

ANNUAL REPORT

Public Company Name: Phu Tho Cement Joint Stock Company

Reporting Year: 2024

I. GENERAL INFORMATION.

1. General overview

- Company Name: PHU THO CEMENT JOINT STOCK COMPANY
- Legal Name in Vietnamese: CÔNG TY CỔ PHẦN XI MĂNG PHÚ THỌ
- Headquarters: Zone 12, Thanh Ba Town, Thanh Ba District, Phu Tho Province, Vietnam
- Telephone: +84 210 3885 310
- Fax : 0210 3884 023
- Website: ximangphutho.com.vn



- Logo:
- Legal Representative: Mr. Tran Tuan Dat - General Director
- Business Registration Certificate: Certificate of Business Registration No. 2600116271 issued by the Phu Tho Province Business Registration Office - Department of Planning and Investment on February 14, 2007, with the 7th amendment dated July 1, 2020.

Securities Registration Information:

- Registered Charter Capital: 125.000.000.000 VND
- Paid-up Charter Capital: 125.000.000.000 VND

- Registered Securities for Trading: 12.500.000 shares
- Par Value: 10.000 VND per share
- Stock Ticker Symbol: PTE
- Security Type: Common Shares
- Restricted Securities: None (No shares subject to transfer restrictions under applicable laws or company regulations)

2. Development history.

- Establishment Background: The Company originated from the Dao Gia Cement Plant, which was established under Decision No. 144/1967/QD-TC issued by the People's Committee of Vinh Phu Province on September 29, 1967. After over 50 years of operation and development as a state-owned enterprise, the Plant underwent equitization and transitioned into a joint-stock company, officially renamed Phu Tho Cement Joint Stock Company on February 14, 2007.
- Listing Status: The Company's shares are currently listed and traded on UpCom (UPCoM) - the Hanoi Stock Exchange.

3. Business sectors and operational scope

Business Sectors:

- Production and trading of PCB-40 cement, PCB-30 cement, and commercial clinker.
- Mining and trading of construction stone and road-building aggregates.
- Trading of other construction materials.
- Construction of civil, industrial, and irrigation-transportation works.
- Site preparation and ground leveling for construction projects.
- Business in road freight transportation services

Business Area: The target market for Vinh Phu cement consumption is identified as the northern provinces, with a primary focus on Phu Tho province and neighboring provinces such as Vinh Phuc, Ha Giang, Lao Cai, Yen Bai, Son La, etc. Currently, a distribution network comprising

distributors and exclusive agents in these localities has been established and is ready to support product sales.

4. Information on the corporate governance model, business organization, and management structure.

- Corporate Governance Model: The management structure of Phu Tho Cement Joint Stock Company is organized according to the functional model. This is an advanced model widely adopted by many enterprises. Under this model, specific management tasks are assigned to individual units based on managerial functions, leading to the formation of functionally specialized leaders in each respective area. The advantages of this model include: the ability to attract experts into leadership roles, improved efficiency and responsiveness in addressing specialized issues, and a reduction in the overall managerial burden placed on the General Director.
- The Company's Management Structure is as follows:

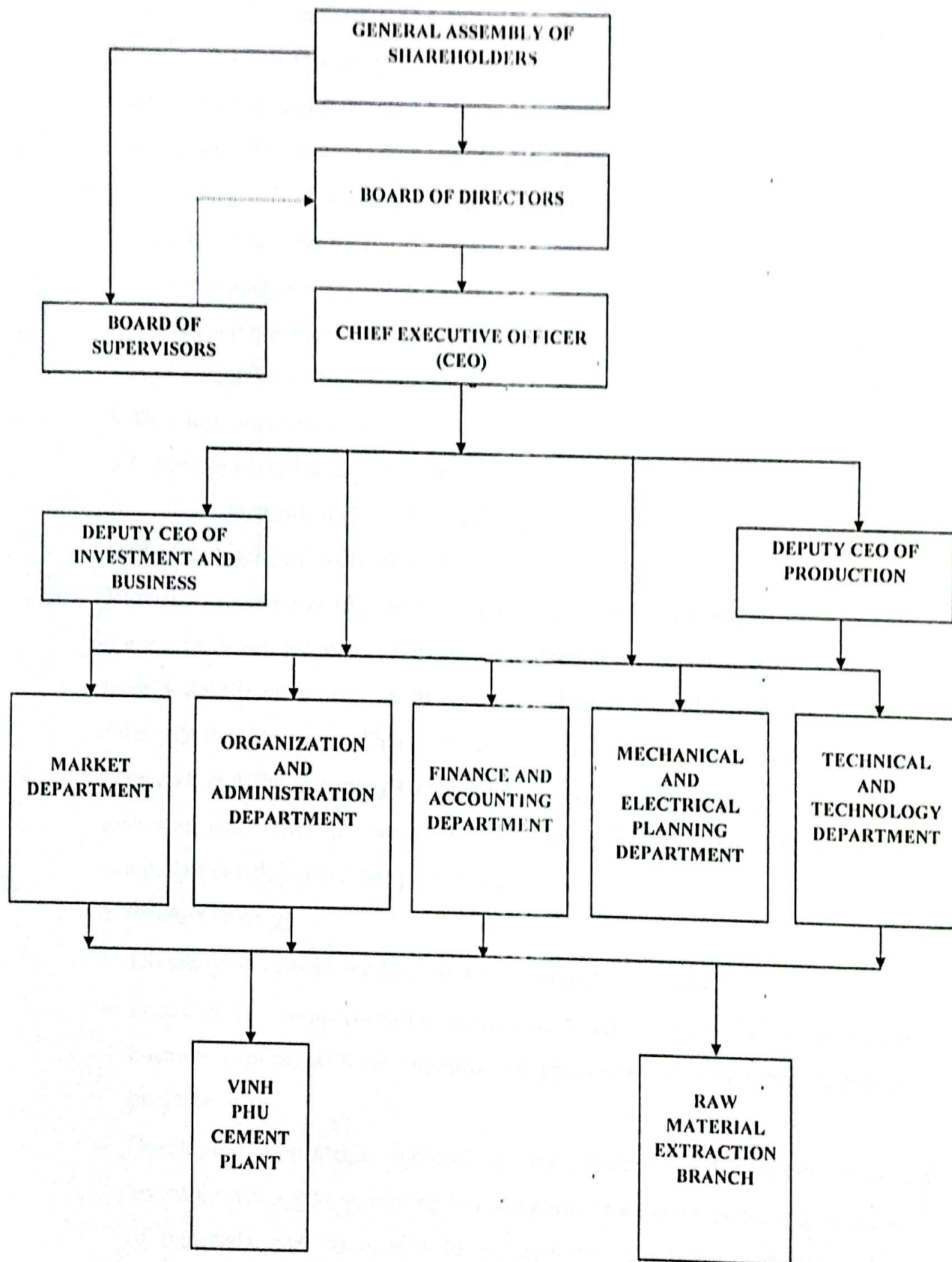


Diagram: Organizational Structure of Phu Tho Cement Joint Stock Company

- Affiliated Units:

Raw Material Exploitation Branch: Zone 9, Ninh Dan Commune, Thanh Ba District, Phu Tho Province

- Joint Ventures and Affiliated Entities:

✓ Song Thao Cement Joint Stock Company

Address: Ninh Dan - Thanh Ba - Phu Tho.

Main Business Activity: Cement production

Investment Capital: VND 3.000.000.000

Ownership Percentage of Phu Tho Cement Joint Stock Company in Song Thao Cement Joint Stock Company: 0.469%

5. Development orientation of the company

5.1. Development Goals for 2024

It is determined that 2024 will continue to be a year full of challenges, with global political instability affecting the world economy in general and the Vietnamese economy in particular. The demand for cement consumption both domestically and for export is expected to decline compared to 2023, which will have a significant impact on the cement industry, including Phu Tho Cement Joint Stock Company. This presents a major challenge for the Board of Directors and the company's leadership, requiring all employees to be fully dedicated and united in overcoming difficulties to create momentum for the company's development. The goals set are:

a. Product Strategy

- Diversifying cement products and improving product quality.
- Focusing on comprehensive management across all areas to maximize business profits, with an emphasis on promoting product types with high profit margins.
- Developing a strategic approach to raw material and finished product inventory management, aiming to reduce inventory costs. Selecting suppliers of materials and equipment to enhance the durability and lifespan of machinery and equipment.

- Continuing to seek and expand the cement market with existing and potential future customers.
- Researching and testing new additives that are cost-effective yet still meet quality standards and technical requirements for use.
- Improving labor productivity and stabilizing product quality. Implementing strict cost-saving measures to reduce production costs.
- Maintaining steady development and building the company's product brand to become a strong brand.

b. Technology Investment Strategy:

- Investing in advanced production technology to improve productivity, product quality, and reduce production costs in order to remain competitive in the market.

c. Financial Strategy:

- Proactively disclosing transparent information and providing timely updates to investors so they can keep track of the company's business operations, especially financial information.
- Seeking suitable loan sources and restructuring the company's capital to ensure efficiency, while maximizing the advantages of leverage.
- Raising and utilizing capital effectively in business operations to achieve the goal of growing and strengthening the company.

d. Human Resources Strategy:

- Restructuring the workforce to ensure adequate resources and streamline production.
- Providing training to enhance the skills of employees within the company.
- Improving management skills for staff. Utilizing skilled and qualified labor in the company's departments.
- Building a dynamic and competent team of managers and technicians, as well as a skilled and proficient workforce.

5.2. Medium and Long-Term Development Strategy

- The company chooses a reasonable roadmap to implement investment in projects that bring high economic efficiency.
- Striving to strongly develop the Vinh Phu Cement brand based on the following criteria:
 - + *High and stable quality.*
 - + *Competitive pricing.*
 - + *Large market share.*

5.3. The Company's Environmental, Social, and Community Objectives

- Maintaining business operations to ensure sufficient employment opportunities for workers and provide dividends for shareholders.
- Researching and expanding business sectors, producing environmentally friendly products in alignment with government policies.
- Focusing on waste treatment and industrial hygiene to ensure a green, clean, and beautiful environment both within the company and in the surrounding residential areas.

6. Risks:

The company's operations give rise to the following financial risks: credit risk, liquidity risk, and market risk. The Board of Directors is responsible for establishing policies and controls to minimize financial risks, as well as overseeing the implementation of these policies and controls. Risk management is primarily carried out by the Accounting and Finance Department based on the policies and procedures approved by the Board of Directors.

Credit Risk

Credit risk is the risk that one party involved in a contract is unable to fulfill its obligations, leading to financial losses for the company.

The company faces credit risks primarily arising from accounts receivable from customers, bank deposits, and loans.

Accounts Receivable from Customers

The company minimizes credit risk by conducting transactions only with entities that have strong financial capabilities. Additionally, the accounts receivable staff regularly monitors outstanding debts to ensure timely collection.

The company's accounts receivable are spread across multiple entities and individuals, so the credit risk concentration for accounts receivable is low.

Bank Deposits

The company's term and non-term bank deposits are placed with reputable banks, so the credit risk related to bank deposits is low.

The maximum level of credit risk for financial assets is as follows:

	End of period	Beginning of period
Cash and cash equivalents	6.357.730.062	79.738.593
Financial assets are recognized at fair value through the income statement		
Held-to-maturity investments		
Accounts receivable, other receivables	26.312.220.879	33.087.104.048
Financial assets available for sale	1.533.106.293	1.564.431.824
Total	34.731.274.465	36.342.070.853

Liquidity Risk

Liquidity risk is the risk that the company faces difficulties in meeting its financial obligations due to a lack of cash.

The company's liquidity risk primarily arises from the mismatch in the maturity dates of financial assets and financial liabilities.

The company manages liquidity risk through measures such as regularly monitoring current and projected payment requirements to maintain an appropriate level of cash and loans, as well as overseeing actual cash flows against projections to minimize the impact of cash flow fluctuations.

The payment terms of non-derivative financial liabilities (including accrued interest) are based on the contractual payment terms and are not discounted as follows:

	Short-term	Over one year to five years	In excess of five years	Total
<i>End of period</i>				
Debt and borrowings	195.886.179.437	39.000.000.000		234.886.179.437
Accounts payable, other payables	268.384.897.793			301.051.594.938
Accrued liabilities	69.032.423.481			64.282.134.532
Total	533.303.500.711	39.000.000.000		573.303.500.711
<i>Beginning of period</i>				
Debt and borrowings	184.290.656.309	50.500.000.000		234.790.656.309
Accounts payable, other payables	301.051.594.938			301.051.594.938
Accrued liabilities	64.282.134.532			64.282.134.532
Total	549.624.385.779	50.500.000.000		600.124.385.779

The company believes that the level of risk related to debt repayment is manageable.

Market Risk

Market 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 risk related to the company's operations includes: foreign exchange risk, interest rate risk, securities price risk, and commodity/raw material price risk.

Foreign Exchange Risk

Foreign exchange risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in exchange rates.

The company's foreign currency-denominated assets/(liabilities) are as follows:

	End of period in USD	Beginning of period in USD
Cash and cash equivalents	365,15	365,15
Debt and borrowings	(4.943.031,88)	(4.943.031,88)
Accounts payable	(152.035,46)	(152.035,46)
Net foreign currency denominated liabilities	(5.094.702,19)	(5.094.702,19)

As of December 31, 2024, assuming all other variables remain unchanged, if the exchange rate between VND and USD increases/decreases by 2%, the company's after-tax profit and equity for this year will decrease/increase by VND 2.581.944.122 (compared to a decrease/increase of VND 2.488.289.309 in the previous year) due to the impact of the foreign exchange revaluation gain/loss on the foreign currency-denominated financial instruments. The sensitivity to exchange rate fluctuations this year has not changed significantly compared to the previous year.

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 interest rates.

The company's interest rate risk primarily relates to time deposits, loans, and borrowings with floating interest rates.

The company manages interest rate risk by analyzing market conditions to make informed decisions on borrowing timing and terms to secure the most favorable interest rates, as well as maintaining an appropriate mix of floating and fixed-rate borrowings.

Securities Price Risk

The Board of Directors assesses the impact of securities price fluctuations on the company's after-tax profit and equity as negligible, as the securities investment is of a small value.

Commodity/Raw Material Price Risk

The company faces risk due to fluctuations in commodity/raw material prices. The company manages this risk by closely monitoring relevant market information and conditions to appropriately manage purchasing timing, production plans, and inventory levels.

II. OPERATIONAL PERFORMANCE FOR THE YEAR

1. Business operations performance:

In 2024, the company's total revenue was VND 159.641.361.029, achieving 104,73% of the annual target. Of this, revenue from core business operations amounted to VND 159.603.097.047, accounting for 99,976% of total revenue.

As of December 31, 2024:

- The company's total assets amounted to VND 317.677.193.610, of which current assets were VND 60.613.522.002 and non-current assets were VND 257.063.671.608.
- The company's total equity was VND 317.677.193.610, of which shareholders' equity was VND 317.296.167.030 and liabilities were VND 634.973.360.640.

Implementation Status vs. Plan:

Indicator	Unit of Measurement	2024 Business Plan	Execution in 2024	% achieved
I. Physical indicators				
1. Cement production of various types	Ton	170.000	176.531,75	103,84%
2. Cement sales of various types	Ton	170.000	179.922,21	105,84%
3. Commercial clinker	Ton	0	0	
II. Financial indicators				

1. Total revenue + Other income	VND	152.434.000.000	195.993.462.194	128,57%
- Sales revenue, Service revenue	VND	152.434.000.000	159.641.361.029	104,73%
- Financial income and other activities	VND	0	321.541	
- Other income	VND		36.351.779.624	
2. Total expenses	VND	187.850.000.000	198.388.431.934	105,61%
3. Total profit before tax	VND	(35.416.000.000)	(2.394.969.740)	6,76%
4. Profit after tax	VND	(35.416.000.000)	(2.394.969.740)	6,76%

2. Organization and human resources

2.1. List of executive board members

LIST OF COMPANY DIRECTORS AND DEPARTMENT MANAGERS (As of December 31, 2024)

<p><i>Triệu Quang Thuận</i></p> <p><i>Date of Birth: 29/02/1964</i></p> <p><i>Place of Origin: Son Vi Commune, Lam Thao District, Phu Tho Province</i></p> <p><i>Position: Chairman of the Board of Directors</i></p>	<p><i>Trần Tuấn Đạt</i></p> <p><i>Date of Birth: 08/08/1973</i></p> <p><i>Place of Origin: Thanh Ba District, Phu Tho Province</i></p> <p><i>Position: General Director of the Company</i></p> <p><i>Member of the Board of Directors</i></p>
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<p><i>Trần Thị Phương Linh</i></p> <p><i>Date of Birth: 26/05/1969</i></p> <p><i>Place of Origin: Thanh Ba District, Phu Tho Province</i></p> <p><i>Position: Deputy General Director in charge of Business Operations</i></p>	<p><i>Nguyễn Phi Tuyền</i></p> <p><i>Date of Birth: 01/09/1968</i></p> <p><i>Place of Origin: Vụ Cau Commune, Ha Hoa District, Phu Tho Province</i></p> <p><i>Position: Deputy General Director in charge of Production, Director of Vinh Phu Cement Factory</i></p>
<p><i>Vũ Anh Phương</i></p> <p><i>Date of Birth: 02/09/1972</i></p> <p><i>Place of Origin: Van Co Ward, Viet Tri City, Phu Tho Province</i></p> <p><i>Position: Head of the Finance and Accounting Department</i></p>	<p><i>Nguyễn Văn Lưu</i></p> <p><i>Date of Birth: 19/04/1974</i></p> <p><i>Place of Origin: Thanh Ba District, Phu Tho Province</i></p> <p><i>Position: Head of the Technical and Construction Department</i></p>
<p><i>Nguyễn Lam</i></p> <p><i>Date of Birth: 01/06/1983</i></p> <p><i>Place of Origin: Ninh Dan – Thanh Ba – Phu Tho</i></p> <p><i>Position: Head of the Administrative and Financial Department</i></p>	<p><i>Vũ Văn Nghiệp</i></p> <p><i>Date of Birth: 04/01/1989</i></p> <p><i>Place of Origin: Thanh Xa Commune – Thanh Ba District – Phu Tho Province</i></p> <p><i>Position: Head of the Planning and Construction Department</i></p>
<p><i>Nguyễn Xuân Sơn</i></p> <p><i>Date of Birth: 12/1960</i></p> <p><i>Place of Origin: Đao Gia - Thanh Ba - Phu Tho</i></p> <p><i>Position: Assistant to the General Director</i></p>	<p><i>Trần Thị Bích Ngọc</i></p> <p><i>Date of Birth: 13/05/1991</i></p> <p><i>Place of Origin: Đông Linh Commune - Thanh Ba District - Phu Tho Province</i></p> <p><i>Position: Head of Market Department</i></p>
<p><i>Nguyễn Quý Thắng</i></p> <p><i>Date of Birth: 29/03/1981</i></p> <p><i>Place of Origin: Ninh Dan - Thanh Ba - Phu Tho Province</i></p> <p><i>Position: Director of KTNVL Branch</i></p>	

Board of Directors

Supervisory Board

2.2. Labor force and policies towards employees:

- EMPLOYEE POLICIES (2024):

- ### 3. Investment status & project implementation

a. Capital construction investments in 2024:

Following the commissioning and operationalization of a rotary kiln cement production line with a maximum capacity of 1.200 tons of clinker per day (late 2012) and a cement grinding line with a capacity of 65 tons/hour (early 2013), in 2024 the Company focused on investing in the construction of additional auxiliary facilities, with a total additional cost of 60 million VND.

b. Operational performance of subsidiaries and affiliates

VICEM Song Thao Cement Joint Stock Company

Unit: Million VND (Vietnamese Dong)

Indicator	2022	2023	Percentage Change
Total Assets	977.469	1.008.358	↑ 3,16
Net Revenue	1.164.033	1.073.738	↓ 7,76
Net Income	11.480	726	↓ 93,67

4. Financial status

a) Financial status

Indicator	2023	2024	Percentage Change
Total Assets	343.820.470.319	317.677.193.610	↓ 7,60%
Net Revenue	188.086.031.726	159.641.361.029	↓ 15,12%
Operating Income	-61.534.013.927	-38.667.159.364	↑ 37,16%
Other Income	-42.263.766	36.272.189.624	↑ 85.723%
Profit Before Tax	-61.576.277.693	-2.394.969.740	↑ 96,11%
Profit After Tax	-61.576.277.693	-2.394.969.740	↑ 96,11%
Dividend Payout Ratio			

b) Key financial indicators

Indicators	2023	2024	Notes
1. Liquidity Ratios + Current Ratio: $\frac{\text{Current Assets}}{\text{Current Liabilities}}$ + Quick Ratio: $\frac{\text{Assets} - \text{Inventory}}{\text{Current Liabilities}}$	0,09	0,10	
2. Capital Structure Indicators + Debt to Total Assets Ratio + Debt-to-Equity Ratio	1,92 -2,09	1,99 -2,00	
3. Operational capacity indicators + Inventory Turnover Ratio: $\frac{\text{Cost of goods sold}}{\text{Average Inventory}}$ + Net Revenue/Total Assets Ratio	7,01 0,55	8,72 0,50	
4. Profitability indicators + Net Profit Margin + Return on Equity + Return on Assets + Operating Profit Margin	-0,33 -0,20 -0,18 -0,33	-0,02 -0,008 -0,008 -0,24	

5. Shareholder structure, changes in the owner's investment capital.

a. Shares:

Total number of shares outstanding: 12.500.000 shares;

Number of freely transferable shares: 12.500.000 shares;

Number of restricted transfer shares: 0 shares.

b. Shareholder structure:

The shareholder structure is divided based on institutional shareholders and individual shareholders.

Shareholder	Charter capital (VND)	Ownership percentage
Mr. Triệu Quang Thuận	14.516.500.000	11,61
Mr. Trần Tuấn Đạt	8.855.500.000	7,08
Mr. Triệu Quốc Hoàn	6.604.500.000	5,29
Other Shareholders	95.023.500.000	76,02
Total	125.000.000.000	100,00

c. Changes in the owner's investment capital: None

d. Treasury stock transactions: None

e. Other securities: None

III. REPORT AND ASSESSMENT BY THE BOARD OF DIRECTORS (The Board of Directors reports and evaluates the overall situation of the company)

1. Evaluation of business operations and performance.

a. Business performance results: Presented in the table of actual performance compared to the plan (Section 1 - Part II).

b. Overall assessment:

From 2013 to the end of 2020, the cement consumption of the Company increased significantly but remained unstable. Specifically, in 2014, it increased by 43,64% compared to 2013; in 2015, it increased by 0,89% compared to 2014; in 2016, it decreased by 7,62% compared to 2015; in 2017, it decreased by 10,41% compared to 2016; in 2018, it remained the same as in 2017; in 2019, it decreased by 9,29% compared to 2018; and in 2020, it increased by 21,9%

compared to 2019. In 2021, it increased by 7,8% compared to 2020, but in 2022, it decreased by 15,35% compared to 2021. In 2023, it decreased by 30% compared to 2022. However, in 2024, the Company completed 105,84% of the plan, although there was a decrease of 5,71% compared to 2023.

The Company's production activities still face several issues, both internal and external, leading to instability and inefficiency, and the equipment capacity has not been fully utilized. However, the product quality has steadily improved, and the Company's products are gaining increasing trust from consumers both inside and outside the province.

Over the past decade, thanks to the attention and trust of the Provincial People's Committee and local authorities, most of the key rural transportation projects funded by the government have been supplied with cement by Phu Tho Cement Joint Stock Company. This has greatly enhanced the Company's market position. The guaranteed quality of cement, quick delivery capability, and reasonable pricing have helped the Vinh Phu Cement brand gain the trust of the majority of consumers in Phu Tho Province.

Although some targets were met in 2024, the Company still faces many challenges in raising capital to maintain production. Especially with the intense market competition, the appearance of similar cement products at competitive prices has prevented the Company from raising prices, even though input material costs have increased. In 2024, the rotary kiln cement production line with a maximum capacity of 1.200 tons of clinker per day continues to be temporarily stopped. Additionally, the sales team has not been proactive enough, has not closely monitored the market, and has not expanded the consumption market for the Company's products, resulting in low sales volume.

2. Financial situation:

Through the liquidity ratios, the current ratio and quick ratio of the Company in 2024 are similar to 2023 and both remain low (less than 1). This means that the Company's liabilities are not backed by assets and are not guaranteed to be paid off when due.

From the capital structure indicators, we can see that as of December 31, 2024, 199,9% of the Company's total assets (compared to 191,6% in 2023) are financed by liabilities, indicating a lack of financial autonomy in the Company.

The asset utilization efficiency of the Company in 2024 decreased compared to 2023. While in 2023, every 1 VND of assets generated 0.55 VND in revenue, in 2024, it only generated 0.50 VND in revenue. Additionally, the inventory turnover increased from 7,01 in 2023 to 8,72 in 2024, indicating that the Company's inventory is less stagnant than in 2023, although the consumption of produced products is still slow, and the capital efficiency remains low.

3. Improvements in organizational structure, policies, and management:

In 2024, the Company faced many difficulties, with the product consumption market decreasing by 5,71% compared to 2023. This led to instability in production throughout 2024. In 2024, the Clinker production line continued to be halted, significantly affecting the company's business performance. Due to intense market competition, in order to maintain and strengthen its market share, the Company was forced to keep prices at a low level. Despite facing many challenges, the Company made efforts to maintain operations and find solutions to ensure employment for its workers.

The solutions the Company implemented are as follows:

- Restructure the organization to be more streamlined and suitable for the Company's actual conditions. Review the workforce and terminate employment contracts for those who cannot be reassigned, ensuring that the severance benefits are paid according to regulations.
- Research technological solutions in cement grinding production to reduce the costs of key raw materials, aiming to lower production costs.
- Repair and improve the cement grinding line with a capacity of 65 tons/hour to enhance productivity and the quality of the produced cement.
- Stabilize, consolidate, and expand the cement product market. Focus on seeking new markets for other products such as PCB40 and PCB30 powdered cement.

4. Future Development Plan:

Presented in the Company's Development Strategy (Section 5 - Part I).

IV. EVALUATION OF THE BOARD OF DIRECTORS ON THE COMPANY'S ACTIVITIES.

1. The Board of Directors' Evaluation of the Company's Operational Aspects.

Although the economy in 2024 faced many challenges, with a decrease in cement demand and many cement plants across the country experiencing oversupply, the Company still achieved certain successes due to its technological advantages, management experience, and production operations. Vinh Phú cement products were well-received by the market and used in most large-scale projects, such as infrastructure projects, transportation works, and high-rise buildings in the region. Additionally, the Company successfully expanded into several markets outside the province, including Ha Giang, Lao Cai-Yen Bai, Son La, and Vinh Phuc.

In 2024, although the business results showed a reduction in losses compared to 2023, the Company still faces many challenges, such as:

- The high cost of raw materials has increased the production cost of products.
- The Clinker production line with a capacity of 1,200 tons/day had to cease operations in 2024, so the Company had to purchase clinker at a higher price.
- Many types of cement products using rotary kiln technology have appeared on the market, either at the same price or lower than Vinh Phu cement, leading to significant challenges in market competition.
- The Company has not expanded its business operations. As a result, revenue is primarily dependent on cement production and consumption.
- The sales team is not proactive and has not closely monitored the market, so despite a slight increase in cement prices compared to 2023, cement consumption still decreased, and the Company has not been able to sustain growth.
- The Company has not been able to secure working capital loans, which has hindered its ability to control production.

2. The Board of Directors' Evaluation of the Executive Board's Performance.

The Board of Directors exercises its supervisory rights over the Executive Board and management departments by implementing a regular reporting system on the performance of assigned tasks as outlined in the resolutions of the meetings or through special reports when required.

To continue effectively managing the Company's business operations, based on the resolutions of the General Shareholders' Meeting and the resolutions of the Board of Directors, the Executive Board held meetings and clearly assigned responsibilities for overseeing and managing specific areas to each member of the Executive Board.

In the process of directing production and business activities, the Executive Board made every effort to find measures to modify and improve production technology in order to reduce production costs and lower product prices. Market research and expansion efforts for product consumption were also particularly emphasized by the Executive Board, as evidenced by several contracts for supplying cement for key rural transportation projects. The Executive Board also paid close attention to accelerating the collection of receivables.

The Company's management staff are generally highly capable, enthusiastic in their work, and always seriously implement the resolutions and decisions of the Board of Directors.

The structure of the Executive Board is suitable for the Company's tasks and characteristics, and it fully performs its functions and duties as stipulated in the Company's Charter.

3. Plans and Directions of the Board of Directors.

3.1. Objectives and Directions.

The main business activity is cement production, with economic efficiency, product quality, and customer trust as the primary measures for sustainable development. The company continuously improves product quality, reduces production costs, lowers product prices, and maximizes all resources to enhance its competitiveness. The goal is to strengthen the reputation and brand of Phu Tho Cement Joint Stock Company, firmly establishing the brand "*Vinh Phu Cement.*"

3.2. Implementation Solutions.

a. Solutions for Production Organization, Management, and Operation.

- Regarding Production Operations:

- + Quality management:** Monitoring and inspecting the quality and quantity of raw materials; analyzing, adjusting, and stabilizing the input mix of the cement grinding machine to ensure cement quality according to regulations,

increasing the grinding machine's productivity while reducing material consumption and lowering production costs.

- + Tracking input material price fluctuations: Searching for and selecting suppliers of high-quality raw materials at reasonable prices.
- + Production positions: Operating the production line equipment must follow the correct processes and standards to maximize the equipment's productivity.
- + Enhancing raw material management: Strengthening the management of raw material intake processes.
- + One of the biggest challenges the company currently faces is the inability to find the most optimal solution to save costs, reduce product prices, and improve the competitiveness of products in the market. In addition to the main reason, which is the lack of working capital post-investment phase leading to a lack of control over raw material supply for production, another important factor is the management of waste. Although the factory started operations after more than two years of the equipment being exposed to the elements, reducing its original designed capacity due to environmental and climatic factors, the company has invested in additional technologies and equipment to reduce material waste. The company has managed to control the quality of incoming materials, but if we cannot control the consumption of auxiliary materials, energy consumption, repair costs, etc., then all previous efforts to overcome difficulties will not yield results, and further investment will result in financial loss. As we know, the primary cause of machine breakdowns in the production system is a lack of regular maintenance. Therefore, regular maintenance of production equipment must be a primary task to avoid significant economic losses, reduce time and repair costs. Therefore, Vinh Phu Cement Factory, together with the R&D and the Technical and Engineering departments, must establish material consumption norms based on the machinery's characteristics and operational processes and then develop a suitable equipment repair plan.
- Regarding Management and Operations:
 - + Supplement and revise internal management regulations and the wage policy in accordance with legal regulations and the company's charter. Ensure the maximum utilization of creativity and initiative from the collective and individuals in business operations.

- + Develop, review, amend, and issue regulations ensuring the management and business operations of the company follow advanced management methods and a decentralized approach to maximize production and business efficiency.
- + Enhance corporate governance to increase labor productivity and reduce costs in all production stages, ensuring higher income and attracting a skilled, high-qualified workforce.
- + Maintaining regular Scientific-Technical Workshops for employees is also a great opportunity for everyone to exchange experiences. Since the production process is divided into many stages, each stage can involve multiple people coordinating their work, and each individual monitors production and equipment operation at different locations. Through experience exchanges and technical workshops, knowledge of operations can be improved for the production line, strengthening the strong points and overcoming weaknesses, which ultimately improves workforce skills and team working efficiency.

b. Solutions for Human Resource Development:

In addition to production issues, human resources are also a significant challenge. The company is currently lacking skilled engineers and committed workers who are eager to stay long-term with the plant. To address this issue, the immediate solutions that need to be implemented are:

- Develop a plan for training and fostering key personnel, especially young staff, applying various training methods with a focus on on-the-job training.
- Train and improve management, operational, and professional skills, along with enhancing political theory knowledge, ethics, and leadership style.
- Focus on recruiting and training workers for positions that are either vacant or difficult to fill. Avoid recruiting and training in areas where there is no demand, leading to the misallocation of resources and resulting in employees feeling confused, demotivated, wasting time, and not improving work performance.
- Establish a reasonable salary, bonus, insurance, and social welfare system, in line with legal regulations and the company's conditions. This will not only stimulate recruitment of highly skilled labor but also encourage current employees to stay, feel secure, and contribute.

c. Solutions for Development Investment:

- Continue to invest in, develop, improve, and upgrade the 65 tons/hour cement grinding production line to stabilize production capacity.

d. Solutions for Market Development:

- To expand the market, the company needs to collaborate with distributors to implement a new strategy for cement consumption. This includes expanding distribution branches in various localities, coupled with strategies like supporting shipping fees and providing incentive rewards at different levels. These distributor activities help implement the strategy correctly, mobilizing maximum resources while meeting the business needs of secondary and tertiary agents and end consumers. This also contributes to increasing the company's reputation, expanding market share, and fostering growth, ultimately supporting the development of product sales at scale. For markets where the company's products are still weak, such as Vinh Phuc, Thanh Son, Tan Son, Thanh Thuy, Ha Giang - Lao Cai, and Cam Khe, where consumers have limited knowledge of Vinh Phu Cement and face competition from cheaper alternatives, the company should further coordinate with distributors to strengthen incentive policies and promote its products more widely in these regions.
- Conduct market research and analysis for each region's cement products to set appropriate cement prices at each given time. To conduct thorough market research, the company needs to continuously gather feedback from customers who have used the company's cement products. Additionally, surveys and interviews should be conducted with the company's distributors to obtain the most objective views on current cement product consumption and create reasonable policies moving forward.
- Develop a suitable sales and after-sales policy to maintain dominant markets and expand into potential markets.
- Research and explore opportunities to enter and expand markets for bulk cement and clinker.
- In the process of developing the cement product business, the efficiency of the commercial team is critical. However, due to weak management systems and limited capabilities of the market staff, monthly reconciliation and debt collection from individual customers have been slow. To improve business operations, the company should review its workforce allocation, specialize departments, and ensure that market staff have basic knowledge of the

company's products as well as its competitors. Improving labor discipline and setting appropriate wage policies for each segment is necessary, alongside continuous monitoring of the market development team.

e. Solutions for Developing Financial Resources:

+ Manage financial resources and costs effectively: The company should ensure a thorough and disciplined approach to managing its financial resources and controlling its expenses. This involves closely monitoring cash flow, setting budgets, and regularly reviewing financial performance to identify areas for cost reduction.

+ Strengthen debt collection efforts: The company must implement strong debt recovery practices to avoid overdue or difficult-to-collect debts. This includes setting clear payment terms with customers, actively following up on overdue invoices, and taking legal action when necessary to minimize the risk of bad debts.

+ Develop a capital mobilization strategy: The company should create a strategic plan to secure adequate capital for investment and production. This strategy should focus on identifying multiple sources of funding, such as loans, equity financing, and other financial instruments, to ensure the company has sufficient financial resources to support its growth and operations.

IV. CORPORATE GOVERNANCE

1. Board of Directors

a. Members and Structure of the Board of Directors: This is presented in Section 2.1 - Part II.

b. Subcommittees under the Board of Directors: None.

c. Activities of the Board of Directors:

– In 2024, the Board of Directors held 11 meetings and sought the opinions of Board members.

– Supervisory Activities of the Board of Directors with the Executive Board:

During the Board meetings, based on the targets and plans set by the General Shareholders' Meeting, the Board reviews the results achieved and those not achieved, as well as proposes suitable adjustments to enhance the effectiveness of the Company.

– Regarding Company Management:

+ To manage the Company in accordance with the provisions of the Enterprise Law and the Company's Charter, based on reports and proposals, the Board

of Directors has promptly reviewed and resolved issues, establishing Resolutions on management and operation matters of the Company.

- + The Board of Directors has implemented and maintained a regular and ad-hoc meeting schedule to timely address and direct the production and business operations in accordance with the Company's organizational structure and operational regulations.

d. Activities of Non-Executive Independent Board Members: 03 non-executive independent members.

e. Activities of Subcommittees within the Board of Directors: None.

f. List of Board of Directors members with corporate governance training certificates.

2. Board of Supervisors.

a. Members and Structure of the Board of Supervisors: Presented in Section 2.1 - Part II.

b. Activities of the Board of Supervisors:

In 2024, the Board of Supervisors conducted oversight of the Company in the following areas:

- Monitoring and supervising activities in the field of basic construction investment, including: internal investment in basic construction, investment in direct cement export systems, and the project of improving and increasing the productivity of the cement grinding machines.
- Supervising all activities related to employee benefits, including rewards, discipline, and recruitment processes within the company.
- Monitoring all purchasing activities for materials, equipment, and production supplies, as well as the disposal and sale of materials and equipment within the company.
- Inspecting the implementation of the 2024 business production plan to ensure alignment with the company's goals and objectives.
- Checking the company's compliance with state obligations, ensuring that all tax and legal requirements are met.
- Monitoring the company's commitments and obligations regarding employee rights and benefits, ensuring fairness and compliance with labor laws.
- Reviewing the 2024 financial statements, ensuring accuracy and compliance with accounting standards.

- Inspecting the issuance and implementation of resolutions, regulations, and other decisions made by the General Shareholders' Meeting, the Board of Directors, and the Executive Board, ensuring that all decisions are followed and adhered to properly.

3. Transactions, Remunerations, and Benefits of the Board of Directors, Executive Board, and Supervisory Board

In 2024, the salary and allowances paid to the Board of Directors and the Executive Board amounted to 862.436.300 VND. Specifically:

- Mr. Triệu Quang Thuận - Chairman of the Board of Directors: 204.723.000 VND.
- Mr. Trần Tuấn Đạt - CEO, Member of the Board of Directors: 173.839.800 VND.
- Ms. Trần Thị Phương Linh - Deputy CEO: 111.708.400 VND.
- Mr. Nguyễn Phi Tuyên - Deputy CEO: 132.165.100 VND.
- Mr. Phạm Quang Anh - Member of the Board of Directors: 48.000.000 VND.
- Mr. Tạ Trung Hiếu - Member of the Board of Directors: 48.000.000 VND.
- Mr. Nguyễn Khắc Lâm - Member of the Board of Directors: 48.000.000 VND.
- Mr. Tạ Đức Thiêm - Head of the Supervisory Board: 48.000.000 VND.
- Ms. Đỗ Thị Thanh Yên - Member of the Supervisory Board: 24.000.000 VND.
- Mr. Triệu Quang Nhân - Member of the Supervisory Board: 24.000.000 VND.

V. FINANCIAL REPORT

1. Auditor's Opinion.

Basis for the Qualified Auditor's Opinion

We were unable to obtain sufficient confirmation letters for the receivables and payables of the Company as of December 31, 2023, and December 31, 2024. We performed alternative audit procedures, but we still cannot confirm the existence, completeness, and provision for doubtful debts that should be made for the unconfirmed receivables and payables as of December 31, 2023, which include: short-term receivables from customers of 8,12 billion VND, short-term advances to suppliers of 9,86 billion VND, short-term payables to suppliers of 54,25 billion VND, and short-term advances from customers of 9,39 billion VND. Similarly, as of December 31, 2024, this includes: short-term receivables from customers of 8,07 billion VND, short-term

advances to suppliers of 10,04 billion VND, short-term payables to suppliers of 54,76 billion VND, and short-term advances from customers of 6,86 billion VND. Therefore, we are unable to assess the impact of the above issue on the consolidated financial statements for 2024.

Qualified Auditor's Opinion:


In our opinion, except for the impact of the matter mentioned in the "Basis for Qualified Opinion" section, the consolidated financial statements referred to fairly and reasonably present, in all material respects, the financial position of Phu Tho Cement Joint Stock Company as of December 31, 2024, as well as its business performance and cash flows for the fiscal year then ended, in accordance with Vietnamese accounting standards, the accounting regime for enterprises in Vietnam, and the relevant legal regulations related to the preparation and presentation of financial statements.

Emphasis of Matter:

We would like to draw the reader's attention to Note VIII.8, which highlights that as of December 31, 2023, and December 31, 2024, the Company's short-term liabilities exceeded its short-term assets by VND 553.104.072.708 and VND 535.359.838.638, respectively. The accumulated losses were VND (444.750.599.212) and VND (447.145.568.952), which correspond to (356%) and (358%) of the owners' equity. The owners' equity was VND (314.901.197.290) and VND (317.296.167.030), respectively. In 2024, it marked the 14th consecutive year of operating losses for the Company. These issues indicate the existence of a significant uncertainty that may raise substantial doubt about the Company's ability to continue as a going concern. However, based on the plans for renovation, upgrading, and expansion of production, as well as commitments from key suppliers, customers, and distributors, and the review of the debt structure with credit banks, the Board of Directors believes that the Company has sufficient grounds and conditions to continue its development in the future. Furthermore, the Board of Directors confirms that there are no intentions to cease operations in the coming years. Therefore, the consolidated financial statements for the year ended December 31, 2024, have been prepared on a going concern basis.

2. Audited Financial Statements

The financial statements have been audited by NHAN TAM VIET AUDITING COMPANY. A copy of the audited financial statements is attached.

Confirmation from the Legal 

Representative of the Company



TỔNG GIÁM ĐỐC
Trần Tuấn Đạt