.114.914.166	4.292.420.831
Sales allowances	-	40.800.000
Total	<u>5.377.071.122</u>	<u>5.141.359.865</u>
3. Costs of sales		
	<u>Current year</u>	<u>Previous year</u>
Costs of finished goods sold	1.489.568.197.518	1.174.997.101.258
Costs of merchandise, services provided	316.278.929.472	233.627.689.675
Costs of real estate sold	-	645.454.545
Reversal of allowance for devaluation of inventories	(2.319.154.389)	(7.632.810.616)
Total	<u>1.803.527.972.601</u>	<u>1.401.637.434.862</u>
4. Financial income		
	<u>Current year</u>	<u>Previous year</u>
Demand deposit interest	68.248.700	130.590.492
Term deposit interest	23.319.517.976	24.839.409.805
Dividends and profit shared	9.751.686.000	8.841.570.000
Exchange gain arising	13.166.379.186	9.471.948.157
Other income	2.243.757.815	-
Other financial income	-	-
Total	<u>48.549.589.677</u>	<u>43.283.518.454</u>
5. Financial expenses		
	<u>Current year</u>	<u>Previous year</u>
Loan interest expenses	54.671.580.549	59.352.205.703
Exchange loss arising	6.264.274.081	6.700.054.973
Exchange loss due to the revaluation of monetary items in foreign currencies	22.263.262.240	16.843.485.309
Provisions for investment loss	10.861.466.074	4.820.129.544
Support for reducing interest on deferred payment	9.415.761.812	-
Other financial expenses	-	20.000.000
Total	<u>103.476.344.756</u>	<u>87.735.875.529</u>

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6. Selling expenses		
	<u>Current year</u>	<u>Previous year</u>
Expenses for employees	24.363.711.618	16.077.726.894
Materials and supplies	1.498.671.565	874.318.567
Expenses for external services	49.425.497.961	45.943.073.992
Other expenses	13.102.295.927	14.164.430.498
Total	<u>88.390.177.071</u>	<u>77.059.549.951</u>
7. General and administration expenses		
	<u>Current year</u>	<u>Previous year</u>
Expenses for employees	89.516.493.085	75.068.159.456
Office supplies	7.895.156.485	5.319.515.531
Depreciation/(amortization) of fixed assets	4.318.714.172	4.433.240.780
Allocation of goodwill	3.936.650.480	3.936.650.480
Taxes, fees and legal fees	80.618.334.105	78.918.175.060
Allowance/(reversal of allowance) for doubtful debts	(625.121.911)	4.658.590.671
Expenses for external services	61.167.428.083	42.197.113.300
Other expenses	11.377.501.685	7.293.426.892
Total	<u>258.205.156.184</u>	<u>221.824.872.170</u>
8. Other income		
	<u>Current year</u>	<u>Previous year</u>
Gain from liquidation and disposal of fixed assets	4.422.439.004	-
Fines for violation of the contract	4.328.816.607	60.000.000
Other income	145.154.243	64.867.296
Total	<u>8.896.409.854</u>	<u>124.867.296</u>
9. Other expenses		
	<u>Current year</u>	<u>Previous year</u>
Loss from liquidation and disposal of fixed assets	-	1.688.605.636
Factory transfer support	-	2.564.726.758
Payment of fines, compensation	3.796.545.319	-
Other expenses	710.458.155	812.334.831
Total	<u>4.507.003.474</u>	<u>5.065.667.225</u>
10. Earnings per share		
10a. Basic/diluted earnings per share		
	<u>Current year</u>	<u>Previous year</u>
Accounting profit after corporate income tax of the Parent Company	373.773.464.227	311.362.639.035
Appropriation for bonus and welfare funds	(23.382.092.574)	(9.388.278.906)
Appropriation for bonus to the Board of Management, the Supervisory Board and the Executive Board	(12.239.884.623)	(11.936.555.427)
Remuneration of the Board of Management and the Supervisory Board	(1.621.200.000)	(1.429.200.000)
Profit used to calculate basic/diluted earnings per share	336.530.287.030	288.608.604.702
The average number of ordinary shares outstanding during the year	74.670.891	74.670.891
Basic/diluted earnings per share	<u>4.507</u>	<u>3.865</u>

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Notes to the Consolidated Financial Statements (cont.)**10b. Other information**

There are no transactions over the common share or potential common share from the balance sheet date until the date of these Consolidated Financial Statements.

11. Operating costs by factors

	<u>Current year</u>	<u>Previous year</u>
Materials and supplies	1.400.226.333.530	1.041.119.049.701
Labor	382.556.176.089	345.480.253.266
Depreciation/(amortization) of fixed assets	142.536.047.428	111.185.872.631
Expenses for external services	403.548.150.739	296.299.252.727
Other expenses	108.899.651.202	105.634.239.864
Total	2.437.766.358.988	1.899.718.668.189

VII. ADDITIONAL INFORMATION ON THE ITEMS OF THE CONSOLIDATED CASH FLOW STATEMENT

During the year, the Group has the following non-cash transactions:

	<u>Current year</u>	<u>Previous year</u>
Offsetting interest on loans given against loan interest expenses	4.821.344.802	9.537.942.945
Acquisition of fixed assets by receiving financial leases	30.693.454.580	55.227.688.222

As of the balance sheet date, balances relevant to acquisition, construction of fixed assets and other non-current assets are as follows:

	<u>Ending balance</u>	<u>Beginning balance</u>
- Payables for acquisition of fixed assets	4.729.426.540	94.464.601
- Prepayments for acquisition of fixed assets	3.159.977.266	1.678.112.146

VIII. OTHER DISCLOSURES**1. Contingent liabilities**

The Corporation made retroactive adjustments for the land rental and the fines for late payment with respect to the land lot at No. 02 Truong Chinh Street, Tay Thanh Ward, Tan Phu District, Ho Chi Minh City accumulated to the year 2024 according to Notices of Tan Phu District Tax Department (see Note No. VIII.5).

On the other hand, the Corporation received the Notice No. 14447/TB-CTTPHCM dated 09 September 2024 of Ho Chi Minh City Tax Department regarding the land leasing rate applicable to the period from 10 April 2017 to 31 December 2024, and the Notice No. 10874/STNMT-QLĐ dated 21 October 2024 of the Department of Natural Resources and Environment regarding the land areas and the land use purposes, i.e. non-agricultural land for production facilities and commercial, service land, corresponding to each land area and location of land leased by the Corporation. At the reporting time, the Corporation has not received the official notice on the payable land rental from Ho Chi Minh City Tax Department and not recorded this amount in the Consolidated Financial Statements. Therefore, the land rental and fines for late payment incurred thereof, which were presented in the Consolidated Financial Statements, might be subject to changes when the tax authority officially determines the amount imposed on the Corporation.

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Notes to the Consolidated Financial Statements (cont.)**2. Operating leased assets**

As at the balance sheet date, the total minimum rental to be collected in the future from irrevocable operating leases is as follows:

	<u>Ending balance</u>	<u>Beginning balance</u>
1 year or less	66.582.964.325	56.445.363.656
More than 1 year to 5 years	242.571.534.374	178.406.423.965
More than 5 years	258.904.260.687	232.989.913.420
Total	568.058.759.386	467.841.701.041

3. Transactions and balances with related parties

Related parties of the Group include the key managers, individuals related to the key managers and other related parties.

3a. Transactions and balances with the key managers and their related individuals

The key managers include the Board of Management, the Supervisory Board and the Executive Board. The individuals related to the key managers are their close family members.

Transactions with the key managers and their related individuals

The Group has no sales of goods and service provisions and no other transactions with the key managers and their related individuals.

Balances with the key managers and their related individuals

The Group has no balances with the key managers and their related individuals.

Remuneration of the Board of Management, the Supervisory Board, salary of the General Director and other managers

	<u>Current year</u>	<u>Previous year</u>
The Board of Management and the Supervisory Board	904.000.000	756.000.000
The General Director and other managers	7.261.022.582	6.100.022.860
Total	8.165.022.582	6.856.022.860

3b. Transactions and balances with other related parties

Other related parties of the Group include:

<u>Other related parties</u>	<u>Relationship</u>
Vietnam National Textile and Garment Group	Parent Company
Coats Phong Phu Limited Liability Company	Joint venture
HUD Saigon Housing and Urban Development Investment Joint Stock Company	Associate
Dalat Garment Joint-Stock Company	Associate
Phong Phu - Daewon - Thu Duc Housing Development Corporation	Associate
Phong Phu Trading & Investment Promotion Corporation	Associate
Dong Nam Textile Joint Stock Company	Associate
Nha Trang Textile & Garment Joint Stock Company	Associate
Phong Phu International Joint Stock Company	Related company of the key managers
Hoa Tho Textile - Garment Joint Stock Corporation	Subsidiary of Vietnam National Textile and Garment Group
Hoa Tho Fashion Joint Stock Company	Subsidiary of Vietnam National Textile and Garment Group
Towel Woven Joint Stock Company - Nam Dinh Textile Garment	Subsidiary of Vietnam National Textile and Garment Group
Lien Phuong Textile & Garment Corporation	Associate of Vietnam National Textile and Garment Group
Garment 10 Corporation - Joint Stock Company	Associate of Vietnam National Textile and Garment Group

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Notes to the Consolidated Financial Statements (cont.)

Other related parties	Relationship		
Viet Thang Corporation	Associate of Vietnam National Textile and Garment Group		
Nha Be Garment Corporation - Joint Stock Company	Related company of the key managers		
<i>Transactions with other related parties</i>			
Apart from transactions with joint ventures and associates and sales of goods and service provisions to Vietnam National Textile and Garment Group presented in Notes No. V.2b and sales of goods and provisions of services to other related parties, which are not associated as presented in Note VI.1b, the Group also has other following transactions with other related parties:			
		Current year	Previous year
<i>Vietnam National Textile and Garment Group</i>			
Dividends payable		93.521.990.000	149.635.184.000
Loan interest payable		38.531.336.966	36.299.798.884
Purchase of goods		3.253.607.972	492.083.000
Service charges		487.303.727	298.860.606
Sales of finished goods		504.074.719	595.881.080
<i>Hue Textile Garment Joint Stock Company</i>			
Purchase of goods		3.074.557.138	-
<i>Vinatex - Hong Linh Joint Stock Company</i>			
Purchase of goods		820.331.194	-
<i>Phong Phu International Joint Stock Company</i>			
Dividends shared		7.200.000.000	-
Sales of finished goods		64.857.425	-
<i>Phong Phu International Joint Stock Company</i>			
Dividends shared		7.200.000.000	7.200.000.000
Sales of finished goods		64.857.425	-
Dividends payable		2.509.687.500	4.015.500.000
<i>Vinatex Nam Dinh City Development Joint Stock Company</i>			
Dividends shared		1.651.686.000	-
Purchase of materials, finished goods		85.902.532	-
<i>Phuoc Loc Joint Stock Company</i>			
Dividends shared		900.000.000	-
<i>Phuoc Loc Joint Stock Company</i>			
Dividends shared		900.000.000	900.000.000
Purchase of goods, materials		85.312.333.418	64.397.577.810
Dividends payable		64.487.500	103.180.000
<i>Hoa Tho Textile - Garment Joint Stock Corporation</i>			
Sales of finished goods		1.827.280	-
Service provisions		2.251.027.071	-
<i>Hoa Tho Fashion Joint Stock Company</i>			
Sales of finished goods		5.050.140	-
<i>Lien Phuong Textile & Garment Corporation</i>			
Sales of finished goods		23.009.195	-
<i>Garment 10 Corporation - Joint Stock Company</i>			
Sales of finished goods		458.335	-

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	Current year	Previous year
<i>Viet Thang Corporation</i>		
Purchase of materials, finished goods	12.166.600	-
<i>Nha Be Garment Corporation - Joint Stock Company</i>		
Purchase of materials, finished goods	293.292.000	-

The prices of goods and services provided to other related parties are mutually agreed prices. The purchases of goods and services from other related parties are done at the agreed prices.

Balances with other related parties

Balances with other related parties are presented in Notes No. V.3, V.4, V.15, V.16, V.21 and V.22.

The receivables from other related parties are not secured and will be paid in cash. There is no allowance for doubtful debt made for receivables from other related parties.

4. Segment information

The main segment report is business segment because the Group's business activities are organized and managed on the basis of the features of products and services provided by the Group. Each segment is a business unit which provides different products and serves different markets.

4a. Information on business segments

The Group's principal business activities:

- Manufacturing: manufacturing and consuming cloth, towels, sewing thread, embroidery thread, garments and fashion clothes.
- Others: trading fibers and other materials, providing kindergarten education service, trading real estate and performing industrial projects, resorts and complex buildings.

Segment information according to the business segment of the Group is presented in the attached Appendix 05.

4b. Information on geographical segment

All of the plants of the Corporation are in Vietnam. The Corporation's market is mainly in Vietnam, other Asian countries (Korea, Japan, Hong Kong, China, Thailand) and other European and American countries.

Details of net external revenue in respect of geographical segment based on the location of customers are as follows:

	Current year	Previous year
Vietnam	1.371.060.609.639	1.052.169.398.396
Other countries	861.616.821.043	697.211.998.241
Total	2.232.677.430.682	1.749.381.396.637

5. Comparative figures

The Group made retroactive adjustments for the land rental and the fines for late payment with respect to the land lot at No. 02 Truong Chinh Street, Tay Thanh Ward, Tan Phu District, Ho Chi Minh City accumulated to the year 2024 according to Notices No. 09/TB-CCTTP dated 20 March 2024, No. 253487/TB-TB07-CCTTP dated 09 April 2024 and No. 14791/TB-CCTTP dated 30 October 2024 of Tan Phu District Tax Department regarding the land rental payable by the year 2024.

Effects of these retroactive adjustments on comparative figures in the Consolidated Financial Statements are as follows:

	Code	Unadjusted figures	Adjustments	Adjusted figures
<i>Consolidated Balance Sheet</i>				
Taxes and other obligations to the State Budget	313	108.305.519.548	44.776.178.674	153.081.698.222
Retained earnings	421	497.856.654.005	(44.776.178.674)	453.080.475.331

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Notes to the Consolidated Financial Statements (cont.)**6. Subsequent events**

There are no other material subsequent events which are required adjustments or disclosures in the Consolidated Financial Statements.

7. Other disclosures

On 22 June 2019, the People's Committee of Ho Chi Minh City issued the Decision No. 2649/QĐ-UBND on revoking and repealing the Decision No. 6077/QĐ-UBND dated 17 November 2017 of the People's Committee of Ho Chi Minh City approving the transfer of Residence Area project in Phuoc Long B Ward, Thu Duc City, Ho Chi Minh City between Saigon Agriculture Incorporation and the Corporation. Accordingly, the two parties shall return and transfer whatever they agreed upon and commit not to making any complaints afterwards; notify the relevant parties of the cancellation of the contract for transferring Residence Area Project in Quarter 4, Phuoc Long B Ward, Thu Duc City; handle any issues arising with organizations and individuals related to cancellation of the project transfer contracts previously signed by the two parties according to the applicable laws.

On 18 December 2021, the People's Court of Ho Chi Minh City made the judgement on the case in the first trial and appeal trial on 08, 09 and 15 June 2022 and released the judgement on violation of Saigon Agriculture Incorporation regarding the transfer of the Residence Area project in Quarter 4, Phuoc Long B Ward, Thu Duc City, Ho Chi Minh City as at the transfer date for an amount of VND 348.779.619.741. Accordingly, the Group made provision for loss payable to Saigon Agriculture Incorporation on the basis of the loss determined at the transfer date for an amount of VND 62.473.188.366 (see Note No. V.23).

As of the balance sheet date, work-in-process of the Residence Area project in Quarter 4, Phuoc Long B Ward, Thu Duc City is VND 187.766.564.464 (see Note No. V.7).

To date, the Business Cooperation Contract No. 52/HĐHT-TCT dated 31 October 2008 between Saigon Agriculture Incorporation and the Corporation has not been declared as void or invalid and the concerned parties have not requested for termination, cancellation or change of capital contribution and profit distribution rates. The two parties also agreed to hire an independent surveyor to make the field survey, evaluation and conclusion on the construction of the entire project and audit the project's financial position as a basis for handing over the project to Saigon Agriculture Incorporation to work as an investor. The parties will thereby propose to the People's Committee of Ho Chi Minh City to handle relationship with customers who have signed contracts on sales of house to be formed in the future.

On 17 January 2024, the Corporation handed over assets of the Residence Area project in Phuoc Long B Ward, Thu Duc City, Ho Chi Minh City to Saigon Agriculture Incorporation. Currently, the Corporation and Saigon Agriculture Incorporation are taking the next steps and waiting for guidance on resolving issues (if any) arising from the cancellation of the project transfer contract between the involved parties in accordance with the applicable laws.

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Appendix 01: Increase/(decrease) in tangible fixed assets

Unit: VND

	Buildings and structures	Machinery and equipment	Vehicles	Office equipment	Total
Historical costs					
Beginning balance	677.853.624.328	1.563.669.884.123	48.598.813.213	11.395.766.453	2.301.518.088.117
Acquisition during the year	-	3.016.155.981	-	1.448.000.000	4.464.155.981
Completed construction	-	8.730.066.944	6.774.677.573	-	15.504.744.517
Purchase of financial leased assets	-	13.717.632.454	-	-	13.717.632.454
Liquidation, disposal	-	(47.835.909.548)	(50.750.000)	-	(47.886.659.548)
Ending balance	677.853.624.328	1.541.297.829.954	55.322.740.786	12.843.766.453	2.287.317.961.521
<i>In which:</i>					
Assets fully depreciated but still in use	61.432.353.928	421.887.442.213	10.028.955.736	3.776.420.883	497.125.172.760
Assets waiting for liquidation	-	-	-	-	-
Depreciation					
Beginning balance	241.993.998.440	978.677.119.384	29.247.412.660	6.555.658.512	1.256.474.188.996
Depreciation during the year	27.516.296.055	98.567.899.254	4.155.136.445	603.601.797	130.842.933.551
Purchase of financial leased assets	-	3.919.311.638	-	-	3.919.311.638
Liquidation, disposal	-	(46.446.675.058)	(50.750.000)	-	(46.497.425.058)
Ending balance	269.510.294.495	1.034.717.655.218	33.351.799.105	7.159.260.309	1.344.739.009.127
Carrying values					
Beginning balance	435.859.625.888	584.992.764.739	19.351.400.553	4.840.107.941	1.045.043.899.121
Ending balance	408.343.329.833	506.580.174.736	21.970.941.681	5.684.506.144	942.578.952.394
<i>In which:</i>					
Assets temporarily not in use	-	-	-	-	-
Assets waiting for liquidation	-	-	-	-	-

Tran Lan Anh
Preparer

Le Thi Tu Anh
Chief Accountant

Duong Khue
General Director

Tran Lan Anh
Preparer

Le Thi Tu Anh
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Duong Khue
General Director



Ho Chi Minh City, 29 March 2025



Ho Chi Minh City, 29 March 2025

PHONG PHU CORPORATION

Address: No. 48 Tang Nhon Phu Street, Quarter 18, Tang Nhon Phu B Ward, Thu Duc City, Ho Chi Minh City
CONSOLIDATED FINANCIAL STATEMENTS

For the fiscal year ended 31 December 2024

Appendix 02: Taxes and other obligations to the State Budget

	Beginning balance		Increases during the year		Ending balance	
	Payables	Receivables	Amount payable	Amount paid	Payables	Receivables
VAT on local sales	382.180.812	-	17.148.210.867	(15.129.827.539)	2.400.564.140	-
VAT on imports	-	-	3.733.099.933	(3.733.099.933)	-	-
Export-import duties	-	-	448.545.364	(448.545.364)	-	-
Corporate income tax	1.029.362.446	207.769.015	3.482.742.573	(3.874.434.936)	637.670.083	207.769.015
Personal income tax	4.713.948.795	-	27.652.025.401	(30.898.101.092)	1.467.873.104	-
Natural resource tax	12.833.450	-	256.092.210	(255.092.050)	13.833.610	-
Property tax, land rental	121.208.629.036	-	82.527.983.102	(203.135.311.534)	601.300.604	-
Withholding tax	-	-	90.877.326	(90.877.326)	-	-
License duty	-	-	20.500.000	(20.500.000)	-	-
Other fees, legal fees, and other duties	25.734.743.683	-	3.571.405.126	(29.306.148.809)	-	-
Total	153.081.698.222	207.769.015	138.931.481.902	(286.891.938.583)	5.121.241.541	207.769.015

Unit: VND

Ho Chi Minh City, 29 March 2025


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Appendix 03: Increase/(decrease) in loans and financial leases

	Beginning balance		Increases during the year		Transfer from long-term loans		Increase due to principal-added interest		Exchange difference		Amount repaid during the year		Ending balance	
	Beginning balance		Increases during the year		Transfer from long-term loans		Increase due to principal-added interest		Exchange difference		Amount repaid during the year		Ending balance	
Current portions of long-term loans payable to related parties	14.250.503.699	-	-	-	16.407.437.552	-	-	-	603.856.628	-	(14.822.960.557)	-	16.438.837.322	-
Short-term loans and financial leases payable to other organizations and individuals	388.333.294.688	1.030.647.552.792	6.896.028.470	1.953.641.444	9.186.963	(1.070.016.203.444)	357.823.500.913	-	-	-	-	-	-	-
Short-term loans from banks	305.420.464.768	1.029.614.052.792	-	-	9.186.963	(1.053.973.164.563)	281.070.539.960	-	-	-	-	-	-	-
Short-term loans from individuals	70.632.567.208	1.033.500.000	-	-	1.953.641.444	(2.146.747.699)	71.472.960.953	-	-	-	-	-	-	-
Current portions of long-term loans	1.920.000.000	-	-	-	-	(1.920.000.000)	-	-	-	-	-	-	-	-
Current portions of financial leases	10.360.262.712	-	6.896.028.470	-	-	(11.976.291.182)	5.280.000.000	-	-	-	-	-	-	-
Total	402.583.798.387	1.030.647.552.792	23.303.466.022	1.953.641.444	613.043.591	(1.084.839.164.001)	374.262.338.235	-	-	-	-	-	-	-

Unit: VND

	Beginning balance		Increases during the year		Transfer to current portions of long-term loans		Increase due to principal-added interest		Exchange difference		Amount repaid during the year		Ending balance	
	Beginning balance		Increases during the year		Transfer to current portions of long-term loans		Increase due to principal-added interest		Exchange difference		Amount repaid during the year		Ending balance	
Long-term loans from related parties	509.186.881.533	-	(16.407.437.552)	-	23.551.334.181	-	-	-	-	-	-	-	516.330.778.162	-
Long-term loans and financial leases payable to other organizations and individuals	51.877.333.602	37.018.858.714	(6.896.028.470)	-	-	-	(10.542.362.923)	71.457.800.923	-	-	-	-	-	-
Long-term loans from banks	-	6.325.404.134	-	-	-	-	-	6.325.404.134	-	-	-	-	-	-
Financial leases	51.877.333.602	30.693.454.580	(6.896.028.470)	-	-	-	(10.542.362.923)	65.132.396.789	-	-	-	-	-	-
Total	561.064.215.135	37.018.858.714	(23.303.466.022)	-	23.551.334.181	(10.542.362.923)	587.788.579.085	-	-	-	-	-	-	-

Ho Chi Minh City, 29 March 2025


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CONSOLIDATED FINANCIAL STATEMENTS

For the fiscal year ended 31 December 2024

Appendix 04: Statement of changes in owner's equity

	Unit: VND					
	Owner's capital	Share premiums	Investment and development fund	Retained earnings	Benefits of non-controlling shareholders	Total
Beginning balance of the previous year	746.708.910.000	32.368.276.001	440.807.767.529	539.772.159.353	24.115.880.832	1.783.772.993.715
Retroactive adjustments for land rental and fines for late payment of land rental	-	-	-	(44.776.178.674)	-	(44.776.178.674)
Beginning balance of the previous year	746.708.910.000	32.368.276.001	440.807.767.529	494.995.980.679	24.115.880.832	1.738.996.815.041
Increase due to business combination in the previous year	-	-	-	-	100.000.000	100.000.000
Profit in the previous year	-	-	-	311.362.639.035	5.380.495.747	316.743.134.782
Appropriation for funds in the previous year	-	-	30.216.167.734	(53.801.048.706)	2.099.709.279	(21.485.171.693)
Dividend distribution in the previous year	-	-	-	(298.683.564.000)	(1.280.000.000)	(299.963.564.000)
Compensation to the Board of Management, the Supervisory Board and the Executive Board	-	-	-	(1.024.913.537)	(85.753.129)	(1.110.666.666)
Taxes collected in arrears	-	-	-	(385.439.896)	-	(385.439.896)
Other adjustments	-	-	-	616.821.756	-	616.821.756
Ending balance of the previous year	746.708.910.000	32.368.276.001	471.023.935.263	453.080.475.331	30.330.332.729	1.733.511.929.324
Beginning balance of the current year	746.708.910.000	32.368.276.001	471.023.935.263	453.080.475.331	30.330.332.729	1.733.511.929.324
Increase due to business combination during the year	-	-	-	-	260.000.000	260.000.000
Profit in the current year	-	-	-	373.773.464.227	6.767.510.622	380.540.974.849
Appropriation for funds in the current year	-	-	41.372.355.446	(84.366.956.515)	1.960.417.986	(41.034.183.083)
Distribution of dividends, advance of dividends in the current year	-	-	-	(186.677.227.500)	(1.600.000.000)	(188.277.227.500)
Compensation to the Board of Management, the Supervisory Board and the Executive Board	-	-	-	(1.011.644.444)	(70.800.000)	(1.082.444.444)
Other adjustments	-	-	-	99.702.194	-	99.702.194
Ending balance of the current year	746.708.910.000	32.368.276.001	512.396.290.709	554.897.813.293	37.647.461.337	1.884.018.751.340

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CONSOLIDATED FINANCIAL STATEMENTS

For the fiscal year ended 31 December 2024

Appendix 05: Segment information according to the business segments

Unit: VND

Information on the Group's financial performance, fixed assets, other non-current assets and values of remarkable non-cash expenses according to the business segments is as follows:

	Manufacturing	Trading, servicing, others	Deductions	Total
Current year				
Net external revenue	1.818.795.174.098	413.882.256.584	-	2.232.677.430.682
Net inter-segment revenue	-	-	-	-
Total net revenue	1.818.795.174.098	413.882.256.584	-	2.232.677.430.682
Segment financial performance	331.546.130.969	97.603.327.112	-	429.149.458.081
Expenses not attributable to segments				(346.595.333.255)
Operating profit				82.554.124.826
Financial income				48.549.589.677
Financial expenses				(103.476.344.756)
Gain or loss in joint ventures, associates	341.513.811.828	10.493.129.467		352.006.941.295
Other income				8.896.409.854
Other expenses				(4.507.003.474)
Current income tax				(3.482.742.573)
Deferred income tax				-
Profit after tax				380.540.974.849
Total expenses on acquisition of fixed assets and other non-current assets	10.740.312.556	-	-	10.740.312.556
Total depreciation/(amortization) and allocation of long-term prepayments	49.987.252.764	24.284.007.858	-	74.271.260.622
Total remarkable non-cash expenses (except depreciation/(amortization) and allocation of long-term prepayments)	(773.310.189)	(31.250.000)	-	(804.560.189)

PHONG PHU CORPORATION

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CONSOLIDATED FINANCIAL STATEMENTS
For the fiscal year ended 31 December 2024
Appendix 05: Segment information according to the business segments (cont.)

	Manufacturing	Trading, servicing, others	Deductions	Total
Previous year				
Net external revenue	1.462.257.148.901	287.124.247.736	-	1.749.381.396.637
Net inter-segment revenue	-	-	-	-
Total net revenue	1.462.257.148.901	287.124.247.736	-	1.749.381.396.637
Segment financial performance	294.892.858.259	52.851.103.516	-	347.743.961.775
Expenses not attributable to segments				(298.884.422.121)
Operating profit				48.859.539.654
Financial income				43.283.518.454
Financial expenses				(87.735.875.529)
Gain or loss in joint ventures, associates	335.271.498.326	(15.003.383.748)		320.268.114.578
Other income				124.867.296
Other expenses				(5.065.667.225)
Current income tax				(2.991.362.446)
Deferred income tax				-
Profit after tax				316.743.134.782
Total expenses on acquisition of fixed assets and other non-current assets	111.529.411.172	6.150.147.545	-	117.679.558.717
Total depreciation/(amortization) and allocation of long-term prepayments	96.835.431.134	43.912.189.655	-	140.747.620.789
Total remarkable non-cash expenses (except depreciation/(amortization) and allocation of long-term prepayments)	4.158.590.671	500.000.000	-	4.658.590.671

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CONSOLIDATED FINANCIAL STATEMENTS
For the fiscal year ended 31 December 2024
Appendix 05: Segment information according to the business segments (cont.)

The Group's assets and liabilities according to the business segments are as follows:

	Manufacturing	Trading, servicing, others	Deductions	Total
Ending balance				
Direct assets of segment	1.272.685.899.604	843.240.847.843	-	2.115.926.747.447
Allocated assets	4.502.496.148	73.192.157	-	4.575.688.305
Unallocated assets				1.458.549.617.583
Total assets				3.579.052.053.335
Direct liabilities of segment	709.525.970.547	697.823.893.360	-	1.407.349.863.907
Allocated liabilities	3.486.165.985	793.306.616	-	4.279.472.601
Unallocated liabilities				283.403.965.487
Total liabilities				1.695.033.301.995
Beginning balance				
Direct assets of segment	1.229.025.131.828	878.614.527.670	-	2.107.639.659.498
Allocated assets	230.707.224	392.314.288	-	623.021.512
Unallocated assets				1.430.516.778.791
Total assets				3.538.779.459.801
Direct liabilities of segment	759.660.777.804	604.280.072.616	-	1.363.940.850.420
Allocated liabilities	766.156.304	221.346.493.881	-	222.112.650.185
Unallocated liabilities				219.214.029.872
Total liabilities				1.805.267.530.477


Tran Lan Anh
Preparer


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Ho Chi Minh City, 29 March 2025

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Ho Chi Minh City, 18 April, 2025

Legal representative
General Director



Duong Khue

