



ANNUAL REPORT 2024

HA BAC NITROGENOUS FERTILIZER AND CHEMICALS
JOINT STOCK COMPANY

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CHAPTER I

INTRODUCTION

Message from the Chairman of the BOD
Summary of financial information for the 2020 - 2024
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Vision and mission

Message

FROM THE CHAIRMAN OF THE BOD



Dear Valued shareholders, Valued partners, and all Company employees!

Dear Valued shareholders, Valued partners, and all Company employees!

The year 2024 has come to a close, marking a period filled with both significant challenges and determined efforts to overcome adversity by Ha Bac Fertilizer and Chemicals Joint Stock Company. Amid a global economy that has yet to fully recover, persistent high inflation, and tight monetary policies affecting production and investment costs, the domestic fertilizer industry continues to face many unfavorable developments. Fluctuations in input material prices, fierce competition from imported products, and unstable market demand have all had a considerable impact on the Company's production and business activities.

However, with resilience, determination, and unity, we have overcome those difficulties to achieve proud results. Revenue remained stable, and gross profit improved thanks to the optimization of production costs. Notably, a sharp decline in financial expenses helped the Company reduce debt pressure and enhance operational efficiency. Although total profit after tax decreased due to the absence of extraordinary income, this further underscores the importance of identifying new and sustainable growth drivers for the future.

Entering 2025, the Company will vigorously pursue its strategic goals: accelerating production optimization, increasing productivity and business efficiency, and expanding market reach. We will take the lead in adopting new technologies, enhancing management capabilities, and effectively utilizing available resources. In addition, sustainable development, closely tied to environmental and social responsibility, will serve as the guiding principle for all of the Company's activities.

On behalf of the Board of Directors, I would like to extend my heartfelt gratitude to our valued shareholders, partners, and all employees of the Company for your unwavering support and dedicated contributions. With a spirit of unity, innovation, and determination, I firmly believe that we will overcome all challenges, affirm our position, and move toward a future of sustainable development.

Sincerely!

Chairman of the Board of Directors

Nguyen Van Thieu

SUMMARY OF FINANCIAL INFORMATION FOR THE 2020 - 2024 PERIOD

Indicators	Unit	2020	2021	2022	2023	2024
Business Performance						
Net Revenue	Billion VND	2.790,09	4.498,58	6.441,03	4.413,48	4.439,48
Gross Profit	Billion VND	(294,79)	1.189,49	2.834,61	(15,27)	277,66
Profit Before Tax	Billion VND	(1.460,23)	0,63	1.779,15	858,28	6,85
Profit After Tax	Billion VND	(1.460,50)	0,63	1.779,15	858,28	6,85
Balance Sheet						
Total Assets	Billion VND	8.620,53	8.029,26	7.581,44	6.745,87	6.247,66
Owner's Equity	Billion VND	(1.977,40)	(1.977,53)	(252,18)	611,61	618,45
Liabilities	Billion VND	10.597,93	10.006,79	7.833,63	6.134,26	5.629,21
Key Financial Indicators						
Return on Average Assets (ROAA)	%	-16,26	0,01	22,79	11,98	0,11
Return on Average Equity (ROAE)	%	117,18	-0,03	-159,59	477,59	1,11

VISION AND MISSION

Vision



To become a leading enterprise in the production and business of fertilizers and industrial chemicals in Vietnam, pioneering green technology, aiming for sustainable development, and integrating into the global market.

Mission



- **Providing high-quality products:** Meeting the demands of agricultural and industrial production with superior-quality, safe, and efficient fertilizers and chemicals.
- **Sustainable development:** Actively adopting modern technologies to minimize environmental impact, striving for green and eco-friendly production.
- **Supporting Vietnamese agriculture:** Contributing to increased productivity and crop quality, helping farmers optimize production and improve income.
- **Building a professional workforce:** Investing in people, fostering a dynamic, innovative, and collaborative working environment.
- **Enhancing value for shareholders and partners:** Maintaining business efficiency, strengthening brand value, and ensuring long-term benefits for all stakeholders.



CHAPTER II

COMPANY INTRODUCTION

General information about the company
Business lines and locations of the business
Governance model, business organization and managerial apparatus
Development orientations
Risks

GENERAL INFORMATION ABOUT THE COMPANY

General information

Trading Name	Ha Bac Nitrogenous Fertilizer & Chemicals Joint Stock Company
International Trading Name	HANICHEMCO
Business Registration Certificate No.	No. 2400120344, initially issued by the Department of Planning and Investment of Bac Giang Province on December 21, 2006, and amended for the 14th time on November 6, 2024.
Charter capital	2.722.000.000.000 VND (Two trillion, seven hundred twenty-two billion VND).
Owner's equity	2.722.000.000.000 VND (Two trillion, seven hundred twenty-two billion VND).
Securities code	DHB
Headquarters address	Tran Nguyen Han Street, Tho Xuong Ward, Bac Giang City, Bac Giang Province.
Telephone	02043854538
Fax	02043855018
Website	http://www.damhabac.com.vn

Logo



Establishment and development process

Year 1959

The Government of Vietnam signed an agreement with the Government of China on assistance in building the Ha Bac Nitrogenous Fertilizer Factory

Year 1965

- After five years of construction, the Factory was completed with a total of 130 structures.
- On February 3, 1965, the Thermal Power Workshop was inaugurated. On May 19, 1965, the Gasification Workshop successfully produced coal gas as a raw material for ammonia production.
- On June 1, 1965, the Mechanical Workshop began operations

Year 1973

The factory was restored, rebuilt, and expanded

Year 1975

The Government merged the Ha Bac Power Factory, Ha Bac Chemical Mechanical Factory, and Chemical workshops to form the Ha Bac Nitrogenous Fertilizer Factory, producing the first fertilizer bags under the "Golden Rice" brand

Year 1976-1983

The factory faced many difficulties, and in 1981, the annual urea production reached only 9,000 tons, accounting for 9% of its designed capacity. On January 17, 1983, the Chairman of the Council of Ministers issued Directive 19-CP to sustain and boost production at the factory

Year 1993

On February 13, 1993, the company was renamed Ha Bac Nitrogenous Fertilizer & Chemicals Company

Year 2016

On January 1, 2016, the company was transformed into Ha Bac Nitrogenous Fertilizer & Chemicals Joint Stock Company

Year 1960

Vietnam's first Nitrogenous Fertilizer Factory commenced construction in Bac Giang province

Year 1965-1973

However, due to the U.S. Bombing Campaign, the Government decided to temporarily suspend the factory's operation. The Thermal Power workshop was converted into the Ha Bac Thermal Power factory to continue production for economic and defense purposes. The Mechanical Workshop was relocated to Lang Giang and repurposed as Ha Bac Chemical Mechanical Factory, while the Chemical Equipment Section was dismantled and returned to China. During the bombing campaign, U.S. aircraft attacked the Power Factory 52 times, dropping thousands of tons of bombs. The factory's self-defense forces engaged in 63 battles, successfully shooting down one U.S. aircraft and damaging several others

Year 1977

Deputy Prime Minister Do Muoi presided over the inauguration of the Ha Bac Nitrogenous Fertilizer Factory, marking a significant milestone in Vietnam's fertilizer industry

Year 1988

On October 10, 1988, the factory was renamed Ha Bac Nitrogenous Fertilizer and Chemicals Union of Enterprise

Year 2006

On October 20, 2006, the company was converted into Ha Bac Nitrogenous Fertilizer & Chemicals One-Member Limited Liability Company

During its development, the Company has received attention from the highest Leaders of the Party and the State. The General Secretaries of the Central Committee of the Communist Party, Nguyen Van Linh, Do Muoi, Nong Duc Manh, and State Presidents Le Duc Anh, Tran Duc Luong, have visited and worked at the Company.

Prestigious titles

Year 2010	The Company was awarded the Third-Class Independence Order by the State President
Year 2011	The Company was awarded the Emulation Flag by the Prime Minister
Year 2012	The Company was awarded the Emulation Flag by the Prime Minister



BUSINESS LINES AND LOCATIONS OF THE BUSINESS

Major lines of business

Business and production of urea nitrogenous fertilizer, liquid NH₃, and industrial gas products.

Location of business

- **For urea products:** Distributed nationwide and exported. The company has been implementing the distribution of urea fertilizer to farmers across almost all provinces and cities through its network of distributors. The Company's main export markets are Asian countries such as: South Korea, Japan, the Philippines, Taiwan, Malaysia, India, ...
- **For liquid NH₃ products:** The company sells directly to manufacturing units, including DAP and MAP fertilizer production, explosives production, monosodium glutamate (MSG) production, ..., and also sells through its distributors across the country.



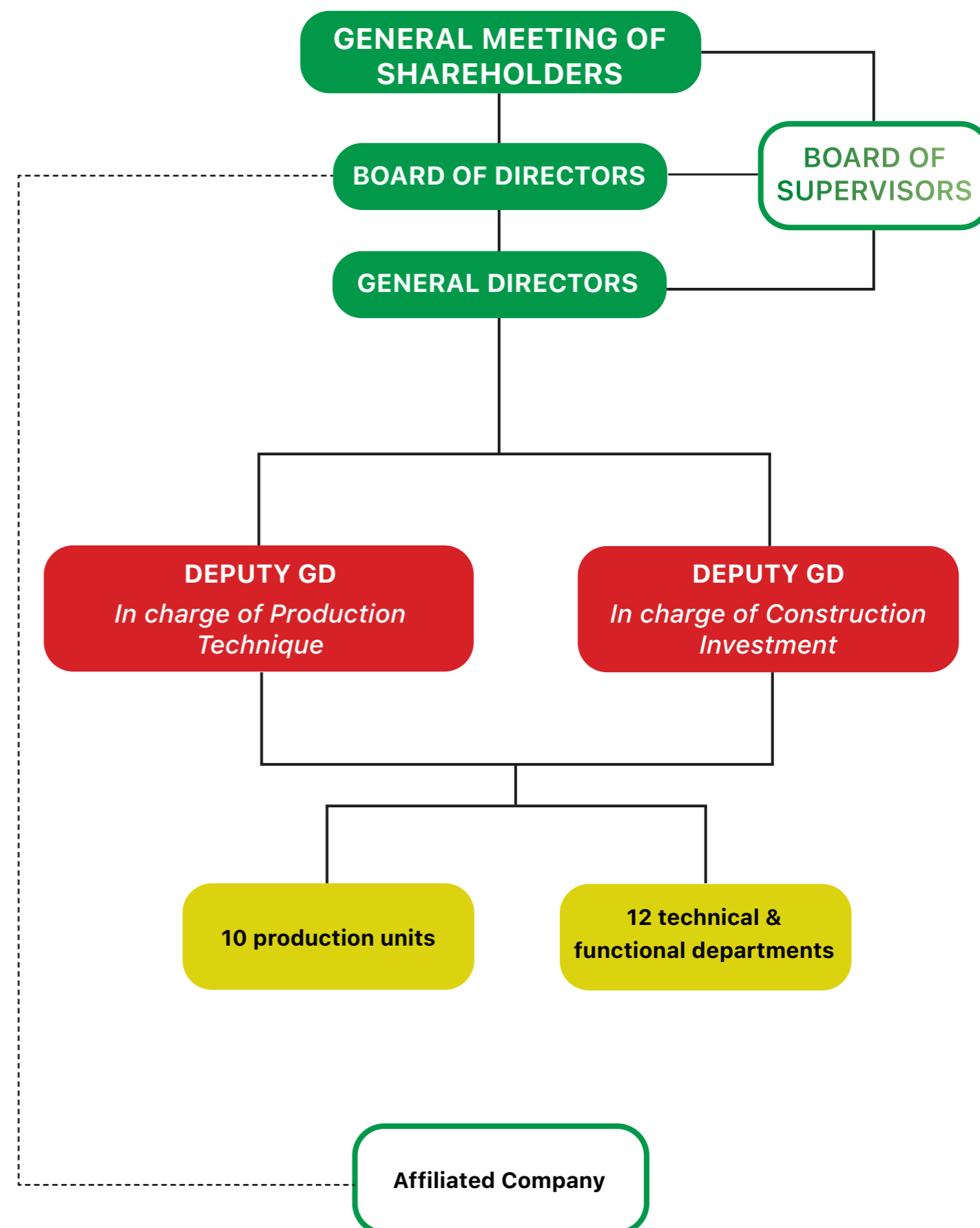
GOVERNANCE MODEL, BUSINESS ORGANIZATION AND MANAGERIAL APPARATUS

Governance model

Currently, DHB is applying a governance model in accordance with Point a, Clause 1, Article 137 of the Law on Enterprise No. 59/2020/QH14, issued on June 17, 2020, by the National Assembly of the Socialist Republic of Vietnam. This model includes the General Meeting of Shareholders, the Board of Directors, the Board of Supervisors, and the General Director.

Business organization chart and managerial apparatus

- **General Meeting of Shareholders:** The highest authority, with the right to make decisions on matters within its duties and powers as prescribed by Law and the Company's charter.
- **Board of Directors:** The Company's Board of Directors consists of 05 members, including 02 non-executive members and 03 executive members. The Board of Directors manages the Company and ensures its operations comply with the Law on Enterprises, the Company's Charter, and other legal regulations.
- **Board of Supervisors:** The Company's Board of Supervisors consists of 03 members, including 01 dedicated head and 02 concurrent members. The Board of Supervisors oversees the Board of Directors and the General Director in managing and operating the Company. It functions in accordance with the Law on Enterprises, the Company's Charter, and other legal regulations.
- **Board of Management:** The structure of the Board of Management currently includes 01 General Director and 02 Deputy General Directors.
 - » General Director is the legal representative of the Company and is responsible for managing the Company's daily business operations. The General Director is subject to the supervision of the Board of Directors and the Board of Supervisors and performs the rights and obligations assigned under the resolutions of the Board of Directors, the Law on Enterprises, the Company's Charter, and other legal regulations.
 - » 02 Deputy General Directors assist the General Director in managing various operational areas of the Company as assigned and authorized by the General Director. They are accountable to the General Director and Law for their assigned and delegated duties.
- **Technical and functional departments:** Assist the General Director and Deputy General Directors in management, including: Company Office, Human Resources department, Planning and Investment department, Market department, Materials and Transportation department, Accounting Statistics Finance department, Security Military department, Production Technology department, Mechanical Construction department, Electrical Measurement department, KCS department, Medical department.
- **Production workshops:** Operate according to their assigned functions, tasks, and authority to support the Company's production and business activities, including: Thermal workshop, Gasification workshop, Ammonia workshop, Urea workshop, Finished Products workshop, Coal workshop, Power workshop, Automation Measurement workshop, Chemical Equipment Repair Installation workshop, Water workshop.



(*) Operating model as of December 31, 2024

Subsidiaries, associated companies

Subsidiaries

Ha Bac Nitrogenous Fertilizer and Chemicals Joint Stock Company has no subsidiaries.

Associated companies

No.	Affiliated Company	Address	Major lines of business	Charter Capital	DHB's contributed capital	DHB's Ownership Percentage
1	Ha Bac Liquefied Gas Joint Stock Company	Pham Lieu Street, Tho Xuong Ward, Bac Giang City, Bac Giang Province	Major lines of business are liquid and solid Carbon Dioxide	24.025.190.000 VND	8.649.060.000 VND	36%

DEVELOPMENT ORIENTATIONS

• Main objectives of the Company

- » Continue to promote the achievements obtained to fully leverage and maximize the brand value of HANICHEMCO, maintaining stable production, achieving economic efficiency goals, and creating high-quality, sustainable, and environmentally friendly products.
- » Develop HANICHEMCO into a strong and large-scale enterprise with advanced technological capability and modern management practices, closely integrating production and business with science, technology, and research and development; continuously improving corporate governance and competitive capabilities.
- » Build a leadership team that is resilient and professional, while developing competent management, business personnel, and expert teams.

• Development strategies in medium and long term

- » Medium-term development strategy: Focus on market segments for Urea fertilizer used in crop cultivation, adequately meeting domestic market demands and promoting exports.
- » Long-term development strategy: Invest in research and development to enhance product quality and produce environmentally friendly fertilizers, aiming to become a leading enterprise in fertilizer supply and enhancing efficiency in the agricultural production sector.

• Sustainable development objectives

The Company sets its sustainable development goals based on three main pillars:

- » Accompanying and growing alongside agriculture and farmers.
- » Ensuring environmental safety, hygiene, and fire prevention in production.
- » Securing employment and improving the livelihoods of the Company's employees.



01

ECONOMIC RISKS

The Company's production and business activities are directly affected by both domestic and global economic conditions. Factors such as slower economic growth, high inflation, exchange rate fluctuations, and tightened monetary policies can reduce the demand for fertilizers and chemicals, impacting the Company's revenue and profit. Ad-

ditionally, global economic fluctuations may lead to changes in the cost of imported raw materials, increasing production costs and affecting the Company's competitiveness.

During the 2024 - 2025 period, existing risks arising from global economic fluctuations include tightened trade policies, increased protectionism in major export markets, supply chain disruptions caused by trade tensions and geopolitical conflicts, rising input costs, intensified competitive pressure, and risks from energy security instability, Moreover, exchange rate fluctuations impact the cost of imported raw materials and the valuation of exported goods.

02

CASH FLOW RISKS

The fertilizer and chemical manufacturing industry has a relatively long capital recovery cycle, while the Company requires significant investments in machinery, equipment, and raw material reserves. If inventory turnover slows down, customer debt collection is delayed, or the market experiences difficulties, the Company may face cash flow shortages, affecting production

activities.

Additionally, bank loans used for production expansion investments increase the burden of repaying both principal and interest, especially in cases of declining revenue. Currently, the Company is experiencing cash flow pressure due to debt repayment obligations under the restructuring plan with the North Northeast Region Development Bank. Furthermore, implementing new investment plans requires long-term financial resources, necessitating efficient and well-planned capital mobilization and utilization.

03

LEGAL RISKS

The fertilizer and chemical production and business sectors are subject to strict regulatory oversight by state authorities. Changes in tax policies, environmental regulations, quality standards, business licensing requirements, and emission control measures may increase compliance costs and impact

04

RAW MATERIAL RISKS

Key raw materials for fertilizer production, including natural gas, coal dust, and auxiliary chemicals, account for a significant portion of production costs. Among them, coal is a critical input material for fertilizer and chemical production. Any shortage in supply or sharp fluctuations in raw material prices will directly impact the Company's production efficiency.

Currently, domestic coal supply is unstable, requiring the Company to import at high costs, which poses challenges in controlling product costs. The Company's reliance on coal supply from the Vietnam National Coal And Mineral Industries Holding Corporation Limited (VINACOMIN) and foreign suppliers also creates risks related to pricing and supply security, particularly during geopolitical instability or changes in coal import-export policies.

05

COMPETITION AND MARKET RISKS

The Vietnamese fertilizer industry is facing increasingly fierce competition due to the entry of new enterprises with more advanced technology, pressure from imported products as free trade agreements allow fertilizers from China, Russia, and Indonesia to flood into Vietnam at competitive prices, and shifts in consumer demand as farmers transition to organic and microbial fertilizers, reducing the use of traditional nitrogenous fertilizers. The Company faces intensifying and direct competition, particularly from imported fertilizers and domestic fertilizer manufacturers, leading to business risks related to its market share if sales policies are not timely adjusted to align with market conditions.

06

OTHER FORCE MAJEURE RISKS

Some force majeure risks beyond the Company's control, such as natural disasters, fires, etc., may cause damage to production and business activities and affect the Company's operational efficiency. These force majeure risks, if they occur, can result in significant losses in assets, human resources, and overall business operations. The Company can only mitigate these risks by purchasing insurance for its assets and enhancing forecasting and risk assessment efforts to minimize potential consequences.



CHAPTER III

OPERATIONS IN THE YEAR

Situation of production and business operations

Organization and human resource

Investment activities, project implementation

Financial situation

Shareholder structure, changes in owner's equity

Environment-Social-Governance (ESG) Report of the Company

SITUATION OF PRODUCTION AND BUSINESS OPERATIONS



Advantages

- The decision by the Vietnam Development Bank (VDB) to write off 243 billion VND in interest on late payment interest incurred in 2024 has significantly reduced the Company's financial burden. This has improved cash flow, eased payment pressures, and created favorable conditions for the Company to reinvest in production and enhance business efficiency.
- In December 2023, the Prime Minister approved the Company's restructuring plan, opening up opportunities to improve operational efficiency, optimize resources, and enhance financial stability. The initial results of the restructuring process have enabled the Company to remain profitable in 2024, laying the foundation for more stable growth in the coming years.
- The National Assembly's approval of a 2% reduction in VAT for 2024 has helped businesses lower costs, thereby increasing the Company's competitiveness in the market. This is a favorable factor, especially in the context of significant fluctuations in raw material prices.
- Despite many challenges, agriculture remains a key pillar of Vietnam's economy, ensuring stable demand for fertilizers and chemicals. The Company benefits from its long-established brand reputation, extensive distribution network, and the ability to leverage this demand to maintain sales volume.



Challenges

- In 2024, the Company faced storms, lightning strikes, and technical incidents, leading to prolonged shut-downs for equipment repairs. This not only reduced production capacity but also resulted in increased maintenance and repair costs, affecting production schedules and product supply to the market.
- The sales process also encountered difficulties due to intense competition in the fertilizer market between domestic and imported products. The selling prices of Urea and NH3 declined compared to the beginning of the year and remained at low levels.
- Unusual weather patterns, including storms, floods, and particularly the impact of Storm No. 3 and its aftermath, disrupted the supply of materials and goods and caused instability in the power grid.
- The Vietnam National Coal And Mineral Industries Holding Corporation Limited (VINACOMIN) changed the coal supply from coal dust grade 5a.1 to coal dust grade 5a.10 at a higher price, increasing the Company's production costs. Since coal accounts for a significant proportion of the production cost of nitrogenous fertilizer, this change reduced the Company's price competitiveness in the market.

Results of business operations against the plan

During the year, the Company basically achieved the targets set by the General Meeting of Shareholders, as detailed below:

No.	Indicator	Unit	2024 Plan Assigned by GMS	2024 Actual Performance		
				Actual	% of Plan Achieved	% Compared to 2023 Actual
I	Budget Contribution	Billion VND	74,9	69,5	92,8	117,9
II	Industrial Production Value (Market Price)	Billion VND	4.667,1	4.163,3	89,2	98,8
III	Total Revenue	Billion VND	4.720,4	4.466,4	94,6	100,9
IV	Production & Business Efficiency	Billion VND	168,3	6,8	4,1	0,8
V Production Output						
*	Total output converted to Urea (Based on liquid NH3 production)	Tons	440.160	434.268	98,7	96,0
1	Urea	Tons	367.440	397.658	108,2	101,7
2	NH3 commercial products	Tons	40.000	19.486	48,7	55,8
3	Electricity Production	Mw.h	140.250	134.041	95,6	89,2
VI Sales Volume						
*	Total output converted to Urea (Based on liquid NH3 production)	Tons	439.444	440.882	100,3	93,6
1	Urea	Tons	370.000	407.052	110,0	99,1
2	NH3 commercial products	Tons	40.000	19.486	48,7	55,9

The Company's Production and Business Performance in 2024 recorded a profit of 6,8 billion VND, which is 161 billion VND lower than the plan approved by the GMS and 851 billion VND lower than the actual performance in 2023.

The Company's efforts in production and business activities to achieve profitability in 2024:

- Effective technical management and stable technology operations ensured that key loss norms remained at or below planned levels, resulting in savings of 60 billion VND compared to the 2024 plan.
- Most materials/services were procured through direct bidding, online bidding, or competitive quotations, contributing to a reduction of 16,8 billion VND in production and business costs.
- Given that Urea selling prices were more favorable than NH3 prices, the Company intensified Urea sales, effectively meeting domestic market demand and expanding exports to Asian countries, including South Korea, Japan, the Philippines, Taiwan, Malaysia, Australia, India, ... As a result, the total Urea-equivalent sales volume met and exceeded the annual target (in which Urea exports reached 117.250 tons, with a value of 46,4 million USD, the highest of all times).

ORGANIZATION AND HUMAN RESOURCE

Board of Directors



No.	Name	Position	Number of shares held at the end of period
1	Mr. Nguyen Van Thieu	Chairman of the BOD	0
2	Mr. Nguyen Van Dung	Member of the BOD, General Director	4.600
3	Mr. Pham Van Trung	Member of the BOD, Deputy General Director	4.300
4	Mr. Nguyen Dinh Hong	Member of the BOD, Deputy General Director	1.900
5	Ms. Nguyen Tuyen Anh	Independent Member of the BOD	0



MR. NGUYEN VAN THIEU

CHAIRMAN OF THE BOD

Year of birth: 1965
 Professional qualification: Bachelor of Economics
 Number of shares representing HCVN Group: 102.511.000 shares



MR. NGUYEN VAN DUNG

MEMBER OF THE BOD

Year of birth: 1968
 Professional qualification: Chemical Engineer, MBA
 Number of shares representing HCVN Group: 54.440.000 shares



MR. PHAM VAN TRUNG

MEMBER OF THE BOD

Year of birth: 1967
 Professional qualification: Economic Engineer, MBA
 Number of shares representing HCVN Group: 54.440.000 shares



MR. NGUYEN DINH HONG

MEMBER OF THE BOD

Year of birth: 1978
 Professional qualification: Chemical Engineer, MBA
 Number of shares representing HCVN Group: 54.440.000 shares



MS. NGUYEN TUYEN ANH

INDEPENDENT MEMBER OF THE BOD

Year of birth: 1968
 Professional qualification: Bachelor's degree in Economics

Board of Management



No.	Name	Position	Number of shares held at the end of period
1	Mr. Nguyen Van Dung	General Director	4.600
2	Mr. Pham Van Trung	Deputy General Director	4.300
3	Mr. Nguyen Dinh Hong	Deputy General Director	1.900
4	Mr. Le Anh Tuan	Chief Accountant	0



MR. NGUYEN VAN DUNG
GENERAL DIRECTOR

(Appointed as GD of the Company as of 01/11/2024)

Year of birth: 1968

Professional qualification: Chemical Engineer, MBA

Number of shares representing HCVN Group: 54.440.000 shares



MR. PHAM VAN TRUNG
DEPUTY GENERAL DIRECTOR

Year of birth: 1967

Professional qualification: Economic Engineer, MBA

Number of shares representing HCVN Group: 54.440.000 shares



MR. NGUYEN DINH HONG
DEPUTY GENERAL DIRECTOR

Year of birth: 1978

Professional qualification: Chemical Engineer; MBA

Number of shares representing HCVN Group: 54.440.000 shares



MR. LE ANH TUAN
CHIEF ACCOUNTANT

Year of birth: 1981

Professional qualification: Master's degree in Business and Management

Changes in the Board of Management

On November 1, 2024, the Company held a ceremony to announce the decision to appoint Mr. Nguyen Van Dung as General Director. Prior to this appointment, Mr. Dung served as Deputy Secretary of the Party Committee, Member of the Board of Directors, and Deputy General Director of the Company.



Board of Supervisors

No.	Name	Position	Number of shares held at the end of period
1	Mr. Ha Xuan Han	Head of the Board of Supervisors	4.900
2	Mr. Le Anh Tuan	Member of the Board of Supervisors	3.000
3	Ms. Dang Thi Minh Ly	Member of the Board of Supervisors	0



MR. HA XUAN HAN

HEAD OF THE BOARD OF SUPERVISORS

Year of birth: 1964

Professional qualification: Bachelor's degree in Economics



MR. LE ANH TUAN

MEMBER OF THE BOARD OF SUPERVISORS

Year of birth: 1974

Professional qualification: Chemical Engineer, MBA



MS. DANG THI MINH LY

MEMBER OF THE BOARD OF SUPERVISORS

Year of birth: 1994

Professional qualification: Bachelor's degree in Law

Hanichemco - A friend of farmers



Human resource structure

As of December 31, 2024, the total number of employees in the Company was 1.263. Details are as follows:

No.	Criteria	Year 2023		Year 2024	
		Quantity (people)	Percentage (%)	Quantity (people)	Percentage (%)
I By Labor Level					
1	University and Postgraduate Degree	461	37,06	465	36,82
2	College and professional intermediate level	703	56,51	718	56,85
3	Elementary and Skilled Worker	72	5,79	72	5,70
4	Unskilled labor	8	0,64	8	0,63
II By gender					
1	Male	878	70,58	900	71,20
2	Female	366	29,42	363	28,80
Total		1.244	100%	1.263	100%

Brief information on the employee's policies

Ha Bac Nitrogenous Fertilizer & Chemicals Joint Stock Company always pays attention to the rights and welfare of employees, creating a safe, stable, and growth-oriented working environment.

Employees of the Company are trained at Universities, Colleges, Vocational schools, and technical worker programs suitable for the Company's production and business tasks. To date, employees of the Company have mastered technology and assigned tasks; labor norms have



been reviewed and optimized to minimum levels; mergers and consolidations have streamlined the organizational structure, enhancing management effectiveness and efficiency in line with the actual situation of the Company.

The Company has regulations and rules ensuring employee entitlements comply with legal provisions; in 2024, the Company provided sufficient employment and guaranteed salaries for 100% of its officers and employees.

INVESTMENT ACTIVITIES, PROJECT IMPLEMENTATION

Project implementation

- The total investment and construction expenditure in 2024 amounted to 9,959 billion VND, including: 9,171 billion VND for equipment costs and 0,788 billion VND for other expenses.
- Completed projects (06 projects): 3-ton KOMASU forklifts (02 units); 29-seat passenger vehicle; 11-seat electric Bus; 3-bowl Vibrating grinder; 7-seat passenger vehicle; automated and continuous environmental monitoring system at the outlet of the A/O wastewater treatment station.
- Ongoing investment project (01 project): Sulfur analyzer for coal (purchase contract signed).
- Investment preparation stage (03 projects): Investment in a 130-ton/h boiler for the Thermal workshop; Investment in a Bag handling system (02 Bag-stacking robots); wheel loader (bucket capacity ~0.167 m³).
- The limestone grinding system project has been shifted towards upgrading and improving the existing system and has been classified as a scientific and technical research project instead.

Operations of the subsidiaries, associated companies

Subsidiaries: None

Associated companies

Habac Liquefied Gas Joint Stock Company

No.	Indicator	Actual 2023	Actual 2024	Actual 2024/ Actual 2023 (%)
1	Total assets	47.945	40.635	84,8%
2	Net revenue	47.461	39.593	83,4%
3	Cost of goods sold	25.297	25.520	100,9%
4	Financial income	1.612	474	29,4%
5	Selling, administrative, and financial expenses	3.756	3.423	91,1%
6	Profit from business activities	20.050	11.137	55,5%
7	Other profit	0	0	n/a
8	Profit before tax	20.020	11.125	55,6%
9	Profit after tax	15.998	8.879	55,5%

FINANCIAL SITUATION

Summary of Financial Situation

Indicator	Unit	Year 2023	Year 2024	Growth rate (%)
Total assets (as of December 31)	Billion VND	6.745,9	6.247,7	-7,4%
Net revenue	Billion VND	4.413,5	4.439,5	0,6%
Profit from business activities	Billion VND	(944,8)	(190,55)	-79,8%
Other profit	Billion VND	1.803,1	197,40	-89,1%
Profit before tax	Billion VND	858,3	6,85	-99,2%
Profit after tax	Billion VND	858,3	6,85	-99,2%
Payout ratio	%	0	0	

Major financial indicators

Financial Indicator	Unit	Year 2023	Year 2024
Liquidity Ratio			
Current ratio	Time	1,11	1,09
Quick ratio	Time	0,55	0,63
Cash ratio	Time	0,30	0,32
Leverage Ratio			
Debt/Total assets ratio	%	90,93	90,10
Debt/Owner's Equity ratio	%	1.002,97	910,21
Debt and financial lease liabilities/Total assets	%	42,83	44,58
Operational Efficiency Ratio			
Average inventory turnover ratio	Time	6,09	7,27
Average days inventory outstanding	Day	59,91	50,23
Average receivables turnover ratio	Time	18,18	22,50
Average collection period	Day	20,07	16,22
Average payables turnover ratio	Time	10,95	10,40
Average payment period	Day	33,32	35,11

Cash conversion cycle	Day	46,66	31,34
Net Revenue/Average total assets	Time	0,62	0,68
Profitability Ratio			
Gross profit margin	%	(0,35)	6,25
Operating profit margin	%	(21,41)	(4,29)
Profit after tax margin	%	19,45	0,15
ROAA	%	11,98	0,11
ROAE (*)	%	477,59	1,11

Note: The ROEA ratio in 2023 surged abnormally due to the equity indicator shifting from negative at the beginning of 2023 to positive by the end of 2023.

SHAREHOLDER STRUCTURE, CHANGES IN OWNER'S EQUITY

Share information

Share name	Share of Ha Bac Nitrogenous Fertilizer & Chemicals Joint Stock Company	
Share type	Common share	
Securities code	DHB	
Par value per share	10.000 VND/ share	
Listing date	On July 26, 2017, the shares of Ha Bac Nitrogenous Fertilizer and Chemicals Joint Stock Company were officially listed on the Hanoi Stock Exchange (HNX) under the securities code DHB.	
Number of common shares	272.200.000	shares
Number of preferred shares	0	shares
Number of floating shares	272.200.00	shares
Total treasury shares	0	shares
Number of freely transferable shares	270.896.200	shares
Number of restricted transferable shares	1.303.800	shares
Treasury share transactions in 2024	None	

Source: According to DHB's shareholder list as of March 24, 2025

Other securities

In 2024, the Company did not issue other securities.

Shareholder structure

No.	Number of share	Ownership percentages (%)	Number of shareholder	Shareholder structure (person)	
				Institution	Individual
Total number of shares	272.200.000	100%	1280	19	1261
State shareholders (*)	265.831.000	97,66%	1	1	0
Major shareholders (holding 5% or more of shares) (*)	265.831.000	97,66%	1	1	0
- Domestic	265.831.000	97,66%	1	1	0
- Foreign	0	0%	0	0	0
Minority Shareholder	6.369.000	2,34%	1279	18	1261
- Domestic	6.369.000	2,34%	1279	18	1261
- Foreign	0	0%	0	0	0
Company trade union	160.000	0,06%	1	1	0
Treasury shares	0	0%	0	0	0

(*) The company has 1 state shareholder who is also a major shareholder

Source: According to DHB's shareholder list as of March 24, 2025

List of major shareholders

In 2024, there were no change in the ownership ratio of major shareholders in the Company. Specifically as follows:

No.	Name	Business Registration Certificate/ Trading Code of Investor	Address (Individual Shareholder) / Headquarters (Institutional Shareholder)	Number of Shares	Ownership /Charter Capital Ratio (%)
1	Vietnam National Chemical Group	2180/QĐ-TTg	1A Trang Tien, Hoan Kiem, Hanoi	265.831.000	97,7%

Source: According to DHB's shareholder list as of March 24, 2025

Changes in owner's equity

In 2024, Ha Bac Nitrogenous Fertilizer & Chemicals Joint Stock Company had no changes in owner's equity.

ENVIRONMENT-SOCIAL-GOVERNANCE (ESG) REPORT OF THE COMPANY

Environmental impact

- Total direct and indirect greenhouse gas (GHG) emissions: Not recorded.
- Initiatives and measures to reduce greenhouse gas (GHG) emissions: None.

Management of raw materials

The total amount of raw materials used for the manufacture and packaging of the products as well as services of the organization during the year:

No.	Category of Material	Unit	Quantity Used in 2024	Note
1	Coal dust 4B	tons	0	
2	Coal dust 5A	tons	397.768,723	
3	Coal dust 4A	tons	384.847,781	
4	Cashew nutshell oil for boiler firing	kg	65.805	
5	Circulating water	m3	369.735.783	
6	50 kg Urea packaging (Ha Bac Urea)	set	4.939.146	
7	25 kg Urea packaging	set	905.240	

The percentage of materials recycled to produce products and services of the organization

No.	Category of Materials	Unit	Quantity Used in 2024	Ratio (%)
1	Boiler ash	tons	0	0%
2	Shell furnace acid residue	tons	5.773.207	1,45%
3	Recovered oil	liter	0	



Energy consumption

Energy consumption - directly and indirectly:

- Total electricity consumption in 2024: 276.668.471 kWh.

Energy savings through initiatives of efficiently using energy:

- Total savings achieved through consumption norms in 2024: 60,2 billion VND, including 11,27 billion VND from coal savings and 5,6 billion VND from electricity savings.

The report on energy saving initiatives:

- Every year, the Company implements energy-saving solutions such as optimizing motor operation modes to reduce power consumption and conducting scientific and technical research to lower consumption norms, reduce production costs, and enhance production and business efficiency. In 2024, the Company continued implementing the following two solutions:
 - » Solution 1: A comprehensive solution for configuring protective settings to isolate the grid and maintain stable operation of the main production line in the event of a national power grid failure.
 - » Solution 2: Continuing the research project of mixing Shell furnace acid residue with coal dust 5A supplied to the Thermal workshop, aiming to reduce coal dust 5A consumption norms, reuse the entire amount of ash from old boilers, and recycle Shell furnace acid residue that would otherwise be discharged into the environment.

Water consumption

Water supply and amount of water used:

- » The Company's water consumption mainly consists of circulating water (continuously recirculated during production), with evaporated water replenished from external sources.
- » The primary water supply comes from Thuong River, with a total consumption in 2024: 9.551.557 m3.

Percentage and total volume of water recycled and reused: 97,4%.

Compliance with the law on environmental protection

- **Number of times the company is fined for failing to comply with laws and regulations on environment:** None.
- **The total amount to be fined for failing to comply with laws and regulations on the environment:** None.

Policies related to employees

Number of employees, average wages of workers

- As of December 31, 2024, the Company had 1.263 employees. The average salary for employees in 2024 was 12,794 million VND per person per month, of which the average salary under the Labor contract was 8,404 million VND per person per month.

Labor policies to ensure health, safety and welfare of workers

- 100% of employees are fully employed and covered by social insurance, health insurance, unemployment insurance, ... as per regulations; employees receive one mid-shift meal, hazardous work allowances in kind during production shifts, monthly fuel allowances, and personal protective equipment according to their job positions, ...
- The Company has a medical department with 08 staff members, on duty 24/24h.
- Annual health check-ups are conducted for Officers and Employees 01 time/year, while direct production workers receive health check-ups 02 times/ year.
- In 2024, the Company provided emergency hardship assistance totaling 129.400.000 VND to 526 employees; provided assistance totaling 39.200.000 VND to 64 employees to support Officers and Employees facing illness, accidents, retirement, or family difficulties to support and encourage Officers and Employees in overcoming difficulties.

Employee training

- **The average number of training hours per year, according to the staff and classified staff:**

	Total average training hours per year (hours)	Per total employees (hours/person)	By employee classification	
			Indirect employees (hours/person)	Direct employees (hours/person)
Average training hours per year	373.709	230	09	280

The skills development and continuous learning program to support workers employment and career development

The Company operates a modern fertilizer production line, making regular employee training essential for stable and long-term operations. To meet this requirement, the Company annually develops training plans to enhance employees' professional skills and expertise, specifically, the following programs:

- Assigning senior workers to mentor junior workers to improve their technical skills, ensuring they meet qualification standards for annual salary-grade evaluations according to the Company's training regulations; employees are also trained to operate multiple positions within the production line to expand their expertise, increase job flexibility, and maintain stable employment.
- Sending employees to authorized training centers or inviting lecturers from reputable institutes and universities to provide professional training and knowledge enhancement for employees to qualify for salary increases;
- The Company regularly organizes training courses and professional development programs for employees to improve workforce quality, ensure employment, and support career growth with the following programs:
 - » Collaboration with the Technology Education Company to conduct the course "Updates on Bidding Law No. 22/2023/QH15 and its guiding documents."
 - » Collaboration with 1 Industrial Safety Inspection Training Joint Stock Company to provide occupational safety and hygiene training for the Company's management staff.
 - » Training and professional development programs for employee promotion and salary increases.
 - » Specialized professional training programs to enhance skills and expertise.
 - » Cross-training and retraining programs for workforce reassignment and restructuring.

Report on responsibility for local community

The Company actively participates in community development initiatives in economic and social aspects, including financial support programs to serve the community like: participating in advocacy campaigns, mutual support movements, charity programs for the underprivileged, and contributing to maintaining public order and social security in the Company's operational area

Report on green capital market activities

None



CHAPTER IV

REPORTS OF THE BOARD OF MANAGEMENT

Assessment of operating results in 2024

Financial situation

Improvements in organizational structure, policies, and management

Development orientation for 2025

Explanation of the Board of Management for auditor's opinions

Assessment of environmental and social responsibilities of the Company

ASSESSMENT OF OPERATING RESULTS IN 2024

Operating situation in 2024 and the assessment of the Board of Management

Business results	Year 2023	Year 2024	Growth rate (%)
Net Revenue	4.413,48	4.439,48	0,6%
Cost of Goods Sold	4.428,75	4.161,82	-6,0%
Gross Profit	(15,27)	277,66	n/a
Financial Income	12,25	26,90	119,6%
Financial Expenses	690,36	272,94	-60,5%
- Of which: Interest Expenses	642,45	203,31	-68,4%
Selling Expenses	94,77	86,35	-8,9%
General and Administrative Expenses	156,64	135,82	-13,3%
Net Profit from Business Activities	(944,80)	(190,55)	-79,8%
Other Profit	1.803,08	197,40	-89,1%
Total Accounting Profit Before Tax	858,28	6,85	-99,2%
Profit After Corporate Income Tax	858,28	6,85	-99,2%

In 2024, the Company's production and business activities recorded positive improvements.

Net revenue reached 4.439,48 billion VND, marking a slight increase of 0,6% compared to 2023 (4.413,48 billion VND). Meanwhile, cost of goods sold (COGS) decreased by 6%, contributing to an improvement in the gross profit margin. As a result, gross profit saw a strong recovery, shifting from negative 15,27 billion VND in 2023 to 277,66 billion VND in 2024. This is a positive signal, indicating that the Company has optimized production costs and improved management efficiency.

Additionally, the Company experienced significant growth in financial revenue, reaching 26,9 billion VND, 2.2 times higher than the previous year. Another notable highlight was the sharp 60.5% reduction in financial expenses, particularly with interest expenses decreasing from 642,45 billion VND to 203,31 billion VND, significantly reducing financial pressure. At the same time, selling expenses and general administrative expenses decreased by 8.9% and 13.3%, respectively, demonstrating the Company's effective cost control measures, which enhanced operational efficiency.

Although core business operations showed clear improvements, the Company still recorded a net loss of 190,55 billion VND, though this represents a significant reduction compared to the 944,80 billion VND loss in 2023 (decreased 79,8%). However, other income declined sharply by 89.1% to 197,40 billion VND, indicating that the Company no longer benefited from extraordinary income sources as in the previous year. Consequently, total profit before tax and profit after tax both declined by 99.2%, reaching only 6,85 billion VND.

Overall, the business results in 2024 indicate that the Company is gradually recovering in its core operations, particularly in cost control and reducing net business losses. However, the sharp decline in profit before tax due to the absence of extraordinary income highlights the need for the Company to enhance production optimization, improve business efficiency, and identify new growth drivers to ensure sustainable profitability in the future.

Hanichemco - A friend of farmers



FINANCIAL SITUATION

Assets

(Unit: Billion VND)

Indicators	Year 2023	Year 2024	Growth rate (%)
Total assets	6.745,9	6.247,7	-7,4%
Current assets	1.197,2	1.280,7	7,0%
- Cash and cash equivalents	321,7	371,8	15,6%
- Short-term financial investments	18,0	48,0	166,7%
- Short-term receivables	233,2	247,3	6,1%
Including: Short-term trade receivables	200,0	194,5	-2,8%
Including: Provision for doubtful short-term receivables	(5,3)	(5,2)	-2,5%
- Inventories	606,4	539,1	-11,1%
Including: Provision for inventory devaluation	-	-	n/a
- Other current assets	17,9	74,4	315,5%
Long-term assets	5.548,6	4.967,0	-10,5%

Asset management situation: The total assets of the Company as of December 31, 2024, amounted to 6.247,7 billion VND, including 1.280,7 billion VND in current assets and 4.967,0 billion VND in long-term assets.

Receivables management situation: The total receivables as of December 31, 2024, amounted to 988,1 billion VND (including 247,3 billion VND in short-term receivables and 740,8 billion VND in long-term receivables).

- Regarding the Company's short-term receivables, mainly trade receivables arising from the sale of goods and services, with some major customers having significant outstanding balances as of December 31, 2024, including: Samsung C&T Singapore PTE LTD 49,8 billion VND; Thanh Son General Services and Trading One-Member Co., Ltd. 33,4 billion VND; KC Ha Tinh Corporation Joint Stock Company - Central Branch 15 billion VND; Vietimex Co., Ltd. 10,1 billion VND; Thanh Nam Group Construction Investment Trading Development Joint Stock Company 9,9 billion VND; Ha Bac Hung Phat Chemical Joint Stock Company 5,4 billion VND; Long Bien Industrial Gas JSC 4,9 billion VND. The 54 billion VND receivable from Ngu Hoan Company arose when the Company supplied electricity, water, and other services during the trial operation of the Ha Bac Nitrogenous Fertilizer and Chemicals Factory Expansion and Renovation Project, increasing capacity to 500.000 tons/year. As the Project has not yet undergone A-B settlement, the Company has been unable to collect this outstanding receivable.

- Regarding significant long-term receivables, the 740,8 billion VND receivable from Ngu Hoan Company stems from the Company's self-settlement of the EPC contract following Clause 8, Article 4 of Circular 09/2016/TT-BTC dated January 18, 2016. This amount remains outstanding due to the contractor's failure to submit complete payment documentation as required by the contract, particularly for a portion of materials used for installation work and proof of full workforce insurance coverage. The total disputed value amounts to 34.461.194 USD. The investor has requested the contractor to submit all required documents and settle the contract based on the agreed contract price with full supporting documentation. However, the contractor has refused, asserting that the EPC contract follows a fixed lump-sum price model.
- Provision for doubtful receivables The Company has made provisions for doubtful debts, including a 5,2 billion VND provision for the receivable from Constrexim - Meco Company.

Debt Payable

(Unit: Billion VND)

Indicators	Year 2023	Year 2024	Growth rate (%)
Liabilities	6.134,3	5.629,2	-8,2%
Short-term liabilities	1.080,8	1.173,6	8,6%
- Short-term borrowings and finance leases	374,0	415,3	11,0%
Long-term liabilities	5.053,5	4.455,6	-11,8%
- Long-term borrowings and finance leases	2.515,1	2.369,9	-5,8%

- Payables management situation:** The total liabilities as of December 31, 2024, amounted to 5.629,2 billion VND (including short-term liabilities of 1.173,6 billion VND and long-term liabilities of 4.455,6 billion VND).
- Debt repayment capability:** The Company's financial situation in 2024 has improved and is better than in previous years; however, the debt repayment ratio remains at a low level.

IMPROVEMENTS IN ORGANIZATIONAL STRUCTURE, POLICIES, AND MANAGEMENT

- Internal governance:** The Company's regulations, rules, and decisions governing various aspects of its operations continue to be reviewed and revised as a basis for directing and managing Company's activities. During the year, the Board of Directors reviewed and revised the functions and responsibilities of the Human Resources department and the Company Office.
- Organizational structure and management system:** The Company's management system continues to be reorganized and streamlined, ensuring greater efficiency and effectiveness.



DEVELOPMENT ORIENTATION FOR 2025

2025 Action Plan

No.	Indicator	Unit	2024 Result	2025 Plan
1	Key Production Indicators			
-	Urea production volume	Tons	397.658	390.430
-	NH3 commercial products volume	Tons	19.486	32.000
2	Key Sales Indicators			
-	Urea sales volume	Tons	407.052	390.000
-	NH3 commercial products volume	Tons	19.486	32.000
3	Total revenue	Million VND	4.439.477	4.607.060
4	Profit before tax	Million VND	6.261	123.320

Main Objectives

General Objectives for 2025: Focus on governance and operational management of production and business activities, striving to complete the assigned production, business, and investment plans for 2025.

To accomplish the general objectives for 2025, the Company needs to implement the following key tasks and solutions:

- **Investment and Construction**

The Company continues to take steps to implement investment in production-serving projects with a total investment value of 21,502 billion VND, focusing on implementing the investment project for the Bag Handling System.

- **Production Management**

- » Focus all resources and implement synchronized solutions in production management, balancing the load to ensure safety and achieve the highest efficiency. Proactively review the entire system of equipment and production lines to assess their operational status and plan timely maintenance, ensuring continuous long-term operation.
- » Optimize coal blending and ensure even coal feeding for boilers and Shell gasification furnaces to stabilize furnace technology and reduce coal consumption. Adjust Shell furnace technology appropriately to extend its operating cycle.
- » Promote cost-saving practices in production, prevent wastefulness, reduce expenses, and lower consumption norms to enhance the Production and Business Efficiency of the Company.
- » Closely coordinate with Bac Giang Electricity Company to ensure the safety of the Company's power supply corridor. Implement rooftop solar power cooperation to reduce costs, ensure a stable electricity supply for production, lower greenhouse gas emissions, and protect the environment.
- » Strengthen research, updates, and apply advanced scientific and technological advancements in production, while accelerating the integration of digital technology into production and business activities.
- » Regularly ensure occupational safety, hygiene, and environmental protection; conduct maintenance

and inspections of the fire prevention and control system.

- **Procurement of Materials**

- » Accurately assess and forecast the impact of the input raw material market to determine and balance the optimal timing for material procurement, ensuring it aligns with actual conditions, maintains competitive purchasing prices, and guarantees quality and delivery schedules.
- » Procure necessary materials and spare parts to ensure stable and uninterrupted production. Strengthen supervision and inspection of material supply and usage.
- » Effectively implement the Company's procurement policies for materials and goods, as well as the procurement policies among internal units of HCVN Group, ensuring efficiency.

- **Market and Product Sales**

- » Enhance forecasting capabilities and closely monitor global price trends to adopt flexible sales policies, improving Production and Business Efficiency. Maintain and strengthen brand promotion efforts for the Company's products, reinforcing and sustaining the customer network. Develop detailed sales plans on a weekly and monthly basis to proactively manage production. Flexibly structure Urea/NH3 product sales to meet market demand while continuing to boost Urea sales for export and as a raw material for production.
- » Closely monitor market trends to maintain and ensure a stable NH3 supply for customers with demand.

- **Finance**

- » Balance cash flow for the Company's production and business activities and repay principal and interest on long-term bank loans in accordance with the restructuring plan approved by the Government.
- » Strictly manage financial expenditures, ensuring cost savings and compliance with the Company's policies.

- **Labor and wages**

- » Review the 2025 workforce structure, rearrange, and reallocate employees to effectively support the Company's production needs. For positions with labor shortages, continue assigning overtime work and compensate employees according to regulations.
- » Implement mergers and consolidations of the Company's affiliated units to reduce hierarchical layers, streamline operations, and enhance effectiveness and efficiency, following Resolution No. 18-NQ/TW dated 25.10.2017, issued by the Central Committee of the Communist Party of Vietnam on restructuring the political system's organizational apparatus.
- » Organize short-term training courses to enhance skills, update knowledge, and improve the professional and technical expertise of the Company's officers and employees.

- **Other Tasks**

- » Implement the Company's circular economy strategy in accordance with Directive No. 14/CT-BCT dated 02.12.2024, issued by the Ministry of Industry and Trade, on promoting circular economy practices in the industrial sector.
- » Continue working with the EPC contractor to resolve outstanding issues and finalize the EPC contract and Project settlement.
- » Strengthen the application of digital technology in managing the Company's production and business activities. Urgently update and upgrade the Bravo software system to improve management efficiency and enhance business operations.
- » Prepare and successfully organize the 65th-anniversary celebration of the Company's establishment.

EXPLANATION OF THE BOARD OF MANAGEMENT FOR AUDITOR'S OPINIONS

Explanation of business performance changes in 2024 exceeding 10% compared to 2023

The Company's production and business performance in 2024 recorded a profit of 6.8 billion VND, a decrease of 851 billion VND compared to 2023. The key reasons are as follows:

- At the beginning of 2024, production conditions were unfavorable due to unusual weather fluctuations, frequent heat waves, and thunderstorms. In particular, multiple lightning strikes caused the Company's power transmission lines to break, forcing the production line to shut down unexpectedly. This had a significant direct impact on the production line equipment. When the Company worked to restore the power grid and restart operations, equipment leaks were detected, requiring an extended shutdown for repairs in combination with a major overhaul and maintenance work. As a result, the operating time was reduced by 45 days compared to the plan, leading to a complete halt in production during that period.
- Unusual storms, typhoons, and floods, particularly Typhoon No. 3 and its aftermath, disrupted the supply of raw materials and goods.
- Input material costs, especially coal prices, remained high.
- The foreign exchange loss in 2024 was 67 billion VND, an increase of 20 billion VND compared to 2023, due to the sharp appreciation of the US dollar, which reduced the Company's production and business efficiency.
- Other income from the Company's loan restructuring plan at the Vietnam Development Bank in 2024 was 243 billion VND, a decrease of 1.559 trillion VND compared to 2023 (In 2023, the total amount recorded as other income for the Company was 1.802 trillion VND).

Explanation of Qualified Audit Opinions

- Moore AISC Auditing And Informatics Services Company Limited has issued a qualified audit opinion regarding the finalization of the completed project for the renovation and expansion of Ha Bac Nitrogenous Fertilizer and Chemicals Factory.
- In compliance with the directive from the Vietnam National Chemical Group regarding the completion of the finalization process for the completed project in 2017, on December 1, 2017, the Company completed the Final Settlement Report for the completed project of the renovation and expansion of Ha Bac Nitrogenous Fertilizer Factory, in which the EPC contract was self-finalized.
- In recent times, the Company has continued to coordinate and urge the Contractor to complete the final settlement documentation. However, up to now, both parties have not reached an agreement on certain outstanding issues. As a result, the A-B final settlement of the EPC contract has not been completed, and there is not enough basis to approve the project's final settlement or to confirm the related liabilities with the Contractor.

ASSESSMENT OF ENVIRONMENTAL AND SOCIAL RESPONSIBILITIES OF THE COMPANY

Assessment concerning the environmental indicators

The Company consistently strives to implement environmental protection policies under the principle of sustainable development, integrating environmental and community responsibilities into its operations.

The Company prioritizes recycling and reusing materials while strengthening waste and wastewater treatment from production and daily activities in compliance with legal regulations. Quarterly, Ha Bac Nitrogenous Fertilizer and Chemicals Joint Stock Company conducts environmental monitoring and wastewater quality inspections to ensure adherence to environmental protection standards. Additionally, the Company actively promotes awareness among officers and employees, encouraging voluntary participation and making environmental protection a non-detachable part of the production process.

Assessment concerning the labor issues

In addition to ensuring stable income for employees, the Company's Trade Union and mass organizations continue to effectively fulfill their role in representing, protecting, and advocating for employees' legitimate rights and interests; coordinate with management to implement grassroots democracy regulations, provide support for employees facing difficulties or work-related accidents; collaborate in ensuring job security, salary improvements, and benefits for officers and employees.

Throughout the year, these organizations have regularly conducted inspections and monitoring of labor-related policies, including: Salary policies, social insurance, health insurance, inspection of standards, portion sizes, food hygiene and safety for mid-shift meals, night shift (third shift) meals, and hazardous work conditions. Additionally, efforts continue to encourage employees to overcome challenges, fulfill their assigned tasks, and strengthen their commitment to the Company.

Simultaneously, the Company's unions have continued to organize and oversee cultural and sports activities, such as the Company's Sports Festival, Swimming Tournament, Badminton Tournament, and Traditional Tennis Tournament; regularly maintaining the activities of 22 clubs for badminton, table tennis, chess, and Chinese chess across various units, providing a healthy and engaging recreational space, contributing to improving the spiritual well-being of employees. The Company Trade Union has also facilitated teams of athletes to compete in provincial and sector-wide tournaments, achieving high rankings, which not only affirms the quality of the Company's cultural and sports movement but also enhances the HANICHEMCO brand.



Assessment concerning the corporate responsibility for the local community

The Company continues to prioritize social welfare efforts, in addition to directly supporting employees facing difficulties through allowances, financial assistance, medical visits, and sharing in life events such as funerals and weddings; providing gifts to encourage elderly parents of employees, as well as young children, ... The Company has successfully coordinated social welfare activities with local communities in neighboring areas and certain units within Vietnam National Chemical Group. The total amount spent on social and charitable activities during the year was nearly 941 million VND.





CHAPTER V

ASSESSMENTS OF THE BOARD OF DIRECTORS ON THE COMPANY'S OPERATION

Assessments of the BOD on Various Aspects of the Company's operation

Assessment of the BOD on Board of Management's performance

Plans and orientations of the BOD



ASSESSMENTS OF THE BOD ON VARIOUS ASPECTS OF THE COMPANY'S OPERATION

Production and business performance

In 2024, the Company's production and business activities faced significant challenges due to the decline and sustained low prices of Urea and NH3. Additionally, lightning strikes caused prolonged equipment shut-downs for repairs, severely impacting the Company's production and business performance. Despite these difficulties, the Board of Directors, together with the Board of Management, proactively assessed the situation, closely monitored operations, and promptly adjusted the planned targets in line with actual conditions. They set forth appropriate business strategies, market policies, and product directions. Along with the Company's long-standing tradition of solidarity and perseverance in overcoming difficulties, the dedication of officers and employees, and the support of business partners and valued shareholders, these efforts played a crucial role in helping the Company gradually overcome challenges and largely achieve the targets set by the General Meeting of Shareholders, as detailed below:

No.	Indicator	Unit	2024 Plan	2024 Actual	Completion rate (%)
1	Key Production Indicators				
*	Total Urea-equivalent volume (calculated based on liquid NH3 production)	tons	440.160	434.268	98,7
-	Urea production volume	tons	367.440	397.658	108,2
-	NH3 commercial products volume	tons	40.000	19.486	48,7
2	Key Sales Indicators				
*	Total Urea-equivalent volume (calculated based on commercial product volume)	tons	439.444	440.882	100,3
-	Urea sales volume	tons	370.000	407.052	110,0
-	NH3 commercial products volume	tons	40.000	19.486	48,7
3	Total revenue	billion VND	4.720,4	4.466,4	94,6
4	Profit before tax	billion VND	168,3	6,85	4,1

As the Company still has accumulated losses, the Board of Directors has not submitted a profit distribution plan to the General Meeting of Shareholders.



Financial activities

- Quarterly, semi-annual, and annual financial statements are disclosed in compliance with regulations or submitted to the General Meeting of Shareholders for review and approval.
- The Company's financial performance in 2024 has shown certain improvements, particularly with a reduction in financial cost pressures thanks to restructuring efforts.

Construction and investment activities

- The total value of construction investment in 2024 reached 9,959 billion VND. In which: equipment costs accounted for 9,171 billion VND; other costs accounted for 0,788 billion VND.
- During the year, the Company successfully completed 06 projects, is continuing investment in 01 project, and is preparing investment for 03 projects.
- Specifically, the limestone grinding system project has been shifted towards renovation and upgrading the existing system, thus it has been categorized as a scientific and technical research project.

Personnel organization and salary policy

About personnel organization: The Board of Directors has made important decisions regarding personnel matters within its authority; ensuring that procedures and processes are carried out in accordance with the Personnel Management Regulations issued by the Board of Directors, specifically:

- Decision on approving the planning list of Company leadership and management personnel for the 2021-2026 period (reviewed and supplemented in 2024).
- Decision on approving the planning list of Company leadership and management personnel for the 2026-2031 period (reviewed and supplemented in 2024).
- Decision on the fixed-term appointment of Mr. Nguyen Van Dung, Member of the Board of Directors and Deputy General Director of Ha Bac Nitrogenous Fertilizer and Chemicals Joint Stock Company, as General Director of Ha Bac Nitrogenous Fertilizer and Chemicals Joint Stock Company, effective from November 1, 2024.
- Decision on retirement under pension benefits for Mr. Nguyen Duc Ninh, General Director of the Company, effective from November 1, 2024.

About salary policy: The Board of Directors has reviewed, revised, and supplemented the Salary Payment Regulations to serve as a basis for salary payments and employee benefits, ensuring compliance with legal regulations and employee retention.



Management of invested capital in other enterprises

- Currently, the Company has two long-term investments: investment in one associate company, Ha Bac Liquefied Gas Joint Stock Company, with a capital contribution of 8,6 billion VND (accounting for 36% of its charter capital), and investment in Hung Phat Chemicals Joint Stock Company, with a capital contribution of 4 billion VND, representing 4,7% ownership of its charter capital. In 2024, Ha Bac Liquefied Gas Joint Stock Company achieved a profit before tax of 8,9 billion VND and is expected to distribute a 30% dividend.
- In 2024, the Company did not make any additional external investments.

Environmental and social responsibilities

- The Board of Directors consistently prioritizes sustainable production, therefore, the Company's directives on landscape protection and emission reduction are given special attention. In production operations, the Company has implemented various safety and occupational hygiene measures, strictly complying with environmental protection regulations in its business activities.
- In 2024, Ha Bac Nitrogenous Fertilizer and Chemicals Joint Stock Company carried out numerous charitable activities and local support initiatives, demonstrating its social responsibility and strong connection with the community. The Company's Trade Union effectively organized charitable, social welfare, and gratitude programs, contributing to enhancing the image and brand of HANICHEMCO.



Đạm Hà Bắc - Gắn bó cùng nhà nông



ASSESSMENT OF THE BOD ON BOARD OF MANAGEMENT'S PERFORMANCE

In 2024, the Board of Management operated in full compliance with the resolutions of the General Meeting of Shareholders and the Board of Directors, adhering to legal regulations, the Company's Charter, and internal policies and regulations; in performing its duties, the Board of Management consistently demonstrated high responsibility, dynamism, creativity, and solidarity, striving to overcome challenges to achieve the best possible results, specifically:

- The Board of Management developed and implemented reasonable business and market policies.
- The Company's products remained stable and of high quality, earning trust and preference from both domestic and international customers.
- The resolutions and decisions of the Board of Directors were seriously executed by the Board of Management.
- The Company's financial situation and expenditures were well-controlled, preventing any financial losses for the Company.
- Effectively implemented salary and bonus policies while ensuring comprehensive employee welfare; the working environment for employees continued to improve.

PLANS AND ORIENTATIONS OF THE BOD

Forecast for 2025



Advantages

- The Company's restructuring plan, approved by the Politburo in 2023, will contribute to reducing financial costs for the Company.
- The Value-Added Tax (VAT) Law, passed by the National Assembly, will classify fertilizers as taxable goods with a 5% VAT rate, effective from July 2025, helping ease difficulties for fertilizer manufacturers.
- The fertilizer market outlook is positive, with Urea and NH3 prices expected to recover and increase in line with global trends. The Company will be able to supply NH3 to units with high demand.
- The brand and reputation of "HANICHEMCO" continue to earn trust and support from domestic farmers.
- The Company's strong network of loyal customers, who have always stood by the Company, will help it overcome difficulties and challenges.



Challenges and difficulties

In 2025, the Company is expected to face multiple challenges and difficulties, including:

- Global and regional political conflicts remain unpredictable, causing volatile raw material prices, with coal prices expected to stay high.

- Unstable power grid systems affect production scheduling and operational efficiency.
- The Renovation - Expansion Project, after more than 10 years of operation, has experienced equipment-related issues, leading to production disruptions.

These difficulties and challenges also present an opportunity for the Company to enhance management efficiency, reduce costs, stabilize and strengthen market position, and improve overall production and business efficiency.

Development orientation

No.	Indicator	Unit	2025 Production and Business Plan
1	Key Production Indicators		
-	Urea production volume	tấn	390.430
-	NH3 commercial products volume	tons	32.000
2	Key Sales Indicators		
-	Urea sales volume	tons	390.000
-	NH3 commercial products volume	tons	32.000
3	Total revenue	million VND	4.607.060
4	Profit before tax	million VND	123.320

Tasks of the Board of Directors in 2025

- Strengthen management, direction, and supervision of the Company's operations in all fields;
- Enhance financial oversight, review and cut unnecessary expenditures, aiming to reduce costs, lower production expenses, and improve market competitiveness.
- Supervise and direct the Board of Management to ensure safe, stable, and high-load production operations with efficiency, while implementing synchronized measures to reduce costs and consumption norms, contributing to improving production and business efficiency.
- Maintain traditional markets while expanding into new ones, boost sales of raw material Urea, premium Urea, and liquid NH3; continue researching differentiated new products to increase sales volume and business efficiency.
- Continue refining regulations and policies as a foundation for directing, managing, and overseeing all aspects of the Company's operations to strengthen management, reduce costs, especially for input materials used in production.
- Continue restructuring and reorganizing production and production management towards a streamlined approach, reducing subordinate units, and enhancing operational effectiveness and efficiency.
- Strengthen training programs, review personnel planning, and develop a high-quality workforce to meet future demands.
- Ensure occupational safety, fire prevention, and environmental protection, while maintaining industrial hygiene, waste management, and landscape improvement.



CHAPTER VI

CORPORATE GOVERNANCE

Board of Directors

Board of Supervisors

Transactions, remunerations and benefits of the BOD, BOM, and BOS

Improving corporate governance

BOARD OF DIRECTORS

Information about the members of the BOD

No.	Organization/ Individual Name	Position at the Company	Number of shares owned at the end of the period	Ownership percentages of voting shares at the end of the period	Position hold at other companies
1	Mr. Nguyen Van Thieu	Chairman of the BOD	0	0%	- Chairman of the Board of Directors of Binh Dien Fertilizer Joint Stock Company - Deputy Director in charge of the Ninh Binh Fertilizer Project Management Board
2	Mr. Nguyen Van Dung	Member of the BOD, General Director	4.600	0,0017%	None
3	Mr. Pham Van Trung	Member of the BOD, Deputy General Director	4.300	0,0016%	None
4	Mr. Nguyen Dinh Hong	Member of the BOD, Deputy General Director	1.900	0,0007%	None
5	Ms. Nguyen Tuyen Anh	Independent Member of the BOD	0	0%	Deputy General Director of Ha Anh Export Import JSC

Notes:

- Members numbered from 1 to 4: Representatives of the major shareholder, the Vietnam National Chemical Group, with a total ownership ratio of 97,66% of charter capital.
- Members numbered 2, 3, and 4: Executive members of the Board of Directors.
- Members numbered 1 and 5: Non-executive members of the Board of Directors.

Changes in the Board of Directors in 2024:

- At the 2024 Annual General Meeting of Shareholders, Resolution No. 02/NQ-ĐHĐCĐ dated 24.04.2024, approving the dismissal of 02 BOD members for the 2021–2026 term, Mr. Nguyen Phung Hung and Mr. Nguyen Duc Ninh. At the same time, Mr. Nguyen Dinh Hong and Ms. Nguyen Tuyen Anh were additionally elected as BOD members for the remaining duration of the 2021–2026 term.

The committees of the BOD

Not yet established

Activities of the BOD

Attendance at Board of Supervisors Meetings

No.	Member of the BOD	Number of meetings attended	Meeting attendance rate	Reason for absence
1	Mr. Nguyen Van Thieu	12/12	100%	
2	Mr. Nguyen Duc Ninh	5/5	100%	From January 1, 2024, to April 24, 2024, the BOD held 05 meetings.
3	Mr. Pham Van Trung	11/12	92%	Due to urgent matters, absence was requested and approved.
4	Mr. Nguyen Van Dung	12/12	100%	

5	Mr. Nguyen Phung Hung	3/5	60%	Due to urgent matters, absence was requested and approved.
6	Mr. Nguyen Dinh Hong	7/7	100%	From April 24, 2024, to December 31, 2024, the BOD held 07 meetings.
7	Ms. Nguyen Tuyen Anh	6/7	86%	From April 24, 2024, to June 30, 2024, the BOD held 07 meetings.

General assessing activities of the BOD

In 2024, the Board of Directors successfully convened and organized the Annual General Meeting of Shareholders on April 24, 2024.

Additionally, the BOD held 12 meetings, conducted 17 rounds of voting among its members; issued 15 resolutions and 27 decisions to regulate the Company's activities. The agenda, participation, and proceedings of the BOD meetings were conducted in strict compliance with the Company's charter and the Law on Enterprises. The meetings aligned with the orientations set forth in the General Meeting of Shareholders' resolutions and the actual situation of the Company for implementation.

The BOD's members actively coordinated and supported the management of production and business operations, regularly delegating Board members to represent and participate in meetings with the Board of Management to review reports on organizational and business activities. During these meetings, they provided direct guidance, aligned on directives, and made necessary decisions. As a result, the BOD consistently maintained an up-to-date understanding of the Company's operations. All Resolutions and Decisions issued by the BOD were made with a high degree of consensus and approval from its members.

Supervising the Board of Management by the BOD

In 2024, the Board of Management carried out its executive duties in strict compliance with the Resolutions of the General Meeting of Shareholders and the BOD, adhering to legal regulations, the Company's Charter, and internal policies. Throughout their work, they demonstrated a high sense of responsibility, dynamism, creativity, and solidarity, striving to overcome difficulties and achieve the best possible results, specifically:

- The Board of Management introduced appropriate business mechanisms and market policies.
- The Company's products remained stable and of high quality, earning trust from both domestic and international customers.
- The implementation of resolutions and decisions of the Board of Directors was carried out rigorously by the Board of Management.
- The Board of Management exercised strict control over the Company's financial situation and expenditures, ensuring no financial losses.
- Effectively implemented wage and bonus policies while ensuring comprehensive care for employees' well-being; the working environment for employees continued to improve.

Activities of the BOD independent members

As of December 31, 2024, Ha Bac Nitrogenous Fertilizer and Chemicals Joint Stock Company had one Independent Board Member, Ms. Nguyen Tuyen Anh. In 2024, the Independent Board Member fulfilled the assigned duties with diligence and a high sense of responsibility, demonstrating independence in management and supervision through inspections, reports, meetings, and working sessions with the Board of Management as well as during BOD meetings.

Training courses on Corporate governance

The members of the BOD of the Company have undergone training in the Chemical Industry Business Director program, as well as professional training courses organized by the Company and the Vietnam National Chemical Group.

BOARD OF SUPERVISORS

Information about members of the BOS

The list of members of the Board of Supervisors is as follows

No.	Member	Position	Number of shares holding	Ownership percentage (%)
1	Mr. Ha Xuan Han	Dedicated Head of the BOS	4900	0,0018%
2	Mr. Le Anh Tuan	Member of the BOS	3.000	0,0011%
3	Ms. Dang Thi Minh Ly	Member of the BOS	0	0%

Activities of the BOS

Attendance at Board of Supervisors Meetings

No.	Member of the BOS	Number of meetings attended	Attendance rate	Voting percentage	Reason for absence
1	Mr. Ha Xuan Han	2/2	100%	100%	
2	Mr. Le Anh Tuan	2/2	100%	100%	
3	Ms. Dang Thi Minh Ly	2/2	100%	100%	

Supervising the BOD, the BOM and shareholders by the BOS

In addition to regular activities as stipulated by the Law on Enterprises and the Company's Charter, the Board of Supervisors has undertaken the following tasks:

- Supervised the activities of the BOD and the Board of Management in implementing the Resolutions of the General Meeting of Shareholders;
- Coordinated with various departments within the Company to inspect the production and business operations, management of production and business costs, and the Company's executive operations;
- Monitored the Company's production and business activities in 2024 as well as the operations of associated companies;
- Maintained regular communication with the BOD and the Board of Management, continuously updating information to propose and recommend solutions for corporate governance and operational management of the Company's production activities.

The coordination among the BOS, the BOM, BOD and other managers

- The coordination and exchange of information between the Board of Supervisors, the Board of Directors, and the Board of Management are regularly maintained through various forms, including meetings, direct discussions, and written exchanges.
- In the meetings of the Board of Directors and the executive briefings of the Board of Management the Board of Supervisors is always present to enhance the quality and independence of supervisory activities. During these meetings, the Board of Supervisors has provided input within the scope of its functions and authority.

TRANSACTIONS, REMUNERATIONS AND BENEFITS OF THE BOD, BOM, AND BOS

Salary, rewards, remuneration and benefits in the year

Unit: Million VND

No.	Full Name	Position at the Company	Salary	Remuneration	Bonus	Total
I. Remuneration of the Board of Directors; salaries of the BOM and management staff						
1	Nguyen Van Thieu	Chairman of the BOD		72,0	10,6	82,6
2	Nguyen Duc Ninh	Member of the BOD (from January 2024 until April 23, 2024); General Director (retired from November 1, 2024)	330,7	24,1	8,6	363,5
3	Nguyen Van Dung	Member of the BOD; Appointed as General Director from November 1, 2024	329,6	57,6	10,6	397,8
4	Pham Van Trung	Member of the BOD, Deputy GD	321,8	57,6	10,6	390,0
5	Nguyen Dinh Hong	Member of the BOD (since April 24, 2024); Deputy GD	305,7	33,5	10,6	349,8
6	Le Anh Tuan	Chief Accountant	293,6		10,6	304,2
7	Nguyen Tuyen Anh	Member of the BOD (since April 24, 2024); Deputy GD of Ha Anh Export Import Joint Stock Company		33,5	5,0	38,5
8	Nguyen Hung Phung	Member of the BOD (from January 2024 until April 23, 2024); Head of Labor Organization Department - Vietnam Apatit Limited Company		24,1	7,6	31,8
II. Salaries and Remuneration of the Board of Supervisors						
1	Ha Xuan Han	Head of the Board of Supervisors	293,6		10,6	304,2
2	Dang Thi Minh Ly	Member of the BOS; Officer at the Inspection Commission of the Party Committee of Vietnam National Chemical Group		46,8	10,6	57,4
3	Le Anh Tuan	Member of the BOS; Deputy Head of Production Engineering		46,8	10,6	57,4

Note:

The remuneration above includes: Remuneration for concurrently held positions in the BOD and Board of Supervisors of Ha Bac Nitrogenous Fertilizer and Chemicals Joint Stock Company and Remuneration for the representatives of Ha Bac Nitrogenous Fertilizer and Chemicals Joint Stock Company's capital at other enterprises.

Stock transactions of insiders and related parties of insiders

No.	Transaction Executor	Relationship with internal shareholders	Beginning Shares Owned		Ending Shares Owned		Reason for Increase/ Decrease (Purchase, Sale, Conversion, Bonus, ...)
			Number of Shares	Percentage	Number of Shares	Percentage	
1	Ha Anh Export Import Joint Stock Company	Ms. Nguyen Tuyen Anh is the Deputy General Director of Ha Anh Export Import Joint Stock Company	100.200	0,0368%	449.500	0,1651%	Purchase shares

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

No.	Institution /Individual Name	Relationship with the company	NSH No*, Date of Issue, Issuing Authority	Headquarters /Contact Address	Transaction Timing with the Company	Resolution/ Decision No. of the AGMS/ BOD (if applicable, specify issue date)	Transaction details, quantity, and total value
1	Ha Anh Export Import Joint Stock Company	Being a Related Person of an Insider of the Company	0101328911	Group 3, Dong Anh Town, Dong Anh District, Hanoi City	From June 4, 2024, to December 31, 2024	51/NQ-HĐQT dated June 10, 2024	Approval of the transaction contract between Ha Bac Nitrogenous Fertilizer and Chemicals Joint Stock Company and Ha Anh Export Import Joint Stock Company. The signing and execution period of the transaction contracts is from June 4, 2024, to December 31, 2024.

IMPROVING CORPORATE GOVERNANCE

Assessing the implementation of regulations on corporate governance

- The Company has fully implemented and complied with legal regulations on corporate governance and information disclosure applicable to large-scale public companies. Information disclosure is consistently

- carried out in a timely manner, covering both periodic and extraordinary disclosures as required.
- The Corporate Governance Officer regularly updates regulatory changes issued by the State Securities Commission, Stock Exchange, and other relevant authorities, providing timely consultation to the Board of Directors to ensure appropriate preparation and strict implementation in the Company's internal governance.
- The Company Charter, Internal Governance Regulations, Board of Directors' Operating Regulations, and Board of Supervisors' Operating Regulations have been formulated in strict compliance with prevailing legal regulations, ensuring the protection of shareholder rights.

Improve the efficiency of corporate governance

- To meet the requirements of sustainable development and improve competitiveness, Ha Bac Nitrogenous Fertilizer and Chemicals Joint Stock Company has identified innovation and governance efficiency improvement as a key priority for the upcoming period. The Company is focused on developing a modern, transparent, and professional governance system that ensures legal compliance while enhancing the efficiency of production and business operations.
- First, the Company is accelerating the application of digital technology and automation in production management and operations, optimizing resources, increasing productivity, and reducing costs. At the same time, the corporate governance system is being strengthened with an advanced management model that enhances strategic planning capabilities, improves financial and risk oversight, and increases operational efficiency. Additionally, the Company is committed to enhancing the quality of its management personnel through structured training programs, building a visionary, resilient, and highly skilled leadership team.
- Furthermore, the Company continues to refine its transparent governance mechanisms, strengthen accountability, and establish strict internal control procedures to minimize risks, optimize capital utilization, and reinforce trust among shareholders and investors. Strengthening collaborations and partnerships with strategic domestic and international partners is also a key initiative to expand market reach and enhance business performance.
- With a governance strategy that prioritizes professionalism, transparency, and efficiency, Ha Bac Nitrogenous Fertilizer and Chemicals Joint Stock Company aims for strong future growth, establishing a solid foundation for sustainable development while maximizing value for shareholders, employees, and stakeholders.

Bac Giang, March 28, 2025



General Director
 Nguyen Van Dung

The background of the slide is a composite image. On the left, there are several stacks of silver coins of varying heights. In the center and right, there is a blurred city skyline at night with lights from buildings. Overlaid on the city and coins are faint, semi-transparent financial charts, including a line graph and a bar chart. The overall color palette is a mix of blues, purples, and greys, with a green overlay on the right side.

CHAPTER VII

2024 AUDITED FINANCIAL STATEMENT

AUDITED FINANCIAL STATEMENTS

For the financial year ended 31 December 2024

**HA BAC NITROGENOUS FERTILIZER AND
CHEMICALS JOINT STOCK COMPANY**

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REPORT OF THE BOARD OF MANAGEMENT

For the financial year ended 31 December 2024

The Board of Management of Habac Nitrogenous Fertilizer and Chemicals Joint Stock Company has the honor of submitting this Report together with the audited Financial Statements for the financial year ended 31 December 2024.

1. Business highlights

Establishment:

Ha Bac Nitrogenous Fertilizer and Chemicals Joint Stock Company (hereinafter referred to as "the Company") is an enterprise equitized from a 100% state-owned company, that was Habac Nitrogenous Fertilizer and Chemicals One Member Limited Liability Company, from 01 January 2016. The Company operates under the first Business Registration Certificate No. 2400120344 dated 21 December 2006 issued by the Department of Planning and Investment of Bac Giang Province, the 14th amended certificate on 06 November 2024.

Form of ownership:

Joint Stock Company

The Company's business activities:

Producing and trading chemical products and fertilizers, specifically: Urea fertilizer, NH₃, CO₂, industrial gas products, electricity, etc.

Transaction name in English

Habac Nitrogenous Fertilizer and Chemicals Joint Stock Company

In short:

HANICHEMCO

Listing code:

DHB

Head office:

Tran Nguyen Han Street, Tho Xuong Ward, Bac Giang City, Bac Giang Province

2. Financial position and results of operation

The Company's financial position and the results of its operation during the period are presented in the accompanying financial statements.

3. Members of the Board of Directors, Board of Supervisors, Board of Management and Chief Accountant

Members of the Board of Directors, Board of Supervisors, Board of Management and Chief Accountant during the period and at the date of the financial statements include:

Board of Directors

Mr.	Nguyen Van Thieu	Chairman	
Mr.	Nguyen Duc Ninh	Member	Resigned on 24/4/2024
Mr.	Pham Van Trung	Member	
Mr.	Nguyen Van Dung	Member	
Mr.	Nguyen Dinh Hong	Member	Appointed on 24/4/2024
Mr.	Nguyen Phung Hung	Member	Resigned on 24/4/2024
Ms.	Nguyen Tuyen Anh	Member	Appointed on 24/4/2024
Mr.	Dang Xuan Thuy	In charge of administration	

Board of Supervisors

Mr.	Ha Xuan Han	Head of the Board of Supervisors
Ms.	Dang Thi Minh Ly	Member
Mr.	Le Anh Tuan	Member

Board of Management and Chief Accountant

Mr.	Nguyen Duc Ninh	General Director	Retirement on 01/11/2024
Mr.	Nguyen Van Dung	General Director	Appointed on 01/11/2024
Mr.	Pham Van Trung	Deputy General Director	
Mr.	Nguyen Dinh Hong	Deputy General Director	
Mr.	Le Anh Tuan	Chief Accountant	

REPORT OF THE BOARD OF MANAGEMENT

For the financial year ended 31 December 2024

4. Legal representatives of the Company during the period and to the date of the financial statements:

Mr. Nguyen Van Dung General Director

5. Independent Auditor

MOORE AISC Auditing and Informatics Services Company Limited has been appointed as an independent auditor for the financial year ended 31 December 2024.

6. Responsibility of the Board of Management

The Board of Management is responsible for the preparation of the Financial Statements which give a true and fair view of the financial position of the Company as at 31 December 2024, its results of operation and cash flows for the financial year then ended. In order to prepare these Financial Statements, the Board of Management has considered and complied with the following matters:

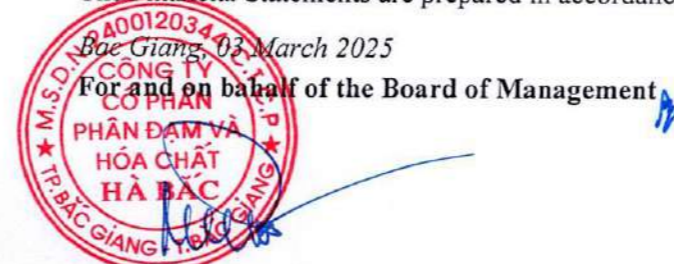
- Selected appropriate accounting policies and applied them consistently;
- Made judgments and estimates that are reasonable and prudent;
- Prepared the Financial Statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Board of Management is responsible for ensuring that proper accounting records are kept and maintained which disclose, with reasonable accuracy at any time, the financial position of the Company and that the Financial Statements are prepared in compliance with the accounting regime stated in Notes to the Financial Statements. The Board of Management is also responsible for safeguarding the Company's assets, and hence taking reasonable steps for the prevention and detection of frauds and other irregularities.

7. Confirmation

The Board of Management, in their opinion, confirmed that the Financial Statements including the Balance Sheet as at 31 December 2024, the Income Statement, the Cash Flow Statement and accompanying Notes, which expressed a true and fair view of the financial position of the Company as well as its operating results and cash flows for the financial year ended 31 December 2024.

The Financial Statements are prepared in accordance with Vietnamese Accounting Standards and System.



For and on behalf of the Board of Management

Nguyen Van Dung
General Director

INDEPENDENT AUDITOR'S REPORT

To: Shareholders, Board of Directors and Board of Management
Habac Nitrogenous Fertilizer and Chemicals Joint Stock Company

We have audited the accompanying Financial Statements of Habac Nitrogenous Fertilizer and Chemicals Joint Stock Company as prepared on 03 March 2025 from pages 05 to 37, which comprise the Balance Sheet as at 31 December 2024, Income Statement, Cash Flow Statement for the year then ended, and Notes to the Financial Statements.

Responsibility of the Board of Management

The Board of Management of the Company is responsible for the preparation and fair presentation of the Financial Statements in accordance with Vietnamese Accounting Standards, Vietnamese Corporate Accounting System and prevailing regulations applicable to the preparation and presentation of the Financial Statements and also for the internal control which the Board of Management considers necessary for the preparation and fair presentation of the Financial Statements that are free from material misstatement, whether due to fraud or error.

Responsibility of the Auditor

Our responsibility is to express an opinion on the 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 reasonable assurance whether the Financial Statements are free from material misstatement.

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

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

Basis for qualified opinion

- The Company recorded the original cost and depreciated the fixed assets of the Ha Bac Nitrogenous Fertilizer Plant Renovation and Expansion Project based on the completed project finalization report prepared by the investor on 01 December 2017 when there was insufficient A-B finalization of packages 10, 14, 8 and the consulting contract to check the completion construction documents with contractors and approval of the completion finalization by the competent authority. This resulted in liabilities on the foreign contractors and other liabilities (see details in notes V.3; V.5; V.12; V.16 and VII.1)

Based on the evidence obtained and other alternative audit procedures, we do not have sufficient basis to confirm the existence and completeness of the aforementioned liabilities, as well as potential liabilities that may arise in the future related to the finalization of the above-mentioned project.

Auditor's qualified opinion

In our opinion, except for the effects of the matter described in "Basis of qualified opinion" paragraph, the Financial Statements give a true and fair view, in all material respects, on the financial position of Habac Nitrogenous Fertilizer and Chemicals Joint Stock Company as at 31 December 2024 as well as its operating results and cash flows for the financial year then ended in accordance with Vietnamese Accounting Standards, Vietnamese Corporate Accounting Regime and other relevant statutory requirements related to preparation and presentation of the Financial Statements.

Emphasis of matter

In Note V.9, the Company has temporarily recorded and depreciated the tangible fixed assets of the Ha Bac Nitrogenous Fertilizer Plant Renovation and Expansion Project under the completed project finalization report prepared by the investor on 01 December 2017.

In Notes IV.8, V.11, the Company records the suspended depreciation expenses of the year 2017, 2018, 2019 on the Long-term prepaid expenses - Code 261 on the Balance Sheet as at 31 December 2024.

Ho Chi Minh City, 03 March 2025

MOORE AISC Auditing and Informatics Services Co., Ltd



NGUYEN THI PHUONG

Deputy Director

Audit Practising Registration Certificate No. 4945-2024-005-1

Issued by Vietnam's Ministry of Finance



PHAN CONG VAN

Auditor

Audit Practising Registration Certificate No. 5298-2021-005-1

Issued by Vietnam's Ministry of Finance

BALANCE SHEET

As at 31 December 2024

Unit: VND

ASSETS	Code	Notes	31/12/2024	01/01/2024
A. CURRENT ASSETS	100		1,280,654,453,806	1,197,217,623,498
I. Cash and cash equivalents	110	V.1	371,815,496,069	321,675,669,771
1. Cash	111		371,815,496,069	321,675,669,771
II. Short-term financial investments	120	V.2	48,000,000,000	18,000,000,000
1. Held-to-maturity investments	123		48,000,000,000	18,000,000,000
III. Short-term receivables	130		247,334,172,387	233,221,559,009
1. Short-term trade receivables	131	V.3	194,518,231,831	200,035,369,805
2. Short-term prepayments to suppliers	132	V.4	37,973,043,906	18,432,123,924
3. Other short-term receivables	136	V.5	20,053,233,712	20,098,402,342
4. Provision for short-term doubtful receivables	137	V.3,4,5	(5,210,337,062)	(5,344,337,062)
IV. Inventories	140	V.7	539,114,396,425	606,416,719,831
1. Inventories	141		539,114,396,425	606,416,719,831
V. Other current assets	150		74,390,388,925	17,903,674,887
1. Short-term prepaid expenses	151	V.11a	5,677,546,358	5,463,108,399
2. Deductible value added tax	152		68,712,842,567	10,754,647,734
3. Taxes and other receivables from the State	153	V.14	0	1,685,918,754
B. LONG-TERM ASSETS	200		4,967,010,492,705	5,548,647,382,535
I. Long-term receivables	210		740,804,017,963	740,804,017,963
1. Other long-term receivables	216	V.5	740,804,017,963	740,804,017,963
II. Fixed assets	220		3,544,838,254,694	4,064,082,996,807
1. Tangible fixed assets	221	V.9	3,544,838,254,694	4,062,847,912,136
- Cost	222		9,842,734,235,963	9,819,220,986,616
- Accumulated depreciation	223		(6,297,895,981,269)	(5,756,373,074,480)
2. Intangible fixed assets	227	V.10	0	1,235,084,671
- Cost	228		13,226,611,293	13,226,611,293
- Accumulated amortization	229		(13,226,611,293)	(11,991,526,622)
III. Long-term assets in progress	240	V.8	92,343,894,458	71,809,337,198
1. Long-term work in progress	241		33,552,540	33,552,540
2. Construction in progress	242		92,310,341,918	71,775,784,658
V. Long-term financial investments	250	V.2	13,218,878,465	13,218,878,465
1. Investments in joint ventures, associates	252		9,662,812,368	9,662,812,368
2. Equity investments in other entities	253		3,556,066,097	3,556,066,097
VI. Other long-term assets	260		575,805,447,125	658,732,152,102
1. Long-term prepaid expenses	261	V.11b	575,805,447,125	658,732,152,102
TOTAL ASSETS	270		6,247,664,946,511	6,745,865,006,033

Notes to the financial statements are an integral part of this report

BALANCE SHEET

As at 31 December 2024

Unit: VND

RESOURCES	Code	Notes	31/12/2024	01/01/2024
C. LIABILITIES	300		5,629,212,667,649	6,134,258,143,777
I. Current liabilities	310		1,173,591,345,018	1,080,764,573,583
1. Short-term trade payables	311	V.12	386,144,351,853	414,511,282,093
2. Short-term advances from customers	312	V.13	117,549,295,214	9,071,721,825
3. Taxes and payables to the State	313	V.14	500,166,207	1,112,279,092
4. Payables to employees	314		45,049,252,495	70,064,940,205
5. Short-term accrued expenses	315	V.15	576,813,743	8,998,258,018
6. Other short-term payables	319	V.16a	208,448,097,686	202,936,667,471
7. Short-term borrowings and finance lease liabilities	320	V.17a	415,263,223,306	374,004,949,047
8. Bonus and welfare fund	322		60,144,514	64,475,832
II. Long-term liabilities	330		4,455,621,322,631	5,053,493,570,194
1. Other long-term payables	337	V.16b	2,085,715,122,631	2,538,419,080,194
2. Long-term borrowings and finance lease liabilities	338	V.17b	2,369,906,200,000	2,515,074,490,000
D. OWNERS' EQUITY	400	V.19	618,452,278,862	611,606,862,256
I. Owners' equity	410		618,452,278,862	611,606,862,256
1. Owners' contributed capital	411		2,722,000,000,000	2,722,000,000,000
- Common shares with voting rights	411a		2,722,000,000,000	2,722,000,000,000
2. Undistributed profit after tax	421		(2,103,547,721,138)	(2,110,393,137,744)
- Undistributed profit after tax accumulated to the end of the previous period	421a		(2,110,393,137,744)	(2,968,677,588,834)
- Undistributed profit after tax in the current period	421b		6,845,416,606	858,284,451,090
TOTAL RESOURCES	440		6,247,664,946,511	6,745,865,006,033



Nguyen Thi Hong Nhung
Preparer
Bac Giang, 03 March 2025



Le Anh Tuan
Chief Accountant

Nguyen Van Dung
General Director

Notes to the financial statements are an integral part of this report

INCOME STATEMENT

For the financial year ended 31 December 2024

Unit: VND

ITEMS	Code	Notes	Year 2024	Year 2023
1. Revenue from goods sold and services rendered	01	VI.1	4,439,477,098,072	4,413,475,970,445
2. Revenue deductions	02		0	0
3. Net revenue from goods sold and services rendered	10		4,439,477,098,072	4,413,475,970,445
4. Cost of goods sold	11	VI.2	4,161,818,996,381	4,428,747,705,041
5. Gross profit from goods sold and services rendered (20 = 10 - 11)	20		277,658,101,691	(15,271,734,596)
6. Financial income	21	VI.3	26,898,387,016	12,246,233,322
7. Financial expenses	22	VI.4	272,936,421,195	690,364,050,440
<i>In which: Interest expenses</i>	23		203,307,955,862	642,445,738,924
8. Selling expenses	25	VI.5a	86,347,980,481	94,768,244,031
9. General and administrative expenses	26	VI.5b	135,824,364,153	156,638,227,377
10. Net profit from operating activities (30 = 20 + (21 - 22) - (25 + 26))	30		(190,552,277,122)	(944,796,023,122)
11. Other income	31	VI.6	248,982,692,225	1,803,845,265,031
12. Other expenses	32	VI.7	51,584,998,497	764,790,819
13. Other profit (40 = 31 - 32)	40		197,397,693,728	1,803,080,474,212
14. Total accounting profit before tax (50 = 30 + 40)	50		6,845,416,606	858,284,451,090
15. Current Corporate income tax expense	51	VI.9	0	0
16. Profit after Corporate income tax (60 = 50 - 51 - 52)	60		6,845,416,606	858,284,451,090
17. Basic earnings per share	70	VI.10	25.15	3,153.14



Nguyen Thi Hong Nhung
Preparer
Bac Giang, 03 March 2025



Le Anh Tuan
Chief Accountant



Nguyen Van Dung
General Director

CASH FLOW STATEMENT

(Under indirect method)

For the financial year ended 31 December 2024

Unit: VND

ITEMS	Code	Notes	Year 2024	Year 2023
I. CASH FLOWS FROM OPERATING ACTIVITIES				
1. Profit before tax	01		6,845,416,606	858,284,451,090
2. Adjustments for:				
- Depreciation of fixed assets and investment properties	02	V.9,10	626,674,030,149	624,767,388,163
- Provisions	03		(134,000,000)	0
- Gains/losses from foreign exchange differences upon revaluation of monetary items in foreign currencies	04		67,667,275,146	47,558,939,282
- Gains/losses from investing activities	05		(6,879,249,927)	(8,983,445,949)
- Interest expense	06	VI.4	203,307,955,862	642,445,738,924
3. Profit from operating activities before changes in working capital	08		897,481,427,836	2,164,073,071,510
- Increase (-)/ decrease (+) in receivables	09		(76,945,856,939)	59,200,704,924
- Increase (-)/ decrease (+) in inventories	10		67,302,323,406	240,943,050,661
- Increase (+)/ decrease (-) in payables (Other than interest payables, income tax payable)	11		(420,259,550,735)	(1,760,922,188,908)
- Increase (-)/ decrease (+) in prepaid expenses	12		(1,360,767,775)	17,849,618,387
- Interest expense paid	14		(203,668,168,862)	(233,668,733,275)
Net cash flows from operating activities	20		262,545,075,613	487,475,523,299
II. CASH FLOWS FROM INVESTING ACTIVITIES				
1. Purchase and construction of fixed assets and other long-term assets	21		(45,500,014,919)	(9,724,189,483)
2. Proceeds from disposals of fixed assets and other long-term assets	22		232,933,333	0
3. Loans granted, purchases of debt instruments of other entities	23		(30,000,000,000)	0
4. Collection of loans, proceeds from sales of debt instruments of other entities	24		0	15,000,000,000
5. Proceeds from loan interest, dividends and profit received	27		6,248,371,388	8,737,615,812
Net cash flows from investing activities	30		(69,018,710,198)	14,013,426,329

CASH FLOW STATEMENT

(Under indirect method)

For the financial year ended 31 December 2024

Unit: VND

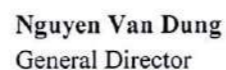
ITEMS	Code	Notes	Year 2024	Year 2023
III. CASH FLOWS FROM FINANCING ACTIVITIES				
1. Proceeds from borrowings	33		1,890,182,696,271	1,650,153,340,205
2. Repayments of principal	34		(2,034,721,862,012)	(2,035,282,588,604)
Net cash flows from financing activities	40		(144,539,165,741)	(385,129,248,399)
Net cash flows in the year (50 = 20+ 30 + 40)	50		48,987,199,674	116,359,701,229
Cash and cash equivalents at the beginning of the year	60		321,675,669,771	207,176,087,962
Effect of exchange rate fluctuations	61		1,152,626,624	(1,860,119,420)
Cash and cash equivalents at the end of the year (70 = 50+60+61)	70	V.1	371,815,496,069	321,675,669,771



Nguyen Thi Hong Nhung
Preparer
Bac Giang, 03 March 2025



Le Anh Tuan
Chief Accountant

Nguyen Van Dung
General Director

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2024

Unit: VND

I. BUSINESS HIGHLIGHTS

1. Establishment:

Ha Bac Nitrogenous Fertilizer and Chemicals Joint Stock Company (hereinafter referred to as "the Company") is an enterprise equitized from a 100% state-owned company, that was Habac Nitrogenous Fertilizer and Chemicals One Member Limited Liability Company, from 01 January 2016. The Company operates under the first Business Registration Certificate No. 2400120344 dated 21 December 2006 issued by the Department of Planning and Investment of Bac Giang Province, the 14th amended certificate on 06 November 2024.

Form of ownership:

Joint Stock Company

2. Business sector:

The Company's business sector is industrial production.

3. Business lines

Producing and trading chemical products and fertilizers, specifically: Urea fertilizer, NH₃, CO₂, industrial gas products, electricity, etc.

Transaction name in

English

Habac Nitrogenous Fertilizer and Chemicals Joint Stock Company

In short:

HANICHEMCO

Listing code:

DHB

Head office:

Tran Nguyen Han Street, Tho Xuong Ward, Bac Giang City, Bac Giang Province

4. Normal operating cycle

Normal operating cycle of the Company lasts 12 months of the normal fiscal year beginning from 01 January and ending on 31 December annually.

5. The Company's operations in the financial year affecting the Financial Statements:

None.

6. Total employees as at 31 December 2024: 1,263 persons.

(As at 31 December 2023: 1,238 persons)

7. Enterprise's structure

List of joint ventures and associates

As at 31 December 2024, the Company has one (01) associate as follows:

Name and address	Principal business activity	Capital contribution ratio	Ownership ratio	Voting rights ratio
Habac Liquefied Gas Joint Stock Company	Production and trading of CO ₂	36.00%	36.00%	36.00%

8. Disclosure on the comparability of information in the Financial Statements:

The selection of figures and information needs to be presented in the Financial Statements based on the principles of comparability among corresponding accounting periods.

II. ACCOUNTING PERIOD AND REPORTING CURRENCY

1. Financial year

The Company's accounting period begins on 01 January and ends on 31 December annually.

2. Currency unit used in accounting

Vietnamese Dong (VND) is used as a currency unit for accounting records.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2024

Unit: VND

III. APPLICABLE ACCOUNTING STANDARDS AND REGIME

1. Applicable accounting regime

The Company applies the Vietnamese Corporate Accounting Regime as guided in Circular No. 200/2014/TT-BTC dated 22 December 2014 and Circular No. 53/2016/TT-BTC dated 21 March 2016 by the Ministry of Finance on amending and supplementing a number of articles of Circular No. 200/2014/TT-BTC.

2. Disclosure of compliance with Vietnamese Accounting Standards and Regime

We conducted our accounting, preparation, and presentation of the Financial Statements in accordance with Vietnamese Accounting Standards and System and other relevant statutory regulations. The Financial Statements give a true and fair view of the financial position of the Company and the results of its operations as well as its cash flows.

The selection of figures and information presented in the notes to the Financial Statements complies with the material principles in Vietnamese Accounting Standard No. 21 - "Presentation of the financial statements".

IV. APPLICABLE ACCOUNTING POLICIES

1. Types of exchange rates applied in accounting

The Company converts foreign currencies into Vietnam Dong based on actual exchange rates and book rates.

Principles for determining actual exchange rates

All transactions denominated in foreign currencies that arise during the period (trading foreign currencies, capital contribution or receipt of contributed capital, recording receivables and payables, purchasing assets or expenses immediately paid by foreign currencies) are converted at the actual exchange rates ruling as of the transaction dates.

Closing balance of monetary items (cash, cash equivalents, payables and receivables, except for prepayments to suppliers, advances from customers, pre-paid expenses, deposits and unearned income) denominated in foreign currencies should be revalued at the actual rate ruling at the balance sheet date.

Principles for determining book rates

When recovering receivables, deposits, collaterals or payments for payables in foreign currencies, the Company uses specific identification book rate.

When making payments in foreign currencies, the Company uses a moving weighted average rate.

2. Principles for recording cash and cash equivalents

Cash includes cash on hand, demand deposits.

Cash equivalents comprise term deposits, short-term investments with an original maturity of three months or less since investment date, high liquidity and are able to convert to a known amount of cash and subject to an insignificant risk of changes in value.

3. Principles for accounting financial investments

Principles for accounting held-to-maturity investments

Held-to-maturity investments include term deposits.

Held-to-maturity investments are initially recognized at cost, including the purchase price and costs associated with the acquisition of the investments. After initial recognition, if provisions for doubtful debts have not been made as required by law, these investments are evaluated at their recoverable values. When there is firm evidence that part or all of the investment may not be recovered, the loss is recognized as financial expenses during the year and a decrease in the investment value.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2024

Unit: VND

3. Principles for accounting financial investments (continued)

Principles of recording financial investments in subsidiaries, joint ventures, associates

The investments in subsidiaries are recognized when the Company holds more than 50% of voting rights and has the power to govern the financial and operating policies in order to obtain economic benefits from the subsidiaries' operation. When the Company ceases to control the subsidiaries, the investment in the subsidiaries will be written down.

The investment in joint ventures is recorded when the Company holds joint control over these entities' financial and operating policies. When the Company ceases to control these entities, the investment will be written down.

The investments in associates are recognized when the Company holds from 20% to less than 50% of the voting rights of those companies and has considerable influence over their decisions on the financial and operating policies.

Investments in subsidiaries, joint ventures, associates are initially recognized at cost and will not be adjusted thereafter for changes in investors' share of net assets of the investee. The original cost comprises purchase cost and directly attributable expenses to the investment. In a case where the investment is a non-monetary investment, the investment fee is recognized under the fair value of these assets at the date of occurrence.

Provision for loss of investments in subsidiaries, joint ventures, and associates is made when the investee suffers from loss leading to possible loss of capital of investor or the value of the investments is impaired. The basis for making provisions is based on the consolidated financial statements of the investee (if it is a parent company), and the investee's financial statements (if it is an independent enterprise without subsidiaries).

4. Principles for recording trade receivables and other receivables

Principle for recording receivables: At the original cost less provision for doubtful debts.

The classification of the receivables as trade receivables, internal receivables and other receivables depends on the nature of the transaction or relationship between the company and the debtor.

Method of making provision for doubtful receivables: Provision for doubtful debts is estimated for the loss value of the receivables, other held-to-maturity investments similar to doubtful debts that are overdue and undue, but are likely to become possibly irrecoverable due to insolvency of debtors who go bankruptcy, making procedures for dissolution, go missing or run away, etc.

5. Principles for recording inventories:

Principle of recording inventories: Inventories are stated at cost less (-) the provision for the devaluation and provision for obsolete and deteriorated inventories.

The costs of inventories are determined as follows:

- Raw materials, tools and instruments: consist of purchase cost, transportation cost and other directly attributable costs in bringing the inventories to their present location and condition.

- Finished products: include the costs of raw materials, direct labor, and related manufacturing overheads, which are collected based on the actual costs incurred for each production stage.

- Work in progress: includes the cost of direct raw materials, direct labor, and manufacturing overheads incurred during the production process.

Method of calculating inventories' value: Weighted average cost

Accounting for the inventories: Perpetual method

Method of making provision for the devaluation of inventories: Provision for the devaluation of inventories is made when the net realizable value of inventories is lower than their original cost. Net realizable value is the estimated selling price less the estimated costs of completion and selling expenses. Provision for the devaluation of inventories is the difference between the cost of inventories greater than their net realizable value. Provision for the devaluation of inventories is made for each inventory with the cost greater than the net realizable value.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2024

Unit: VND

6. Principles for recording and depreciating fixed assets

6.1 Principles for recording tangible fixed assets

Tangible fixed assets are stated at the original cost less accumulated depreciation. The original cost of a tangible fixed asset comprises all expenditures of bringing the asset to its working condition and location for its intended use. The expenditures incurred after initial recognition are only capitalized if they generate future economic benefits from the use of those tangible fixed assets. The expenditures which do not meet the above conditions are charged to the expenses in the period.

When the assets are sold or disposed of, their original costs and the accumulated depreciation which have been written off, and any gain or loss from the disposal of assets are recorded as income or expense during the period.

Determination of original cost in each case:

Tangible fixed assets purchased

The original cost of purchased tangible fixed assets shall consist of the actual purchase price (less (-) trade discounts or reduction), taxes (excluding taxes to be refunded) and relevant expenses calculated to the time when such fixed assets are put into operation such as fees for installation and trial operations, specialists and other direct costs.

The original cost of fixed assets formed from capital construction under the mode of tendering shall be the finalization price of the construction project, other relevant fees plus registration fee (if any).

Fixed assets are buildings, and structures attached to land use rights, the value of land use rights is computed separately and recorded as intangible fixed assets.

6.2 Principles for recording intangible fixed assets:

Intangible fixed assets are stated at the original cost less accumulated amortization. The original cost of an intangible fixed asset comprises all costs incurred by the enterprise to acquire that asset from the date of its operation as expected.

Determination of original cost in each case:

Computer software

Computer software includes all expenses the company incurred to obtain software for use.

6.3 Method of depreciating fixed assets

Fixed assets are depreciated on straight-line basis over their estimated useful lives. Useful life means the duration in which the tangible fixed assets produce their effect on production and business.

Estimated useful lives of the fixed assets are as follows:

<i>Factories and structures</i>	<i>5 - 25 years</i>
<i>Machinery and equipment</i>	<i>5 - 15 years</i>
<i>Means of transportation</i>	<i>6 years</i>
<i>Intangible fixed assets</i>	<i>3 - 8 years</i>

Based on Notice No. 947/HCVN-TCKT dated 24 May 2017 of Vietnam Chemical Group, specifically as follows:

- In 2017, the Company depreciated fixed assets by 40% under the straight-line method;
- In 2018 and 2019, the Company depreciated fixed assets by 50% under the straight-line method.

The company records the suspended depreciation costs in the "Long-term prepaid expenses" on the Balance Sheet.

7. Principles for recording construction in progress

Construction in progress is recorded at cost. This cost includes all costs necessary to newly purchase fixed assets, build or repair, renovate, expand or re-equip technical works such as construction costs; equipment costs; compensation, support and resettlement costs; project management costs; construction investment consulting costs and other costs.

This cost is carried forward to increase asset value when the project is completed, the assets are handed over and put into a ready-to-use state.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2024

Unit: VND

8. Principles for recording prepaid expenses

The Company's prepaid expenses are all expenses incurred but related to the operating result of several accounting periods. The Company's prepaid expenses include the following expenses: Insurance costs (fire and explosion insurance, car insurance, property insurance, etc.); tools and instruments; fixed asset repair costs; prepaid land rental fee; business advantages; suspended depreciation costs, etc.

Method of allocating prepaid expenses: The determination and allocation of prepaid expenses into the operating cost of each period is on a straight-line basis. Based on the nature and level of each expense, the term of allocation is defined as follows: short-term prepaid expenses should be allocated within 12 months; Long-term prepaid expenses should be allocated from 12 months to 36 months. Particularly, business advantages upon equitization are allocated for 10 years; depreciation costs will be suspended for 2 years (for assets with the remaining useful life less than or equal to 2 years) and allocated according to the remaining useful life (for assets with remaining useful life over 2 years).

9. Principles for recording liabilities

Liabilities are recorded at the original cost and not lower than the payment obligation.

The Company classifies liabilities into trade payables, internal payables and other payables depending on the nature of transactions and the relationship between the Company and debtors.

Liabilities must be recorded in detail according to the payment schedule, creditor, original currency (including the revaluation of liabilities that meet the definition of monetary items denominated in foreign currencies) and other factors as per the Company's management

At the reporting date, if it is evident that there is an unavoidable loss, an amount payable will be immediately recorded under prudent principles.

10. Principles for recording borrowings

Borrowings are total amounts the Company owes to banks, organizations, financial companies and other objects (excluding borrowings under the form of bond or preferred stock issuance which require the issuer to repurchase at a certain time in the future).

Borrowings are monitored in detail for each creditor, loan agreement and borrowed asset.

11. Principles of recording and capitalizing borrowing costs:

Principles for recording borrowing costs: Loan interest and other costs incurred in direct relation to borrowings of an enterprise are recognized as a business and production cost in the period, except where these costs incurred from the borrowings directly related to the construction investment or production of uncompleted assets are computed in these assets' value (capitalized) when they satisfy conditions stipulated in the VAS No. 16 "Borrowing costs".

The capitalization rate is used to determine the borrowing costs capitalized during the period: In the case of joint borrowings involving construction investment purposes or the production of an unfinished asset, the amount of borrowing costs eligible for capitalization in each accounting period is determined based on the capitalization rate for the weighted average accumulated costs incurred for the construction investment or production of that asset. The capitalization rate is calculated based on the weighted average interest rate of the loans outstanding during the period. Borrowing costs capitalized must not exceed the total borrowing costs incurred during that period.

12. Principles for recording accrued expenses

Accrued expenses include loan interest expenses... incurred during the reporting period but have not yet been paid out. These expenses are recorded based on reasonable estimates of the amounts payable under contracts, and agreements,...

13. Principles for recording provisions for payables:

Provisions for payables are only recognized when the following conditions are met: the Company has a present obligation (legal or constructive) as a result of past events; it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; And value of the obligation can be estimated reliably.

The amount recognized as a provision for payables should be the best estimate of the expenditure required to settle the present obligation at the balance sheet date.

Provision for payables includes provisions for periodic repair and maintenance of fixed assets (as per technical requirements).

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2024

Unit: VND

14. Principles for recording owners' equity

Principles for recording owners' contributed capital:

The owner's contributed capital is the amount that is initially contributed by members and supplemented from the shareholders. The owners' equity will be recorded at the actually contributed capital by cash or assets in the early establishment period or additional mobilization to expand the operation.

Principles for recording undistributed profit:

Undistributed profit after tax is recorded at the profit (loss) from the Company's result of operation after deducting (- the current corporate income tax expense and the adjusted items due to the retroactive application of changes in accounting policy and adjustments for material misstatement of the previous years.

The distribution of profits is based on the Company's charter and approved by the Annual General Shareholders' Meeting.

15. Principles and methods for recording revenues and other income

Principles and methods for recording revenue from goods sold

Revenue from the sale of goods should be recognized when all five (5) following conditions have been satisfied: 1. The enterprise has transferred to the buyer the significant risks and rewards of ownership of the goods; 2. The enterprise retains neither continuing managerial involvement as an owner nor effective control over the goods sold; 3. The amount of revenue can be measured reliably; When the contract specifies that buyers are entitled to return products, goods they have bought under specific conditions, the enterprise will record the revenue only when those conditions no longer exist and the buyers do not have right to return products, goods (except for changing to other goods, services) 4. The economic benefits associated with the transaction has flown or will flow to the enterprise; 5. The costs incurred or to be incurred in respect of the transaction can be measured reliably.

Principles and methods for recording revenue from services rendered

Revenue from a service rendered is recognized when the transaction results can be measured reliably. In a case where the services are rendered in several periods, the revenue will be recorded by the part of completed works at the end of the period. Revenue from services rendered is recognized when all four (4) of the following conditions are satisfied simultaneously: 1. The revenue is determined firmly. When the contract specifies that buyers are entitled to return the service they have bought under specific conditions, the enterprise will record the revenue only when those conditions no longer exist and the buyers do not have the right to return the service; 2. The economic benefits associated with the transaction have flown or will flow from the supply of the provided service; 3. Part of completed works can be determined at the balance sheet date; 4. The costs incurred or to be incurred in respect of the transaction can be measured reliably.

If the contract result cannot be determined reliably, revenue will only be recognized at the recoverable amounts of the recognized costs.

Principles and methods for recording financial income

Financial income reflects income from interest, distributed dividends and profits, and other financial income (foreign change gains), etc.

Revenue from interest, royalties, distributed dividends and profit is recognized when both of the two following conditions are satisfied: 1. It is possible to obtain benefits from the transaction; 2. Revenue is determined with relative certainty.

- Interest income is recognized based on the time and actual interest rates in each period.

- Royalties are recognized on an accrual basis in accordance with agreements.

- Dividends and profits distributed are recorded when shareholders are entitled to receive dividends or capital contributors are entitled to receive profits from capital contribution.

When an amount that has been recorded as an income becomes irrecoverable, such irrecoverable or uncertainly recoverable amount must be recorded as an expense incurred in the period, but not recorded as an income decrease.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2024

Unit: VND

16. Principles and methods of recording cost of goods sold

Cost of goods sold reflects the cost of products, services, sold during the period and other costs recorded in cost of goods sold or recorded as reductions in cost of goods sold in the reporting period. The cost of goods sold is recorded at the date the transaction incurs or is likely to incur in the future regardless of whether payment has been made or not. The cost of goods sold and revenue shall be recorded simultaneously on the matching principle. Expenses exceeding normal consumption levels are recorded immediately to the cost of goods sold on a prudent principle.

17. Principles and methods for recording financial expenses

Financial expenses include: Lending and borrowing costs; Provision for impairment of financial investments, losses from selling foreign currencies, Foreign exchange losses and other financial expenses.

Financial expenses are recorded in detail for each expense incurred in the period and determined reliably when there is reliable evidence of these expenses.

18. Principles and methods for recording current Corporate income tax expense

Corporate income tax includes current corporate income tax and deferred corporate income tax incurred in the year, which sets a basis for determining operating results after tax in the current fiscal year.

Current Corporate tax expense is the tax payable on the taxable income and tax rate enacted in the current year.

The tax payables to the State budget will be finalized with the tax office. The difference between the tax payables specified in the book and the tax amounts under finalization will be adjusted when the tax finalization has been issued by the tax office.

19. Principles for recording basic earnings per share

Earnings Per Share (EPS) is calculated by dividing the profit or loss attributable to common shareholders, after deducting the Bonus and Welfare Fund established during the period, by the weighted-average number of common shares outstanding during that period.

Diluted EPS is calculated by dividing profit or loss after tax attributable to common shareholders (after adjusting for dividends on preferred convertible shares) by the weighted average number of common shares outstanding during the period and the weighted average number of the common shares will be issued in the case where all dilutive potential common are converted into common shares.

20. Financial instruments

Initial recognition:**Financial assets**

According to Circular No. 210/2009/TT-BTC dated 06 November 2009 (Circular No. 210) by the Ministry of Finance, financial assets are classified properly, for the purpose of presentation in the financial statements, into the financial assets which are stated at fair value through the Income Statement, loans and receivables, held-to-maturity investments and available-for-sale financial assets. The Company decides to classify these assets at the date of initial recognition.

At the date of initial recognition, financial assets are recognized at cost plus directly related transaction costs.

Financial assets of the Company comprise cash, short-term deposits, trade receivables and other receivables, listed and unlisted financial instruments and derivative financial instruments.

Financial liabilities

Financial liabilities under Circular 210, for financial statement disclosure purposes, are appropriately classified into financial liabilities recognized through the Income Statement and financial liabilities measured at amortized cost. The Company determines the classification of financial liabilities at the time of initial recognition.

All financial liabilities are initially recognized at cost plus directly related transaction costs.

Financial liabilities of the Company comprise trade payables, other payables, borrowings and liabilities and derivative financial instruments.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2024

Unit: VND

20. Financial instruments (continued)

Value after initial recognition

Currently, there are no requirements for the re-measurement of the financial instruments after initial recognition.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount reported in the report on financial position if, and only if, there is a currently enforceable legal right to offset the financial assets against financial liabilities or vice-versal and there is an intention to settle on a net basis or to realize the assets and settle the liability simultaneously.

21. Related parties

Related parties include enterprises and individuals that directly or indirectly through one or more intermediaries, control, or are under control of the Company. Associates and individuals owning, directly or indirectly, an interest in the voting power of the Company that gives them significant influence over the enterprise, key management personnel such as Board of Directors, Board of Management and close members of the family of these individuals and companies associated with these individuals also constitute related parties. In considering each possible related party relationship, attention is directed to the substance of the relationship, and not merely the legal form.

22. Presentation of assets, revenue and results of operation by segment

Business segment includes segment based on business sector and on geographical area.

A business segment is a distinguishable component of the Company engaged in production or in providing an individual product or service or a group of related products or services and that is subject to risks and rewards that are different from those of other business segments.

A geographical segment is a distinguishable component of the Company engaged in production 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.

Because the company's operations primarily focus on producing and trading fertilizers in Bac Giang province, the company does not prepare segment reports by geographical area and business sector.

V. ADDITIONAL INFORMATION FOR ITEMS IN THE INTERIM BALANCE SHEET

1. Cash and cash equivalents

	31/12/2024	01/01/2024
Cash	371,815,496,069	321,675,669,771
Cash on hand	3,725,588,904	4,733,275,554
Demand deposits	368,089,907,165	316,942,394,217
a. Demand deposits in Vietnamese Dong	125,641,227,689	137,826,813,684
<i>Vietnam Joint Stock Commercial Bank for Industry and Trade – Bac Giang Branch</i>	<i>79,544,148,778</i>	<i>77,757,183,576</i>
<i>Joint Stock Commercial Bank For Foreign Trade Of Vietnam - Tay Ho Branch</i>	<i>20,167,403,466</i>	<i>3,542,388,829</i>
<i>Maritime Commercial Joint Stock Bank - Bac Giang Branch</i>	<i>21,200,365,843</i>	<i>27,764,222,112</i>
<i>Other banks</i>	<i>4,729,309,602</i>	<i>28,763,019,167</i>
b. Demand deposits in foreign currency (USD)	242,448,679,476	179,115,580,533
<i>Vietnam Joint Stock Commercial Bank for Industry and Trade – Bac Giang Branch</i>	<i>242,341,481,358</i>	<i>159,472,248,224</i>
<i>Other banks</i>	<i>107,198,118</i>	<i>19,643,332,309</i>
Total	371,815,496,069	321,675,669,771

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2024

Unit: VND

2. Financial investments

a. Short-term financial statements

	31/12/2024		01/01/2024	
	Cost	Book value	Cost	Book value
a1. Short-term	48,000,000,000	48,000,000,000	18,000,000,000	18,000,000,000
- Term deposits (*)	48,000,000,000	48,000,000,000	18,000,000,000	18,000,000,000
Total	48,000,000,000	48,000,000,000	18,000,000,000	18,000,000,000

(*) Term deposits in detail as of December 31, 2024

Contract No.	Balance	Term	Interest rate	Maturity date
Vietnam Joint Stock Commercial Bank for Industry and Trade - Bac Giang Branch				
HDTG280/2019/15293	8,000,000,000	06 months	2.90%	11/3/2025
HDTG280/2021/22746	10,000,000,000	12 months	4.20%	22/7/2025
HDTG280/2024/67809	15,000,000,000	06 months	3.80%	25/1/2025
HDTG280/2024/669347	15,000,000,000	06 months	3.80%	7/2/2025
Total	48,000,000,000			

Deposit contracts at Vietnam Joint Stock Commercial Bank for Industry and Trade - Bac Giang Branch are used as collateral to issue guarantees and open Letters of credit.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2024

Unit: VND

2. Financial investments (continued)

	31/12/2024		01/01/2024	
	Cost	Fair value (*)	Cost	Fair value
- Investments in joint ventures, associates	9,662,812,368	0	9,662,812,368	0
Habac Liquefied Gas Joint Stock Company	9,662,812,368	0	9,662,812,368	0
- Other investments	3,556,066,097	5,820,000,000	3,556,066,097	5,320,000,000
Ha Bac Hung Phat Chemical Joint Stock Company	3,556,066,097	5,820,000,000	3,556,066,097	5,320,000,000
Total	13,218,878,465	5,820,000,000	13,218,878,465	5,320,000,000

(*) The fair value of Ha Bac Hung Phat Chemical Joint Stock Company was determined based on the average reference price of VND 14,550 per share for the 30 consecutive trading days preceding the date of the financial statements on UPCOM, as quoted by the Vietnam Exchange.

(*) The fair value of the investment in Habac Liquefied Gas Joint Stock Company has not been determined because Vietnamese Accounting Standards and Vietnamese Corporate Accounting Regime do not have specific guidance on determining fair value.

Associate - Habac Liquefied Gas Joint Stock Company

- Habac Liquefied Gas Joint Stock Company operates under the first Business Registration Certificate No. 2400742955 dated 30 October 2014 issued by the Department of Planning and Investment of Bac Giang Province. As at 31 December 2024, the Company recorded an investment of 864,906 shares in the associate, equivalent to VND 9,662,812,368 or 36% of its charter capital. The operations of the associate during the period are the production and trading of CO₂.

Transactions with the associate arising during the period: Sales of water, CO₂. (Details in Note VII.2).

Other investments - Ha Bac Hung Phat Chemical Joint Stock Company

Ha Bac Hung Phat Chemical Joint Stock Company operates under first Business Registration Certificate No. 2400395807 dated 01 February 2008 issued by the Department of Planning and Investment of Bac Giang Province, and the fifth amended certificate on 27 October 2022. As at 31 December 2024, the Company recorded an investment in Ha Bac Hung Phat Chemical Joint Stock Company of 400,000 shares, equivalent to VND 3,556,066,097 or 4.76% of its charter capital. The business activities of Ha Bac Hung Phat Chemical Joint Stock Company during the period are the production and trading of H₂O₂.

Transactions with joint ventures and affiliated companies during the year:

Habac Liquefied Gas Joint Stock Company

Selling goods

Dividend received

	Year 2024	Year 2023
	9,340,474,270	902,310,017
	5,189,436,000	0

These notes are an integral part of the financial statements

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NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2024

Unit: VND

3. Trade receivables	31/12/2024		01/01/2024	
	Value	Provision	Value	Provision
a. Short-term	194,518,231,831	0	200,035,369,805	0
Wuhuan Engineering Co., Ltd - Project Management Office in Bac Giang (*)	54,084,783,360	0	54,084,783,360	0
SAMSUNG C AND T SINGAPORE PTE LTD	49,868,750,000	0	0	0
Thanh Son General Trading and Service Company Limited	33,427,000,000	0	22,558,800,000	0
Long Bien Industrial Gas Joint Stock Company	4,873,630,520	0	44,414,335,960	0
Habac Liquefied Gas Joint Stock Company	902,310,017	0	1,070,230,779	0
Dongwha International Co., Limited	0	0	30,498,352,500	0
Thuy Ngan Trading Company Limited	0	0	28,246,400,000	0
Others	51,361,757,934	0	19,162,467,206	0
Total	194,518,231,831	0	200,035,369,805	0
b. Trade receivables from related parties				
Habac Liquefied Gas Joint Stock Company	902,310,017	0	1,070,230,779	0
Total	902,310,017	0	1,070,230,779	0

(*) This is receivable from the contractor related to the trial operation of fixed assets of Ha Bac Nitrogenous Fertilizer Plant Renovation and Expansion Project.

All trade receivables are mortgaged under short-term loan contract No. 01/2024-HĐCVHM/NHCT280-DHB dated 4 July 2024 of Vietnam Joint Stock Commercial Bank for Industry and Trade - Bac Giang Branch.

These notes are an integral part of the financial statements

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NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2024

Unit: VND

4. Prepayments to suppliers	31/12/2024		01/01/2024	
	Value	Provision	Value	Provision
a. Short-term	37,973,043,906	0	18,432,123,924	0
Yueyang Dongtian Petrochemical Co.,Ltd, China	26,367,604,217	0	10,505,783,174	0
Hong Phuc Material and Equipment Co., Ltd	6,167,604,000	0	0	0
Hao Thien Dai Duong Engineering Services and Equipment Co., Ltd	310,122,230	0	2,754,299,690	0
Hexun Material and Economy Trading Co., Ltd of Nanning, China	0	0	1,757,947,755	0
Others	5,127,713,459	0	3,414,093,305	0
Total	37,973,043,906	0	18,432,123,924	0
5. Other receivables	31/12/2024		01/01/2024	
	Value	Provision	Value	Provision
a. Short-term	20,053,233,712	(5,210,337,062)	20,098,402,342	(5,344,337,062)
Constrexim-MECO Joint Stock Company - Advance payment for site clearance of the resettlement project.	5,210,337,062	(5,210,337,062)	5,210,337,062	(5,210,337,062)
Other receivables related to liabilities of Fertilizer Plant Renovation and Expansion Project	4,654,692,143	0	4,654,692,143	0
Receivables for adjusting compensation costs for pipeline 390,395	2,701,391,102	0	2,701,391,102	0
Others	7,486,813,405	0	7,531,982,035	(134,000,000)
b. Long-term	740,804,017,963	0	740,804,017,963	0
Receivable from EPC contractor, package 8 - Ha Bac Nitrogenous Fertilizer Plant Renovation and Expansion Project (*)	740,804,017,963	0	740,804,017,963	0
Total	760,857,251,675	(5,210,337,062)	760,902,420,305	(5,344,337,062)

(*): Adjustment to decrease the original cost of fixed assets of Ha Bac Nitrogenous Fertilizer Plant Renovation and Expansion Project (See Note V.9)

HABAC NITROGENOUS FERTILIZER AND CHEMICALS JOINT STOCK COMPANY

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2024

Form B 09 - DN

Unit: VND

6. Bad debts	31/12/2024		01/01/2024	
	Cost	Provision	Recoverable amount	Provision
- Total value of receivables, loans that are overdue or not overdue but unlikely to be recovered	5,210,337,062	(5,210,337,062)	0	(5,344,337,062)
Constrexim-MECO Joint Stock Company -Advance payment for site clearance of the resettlement project.	5,210,337,062	(5,210,337,062)	0	(5,210,337,062)
People's Committee of Tran Nguyen Han Ward	0	0	0	(134,000,000)

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2024

Unit: VND

7. Inventories	31/12/2024		01/01/2024	
	Cost	Provision	Cost	Provision
Raw materials	519,918,637,465	0	488,687,422,241	0
Tools, instruments	469,867,445	0	443,452,851	0
Work in progress	15,964,483,881	0	20,306,728,918	0
Finished products	2,761,407,634	0	96,979,115,821	0
Total	539,114,396,425	0	606,416,719,831	0

All inventory is mortgaged under short-term loan contract No. 01/2024-HĐCVHM/NHCT280-DHB dated 4 July 2024 of Vietnam Joint Stock Commercial Bank for Industry and Trade - Bac Giang Branch.

8. Long-term assets in progress	31/12/2024		01/01/2024	
	Value	Provision	Value	Provision
a. Long-term work in progress	33,552,540	0	33,552,540	0
- Research to implement CA topic	33,552,540	0	33,552,540	0
b. Construction in progress	92,310,341,918	0	71,775,784,658	0
- Resettlement project (*)	70,873,660,448	0	70,873,660,448	0
- 130 tons/h steam boiler investment project-Thermal Workshop	11,310,909	0	11,310,909	0
- Limestone grinding system investment project - Thermal workshop	10,987,963	0	10,987,963	0
- Major repair costs of fixed assets	21,414,382,598	0	879,825,338	0
Total	92,343,894,458	0	71,809,337,198	0

(*) The project is being undertaken by the Ha Bac Nitrogenous Fertilizer and Chemicals Joint Stock Company, with a total investment of 87 billion Vietnamese Dong. The capital source is collected from land use fees when allocating land for resettlement but the Company advanced for implementation. The project is located in Tho Xuong Ward, Bac Giang City, Bac Giang Province, and aims to resettle people affected by Ha Bac Nitrogenous Fertilizer Plant Renovation and Expansion Project. As of now, the project has been basically completed and is awaiting final settlement.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2024

Unit: VND

9. Tangible fixed assets

Items	Buildings, structures	Machinery, equipment	Means of transportation	Total
Original cost (*)				
Opening balance	2,037,571,475,009	7,750,930,160,294	30,719,351,313	9,819,220,986,616
Complete construction	2,948,015,644	15,217,853,630	0	18,165,869,274
Purchased during the period	0	0	6,799,588,385	6,799,588,385
Disposals, resales	0	0	(1,452,208,312)	(1,452,208,312)
Closing balance	2,040,519,490,653	7,766,148,013,924	36,066,731,386	9,842,734,235,963
Accumulated depreciation				
Opening balance	918,372,912,943	4,810,739,129,616	27,261,031,921	5,756,373,074,480
Depreciated for the year	69,497,588,069	472,431,060,346	1,046,466,686	542,975,115,101
Disposals, resales	0	0	(1,452,208,312)	(1,452,208,312)
Closing balance	987,870,501,012	5,283,170,189,962	26,855,290,295	6,297,895,981,269
Net book value				
Opening balance	1,119,198,562,066	2,940,191,030,678	3,458,319,392	4,062,847,912,136
Closing balance	1,052,648,989,641	2,482,977,823,962	9,211,441,091	3,544,838,254,694

(*) The original cost of fixed assets includes the value of fixed assets of the Ha Bac Nitrogenous Fertilizer Plant Renovation and Expansion Project. This project has been temporarily recorded as an increase in fixed assets since April 2015 with a total cost of VND 9,578,015,411,146. In 2017, based on the completed project finalization report prepared on 01 December 2017, the Company adjusted to decrease the original cost of fixed assets formed from this project by VND 731,345,834,964, the new original cost was determined to be VND 8,846,669,576,182 and depreciated the fixed assets under the new original cost. The reduced value is mainly associated with the materials and equipment of package 8 implemented by Wuhuan Engineering Co., Ltd, so the Company recorded the receivable from the contractor. Currently, the Company is waiting for approval of completion finalization from the competent authority, and the lack of A-B finalization may lead to a contractual dispute with the contractor.

- In which:

+ Net book value of tangible fixed assets used as mortgage or pledge to secure loans: VND 3,526,309,223,586.

+ Original cost of tangible fixed assets at the end of the year fully depreciated but still in use: VND 918,634,004,746.

10. Intangible fixed assets

Items	Computer software	Total
Original cost		
Opening balance	13,226,611,293	13,226,611,293
Closing balance	13,226,611,293	13,226,611,293
Accumulated amortization		
Opening balance	11,991,526,622	11,991,526,622
Amortization for the year	1,235,084,671	1,235,084,671
Closing balance	13,226,611,293	13,226,611,293
Net book value		
Opening balance	1,235,084,671	1,235,084,671
Closing balance	0	0

* Original cost of intangible fixed assets at the end of the period fully amortized but still in use: VND 13,226,611,293.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2024

Unit: VND

11. Prepaid expenses	31/12/2024	01/01/2024
Short-term prepaid expenses	5,677,546,358	5,463,108,399
Insurance costs	3,771,776,209	3,649,621,730
Others	1,905,770,149	1,813,486,669
Long-term prepaid expenses	575,805,447,125	658,732,152,102
Business advantages when equitizing	18,835,350,028	37,670,700,057
Land rental fee (*)	52,413,103,238	54,022,307,654
Fixed asset depreciation is suspended under Notice No. 947/HCVN-TCKT	484,255,807,694	566,719,638,071
Major fixed assets repair cost	20,053,784,534	0
Others	247,401,631	319,506,320
Total	581,482,993,483	664,195,260,501

(*) According to Notice No. 163/TB-STC dated 7 August 2015 of the Department of Finance of Bac Giang province and documents determining the land rental fee to be offset against compensation and site clearance cost of the Ha Bac Nitrogenous Fertilizer Plant Renovation and Expansion Project by the Tax Department of Bac Giang province, the amount of VND 65,613,266,507 will be deducted from the annual land rental fees of the Ha Bac Nitrogenous Fertilizer Plant Renovation and Expansion Project in Huong Man village - Xuan Huong commune - Lang Giang district and 02 land lots in Tho Xuong ward - Bac Giang city until 2058. At 31 December 2024, the remaining site clearance amount is offset against the project's land rental fee is VND 52,413,103,238.

12. Trade payables	31/12/2024		01/01/2024	
	Value	Recoverable amount	Value	Recoverable amount
a. Short-term	386,144,351,853	386,144,351,853	414,511,282,093	414,511,282,093
Wuhuan Engineering Co., Ltd (*)	235,876,130,842	235,876,130,842	225,664,114,513	225,664,114,513
Vietnam National Coal & Mineral Industries Holding Corporation Limited	70,144,912,245	70,144,912,245	129,266,744,720	129,266,744,720
Hoang Gia Trading & Service Company Limited	20,904,085,125	20,904,085,125	4,124,224,500	4,124,224,500
THAHUSA Group Joint Stock Company	15,711,522,750	15,711,522,750	0	0
Ha Long Investment Co., Ltd	15,228,241,875	15,228,241,875	0	0
DANKA Minerals Joint Stock Company	0	0	18,135,406,608	18,135,406,608
Payable to other suppliers related to the Ha Bac Nitrogenous Fertilizer Plant Renovation and Expansion Project	2,476,959,000	2,476,959,000	4,048,922,302	4,048,922,302
Others	25,802,500,016	25,802,500,016	33,271,869,450	33,271,869,450
Total	386,144,351,853	386,144,351,853	414,511,282,093	414,511,282,093

(*) This is payable to contractor related to the Ha Bac Nitrogenous Fertilizer Plant Renovation and Expansion Project.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2024

Unit: VND

12. Trade payables (continued)	31/12/2024		01/01/2024	
	Value	Recoverable amount	Value	Recoverable amount
b. Trade payables to related parties				
Vietnam Institute of Industrial Chemistry	358,930,000	358,930,000	2,696,540,000	2,696,540,000
Total	358,930,000	358,930,000	2,696,540,000	2,696,540,000

13. Advances from customers	31/12/2024		01/01/2024	
	Value	Recoverable amount	Value	Recoverable amount
a. Short-term			117,549,295,214	9,071,721,825
Thuy Ngan Trading Company Limited			27,145,500,000	0
Toan Van General Trading Joint Stock Company			18,850,780,941	0
Cuong Lien Agricultural Materials Company Limited			17,367,100,000	0
Bac Giang Fertilizer Export Import Joint Stock Company			13,135,807,383	0
Duc Giang Lao Cai Chemicals Limited Company			0	3,713,845,300
Huynh Thanh Manufacturing Service and Trading Company Limited			0	1,172,402,952
Hai Phong Agricultural Material and Construction Joint Stock Company			0	1,170,600,000
Lam Thao Fertilizers and Chemicals Joint Stock Company			0	46,600,000
Others			41,050,106,890	2,968,273,573
Total			117,549,295,214	9,071,721,825
b. Advances from customers from related parties				
Lam Thao Fertilizers and Chemicals Joint Stock Company			0	46,600,000
Total			0	46,600,000

14. Taxes and payables to the State

	01/01/2024	Payables in the year	Paid in the year	31/12/2024
a. Payables				
Output VAT	0	123,780	123,780	0
VAT on imported goods	0	3,802,442,342	3,802,442,342	0
Import and export tax	324,736,000	53,381,160,050	53,705,896,050	0
Personal income tax	343,089,204	2,804,215,846	3,099,941,113	47,363,937
Natural resources tax	68,535,900	1,284,060,195	1,205,912,655	146,683,440
Housing tax and land rental fee	0	7,228,933,593	7,228,933,593	0
Business license fee	0	3,000,000	3,000,000	0
Fees, charges and other payables	375,917,988	1,603,963,005	1,673,762,163	306,118,830
Total	1,112,279,092	70,107,898,811	70,720,011,696	500,166,207
b. Receivables				
Land rental fee	1,685,918,754	1,685,918,754	-	-
Total	1,685,918,754	1,685,918,754	-	-

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2024

Unit: VND

	31/12/2024	01/01/2024
15. Accrued expenses		
a. Short-term		
Interest expense	576,813,743	8,998,258,018
Others	554,659,849	914,872,849
Total	22,153,894	8,083,385,169
Total	576,813,743	8,998,258,018
16. Other payables		
a. Short-term		
Trade union fees	462,403,256	1,010,624,685
Loan interest payable to Vietnam Development Bank - North Northeast Area Branch (*)	130,000,000,000	130,000,000,000
Payable to Vietnam National Chemical Group for proceeds from liquidation of unused materials when equitization	1,693,506,388	5,289,270,000
Materials are warehoused but not yet recorded as liabilities	31,368,869,800	14,054,845,152
Payables to resettlement project costs (**)	1,911,956,217	1,911,956,217
Funding source for resettlement project granted (*)	2,803,991,000	2,803,991,000
Payables related to the self-settlement of Ha Bac Nitrogenous Fertilizer Plant Renovation and Expansion Project.	35,151,624,197	35,151,624,197
Others	5,055,746,828	12,714,356,220
Total	208,448,097,686	202,936,667,471
b. Long-term		
Loan interest payable to Vietnam Development Bank - North Northeast Area Branch (*)	2,015,355,825,646	2,388,202,596,753
Long-term deposits and collaterals	3,549,496,985	83,406,683,441
Collection of land use fees for the resettlement project (**)	66,809,800,000	66,809,800,000
Total	2,085,715,122,631	2,538,419,080,194
c. Other payables from related parties		
Payable to Vietnam National Chemical Group for proceeds from liquidation of unused materials when equitization	1,693,506,388	5,289,270,000
Total	1,693,506,388	5,289,270,000

(*) The interest payable to Vietnam Development Bank - North Northeast Area Branch has its interest payment term adjusted under the amended and supplemented Contract No. 02/2023/HDTDDT-NHPT dated 21 December 2023.

(**): Amounts collected to implement resettlement investment construction project for Ha Bac Nitrogenous Fertilizer Plant Renovation and Expansion Project

- The above amounts are used to cover the technical infrastructure construction cost and are monitored in the construction in progress of about VND 70.9 billion; other receivables are about VND 1.9 billion. The difference between income/expenditures will be finalized with the State.

HABAC NITROGENOUS FERTILIZER AND CHEMICALS JOINT STOCK COMPANY

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2024

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Unit: VND

	During the year			Recoverable amount
	31/12/2024	Increase	Decrease	
17. Borrowings and finance lease liabilities				
a. Short-term borrowings				
Short-term borrowings from Banks				
Vietnam Joint Stock Commercial Bank for Industry and Trade (Vietinbank) - Bac Giang Branch (1)	415,263,223,306	1,990,182,696,271	1,948,924,422,012	374,004,949,047
Joint Stock Commercial Bank for Investment and Development of Vietnam (BIDV) - Kinh Bac Branch (2)	415,263,223,306	1,990,182,696,271	1,948,924,422,012	374,004,949,047
Long-term borrowings due to date	300,805,453,819	1,872,724,926,784	1,845,924,422,012	274,004,949,047
Total	1,131,331,882,431	4,853,089,919,326	4,743,772,870,036	1,022,014,847,141
b. Long-term borrowings				
Long-term borrowings from Banks				
Vietinbank - Bac Giang Branch and co-financing banks (3)	1,299,319,200,000	97,877,700,001	143,033,500,001	1,344,475,000,000
Vietnam Development Bank - North Northeast Area Branch (4)	1,070,587,000,000	0	100,000,000,000	1,170,587,000,000
Long-term borrowings from individuals	0	0	12,490,000	12,490,000
Borrowings from staff	0	0	12,490,000	12,490,000
Total	2,369,906,200,000	97,877,700,001	243,033,500,001	2,515,062,000,000
Total	1,299,319,200,000	97,877,700,001	143,033,500,001	1,344,475,000,000
Total	2,430,651,082,431	4,950,967,619,327	4,886,806,370,037	2,366,489,847,141

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2024

Unit: VND

17. Borrowings and finance lease liabilities (continued)

Borrowings from banks in detail:

Contract No.	Term	Interest rate	Credit limit	Balance as at 31/12/2024	Loan purpose	Secured assets
Vietnam Joint Stock Commercial Bank for Industry and Trade (Vietinbank) - Bac Giang Branch (1)						
Loan Limit Contract No. 01/2024/HDCVHM/NHCT280-DHB dated 04/07/2024	From 04/07/2024 to 04/07/2025	As per each indebtedness certificate	380,000,000,000	300,805,453,819	Serving the production and trading of Urea, Ammonia, CO2	The Company's entire inventory, address: Tran Nguyen Han Street, Tho Xuong Ward, Bac Giang City and customer receivables
Joint Stock Commercial Bank for Investment and Development of Vietnam (BIDV) - Kinh Bac Branch (2)						
Credit contract No. 0101/2024/413162/HDTD dated 15/11/2024	From 15/11/2023 to 15/03/2025	As per each indebtedness certificate	17,457,769,487	17,457,769,487	Payment for coal and transportation costs.	Machinery, equipment, buildings, and architectural objects (line 1) are owned by the Company
Vietinbank - Bac Giang Branch and co-financing banks (3)						
Credit contract No. 01.68/HDTD ngày 06/8/2010	Until 2031	4,5%/year	192 triệu USD	50.850,000 USD	Investment of Ha Bac Nitrogenous Fertilizer Plant Renovation and Expansion Project	Assets formed from loan capital
Vietnam Development Bank - North Northeast Area Branch (4)						
Credit contract No. 45/2008/HDTDDT-NHPT dated 11/9/2008 and annexes	Until 2031	8,55%/year	4,125,000,000,000	1,167,587,000,000	Investment of Ha Bac Nitrogenous Fertilizer Plant Renovation and Expansion Project	Assets formed from loan capital
Total				2,785,169,423,306		

These notes are an integral part of the financial statements

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2024

Unit: VND

18. Owners' equity

a. Reconciliation table of changes in Owners' equity

Items	Owners' contributed capital	Undistributed Profit after tax	Total
Previous year opening balance	2,722,000,000,000	(2,974,183,682,269)	(252,183,682,269)
Profit	0	858,284,451,090	858,284,451,090
Other increases	0	5,506,093,435	5,506,093,435
Previous year closing balance	2,722,000,000,000	(2,110,393,137,744)	611,606,862,256
Current year opening balance	2,722,000,000,000	(2,110,393,137,744)	611,606,862,256
Profit	0	6,845,416,606	6,845,416,606
Current year closing balance	2,722,000,000,000	(2,103,547,721,138)	618,452,278,862

b. Owners' contributed capital in detail

	Capital contribution ratio	31/12/2024	01/01/2024
Vietnam National Chemical Group	97.66%	2,658,310,000,000	2,658,310,000,000
Other shareholders	2.34%	63,690,000,000	63,690,000,000
Total	100.00%	2,722,000,000,000	2,722,000,000,000

c. Capital transactions with owners and distribution of dividends, profit

	Year 2024	Year 2023
Contributed capital of owners	2,722,000,000,000	2,722,000,000,000
At the beginning of the year	2,722,000,000,000	2,722,000,000,000
Capital increase during the year	0	0
Capital decrease during the year	0	0
At the end of the year	2,722,000,000,000	2,722,000,000,000

d. Shares

	31/12/2024	01/01/2024
Number of registered shares	272,200,000	272,200,000
Number of registered shares sold out to public	272,200,000	272,200,000
Common shares	272,200,000	272,200,000
Number of treasury shares	0	0
Common shares	0	0
Number of shares in circulation	272,200,000	272,200,000
Common shares	272,200,000	272,200,000
Par value of share in circulation: VND per share	10,000	10,000

These notes are an integral part of the financial statements

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2024

Unit: VND

19. Off-balance sheet item

a. Outsourced assets

The Company signed land lease agreements in Tho Xuong Ward, Bac Giang City, Bac Giang Province for production and business purposes from 2007 to 2058. The leased land area is 85,51811 ha. According to these agreements, the Company must pay annual land rent until its maturity date following current State regulations.

In addition, the Company signed a land lease contract in Tran Quang Dieu Ward, Quy Nhon City, Binh Dinh Province, to serve as the Company's representative office in Binh Dinh Province from 2001 to 2045. The leased land area is 349m2. According to current state regulations, the Company must pay annual land rent until the contract maturity date.

b. Foreign currencies

	31/12/2024		01/01/2024	
	Original currency	VND converted	Original currency	VND converted
USD	9,675,035.93	244,294,657,234	7,534,702.72	180,870,412,162
Total	9,675,035.93	244,294,657,234	7,534,702.72	180,870,412,162

c. Other items

	31/12/2024	01/01/2024
Accounts receivable have been written off	134,000,000	0
Total	134,000,000	0

VI. ADDITIONAL INFORMATION FOR ITEMS IN THE INCOME STATEMENT

1. Net revenue from goods sold and services rendered

	Year 2024	Year 2023
Net revenue from goods, products sold	4,439,477,098,072	4,413,475,970,445
Total	4,439,477,098,072	4,413,475,970,445

2. Cost of goods sold

	Year 2024	Year 2023
Cost of goods, products sold	4,161,818,996,381	4,428,747,705,041
Total	4,161,818,996,381	4,428,747,705,041

3. Financial income

	Year 2024	Year 2023
Interest from loans, deposits	1,456,880,594	3,121,556,949
Dividends, profit received	5,189,436,000	5,861,889,000
Foreign exchange gain during the period	20,252,070,422	3,170,702,735
Others	0	92,084,638
Total	26,898,387,016	12,246,233,322

4. Financial expenses

	Year 2024	Year 2023
Loan interest expense	203,307,955,862	642,445,738,924
Foreign exchange loss during the period	1,961,190,187	359,372,234
Foreign exchange loss due to revaluation	67,667,275,146	47,558,939,282
Total	272,936,421,195	690,364,050,440

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2024

Unit: VND

5. Selling expenses and General and administrative expenses

a. Selling expenses

	Year 2024	Year 2023
Raw materials	2,367,015,194	2,844,537,756
Other costs in cash (transportation, advertisements,...)	83,980,965,287	91,923,706,275
Total	86,347,980,481	94,768,244,031

b. General and administrative expenses

Staff cost	41,676,087,556	53,783,861,842
Management material costs	9,144,790,826	8,044,105,119
Fixed asset depreciation	14,097,140,318	13,801,805,265
Taxes, fees, charges	8,074,400,720	4,899,129,922
External services	6,766,547,235	8,556,057,989
Other costs in cash	56,065,397,498	67,553,267,240
Total	135,824,364,153	156,638,227,377

6. Other income

	Year 2024	Year 2023
Proceed from leasing assets	260,244,371	231,685,823
Income from interest expenses written off, reduced interest rate (*)	242,846,771,107	1,802,057,603,374
Income from inventory discrepancies	4,438,999,198	0
Income from asset liquidation	232,933,333	0
Others	1,203,744,216	1,555,975,834
Total	248,982,692,225	1,803,845,265,031

(*) The Company is allowed to write off the interest on the overdue debt that has not been collected until 21 December 2023 at the Vietnam Development Bank - Northeast Branch, as per Notice No. 53/TB-NHPT.BDB dated 31 January 2024. The written-off and reduced interest amount is recognized as other income during the year.

7. Other expenses

	Year 2024	Year 2023
Depreciation of assets suspended for repairs	50,534,133,496	0
Others	1,050,865,001	764,790,819
Total	51,584,998,497	764,790,819

8. Business costs by factor

	Year 2024	Year 2023
Raw material cost	2,683,463,701,968	2,827,340,939,546
Labor cost	201,258,479,552	267,046,334,800
Fixed asset depreciation	576,139,896,653	624,767,388,163
External services	436,203,019,558	346,719,988,638
Other costs in cash	388,398,682,382	441,334,007,178
Total	4,285,463,780,113	4,507,208,658,325

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2024

Unit: VND

	Year 2024	Year 2023
9. Current Corporate income tax expense		
Total accounting profit before tax	6,845,416,606	858,284,451,090
Adjustments to increase	172,050,000	609,513,728
- Non-deductible expenses	32,000,000	515,013,728
- Remuneration of non-executive Board of Directors and Board of Supervisors	140,050,000	94,500,000
Adjustments to decrease	(5,189,436,000)	(5,861,889,000)
- Dividends, profit received	(5,189,436,000)	(5,861,889,000)
Loss from previous years carried forward	(1,828,030,606)	(853,032,075,818)
Taxable income	0	0
Tax rate	20%	20%
Total current Corporate income tax expense	0	0
10. Basic earnings per share		
Accounting profit after corporate income tax	6,845,416,606	858,284,451,090
Adjustments to increase or decrease	0	0
Profit or loss allocated to common shareholders	6,845,416,606	858,284,451,090
Average common shares outstanding during the period	272,200,000	272,200,000
Basic earnings per share	25.15	3,153.14

11. Financial risk management policies and objectives

The risks from financial instruments include market risk, credit risk and liquidity risk.

The Board of Management considers the application of management policies for the above risks as follows:

11.1 Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate due to changes in market prices. There are three market risks: interest rate risk, foreign exchange risk and other price risks, for example, risk of stock price. Financial instruments affected by the market risks include borrowings and liabilities, deposits, and available-for-sale investments.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market prices. Market risks due to changes in the interest rate of the Company mainly relate to: borrowings and liabilities, cash, and short-term deposits.

The Company manages the interest rate risk by analyzing the competition status in the market in order to apply the interest rate that brings benefits to the Company while is still within the limit of its risk management.

Foreign exchange risk

Foreign exchange risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate due to changes in the exchange rate. The Company bears risks due to changes in the exchange rate of currencies other than VND related directly to the Company's operating activities.

The Company manages foreign currency risk by considering current and expected market conditions when planning future transactions in foreign currencies. The Company does not use any derivative financial instruments to hedge its foreign currency risks.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2024

Unit: VND

11.2 Credit risk

Credit risk is the risk that one party to a financial instrument or customer contract will cause a financial loss for the other party by failing to discharge an obligation. The Company bears credit risks from operating activities (mainly trade receivables) and from its financial activities including bank deposits, foreign exchange operations and other financial instruments.

Trade receivables

The Company minimizes the credit risk by only doing business with entities that have a good financial capacity and closely keeping track of the liabilities to speed up the recovery of debts. On the basis of this method and receivables related to different customers, the credit risk does not concentrate on a certain customer.

Bank deposits

The company mainly maintains deposits at large and prestigious banks in Vietnam. The Company finds that the concentration of credit risk on bank deposits is low.

11.3 Liquidity risk

Liquidity risk is the risk that arises from difficulty in fulfilling financial obligations due to a lack of capital. The liquidity risk of the Company mainly arises from the difference in the maturity of the financial assets and liabilities.

The Company supervises liquidity risk by maintaining an amount of cash, cash equivalents and borrowings from banks at the level that the Board of Management considers sufficient to satisfy the Company's activities and minimize influences of changes in cash flows.

The following table summarizes liquidity deadline of the Company's financial liabilities on the basis of estimated payments in accordance with contract which are not discounted:

As at 31/12/2024	Less than 1 year	Over 1 year	Total
Borrowings and liabilities	415,263,223,306	2,369,906,200,000	2,785,169,423,306
Trade payables	386,144,351,853	0	386,144,351,853
Accrued expenses	576,813,743	0	576,813,743
Other short-term payables	206,292,188,042	2,085,715,122,631	2,292,007,310,673
Total	1,008,276,576,944	4,455,621,322,631	5,463,897,899,575
As at 01 January 2024			
Borrowings and liabilities	374,004,949,047	2,515,074,490,000	2,889,079,439,047
Trade payables	414,511,282,093	0	414,511,282,093
Accrued expenses	8,998,258,018	0	8,998,258,018
Other short-term payables	196,636,772,786	2,538,419,080,194	2,735,055,852,980
Total	994,151,261,944	5,053,493,570,194	6,047,644,832,138

The Company can access capital sources and loans due within 12 months can be rolled over with existing lenders.

Secured assets

The Company used part of land use rights, bank deposits and cash equivalents, trade receivables, inventories, machinery and equipment, buildings and structures, and land use rights as collateral for short-term and long-term borrowings from banks (Detail in Note "Borrowings and finance lease liabilities").

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2024

Unit: VND

12. Financial assets and liabilities

The fair value of financial assets and financial liabilities is stated at the value that the financial instruments are convertible in present transaction among partners, except for compulsory sale or disposal.

The Company uses the following methods and assumptions to estimate the fair value:

The fair value of cash on hand and short-term deposits, trade receivables, trade payables and other short-term liabilities is equivalent to the book value of these items because these instruments are in short-term.

The following table presents the book value and fair value of financial instruments presented in the Company's Financial Statements:

	Book value		Fair value	
	31/12/2024	01/01/2024	31/12/2024	01/01/2024
	Value	Provision	Value	Provision
Financial assets				
- Cash and cash equivalents	371,815,496,069	0	321,675,669,771	0
- Short-term held-to-maturity investments	48,000,000,000	0	18,000,000,000	0
- Other long-term investments	3,556,066,097	0	3,556,066,097	0
- Trade receivables	194,518,231,831	0	200,035,369,805	0
- Other receivables	760,857,251,675	(5,210,337,062)	760,902,420,305	(5,344,337,062)
TOTAL	1,378,747,045,672	(5,210,337,062)	1,304,169,525,978	(5,344,337,062)
Financial liabilities				
- Borrowings and liabilities	2,785,169,423,306	0	2,889,079,439,047	0
- Trade payables	386,144,351,853	0	414,511,282,093	0
- Accrued expenses	576,813,743	0	8,998,258,018	0
- Other payables	2,292,007,310,673	0	2,735,055,852,980	0
TOTAL	5,463,897,899,575	0	6,047,644,832,138	0

These notes are an integral part of the financial statements

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NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2024

Unit: VND

VII. OTHER INFORMATION

1. Contingent liabilities, commitments and other financial information

The Company has been working with the EPC Contractor of Package 8 - Design, procurement of equipment and materials, construction, operation and handover of the factory to settle additional payments for the Ha Bac Nitrogenous Fertilizer Plant Renovation and Expansion Project. This may lead to future receivables and payables to the contractor and other related parties.

Accumulated loss of VND 669,733,694,565 from the time of determining the enterprise value to the time of official conversion to a joint stock company (from 01 January 2015 to 31 December 2015) was transferred to the joint stock company based on Disclosure of the initial share offering of Ha Bac Nitrogenous Fertilizer and Chemicals Company Limited and Decision No. 15/QD-HCVN dated 6 January 2017 of Vietnam National Chemical Group on approving the final settlement of equitization of Ha Bac Nitrogenous Fertilizer and Chemicals Company Limited at the time of conversion.

2. Transaction with related parties

Significant transactions and balances with related parties during the period are as follows:

Related parties	Relation	Nature of transaction	Incurred during the year	Closing balance receivable (payable)
Vietnam National Chemical Group	Parent company	Revenue and expenditure from liquidation of unused assets upon equitization	0	(1,693,506,388)
DAP - Vinachem Joint Stock Company	Same parent company	Selling goods	29,258,400,000	0
DAP2 - Vinachem Joint Stock Company	Same parent company	Selling goods	64,167,480,000	0
Habac Liquefied Gas Joint Stock Company	Associate	Selling goods	9,340,474,270	902,310,017
		Dividend receipt	5,189,436,000	0
Vietnam Institute of Industrial Chemistry	Same parent company	Purchase of chemicals	0	(358,930,000)

+ Income of the Board of Directors, Board of Management and Chief Accountant

Name	Position	Content	Year 2024
Nguyen Van Thieu	Chairman of the Board of Directors	Remuneration of the Board of Directors and other income	82,625,000
Nguyen Duc Ninh	General Director (Retirement on 01/11/2024)	Salary, remuneration of the Board of Directors and other income	363,477,000
Nguyen Van Dung	General Director (Appointed on 01/11/2024)	Salary, remuneration of the Board of Directors and other income	397,786,800
Pham Van Trung	Deputy General Director	Salary, remuneration of the Board of Directors and other income	390,046,800
Nguyen Dinh Hong	Deputy General Director	Salary, remuneration of the Board of Directors and other income	349,766,600
Nguyen Phung Hung	Member of the Board of Directors (from January 2024 to April 23, 2024)	Salary, remuneration of the Board of Directors and other income	31,770,000
Nguyen Tuyen Anh	Member of the Board of Directors	Remuneration of the Board of Directors and other income	38,455,000
Ha Xuan Han	Head of the Board of Supervisors	Salary and other income	304,210,200
Le Anh Tuan	Member of the Board of Supervisors	Remuneration of the Board of Supervisors and other income	57,425,000

These notes are an integral part of the financial statements

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NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2024

Unit: VND

2. Transaction with related parties (continued)

Name	Position	Content	Year 2024
Dang Thi Minh Ly	Member of the Board of Supervisors	Remuneration of the Board of Supervisors and other income	57,425,000
Le Anh Tuan	Chief Accountant	Salary and other income	304,210,200

3. Presentation of assets, revenue and results of operation by segment

Because the company's operations primarily focus on producing and trading fertilizers in Bac Giang province, the company does not prepare segment reports by geographical area and business sector.

4. Information on the going-concern operation

The Company will continue operating in the future.

5. Comparative figures

Comparative figures as at 01 January 2024 on the Balance Sheet and in 2023 on the Income Statement and Cash Flow Statement taken from the Company's Financial Statements for the financial year ended 31 December 2023 were audited by MOORE AISC Auditing and Informatics Services Co., Ltd.

6. Events occurred after the balance sheet date

There are no significant events occurring after the end of the accounting period that require adjustment and presentation in this financial statements. *chung*



Nguyen Thi Hong Nhung
Preparer

Bac Giang, 03 March 2025





Le Anh Tuan
Chief Accountant

Nguyen Van Dung
General Director



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