

FORTEX

Until Perfect



ANNUAL REPORT 2024

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To Our Valued Shareholders, Partners, and All Employees,

The past year has been a challenging period for the yarn industry in particular, and for the entire textile and garment value chain in general. The impacts of global economic fluctuations, climate change, and shifts in consumer trends have brought about unprecedented difficulties. Declining demand in major markets, volatile raw material costs, and the complexities of transitioning to green production pose significant challenges.

In addition, labor shortages have become a pressing issue. Recruiting and retaining high-quality, skilled personnel is increasingly difficult amidst intensifying competition in the labor market. Simultaneously, the ever-evolving requirements for skills and expertise demand breakthrough solutions in human resource management. We must continuously enhance our working environment and employee benefits to attract and retain talent.

However, within challenges lie opportunities. Innovation, production optimization, and the development of green, sustainable product lines will strengthen our competitiveness and help us seize emerging trends. Investing in modern technology, increasing flexibility across the supply chain, and fostering strategic partnerships are critical strategies that will empower us to move forward with confidence.

More than ever, we must unite, stay committed to our long-term goals, and uphold our spirit of continuous innovation. I firmly believe that with our collective effort and solidarity, the company will not only overcome these challenging times but will also thrive and grow sustainably in the future.

Thank you to our valued Shareholders, Partners, and all Employees for your continued support and companionship. Let us stay resilient, persistent, and work together to create new achievements in the time to come.

Wishing You – Our Valued Shareholders

HEALTH– HAPPINESS – SUCCESS

**CHAIRMAN OF THE BOARD OF
DIRECTOR**



LE MANH THUONG

GENERAL INFORMATION

| | |
|-----------------------------------|--|
| Trading name | : Duc Quan Investment and Development JSC |
| Business Registration Certificate | : No. 1000400095 issued by the Department of Planning and Investment of Thai Binh Province, first issued on October 30, 2006, and amended for the 12th time on November 7, 2023. |
| Charter Capital | : 500.000.000.000 VND (<i>Five hundred billion Vietnamese dong</i>) |
| Address | : Lot A3 - Nguyen Duc Canh Industrial Park, Tran Thai Tong Street, Tien Phong Ward, Thai Binh City, Thai Binh Province. |
| Phone | : +8422 7384 5379 |
| Email | : contact@fortex.com.vn |
| Website | : http://fortex.com.vn/ |
| Stock code | : FTM |





Business Lines

- Yarn Manufacturing
 - + 100% Virgin Polyester Yarn
 - + 100% Recycled Dyed Polyester Yarn
 - + 100% Recycled Polyester Yarn
 - + 100% Cotton Carded (CD) and Combed (CM) Yarn
- Woven Fabric Manufacturing
- Textile Finishing
- Knitted, Crocheted, and Other Non-woven Fabric Manufacturing
- Garment Manufacturing, etc

Fortex's core business is the production and trading of high-quality cotton yarns, including Carded (CD) and Combed (CM) yarns, 100% Virgin Polyester (PE), and both regular and dyed 100% Recycled Polyester yarns. These new eco-friendly product lines do not undergo bleaching and dyeing processes after weaving and finishing, contributing to a greener textile production strategy. The yarns are part of Fortex's sustainable development approach, offering competitive advantages as 100% recycled yarns produced domestically in Vietnam—especially beneficial under trade agreements such as the EVFTA and CPTPP.

In addition to finished yarn production and trading, Fortex also engages in the commercial distribution of various yarns, imported raw cotton, and wholesale supply of yarn-related materials and accessories to domestic textile enterprises.

Yarn Products

100% Virgin Polyester Yarn

Polyester (PE) yarn is a synthetic fiber made primarily from ethylene derived from petroleum. This yarn is widely used in various industries to produce products such as clothing, home furnishings, industrial fabrics, and insulating materials. Compared to traditional fibers, polyester yarn offers distinct advantages: it does not absorb moisture but does absorb oils. These properties make polyester an ideal fabric for water-resistant, dustproof, and flame-retardant applications. Its low absorbency gives it natural resistance to stains. Polyester fabric is shrink-resistant, wrinkle-resistant, and resistant to stretching. It also dyes easily and is resistant to mildew damage. Furthermore, polyester acts as an excellent insulator, making it suitable for pillows, blankets, and outerwear.

100% Recycled Dyed Polyester Yarn

Recycled dyed polyester yarn is widely used in the textile industry to produce various products such as clothing and socks. Without the need for post-weaving bleaching or dyeing, recycled polyester yarn offers several advantages over traditional cotton and virgin polyester yarns, such as shortening post-processing steps, reducing production costs, and being environmentally friendly. Currently, this type of yarn is increasingly used in textile and garment products, with physical and mechanical properties comparable to conventional materials like virgin PE, cotton, and blended yarns. Especially, its low processing cost enhances competitiveness compared to similar products.

100% Cotton Carded and Combed Yarn

Cotton is a commonly used material in everyday clothing as it provides a cool and comfortable feel for the wearer. Since ancient times, following the advent of agriculture, humans have cultivated cotton plants. The harvested cotton bolls are spun into cotton yarn, which is then used for weaving fabric.

In terms of advantages, cotton offers good moisture absorption and excellent breathability, making it comfortable to wear. However, a drawback is that cotton fabric tends to be relatively stiff, making it more suitable for men's clothing.

Fortex's yarn products:



CD

(Cotton Carded Yarn)

- Composition: 100% carded cotton
- Technology: Ring spinning technology
- Requirement: Long staple cotton fibers
- Quality: Smoother, softer, and more absorbent compared to OE yarns
- Characteristics: Excellent moisture absorption, comfortable on human skin
- Applications: Commonly used for weaving soft fabrics, making high-quality shirts, underwear, and bed linens
- Yarn counts: Ne 28 – Ne 60



CM

(Cotton Combed Yarn)

- Composition: 100% carded cotton
- Technology: Ring spinning technology
- Requirement: Long staple cotton fibers
- Quality: Smoother, softer, and more absorbent compared to CD yarns
- Characteristics: Excellent moisture absorption, comfortable on human skin
- Applications: Commonly used for weaving soft fabrics, making high-quality shirts, underwear, and bed linens
- Yarn counts: Ne 28 – Ne 60



**PE Virgin
(100% Virgin
Polyester Yarn)**

- Composition: 100% Virgin Polyester Yarn
- Technology: Applied "ring spun" spinning technology
- Requirement: Type 1.2D - 1.4D; 38MM.
- Characteristics: Moisture-absorbing, heat-retaining, and comfortable when in contact with the skin.
- Applications: Commonly used to weave soft fabrics, produce clothing, socks, gloves, underwear, and high-quality bed sheets.
- Yarn used in knitting; air-texturing
- Yarn count: Ne 20/1 – Ne 50/1



**PE Recycled Dyed
(100% recycled color
polyester yarn)**

- Composition: 100% recycled colored polyester fiber.
- Technology: Applied "ring spun" spinning technology
- Requirement: Type 1.2D - 1.4D; 38MM.
- Characteristics: Moisture-absorbing and heat-retaining, comfortable against human skin.
- Applications: Commonly used to weave soft fabrics, produce clothing, socks, gloves, underwear
- Yarn that skips the bleaching and dyeing process before and after finishing. Suitable for both knitting and weaving.
- Yarn count: Ne 20/1 – Ne 40/1



**PE Recycled
(100% Recycled
Polyester Yarn)**

- Composition: 100% recycled polyester fiber.
- Technology: Applied "ring spun" spinning technology
- Requirement: Type 1.2D - 1.4D; 38MM.
- Characteristics: Moisture-absorbing, heat-retaining, and comfortable when in contact with the skin.
- Applications: Commonly used to weave soft fabrics, produce clothing, socks, gloves, underwear
- Yarn used in knitting; air-texturing
- Yarn count: Ne 20/1 – Ne 40/1

**Business market**

In 2024, the Company completed legal procedures to obtain the BIS certification in order to re-enter the Indian market. At the same time, it continued to expand into niche markets such as Thailand, Bangladesh, China, and South Korea. Export activities accounted for 30% of the Company's total output, with the main product line being polyester yarn.



📍 Business market

The company's main export markets are: India, Brazil, Thailand... Accounting for 30% of the company's total output. The rest are domestic customers. In 2024, the company will continue to exploit niche markets: Korea, Bangladesh

👥 Potential Customers

Polyester Yarn: ACE Global (India), Fine Yarn (india), Nimish Syntex (india).

Coton yarn: Bhartia Yarn, Bluezen Clothing, ACE Global

🔍 Service providers

Nanyang, Fujian Jingwel
Uday Cotton, Qingdao
Sunrise



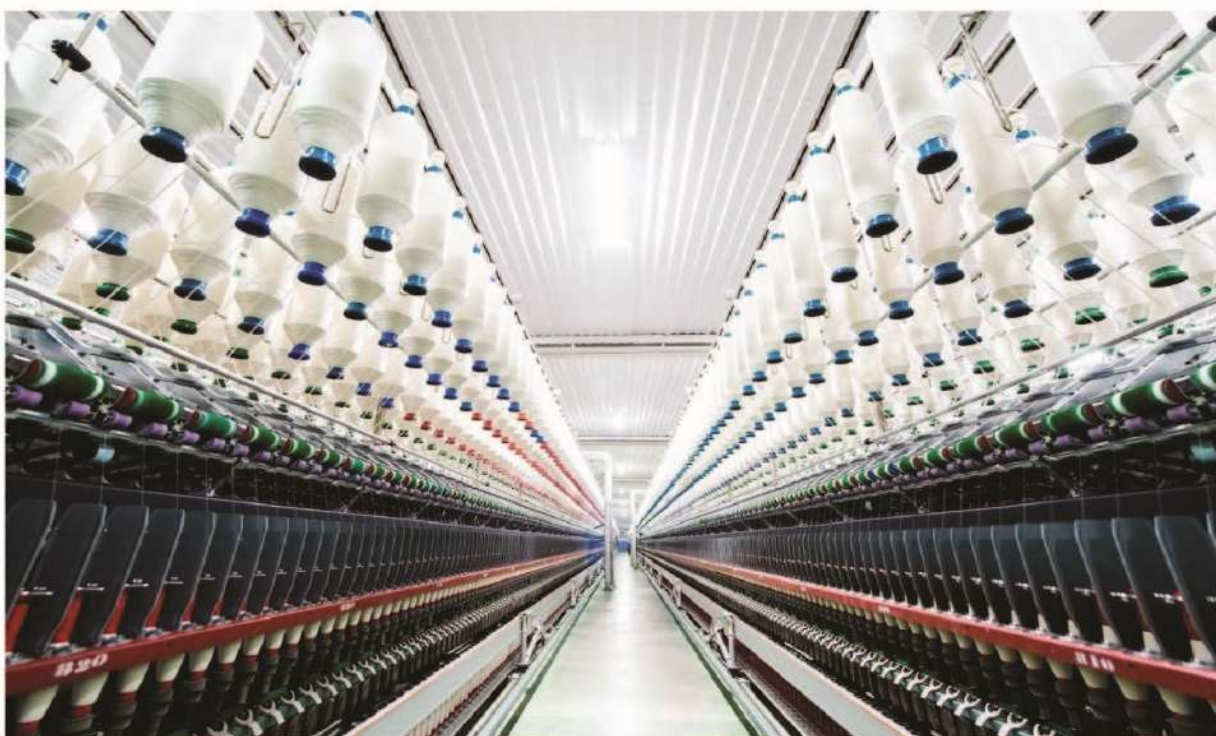
Manufacturing Facilities and Technical Infrastructure

Fortex is headquartered at Lot A3 – Nguyen Duc Canh Industrial Park, Tran Thai Tong Street, Tien Phong Ward, Thai Binh City, Thai Binh Province, and operates two factories located in Nguyen Duc Canh Industrial Park, Thai Binh City, and one factory in Tien Hai Industrial Park, Tien Hai District, Thai Binh Province.

At all of Fortex’s factories, the production lines are equipped with modern and fully synchronized spinning machinery, including: cotton blowroom systems (such as bale openers, mixers, metal detectors, and foreign fiber removal machines), carding machines, drawing frames, sliver lap machines, combing machines, roving frames, ring spinning frames, automatic winding machines, air conditioning systems, and laboratory equipment. The machinery is primarily imported from Switzerland, Germany, Japan, and China. Fortex’s spinning systems are mainly supplied by RIETER – Switzerland, one of the world’s leading manufacturers of spinning technology.

The quality control center is equipped with measuring and inspection devices from USTER, the global leader in yarn and textile quality control technology.





FACTORY

FORTEX has three factories including Duc Quan I Factory, Duc Quan II Factory, Duc Quan V Factory. Total 110,000 spindles equivalent to capacity of 17,500 tons/year

- Machine Rieter G35: 1620*28
- Machine Zinser: 1200*32
- Machine Shanghai: 504*35

01

Factory 1 - NM ĐQ I:
17.460 Spindle.
Capacity 3300 tons/year

02

Factory 2 - NM ĐQ I:
38.400 Spindle.
Capacity 6.200 tons/year

03

Factory 3 - NM ĐQ II:
45.360 Spindle. Capacity
7,500 tons/year

To facilitate production management, the company has divided the names of the three factories into Factory 1 - Factory ĐQI, Factory 2 - Factory DDQ1, and German Factory.

OUTSTANDING ACHIEVEMENTS

With continuous efforts and significant contributions throughout its operations, Fortex has been honored with several prestigious awards and recognitions.



The Vietnam Golden Star Award for outstanding Vietnamese brands and products in international integration



Certificate of Merit awarded by the National Committee for International Economic Cooperation for outstanding achievements in brand building, development, and participation in international economic integration



Certified by the People's Committee of Thai Binh City as an Outstanding Enterprise in Technological Innovation



Recognized by the People's Committee of Thai Binh City for Excellence in Technological Innovation



Certified and protected by the Intellectual Property Office for a range of yarn products



Awarded a Certificate of Merit by the People's Committee of Thai Binh Province for outstanding achievements in import-export business operations in 2017, contributing to the socio-economic development of the province.

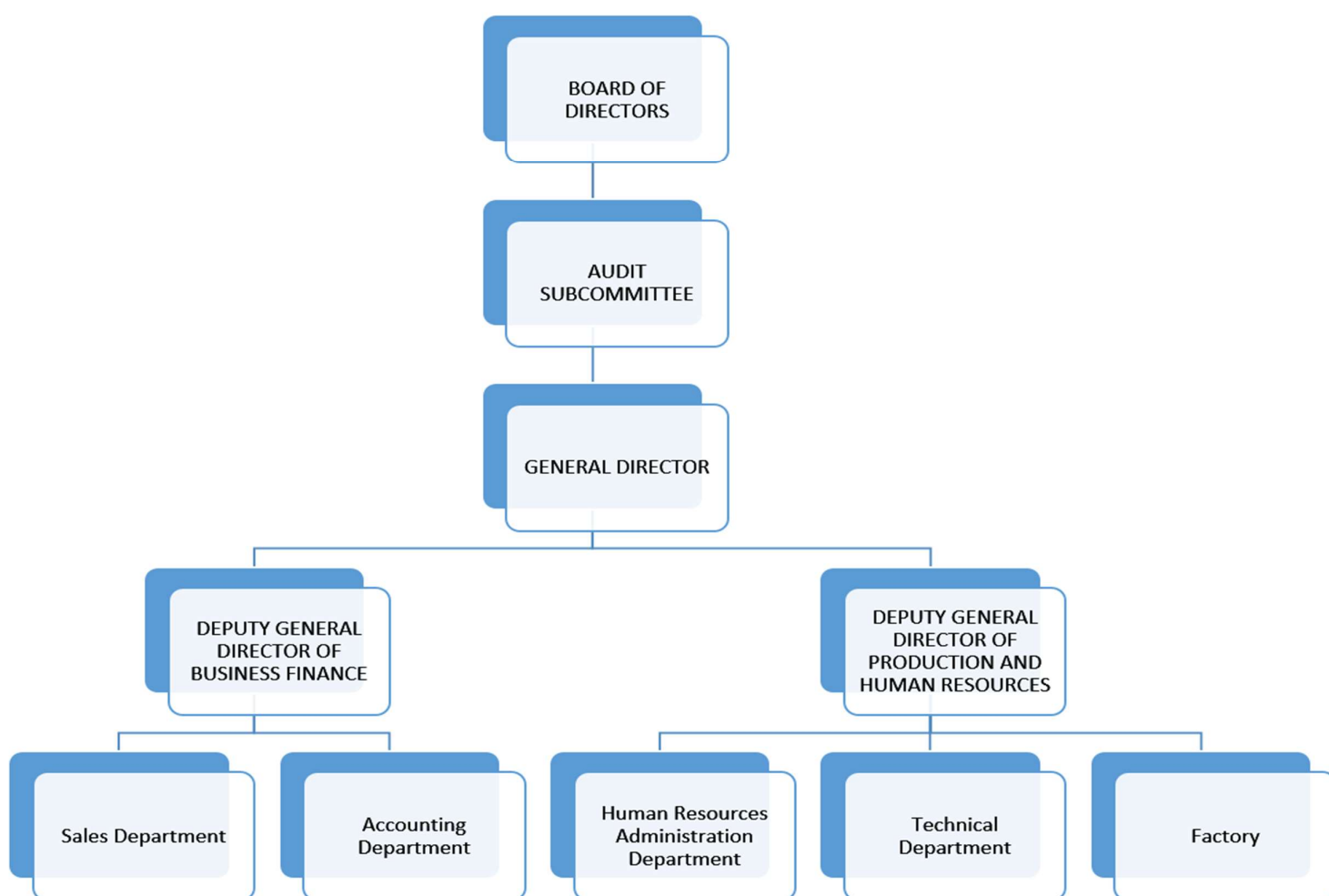


Awarded a Certificate of Merit by the People's Committee of Thai Binh Province for outstanding contributions to social welfare activities in 2019.

Corporate Governance Model

The Company operates under the joint stock company governance structure as stipulated in Point b, Clause 1, Article 137 of the Law on Enterprises, having been converted from the structure defined in Point a, Clause 1, Article 137 of the same Law as of June 25, 2020.

The organizational structure diagram.



Subsidiaries and Affiliates:

Subsidiaries: None

Affiliates: None

Key objectives of the Company



VISION

FORTEX aspires to become the leading enterprise in Vietnam and worldwide in the textile industry and complete the closed value chain of the textile industry.



MISSION

FORTEX is committed to providing the community with high quality products and services by building a professional team, with a modern culture of innovation and creativity, to create a better life for FORTEX members.



CORE VALUES

QUALITY
DISCIPLINE
INNOVATION
HONESTY
CREATIVITY

This is the core value of Fortex that is implemented throughout from the Board of Directors to production workers.

Business Objectives

According to the Company's Charter on organization and operation, the primary objective of the Company is: "To efficiently mobilize and utilize capital, expand business for maximum profit, protect shareholder interests, create stable jobs, improve employee income, fulfill tax obligations, and promote sustainable corporate growth."

General Development Strategy

In the context of macroeconomic challenges and an unfavorable business environment in 2023, the Executive Board of Đức Quân Investment and Development Joint Stock Company has proactively sought opportunities amidst adversity, with a strong focus on improving production efficiency, expanding markets, and maintaining the existing customer network. The Company remains committed to sustaining and accelerating its growth momentum, maximizing customer value, and creating shared value for both the Company and society. From 2023 to 2030, the Company targets an average annual growth rate of 10% or higher in both revenue and profit.



Company Objectives on Environment, Society, and Community

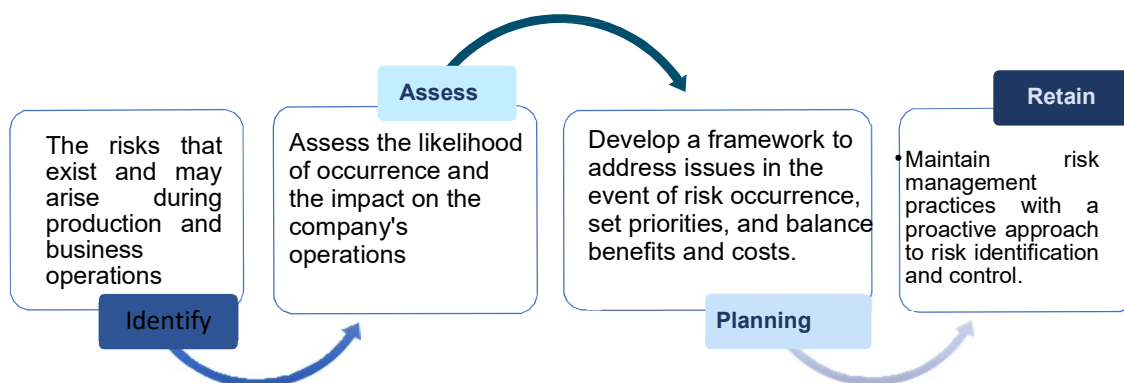
The Company is committed to delivering the highest quality products to partners and customers at the most reasonable prices while minimizing environmental pollution.

At the same time, it strives to ensure the rights and benefits of its employees and shareholders.

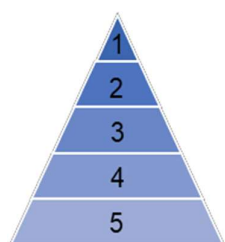
Risk Management

Recognizing the critical importance of risk management in its business and production activities, the Company's General Director annually directs the review and approval of the Company-wide risk management framework. The Company has established a comprehensive risk management structure, applying procedures for identifying, analyzing, measuring, and assessing potential risks. Based on this approach, the Company implements appropriate control measures to mitigate and remediate the impact of such risks on its operations. The ultimate goal is to minimize losses to the lowest possible level while turning potential disadvantages into opportunities that lead to success.

Risk Management Process Diagram



The risks faced by the company



Probability scale of occurrence

- 1 - Probability of occurrence = 0
- 2 - Low probability of occurrence
- 3 - Average probability of occurrence
- 4 - High probability of occurrence
- 5 - Very high probability of occurrence

Impact scale

- 1 - No impact
- 2 - Small impact
- 3 - Normal impact
- 4 - Large impact
- 5 - Very large impact



Table 1: Risk Factors

| Risk Identification | Evaluation | Solution |
|---------------------------|---|--|
| Competitive Risk | <p>Fortex is one of the leading cotton yarn manufacturers in Vietnam, with the largest yarn production capacity in the North. Currently, major competitors are shifting towards high-end or recycled yarn segments. This indicates that Fortex still holds a strong competitive advantage in the cotton yarn market.</p> <p>Assessment: Likelihood: 2, Impact: 2</p> | <p>With a business model focused on modern infrastructure, a skilled and professional workforce, and a streamlined management system, the Company is confident in its ability to maintain competitiveness in delivering high-quality products at competitive prices.</p> |
| Interest rate risk | <p>Lending interest rates constitute capital costs and are an input cost in the business operation process, directly affecting the company's performance. Fluctuations in lending interest rates have a significant impact on the Company's business results. In 2023, to stabilize the</p> | <p>Given the specific characteristics of its business sector, the Company requires substantial working capital to finance its production and business activities.</p> <p>The Company must proactively and continuously seek low-cost capital sources. In addition to</p> |

| | | |
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| | <p>macroeconomy and curb inflation, the State Bank increased interest rates and tightened credit, which also had a considerable impact on the Company.</p> <p>Assessment: Likelihood: 1, Impact: 1</p> | <p>increasing equity capital, the Company selects credit institutions and non-credit organizations offering competitive interest rates to raise funds, thereby minimizing financing costs.</p> |
| Human Resource Risk | <p>The textile and garment industry is one of the most labor-intensive sectors in Vietnam, making workforce-related issues a major concern for the Company. Vietnam has passed its “golden population” period, leading to a gradual shortage of labor supply for the textile and garment sector in the near future. In addition, other manufacturing industries are attracting workers with better incentives and improved working environments. Therefore, the risk of labor shortage in the future may significantly impact the Company's production activities.</p> <p>Assessment: Likelihood: 3, Impact: 3.</p> | <p>To ensure a stable labor supply, the Company has implemented various incentive policies for employees, including adjustments to salary grades—prioritizing wage increases for highly skilled workers—and regular performance-based salary reviews. Additional policies include bonuses based on productivity, quality, attendance, and year-end performance; allowances; and close coordination with the Trade Union to support both the material and spiritual well-being of employees.</p> <p>In parallel, the Company places strong emphasis on training and upskilling, aiming to continuously improve the technical capabilities and expertise of staff, while also developing a qualified successor workforce.</p> |
| | <p>Changes in legal policies related to the stock market, taxation,</p> | <p>To ensure compliance and minimize legal risks, the Company</p> |

| | | |
|---------------------------|---|---|
| Legal Risk | <p>customs, environmental protection, and labor regulations may lead to increased operating costs for the Company.</p> <p>Assessment: Likelihood: 2, Impact: 2</p> | <p>has implemented internal procedures for inspection, monitoring, and evaluation of activities with potential legal exposure. Each functional department is regularly updated on newly issued legal documents and receives training on industry-specific regulations relevant to their responsibilities.</p> |
| Environmental Risk | <p>The manufacturing industry is heavily dependent on environmental factors. Environmental protection and post-production waste treatment present significant challenges for the Company. Increasing pressure from rising fees—such as environmental resource fees, waste treatment fees, and land lease costs—also negatively impacts the Company's business performance.</p> <p>Assessment: Likelihood: 4, Impact: 3</p> | <p>The Company is currently in full compliance with environmental protection regulations and effectively implements related requirements. All necessary environmental protection expenses are included in the Company's cost planning. Fortex has plans to invest further in production lines for dyed yarns that do not require traditional bleaching and dyeing processes, thereby minimizing environmental waste.</p> <p>The Company does not discharge untreated waste into the environment; all wastewater is collected and treated through the industrial zone's centralized treatment system. Fortex has signed contracts with specialized firms for the treatment of solid and hazardous waste. Additionally, the</p> |

| | | |
|-------------------------------|---|---|
| | | Company is gradually introducing clean energy sources such as solar power into its production activities. |
| Macroeconomic Risk | <p>Global Economic Recession: When major economies such as the U.S., EU, and China experience downturns, overall consumer demand — including for garments and textiles — declines, leading to reduced order volumes.</p> <p>Exchange Rate Fluctuations: The textile and yarn industries rely heavily on imported raw materials. Exchange rate volatility can increase input costs and reduce profit margins.</p> <p>Inflation & High Interest Rates: Prolonged inflation drives up financial costs for textile and garment businesses due to higher borrowing rates, negatively impacting investment and production expansion.</p> <p>Assessment: Likelihood: 4, Impact: 4</p> | <p>Diversify export markets, expand domestic sales channels, and leverage tax incentives from trade agreements such as CPTPP, EVFTA, and RCEP to enhance competitiveness.</p> <p>Closely monitor exchange rate movements and enter into forward foreign exchange contracts to hedge against currency fluctuation risks. Diversify funding sources and avoid excessive borrowing in foreign currencies to reduce interest rate pressure.</p> |
| Policy and Legal Risks | <p>Changes in trade policies: Adjustments to trade agreements (EVFTA, CPTPP) may alter preferential tariff conditions, thereby affecting the company's export competitiveness.</p> | <p>Producing recycled-origin products such as regenerated yarns; in the long term, it is necessary to seek input suppliers that meet green and environmentally friendly</p> |

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|---|---|--|
| | <p>Carbon tax (CBAM) & environmental standards: The EU and US are enforcing stricter regulations on emissions and product traceability, placing considerable pressure on businesses that have not yet met green standards.</p> <p>Labor and wage policies: Increases in minimum wage and social insurance contributions may reduce corporate profit margins.</p> <p>Assessment: Likelihood: 2, Impact: 3</p> | <p>production criteria. Implement solutions to apply renewable energy sources (solar, wind power) in production to reduce electricity costs, contribute to emission reduction, and create favorable conditions for obtaining relevant certifications.</p> <p>Ensure a safe working environment, offer reasonable wages and bonuses, pay salaries on time, promptly resolve arising issues to avoid strikes. Strictly comply with labor laws and enhance employee benefits to retain the workforce.</p> |
| Supply Chain & Raw Material Risks | <p>Dependence on China: Over 50% of Vietnam's textile and garment raw materials are imported from China. If China restricts exports or experiences production disruptions, Vietnamese businesses may face a shortage of raw materials.</p> <p>Logistics & Transportation Costs: Rising sea freight rates and high logistics expenses can increase product costs, reducing competitiveness.</p> <p>Assessment: Likelihood: 3, Impact: 3</p> | <p>Reduce dependence on China by diversifying imports from alternative markets.</p> <p>Sign long-term contracts with shipping carriers to avoid freight rate volatility. Promptly negotiate with logistics service providers for reasonable freight adjustments when fuel prices decline.</p> <p>Utilize closer ports to minimize logistics costs.</p> |
| Technology & Digital Transformation Risk | <p>Competition from automation: Countries such as China, Bangladesh, and India are adopting</p> | <p>Apply ERP, AI, IoT, and appropriate digitalization software tailored to the production model to optimize</p> |

| | | |
|--|---|---|
| | <p>robotics and AI in manufacturing, which reduces Vietnam's advantage of low-cost labor.</p> <p>Slow Technological Innovation: If enterprises fail to invest in modern machinery and apply IoT and ERP systems in production management, they risk falling behind their competitors.</p> <p><i>Assessment: Likelihood: 2, Impact: 3</i></p> | the supply chain and production management. |
|--|---|---|

In 2024, the global context continued to evolve in a complex and unpredictable manner, with escalating conflicts in several regions, significant fluctuations in fuel prices and freight rates, and a sluggish recovery in global trade and economy—particularly a sharp decline in total global investment. In addition, natural disasters, climate change, and energy security concerns further complicated the situation, resulting in limited signs of improvement for the textile and garment industry. Sluggish market demand led to order delays and even cancellations. Moreover, the average export price of fibers and yarns from Vietnam in 2024 remained lower compared to the already reduced levels of 2023. Another major obstacle arose from the Indian market—one of the company's key export destinations—which began requiring BIS (Bureau of Indian Standards) certification for imports. This regulation presents a significant barrier to market entry, which we had recognized since April 2023 and have been actively addressing, though it has yet to be resolved. Additionally, the company faced exchange rate risks. In 2024, the exchange rate rose by 5.3%, the highest increase since 2016, creating considerable financial pressure. All these factors reflect the significant challenges faced by both management and the workforce in maintaining stable operations. Despite these difficulties, the company made great efforts to boost sales and proactively seek new domestic and international markets. However, given the accumulation of such headwinds, the company's total net revenue in 2024 reached only VND 182.29 billion—an increase of 4.18% compared to 2023. Net loss after tax for 2024 stood at VND 127.29 billion (compared to a loss of VND 322.41 billion in 2023).



List of Executive Board Members

Table 2: Executive Board Members

1. Executive Board Members in 2024

| Full name | Position | Number of Shares Held | Ownership |
|-------------------|---|-----------------------|-----------|
| Mr Do Van Sinh | Board Member – General Director | 0 share | 0% |
| Mr Tran Xuan Tien | Board Member – Deputy General Director | 0 share | 0% |
| Mr Dao Van Nam | Deputy General Director/ Chief Accountant | 0 share | 0% |

Profiles of Executive Board Members:

General Director – *Mr Do Van Sinh*

Full name : Do Van Sinh
Gender : Male
Date of birth : 31/03/1980

Nationality : Viet Nam
Ethnicity : Kinh

Qualification : Bachelor of Business
Administration

Current position : General Director

Employment history

2004 – 2012: Head of Sales Department, Dai Cuong Group Joint Stock Company

2013 – 2016: Deputy Sales Director, Duc Quan Investment and Development Joint Stock Company

2017 – 2018: Assistant to General Director – Deputy Sales Director, Central Seafood Import Export Joint Stock Company

T12/2018 - 4/2019: Sales Director, Duc Quan Investment and Development Joint Stock Company

T4/2019 – present: General Director, Duc Quan Investment and Development Joint Stock Company

Deputy General Director – Tran Xuan Tien

Full name : Tran Xuan Tien
Gender : Nam

Date of birth : 19/10/1975

Nationality : Viet Nam
Ethnicity : Kinh

Qualification : Electrical Engineer – Bachelor of Business Administration"

Employment history

6/2007– 8/2010: Technical Department Staff
Duc Quan Investment and Development
Joint Stock Company

8/2010 - 10/2019: Head of Technical Department
Duc Quan Investment and Development
Joint Stock Company

11/2019 - present: Deputy General Director
Duc Quan Investment and Development
Joint Stock Company

Current position : Deputy General Director

Chief Accountant – Mr Dao Van Nam

Full name : Dao Van Nam
Gender : Nam

Date of birth : 23/06/1990

Nationality : Viet Nam
Ethnicity : Kinh

Qualification : Master of Business Administration (MBA) - Bachelor of Accounting and Finance

Employment history

7/2018 – 12/2018: Accounting Staff
Duc Quan Investment and Development Joint
Stock Company

12/2018 - 11/2019: Deputy Accounting Manager
Duc Quan Investment and Development Joint
Stock Company

11/2019 - Present: Chief Accountant
Duc Quan Investment and Development Joint
Stock Company

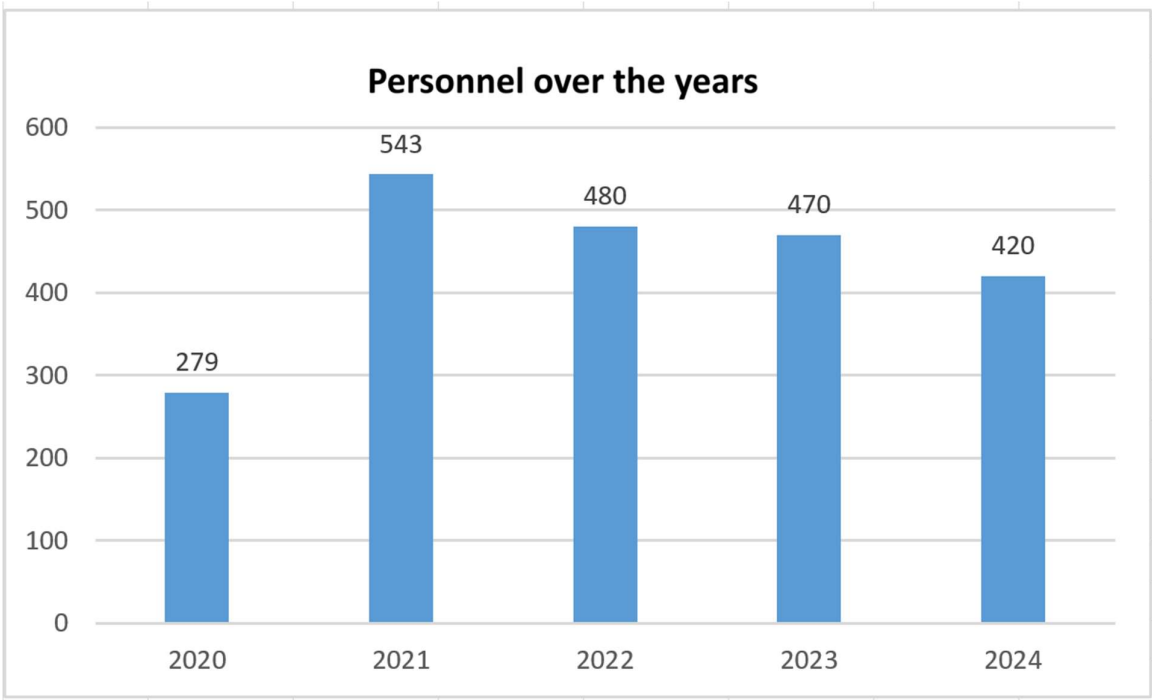
Current position : Chief Accountant

The changes in the executive board: No changes

Policy for employees

Number of employees in the company:

Table 3: Number of employees in the company by year

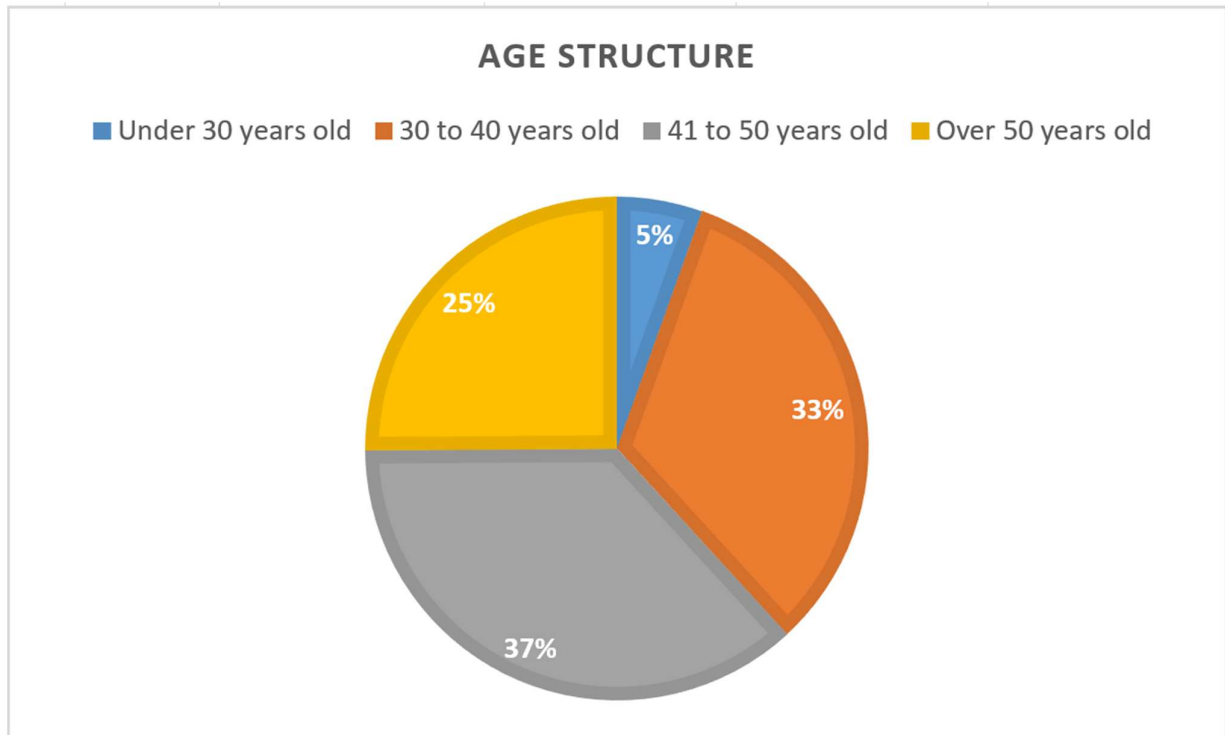


In 2023, the Company adjusted its daily working schedule from a 3-shift system to an extended 2-shift system. This change optimized workforce utilization at the plant and allowed employees to work overtime, thereby increasing their income. As a result, the Company successfully reduced its staffing levels by 10% compared to the previous structure.

In 2024, due to labor migration trends and increased competition for human resources from foreign enterprises, the Company experienced localized manpower shortages.

Labor structure

Age structure





Employee Policies:

The core value of the Company lies in providing stable employment for workers and improving the material and spiritual well-being of employees. This is achieved through the development of a suitable wage structure, a transparent salary policy, and a product-based incentive pay system that encourages employees and boosts productivity and efficiency.

The Company supplements wages with various allowances to motivate employees, such as attendance bonuses, skill-based allowances, and night shift allowances. Annually, based on business performance, the Company grants employees an additional income equivalent to one month's salary as a performance bonus.

Each year, the Company issues a clear and transparent Reward-Penalty Policy, which is communicated in advance to employees to encourage higher work performance and compliance with Company regulations, while also fostering a strong corporate culture.

The Company regularly organizes activities to support the well-being of employees, such as celebrations for International Women's Day (March 8), Vietnamese Women's Day (October 20), "Tet Reunion" programs, and gifts for employees facing difficult circumstances. The Company also gives gifts to employees' children on International Children's Day (June 1) and Mid-Autumn Festival. Annually, the Company runs a scholarship program to encourage the children of employees in their academic pursuits.

Occupational safety policies are a top priority. The Company provides personal protective equipment, implements safety and environmental hygiene measures, and fosters a fair,

inclusive working environment. It is committed to attracting and developing talent, ensuring both the material and mental well-being of all employees.

Recruitment Policy:

The Company's recruitment objective is to attract competent personnel who align with its development orientation. Depending on the specific position, the Company sets distinct mandatory criteria, balancing between internal and external recruitment sources. The recruitment policy emphasizes a thorough screening process to evaluate candidates not only based on their qualifications but also on their character, willingness to learn, sense of responsibility, ambition, and long-term commitment. Every individual, regardless of their position, is given the opportunity to grow, develop their capabilities, and advance in their career. Each person is regarded as an indispensable piece contributing to the Company's overall objectives.

To attract external talent, the Company utilizes various channels such as media outlets, employment service centers, job exchanges, career fairs, and recruitment announcements at universities, colleges, and vocational schools. The Company focuses on recruiting for areas such as automation engineers, electromechanical technicians, and general laborers in its factories—with priority given to candidates with prior experience. Special incentive programs are in place to encourage and support new employees, skilled workers, and even those who refer candidates to join the Company.

Training Policy:

Alongside recruitment efforts, the Company places great importance on employee training. This includes pre-employment training, on-the-job training, and advanced training programs to enhance professional knowledge and work skills, allowing employees to perform effectively and take on higher responsibilities. Short-term external courses and regular internal training sessions are organized annually for all employees.

Through these training programs, employees improve their knowledge, professional qualifications, and soft skills. At the same time, training helps employees define their personal development goals in alignment with the Company's overall development strategy. The Company's training programs are effectively designed based on the practical needs of each functional department to ensure employees can apply the acquired knowledge and skills directly to their work. The Company provides every opportunity for career advancement, especially for those who are ambitious, eager to learn, dynamic, and creative. In 2024, the Company organized 10 professional training courses, including 3 conducted by external experts and 7 internal training sessions for factory managers and workers (excluding monthly technical training for new employees).

Working conditions:

The Company complies with the Labor Code and relevant legal regulations regarding employment. In terms of working conditions, the offices and workshops are designed to be spacious, well-ventilated, and meet high standards of occupational safety and hygiene, providing the best possible environment for employees to work efficiently. The canteen is clean, airy, and meets food safety standards. A variety of beverages is available for employees, including filtered water, hot water, and tea. Each employee is provided with a personal water bottle to ensure hygiene and convenience during work.

Major investments

Table 4: Major Investments of Fortex

| No | Financial Investment/Project | Implementation Status |
|----|---|--|
| 1 | Bonds of Vietnam Joint Stock Commercial Bank for Investment and Development | <p>Time Deposit Contract No. 2037040600000177 dated 23/06/2023, with Ho Chi Minh City Development Bank - Hai Phong Branch. The term of the time deposit contract is 12 months, from 23/06/2024 to 23/06/2025. The interest rate is 5.40% per annum, with interest calculation on 23/12/2023.</p> <p>The time deposit contract serves as collateral for the performance guarantee letter of Contract No. 0006/24/PGDHĐa/HĐCBL/BL-HDB01 dated 24/06/2024, with Thai Binh Power Company - Northern Power Corporation branch.</p> |
| 2 | Duc Quan 6 Spinning Mill | <p>The Duc Quan 6 Spinning Mill project is being implemented at the Tien Hai Gas-Mine Industrial Park, Thai Binh Province, and commenced in April 2015 with a total investment of VND 505,749.78 million. The construction of the Duc Quan 6 Spinning Mill is temporarily halted due to the impact of the COVID-19 pandemic, which resulted in a significant decrease in order volumes, leading to reduced production demand. As a result, the company has suspended the construction of the mill. The basic construction costs already incurred amount to VND 64,509 million.</p> |

| | | |
|---|--|--|
| 3 | The investment cooperation in the real estate project with New City Real Estate Joint Stock Company. | <p>The investment cooperation between Duc Quan Investment and Development Joint Stock Company (Investor) and New City Real Estate Joint Stock Company (Company) was signed on 05/06/2019, regarding the investment and construction project for a residential area in accordance with urban planning standards approved in Decision No. 3249/QD-UBND dated 31/12/2014, for the detailed planning of the South Thai Binh urban area with a scale of 1/500. The project is located at Tran Lam Ward, Thái Binh City, Thai Binh Province, with a total land area of 490,185.3 m² for building subdivided houses, commercial buildings, parks, roads, and technical infrastructure. Accordingly, the Investor agreed to contribute capital to develop the project with an amount of VND 50,000,000,000, which was to be contributed by 31/12/2019. The Investor will transfer the capital contribution to the designated capital contribution account. The implementation of the investment cooperation agreement will be carried out within 24 months from the effective date of the contract.</p> <p>Upon successful completion of the project, the Company is responsible for handing over to the Investor the right to exploit and use 15 villa plots with an area of 6,000 m², or the Company must repay the total capital contribution along with an interest rate of 7% per year, calculated on the total amount of capital the Investor has contributed, from the date the Investor transfers the capital until the Company fully repays the capital contribution.</p> |
|---|--|--|

Subsidiaries and affiliates: None.



Financial status of the company in 2024

Table 5: Financial status of the company in 2024

Unit: million dong

| Indicators | 2024 | 2023 | Increase/decrease |
|---|--------------|--------------|-------------------|
| Total asset | 639.436,93 | 782.341,94 | -18,27% |
| Net revenue | 182.290,76 | 174.982,04 | 4,18% |
| Net profit from operating activities | - 174.248,76 | - 248.163,56 | - |
| Other profit | - 46.959,87 | - 74.250,63 | - |
| Profit before tax | - 127.288,89 | - 322.414,19 | - |
| Profit after tax | - 127.288,89 | - 322.414,19 | - |
| Dividend payout ratio | - | - | - |

(Source: Audited Financial Statements 2024)

Financial indicators

Table 6: Financial indicators

| No | Indicators | 31/12/2023 | 31/12/2024 |
|----------|---|------------|------------|
| 1 | Liquidity | | |
| - | Current ratio: Current assets/current liabilities | 0,2796 | 0,2452 |
| - | Quick ratio: (Current assets- inventories)/current liabilities | 0,1947 | 0,1428 |
| 2 | Capital | | |
| - | Debt/Total assets | 1,9036 | 2,3046 |
| - | Debt/Equity | -2,1066 | -1,7665 |
| 3 | Efficiency | | |
| - | Asset turnover ratio: Net sales/Average total assets | 0,19 | 0,26 |
| - | Inventory turnover ratio COGS/Average inventory | 1,64 | 1,33 |
| 4 | Profitability | | |
| - | Return on sales: Net profit/Net sales | -184,30% | -69,64% |
| - | Return on asset: Profit after tax/Average total asset | -41,12% | -19,91% |
| - | Operating profit to net sales ratio | -141,80% | -69,64% |

(Source: Audited Financial Statements 2024)

Shares

Total number of outstanding : **50.000.000 shares**

share Type of shares outstanding : **Common share**

The company does not have any restricted shares.

Shareholder Structure**Table 7: Shareholder Structure as of 31/12/2024**

| No | Shareholders | Quantity | Number of shares | Proportion |
|--|----------------------------|--------------|-------------------|-------------|
| State shareholders and other shareholders | | | | |
| 1 | State shareholders | - | - | 0% |
| 2 | Other shareholders | 4,839 | 50,000,000 | 100% |
| Institutional shareholders and individual shareholders | | | | |
| 1 | Institutional shareholders | 11 | 94,291 | 0.19% |
| 2 | Individual shareholders | 4,828 | 49,905,709 | 99.81% |
| Proportion | | | | |
| 1 | Major shareholder | 2 | 15,866,500 | 31.73% |
| 2 | Minority shareholder | 4,837 | 34,133,500 | 68.27% |
| Domestic Shareholders and Foreign Shareholders | | | | |
| 1 | Domestic shareholders | 4,821 | 49,737,580 | 99.48% |
| 2 | Foreign shareholders | 18 | 262,420 | 0.52% |
| Total | | 4,839 | 50,000,000 | 100% |

Changes in owners' investment capital

Duc Quan Investment and Development Joint Stock Company, formerly known as Dai Cuong Thai Binh Textile Co., Ltd., was converted into a joint-stock company on 27/11/2013 according to the Business Registration Certificate No. 1000400095 issued by the Department of Planning and Investment of Thai Binh Province, with an initial charter capital of 150,000,000,000 VND. As of 31/12/2023, the company has carried out the following capital increases:

| Lần | Completion time | Increase in Charter Capital (VND million)) | Charter Capital After Issuance (VND million) | Form of Issuance | Legal framework |
|-----|-----------------|--|--|---|--|
| 1 | 16/09/2015 | 280.000 | 430.000 | Private Share Issuance to Dai Cuong Group Joint Stock Company | <ul style="list-style-type: none"> - Resolution of the General Meeting of Shareholders No. 05/NQ-ĐHĐCĐ on 02/02/2015, approving the plan for charter capital increase - Enterprise Registration Certificate No. 1000400095, 8th revision on 16/09/2015 - The approving authority: Department of Planning and Investment of Thai Binh Province |
| 2 | 31/12/2015 | 70.000 | 500.000 | Private Share Issuance to Dai Cuong Group Joint Stock Company | <ul style="list-style-type: none"> -Resolution of the General Meeting of Shareholders No. 01/NQ-ĐHĐCĐ on 21/12/2015, approving the plan for charter capital increase - Enterprise Registration Certificate No. 1000400095, 9th revision on 31/12/2015 - The approving authority: Department of Planning and Investment of Thai Binh Province |

Treasury Stock Transactions

In 2023, the company did not engage in buying or selling treasury stocks.

Other Securities

Currently, there are no other securities apart from the common shares of Duc Quan Investment and Development Joint Stock Company.

1. Objectives:

- **Environment:**

Use resources efficiently and employ renewable energy.

Implement automation systems in the production process.

Consistently apply measures to reduce electricity and water consumption and limit waste and scrap rates.

- **Economy:**

Achieve revenue and profit growth according to set targets.

Develop eco-friendly product lines.

Maintain high-value-added product lines.

- **Society:**

Share profits with stakeholders.

Enhance workforce capacity through training programs.

Improve the work environment and ensure occupational health and safety.

Improve labor policies and enhance working skills and career development for employees.

- **Waste reduction:**

Increase the recycling rate of waste materials.

Increase the recycling rate of defective yarns.

Increase the reuse of materials such as paper tubes, packaging, pallets, and plastics, etc

2. Specific solutions:

Energy consumption

During its business operations, the company primarily uses electricity as its main energy source.

In operating both the factory and office buildings, the company always focuses on lighting the work environment while using electricity efficiently by:

- Controlling lighting usage based on work hours, implementing appropriate penalties for electricity wastage, and maintaining air conditioning at optimal temperatures of 25-26°C during the day.
- Organizing production schedules effectively to minimize the operation of high-power-consuming equipment (such as shredders, carding machines, combing machines, and air compressors) during peak hours from 5 p.m. to 8 p.m., ensuring that electrical equipment is not operating idle.
- Investing in and gradually replacing old, outdated, and inefficient equipment with high-efficiency, energy-saving technologies.

- Install additional electricity metering devices at various departments (teams/sections/production lines) to monitor electricity consumption and assign responsibility for energy savings to these departments within the company.
- Promote awareness among all employees and workers regarding electricity-saving practices, emphasizing that electricity costs are a critical input cost for the business. It is essential to regularly monitor and save energy at all stages of production and operations.
- The company is currently installing green energy sources, such as solar power, to further improve energy efficiency and reduce environmental impact.

Paper and office supplies consumption

Recognizing that efficient and sustainable use of office supplies will both save costs and protect the environment, the company has implemented the following measures for employees

- Printing on both sides to save paper.
- Avoiding unnecessary printing.
- Always previewing documents before printing.
- Storing all documents in digital formats (files).
- Reusing paper that has been printed on one side.
- Using the correct paper size for printing purposes.

Tree planting

The company maintains a ratio of green space within its premises and regularly plants additional trees to ensure a fresh and healthy environment. Trees help absorb CO₂, release O₂, and filter out harmful pollutants. Additionally, they help reduce noise pollution.

Water consumption

The main source of water for the company is municipal water.

In response to the growing challenges of climate change, the company emphasizes water conservation, ensuring efficient and effective use of water resources. It also maximizes the use of collected rainwater and water from rivers and lakes during production. The company has installed water meters in each department and assigned responsibility for water savings to each section. We conduct regular checks to detect and fix leaks every year. In the office area, low-flow devices are installed on faucets, and water usage for decorative landscaping is minimized.

The water consumed by the company is mainly for domestic use and not for product manufacturing.

Compliance with Environmental Protection Laws

In the production process, the company follows waste discharge procedures that comply with

environmental laws and regulations. Additionally, Fortex continuously reviews and updates environmental protection policies and regulations. The company ensures that all employees are informed and adhere strictly to environmental protection standards.

Furthermore, the company is in the process of increasing the proportion of recycled colored yarn products that do not require bleaching or dyeing, making them eco-friendly and contributing to environmental protection.

Policies Regarding Employees

Fortex employees work in shifts, with two shifts per day (morning and evening), arranged flexibly to allow breaks for employees to ensure good health during labor. The company provides two free meals per shift. Fortex also fully complies with holiday and maternity leave regulations and insurance policies as per state laws. It supports travel expenses for employees working far from the company and provides overtime pay, with additional bonuses for employees who complete their tasks excellently.

In terms of workplace safety, the company provides employees with personal protective equipment (PPE) such as uniforms, helmets, aprons, gloves, etc., on a regular basis. The workplace is fully equipped with fire and electrical hazard prevention devices. Employees are trained in fire safety knowledge and are always encouraged to maintain a high level of vigilance. In 2023, Fortex organized internal training courses to improve the skills of workers, managerial skills for factory managers, and advanced training for employees to meet the demands of the modern 4.0 economy.

**THE SITUATION AND RESULTS OF BUSINESS PRODUCTION
IN 2024**

In 2024, the global situation continued to evolve in a complex and unpredictable manner. Conflicts escalated in many regions, fuel prices and transportation costs fluctuated significantly, global trade recovery was slow, and overall global investment decreased. Additionally, natural disasters, climate change, and energy security issues became more complicated, leading to modest results for the textile and garment industry. Market consumption slowed, causing order suspensions and even cancellations. Furthermore, the average export price of yarn and fibers from Vietnam in 2024 continued to decline compared to the already low base of 2023.

Moreover, the Indian market (one of the company's key export markets) now requires a BIS (Bureau of Indian Standards) certification for exports to India. This has become a barrier to exporting to the Indian market, which the company has recognized as important and started efforts to meet this requirement from April 2023, but it has yet to be completed. Additionally, exchange rate risks, with the exchange rate increasing by 5.3% in 2024 (the highest since 2016), have posed significant challenges to the company. All of these factors have contributed to the difficulties faced by the management and employees in maintaining stable production and business operations.

The company has made efforts to boost sales and proactively explore both domestic and international markets. However, the numerous challenges have resulted in total net revenue for 2024 reaching only 182.29 billion VND, a 4.18% increase compared to 2023. The after-tax profit for 2024 was a loss of 127.29 billion VND (compared to a loss of 322.41 billion VND in 2023).

EVALUATION OF BUSINESS PRODUCTION RESULTS

In the face of external challenges such as the difficulties in the economy in general and the textile industry in particular, as well as internal obstacles such as limited access to funding sources, labor shortages, and the impact of exchange rate fluctuations, the company also faced significant losses due to the Yagi storm (Storm No. 3 in 2024), which caused considerable damage. Despite these challenges, the General Management Team has consistently stayed engaged, reported, and received guidance from the Board of Directors. Together with the determination and efforts of the entire staff, the company managed to overcome many of these difficulties and maintain stable production and business operations. However, due to the overall market challenges, the company was unable to meet its business targets. The 2024 results showed a total revenue of 183 billion VND and a net loss of 127 billion VND.

Table 8: Planned and actual values for 2024

| STT | Chỉ tiêu | Đơn vị tính | Kế hoạch 2024 | Thực hiện 2024 | Tỷ lệ thực hiện so với kế hoạch |
|-----|-------------------|--------------|---------------|----------------|---------------------------------|
| A | B | C | (1) | (2) | (3=2/1) |
| 1 | Net revenue | Billion dong | 667 | 183 | 27% |
| 2 | Profit before tax | Billion dong | 6 | -127 | - |
| 3 | Profit after tax | Billion dong | 4.8 | -127 | - |

(Source: Audited financial statements 2024)

Explanation from the Board of General Directors regarding the failure to meet business performance targets:

In light of the significant challenges in 2024, the Company's Leadership has directed efforts towards increasing labor productivity and reducing costs to overcome difficulties, with specific measures such as:

- + Changing production technology to optimize efficiency, productivity, and quality, increasing competitiveness in products.
- + Saving electricity, utilizing equipment capacity during off-peak hours.
- + Streamlining the workforce for better efficiency.
- + Improving machinery and localizing materials.

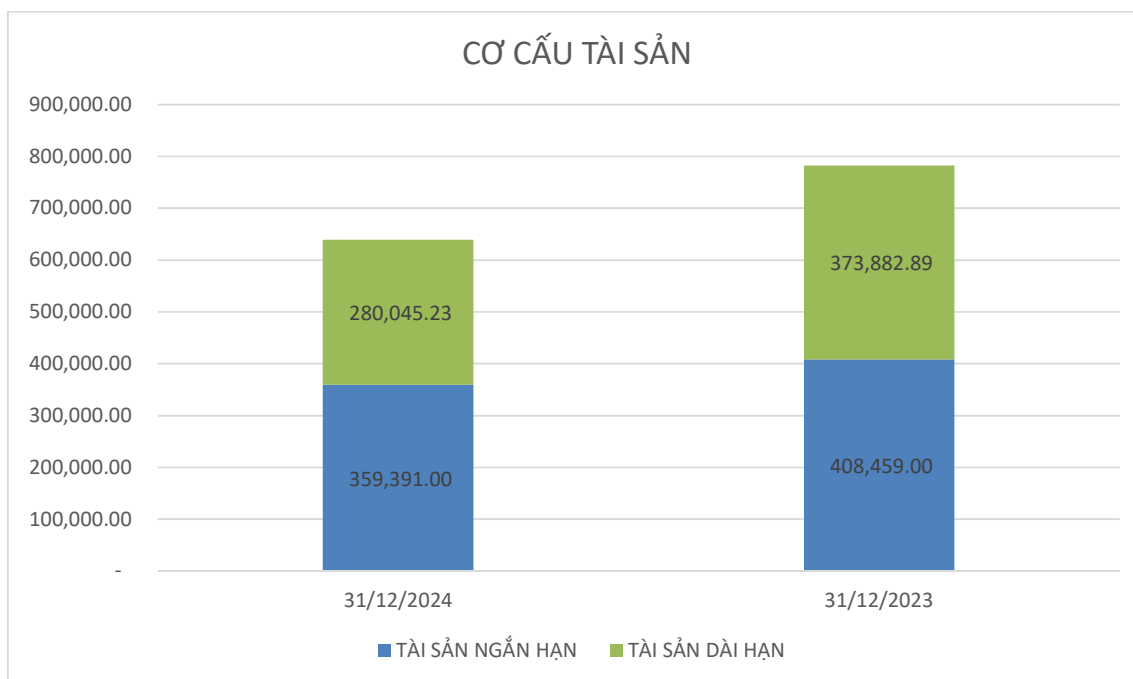
Sales activities and market development in 2024 were also emphasized with the priority of exporting. The Company established a project team to obtain the BIS certificate in order to complete the certification as soon as possible for export orders. However, due to the complex procedures from the Indian government and several delays in the evaluation process from India, the Company has not yet been able to complete the BIS certification.

For the domestic market, the Company also faced significant difficulties due to weak demand, heavily impacted by the price of imported yarn from China and Thailand. Many domestic companies, in order to secure orders, have been forced to sell at very low prices, further complicating an already challenging market. However, the Company has become more detailed in planning raw material purchases, focusing production on products that meet market demand to best serve domestic needs. Efforts were made to develop more customers in Ho Chi Minh City, Hanoi, and other regions, while improving product quality by selecting better raw materials and enhancing production management to increase productivity, output, and quality. The Company continues to serve its traditional customers well while also seeking to develop new ones.

In terms of financial accounting, the Company faced challenges in accessing capital from domestic financial institutions. Therefore, the Leadership has directed the Company to seek funding from various sources, including international partners. Since the end of 2024, the Company has been working with partners to provide financing for raw material purchases. Although the credit limit is not large, it has partially met the Company's raw material purchasing needs. In the future, the Company will continue to seek new partners and increase the credit limit with existing partners to secure additional funding for business

FINANCIAL POSITION

Asset



Company's asset structure table

Unit: million dong

| STT | Khoản mục | 31/12/2024 | 31/12/2023 | Biến động 2024 so với 2023 (%) |
|--------------------|----------------------------------|-------------------|-------------------|--------------------------------------|
| 1 | CURRENT ASSET | 359.391,00 | 408.459,00 | -12% |
| 1.1 | Cash and cash equivalents | 8.733,00 | 1.086,98 | 703% |
| 1.2 | Short-term financial investments | 1.500,00 | 1.500,00 | 0% |
| 1.3 | Short-term receivables | 198.214,00 | 277.790,83 | -29% |
| 1.4 | Inventories | 149.990,00 | 124.060,09 | 21% |
| 1.5 | Other short-term assets | 953,00 | 4.021,15 | -76% |
| 2 | LONG TERM ASSET | 280.045,23 | 373.882,89 | -25% |
| 2.1 | Long-term receivables | 24.166,37 | 68.142,79 | -65% |
| 2.2 | Fixed assets | 189.568,22 | 238.697,98 | -21% |
| 2.3 | Long-term asset in progress | 64.048,71 | 64.048,71 | 0% |
| 2.4 | Long-term financial investments | | | 0% |
| 2.5 | Other long-term assets | 2.261,93 | 2.993,42 | -24% |
| TOTAL ASSET | | 639.436,93 | 782.341,94 | -18% |

Company's capital structure

Unit: million dong

| STT | Khoản mục | 31/12/2024 | 31/12/2023 | Biến động 2024 so với 2023 (%) |
|----------|---|---------------------|---------------------|--------------------------------------|
| 1 | Current liabilities | 1.465.973,00 | 1.461.066,61 | 0,34% |
| | Short-term account payable to suppliers | 49.041,94 | 48.703,90 | 0,69% |
| | Advances from customers (short-term) | 13.203,73 | 10.421,15 | 26,70% |
| | Taxes and payable to state budget | 21,08 | 28,23 | -25,33% |
| | Payables to employees | 3.063,60 | 6.103,12 | -49,80% |
| | Short-term accrued expenses | 587.099,48 | 595.021,03 | -1,33% |
| | Short term unearned revenue | 505,61 | 236,64 | 113,66% |
| | Other short-term payables | 27.261,43 | 20.940,21 | 30,19% |
| | Short-term borrowings and financial lease | 785.272,25 | 779.489,19 | 0,74% |
| | Bonus and welfare funds | 123,15 | 12.315,00 | -99,00% |
| 2 | Long-term liabilities | 7.704,53 | 28.227,05 | -72,71% |
| | Long-term accrued expenses | - | 20.522,52 | -100,00% |
| | Long-term borrowings and financial lease | 7.704,53 | 7.704,53 | 0,00% |
| 3 | Owners' equity | -834.240,60 | -706.951,71 | 18,01% |
| | Owner's contributed capital | 500.000,00 | 500.000,00 | 0,00% |
| | Investment and development fund | 9.142,93 | 9.142,93 | 0,00% |
| | Undistributed earnings | -1.343.383,53 | -1.216.094,64 | 10,47% |
| | TOTAL LIABILITIES AN EQUITY | 639.436,93 | 993.717,33 | -35,65% |

(Source: Audited financial statements 2024)

IMPROVEMENTS IN ORGANIZATIONAL STRUCTURE, POLICIES, AND MANAGEMENT

In 2024, the company continued to streamline its management structure to better align with its production and business situation. The company also increased the use of digitalization in management processes, applying digital solutions more deeply into office departments as well as production shifts, enabling quicker and more timely operations management.

In production, the company focused on reducing costs, such as electricity consumption, effectively managing material waste, and enhancing individual and collective labor productivity. The company placed greater emphasis on management efforts and product quality improvement, considering these as key objectives in its operational goals.

The company also strengthened its internal control and monitoring processes, viewing them as crucial and sustainable management tools. Additionally, efforts were made to address the challenges of transitioning from a 3-shift production model to a 12-hour shift system, which not only helped increase employees' income but also supported recruitment and retention, while reducing fixed labor costs per unit of production.



FUTURE DEVELOPMENT PLAN

The Board of Directors has outlined several solutions for 2025 as follows:

In light of the challenges and difficulties forecasted for 2025, the Board of Directors and the company leadership have established specific goals for each factory, with concrete solutions as follows:

- **Production Solutions:** In 2025, the company will focus on reducing costs, optimizing machinery efficiency, improving labor productivity, and enhancing product quality and competitiveness. Efforts will include energy-saving initiatives, utilizing equipment capacity during off-peak hours, and streamlining staff to improve efficiency. Additionally, the company will focus on machinery upgrades, localizing materials, and enhancing production processes to further reduce costs. The company will continue to diversify its yarn product offerings, including 100% cotton yarn, 100% virgin polyester yarn, and environmentally friendly 100% recycled polyester yarn. In

particular, the recycled yarn segment is considered a future trend with significant growth potential, and the company will prioritize its development. For virgin yarn products, the company has proactively selected better raw materials to enhance product quality, meeting the demands of customers with stringent quality requirements. As for the 100% cotton yarn, we anticipate challenges in 2025. Additionally, this product line requires significant capital investment to operate, which, in the current situation, is not suitable for the company. Therefore, we will continue to focus on outsourcing production for the 100% cotton.

- **Sales and Market Development Strategy:** The company recognizes that sales and after-sales customer service are critical components of its development strategy. Efforts will be focused on enhancing sales activities, visiting customers regularly, and listening to their needs to better tailor production to meet the specific demands of each market. There will be an emphasis on developing additional customers in cities like Ho Chi Minh and Hanoi. For the export market, the company's plan focuses on obtaining the BIS certification, with expectations to complete it by Q3 2025, enabling exports to the Indian market.
- **Financial Strategy:** The company is facing a shortage of working capital and is unable to access loans from commercial banks, which limits its ability to proactively purchase raw materials when prices are favorable. Therefore, in 2025, the company has developed a specific plan to negotiate with foreign financial institutions to increase the loan limit for raw material purchases. Additionally, the company will implement tailored prepayment sales policies for customers to maximize the use of customer finances.



EXPLANATION OF THE BOARD OF GENERAL DIRECTORS REGARDING THE AUDITOR'S OPINION

In the year, the company reported a VAT offset of 14.9 billion VND. The amount of VAT on imported goods and import duties paid in cash was 10 billion VND. Land rental expenses amounted to 499 million VND, and personal income tax (PIT) payments totaled 52.6 million VND. The company did not incur any tax arrears and was not subject to invoice coercion.

Therefore, the company's production and business activities continued normally.

All of the company's loans are secured by assets. The company has proactively reported its difficulties to relevant banks, with many policies and solutions from state agencies and banks supporting the recovery of production. The company has planned to restructure its organization, business, and financial management, including restructuring overdue loan debts as mentioned earlier. In 2024, the company worked with banks to waive overdue interest of over 106 billion VND and signed contract amendments to exclude late payment interest, while seeking solutions to replenish production and business capital.

EVALUATION OF THE BOARD OF DIRECTORS ON THE COMPANY'S OPERATIONS

Business Operations:

In the context of a volatile global market, the Vietnamese textile and garment industry continues to face numerous challenges, including declining consumer demand, rising raw material costs, and the impacts of international economic fluctuations. However, with the right strategy and the unity of all employees, we have achieved encouraging results. In 2024, the company's revenue reached 183 billion VND, marking growth compared to 175 billion VND in 2023. This demonstrates our continuous efforts to maintain and develop the market. Notably, although the company still recorded a loss, there has been a significant improvement. In 2023, we reported a loss of 322 billion VND, but by 2024, this figure has been reduced to 127 billion VND. This is evidence of progress in optimizing costs, improving production efficiency, working with financial institutions to waive or reduce interest, and exploring new opportunities in a challenging market.

Corporate Governance:

The Board of Directors always directs departments to operate in accordance with the Company's Charter, Internal Governance Regulations, and the Operating Regulations of the Board of Directors, which have been approved by the General Shareholders' Meeting.

Financial Management and Supervision:

In response to challenges related to debts and financial risks, the company has proactively made provisions for doubtful receivables, thereby minimizing the risk of losses and ensuring transparency in financial reporting. At the same time, the prepayment sales policy has been implemented, helping to improve cash flow and reduce financial pressure in business operations.

In addition, the company has actively followed up on outstanding debts, ensuring timely collection of receivables, and preventing prolonged debts that could negatively impact overall operations. Notably, due to proactive and flexible financial management, the company has successfully requested the cancellation of overdue interest and adjusted to avoid penalties for late payment. This not only helps reduce financial cost pressures but also creates favorable conditions for upcoming business plans.

BOARD OF DIRECTORS' EVALUATION OF THE ACTIVITIES OF THE COMPANY'S GENERAL DIRECTOR

The Board of Directors has carried out its task of directing and supervising the activities of the Company's General Director in the field of production and business, aligning with the goals and plans approved by the General Shareholders' Meeting.

The year 2024 has been a challenging year for the fiber industry in particular and the entire textile value chain in general. The Board of Directors highly appreciates the initiative and flexibility in the management activities of the General Director, with timely, detailed instructions, and appropriate responses to market difficulties. The Company has managed to maintain production in all three factories while ensuring proper risk management, consistent with the strategic direction set forth, as follows:

- The General Director has promptly adopted and implemented the resolutions of the Board of Directors, operating in accordance with the Company's functions, tasks, regulations, and in compliance with the Law on Enterprises and the Company's Charter.
- The financial management has been carried out transparently, diligently, and in a timely manner. The General Director has been active in urging and collecting difficult receivables.
- A flexible sales policy has been implemented, strengthening market development efforts to maintain sales, reduce inventory, and improve cash flow.
- Regarding environmental goals: The management continues to produce color-recycled fibers that are environmentally friendly without bleaching or dyeing, while also striving to improve production quality and reduce environmental impact by cutting energy and water consumption, lowering emissions, and managing waste and wastewater quality effectively.
- The members of the management team have done well in fulfilling their roles and responsibilities in leading and coordinating departments toward the Company's highest goals and benefits, maintaining trust from employees, partners, customers, and stakeholders.

THE BOARD OF DIRECTORS' STRATEGIC PLANS FOR 2025

In 2025, the company will continue to face numerous challenges and risks as the global textile market shows no strong signs of recovery. The demand in major export markets may continue to decline due to inflationary pressures and economic fluctuations. At the same time, the costs of raw materials, logistics, and labor are expected to rise, creating significant pressure on the company's production efficiency and profits. The increasing demands for environmental standards, social responsibility, and corporate governance (ESG) also pose substantial challenges for long-term business operations.

In the face of these risks, the Board of Directors has identified the following key focus areas for the company's business strategy in 2025:

Execute the 2025 business plan effectively, aiming to optimize costs, enhance productivity, and improve supply chain management efficiency. The company will continue to explore cost-effective raw material purchasing solutions, strengthen partnerships with strategic partners to ensure a stable supply at reasonable costs.

Align business operations with sustainable development, focusing on the development of environmentally friendly products such as non-bleached recycled fibers, while also implementing measures to reduce energy and water consumption, emissions, and optimize waste management during production.

Strengthen financial capacity, closely monitor cash flow management, maintain a flexible sales policy, accelerate debt collection, and seek efficient financial solutions to reduce the pressure of capital costs.

Expand market development, broaden the customer network, explore potential market segments, and diversify export markets to reduce reliance on traditional markets.

Apply technology and improve product quality, continue to invest in production technology upgrades, and enhance product quality to meet the growing demands of customers and increase competitive capabilities.

The Board of Directors believes that with the right strategy and the efforts of the CEO and all employees, the company will gradually overcome challenges, strengthen its position in the market, and aim for sustainable development in the future.

MEMBERS AND STRUCTURE OF THE BOARD OF DIRECTORS

Table 11: Board Members of Fortex as of December 31, 2024

| No | Full name | Position | Number of Shares Held | Percentage |
|----|--------------------|--------------------------------------|-----------------------|------------|
| 1. | Le Manh Thuong | Chairman | 5.100.000 | 10,2% |
| 2. | Nguyen Hoang Giang | Independent Board Member | 0 | 0% |
| 3. | Do Van Sinh | Board Member / General Director | 0 | 0% |
| 4. | Tran Xuan Tien | Board Member / Vice General Director | 0 | 0% |
| 5. | Dao Thi Hue | Board Member | 0 | 0% |

PROFILES OF THE BOARD OF DIRECTORS'S MEMBERS

Chairman – MR LE MANH THUONG

Year of birth : 1975
 Nationality : Viet Nam
 Ethnicity : Kinh
 Place of birth : Thai Thuy, Thai Binh

Qualification : Master of Business
 Administration

Current positions : General director of
 held at other Vinaland JSC
 organizations

Employment history:

2006 – 2013: Chairman of the BOD- Vinaland
 JSC

2006 – 2016: Chairman of the BOD- Phu Viet
 Investment and Development JSC

2013 – nay: Chairman of the BOD- Duc Quan Investment
 and Development JSC

Member of BOD – MR DO VAN SINH

Year of birth : 1980
 Nationality : Viet Nam
 Ethnicity : Kinh
 Place of birth : Thai Thuy, Thai Binh

Qualification : Bachelor of Business
 Administration

Current positions : none
 held at other
 organizations

Employment history:

2004 - 2012: Head of sale department- Dai
 Cuong Group JSC

2013 - 2016: Deputy Sale Director- Duc Quan Investment
 and Development JSC

2017 - 2018: Assistant to General Director, Deputy
 Sales Director- Central Seafood Import Export JSC

12/2018 - 4/2019: Sales Director, Duc Quan
 Investment and Development JSC

4/2019 - present: General Director, Duc Quan
 Investment and Development JSC

Member of BOD – MR NGUYEN HOANG GIANG

| | | |
|---|---|---|
| Year of birth | : 1980 | Employment history: |
| Nationality | : Viet Nam | 10/2002 - 6/2007: Head of Financial Accounting Policy and General Accounting Section – Finance and Accounting Department, Hanoi Post Office |
| Ethnicity | : Kinh | 7/2007 - 2/2010: Deputy advisory manager Bao Viet Securities Joint Stock Company |
| Place of birth | : Kim Bang, Ha Nam | 2/2008 - 4/2010: Member of the Supervisory Board – Bac Kan Minerals JSC |
| Qualification | : Doctor of Economics | 3/2010 - 2/2012: Deputy Director of Hanoi Branch, Deputy Director of Investment Banking, Director of Corporate Finance Advisory Division – Saigon Thuong Tin Securities JSC |
| Current positions held at other organizations | : Member of BOD Fideco JSC Head of the Supervisory Board of Ho Chi Minh City Medical Import-Export JSC | 4/2010 - 6/2012: Member of BOD Dinh Vu Steel JSC 3/2012 - 1/2013: Director of Advisory Services at Bamboo Capital JSC 3/2012 - 4/2013: Member of the Supervisory Board of AAA Insurance JSC 02/2013 - 6/2013: Head of Advisory Department of National Securities JSC 6/2015 – present: Member of BOD Fideco JSC 10/2015 – 03/2017: Member of BOD and General Director- Central Seafood Import Export JSC 8/2015 – 5/2020: Chairman of the Supervisory Board of Truong Thanh Real Estate and Construction JSC 08/2018 – 09/2020: Deputy General Director of National Securities JSC 05/2016 – 04/2021: Head of the Supervisory Board Danapha Pharmaceutical JSC 9/2015 – present: Member of BOD Duc Quan Investment and Development JSC 06/2020 – present: Head of the Supervisory Board of Ho Chi Minh City Medical Import-Export JSC |

Member of BOD – MRS DAO THI HUE

| | | |
|---|-----------------------|---|
| Year of birth | : 1985 | Employment history: |
| Nationality | : Viet Nam | 2011 – 2012 : Staff of Planning and Import-Export Department- Dai Cuong Group JSC |
| Ethnicity | : Kinh | 2012 – 2015 : Deputy manager of Planning and Import-Export Department- Dai Cuong Group JSC |
| Place of birth | : Hung Ha, Thai Binh | 2016 – 2018 : Deputy manager of Human resources department Duc Quan Invesment and Development JSC |
| Qualification | : Automation Engineer | 09/2017 – 09/2018 : Secretary of the BOD- Duc Quan Invesment and Development JSC |
| Current positions held at other organizations | : None | 04/2019 – 04/2020 : Member of the Board of Supervisors- Duc Quan Invesment and Development JSC |
| | | 2019 – Present: Purchasing Director- Duc Quan Invesment and Development JSC |

Member of BOD – MR TRAN XUAN TIEN

| | | |
|---|--|--|
| Year of birth | : 1975 | Employment history: |
| Nationality | : Viet Nam | 08/2010 – 11/2019: Head of Technical Department- Duc Quan Investment and Development JSC |
| Ethnicity | : Kinh | 11/2019 – present: Deputy General Director- Duc Quan Investment and Development JSC |
| Place of birth | : Vu Thu, Thai Binh | |
| Qualification | : Electrical Engineer Bachelor of Business Administration | |
| Current positions held at other organizations | : none | |

ACTIVITIES OF THE BOARD OF DIRECTORS

Information about the activities of the Board of Directors (BOD) members in 2024:
Table 12: Information about the Members of the Board of Directors

| No | Member | Position | Start Date/End Date as a Member of the Board of Directors | Number of Board of Directors Meetings Attended | Attendance Rate | Reason for Absence from Meetings |
|----|--------------------|--------------------------|---|--|-----------------|----------------------------------|
| 1 | Le Manh Thuong | Chairman | Appointed on 27/06/2021 | 4/4 | 100% | |
| 2 | Nguyen Hoang Giang | Independent Board Member | Appointed on 27/06/2021 | 4/4 | 100% | |
| 3 | Do Van Sinh | Member | Appointed on 27/06/2021 | 4/4 | 100% | |
| 4 | Tran Xuan Tien | Member | Appointed on 27/06/2021 | 4/4 | 100% | |
| 5 | Dao Thi Hue | Non-executive member | Appointed on 27/06/2021 | 4/4 | 100% | |

In 2024, the Board of Directors approved 8 resolutions:
Table 13: Board Resolutions

| No | Number of Resolutions/Decisions | Date | Content |
|----|---------------------------------|------------|---|
| 1 | 25/2024/NQ-FTM-HĐQT | 27/03/2024 | Approval of the audited financial statements for the year 2023 |
| 2 | 26/2024/NQ-FTM-HĐQT | 27/03/2024 | Approval of the extension of the time for organizing the 2024 Annual General Meeting of Shareholders |
| 3 | 42/2024/NQ-FTM-HĐQT | 10/05/2024 | Agreement on the deadline for finalizing the shareholder list to exercise their right to attend the meeting, and the anticipated time and |

| | | | |
|---|----------------------|------------|---|
| | | | location for holding the 2024 Annual General Meeting of Shareholders |
| 4 | 51/2024/NQ-FTM-HĐQT | 05/06/2024 | Agreement on the time and location for holding the 2024 Annual General Meeting of Shareholders and approval of the agenda and materials to be presented at the 2024 Annual General Meeting of Shareholders |
| 5 | 71/2024/NQ-FTM-HĐQT | 02/07/2024 | Agreement on the time, location, and agenda for holding the 2nd Annual General Meeting of Shareholders in 2024. |
| 6 | 81/2024/NQ-FTM-HĐQT | 26/07/2024 | Approval of the selection of the unit: VIETNAM AUDITING AND VALUATION COMPANY LIMITED (AVA) as the auditor for the semi-annual financial statement review and the audited financial statements for the year 2024. |
| 7 | 99/2024/NQ-FTM-HĐQT | 14/08/2024 | Approval of the interim financial statements for the period from January 1, 2024, to June 30, 2024, which have been reviewed by Vietnam Auditing and Valuation Company Limited (AVA) |
| 8 | 115/2024/NQ-FTM-HĐQT | 30/08/2024 | Appointment of Mr. Đào Văn Nam as the Deputy General Director in charge of Finance of Duc Quan Investment and Development Joint Stock Company, effective from September 1, 2024. |

SUBCOMMITTEES UNDER THE BOARD OF DIRECTORS.

On 25/062020, the Board of Directors issued a decision to establish the Internal Audit Committee (Audit Committee). After its establishment, the Internal Audit Committee has operated according to the operating regulations of the Audit Committee, the Company's Charter, and the internal regulations on corporate governance

Table 14: Information about the members of the Audit Committee in 2024

| No | Member | Position | Start date | Qualifications |
|----|-----------------------|--|------------|------------------------------------|
| 1 | Mr Nguyen Hoang Giang | Independent Member of the Board of Directors | 05/07/2021 | Doctor of economics |
| 2 | Mrs Dao Thi Hue | Member of the Board of Directors | 05/07/2021 | Electrical and Automation Engineer |

The activities of independent members of the Board of Directors

The independent non-executive members of the Board of Directors have actively participated in the governance of the company as a whole, as well as in the management of the Executive Board. They have provided objective evaluations and feedback, with the ultimate goal of improving the corporate governance practices of the company. At the same time, they have fulfilled the duties entrusted to the Board by the General Shareholders' Meeting.

- Supervising the governance and operational activities of the Board of Directors and the Executive Board.
- Monitoring the implementation of the Board of Directors' resolutions.
- Overseeing the company's financial situation.
- Attending all quarterly BOD meetings and, as requested, providing independent and objective opinions to assist the BOD in discussions, evaluations, and making optimal decisions.

In 2024, the Audit Committee held 2 meetings

Table 15: Audit Committee meetings in 2024

| No | Member | The number of meetings | Attendance rate | Voting rate |
|----|--------------------|------------------------|-----------------|-------------|
| 1 | Nguyen Hoang Giang | 2 | 100% | 100% |
| 2 | Dao Thi Hue | 2 | 100% | 100% |

TRANSACTIONS, REMUNERATIONS, AND BENEFITS OF THE BOARD OF DIRECTORS AND THE GENERAL BOARD OF DIRECTORS.

Salary, Bonus, and Remuneration

According to Clause 3, Article 163 of the 2020 Enterprise Law, the remuneration of each member of the Board of Directors, the salary of the CEO, and other managers are considered business expenses of the company in accordance with the provisions of the corporate income tax law. These amounts are presented as a separate item in the company's annual financial statements. The total salary, bonus, and remuneration for the Board of Directors and the General Board of the company in 2024 is 1,174,514,462 VND.

| No | FULL NAME | POSITION | INCOME IN 2024 | |
|-----|--------------------|---|----------------|--------------|
| | | | Salary | Remuneration |
| I | BOARD OF DIRECTORS | | - | 360.000.00 |
| 1 | | Le Manh Thuong - Chairman | | 96.000.000 |
| 2 | | Do Van Sinh - Member; General Director | | 60.000.000 |
| 3 | | Nguyen Hoang Giang - Member | | 60.000.000 |
| 4 | | Tran Xuan Tien - Member, Deputy General Director | | 60.000.000 |
| 5 | | Dao Thi Hue - Member | | 60.000.000 |
| 6 | | Luu Thi Thuy Minh - Secretary | | 24.000.000 |
| II | AUDIT COMMITTEE | | - | 60.000.00 |
| 2 | | Dao Thi Hue - Member | | 24.000.000 |
| III | MANAGEMENT BOARD | | | - |
| 1 | | Do Van Sinh - General Director | 297.183.154 | |
| 2 | | Tran Xuan Tien - Deputy General Director | 237.997.308 | |
| 4 | | Dao Van Nam - Deputy General Director Chief Accountant | 219.379.000 | |
| | TỔNG CỘNG | | 754.514.462 | 420.000.00 |

Share transactions of internal shareholders: None

Contracts or transactions with related parties: None

Implementation of corporate governance regulations:

Duc Quan Investment and Development Joint Stock Company always complies with and strictly follows the legal provisions and internal regulations on Corporate Governance. The company consistently considers best practices in corporate governance to apply to its own operations.

FINANCIAL REPORT

DUC QUAN INVESTMENT AND DEVELOPMENT
JOINT STOCK COMPANY

AUDITED FINANCIAL STATEMENTS

For the financial year ended 31 December 2024
(Audited)

Tháng 03 năm 2025

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BOARD OF GENERAL DIRECTORS' REPORT

The Board of General Directors of Duc Quan Investment and Development Joint Stock Company (hereinafter referred to as the "Company") presents this report together with the Company's financial statements for the financial year ended 31 December 2024.

The company

Duc Quan Investment and Development Joint Stock Company

Business Registration Certificate No.

No. 1000400095, registered for the first time on 30 October 2006 and registered for 12th time on 7 November, 2019
Issued by the Department of Planning and Investment of Thai Binh Province.

Headquarters

Lot A3, Nguyen Duc Canh Industrial Park, Tran Thai Tong Street, Tien Phong Ward, Thai Binh City, Thai Binh Province.

Board of Management

The Board of Management in the fiscal year and to the reporting date are:

| | |
|------------------------|----------|
| Mr. Le Manh Thuong | Chairman |
| Mr. Nguyen Hoang Giang | Member |
| Mr. Do Van Sinh | Member |
| Mr. Tran Xuan Tien | Member |
| Ms. Dao Thi Hue | Member |

Internal Audit Committee

The Internal Audit Committee in the fiscal year and to the reporting date are:

| | |
|------------------------|--------|
| Mr. Nguyen Hoang Giang | Head |
| Ms. Dao Thi Hue | Member |

Board of General Directors

The Board of General Directors in the fiscal year and to the reporting date are:

| | |
|--------------------|-------------------------|
| Mr. Do Van Sinh | General Director |
| Mr. Tran Xuan Tien | Deputy General Director |
| Mr. Dao Van Nam | Deputy General Director |

Auditor

Vietnam Auditing and Valuation Company Limited (AVA)

Responsibilities of the board of general directors

The Board of General Directors of the Company is responsible for preparing the financial statements that fairly and reasonably reflect the financial position, business performance, and cash flow of the Company for the year, in accordance with accounting standards, the accounting regime for Vietnamese enterprises, and relevant legal regulations related to the preparation and presentation of financial statements. In preparing these financial statements, the Board of General Directors is required to:

- Develop and maintain internal controls that the Board of General Directors and the Board of Directors deem necessary to ensure that the preparation and presentation of the financial statements are free from material misstatements due to fraud or error;
- Select appropriate accounting policies and apply them consistently;
- Make reasonable and prudent judgments and estimates;
- Clearly state whether the appropriate accounting principles have been followed, and disclose and explain any material deviations in the financial statements;
- Prepare the financial statements on a going concern basis, unless it is not possible to assume that the Company will continue its business operations; and
- Design and implement an effective internal control system for the purpose of preparing and presenting the financial statements reasonably to minimize risks and fraud.

The Board of General Directors of the Company ensures that the accounting records are maintained to reflect the financial position of the Company, with accuracy and fairness at any given time, and ensures that the financial statements comply with the current regulations of the State. At the same time, the Board is responsible for ensuring the safety of the Company's assets and implementing appropriate measures to prevent and detect fraudulent activities and other violations.

The Board of General Directors of the Company affirms that the financial statements fairly and reasonably reflect the financial position of the Company as of 31 December 2024, the results of its operations, and its cash flow for the financial year ending on the same date, in accordance with Vietnamese accounting standards and regulations, and comply with the relevant current legal provisions.

Other Commitments

The Board of General Directors commits that the Company has not violated its disclosure obligations under the provisions of Circular No. 96/2020/TT-BTC, dated 16 November 2020, issued by the Ministry of Finance, guiding information disclosure on the Securities Market.

Thai Binh, 26 March 2024

On behalf of and representing
the Board of General

A red circular stamp of Duc Quan Investment and Development JSC. The text inside the stamp reads: "M.S.D.N: 1000400095 - C.T.C.P", "CÔNG TY CỔ PHẦN ĐẦU TƯ VÀ PHÁT TRIỂN ĐỨC QUẢN", and "TP. THÁI BÌNH - T. THÁI BÌNH". A blue ink signature is written over the stamp.

DO VAN SINH

INDEPENDENT AUDITOR'S REPORT

To: Shareholders
The Board of Directors and the Board of General Directors
Duc Quan Investment and Development Joint Stock Company

We have audited the balance sheet as of 31 December 2024, together with the Income Statement, the Cash Flow Statement for the financial year ended 31 December 2024, and the accompanying notes to the financial statements (collectively referred to as the "Financial Statements") of Duc Quan Investment and Development Joint Stock Company (the "Company"), from page 5 to page 32.

Responsibilities of the Board of General Directors

The Board of General Directors of the Company is responsible for the preparation and fair presentation of the Company's financial statements in accordance with accounting standards, the Vietnamese Enterprise Accounting System, and legal regulations related to the preparation and presentation of financial statements. They are also responsible for the internal control that the Board of General Directors deems necessary to ensure that the preparation and presentation of the financial statements are free from material misstatements due to fraud or error.

Responsibilities of the Auditor

Our responsibility is to express an opinion on the financial statements based on the results of the audit. We conducted the audit in accordance with Vietnamese auditing standards. However, due to the issues described in the "Basis for Disclaimer of Opinion" section, we were unable to obtain sufficient appropriate audit evidence to form the basis for an audit opinion.

Basis for disclaimer of opinion

Going concern assumption

As presented in Note 2.1, these financial statements have been prepared on a going concern basis, despite the fact that as of 31 December 2024, the Company's total liabilities exceeded its total assets by VND 834,240,600,520, and a loss of VND 127,288,890,722 was incurred as reflected in the financial statements.

In addition, the overdue bank loans amount to VND 774,094,985,391 as disclosed in Note 23, and the overdue bank interest, which has not been extended, amounts to VND 368,471,721,315 as disclosed in Note 20.

The value of the going concern assumption used in the preparation of these financial statements is fundamentally dependent on the management's ability to implement business strategies to improve the Company's situation, as well as to maintain operations and settle its outstanding debts.

However, since 2019, the Company has been facing significant financial difficulties and has been implementing various measures for restructuring in terms of organization, business, and financial management. Accordingly, the Board of Directors assesses that the Company's ability to continue as a going concern in the future depends largely on the restructuring of its organization, business, and financial management, including the restructuring of overdue debts as mentioned above and the addition of capital for production and business activities.

Therefore, we have not obtained sufficient evidence to assess the appropriateness of the going concern assumption applied in the preparation of these financial statements. As a result, we are unable to determine whether any adjustments to the financial statements are necessary in the event that the Company is unable to continue as a going concern.

As of December 31, 2024, we have not yet fully collected the confirmation letters of other receivables in the amount of: VND 374,875,666,566 in note 7, prepayments to sellers in the amount of: VND 72,219,248,110 in note 8, nor have we assessed the recoverability of this amount. We have not performed alternative procedures, so we cannot give our opinion on the existence and assessment of these balances in the Financial Statements ending on the same day.

Disclaimer of Opinion

Due to the significance of the issue mentioned in the "Basis for Disclaimer of Opinion" section, we were unable to obtain sufficient appropriate audit evidence to form the basis for an audit opinion. Therefore, we are unable to and do not express an audit opinion on the financial statements of the Company as of and for the year ended 31 December 2024.

Other matters

The financial statements for the fiscal year ended 31/12/2023 of Duc Quan Investment and Development Joint Stock Company have been audited by another Auditing Company. The Auditor has issued a disclaimer opinion on these Financial Statements on 26/03/2024.

VIETNAM AUDITING AND VALUATION COMPANY LIMITED

Mai Quang Hiep
Deputy General Director
Audit Practicing Certificate
No. 1320-2023-126-1
Ha Noi, 26 March, 2025

Nguyen Bao Trung
Auditor
Audit Practicing Certificate
No. 0373-2023-126-1

**DUC QUAN INVESTMENT AND DEVELOPMENT JOINT STOCK
COMPANY**

Lot A3, Nguyen Duc Canh Industrial Park, Tran Thai Tong Street, Tien
Phong Ward, Thai Binh City, Thai Binh Province.

Financial statements
For the financial year ended 31/12/2024

Form B01 - DN

BALANCE SHEET

At 31/12/2024

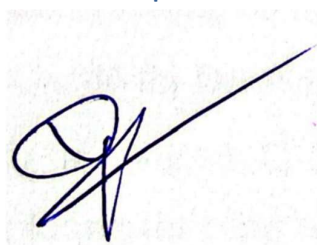
(continued)

Unit: VND

| RESOURCES | Code | Note | 31/12/2024 | 01/01/2024 |
|--|------------|------|--------------------------|--------------------------|
| A. LIABILITIES (300=310+330) | 300 | | 1,473,677,534,743 | 1,489,293,653,587 |
| I. Current liabilities | 310 | | 1,465,973,007,743 | 1,461,066,606,664 |
| 1. Short-term account payable to suppliers | 311 | 17 | 49,041,942,433 | 48,703,902,903 |
| 2. Advances from customers (short-term) | 312 | 18 | 13,203,737,507 | 10,421,147,588 |
| 3. Taxes and payable to state budget | 313 | 19 | 21,808,877 | 28,226,884 |
| 4. Payables to employees | 314 | | 3,063,601,000 | 6,103,120,086 |
| 5. Short-term accrued expenses | 315 | 20 | 587,099,485,624 | 595,021,029,732 |
| 6. Short term unearned revenue | 318 | 21 | 525,609,091 | 236,636,363 |
| 7. Other short-term payables | 319 | 22 | 27,621,426,600 | 20,940,206,411 |
| 8. Short-term borrowings and financial lease | 320 | 23 | 785,272,250,323 | 779,489,190,409 |
| 9. Bonus and welfare funds | 322 | | 123,146,288 | 123,146,288 |
| II. Long-term liabilities | 330 | | 7,704,527,000 | 28,227,046,923 |
| 1. Long-term accrued expenses | 333 | 20 | - | 20,522,519,923 |
| 2. Long-term borrowings and financial lease | 338 | 23 | 7,704,527,000 | 7,704,527,000 |
| B. EQUITY (400=410) | 400 | | (834,240,600,520) | (706,951,709,798) |
| I. Owners' equity | 410 | 24 | (834,240,600,520) | (706,951,709,798) |
| 1. Owner's contributed capital | 411 | | 500,000,000,000 | 500,000,000,000 |
| - Ordinary shares with voting rights | 411a | | 500,000,000,000 | 500,000,000,000 |
| 2. Investment and development fund | 418 | | 9,142,927,632 | 9,142,927,632 |
| 3. Undistributed earnings | 421 | | (1,343,383,528,152) | (1,216,094,637,430) |
| - Accumulated undistributed earnings | 421a | | (1,216,094,637,430) | (893,680,438,517) |
| - Undistributed earnings | 421b | | (127,288,890,722) | (322,414,198,913) |
| TOTAL LIABILITIES AN EQUITY (440=300+400) | 440 | | 639,436,934,223 | 782,341,943,789 |

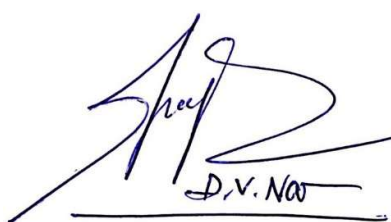
Thai Binh, 26 March, 2025

Preparer



Tran Thi Quy

Chief Accountant



Dao Van Nam

General Director



Do Van Sinh

**DUC QUAN INVESTMENT AND DEVELOPMENT JOINT STOCK
COMPANY**

Lot A3, Nguyen Duc Canh Industrial Park, Tran Thai Tong Street, Tien
Phong Ward, Thai Binh City, Thai Binh Province.

Financial statements
For the financial year ended 31/12/2024

Form B02 - DN

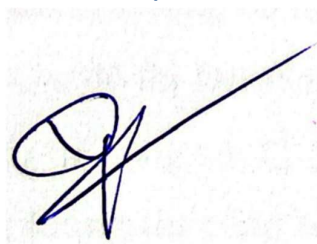
INCOME STATEMENT
For the year ended 31 December 2024

Unit: VND

| ITEM | Note | Code | 2024 | 2023 |
|--|------|------|-------------------|-------------------|
| 1. Revenue from sale of goods and rendering of services | 25 | 01 | 182,924,996,098 | 174,982,045,193 |
| 2. Deductions | 26 | 02 | 145,358,196 | - |
| 3. Net revenue from sale of goods and rendering of services (10=01-02) | 27 | 10 | 182,779,637,902 | 174,982,045,193 |
| 4. Costs of goods sold | 28 | 11 | 182,290,761,045 | 172,369,775,005 |
| 5. Gross profit from sale of goods and rendering of services | | 20 | 488,876,857 | 2,612,270,188 |
| 6. Income from financial activities | 29 | 21 | 6,499,230,699 | 435,928,356 |
| 7. Expenses from financial activities | 30 | 22 | 91,367,974,530 | 110,637,807,478 |
| - In which: Interest expenses | | 23 | 76,004,305,555 | 103,461,156,074 |
| 8. Selling expenses | 31 | 25 | 1,795,892,105 | 1,632,159,079 |
| 9. General and administrative expenses | 31 | 26 | 88,073,001,507 | 138,941,794,634 |
| 10. Operating profit (30=20+(21-22)-(25+26)) | | 30 | (174,248,760,586) | (248,163,562,647) |
| 11. Other income | 32 | 31 | 110,633,474,840 | 5,808,459,516 |
| 12. Other expenses | 33 | 32 | 63,673,604,976 | 80,059,095,782 |
| 13. Other profit (40=31-32) | | 40 | 46,959,869,864 | (74,250,636,266) |
| 14. Net profit before tax (50=30+40) | | 50 | (127,288,890,722) | (322,414,198,913) |
| 15. Current corporate income tax expense | | 51 | - | - |
| 16. Deferred corporate income tax expense | | 52 | - | - |
| 17. Net profit after tax (60=50-51-52) | | 60 | (127,288,890,722) | (322,414,198,913) |
| 18. Basic earnings per share | 34 | 70 | (2,546) | (6,448) |

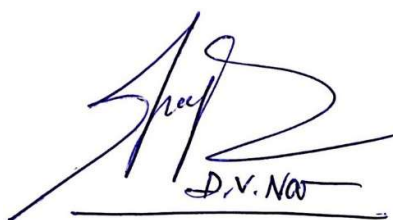
Thai Binh, 26 March, 2025

Preparer



Tran Thi Quy

Chief Accountant



Dao Van Nam

General Director



Do Van Sinh

**DUC QUAN INVESTMENT AND DEVELOPMENT JOINT STOCK
COMPANY**

Lot A3, Nguyen Duc Canh Industrial Park, Tran Thai Tong Street, Tien
Phong Ward, Thai Binh City, Thai Binh Province.

Financial statements
For the financial year ended 31/12/2024

Form B03 - DN

CASH FLOWS STATEMENTS

(Indirect method)

For accounting period 31/12/2024

Unit: VND

| ITEM | Code | 2024 | 2023 |
|--|------|-------------------|-------------------|
| I. Cash flow from operating activities | | | |
| 1. Profit before tax | 01 | (127,288,890,722) | (322,414,198,913) |
| 2. Adjustments for | | | |
| - Depreciation and amortisation | 02 | 46,810,350,641 | 74,485,174,912 |
| - Allowances and provisions | 03 | 74,381,288,110 | 122,054,973,259 |
| - Exchange losses/(gains) arising from revaluation of monetary items denominated in foreign currencies | 04 | 9,321,722,843 | 4,628,600,697 |
| - Profits/Losses from investing activities | 05 | - | (26,536,307) |
| - Interest expense | 06 | 76,004,305,555 | 103,461,156,074 |
| 3. Operating profit before changes in working capital | 08 | 79,228,776,427 | (17,810,830,278) |
| - Increase/ Decrease in receivables | 09 | 7,212,962,083 | 6,405,099,863 |
| - Increase/ Decrease in inventories | 10 | (25,930,274,341) | (38,421,357,396) |
| - Increase/ Decrease in payables | 11 | (94,482,216,045) | 5,485,950,083 |
| - Increase/ Decrease in prepaid expenses | 12 | 1,972,285,069 | 1,321,400,889 |
| - Interest paid | 14 | 1,924,495,461 | 974,642,907 |
| Net cash flows from operating activities | 20 | (30,073,971,346) | (42,045,093,932) |
| II. Cash flow from investing activities | | | |
| 1. Expenses for purchasing, constructing fixed assets and other long-term assets | 21 | - | (234,000,000) |
| 2. Loans to other entities and payments for purchase of | 23 | - | (1,500,000,000) |
| 3. Collections from borrowers and proceeds from sale of | 24 | 43,973,416,900 | 45,037,059,170 |
| 4. Interest and dividends received | 27 | - | 26,536,307 |
| Net cash flow from investing activities | 30 | 43,973,416,900 | 43,329,595,477 |
| III. Cash flows from financing activities | | | |
| 1. Short-term and long-term loans received | 33 | - | - |
| 2. Payments of loan | 34 | (6,252,684,415) | (3,078,326,000) |
| Net cash flows from financing activities | 40 | (6,252,684,415) | (3,078,326,000) |
| Net cash flows during the year | 50 | 7,646,761,139 | (1,793,824,455) |
| Cash and cash equivalents at the beginning of the year | 60 | 1,086,976,013 | 2,853,313,057 |
| Impact of exchange rate fluctuations | 61 | - | 27,487,411 |
| Cash and cash equivalents at the end of the year | 70 | 8,733,737,152 | 1,086,976,013 |

Thai Binh, 26 March, 2024

Preparer

Chief Accountant

General Director



Tran Thi Quy



Dao Van Nam



Do Van Sinh

Form B09 - DN

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2024

1. GENERAL INFORMATION

Ownership structure

Duc Quan Investment and Development Joint Stock Company
Business Registration Certificate No. 1000400095, registered for the first time on 30 October 2006 and registered for 12th time on 7 November, 2019. Issued by the Department of Planning and Investment of Thai Binh Province.

The Company's headquarters is located at Lot A3, Nguyen Duc Canh Industrial Zone, Tran Thai Tong Street, Tien Phong Ward, Thai Binh City, Thai Binh Province.

The Company's charter capital: VND 500,000,000,000;

The total number of shares is 50,000,000 shares, with a par value of VND 10,000 per share.

Business field

Business fields of the Company are Manufacturing and trading various types of yarn.

Business activities and main operations

The company's business activities include: Manufacturing and trading various types of yarn; Weaving fabric production; Textile product finishing; Production of knitted fabric, crocheted fabric, and other non-woven fabrics; Manufacturing ready-made garments (except apparel); Garment manufacturing (except fur clothing); Manufacturing products from fur; Manufacturing knitted and crocheted apparel; Wholesale of fabrics, garments, and footwear; Construction of all types of houses; Construction of railway and road projects; Other specialized wholesale not classified elsewhere (specifically: wholesale of yarn); Construction of other civil engineering projects (specifically: construction of residential and industrial infrastructure); Demolition; Site preparation; Installation of electrical systems; Installation of water supply, drainage, heating, and air conditioning systems; Completion of construction works; Wholesale of materials and other installation equipment in construction; Retail of hardware, paint, glass, and other installation equipment in construction at specialized stores; road freight transport;...

The normal production and business cycle.

The Company's normal production and business cycle is carried out within a period not exceeding 12 months.

Business structure

Labour

As of December 31, 2024, the total number of employees in the Company was 380 (As of December 31, 2023, the total number of employees in the Company was 493).

2. BASIS OF FINANCIAL STATEMENT PREPARATION

2.1. Basis of preparation of Financial Statements

The accompanying financial statements are presented in Vietnamese Dong (VND), based on the historical cost principle and in accordance with Vietnamese accounting standards, the enterprise accounting regime, and relevant legal regulations on the preparation and presentation of financial statements on a going concern basis.

The accompanying financial statements are not intended to reflect the financial position, business performance, and cash flows in accordance with generally accepted accounting principles and practices in countries other than Vietnam.

2.2. Accounting Period and Reporting Currency

The Company's financial year starts on January 1 and ends on December 31 each year.
The currency unit used in accounting records is the Vietnamese Dong (VND).

3. ACCOUNTING STANDARDS AND REGULATIONS APPLIED

3.1. Accounting Regulations Applied

The Company applies the Enterprise Accounting System issued under Circular No. 200/2014/TT-BTC dated 22 December 2014 of the Ministry of Finance and Circular No. 53/2016/TT-BTC dated 21 March 2016 of the Ministry of Finance, which amends and supplements certain provisions of Circular No. 200/2014/TT-BTC.

3.2. Statement of Compliance with Accounting Standards and Regulations

The Company has applied the Vietnamese Accounting Standards and the relevant guidance documents issued by the State. The financial statements have been prepared and presented in full compliance with all applicable accounting standards, circulars guiding the implementation of accounting standards, and the currently applied Enterprise Accounting System.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Currently, there are no regulations regarding the revaluation of financial instruments after initial recognition.

4.1. Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, demand deposits, and short-term investments with a maturity of no more than 3 months, which are highly liquid, easily convertible into cash, and subject to minimal risk of changes in value.

4.2. Loans Receivable

Loans receivable are based on agreements between parties but are not traded in the market, like

securities. Depending on the contract, loans may be repaid in full at maturity or repaid in installments over time.

For loans receivable, if no provision for bad debts has been made according to the legal requirements, the accounting department will assess the recoverability. If there is clear evidence that part or all of the loan may not be recoverable, the accounting department will recognize the loss in financial expenses for the period. If the amount of loss cannot be reliably determined, the accounting department will disclose the recoverability of the loan in the financial statements.

4.3. Receivables

Receivables are presented on the financial statements at their book value, which is the total amount of receivables from customers and other receivables after deducting provisions made for doubtful debts.

The determination of receivables requiring provision for doubtful debts is based on the classification of these receivables as short-term or long-term items on the Balance Sheet. The provision for doubtful debts is calculated for each receivable based on the aging of overdue debts or the estimated level of loss that may occur.

4.4. Inventory

Inventory is valued at cost. If the net realizable value is lower than the cost, the inventory is valued at the net realizable value. The cost of inventory includes purchase costs, processing costs, and other directly related costs incurred to bring the inventory to its current location and condition.

The value of inventory is determined using the weighted average method.

Work-in-progress valuation method: Costs incurred for unfinished production are accumulated based on actual expenses for each production stage in the process.

Inventory is recorded using the periodic inventory system.

Provision for inventory obsolescence is made at the end of the year and is the difference between the cost of inventory and its net realizable value.

4.5. Prepaid expenses

Prepaid expenses include actual expenses that have been incurred but are related to the results of business operations over multiple accounting periods. Prepaid expenses include costs and other prepaid items.

Other prepaid expenses include the value of small tools, instruments, components used, advertising expenses, and training costs incurred during the phase before the company officially starts its operations. These expenses are capitalized as prepaid items and are allocated to the income statement using the straight-line method according to current accounting regulations.

4.6. Tangible Fixed Assets and Depreciation

Tangible fixed assets and intangible fixed assets are recorded at cost. During their use, tangible and

intangible fixed assets are recorded at original cost, accumulated depreciation, and carrying value.

Depreciation is calculated using the straight-line method. The depreciation period is applied in accordance with Circular 45/2013/TT-BTC dated April 25, 2013, issued by the Ministry of Finance, which provides guidelines on the management, use, and depreciation of fixed assets. The estimated depreciation periods are as follows:

| | 2024 |
|-----------------------------------|---------|
| | Years |
| Buildings and structure | 6 – 20 |
| Machinery and equipment | 10 – 15 |
| Vehicles | 5 – 10 |
| Management tools and other assets | 3– 10 |

The difference between the net proceeds from disposal or sale and the remaining value of fixed assets is recognized as income or expense in the Income Statement.

4.7. Construction in progress

Assets that are under construction for production, leasing, management, or any other purposes are recognized at cost. This cost includes service costs and related interest expenses in accordance with the company's accounting policies. The depreciation of these assets is applied similarly to other assets, starting when the asset is ready for use.

4.8. Accrued expenses

Accrued expenses are actual costs that have not yet occurred but are anticipated and recorded as expenses in the current period to ensure that when the actual costs arise, they do not cause significant fluctuations in production and business expenses, based on the matching principle between revenue and expenses. When these expenses occur, if there is a difference from the accrued amount, accounting will make an adjustment by increasing or decreasing the expense accordingly.

4.9. Principle of accounting for liabilities

Liabilities are monitored in detail by their due date, the party to whom payment is owed, the type of currency payable, and other factors based on the company's management needs.

When preparing the financial statements, accounting classifies liabilities as current or non-current based on their remaining term.

When there is evidence indicating that a loss is likely to occur, accounting immediately recognizes the liability in accordance with the prudence principle.

4.10. Principle of recognizing loans and financial lease liabilities

Loans and financial lease liabilities with repayment terms exceeding 12 months from the date of the financial

statements are presented as long-term loans and financial lease liabilities. Amounts due for repayment within the next 12 months from the financial statement date are presented as short-term loans and financial lease liabilities to ensure proper payment planning.

When preparing the financial statements, the balances of loans and financial lease liabilities in foreign currency are revalued according to the actual exchange rate at the time the financial statements are prepared.

The exchange rate differences arising from the settlement and revaluation of foreign currency loans and financial lease liabilities at the end of the period are recorded as income or financial expenses.

4.11. Principle of recognizing and capitalizing borrowing costs

Borrowing costs are recognized as production and business expenses in the period when incurred, except for borrowing costs directly related to the construction investment or production of assets under construction, which are capitalized into the value of those assets (capitalized) when the conditions specified in Vietnam Accounting Standard No. 16 "Borrowing Costs" are met.

Borrowing costs directly related to the investment in the construction or production of assets under construction that require a significant amount of time (more than 12 months) before they can be used for their intended purpose or sold, are capitalized into the value of those assets. This includes interest on loans, amortization of discounts or premiums on bond issuance, and any ancillary costs incurred during the borrowing process.

4.12. Principle of recognizing equity

Recognition of owners' contributions, share capital surplus, convertible bond options, and other equity from owners

The owners' investment is recognized according to the actual amount contributed by the owners. Share capital surplus is recognized based on the difference, either greater or smaller, between the actual issue price and the par value of shares when the shares are issued for the first time, issued additionally, or reissued from treasury stock. Direct costs related to issuing additional shares or reissuing treasury stock are deducted from share capital surplus.

Recognition of undistributed profit

Undistributed after-tax profit is the profit from the Company's operations after deducting (-) adjustments due to retrospective application of accounting policy changes and retrospective correction of material prior period errors. The undistributed after-tax profit can be distributed to investors based on their shareholding ratio, following approval by the Board of Directors and after making provisions for reserves as per the Company's charter and the regulations of Vietnamese law.

4.13. Revenue Recognition

Sales Revenue

Sales revenue is recognized when all five (5) of the following conditions are simultaneously

satisfied:

- (a) The company has transferred most of the risks and rewards associated with the ownership of the product or goods to the buyer;
- (b) The company no longer retains control over the goods as the owner or has management rights over the goods;
- (c) The revenue can be reliably determined;
- (d) The company will receive the economic benefits from the sales transaction;
- (e) The costs related to the sales transaction can be reliably determined.

Financial Revenue

Revenue arising from interest, royalties, dividends, profit-sharing, and other financial income is recognized when both of the following two (2) conditions are met simultaneously:

- It is probable that economic benefits will be obtained from the transaction.
- Revenue can be reliably measured.

Interest income on deposits is recognized on an accrual basis, determined based on deposit balances and applicable interest rates (if any, and if interest income is deemed significant).

Interest from investments is recognized when the Company has the right to receive the interest (if any, and if interest income is deemed significant).

Dividends and profit-sharing are recognized when the Company has the right to receive the dividend or profit from its capital contribution.

Other Income

This reflects income arising from activities outside the core production and business operations of the company, including:

- Income from the sale or liquidation of fixed assets (TSCĐ);
- Fines received from customers for breach of contract;
- Compensation received from third parties to cover losses to assets (e.g., insurance compensation, compensation for relocating business facilities, and similar items);
- Income from bad debts that have been written off;
- Income from liabilities that cannot be identified with a creditor;
- Other income not covered by the categories above.

4.14. Accounting principles for Cost of Goods Sold (COGS)

This reflects the cost of products, goods, services, and the production cost of construction products sold during the period.

Provision for inventory write-downs is included in the cost of goods sold based on the quantity of inventory and the difference between the net realizable value being lower than the original cost of the inventory.

When selling products or goods with accompanying equipment or spare parts, the value of the equipment and spare parts is recorded in the cost of goods sold.

For inventory losses or damages, the cost is immediately included in the cost of goods sold (after deducting any compensation, if applicable).

For direct material consumption costs exceeding the normal level, labor costs, and fixed production overhead costs not allocated to the product cost in stock, these costs are immediately included in the cost of goods sold (after deducting any compensation, if applicable), even if the products or goods have not yet been recognized as sold.

Import taxes, special consumption taxes, and environmental protection taxes that are included in the purchase value of goods, when refunded upon the sale of the goods, are deducted from the cost of goods sold.

Cost of goods sold expenses are not considered deductible for corporate income tax (CIT) purposes according to tax laws. However, if they are fully supported by invoices and receipts and have been accounted for correctly according to the company's accounting policies, they are not reduced from accounting costs but are adjusted during the CIT settlement to increase the amount of CIT payable.

4.15. Accounting principles for financial expenses

Financial expenses reflect costs or losses related to financial activities, including expenses or losses related to financial investments, borrowing and lending costs, joint venture and affiliate contributions, losses from the sale of short-term securities, securities transaction costs; provision for the decline in the value of trading securities, provision for investment loss in other entities, losses incurred from the sale of foreign currencies, and foreign exchange losses, etc.

Financial expenses are not considered deductible expenses for corporate income tax (CIT) purposes according to tax laws. However, if they are fully supported by invoices and receipts and have been accounted for correctly according to the company's accounting policies, they are not reduced from accounting costs but are adjusted during the CIT settlement to increase the amount of CIT payable.

4.16. Accounting principles for selling expenses and general administrative expenses

Selling expenses include actual costs incurred in the process of selling products, goods, or providing services, including costs related to sales promotions, product introductions, advertising, sales commissions, product warranties (excluding construction activities), storage, packaging, transportation, etc.

General administrative expenses include costs related to the salaries of employees in the company's management department (wages, salaries, allowances, etc.); social insurance, health insurance, union fees, and unemployment insurance for management employees; office materials, tools and equipment, depreciation of fixed assets used for business management; land rent, business license tax; provision for bad debts; outsourced services (electricity, water, telephone, fax, property insurance, fire insurance, etc.); other expenses (entertainment, customer meetings, etc.).

Selling expenses and general administrative expenses are not considered deductible expenses for corporate income tax (CIT) purposes according to tax laws. However, if they are fully supported by invoices and receipts and have been accounted for correctly according to the company's accounting policies, they are not reduced from accounting costs but are adjusted during the CIT settlement to increase the amount of CIT payable.

4.17. Principles and methods for recognizing current corporate income tax expense and deferred corporate income tax expense

Current corporate income tax expense

Current corporate income tax expense is the amount of corporate income tax payable based on taxable income for the year and the applicable corporate income tax rate.

Tax assets and liabilities for the current year and previous years are determined by the amounts expected to be payable to (or recoverable from) the tax authorities, based on the tax rates and tax laws in effect at the end of the fiscal year.

Deferred income tax expense

Deferred corporate income tax expense is the amount of corporate income tax that will be payable in the future arising from:

- The recognition of deferred tax liabilities in the year;
- The reversal of deferred tax assets previously recognized from prior years.

**DUC QUAN INVESTMENT AND DEVELOPMENT JOINT STOCK
COMPANY**

Lot A3, Nguyen Duc Canh Industrial Park, Tran Thai Tong Street, Tien
Phong Ward, Thai Binh City, Thai Binh Province.

Financial statements
For the financial year ended 31/12/2024

4.18. Other accounting principles and methods

4.18.1. Basis of financial statements preparation

The financial statements are presented based on the historical cost principle.

The financial statements of the Company are prepared based on the aggregation of transactions and events that have occurred and are recorded in the accounting books at the Company's office.

4.18.2. Related parties

Entities, individuals, either directly or indirectly through one or more intermediaries, that have control over the Company or are controlled by the Company, or are under common control with the Company, including parent companies, subsidiaries, and associates, are considered related parties. Related parties also include entities or individuals, either directly or indirectly holding voting rights in the Company that significantly influence the Company, key management personnel such as directors and officers of the Company, close family members of these individuals or related entities, or companies associated with these individuals.

In considering each relationship with related parties, attention should be paid to the nature of the relationship, not just the legal form of these relationships.

5. CASH AND CASH EQUIVALENTS

| | 31/12/2024 | 01/01/2024 |
|--------------|----------------------|----------------------|
| | VND | VND |
| Cash on hand | 7,852,596,810 | 329,518,966 |
| Cash at bank | 881,140,342 | 757,457,047 |
| | 8,733,737,152 | 1,086,976,013 |

6. FINANCIAL INVESTMENTS

| | 31/12/2024 | | 01/01/2024 | |
|---|----------------------|----------------------|----------------------|----------------------|
| | Original cost | Book value | Original cost | Book value |
| | VND | VND | VND | VND |
| a. Held-to-maturity investments | 1,500,000,000 | 1,500,000,000 | 1,500,000,000 | 1,500,000,000 |
| Development Commercial Joint Stock Bank of Ho Chi Minh - Hai Phong Branch | 1,500,000,000 | 1,500,000,000 | 1,500,000,000 | 1,500,000,000 |
| | 1,500,000,000 | 1,500,000,000 | 1,500,000,000 | 1,500,000,000 |

(*) Term deposit contract No. 2037040600000177 dated June 23, 2023 of Ho Chi Minh City Development Joint Stock Commercial Bank - Hai Phong Branch - Hai Dang Transaction Office. The term of the deposit contract is 12 months from June 23, 2024 to June 23, 2025. Deposit interest rate is 5.4%/year. The deposit contract is the collateral for the letter of guarantee for the performance of contract No. 0006/24PGDHDa/HDCBL/BL-HDB01 dated June 24, 2024 with Thai Binh Power Company - Branch of Northern Power Corporation.

**DUC QUAN INVESTMENT AND DEVELOPMENT JOINT STOCK
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Financial statements
For the financial year ended 31/12/2024

7. SHORT-TERM RECEIVABLES FROM CUSTOMERS

| | 31/12/2024 | 01/01/2024 |
|---|------------------------|------------------------|
| | VND | VND |
| Short-term | 389,629,220,935 | 393,995,482,753 |
| a. Receivables from customers | 378,861,891,342 | 383,228,153,160 |
| Tan An Joint Stock Company | 134,225,113,612 | 134,225,113,612 |
| Phu Viet Investment and Development Jsc. | 138,920,055,754 | 138,920,055,754 |
| Phu Hoang Phat Construction Trading Service Co., Ltd. | 101,730,497,200 | 101,730,497,200 |
| Trinh Chung Private Enterprise | - | 3,630,522,131 |
| Other receivables | 3,986,224,776 | 4,721,964,463 |
| b. Receivables from related parties | 10,767,329,593 | 10,767,329,593 |
| 3GR Investment Joint Stock Company | 10,767,329,593 | 10,767,329,593 |
| | 389,629,220,935 | 393,995,482,753 |

8. SHORT-TERM ADVANCES TO SUPPLIERS

| | 31/12/2024 | 01/01/2024 |
|---|------------------------|------------------------|
| | VND | VND |
| Short-term | 219,232,159,404 | 220,164,315,048 |
| a. Others | 147,012,911,294 | 147,945,066,938 |
| Tongkook international trading co., limited | 138,716,007,074 | 138,716,007,074 |
| Other | 8,296,904,220 | 9,229,059,864 |
| b. Related parties | 72,219,248,110 | 72,219,248,110 |
| 3GR Investment Joint Stock Company | 72,219,248,110 | 72,219,248,110 |
| | 219,232,159,404 | 220,164,315,048 |

9. LOAN RECEIVABLES

| | 31/12/2024 | | 01/01/2024 | |
|--|-----------------------|-----------|------------------------|-----------|
| | Original cost | Provision | Original cost | Provision |
| | VND | VND | VND | VND |
| Long-term | 24,166,370,318 | - | 68,142,787,218 | - |
| Dai Cuong Group Joint Stock Company (*) | 24,045,370,318 | - | 67,999,787,218 | - |
| Others | 121,000,000 | - | 143,000,000 | - |
| | 48,332,740,636 | - | 136,285,574,436 | - |

(*) Loan to Dai Cuong Group Joint Stock Company under contract No. TC18032021/HDVT dated March 18, 2021, amount of VND 70,000,000,000. Loan term is 12 months from the date the borrower receives the money, loan interest rate is 9%/year. The loan is unsecured, the purpose of the loan is for business activities. On March 17, 2022, Contract Appendix No. 01/TC18032021/HDVT/PL signed between Duc Quan Investment and Development Joint Stock Company and Dai Cuong Group Joint Stock Company changed the loan term to 60 months from the date the borrower receives the money.

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Financial statements
For the financial year ended 31/12/2024

10. OTHER RECEIVABLES

| | 31/12/2024 | | 01/01/2024 | |
|---------------------------------------|-----------------------|-----------|-----------------------|-----------|
| | Original cost | Provision | Original cost | Provision |
| | VND | VND | VND | VND |
| | 55,043,819,501 | - | 54,940,365,531 | - |
| | 55,043,819,501 | - | 54,940,365,531 | - |
| Advances | 200,547,787 | - | 164,801,787 | - |
| Receivables from interest on loans | 3,276,970,543 | - | 3,276,970,543 | - |
| New City Real Estate Jsc. (*) | 50,000,000,000 | - | 50,000,000,000 | - |
| Other receivables | 1,566,301,171 | - | 1,498,593,201 | - |
| | 55,043,819,501 | - | 54,940,365,531 | - |

(*) Accounts receivable from New City Real Estate Joint Stock Company under Investment Cooperation Contract No. 06/2019 between Duc Quan Investment and Development Joint Stock Company (Investor) and New City Real Estate Joint Stock Company (Company), signed on June 5, 2019, regarding the investment and construction project of a residential area in accordance with the urban planning standards issued in Decision No. 3249/QĐ-UBND dated December 31, 2014, approving the adjustment of the 1/500-scale detailed planning for the Southern Urban Area of Thai Binh City, Thai Binh Province. The land area for the entire project is 490,185.3 square meters to build subdivided houses, commercial buildings, parks, roads, and technical infrastructure. Accordingly, the Investor agrees to contribute capital to develop the project with an amount of VND 50,000,000,000, to be contributed before December 31, 2019; the Investor will transfer the capital contribution to the contribution account; the implementation of the investment cooperation contract will be completed within 24 months from the effective date of the contract. After the project is successfully completed, the Company is responsible for handing over 15 villa plots with an area of 6,000 m² to the Investor for exploitation and use, or the Company must repay the full capital contribution along with interest at an annual rate of 7%, calculated on the total amount the Investor has contributed, from the date the Investor transferred the contribution to the contribution account until the Company has fully repaid.

11. BAD DEBT

| | 31/12/2024 | | 01/01/2024 | |
|--|------------------------|----------------------|------------------------|----------------------|
| | Original cost | Recoverable value | Original cost | Recoverable value |
| | VND | VND | VND | VND |
| Overdue receivables | | | | |
| Phu Hoang Phat Construction, Trade and Service LLC | 101,730,497,200 | - | 101,730,497,200 | - |
| Tan An Jsc. | 134,225,113,612 | - | 134,225,113,612 | - |
| Phu Viet Investment and Development Jsc | 138,920,055,754 | - | 138,920,055,754 | 2,162,040,000 |
| 3GR Investment Joint Stock Company | 82,986,577,703 | - | 10,767,329,593 | - |
| Other | 7,828,373,947 | - | 7,828,373,947 | - |
| | 465,690,618,216 | - | 393,471,370,106 | 2,162,040,000 |

**DUC QUAN INVESTMENT AND DEVELOPMENT JOINT STOCK
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Financial statements
For the financial year ended 31/12/2024

12. INVENTORIES

| | 31/12/2024 | | 01/01/2024 | |
|---------------------|------------------------|-----------|------------------------|-----------|
| | Original cost | Provision | Original cost | Provision |
| | VND | VND | VND | VND |
| Raw materials | 100,514,255,627 | - | 68,686,445,911 | - |
| Tools and equipment | 727,325,938 | - | 784,791,574 | - |
| Work-in-progress | - | - | 631,853,017 | - |
| Finished goods | 48,748,786,797 | - | 53,957,003,519 | - |
| | 149,990,368,362 | - | 124,060,094,021 | - |

13. PREPAID EXPENSES

| | 31/12/2024 | 01/01/2024 |
|-----------------------------------|----------------------|----------------------|
| | VND | VND |
| a. Short-term | 692,217,115 | 1,933,013,156 |
| Tool and equipment | - | 1,737,504,604 |
| Other short-term prepaid expenses | 692,217,115 | 195,508,552 |
| b. Long-term | 2,261,930,367 | 2,993,419,395 |
| Tool and equipment | 2,074,147,163 | 1,912,682,830 |
| Other long-term prepaid expenses | 187,783,204 | 1,080,736,565 |
| Total | 2,954,147,482 | 4,926,432,551 |

14. TANGIBLE FIXED ASSETS (APPENDIX 01)

15. INTANGIBLE FIXED ASSETS

**DUC QUAN INVESTMENT AND DEVELOPMENT JOINT STOCK
COMPANY**

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Financial statements
For the financial year ended 31/12/2024

| | Computer Software VND | Total VND |
|--|--------------------------------------|-----------------------|
| ORIGINAL COST | | |
| At 01/01/2024 | 7,944,995,383 | 7,944,995,383 |
| At 31/12/2024 | 7,944,995,383 | 7,944,995,383 |
| ACCUMULATED DEPRECIATION | | |
| At 01/01/2024 | 5,186,226,720 | 5,186,226,720 |
| Depreciation during the year | 919,589,544 | 919,589,544 |
| At 31/12/2024 | 6,105,816,264 | 6,105,816,264 |
| NET VALUE | | |
| At 01/01/2024 | 2,758,768,663 | 2,758,768,663 |
| At 31/12/2024 | 1,839,179,119 | 1,839,179,119 |
| 16. LONG-TERM ASSET IN PROGRESS | | |
| | 31/12/2024 | 01/01/2024 |
| | VND | VND |
| Construction in progress | | |
| Duc Quan 6 Spinning Factory Project | 64,048,708,230 | 64,048,708,230 |
| | 64,048,708,230 | 64,048,708,230 |
| 17. SHORT-TERM ACCOUNT PAYABLE TO SUPPLIERS | | |
| | 31/12/2024 | 01/01/2024 |
| | Value | Value |
| | Ability to pay | Ability to pay |
| | debts | debts |
| | VND | VND |
| Others | 49,041,942,433 | 48,703,902,903 |
| HT Vina Manufacturing and Trading Co. Ltd | - | 976,506,852 |
| Hoa Thang Co. Ltd | 251,173,130 | 481,093,000 |
| Trinh Trung L.A Co. Ltd | 20,870,601,784 | 20,870,601,784 |
| Central Seafood Export- Import Joint Stock | 19,180,435,650 | 19,180,435,650 |
| Payables to other entities | 8,739,731,869 | 7,195,265,617 |
| | 49,041,942,433 | 48,703,902,903 |
| 18. ADVANCES FROM CUSTOMERS | | |
| | 31/12/2024 | 01/01/2024 |
| | VND | VND |
| Short-term | 13,203,737,507 | 10,421,147,588 |
| Others | 13,203,737,507 | 10,421,147,588 |
| Hoang Quan Garment Company Limited | 1,590,868,337 | - |
| Duc Hieu Company Limited | 4,492,824,404 | 7,647,622,928 |
| Others | 7,120,044,766 | 2,773,524,660 |
| | 13,203,737,507 | 10,421,147,588 |

**DUC QUAN INVESTMENT AND DEVELOPMENT JOINT STOCK
COMPANY**

Lot A3, Nguyen Duc Canh Industrial Park, Tran Thai Tong Street, Tien
Phong Ward, Thai Binh City, Thai Binh Province.

Financial statements
For the financial year ended 31/12/2024

19. TAXES AND OTHER RECEIVABLES/PAYABLES FROM THE STATE BUDGET (APPENDIX 02)

20. ACCRUED EXPENSES

| | 31/12/2024 | 01/01/2024 |
|--|------------------------|------------------------|
| | VND | VND |
| a. Short-term | 587,099,485,624 | 595,021,029,732 |
| Interest expense on Vietnam Development Bank - Thai Binh Branch (*) | 368,471,721,315 | 418,669,558,230 |
| Interest expense on Vietnam Joint Stock Commercial Bank for Investment and Development | 218,627,764,309 | 176,252,698,733 |
| Other accrued expenses | - | 98,772,769 |
| b. Long-term | - | 20,522,519,923 |
| Interest expense on Vietnam Development Bank - Thai Binh Branch (*) | - | 20,522,519,923 |
| | 587,099,485,624 | 615,543,549,655 |

(*) According to the amendment contract No. 01A/2014/HDODA-NHPT dated December 31, 2014, and the amendment contract No. 03/2014/HDTDDT-NHPT dated December 31, 2014, with Vietnam Development Bank - Thai Binh Branch, the total interest accrued but not paid as of November 30, 2014, is VND 46,898,504,116. This interest will be paid according to the detailed repayment schedule in the contract from 2016 until January 2023. Interest expenses incurred from December 1, 2014, will be paid monthly.

According to the contract inheriting the rights and obligations of the credit contract No. 05/2015/HĐTD-NHPT dated December 31, 2015, with Vietnam Development Bank - Thai Binh Branch, the total interest accrued but not paid as of September 30, 2014, is VND 82,522,519,923. This interest will be paid according to the detailed repayment schedule in the contract from 2016 until Q1 2025. Interest expenses incurred from December 1, 2014, will be paid monthly.

As of 31/12/2024, the overdue interest from Vietnam Development Bank - Thai Binh Branch that has not been extended is 368,471,721,315 VND

21. UNEARNED REVENUE

| | 31/12/2024 | 01/01/2024 |
|---|--------------------|--------------------|
| | VND | VND |
| Short-term | - | - |
| Revenue received in advance from factory rental | 525,609,091 | 236,636,363 |
| | 525,609,091 | 236,636,363 |

22. OTHER PAYABLES

| | 31/12/2024 | 01/01/2024 |
|--|-----------------------|-----------------------|
| | VND | VND |
| Short-term | | |
| Union Funds | 236,223,000 | 175,014,000 |
| Social Insurance, Health Insurance, Unemployment Insurance | 17,082,473,965 | 16,384,531,333 |
| Short-term collateral, deposits | 7,819,043,524 | 1,163,641,634 |
| Other Payables | 2,483,686,111 | 3,217,019,444 |
| Total | 27,621,426,600 | 20,940,206,411 |

23. LOANS AND FINANCE LEASES (details in appendix 03).

**DUC QUAN INVESTMENT AND DEVELOPMENT JOINT STOCK
COMPANY**

Lot A3, Nguyen Duc Canh Industrial Park, Tran Thai Tong Street, Tien
Phong Ward, Thai Binh City, Thai Binh Province.

Financial statements
For the financial year ended 31/12/2024

24. OWNERS' EQUITY

a. Statement of changes in equity

| | Owner's investment capital | Development investment fund | Undistributed after-tax profit | Total |
|---------------------------------|----------------------------------|--------------------------------|-----------------------------------|--------------------------|
| | VND | VND | VND | VND |
| Balance as of 01/01/2023 | 500,000,000,000 | 9,142,927,632 | (893,680,438,517) | (384,537,510,885) |
| Profit for the year | - | - | (322,414,198,913) | (322,414,198,913) |
| Balance as of 01/01/2024 | 500,000,000,000 | 9,142,927,632 | (1,216,094,637,430) | (706,951,709,798) |
| Profit for the year | - | - | (127,288,890,722) | (127,288,890,722) |
| Balance as of 31/12/2024 | 500,000,000,000 | 9,142,927,632 | (1,343,383,528,152) | (834,240,600,520) |

b. Capital transactions with owners

| | 2024 | 2023 |
|---|-----------------|-----------------|
| | VND | VND |
| Owners' investment capital | | |
| - Capital contribution at the beginning of the year | 500,000,000,000 | 500,000,000,000 |
| - Increased Capital contributions in the year | - | - |
| - Decreased Capital contributions in the year | - | - |
| - Capital contribution at the end of the period | 500,000,000,000 | 500,000,000,000 |

c. Shares

| | 31/12/2024 | 01/01/2024 |
|--|------------|------------|
| | Share | Share |
| Number of shares registered for issuance. | 50,000,000 | 50,000,000 |
| Number of shares sold to the public. | | |
| - Common shares | 50,000,000 | 50,000,000 |
| Number of shares repurchased | | |
| - Common shares | | |
| Number of shares outstanding | | |
| - Common shares | 50,000,000 | 50,000,000 |
| Par value of outstanding shares (10,000 VND per share) | | |

25. REVENUE

| | 2024 | 2023 |
|-------------------------------------|------------------------|------------------------|
| | VND | VND |
| Revenue from sale of finished goods | 150,614,224,265 | 174,982,045,193 |
| Revenue from provision of services | 31,183,726,380 | - |
| Other revenue | 1,127,045,453 | - |
| | 182,924,996,098 | 174,982,045,193 |

**DUC QUAN INVESTMENT AND DEVELOPMENT JOINT STOCK
COMPANY**

Lot A3, Nguyen Duc Canh Industrial Park, Tran Thai Tong Street, Tien
Phong Ward, Thai Binh City, Thai Binh Province.

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For the financial year ended 31/12/2024

26. DEDUCTIONS

| | 2024 | 2023 |
|---------------|--------------------|----------|
| | VND | VND |
| Sales returns | 145,358,196 | - |
| | 145,358,196 | - |

27. NET REVENUE FROM SALE OF GOODS AND RENDERING OF SERVICES

| | 2024 | 2023 |
|-------------------------------------|------------------------|------------------------|
| | VND | VND |
| Revenue from sale of finished goods | 150,468,866,069 | 174,982,045,193 |
| Revenue from provision of services | 31,183,726,380 - | |
| Other revenue | 1,127,045,453 - | |
| | 182,779,637,902 | 174,982,045,193 |

28. COST OF GOODS SOLD

| | 2024 | 2023 |
|--|------------------------|------------------------|
| | VND | VND |
| Cost of goods sold (finished products) | 149,173,489,158 | 172,369,775,005 |
| Cost of goods sold (merchandise) | 32,651,623,328 | - |
| Other costs | 465,648,559 | - |
| | 182,290,761,045 | 172,369,775,005 |

29. FINANCIAL REVENUE

| | 2024 | 2023 |
|---------------------------|----------------------|--------------------|
| | VND | VND |
| Interest on bank deposits | 457,284,567 | 26,536,307 |
| Foreign exchange gain | 6,041,946,132 | 409,392,049 |
| | 6,499,230,699 | 435,928,356 |

30. FINANCIAL EXPENSES

| | 2024 | 2023 |
|-----------------------|-----------------------|------------------------|
| | VND | VND |
| Interest expense | 76,004,305,555 | 103,461,156,074 |
| Foreign exchange loss | 15,363,668,975 | 7,176,651,404 |
| | 91,367,974,530 | 110,637,807,478 |

**DUC QUAN INVESTMENT AND DEVELOPMENT JOINT STOCK
COMPANY**

Lot A3, Nguyen Duc Canh Industrial Park, Tran Thai Tong Street, Tien
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31. SELLING AND ADMINISTRATIVE EXPENSES

| | 2024 | 2023 |
|--|------------------------|------------------------|
| | VND | VND |
| Administrative expenses incurred during the period. | 88,073,001,507 | 138,941,794,634 |
| Management expenses | 6,499,507,721 | 8,422,461,557 |
| Depreciation of fixed assets | 2,423,141,300 | 2,481,215,188 |
| Tools and equipment expenses | 41,940,829 | 16,599,163 |
| Outsourcing service costs | 450,000 | 90,022,665 |
| Other cash expenses | 4,726,673,547 | 5,876,522,802 |
| Provision for doubtful receivables | 74,381,288,110 | 122,054,973,259 |
| Selling expenses incurred during the period. | 1,795,892,105 | 1,632,159,079 |
| Other monetary expenses | 1,795,892,105 | 1,632,159,079 |
| Total | 179,737,787,224 | 281,147,907,426 |

32. OTHER INCOME

| | 2024 | 2023 |
|-------------------------------------|------------------------|----------------------|
| | VND | VND |
| Income from leasing infrastructure. | 2,287,878,182 | 5,505,234,814 |
| Other income | 2,071,504,380 | 303,224,702 |
| Các khoản thu nhập khác | 106,274,092,278 | - |
| | 110,633,474,840 | 5,808,459,516 |

33. OTHER EXPENSES

| | 2024 | 2023 |
|---------------------------------------|-----------------------|-----------------------|
| | VND | VND |
| Late payment penalties for insurance | 886,747,759 | 835,146,010 |
| Depreciation expense for fixed assets | 34,050,488,370 | 50,429,311,020 |
| Employee salary expenses | 14,646,608,091 | 11,862,967,081 |
| Infrastructure leasing expenses | 891,935,400 | 2,626,513,855 |
| Other expenses | 13,197,825,356 | 14,305,157,816 |
| | 63,673,604,976 | 80,059,095,782 |

34. BASIC EARNINGS PER SHARE

Profit used to calculate basic earnings per share

| | 2024 | 2023 |
|--|--------------------------|--------------------------|
| | VND | VND |
| Profit for basic earnings per share calculation | (127,288,890,722) | (322,414,198,913) |
| Adjustments (Provision for bonus and welfare fund) | | - |
| Profit for basic earnings per share calculation | (127,288,890,722) | (322,414,198,913) |

**DUC QUAN INVESTMENT AND DEVELOPMENT JOINT STOCK
COMPANY**

Lot A3, Nguyen Duc Canh Industrial Park, Tran Thai Tong Street, Tien
Phong Ward, Thai Binh City, Thai Binh Province.

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Shares

| | 2024 | 2023 |
|---|----------------|----------------|
| | Share | Share |
| Weighted average number of common shares outstanding for basic earnings per share calculation | 50,000,000 | 50,000,000 |
| Basic earnings per share (VND/share) | (2,546) | (6,448) |

35. COST OF PRODUCTION AND BUSINESS BY FACTOR

| | 2024 | 2023 |
|--------------------------------|------------------------|------------------------|
| | VND | VND |
| Cost of materials and supplies | 126,852,015,361 | 116,938,354,029 |
| Labor costs | 36,109,094,270 | 40,070,472,679 |
| Depreciation of fixed assets | 48,053,678,456 | 73,565,585,368 |
| Outsourced service costs | 43,709,542,693 | 50,430,263,981 |
| Other cash expenses | 92,392,595,103 | 11,180,765,714 |
| | 347,116,925,883 | 292,185,441,771 |

36. TRANSACTIONS AND BALANCES WITH RELATED PARTIES

Related parties:

Relationship

3Gr Investment Joint Stock Company

Related company

The balance of related parties at the end of the fiscal year

The balance of related parties at the end of the fiscal year is presented in Notes 7, 8.

37. REMUNERATION OF THE BOARD OF DIRECTORS AND COMPANY MANAGEMENT

| No | FULL NAME | POSITION | INCOME UNTIL 31/12/2024 | |
|------------|---------------------------|---------------------------------------|-------------------------|--------------------|
| | | | Salary | Remuneration |
| I | BOARD OF DIRECTORS | | - | 360,000,000 |
| 1 | Le Manh Thuong | - Chairman | - | 96,000,000 |
| 2 | Do Van Sinh | - Member; General Director | - | 60,000,000 |
| 3 | Nguyen Hoang Giang | - Member | - | 60,000,000 |
| 4 | Tran Xuan Tien | - Member, Deputy General | - | 60,000,000 |
| 5 | Dao Thi Hue | - Member | - | 60,000,000 |
| 6 | Luu Thi Thuy Minh | - Secretary of the Board of Directors | - | 24,000,000 |
| II | AUDIT COMMITTEE | | - | 60,000,000 |
| 1 | Nguyen Hoang Giang | - Head of the Committee | - | 36,000,000 |
| 2 | Dao Thi Hue | - Member | - | 24,000,000 |
| III | MANAGEMENT BOARD | | 754,514,462 | - |
| 1 | Do Van Sinh | - General Director | 297,138,154 | - |
| 2 | Tran Xuan Tien | - Deputy General Director | 237,997,308 | - |
| 4 | Dao Van Nam | - Chief Accountant | 219,379,000 | - |
| | TOTAL | | 754,514,462 | 420,000,000 |

**DUC QUAN INVESTMENT AND DEVELOPMENT JOINT STOCK
COMPANY**

Lot A3, Nguyen Duc Canh Industrial Park, Tran Thai Tong Street, Tien
Phong Ward, Thai Binh City, Thai Binh Province.

Financial statements
For the financial year ended 31/12/2024

38. EVENTS AFTER THE END OF THE REPORTING PERIOD

There are no significant events occurring after the end of the reporting period that require adjustment or disclosure in this financial statement.

39. COMPARATIVE FIGURES

The comparative figures are the financial statement figures for the fiscal year ended December 31, 2023, of Duc Quan Investment and Development Joint Stock Company audited by Moore Aisc Auditing and Informatics Services Company Limited.

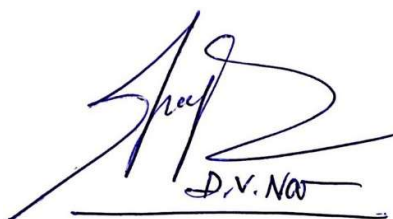
Thai Binh, 26 March, 2025

Preparer



Tran Thi Quy

Chief Accountant


D.V. Nao

Dao Van Nam

General Director



Do Van Sinh

**DUC QUAN INVESTMENT AND DEVELOPMENT
JOINT STOCK COMPANY**

Lot A3, Nguyen Duc Canh Industrial Park, Tran Thai Tong Street,
Tien Phong Ward, Thai Binh City, Thai Binh Province

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For the financial year ended 31/12/2024

ĐUC QUAN INVESTMENT AND DEVELOPMENT JOINT STOCK COMPANY

Lot A3, Nguyen Duc Canh Industrial Park, Tran Thai Tong Street, Tien Phong Ward, Thai Binh City, Thai Binh Province.

Financial statements

For the financial year ended 31/12/2024

APPENDIX 01: STATEMENT OF CHANGES IN TANGIBLE FIXED ASSETS

| | Factory Buildings and Structures | Machinery and Equipment | Vehicles | Office Equipment | Total |
|---------------------------------|-------------------------------------|----------------------------|-----------------|------------------|-------------------|
| | VND | VND | VND | VND | VND |
| ORIGINAL COST | | | | | |
| At 01/01/2024 | 165,713,598,201 | 838,745,570,998 | 3,403,450,000 | 3,958,324,543 | 1,011,820,943,742 |
| Purchased during the year | - | - | - | - | - |
| Disposed, sold | - | - | (1,399,813,636) | - | (1,399,813,636) |
| At 31/12/2024 | 165,713,598,201 | 838,745,570,998 | 2,003,636,364 | 3,958,324,543 | 1,010,421,130,106 |
| ACCUMULATED DEPRECIATION | | | | | |
| At 01/01/2024 | 78,639,395,537 | 692,957,308,161 | 1,745,236,000 | 2,539,796,598 | 775,881,736,296 |
| Depreciation during the year | 7,290,548,365 | 39,140,041,632 | 230,656,147 | 472,842,768 | 47,134,088,912 |
| Other reductions | - | - | (323,738,271) | - | (323,738,271) |
| At 31/12/2024 | 85,929,943,902 | 732,097,349,793 | 1,652,153,876 | 3,012,639,366 | 822,692,086,937 |
| NET BOOK VALUE | | | | | |
| At 01/01/2024 | 87,074,202,664 | 145,788,262,837 | 1,658,214,000 | 1,418,527,945 | 235,939,207,446 |
| At 31/12/2024 | 79,783,654,299 | 106,648,221,205 | 351,482,488 | 945,685,177 | 187,729,043,169 |

In which:

The original cost of the fully depreciated fixed assets still in use as of 31/12/2024 is: 380,544,978,423 VND

As of 31/12/2024, all fixed assets have been used as collateral for bank loans.

DUC QUAN INVESTMENT AND DEVELOPMENT JOINT STOCK COMPANY

Lot A3, Nguyen Duc Canh Industrial Park, Tran Thai
Tong Street, Tien Phong Ward, Thai Binh City, Thai
Binh Province.

Financial statements

For the financial year ended 31/12/2024

APPENDIX 02: DETAILS OF TAXES PAYABLE/RECEIVABLE TO THE STATE

| | 01/01/2024 | | Amount incurred during the year | Amount paid during the year | 31/12/2024 | |
|--------------------------------|--------------------|-------------------|------------------------------------|--------------------------------|--------------------|-----------------|
| | <i>Receivables</i> | <i>Payables</i> | | | <i>Receivables</i> | <i>Payables</i> |
| | VND | VND | VND | VND | VND | VND |
| VAT (Value Added Tax) | - | - | 26,787,533,429 | 26,787,533,429 | - | - |
| - <i>Output VAT</i> | - | - | 16,747,128,002 | 16,747,128,002 | - | - |
| - <i>VAT on imported goods</i> | - | - | 10,040,405,427 | 10,040,405,427 | - | - |
| Corporate Income Tax | - | - | - | - | - | - |
| Personal Income Tax | - | 28,226,884 | 46,211,445 | 52,629,452 | - | 21,808,877 |
| Land Lease Tax | - | - | 499,093,980 | 499,093,980 | - | - |
| Import and Export Tax | - | - | - | - | - | - |
| Other Taxes | - | - | 12,073,904 | 12,073,904 | - | - |
| Total | - | 28,226,884 | 27,344,912,758 | 27,351,330,765 | - | - |

CÔNG TY CỔ PHẦN ĐẦU TƯ VÀ PHÁT TRIỂN ĐỨC QUÂN

Lô A3, KCN Nguyễn Đức Cảnh, Thành phố Thái Bình

Tỉnh Thái Bình, CHXHCN Việt Nam

Báo cáo tài chính

Cho năm tài chính kết thúc ngày 31 tháng 12 năm 2022

APPENDIX 03: DETAILED STATEMENT OF SHORT-TERM AND LONG-TERM BORROWINGS AND FINANCIAL LEASE LIABILITIES

| | 01/01/2024 | | During the year | | 31/12/2024 | |
|---|------------------------|-------------------------------|-----------------------|----------------------|------------------------|-------------------------------|
| | Value | Debt repayment ability amount | Increase | Decrease | Value | Debt repayment ability amount |
| | VND | VND | VND | VND | VND | VND |
| Short-term loans | | | | | | |
| Loans in VND | 299,540,551,358 | 299,540,551,358 | - | 1,230,000,000 | 298,310,551,358 | 298,310,551,358 |
| <i>Bank for Investment and Development of Vietnam (BIDV) - Bac Hanoi Branch (1)</i> | <i>299,540,551,358</i> | <i>299,540,551,358</i> | <i>-</i> | <i>1,230,000,000</i> | <i>298,310,551,358</i> | <i>298,310,551,358</i> |
| Loans in USD | 134,318,466,000 | 134,318,466,000 | 10,311,872,400 | 4,033,405,800 | 140,596,932,600 | 140,596,932,600 |
| <i>Bank for Investment and Development of Vietnam (BIDV) - Bac Hanoi Branch (1)</i> | <i>134,318,466,000</i> | <i>134,318,466,000</i> | <i>10,311,872,400</i> | <i>4,033,405,800</i> | <i>140,596,932,600</i> | <i>140,596,932,600</i> |
| Long-term loans due for repayment (See detailed explanation for long-term loans) | 345,630,173,051 | 345,630,173,051 | - | - | 346,364,766,365 | 346,364,766,365 |
| Total | 779,489,190,409 | 779,489,190,409 | 10,311,872,400 | 5,263,405,800 | 785,272,250,323 | 785,272,250,323 |

(1) Short-term loan from Bank for Investment and Development of Vietnam (BIDV) - Bac Hanoi Branch under the credit line agreement No. 01/2019/1497403/HĐTD dated 30/07/2019. The short-term loan and Letter of Credit (LC) limit is VND 570 billion, of which the maximum short-term loan outstanding is VND 270 billion. The discount limit is VND 100 billion. The loan purpose is to supplement working capital, provide guarantees, and open L/Cs. The credit line period is 6 months from the date of signing the contract but no later than 31/01/2020. The loan term and interest rate are determined based on each specific credit agreement. Collateral includes machinery assets in the production line of 1,740 tons, auxiliary material warehouse, mortgage agreement for the ownership of an apartment signed on 13/06/2016, between Mr. Le Manh Thuong, Mrs. Bui Thi Hang, and the bank, pledge agreement No. 01/2017/1497403/CC/HĐBĐ dated 20/02/2017, signed between the Company and the bank, stitching machines, baling machines, rough carding machines, fiber strength testing machines, server system, and other supporting assets.

Amendment document to the credit agreement No. 01.3/2019/1497403/HĐTD dated 09/06/2020, extending the validity of the short-term credit limit for 2019-2020 under the above credit limit agreement until 30/09/2020.

CÔNG TY CỔ PHẦN ĐẦU TƯ VÀ PHÁT TRIỂN ĐỨC QUÂN

Lô A3, KCN Nguyễn Đức Cảnh, Thành phố Thái Bình

Tỉnh Thái Bình, CHXHCN Việt Nam

Báo cáo tài chính

Cho năm tài chính kết thúc ngày 31 tháng 12 năm 2022

| | 01/01/2024 | | During the year | | 31/12/2024 | |
|--|------------------------|----------------------------------|------------------------|--------------------|------------------------|----------------------------------|
| | Value | Debt repayment ability amount | Increase | Decrease | Value | Debt repayment ability amount |
| | VND | VND | VND | VND | VND | VND |
| Long-term Loans | 353,334,700,051 | 353,334,700,051 | 1,723,871,929 | 989,278,615 | 354,069,293,365 | 354,069,293,365 |
| Company's long-term loans | 94,137,480,203 | 94,137,480,203 | 681,927,929 | 321,730,615 | 94,497,677,517 | 94,497,677,517 |
| Loans in VND | 85,254,950,445 | 85,254,950,445 | - | 55,000,000 | 85,199,950,445 | 85,199,950,445 |
| <i>Vietnam Joint Stock Commercial Bank for Investment and Development - Hanoi Branch (2)</i> | <i>57,085,751,685</i> | <i>57,085,751,685</i> | <i>-</i> | <i>55,000,000</i> | <i>57,030,751,685</i> | <i>57,030,751,685</i> |
| <i>Vietnam Development Bank (VDB) - Thai Binh Branch (3)</i> | <i>28,169,198,760</i> | <i>28,169,198,760</i> | <i>-</i> | <i>-</i> | <i>28,169,198,760</i> | <i>28,169,198,760</i> |
| Loans in USD | 8,882,529,758 | 8,882,529,758 | 681,927,929 | 266,730,615 | 9,297,727,072 | 9,297,727,072 |
| <i>Vietnam Joint Stock Commercial Bank for Investment and Development - Hanoi Branch (2)</i> | <i>8,882,529,758</i> | <i>8,882,529,758</i> | <i>681,927,929</i> | <i>266,730,615</i> | <i>9,297,727,072</i> | <i>9,297,727,072</i> |
| Inherited Loans from Dai Cuong Group Joint Stock Company | 259,197,219,848 | 259,197,219,848 | 1,041,944,000 | 667,548,000 | 259,571,615,848 | 259,571,615,848 |
| Loans in VND | 245,625,259,848 | 245,625,259,848 | - | 260,000,000 | 245,365,259,848 | 245,365,259,848 |
| <i>Vietnam Development Bank (VDB) - Thai Binh Branch (4)</i> | <i>237,850,259,848</i> | <i>237,850,259,848</i> | <i>-</i> | <i>245,000,000</i> | <i>237,605,259,848</i> | <i>237,605,259,848</i> |
| <i>Vietnam Joint Stock Commercial Bank for Investment and Development - Hanoi Branch (5)</i> | <i>7,775,000,000</i> | <i>7,775,000,000</i> | <i>-</i> | <i>15,000,000</i> | <i>7,760,000,000</i> | <i>7,760,000,000</i> |
| Loans in USD | 13,571,960,000 | 13,571,960,000 | 1,041,944,000 | 407,548,000 | 14,206,356,000 | 14,206,356,000 |
| <i>Vietnam Joint Stock Commercial Bank for Investment and Development - Hanoi Branch (5)</i> | <i>13,571,960,000</i> | <i>13,571,960,000</i> | <i>1,041,944,000</i> | <i>407,548,000</i> | <i>14,206,356,000</i> | <i>14,206,356,000</i> |
| Less Long-term Debt Due (Presented in the section on Short-term Loans and Debts) | 345,630,173,051 | 345,630,173,051 | - | - | 346,364,766,365 | 346,364,766,365 |
| Total | 7,704,527,000 | 7,704,527,000 | 1,723,871,929 | 989,278,615 | 7,704,527,000 | 7,704,527,000 |

CÔNG TY CỔ PHẦN ĐẦU TƯ VÀ PHÁT TRIỂN ĐỨC QUÂN

Lô A3, KCN Nguyễn Đức Cảnh, Thành phố Thái Bình

Tỉnh Thái Bình, CHXHCN Việt Nam

Báo cáo tài chính

Cho năm tài chính kết thúc ngày 31 tháng 12 năm 2022

Details of long-term debt due for repayment

| | 01/01/2024 | | 31/12/2024 | |
|--|------------------------|----------------------------------|------------------------|----------------------------------|
| | Value | Debt repayment ability amount | Value | Debt repayment ability amount |
| | VND | VND | VND | VND |
| Company's Loans | 94,137,470,539 | 94,137,470,539 | 94,497,667,853 | 94,497,667,853 |
| Loans in VND | 85,254,940,781 | 85,254,940,781 | 85,199,940,781 | 85,199,940,781 |
| <i>Vietnam Joint Stock Commercial Bank for Investment and Development - Hanoi Branch (2)</i> | <i>34,604,379,432</i> | <i>34,604,379,432</i> | <i>34,604,379,432</i> | <i>34,604,379,432</i> |
| <i>Vietnam Development Bank (VDB) - Thai Binh Branch (3)</i> | <i>50,650,561,349</i> | <i>50,650,561,349</i> | <i>50,595,561,349</i> | <i>50,595,561,349</i> |
| Loans in USD | 8,882,529,758 | 8,882,529,758 | 9,297,727,072 | 9,297,727,072 |
| <i>Vietnam Joint Stock Commercial Bank for Investment and Development - Hanoi Branch (2)</i> | <i>8,882,529,758</i> | <i>8,882,529,758</i> | <i>9,297,727,072</i> | <i>9,297,727,072</i> |
| Inherited Loans from Dai Cuong Group Joint Stock Company | 251,492,702,512 | 251,492,702,512 | 251,867,098,512 | 251,867,098,512 |
| Loans in VND | 237,920,742,512 | 237,920,742,512 | 237,660,742,512 | 237,660,742,512 |
| <i>Vietnam Development Bank (VDB) - Thai Binh Branch (4)</i> | <i>230,145,742,512</i> | <i>230,145,742,512</i> | <i>229,900,742,512</i> | <i>229,900,742,512</i> |
| <i>Vietnam Joint Stock Commercial Bank for Investment and Development - Hanoi Branch (5)</i> | <i>7,775,000,000</i> | <i>7,775,000,000</i> | <i>7,760,000,000</i> | <i>7,760,000,000</i> |
| Loans in USD | 13,571,960,000 | 13,571,960,000 | 14,206,356,000 | 14,206,356,000 |
| <i>Vietnam Joint Stock Commercial Bank for Investment and Development - Hanoi Branch (5)</i> | <i>13,571,960,000</i> | <i>13,571,960,000</i> | <i>14,206,356,000</i> | <i>14,206,356,000</i> |
| Total | 345,630,173,051 | 345,630,173,051 | 346,364,766,365 | 346,364,766,365 |

(2) Contract No. 150/2007/0320 dated 06/03/2007 and the supplementary document of the long-term credit contract No. 150/2007/0320/PL dated 06/10/2016, with a total loan amount of 49 billion VND, including foreign currency converted, and not exceeding 70% of the total actual investment capital of the project. The purpose of the loan is to finance the machinery, equipment, and the construction of the factory building for the investment project of building the Dai Cuong Thai Binh textile factory with a capacity of 4,500 tons/year. The loan term is 84 months from the date of the first loan disbursement, and the final principal repayment period is in the fourth quarter of 2021. The interest rate is floating. The collateral for the loan includes all assets formed after investment from the company's own capital and the loan from the Bank for Investment and Development of Vietnam – Bac Ha Noi Branch, including the Duc Quan 2 Factory (with a capacity of 4,500 tons/year) and other assets owned by the company and third parties; revenue from economic contracts where the company is the beneficiary, the entire balance of the company's account at the Bank for Investment and Development of Vietnam – Bac Ha Noi Branch, and other credit institutions.

Long-term loan agreement No. 15082000222569, loan amount 20,696,920,000 VND, disbursed on 28/09/2018. The loan term is 10 years. The purpose of the loan is to invest in the Duc Quan 6 factory.

(3) The long-term loan of the Company with Vietnam Development Bank (VDB) - Thai Binh Branch includes the following loan agreements:

(3.1) State Development Investment Credit Loan Agreement No. 03/2007/HĐTD dated 10/01/2007 and the amended and supplemented agreement No. 03/2014/HĐTDĐT - NHPT dated 31/12/2014. The total loan amount from the state investment credit fund is a maximum of 90,400,000,000 VND, but the total loan amount from both sources does not exceed 70% of the total fixed asset investment capital. The loan purpose is still for implementing the investment project of building the Dai Cuong Thai Binh spinning mill (Duc Quan 2 Factory). The loan term is 15 years from the receipt of the first loan, with the principal and interest payments due monthly starting from December 2014. For the interest payable but not yet paid by 30/11/2014, it will be repaid according to the repayment schedule in the amended and supplemented agreement from January 2016 to January 2023. The interest rate is 7.8% per annum, and the overdue interest rate is 150% of the in-term interest rate. The loan security is the assets formed from the company's own capital and the loan from VDB - Thai Binh Branch, including the Duc Quan 2 Factory (4,500 tons/year) of the Company, and other collateral assets of the Company, equivalent to at least 10% of the total loan amount to secure the loan.

(3.2) ODA KFW Loan Agreement No. 01/2007/HĐTD dated 10/01/2007 and the amended and supplemented agreement No. 01A/2014/HĐODA-NHPT dated 31/12/2014. The total loan amount from the ODA fund is a maximum of 34,600,000,000 VND, but the total loan amount from both sources does not exceed 70% of the total fixed asset investment capital. The loan purpose is to implement the investment project of building the Dai Cuong Thai Binh spinning mill (Duc Quan 2 Factory). The loan term is 15 years from February 2008, with monthly principal and interest payments starting from December 2014. For the interest payable but not yet paid by 30/11/2014, it will be repaid according to the repayment schedule in the amended and supplemented agreement from January 2016 to January 2023. The interest rate is 9% per annum, and the overdue interest rate is 150% of the in-term interest rate. The loan security includes assets formed from the company's own capital and the loan from VDB - Thai Binh Branch, including the Duc Quan 2 Factory (4,500 tons/year) of the Company, and other collateral assets of the Company, equivalent to at least 10% of the total loan amount to secure the loan.

(4) According to the contract transferring rights and obligations of the credit contract No. 05/2015/HĐTD-NHPT dated 31/12/2015, the company received the transfer of all loans (including both principal and unpaid interest) corresponding to the assets contributed by Dai Cuong Group Joint Stock Company. The inherited loan follows the original contracts as follows:

(4.1) Contract No. 08/2008/HĐTD dated 26/03/2008. The loan term is 15 years from the date of receiving the first loan. The interest rate during the term is 6.9% per annum, and the overdue interest rate is 150% of the interest during the term. The loan balance at the time of inheritance is VND 205,304,527,000. The collateral is the machinery and equipment system formed after the investment (including both loan capital and equity capital) of the investment project for building Dai Cuong 5 factory (capacity of 8,700 tons/year); the benefits and income from the pledged assets.

(4.2) Contract No. 01/2011/HĐTDĐT-NHPT dated 28/01/2008. The loan term is 14 years from the date of receiving the first loan. The interest rate during the term is 9.6% per annum, and the overdue interest rate is 150% of the interest during the term. The loan balance at the time of inheritance is VND 82,700,000,000. The collateral is the machinery and equipment system formed after the investment (including both loan capital and equity capital) of the investment project for building Dai Cuong 5 factory (capacity of 8,700 tons/year); the benefits and income from the pledged assets.

(5) According to the long-term debt transfer agreement No. 150/1497403/HĐ/01 dated 31/12/2015, the Company receives the transfer of all loans (including both principal and unpaid interest) corresponding to the assets contributed by Dai Cuong Group Joint Stock Company. The loan transferred under the original contract No. 150/2006/151 dated 13/02/2006. The total amount of principal received is VND 27,500,000,000 and USD 556,000. The principal repayment term is quarterly, with the final principal repayment being in Q4 2020. The interest rate is floating. The collateral includes assets formed from the loan, including the factory and machinery of the PE workshop (at Dai Cuong 1 factory) of the Company; the deposit account at the bank, and receivables from economic contracts where the Company is the beneficiary.

As of 31/12/2024, the overdue loans amounted to VND 774,094,985,391. Of this, BIDV Bank - North Hanoi Branch has overdue payments of VND 485,894,154,530; Vietnam Development Bank - Thai Binh Branch has overdue payments of VND 288,200,830,861.