

VVMIQUAN TRIEU CEMENT
JOINT STOCK COMPANY

No.: .07./BC- ĐHĐCĐ

SOCIALIST REPUBLIC OF VIETNAM
Independence-Freedom-Happiness

Thai Nguyen, March 28., 2025

Draft

**REPORT ON
THE PRODUCTION AND BUSINESS RESULTS IN 2024
AND PRODUCTION AND BUSINESS PLAN FOR 2025**

To: General Meeting of Shareholders

In compliance with Resolution No. 10/NQ-DHĐCĐ, dated April 23, 2024, of the Annual General Meeting of Shareholders and Decision No. 05/QĐ-HĐQT dated April 27, 2024, of the Board of Directors of VVMI Quan Trieu Cement Joint Stock Company, regarding the approval of the 2024 production and business plan for VVMI Quan Trieu Cement Joint Stock Company; VVMI Quan Trieu Cement Joint Stock Company hereby reports on the 2024 production and business results and the business plan for 2025 as follows:

**PART ONE
IMPLEMENTATION OF PRODUCTION AND BUSINESS TASKS IN
2024**

I/ Characteristics of the situation

1- Advantages

The Company received strong leadership and guidance from the Party Committee and the Board of Directors (BOD), along with unity and high consensus in management and operations from the executive team and all employees. This provided favorable conditions for the Company to fulfill the 2024 production and business plan.

VINACOMIN Quan Trieu cement products have gained consumer trust, ensuring stable market demand with continuous market expansion. The Company also benefited from convenient transportation, facilitating product distribution.

Security and order were well maintained, supporting smooth production activities. Additionally, the company is located near the Khanh Hoa coal mine, which provides advantages in utilizing by-products from coal mining as well as available resources such as limestone and clay.

2- Challenges

In 2024, Vietnam's cement market experienced a severe supply-demand imbalance. Export volumes declined, and domestic demand had not fully recovered, with risks of further weakening. This intensified competition in the domestic market.

-The global political and economic landscape remained volatile, with ongoing military conflicts driving up the costs of key input materials and fuels such as coal and oil, leading to increased production costs.

- Declining sales and high inventory levels resulted in reduced production demand; intermittent equipment operation due to full cement silos, thereby increasing fixed costs and electricity consumption at various production stages.

- After over 14 years of operation, the equipment line has deteriorated, yet timely renovations and investments have not been made. This has negatively impacted operational efficiency, reduced equipment productivity, and increased production costs.

- The Company faced a cash flow shortage in 2024 compared to the planned budget, creating significant financial risks and operational challenges.

- Rising input costs, including raw materials and transportation, coupled with a 4.8% electricity price increase effective from October 11, 2024, further escalated production costs.

- In addition, stricter environmental regulations enforced by the State required the Company to either upgrade equipment or reduce production capacity. Investments in environmental measures such as converting electrostatic dust filtration to bag filters, investing in misting systems for dust suppression, and dust sweeping vehicles were necessary to meet regulatory standards, further increasing production costs.

II/ Results of implementing production and business targets in 2024

1. Key financial items:

No	Items	Unit	GMS's Resolution for 2024	Actual in 2024	Achievement rate (%)
A	Physical items				
I	Production volume	Tons			
1	Commercial Clinker	"	556,198	560,061	100.69
2	Cement	"	570,000	473,095	83.00
II	Sales volume	Tons	700,000	706,453	100.92
-	Cement	"	570,000	479,735	84.16
-	Commercial Clinker	"	130,000	226,719	174.40
B	Other revenues and incomes	Million dong	620,294	586,922	94.62
-	Cement	"	537,701	446,124	82.97
-	Commercial Clinker	"	82,593	140,798	170.47
-	Other revenues	"	0	0	0
C	Profit before tax	Million dong	22,600	4,197	18.57
D	Contribution to the State budget	Million dong	16,938	9,879	58.32
E	Labor and income				

No	Items	Unit	GMS's Resolutions for 2024	Actual in 2024	Achievement rate (%)
1	Average labor	Person	351	350	99.72
2	Average salary	dong/ person/ month	10,806,620	10,279,544	95.16

2. Evaluation of production and business results:

Amidst signs of economic instability mentioned above, under the direction of the Parent company and the BOD of the Company, VVMI Quan Trieu Cement Joint Stock Company has diligently and proactively implemented the tasks outlined in the 2024 production and business plan. However, although the sales volume exceeded the planned level in 2024 (achieving 706,453 tons compared to the target of 700,000 tons (equivalent to 100.92% of the plan), market pressures led to an unfavorable product structure, a significant decline in selling prices, and a consequent decline in revenue. As a result, the company was unable to meet its profit targets, with profit before tax reaching only 4,197 million VND compared to the planned 22,600 million VND, achieving just 18.57% of the target.

Key achievements of the Company:

- Production was carried out with absolute safety, ensuring product quality met consumer demands and preferences. The company actively implemented technological solutions to enhance the strength of clinker and cement, while also researching and adopting cost-saving measures to reduce production costs.

- Adequate preparation of materials and equipment was ensured, along with the selection of capable suppliers offering competitive prices to maintain stable production operations.

- The company continued to adjust its market strategies, exercising greater autonomy in market management and operations, striving to maintain and stabilize product consumption and recover outstanding receivables.

- Employee welfare and livelihoods were given due attention.

- The company's Executive Board, along with all employees of the Company, maximized available advantages and collective intelligence to optimize input costs in production. Innovations in technical improvements and technology were effectively applied. (In 2024, the company introduced 15 technical innovation initiatives aimed at optimizing production and economic management. These initiatives brought significant value in both technical and managerial aspects. Many innovations related

to occupational safety, health, and environmental protection have improved working conditions and the overall work environment for employees).

3. Investment projects implemented in 2024:

In 2024, VVMI Quan Trieu Cement Joint Stock Company carried out investment projects as stated in Resolution No. 10/NQ-ĐHĐCĐ 2024, as follows:

No.	Items	Unit	Total investment	2024 Plan	2024 Actual	Achievement rate (%)
	Total investment	Million dong	88,843	4,257	6,062	142%
I	Ongoing projects carried over from 2023 to 2024	Million dong	7,577	2,695	2,675	
1	Audit of production maintenance equipment investment projects in 2023	Million dong	4,510	29	20	100%
2	Investment project for the expansion of the production control building	Million dong	3,067	2,666	2,655	100%
II	Project preparation	Million dong	75,575	1,060	489	
1	Upgrade of the clinker cooling dust filtration system	Million dong	34,788	480	0	Project stopped
2	Upgrade of raw material grinding dust filtration system	Million dong	34,788	480	148	30%
3	Wastewater treatment system investment project	Million dong	5,000	100	341	341%
III	Contingency projects	Million dong	6,691	502	2,898	
1	120-ton electronic weighing station project	Million dong	2,155	174	54	31%
2	Environmental protection equipment investment project	Million dong	4,536	328	2,844	867%

4- Financial situation

- Throughout the year, the Company focused on securing capital sources for stable production, enhancing the efficiency of capital use, increasing the turnover rate of working capital, preventing outstanding debts, and minimizing capital losses. The company managed and accounted for more than VND 592 billion in revenue, ensuring the security of assets and capital; Payment of salaries to employees timely and quickly with a total expenditure of more than VND 43 billion; record-keeping, tracking of shipments and invoicing for more than 700,000 tons of products to ensure accuracy and completeness.

- The Company's financial indicators achieved in 2024:

- + Current ratio: 0.44 times
- + Quick ratio: 0.29 times
- + Debt-to-equity ratio: 0.97 times
- + Return on assets (ROA): 0.77%
- + Return on equity (ROE): 1.4%

- Mobilize medium- and long-term capital from other external sources with a total of more than VND 20 billion to supplement financial shortages for the company.

- Maintain credit relationships with banks; negotiate to lower the average short-term loan interest rate to nearly 5% per year, and reduce financial costs by over VND 4.3 billion compared to the plan.

- Account for, declare and fulfill tax obligations, contributing over VND 9.8 billion to the state budget in compliance with tax regulations.

- Record and report production and business profits and losses in accordance with accounting standards. Propose appropriate financial solutions aligned with the financial management policies of the State, the Company, and the Parent company.

- Ensure the detailed recording and tracking of receivables for each customer; with daily monitoring, reporting and urging to recover debts in the year. Outstanding debt levels remained low, with no new bad debts arising. For bad debts from previous years, it has decreased from VND 8.75 billion at the beginning of the year to VND 6.25 billion (including collected amounts and proposed debt write-offs). During the year, there were no bad debts arising.

- Manage shareholder records and disclose information in compliance with regulations for public companies.

- Implement the process and procedures for paying VND 20 billion in 2023 dividends in a safe manner and accordance with regulations.

5. Improvements in organizational structure, policies and management

- In 2024, the company effectively managed human resources, ensuring a well-structured and rational workforce. As of now, the total number of employees is 350 out of the 351 approved positions, securing sufficient manpower for production operations.

- The company adhered to regulations in managing and utilizing the salary fund in alignment with its financial capacity. The salary contracting system was implemented at the unit level, enhancing the responsibility of employees in performing assigned tasks.

- Conducted a thorough review to tighten control over the consumption of supplies, raw materials, fuel, electricity, and other costs to improve production and business efficiency. The company continued to research and select lower-cost raw materials and fuels to use to reduce production costs.

- A proactive sales strategy was established, enabling the company to closely monitor market developments and competitor policies. This allowed for flexible sales policies and appropriate mechanisms at different times to attract customers, maintain

existing markets, and expand into new ones, thereby increasing sales volume. The company also enhanced customer relations through conferences, visits, and gifting on special occasions such as International Women's Day (March 8), Vietnamese Women's Day (October 20), Lunar New Year, customer birthdays, etc., fostering close and reputable relationships while gathering valuable customer feedback.

- On the basis of the production and business plan assigned by the BOD of the Company and based on the actual situation in the year, the Executive Board actively developed operational strategies in accordance with actual conditions.

- In 2024, the company's Executive Board closely collaborated with trade unions and other organizations to implement business plans and emulation to each department, workshop, and production team. The unity and commitment of employees in overcoming challenges in production created a strong sense of competition, motivating the workforce to successfully complete their tasks.

PART TWO

TASKS AND MANAGEMENT SOLUTIONS FOR 2025

I/ Characteristics of the situation:

In 2025, the global landscape is expected to remain complicated due to the impact of geopolitical conflicts, with potential economic crises and recessions in certain countries. These factors will affect Vietnam's domestic economy and the construction materials market, with the cement industry's export sector being the most impacted.

According to calculations by the Ministry of Construction, the total cement consumption demand in 2025 is estimated to be around 95 - 100 million tons, reflecting a 2 - 3% increase compared to 2024. Domestic consumption is expected to reach 60 - 65 million tons, while exports may account for approximately 30 - 35 million tons.

Given this challenging context, it is essential for all staff and employees, along with the active contributions of shareholders, to strive harder in overcoming difficulties and challenges to ensure the successful achievement of the 2025 business and production plan, laying a strong foundation for the Company's future development in the next stage.

II/ Key tasks and specific management solutions

1. Tasks for achieving key financial targets in 2025:

Based on the analysis and projections of the cement market in 2025, and considering the company's available resources, VVMI Quan Trieu Cement Joint Stock Company is committed to achieving the following key targets:

No.	Items	Unit	2025 Plan	Notes
1	Contribution to the State budget	Million dong	11,532	
2	Sales volume	Tons	655,000	
3	Total Revenue	Million dong	561,824	

No.	Items	Unit	2025 Plan	Notes
4	Dividends	%	3	
5	Profit	Million dong	9,500	
6	Employees	Person	351	
7	Average salary	dong/ person/ month	10,806,620	

2. Tasks for carrying out the construction investment:

The company's investment and construction objectives are to mobilize and utilize investment capital with the highest efficiency, maximizing available resources for effective investment. All investments will be carried out according to approved plans and designs, ensuring that projects are sustainable, safe, efficient, and environmentally friendly. The entire process, from investment preparation, implementation and putting the project into operation, must strictly comply with the law and current State regulations.

In 2025, the Company plans to invest in the following projects:

No.	Items	Unit	Total investment	2025 Plan
	Total investment	Million dong		8,933
I	Official Plan	Million dong		3,420
1	Investment project of the 120-ton electronic weighing station	Million dong	2,073	1,421
2	Investment project of wastewater treatment system	Million dong	2,799	1,978
3	Investment project for environmental equipment	Million dong	3,473	22
II	Project preparation	Million dong		657
1	Upgrade of raw material grinding dust filtration system	Million dong	34,788	357
2	Investment project for clinker storage facility (with a capacity of $\geq 20,000$ tons)	Million dong	16,000	300
III	Contingency projects	Million dong		4,856
1	Upgrade of raw material grinding dust filtration system	Million dong	34,788	3,091
2	Total station surveying equipment	Million dong	204	170
3	Steel cement silo ($\geq 2,000$ tons)	Million dong	16,000	1,595

3. Regarding specific solutions for operational management:

- Ensure effective labor management: Review, reorganize, and utilize the workforce efficiently and cost-effectively.

- Comply with regulations on operation. Enhance forecasting, planning maintenance, and taking care of equipment to increase productivity and optimize

equipment utilization. Minimize downtime due to malfunctions, reduce electricity consumption, and cut costs per ton of product.

- Develop strategies to coordinate in managing and controlling raw materials and fuel storage to meet technical requirements. Strengthen supervision of technological processes, operational procedures, and equipment maintenance across all production departments.

- Implement production cost-cutting measures that proved effective in 2024. Continue to explore the use of new additives in cement grinding to lower production costs, apply technical innovations and new technologies to increase productivity, improve product quality, and reduce fuel and electricity consumption to reduce production and business costs.

- Ensure technological targets are met as planned:

- Strengthen the inspection, supervision and enforce strict labor discipline, and promptly encourage and reward outstanding individuals. Raise employees' awareness of safety regulations, ensure the proper use of personal protective equipment in accordance with regulations, propagate and mobilize employees to protect themselves and their teammates.

- The maintenance and repair of equipment have been carried out effectively, ensuring both quantity and quality while meeting the required progress. The equipment operates efficiently, meeting production demands, reducing costs, and enhancing overall production efficiency.

- Strengthen market management to closely monitor market trends. Keep track of market prices to provide timely recommendations for adjustments and introduce appropriate support policies to maintain market stability and boost sales volume.

- Further expand advertising activities, with a greater focus on after-sales services. Always listen to customer feedback regarding products and service quality to make adjustments that align with actual conditions.

- Balance capital resources to ensure sufficient funding for the company's production and business activities.

- Develop a plan to secure adequate and timely supply of raw materials, fuels, and spare parts to support production and maintenance schedules.

- Enhance the leadership responsibility of the political system, emphasizing the exemplary role of key personnel with clear task assignments for each unit. Foster unity and collective strength to contribute to the sustainable development of the company.

The above is a report on the implementation of the 2024 plans, as well as the orientations, tasks and key solutions for the 2025 plan of VVMI Quan Trieu Cement Joint Stock Company, hereby report at the 2025 Annual General Meeting of Shareholders.

Respectfully submit to the General Meeting for review and feedback for implementation.

Recipients:

- Shareholders of the Company;
- Members of the BOD, Supervisory Board;
- Archived at: Office, Secretary of the BOD;
- State Securities Commission, Hanoi Stock Exchange;
- Published on the Company's website.

DIRECTOR



Tran Viet Cuong