

PHU BAI SPINNING JOINT STOCK COMPANY

2024 ANNUAL REPORT

HUA THIEN HUE, APRIL 2025

No.:/BC-SPB

Thua Thien Hue, day, month, 2025

2024 ANNUAL REPORT

To : State Securities Commission of Vietnam

Hanoi Stock Exchange

Shareholders of Phu Bai Spinning Joint Stock Company

I/ GENERAL INFORMATION:

1. General Overview:

- Trading name: PHU BAI SPINNING JOINT STOCK COMPANY
- Business Registration Certificate No.: 3103000053, issued on January 14, 2003
Enterprise Registration Certificate No.: 3300352720, 11th amendment dated January 4, 2025
Issuing authority: Business Registration Office – Department of Planning and Investment of Thua Thien Hue Province.
- Address: No. 1 Street, Phu Bai Industrial Park, Phu Bai Ward, Huong Thuy Town, Thua Thien Hue Province, Vietnam.
- Telephone: 0234-3863240/ 3863367; - Fax: 0234-3863363
- Website: <http://phubaispinning.com>
- Charter capital: VND 133,000,870,000 (One hundred thirty-three billion eight hundred seventy thousand dong);
- Owner's invested capital: VND 237,073,950,467
- Par value per share: VND 10,000;
- Total number of shares: 13,300,087 shares
- Stock code: SPB
- Company Logo:



Phu Bai Spinning
SỢI PHÚ BÀI

*** Development History:**

Phu Bai Spinning Joint Stock Company is a subsidiary of the Vietnam National Textile and Garment Group (Vinatex). It was established and officially commenced business operations on March 1, 2003, with an initial charter capital of VND 6 billion. The company specializes in the production of various types of yarn for both domestic and export markets, and in trading materials and equipment for the spinning industry.

The company's 50,000-spindle spinning line was invested with fully synchronized machinery and advanced modern technologies from globally renowned manufacturers such as Trutzschler and Volkmann (Germany), Rieter and SSM (Switzerland), Murata and Toyota (Japan), and Chinese equipment suppliers.

To expand its scale, from 2003 to 2021, the company carried out five rounds of capital increases. As of now, the total charter capital stands at VND 133,000,870,000.

In October 2021, the company officially launched a new two-story spinning mill, which was transferred from the investment project for a 30,240-spindle spinning plant, into production and business operations. The facility produces approximately 450 tons of high-quality 100% cotton yarn per month.

Phu Bai Spinning is proud of its team of enthusiastic, dynamic, and experienced employees, who are quick to adopt new technologies and consistently overcome challenges to successfully complete assigned tasks. In particular, with the strong technical support and strict management practices implemented by the Board of General Directors and management at all levels, the company's yarn products and brand have been highly regarded by both domestic and international customers. The Phu Bai Yarn brand has gained strong recognition in the market.

The company consistently maintains 90–95% of its yarn output for direct export to countries such as South Korea, Turkey, Egypt, Japan, the Philippines, the United States, among others.

On October 17, 2016, according to Notice No. 1040/TB-SGDHN dated October 10, 2016, from the Hanoi Stock Exchange (HNX), the shares of Phu Bai Spinning Joint Stock Company were officially registered for trading on the UPCoM exchange.



2. Business Sectors and Market Areas:

- Main business activities:
 - + Manufacturing and trading of yarn, fabric, raw materials and accessories, and products related to the spinning, weaving, and dyeing industries;
 - + Specialized wholesale of cotton, fiber, various types of yarn, and textile/dyeing-related products;
 - + Wholesale of machinery, equipment, and other machine spare parts;
 - + Garment manufacturing;
 - + Production of ready-made clothing;
 - + Installation of other construction systems;
 - + Construction of various types of buildings and technical infrastructure works;

3 Information on Governance Model, Business Organization, and Management Structure:

Governance model: Phu Bai Spinning Joint Stock Company operates in accordance with its Charter on Organization and Operation as approved by the General Meeting of Shareholders, and in compliance with the provisions of the Law on Enterprises. The company is governed, supervised, and managed by the Board of Directors, the Supervisory Board, and the Board of General Directors..

The governance structure of Phu Bai Spinning Joint Stock Company follows the joint stock company model and includes the following entities:

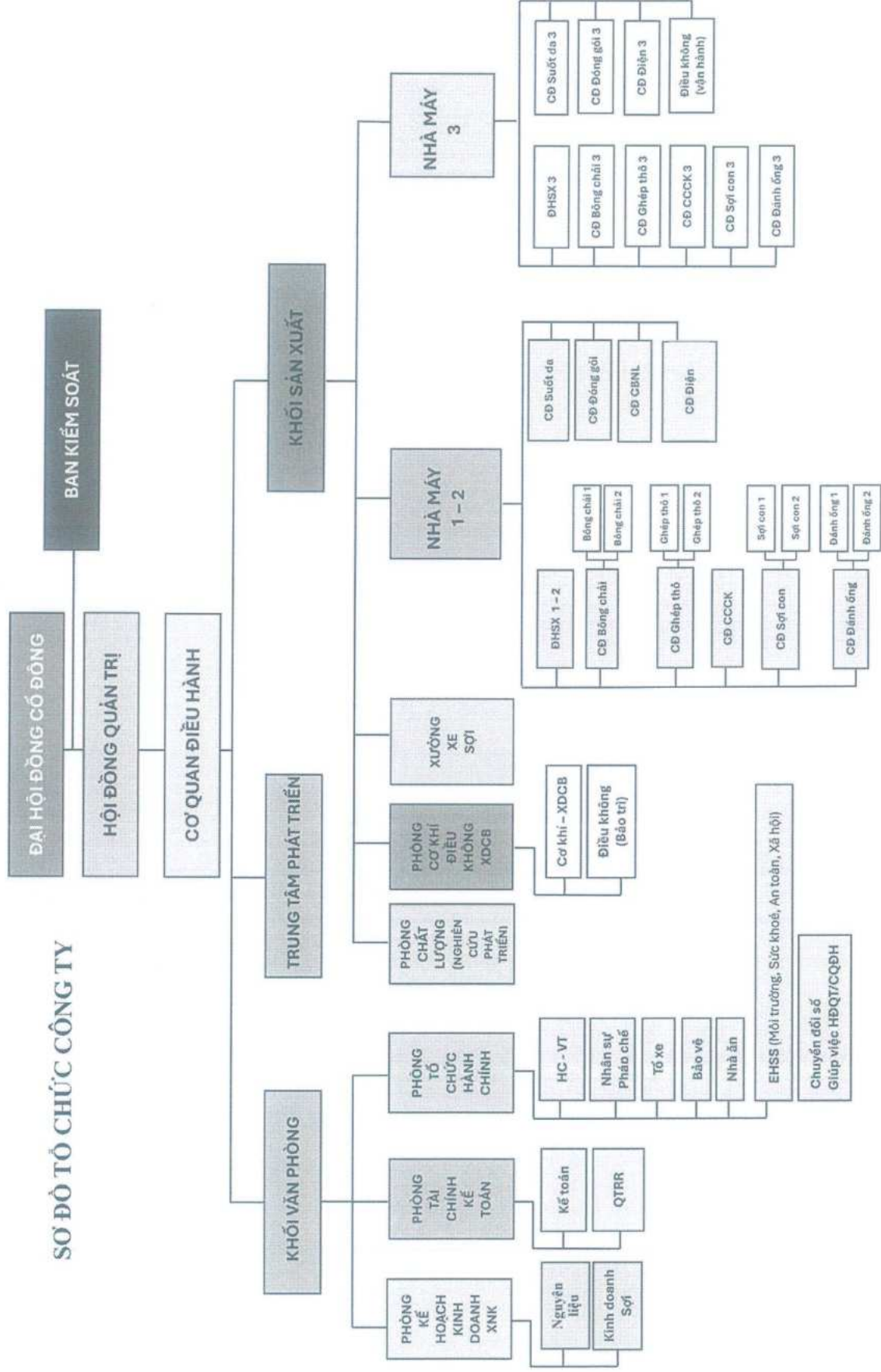
- General Meeting of Shareholders
- Board of Directors
- Supervisory Board
- Board of General Directors

Management Structure: The management structure of Phu Bai Spinning Joint Stock Company follows the joint stock company model and consists of the following components:

- General Meeting of Shareholders;
- Board of Directors;
- Supervisory Board;
- Chief Executive Officer (CEO);
- Deputy General Directors
- Functional Departments;
- Affiliated Units.

Organizational and Management Structure Chart of Phu Bai Spinning Joint Stock Company

SƠ ĐỒ TỔ CHỨC CÔNG TY



- **General Meeting of Shareholders:** The General Meeting of Shareholders is the highest authority of the Company, consisting of all shareholders with voting rights..
- **Board of Directors:** The Board of Directors is the Company's governing body elected by the General Meeting of Shareholders. It has full authority to represent the Company in making decisions and performing rights and obligations not under the jurisdiction of the General Meeting of Shareholders..
- **Supervisory Board:** □ The Supervisory Board represents the shareholders in supervising the Company's business activities, governance, and management operations.
- **Chief Executive Officer (CEO):** The CEO is responsible for the day-to-day business operations of the Company, under the supervision of the Board of Directors, and is accountable to the Board of Directors and the law for the exercise of assigned rights and duties. The CEO is also the legal representative of the Company.
- **Deputy General Directors:** Deputy General Directors advise and assist the CEO; they directly manage and operate specific business functions of the Company under the delegation and assignment of the CEO. They are responsible to the CEO and to the law for the tasks assigned and authorized.
- **Advisory and Support Departments::**
 - + Administration Department;
 - + Accounting – Finance Department;
 - + Planning – Business – Import & Export Department;
 - + Technical – Production Operations Department.
- **Affiliated Unit:** Phu Bai Spinning Joint Stock Company has one representative office located in Ho Chi Minh City.
- **Subsidiaries and Affiliates:**

Subsidiaries: None

Affiliated companies: 01 company

Affiliated companies	Address	Capacity (spindles)	Charter Capital (VND '000)	SPB's Contributed Capital (VND '000) hoặc	Capital Contribution Ratio (%)
Dong Phu Spinning Joint Stock Company	Tho Binh Hamlet, Tan Dan Commune, Khoai Chau District, Hung Yen Province, Vietnam	10.000	28.000.000	1.075.000	3,839

4 Development Orientation:

- Key Objectives of the Company:

- + Sustain and further develop the “**Phu Bai Yarn**” brand to remain strong in both domestic and international markets.
- + Develop the company in a sustainable and stable direction, while actively integrating into the global trend of comprehensive "greening" across all operations.
- + Build a comprehensive business strategy that harmoniously connects human resources and financial capacity to achieve optimal efficiency.
- + Preserve and increase shareholder equity value, while ensuring the interests and long-term growth of shareholders who have placed their trust and investment in the company.
- + Establish a value system that balances and connects the interests of all stakeholders, including customers, suppliers, employees, shareholders, the community, and the state.

- Medium- and Long-Term Development Strategy:

With over 20 years of establishment and growth, Phu Bai Spinning Joint Stock Company has operated with the guiding principle of strengthening and expanding the “Phu Bai Yarn” brand in both domestic and international markets. The company aims to maximize shareholder value while ensuring the well-being of all employees.

SPB will continue to maintain its production and business activities in existing traditional markets and with current clients, while enhancing sales and marketing strategies. At the same time, the company actively seeks to expand into new export markets as a foundation for future growth.

The company’s strategy focuses on optimizing existing production scale in the medium term, and flexibly adjusting the product structure according to actual market conditions to ensure business efficiency. The goal is to gradually position Phu Bai Spinning JSC as one of the leading yarn manufacturers in Vietnam, specializing in producing eco-friendly yarn products that serve the textile–dyeing–finishing supply chain.

SPB aims to increase the production of green yarns and reduce the proportion of conventional yarns, in order to minimize price competition pressure and optimize operational effectiveness. In parallel, the Board of Directors places strong emphasis on building a company that is stable, sustainable, and well-integrated. SPB is committed to establishing a professional corporate image, from product and service delivery to after-sales programs, thereby enhancing the company’s brand reputation.

With the current trend in the textile and garment industry, the shift toward green technology, energy efficiency, and environmental friendliness is inevitable. This is also the strategic goal of SPB in the near future. The leadership is focusing on "greening" investments to enhance competitiveness and increase value. SPB continues to seek out environmentally responsible development solutions—understanding that a green environment means more than just trees, but also requires investment in technology, equipment, resources, and people....



Phu Bai Spinning has implemented and continues to apply operational policies based on the principles of efficiency and cost-effectiveness, while fostering a positive and friendly corporate culture, and fulfilling its social welfare responsibilities.

In the upcoming period, the Company will continue to pursue a comprehensive business strategy that harmonizes the relationship between human factors and financial capabilities:

+ Enhancing the quality of the management team and policy planning: Improving the competence of specialized personnel is a top priority. The Company actively promotes the development of management skills and provides training in economics and strategic planning for all managers and employees. SPB also places strong emphasis on recruiting, training, and developing a highly qualified workforce with industrial discipline and professional working styles, aiming to meet the increasingly demanding requirements of production and business operations. This ensures the effective implementation of the Company's strategic plans and objectives over time.

In addition, the Company continues to promote innovation, invention, and technical improvement movements, applying scientific and technological advances to practical production. The leadership is committed to improving both the material and spiritual well-being of its employees, gradually raising income levels and ensuring stable employment for all workers.

+ Enhancing financial capacity: Strengthen internal capital accumulation and increase profitability. Utilize capital efficiently to enhance business competitiveness and improve overall financial strength.

+ In parallel with the company's development, the Board of Directors places strong emphasis on preserving and increasing shareholders' equity, ensuring the effective management and growth of capital invested by shareholders in the company.

- **Sustainable Development Goals (Environmental, Social, and Community) and Key Short- and Medium-Term Programs of the Company:**

*** Regarding the Environment, Society, and Community:** To realize its green development goals, the Company is oriented towards producing goods using green technologies, employing recycled fibers and eco-friendly raw materials such as BCI cotton, organic cotton, and others. The Company emphasizes energy efficiency and environmental friendliness throughout its production processes.

Sustainable development is closely aligned with global market demands for greening initiatives and the use of renewable energy sources—specifically solar power—to reduce electricity consumption and lower greenhouse gas emissions in production activities. In this context, the Company has also invested in digital management systems, enabling better control and adaptability to the stringent requirements of the global textile and garment industry.

The Company is introducing technological and automation investments in selected production lines, enabling fast delivery, small-batch customization, and high product quality—key factors to remain competitive and meet dynamic market demands.

*** Regarding Customers:** Phu Bai Spinning Joint Stock Company operates based on three core principles: “High product quality is the foundation for the Company's survival and development”, “Customer satisfaction is Phu Bai Spinning's ultimate goal” and “The interests of customers and stakeholders are also the interests of Phu Bai Spinning”. Therefore, the Company consistently prioritizes the development and production of high-quality yarns that meet and exceed the increasingly demanding requirements and expectations of its customers.

*** Regarding Suppliers:** The Company regularly evaluates its suppliers to ensure the maintenance of long-term and effective partnerships, and practices fair and equal selection based on the principle of healthy competition.

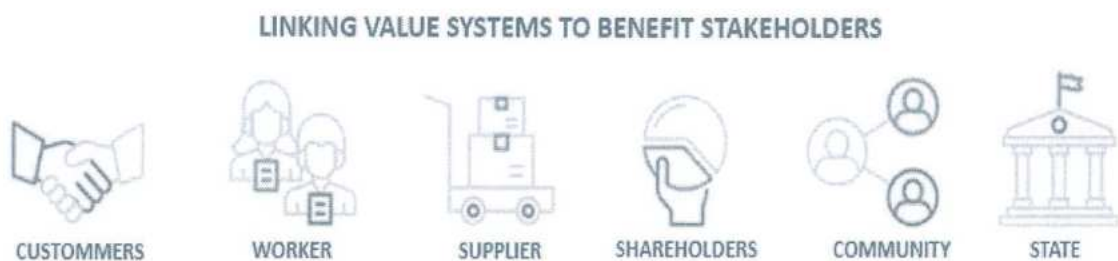
Phu Bai Spinning continually strives to enhance product quality and implements measures to strengthen relationships between the Company and its suppliers, ensuring mutual benefits for both parties.

* **Regarding Shareholders:** The Company manages, utilizes, and invests capital efficiently with the aim of maximizing long-term shareholder value.

* **Regarding Employees:**

- Organize a streamlined and efficient organizational structure.
- Develop a reasonable and effective human resource management strategy.
- Establish a safe working environment.
- Ensure employee health and well-being
- Attract and retain talent through fair, competitive policies aligned with the Company's strategic direction.
- Assign work reasonably, with clear career orientation and development opportunities.
- Implement training policies to build a workforce with high professional qualifications.

* **Regarding the State:** The Company strictly complies with government policies and legal regulations. It strengthens internal controls to minimize any violations related to non-compliance, consistently fulfills its tax obligations, supports government directives, and contributes to local development.



5 Risks:

- Economic Risks:

In 2025, while geopolitical risks are expected to ease, the global economy will continue to face significant challenges stemming from U.S. trade policies and political and economic instability in major EU economies. According to the International Monetary Fund (IMF), all three leading economies—the United States, the European Union, and China—are projected to experience a downward trend in economic growth in 2025, which is expected to drag down global economic performance as well.

Forecasts indicate that the global economy will grow at a rate of 3.2% in 2025, the same as in 2024, and slightly down from 3.3% in 2023. These trends are likely to impact emerging and

developing economies, particularly those heavily tied to the performance of the major global markets.

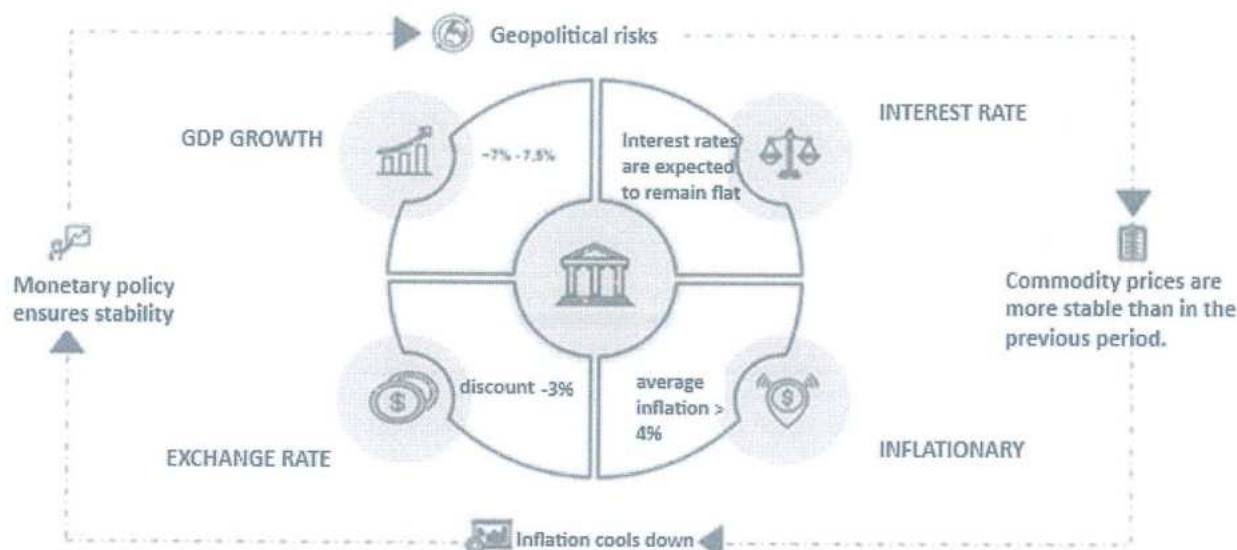
However, emerging and developing Asian economies are expected to remain among the most dynamic in the world, with GDP growth rates forecasted at 5.3% in 2024 and 5.0% in 2025, though slightly lower than 5.7% in 2023.

Vietnam is a highly globalized economy, heavily dependent on global economic dynamics. The country has significantly benefited from the outflow of FDI from China, thanks to its political stability and geographic proximity to China—an advantage that aligns well with foreign investors’ “China+1” strategies as they shift operations out of China. As a result, FDI inflows into Vietnam in 2024 were notably strong.

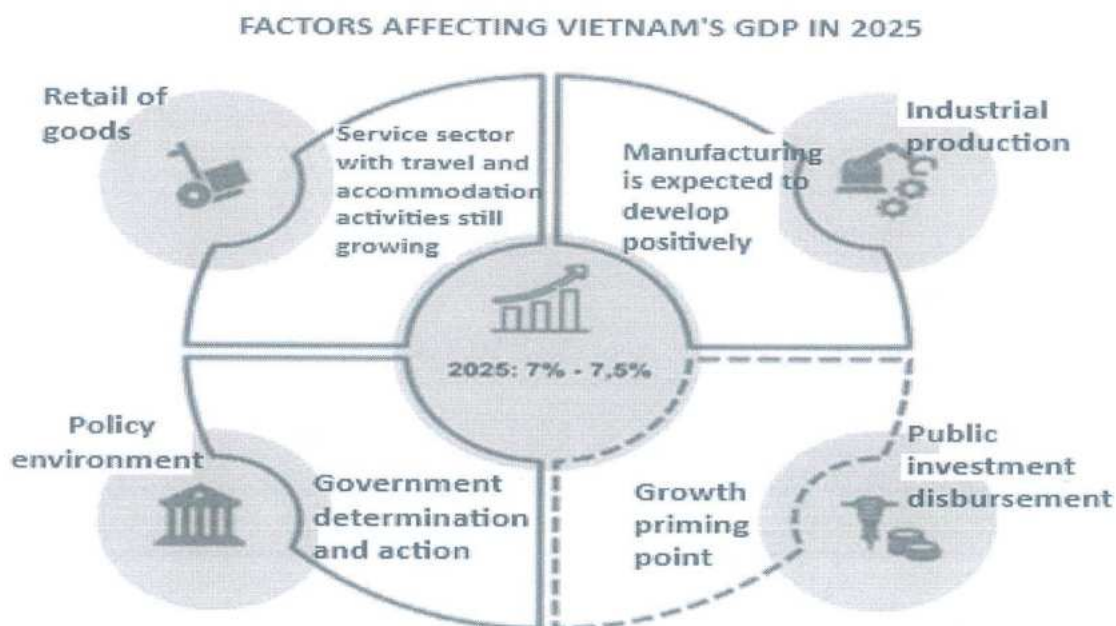
According to the Ministry of Planning and Investment, Vietnam’s GDP growth in 2024 is estimated to exceed 7%, surpassing the original target of 6–6.5%. However, amid the continued U.S.–China trade tensions, and with the possible return of the Trump administration, Vietnam may face higher risks in 2025.

Vietnam has been flagged as a potential transshipment point for Chinese goods exported to the U.S. As Vietnam’s trade surplus with the U.S. (and other partners) increases in both volume and timing, a corresponding rise in the trade deficit with China is also observed. This trend is clearly reflected in FDI flows from China: from being outside the top 10 investors, China rose to the second position in 2024, with more than USD 3.2 billion in investment, accounting for 13% of total FDI in the first nine months of the year. China also led in the number of FDI projects, comprising 29.3% in 2024.

President-elect Donald Trump is expected to impose tariffs ranging from 10% to 25% on countries such as Vietnam. If this scenario materializes, it is estimated that Vietnam’s GDP growth could drop by around 1% or more, along with similar effects on Malaysia and Thailand. In addition, Vietnam is facing a wave of low-cost product dumping from China, which has been damaging local production and trade. Domestic manufacturers and retailers of consumer goods have suffered significant losses as a result. Fortunately, the Government has taken timely action by blocking access to ultra-cheap e-commerce platforms from China such as Temu, Taobao, and 1669. However, the negative impacts of Chinese low-priced goods are expected to persist into 2025.



Source: Business Forum Journal



Economic risk is identified as a systemic risk arising from macroeconomic factors (such as GDP growth rate, inflation, exchange rates, interest rates, etc.) that directly or indirectly affect business operations in general—and Phu Bai Spinning Joint Stock Company in particular. The stability and strength of both the domestic and global economy play an extremely important role in the development of enterprises. Conversely, if the economy experiences unexpected fluctuations or enters a recession, factors such as inflation, exchange rates, and interest rates will increase significantly, leading to a decline in consumer demand for garments and creating major obstacles to the Company's business growth.

As a company engaged in yarn manufacturing and trading, the development of the global economy—including Vietnam’s—plays a crucial role in driving demand across the textile and garment industry. However, Vietnamese textile products still account for a relatively small share of the global market, so the selling prices of yarn products are heavily influenced by global market trends. Thus, when the global economy weakens, yarn prices tend to fall, which has a direct and significant negative impact on the Company’s production and business performance.

To mitigate these risks, the Company has taken proactive steps to forecast economic trends and accordingly develop production and business plans that align with the anticipated pace of economic growth.

- **Interest Rate Risk:**

Interest rates are a sensitive macroeconomic variable, and fluctuations in interest rates can significantly influence both production and consumption behaviors across society. For a business, interest rate risk arises when the cost of borrowing exceeds the company’s ability to generate profit. Variations in interest rates can therefore have a notable impact on the Company’s production and business operations.

To mitigate this risk, the Company has implemented several measures, including reducing reliance on bank loans, analyzing market competition, and actively negotiating with banks to obtain favorable interest rates that align with its operational and strategic objectives.

- **Input Material Price Volatility Risk:**

Due to the nature of the yarn manufacturing industry as a form of industrial processing, raw material costs account for over 70% of the total product cost at Phu Bai Spinning. The primary raw materials used in production include natural cotton, polyester fiber, and recycled fiber, most of which are imported from foreign markets.

In 2024, the prices of cotton and fiber materials experienced complex and unpredictable fluctuations, primarily driven by speculative activities on intercontinental commodity exchanges. These fluctuations have significantly impacted the Company’s yarn production costs.

In response to these price instabilities, the Company has implemented appropriate procurement and material usage strategies to minimize losses caused by price volatility. Additionally, the Company closely monitors market price movements in order to seize opportunities for negotiating with suppliers to secure raw materials at favorable prices.

- **Environmental Risk:**

According to the Vietnam Textile and Apparel Association (VITAS), the textile and garment industry in Vietnam emits approximately 5 million tons of CO₂ annually. Wet processing procedures in textile manufacturing—including spinning, weaving, and garment production—consume a significant amount of water resources for washing, rinsing, pre-treatment, dyeing, and finishing operations..

The rapid expansion of industrial zones has further intensified environmental impacts, particularly in the form of water pollution, air emissions, solid waste, and greenhouse gas emissions, which pose serious challenges to the sustainable development of Vietnam’s industrial areas. The textile and leather industries are considered the second-largest polluting industries in the world, and thus face increasing scrutiny due to their environmental footprint. To mitigate these environmental risks, the Company continually invests in infrastructure upgrades, environmental protection systems, and renewable energy solutions such as rooftop solar power. Efforts are also being made to reduce microplastic pollution through innovations in raw materials, improvements in production processes, and enhanced waste management systems.

Addressing these environmental challenges is not only part of the Company’s commitment to protecting the environment, but also an essential step in meeting rising consumer demand for sustainability.

- Other Risks:

In addition to the aforementioned risks, other risks may arise from force majeure events such as natural disasters, floods, and fires. Although such events are rare, they are highly unpredictable, and once they occur, they can cause significant damage to the Company in terms of both human life and assets.

To minimize potential impacts, the Company proactively takes preventive measures by purchasing insurance coverage for both its employees and assets.

II/ Business Performance in 2024:

1 Business and Production Performance During the Year and Comparison with the Planned Targets:

- The Business Performance in 2024 of Phu Bai Spinning Joint Stock Company:

T T	Target	Unit	2023 Actual	2024 Plan	2024 Actual	Comparison (%)	
						% of Plan Fulfilled (2024/2023)	Percentage (Actual/Plan)

1	Production Volume	Tons of Yarn	16.658	16.350	16.629	99,8%	101,7%
2	Total Net Revenue (before VAT)	Billio n VND	1.232	1.050	1.327,4	107,7%	126,4%
3	Export Turnove	Milli on USD	48,06	43	43,6	90,7%	101,3%
4	Import Value	Milli on USD	-	41	40,4	-	98,5%
5	Pre-Tax Profit	Billio n VND	(36,08)	10	15,5	N/a	155%

Summary Table of Business and Production Results of SPB in 2024

(Source: Audited Financial Statements 2024 and the 2024 Annual General Meeting of Shareholders Resolution)

The Company's production output in 2024 slightly decreased compared to 2023, reaching 99.8% of the previous year's level, but exceeded the planned target at 101.07%. The Board of Directors of Phu Bai Spinning Joint Stock Company had anticipated potential production challenges, including difficulties in maintaining orders and stabilizing yarn prices throughout 2024. As a result, during Q2/2024, the Company gradually shifted its production strategy towards recycled yarns. In Q3 and Q4 of 2024, the Company flexibly focused on producing recycled yarn orders and single-component dyed yarns, aiming to enhance production efficiency.

Despite ongoing fluctuations in raw material prices, the Company continued to import essential materials to ensure operational stability, achieving 98.5% of the import plan. However, export turnover experienced a significant decline, reaching only 90.7% compared to 2023, indicating intensifying competition in international markets.

In summary for 2024, the Company recorded revenue of VND 1,327,357,195,008, representing an increase of 7.7% compared to the same period in the previous year and an impressive 26.4% increase compared to the target approved by the General Meeting of Shareholders during the 2024 Annual Meeting.

The revenue growth in 2024 was mainly driven by a 7% increase in revenue from finished goods sales and a 12% increase in revenue from scrap sales compared to 2023. Meanwhile, revenue from processing services experienced a significant decline in 2024 versus 2023;

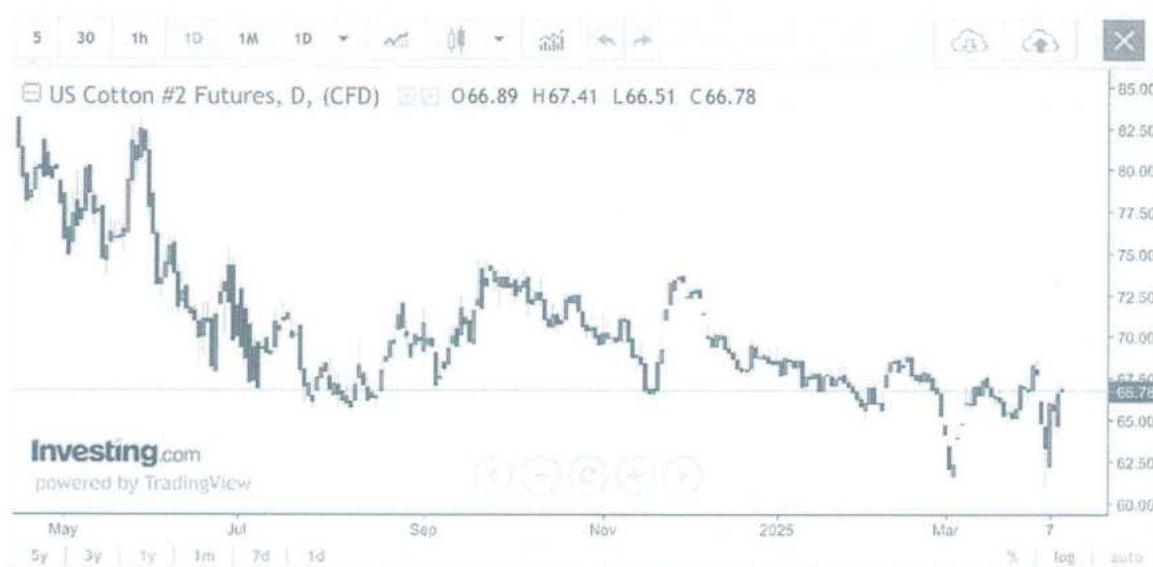
however, as this category only accounted for a negligible portion (0.00%) of SPB's total revenue, it had no material impact on overall performance.

The Company's leadership proactively adjusted its sales strategy, focusing on accelerating the clearance of inventory, minimizing defective products, and increasing the turnover of semi-finished goods. At the same time, the Company placed strong emphasis on energy conservation and waste reduction, including both electricity and water usage. This was achieved through effective monitoring and control of consumption in specific areas such as air conditioning, environmental systems, and the canteen. As a result, profit before tax reached 155% of the target approved by the 2024 Annual General Meeting of Shareholders.

Company's Business Results in 2024:

+ In 2024, the Company's export orders were primarily concentrated in the markets of South Korea, Japan, and other regions including the EU, South America, and China, among others., ..v.v..). Export accounted for 97% of total sales, broken down as follows (of which: South Korea: 70%; Japan: 20%; Other markets: 7%) and Domestic market: 3%.

+ In the first half of 2024, after a prolonged period of fluctuating between 80–85 cents per pound, international cotton prices surged to over 100 cents/lb in early March 2024. The main driver of this sharp increase was believed to be speculative activities on intercontinental commodity trading markets. However, due to a lack of real demand support, cotton prices plummeted in Q2/2024, hitting a low of 70 cents/lb, and have since remained hovering around this level.



Raw Material Market and Cotton Prices

+ In Q1/2024, the market experienced a sharp decline in both yarn orders and selling prices. In parallel with the surge in cotton prices, yarn prices also saw temporary improvements at certain times, enabling the Company to liquidate a large portion of its inventory, thereby stabilizing its financial position. However, profitability remained limited due to the use of high-cost cotton inputs. Despite the opportunity, the 15% increase in cotton prices compared to January 2024 posed significant challenges for many enterprises in making purchasing decisions for raw materials. To maintain its competitive advantage, the Company quickly pivoted to producing recycled yarns, which had not previously been its strength, in an effort to explore niche markets alongside traditional cotton yarns, which currently account for 60–70% of total production volume.

+ By Q2/2024, cotton prices dropped significantly after peaking in March, leading to a decline in yarn prices by 15–25 cents/kg. This had a considerable impact on the Company's profitability, as many high-priced orders were delayed, payments were postponed, or letters of credit (L/Cs) were not opened in time, creating substantial challenges in product sales and distribution.

Report Details	T1	T2	T3	T4	T5	T6	T7	T8	T9	T10	T11	T12
Avg. Cotton Price (Warehouse)	2,08	2,05	2,05	2,14	2,14	2,04	1,99	2,03	1,92	1,90	1,88	1,82
Benma	1,19	1,19	1,20	1,21	1,21	1,21	1,21	1,20	1,21	1,20	1,18	1,17
Indo	1,03	1,00	0,99	0,99	1,02	1,04	1,04	1,05	1,06	1,06	1,03	0,94
30CVCCm Recycle	2,77	2,78	2,85	2,95	3,00	2,90	2,74	2,74	2,74	2,67	2,67	2,68
34TCCm	2,50	-	-	-	-	2,60	2,57	2,55	2,50	2,50	2,43	2,40
30/2CD	3,60	-	3,68	3,75	3,69	3,76	3,67	3,58	3,53	3,48	3,48	3,48
Performance	-0,6	-1,81	5,20	1,40	3,04	0,62	1,60	-0,60	1,60	2,01	2,29	1,00

+ In Q3/2024, the cotton market remained highly volatile. When cotton prices increased, yarn prices did not rise accordingly, but when cotton prices dropped, yarn prices fell immediately. Additionally, since imported cotton typically takes 3 to 4 months before being used in production, this posed significant challenges for the yarn industry.

Furthermore, high input costs—including electricity, labor, and logistics—along with intense competition from both domestic and international manufacturers, required the Company's

leadership to continuously adjust strategies to meet production and business objectives. The Company responded by flexibly managing orders, focusing on recycled yarns and single-component dyed yarns to maintain operational efficiency.

+ In Q4/2024, single-component dyed yarn continued to be the Company's core product, accompanied by solutions to optimize raw material sourcing and reduce production costs. To maintain high-value orders, the leadership team applied a flexible approach to selecting input materials with reasonable pricing, tailored to the requirements of each order at the spinning mills.

At the same time, to stabilize yarn selling prices, the Company intensified efforts to control the quality of raw materials from suppliers, improve classification processes, and organize orders appropriately based on customer specifications.

Additionally, the Board of Directors is currently considering assigning the General Director to conduct research and development of new yarn products, such as:

- Yarns made from dyed cotton or dyed fibers
- Recycled yarns
- Undyed yarns
- Functional yarns with special properties (e.g., antibacterial, odor-resistant, UV-protective)

These product developments aim to meet the diverse needs of various industries, including high-end fashion, sportswear, and sustainable apparel.

In 2024, despite facing numerous challenges in maintaining orders and stabilizing yarn prices, Phu Bai Spinning Joint Stock Company achieved positive results thanks to the flexible strategies implemented by the executive leadership and the relentless efforts of all employees. During the first nine months of the year, the Company focused on the production of recycled yarns, and in the final three months, it shifted toward developing single-component dyed yarns. Thanks to its proactive product adjustments and adaptive business strategies, the Company surpassed the production and business targets set by the General Meeting of Shareholders.

2 Organization and Human Resources:

- List of the Executive Board of SPB as of 31/12/2024:

STT	Full Name	Position / Title	Number of Shares Owned and Represented	Ownership Ratio / Charter Capital
1	Trần Đình Hiệp	General Director	2.425.567	18,24%
2	Lê Thị Quê Hương	Vice General Director	2.295	0,02%
3	Bà Hoàng Thái Trúc	Vice General Director	43.540	0,33%

- **Mr Trần Đình Hiệp – General Director:**

+ Date of Birth: 06/04/1984

+ Place of Birth: Tan Hiep, Yen The, Bac Giang

+ Current Residence: No. 7, Alley 285 Doi Can Street, Lieu Giai Ward, Ba Dinh District, Hanoi City.

+ Nationality: Vietnamese

+ Professional Qualification: Civil Engineer.

+ Number of SPB Shares: 2,425,567 shares, accounting for 18.24% of the charter capital. Of which: Personally owned: 31,552 shares; Authorized representative ownership: 2,394,015 shares

- **Ms Lê Thị Quê Hương – Vice General Director:**

+ Date of Birth: 10/10/1978

+ Place of Birth: Phu Da, Phu Vang, Thua Thien Hue Province

+ Current Residence: No. 4 Vo Duy Ninh Street, Thuy Duong Ward, Huong Thuy Town, Thua Thien Hue Province

+ Nationality: Vietnamese

+ Professional Qualification: Bachelor of Economics – Major in Import-Export Business.

+ Number of SPB shares personally owned: 2,295 shares, accounting for 0.017% of the charter capital.

- **Ms Hoàng Thái Trúc – Vice General Director**

+ Date of Birth: 27/06/1984

+ Place of Birth: Thuy Duong, Huong Thuy, Thua Thien Hue Province

+ Current Residence: No. 93, Ngu Binh Street, An Cuu Ward, Hue City, Thua Thien Hue Province

+ Nationality: Vietnamese

+ Professional Qualification: Bachelor of Economics – Major in Accounting

+ Number of SPB shares personally owned: 43,540 shares, accounting for 0.327% of the charter capital.

Changes in the Executive Board in 2024:

- On June 24, 2024, based on the 2024 Annual General Meeting of Shareholders' Resolution and the personal request of the executive member, the Executive Board of Phu Bai Spinning Joint Stock Company underwent the following change:

- + Mr. Tran Dinh Hiep was appointed as the General Director and the legal representative of Phu Bai Spinning Joint Stock Company.
- + Ms. Tran Thi Kim Chi ceased to hold the position of General Director and legal representative of Phu Bai Spinning Joint Stock Company.
- On November 14, 2024, pursuant to Decision No. 425/QĐ-HDQT issued by the Board of Directors of Phu Bai Spinning Joint Stock Company, the Board of Directors resolved to appoint: Ms. Hoang Thai Truc holds the position of Deputy General Director..
- **Number of Employees:**

As of December 31, 2024, the Company had a total workforce of 661 employees.

The average monthly salary was VND 10.5 million per employee.

The Company's labor structure is presented as follows:

Employee Classification	Tại ngày 31/12/2024	
	Number of Employees	Ratio
I/ By Employee Qualification Level	661	100%
1. University and above	39	5,9%
2. College	35	5,3%
3. Vocational	80	12,1%
4. Unskilled Labor	507	76,7%
II/ Type of Labor Contract	661	100%
1. Fixed-term contract of less than 1 year	26	3,93%
2. Labor Contract with No Fixed Term	635	96,07%

3. Investment Activities and Project Implementation Status in 2024:

- Major Investments:

In accordance with the Resolution of the Company's Board of Directors regarding the implementation of the investment project for equipment replacement at Phu Bai Spinning Joint Stock Company in 2024, the Executive Management has completed the following tasks:

- + Approval of the Investment Project for Equipment Replacement;
- + Approval of the Contractor Selection Plan and Implementation of Main Equipment Procurement Packages;
- + Negotiation, Contract Signing, and Issuance of Letters of Credit for Main Equipment Procurement Packages;

- Subsidiaries and Associates:

+ Subsidiary: Non

+ Công ty liên kết: Dong Phu Spinning Joint Stock Company.

Summary of Operations and Financial Status : Dong Phu Spinning Joint Stock Company is headquartered in Tho Binh Hamlet, Tan Dan Commune, Khoai Chau District, Hung Yen Province, Vietnam. The company has a charter capital of VND 28 billion, of which Phu Bai Spinning JSC (SPB) holds 107,500 shares, equivalent to 3.839% of the charter capital.

Dong Phu Spinning operates a production line for high-quality weaving yarn, with a small-scale capacity of approximately 10,000 spindles. In recent years, the company has had non-performing loans (NPLs) with VietinBank.

In 2021, VietinBank issued a notice to auction the entire debt portfolio (including principal, interest, and unpaid interest) of Dong Phu Spinning JSC, with the provisional total value as of December 31, 2020, estimated at over VND 142.6 billion.

The collateral for the above-mentioned debt includes all assets attached to the land of the “Dong Phu High-Quality Yarn Spinning Mill” project, located in Tan Dan Commune, Khoai Chau District, Hung Yen Province, with a land area of 32,000 square meters.

Additionally, the debt is also secured by all equipment, machinery, and accompanying synchronized accessories of the Dong Phu High-Quality Yarn Spinning Mill project.

As of 2023, VietinBank continued to offer the project and its accompanying machinery for sale, with a starting price of VND 83.8 billion. In previous offerings, the asking price was VND 110 billion, which was 31% higher than the current price, yet the sale remained unsuccessful.

4 Financial Position of the Company:

a) Financial Status:

Unit: VND million

Indicator	Year 2023	Year 2024	% Change (Increase/Decrease)
Total Assets	877.695	911.899	3,90%
Net Revenue	1.231.568	1.327.357	7,78%
Profit from Operating Activities	-36.687	14.681	140,02%
Other profit	605	819	35,53%
Profit before tax	-36.081	15.501	142,96%
Profit after tax	-39.608	15.156	138,26%
Expected dividend payout ratio	0	0	N/a

b) Key financial indicators:

Indicator	Year 2023	Year 2024	% Change (Increase/ Decrease)
<i>1. Liquidity ratios</i>			
+ Current ratio:			
Current assets / Current liabilities	1,31	1,28	-1,78%
+ Quick ratio:			
<u>Current assets – Inventories</u> <u>Current</u>	0,61	0,62	1,03%
<u>liabilities</u>			
<i>2. Capital structure indicators</i>			
+ Debt to Total Assets Ratio	0,75	0,74	-0,96%
+ Debt to Equity Ratio	2,96	2,85	-3,67%
<i>3. Operating efficiency indicators</i>			
+ Inventory Turnover:			
Cost of goods sold / Average inventory	4,04	5,04	24,75%
+ Total Asset Turnover:			
Net revenue / Average total assets	1,40	1,48	5,71%
<i>4. Profitability ratios</i>			
+ Net Profit Margin	-3.22	1,14	N/a
+ Return on Equity (ROE)	-17.85	6,39	N/a
+ Return on Assets (ROA)	-4.51	1,66	N/a
+ Operating Profit Margin.	-2.98	1,11	N/a

In 2024, the Company's financial position showed many positive developments, as reflected in key financial indicators.

Liquidity:

+ The current ratio slightly decreased from 1.31 to 1.28 (-1.78%), but remained above the safety threshold (greater than 1), indicating that the company is still able to meet its short-term debt obligations.

+ The quick ratio slightly increased from 0.61 to 0.62 (+1.03%), reflecting an improvement in the company's liquidity without heavy reliance on inventory..

Capital structure:

+ The Debt-to-Total Assets ratio slightly declined from 0.75 to 0.74 (-0.96%), indicating improved control over the company's borrowed capital.

+ The Debt-to-Equity ratio decreased from 2.96 to 2.85 (-3.67%), indicating a reduced level of financial leverage, which helps lower long-term financial risk.

Operating efficiency:

- + The inventory turnover ratio rose from 4.04 to 5.04 (+24.75%), reflecting improved inventory management that supports better cash flow optimization and lower warehousing expenses.
- + The total asset turnover ratio rose from 1.40 to 1.48 (+5.71%), reflecting enhanced efficiency in the utilization of the company's assets.

Profitability:

- + The net profit margin increased from -3.22% to 1.14%, reflecting a turnaround from losses to a profitable position.
 - + The return on equity (ROE) increased substantially from -17.85% to 6.39%, indicating a marked improvement in the company's ability to generate profit from shareholders' equity.
 - + The return on assets (ROA) rose from -4.51% to 1.66%, reflecting a return to positive asset profitability.
 - + The operating profit margin rose from -2.98% to 1.11%, reflecting a positive turnaround in the profitability of the company's core business activities.
- 5 In summary, 2024 was a highly positive year for the Company, marked by strong improvements in revenue and net profit. Liquidity ratios remained stable, while capital structure and operational efficiency showed consistent positive trends. Most notably, the transition from a loss to profitability highlights the Company's effective cost optimization and strengthened core business operations.

6 Shareholding structure and changes in owner's equity capital:

a) Information on shares:

- The company has issued a total of 13,300,087 shares
- Each share has a par value of VND 10,000.
- The company currently has 13,300,087 outstanding common shares.
- All 13,300,087 shares are freely transferable.
- Number of restricted shares: 0 shares

b) Shareholding structure:

TT	Shareholding structure	Number of shareholders	Ownership Percentage	Amount (VND)	Percentage of actual charter capital (%)
1	Domestic shareholders	184	13.299.930	132.999.300.000	99,999%
	- Individual	181	2.462.731	24.627.310.000	18,517%
	- Institution	3	10.837.199	108.371.990.000	81,482%
2	Foreign shareholders	1	157	1.570.000	0.001%

- Individual	1	157	1.570.000	0.001%
- Institution	0	0	0	0
Total	185	13.300.087	133.000.870.000	100%

** List of major shareholders of Phu Bai Spinning Joint Stock Company*

TT	Name of institutional shareholder	Address	Lines of business	Number of shares held / Charter capital	% of charter capital
1/	Vietnam National Textile and Garment Group (Vinatex)	Sentimental Building, No. 41A Ly Thai To Street, Hoan Kiem District, Hanoi City	Manufacturing and trading of yarn, weaving—dyeing, and garment products	8.076.809	60,727%
2/	Nghe An Agricultural Food and Materials Joint Stock Company (NAFOCAM)	Southeast Economic Zone, Nghi Long Commune, Nghi Loc District, Nghe An Province	Production and trading of crops and agricultural materials	2.095.000	15,756%
3/	Hue Textile and Garment Joint Stock Company (Huegatex)	No. 122 Duong Thieu Tuoc Street, Thuy Duong Ward, Huong Thuy Town, Thua Thien Hue Province	Manufacturing, trading, import and export of yarn, fabric, and garment products	664.890	4,999%

The shareholding structure and list of major shareholders are based on the latest shareholder record dated March 14, 2025, prepared for the purpose of exercising shareholder rights at the 2025 Annual General Meeting of Shareholders (AGM)

- In accordance with Official Dispatch No. 5985/UBCK-PTTT issued by the State Securities Commission of Vietnam (SSC) on September 6, 2017, the maximum foreign ownership limit at Phu Bai Spinning Joint Stock Company is determined to be 49%, in compliance with applicable legal regulations.

c) Changes in contributed capital by shareholders :

Capital increase process since establishment: Phu Bai Spinning Joint Stock Company has carried out five capital increases since its inception.

Times	Time of completion of the	Additional paid-in charter capital (VND)	Contributed charter capital after issuance (VND)	Method of issuance – Offering recipients	Legal basis / Licensing authority
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	share issuance				
Inco rpor ation			6.000.000.000	Establishment of the Joint Stock Company – Subject: Founding shareholders	Pursuant to the provisions applicable to joint stock companies, Business Registration Certificate No. 3300352720 was initially issued by the Thua Thien Hue Department of Planning and Investment on January 14, 2003
1	28/06/2007	2.100.000.000	8.100.000.000	Capital increase through share dividend distribution and rights issue to existing shareholders.	- Resolution of the General Meeting of Shareholders dated June 30, 2007. - Resolution of the Board of Directors dated August 14, 2007.
2	24/12/2010	6.000.000.000	14.100.000.000	Issuance of additional shares to increase charter capital. Target investors: Existing shareholders	- Resolution of the 2010 Annual General Meeting of Shareholders.
3	31/10/2015	35.900.000.000	50.000.000.000	Issuance of shares to increase charter capital from retained earnings or owner's equity. Target investors: Existing shareholders.	- Resolution of the 2015 Annual General Meeting of Shareholders.. - Resolution of the Board of Directors dated November 12, 2015;

4	24/02/2020	50.000.000.000	95.000.000.000	Capital increase through bonus share issuance and additional offering to existing shareholders.	<ul style="list-style-type: none"> - Resolution of the 2019 Annual General Meeting of Shareholders.. - Public offering registration certificate No. 01/GCN-UBCK issued by the Chairman of the State Securities Commission of Vietnam (SSC) on January 2, 2020; - Public offering result report No. 136/SPB dated April 7, 2020;
5	26/05/2023	38.000.870.000	133.000.870.000	Stock dividend distribution and additional share offering to existing shareholders. Subject: Existing shareholders	<ul style="list-style-type: none"> - Resolution of the 2022 Annual General Meeting of Shareholders.. - Public Offering Registration Certificate No. 39/GCN-UBCK issued by the Chairman of the State Securities Commission of Vietnam (SSC) on March 1, 2023; - Public Offering Result Report No. 224/SPB dated May 31, 2023;

d) Transactions in treasury shares: Not applicable

e) Other securities: Not applicable

• **Report on the Company's Environmental and Social Impacts:**

- ***Environmental impact:***

In the course of its production operations, the Company strictly adheres to the Environmental Protection Law of Vietnam. It consistently applies the environmental protection measures specified in its Environmental Impact Assessment (EIA) reports and has completed a wastewater treatment system that complies with national standards. This ensures no

environmental pollution and prevents any negative impact on the ecological quality of the surrounding area

In reality, the Company does not produce air emissions as it does not operate boilers or use coal in its manufacturing processes. Furthermore, the Company complies with prevailing legal requirements by submitting biannual air emission monitoring reports to competent authorities. Various initiatives have been implemented and are continuously improved to minimize air pollution:

- + Implementing control measures for emissions generated by company vehicles, including trucks, forklifts, and passenger cars, to reduce dust and exhaust emissions.
- + Minimizing the consumption of gasoline and diesel oil (DO) through the increased adoption of electric vehicles.
- + Conducting regular maintenance of vehicles and machinery powered by gasoline and diesel oil (DO) to reduce air emissions.

- ***Oversight of raw material usage in 2024 to ensure efficiency and sustainability:***

In 2024, global economic conditions were marked by volatility, inflation, supply chain disruptions, and surging transportation costs, resulting in significant increases in raw material prices. Against this backdrop, ensuring efficient, economical, and uninterrupted use of raw materials was essential to maintaining production stability. Accordingly, Phu Bai Spinning JSC adopted a range of strategic policies to improve raw material management, including:

- + The Company has implemented strict criteria for selecting raw material suppliers to ensure input quality and avoid inventory of defective or non-usable materials.
- + Production investments have been made in line with automation trends to streamline manufacturing processes, enhance productivity, and minimize production errors.
- + The executive management has adopted strategic procurement and inventory policies to proactively manage cost volatility and secure a reliable supply of raw materials for production continuity.

- ***Energy consumption:***

Electricity is consistently used throughout the Company's production and business activities. Excessive energy consumption results in increased operational costs and contributes to environmental impacts. In response, the Company has adopted a number of policies to minimize and optimize energy usage, including:

+ The Company performs routine inspections and maintenance of production machinery and equipment to ensure optimal operating efficiency and minimize energy losses during production.

+ In addition, the technical team is well-trained in operating and managing the production line system. They continuously innovate and improve processes to enhance productivity, save time, and reduce electricity consumption by dozens of kilowatt-hours annually.

- ***Water consumption:***

In order to meet the water demand for both production and domestic purposes, the Company currently sources clean water from Thua Thien Hue Construction and Water Supply State One-Member Limited Liability Company.

Currently, the Company is placing strong emphasis on water recycling and reuse, particularly for use in the factory's cooling systems.

- ***Strict compliance with environmental protection regulations and laws:***

+ Number of violations or penalties for non-compliance with environmental laws and regulations: None

+ Total amount of fines for non-compliance with environmental laws and regulations: None

- ***Employee-related policies:***

+ As of 2024, the Company employed a total of 661 workers, including 529 at Spinning Plants No. 1 and 2, and 132 at Spinning Plant No. 3.

+ While there was a slight decrease in headcount, the workforce remained adequate to maintain stable production. The average monthly salary at Phu Bai Spinning JSC reached VND 10.5 million per employee.

+ Employee policies:

- Always attentive to improving wages and income for employees.
- Ensure 100% of employees are enrolled in health insurance, social insurance, and unemployment insurance after signing labor contracts.
- Fully comply with social insurance obligations and actively coordinate with the Social Insurance Authority to ensure timely settlement of benefits for employees..
- Guarantee daily meals for all employees.
- Health care, periodic medical check-ups, and other welfare policies are consistently maintained and well-implemented by the Company.

+ Employee Training and Development:

- Promoted the development of high-quality human resources through intensive training initiatives.
- Actively participated in training programs organized by the Vietnam National Textile and Garment Group (Vinatex), particularly the “Vinatex Young Talent” program, and various internal corporate training courses, such as project management, bidding management, and legal affairs for company-level officers and specialists.
- Organized specialized training programs, including the Yarn Management Course in Phu Bai for personnel from the Deputy Section Head level and above.
- Implemented several short-term technical training sessions, notably the 2024 Greenhouse Gas Inventory Reporting Course in collaboration with BSI.
- Emphasized internal training and on-the-job coaching to help employees improve technical skills and enhance job performance.

- ***Report on the Company's Responsibility to the Local Community:***

Despite facing numerous business challenges in 2024 — including periods of reduced production — the Company remained committed to the spirit of "the healthy leaves protect the torn ones", making continuous efforts to support the local community.

Approximately VND 262 million was allocated to meaningful social welfare programs, including sponsoring the Corporate Scholarship Fund for the 2024–2025 academic year, supporting the Association of the Blind in Huong Thuy Town, Thua Thien Hue Province during the Lunar New Year, and contributing to the “Happy Mid-Autumn Festival” program for underprivileged children.

In addition, the Company provided donations to disaster-stricken communities, contributed to the Natural Disaster Prevention Fund, and participated in promoting local culture through sponsorship of Hue Festival 2024, along with various other charitable and social initiatives.

These practical actions reflect the Company's strong sense of social responsibility and deep commitment to the local community.

- ***Report on the Company's Participation in the Green Capital Market:***

Recycled Yarn Project: Since 2018, Phu Bai Spinning Joint Stock Company has embarked on the production of recycled yarn, demonstrating its commitment to a sustainable manufacturing model. By 2024, recycled yarn accounted for 46.73% of total revenue, reflecting the strong growth and market acceptance of this product line.

Through the reuse of plastic bottles in yarn production, the Company not only optimizes resource efficiency but also contributes to protecting the oceans from plastic pollution. This

initiative represents a tangible and impactful action to address one of the most pressing global environmental challenges.

III. Report and Evaluation by the Board of Management:

1. Evaluation of Business and Production Results:

In 2024, the Company's revenue continued to grow impressively, reaching 107.7% compared to 2023 and achieving 126.4% of the annual target. This is a positive result given the continued challenges in the market, which required flexible adjustments to the business strategy.

The Company's leadership proactively implemented a range of effective measures, such as expanding the product portfolio with higher-margin items, diversifying distribution channels, and reaching new customer segments. Taking advantage of market opportunities and quickly adapting to fluctuations enabled the Company to maintain a stable growth trajectory.

In addition to boosting revenue, the Company also focused on controlling production costs, which resulted in cost of goods sold increasing at a slower rate than revenue. This reflects efforts to optimize production processes, upgrade technologies, and improve operational efficiency. However, due to volatile input material prices—which still account for a large share of total costs—gross profit margin, though improved, did not increase proportionately with revenue. Going forward, maintaining supply chain stability and continuing to optimize cost structures will be crucial for ensuring sustainable profitability.

Thanks to tight cost control in selling expenses and effective cash flow management, the Company achieved a notable recovery in operating profit and pre-tax profit, transitioning from a loss-making position to profitability. This result not only demonstrates a significant improvement in business operations, but also affirms the effectiveness of the Company's financial and operational strategies.

Achieving 152% of the planned pre-tax profit is clear evidence of the Company's success in cost optimization, operational efficiency enhancement, and flexible market adaptability. This is a major milestone, laying a solid foundation for long-term sustainable growth in the years to come.

2 Financial Position:

a) Asset Position:

As of December 31, 2024, the total asset value of the Company reached VND 911,899,093,847, representing an increase of nearly 4% compared to the beginning of the year. The proportion of current assets in the total asset structure did not fluctuate significantly during the year, accounting for 53.10% of the Company's total assets.

b) Liabilities Position:

As of December 31, 2024, the Company's total liabilities amounted to VND 674,825,143,380, accounting for 74% of the Company's total capital. This ratio decreased by 0.96% compared to 2023.

3 Improvements in Organizational Structure, Policies, and Management:

- Established the Organization – Human Resources Department..
- Continued to refine and adjust the job title system, supplemented competency assessment regulations in alignment with new operational realities, and gradually implemented succession planning and internal promotion for key management positions.
- Reviewed, restructured, and reallocated departments and production stages based on the principle of streamlining and multitasking. In 2024, the Company piloted a lean management approach by eliminating two managerial positions from support units such as Security, Canteen, and Healthcare;
- Conducted 100% performance evaluations of managerial staff to support the development of a leadership succession pipeline.
- Strengthened the quality control system, enhanced compliance inspections within departments, and implemented quality assessments across production stages.
- Organized in-house training programs and invited experts and representatives from the Group's Human Resources Management Board to train HR personnel at the Company.
- Developed criteria and provided training and knowledge updates for employees in the Company's talent pool across all levels, enabling them to participate in specialized training programs organized by the Group.

4 The Company's Business and Production Plan for 2025:

TT	Target	Unit	Implementati on Plan for 2025	Note
1	Total Revenue (excluding VAT)	<i>Million VND</i>	1.155	
2	Production Output	<i>Tons of Yarn</i>	14.900	
3	Profit Before Tax	<i>Million VND</i>	30	
4	Export Turnover (incl. all raw materials)	<i>1000 USD</i>	36	
5	Import Turnover	<i>1000 USD</i>	42	
6	Dividend Distribution Rate	%	5 - 7	

Key Tasks and Implementation Solutions for 2025:

Regarding Production Operations: The spinning mills are expected to complete several key tasks in 2025, as detailed below:

- Spinning Mills 1 & 2:
 - Task 1: Ensure a combined plan for production and infrastructure repair, including equipment installation, during Q2–Q3/2025.
 - Task 2: Reduce the workforce by 55 employees by the end of June 2025 to align with labor restructuring according to new equipment;
 - Task 3: Conduct trial runs and propose the implementation of compact spinning on the Rieter G33 line to improve efficiency.
- Spinning Mill 3:
 - Task 1: Ensure supporting infrastructure (electricity, air conditioning, dust filtration) is in place to facilitate in-house preparation of PE/Recycled sliver using the available space on Floor 2 starting from April 2025.
 - Task 2: Maintain the advantages and performance of the existing compact spinning machines, and continue energy-saving practices in air-conditioning and spinning operations.
 - Task 3: Implement optimized plans for running American cotton blends, focusing on raw material utilization and recycling efficiency.
- Yarn Mill Quality: Maintain stable product quality; apply reasonable material consumption norms in alignment with input quality.
- Implementation Solutions:
 - Continue implementing electricity-saving initiatives and invest in long-term energy efficiency; propose a plan to maximize the utilization of Rieter G33 ring spinning machines.
 - Organize staffing structure and consider the merger of Production Lines 1 & 2 after equipment upgrades (September 2025).
 - Gradually reduce labor usage in Spinning Mills 1 & 2 to approximately 90 workers per 10,000 spindles during 2025–2026, and further down to 75 workers per 10,000 spindles after 2026;
 - Develop staffing plans for the in-house preparation of PE/recycled sliver, aiming to reduce electricity costs per kilogram of yarn.

Implement the American cotton blending process to optimize raw material usage and maximize waste recovery.

Regarding Investment Activities:

- Task 1: Develop a roadmap for the application of digital management in production operations, including order tracking, traceability, and cost monitoring. Define the enterprise resource planning (ERP) implementation path.
- Task 2: Complete final settlement procedures for the equipment replacement project at Phu Bai Spinning JSC (Total Investment: VND 96 billion) within Q4/2025. Develop the Phase 2 investment roadmap (Estimated Investment: VND 88 billion) and submit it to the Board of Directors for approval in Q4/2025. Phase 2 is expected to include the replacement of remaining manual spinning equipment in 2026.
- Task 3: Conduct a feasibility study and evaluation on Filament core yarn (e.g., cotton-wrapped filament yarn for high-value protective fabrics, etc.), and submit investment proposals accordingly.
- Task 4:
 - + Prepare proposals for minor additional investment items in 2025, such as workshop repair (flooring, ceilings, partitions, etc.).
 - + Evaluate the necessity and effectiveness of supporting equipment upgrades for production lines (e.g., compact spinning systems, dust filtration, air-conditioning, packaging units, etc.).
- Task 5: The Company will invest in replacing the old roofing system of the 50,000-spindle workshop, ensuring that it will be compatible with solar panel installation.

The Board of Directors has authorized the General Director to proactively study, propose, and carry out the roof replacement investment plan.

 - Implementation Solutions:
- Equipment Replacement Project at Phu Bai Spinning JSC (*Total Investment: VND 96 billion*): Organize a review of project progress and initiate audit procedures starting from Q2/2025.
- Preparatory Phase for Phase 2 Equipment Replacement Project (*Estimated Investment: VND 88 billion*): Implement early-stage investment preparation (CBĐT) by applying previously tendered results to save time and ensure efficiency.
- Minor Investment Items: Propose a co-investment plan in collaboration with a solar power provider to replace the roof of the 50,000-spindle workshop, thereby reducing capital

expenditure.

Regarding Business Operations: Flexibility and Proactiveness

- Task 1 (Ongoing): Optimize order fulfillment in 2025 by promoting product types that can be produced on existing spinning lines and legacy technology, while ensuring product differentiation through quality and high value-added characteristics.
- Task 2: Organize order execution flexibly across mills under conditions of simultaneous production and equipment replacement, while optimizing mill-specific operations as follows:
 - + Spinning Mill 1: Maintain high-efficiency orders and conduct a review to further improve the effectiveness of existing orders.
 - + Spinning Mill 2: Adjust product types flexibly to ensure continuous operation during equipment replacement (from March to June 2025), and prepare well for product strategies that leverage Mill 2's upgraded machinery, similar to the approach used in Mill 3.
 - + Spinning Mill 3: Continue producing high-performing products, especially those benefiting from newly added compact spinning capabilities (e.g., 40CoCD, 30CoCD). Simultaneously, identify new product lines to maximize the value of dedicated American cotton blending tables starting from Q1/2025.
- Task 3: Research, evaluate, and select new differentiated products, and organize sample production and trial runs to test their feasibility and market potential.
- Implementation Solutions:
 - Ensure effective sourcing of raw materials, including cotton, fibers, and other essential inputs.
 - Collaborate with experts to research and evaluate new, differentiated products that deviate from conventional short-staple spinning technology.

Regarding Organizational Work:

- Task 1:
 - + Finalize the proposed organizational structure model of the Company, ensuring the inheritance and promotion of Phu Bai Spinning's cultural strengths.
 - + The new model must meet the criteria of being streamlined, flexible, and efficient, while ensuring integration with the Yarn Division, other member units of Vinatex Group, and relevant professional organizations.
- Task 2: Enhance the capability of the Company's human resources, with a focus on nurturing young talents (under 30 years old).

- + Prepare the organizational planning for the Company's Party Committee for the 2025–2030 term, as well as for capital representatives from the Group / the General Director at the Company.
- + Plan and appoint management positions based on internal resources (e.g., Factory Directors, Department/Center Heads, and other key managerial roles).
- Task 3: Finalize a Salary and Bonus Policy that aligns with the Company's operational realities.
- Implementation Solutions:
 - Organize internal training programs and invite experts and the Human Resources Management Board of the Group to provide professional development for the Company's HR personnel. Develop competency frameworks and organize training and knowledge updates for employees included in the Company's talent development plans at all levels, enabling them to participate in Group-level training programs.
 - Develop plans to assign staff to academic courses at educational institutions, or co-organize part-time (work-study) training programs that do not disrupt production and business activities.
 - Establish a training support mechanism applicable to all Company staff, promoting continuous development.
 - Recruit highly qualified personnel (either full-time or part-time) for key areas such as Organizational Development, Business Development, and Marketing, ...

Regarding Finance and Accounting Work:

- Task 1: Ensure the efficient operation of the Finance – Accounting Department by maintaining the current staffing level and strengthening the risk control function through multi-tasking assignments.
- Task 2: Collaborate closely with the Business Department and production units in the development of cost norms and processing cost estimates, particularly for new products and newly invested equipment.
- Task 3: Ensure the availability of matching capital sources for minor investment items and for the Phase 2 equipment replacement project (total estimated investment: VND 88 billion, to be disbursed in 2026).
- Implementation Solutions:
 - Focus on organizational efficiency; supplement existing staff with advanced training programs; enhance cost control in processing and product costing.

- Lead cross-functional teams aimed at reducing material costs and saving electricity; ensure the accuracy and reliability of statistical data and internal reporting.
- Emphasize cash flow management and strengthen financial risk governance.

5 Explanation by the Board of Management regarding Auditor's Opinion: None

6 Assessment Report on the Company's Environmental and Social Responsibilities

- *Assessment Related to Environmental Indicators (water consumption, energy use, emissions, etc.):*

- Under the guidance and direction of the Board of Directors, the Executive Management has established policies and control mechanisms to ensure compliance with environmental protection regulations. In 2024, the Company increased the proportion of environmentally friendly, recycled yarn products in its production portfolio.
- Mid-level managers and relevant departments are responsible for ensuring compliance with environmental regulations, including the proper handling of solid waste, wastewater, and emissions, and ensuring that products are free from hazardous chemicals. They also play a key role in implementing environmental protection and energy-saving initiatives. The Company has also researched and begun implementing an energy monitoring project to track electricity consumption, with an expected reduction of 3–5% in annual electricity usage.
- Due to the nature of the industry, machinery operates nearly 24/7 (excluding scheduled maintenance periods) to maintain production efficiency. Therefore, the Company places strong emphasis on optimizing electricity consumption as a means to reduce greenhouse gas emissions.
- There were no recorded violations of environmental regulations during the reporting period.

- *Assessment Related to Labor Issues:*

The Company's leadership (as the employer) and the Trade Union (representing the employees) have jointly signed a Collective Labor Agreement, reaffirming at the Annual Employee Conference their commitment to ensuring that all employees working at SPB are fully entitled to all rights and benefits as prescribed by law. This commitment is clearly reflected in the Company's consistently implemented policies and welfare regimes, which have been fully enforced without any complaints or disputes related to labor rights or entitlements..

- *Assessment of the Company's Responsibility Toward the Local Community:*

Corporate responsibility toward the local community has become an indispensable requirement for every business, especially in the context of globalization and international integration. A company that fails to fulfill its social responsibilities will find it difficult to access global markets. At SPB, various community-oriented initiatives have been implemented, such as scholarship fund contributions, support for social welfare programs, and participation in charitable initiatives like "Connecting with Love". These programs have not only generated tangible results in business performance, but also helped to strengthen the Company's reputation, and foster trust and long-term engagement among employees and the community.

IV. Board of Directors' Evaluation of the Company's Operations :

1 Board of Directors' Evaluation of the Company's Overall Operations, Including Environmental and Social Responsibilities:

- In 2024, Phu Bai Spinning Joint Stock Company achieved positive business results, surpassing the performance targets set by the 2024 General Meeting of Shareholders. The Company implemented a strategy focusing on the production of recycled yarn products during the first 9 months and single-component dyed yarn in the final 3 months of the year. These are environmentally friendly products with high economic feasibility. The recycled yarn (Recycle Yarn) line enables the Company to advance further on its path toward sustainable development, offering economic value while repurposing plastic bottles to help protect the environment. Additionally, the Company is gradually developing colored yarn products, which allow customers to reduce water usage and wastewater discharge—a solution aligned with the growing global demand for eco-friendly textile products. This trend is consistent with the fashion industry's international shift toward limiting the release of harmful chemicals into the environment.
- In addition to its environmentally friendly product portfolio, the Company also emphasizes an investment strategy focused on modern machinery and technologies that reduce electricity consumption, production waste, and promote technical innovation. The Company aims to lower raw material, water, and energy usage, while increasing the reuse rate of materials, recycling of scrap, and the adoption of renewable energy sources.

2 Board of Directors' Evaluation of the Company's Executive Management Performance:

- In 2024, the Executive Board of SPB successfully fulfilled its assigned duties. Therefore, the Board of Directors unanimously approved the contents of the 2024 Business Operations

Summary Report presented by the Executive Board, as well as the performance bonus for exceeding the 2024 business targets.

- In addition, the Board of Directors also highly appreciates the prudence demonstrated by the Executive Board of SPB in 2024, particularly in recognizing potential risks in the business environment and macroeconomic factors. The Executive Board has shown strategic foresight and broad perspective, enabling the Company to strengthen its defensive measures and to make timely adjustments in response to adverse market conditions and competitive pressures.
- The Executive Board of the Company has provided the Board of Directors with complete and timely information, enabling the Board to make accurate assessments and analyses of the Company's situation and to fulfill its duties honestly and prudently, always in the best interest of the shareholders and the Company.

3 Plans and Strategic Directions of the Board of Directors:

- The Board of Directors (BOD) has reviewed the 2025 business and production plan, approved the investment proposals submitted by the Executive Board, and provided strategic direction to ensure the achievement of the Company's targets. Based on the business landscape and discussions held during quarterly BOD meetings, the Board has also issued guidance, recommendations, and solutions for the Executive Management to consider and apply. These include adjusting business strategies, reducing costs, improving production efficiency, and maintaining a healthy financial position.
- The application of Artificial Intelligence (AI) in production is also identified as a top priority, aiming to enhance production efficiency, improve product quality, and reduce waste.
- The application of automation technology across the entire production line is also being promoted to improve operational efficiency and reduce manual intervention.

V. Corporate Governance:

1 Board of Directors of the Company:

a) Members and Structure of the Board of Directors:

No	Full Name	Position at SPB	Managerial Position in Other Organizations	Number of Voting Shares at SPB	Ratio	Note
1	Mr Phạm Văn Tân	Chairman of the Board – Non-Executive Board Member	Deputy General Director of Vietnam National Textile and Garment Group (Vinatex); Chairman of the Board of Nam	4.352.786 Shares	32.73%	Representative of Vinatex Group, with no personal shareholding

			Dinh Textile and Garment Joint Stock Corporation; Chairman of the Board of Nam Dinh Garment Joint Stock Company			
2	Mr Trần Đình Hiệp	Board Member – General Director – Legal Representative	None	2.425.567 Shares	18,24%	Including 2,394,015 shares representing Vinatex Group and 31,552 shares owned personally.
3	Mr Bùi Thành Hưng	Board Member – Non-Executive	Head of Investment and Development Division – Vietnam National Textile and Garment Group (Vinatex); Board Member – Construction Consulting and Investment Services JSC; Head of Information Technology and Digital Transformation Division – Vinatex.	1.330.008 Shares	10%	Representative of Vinatex Group, with no personal shareholding
4	Mr Trương Văn Hiền	Board Member – Non-Executive	Chairman cum General Director – Nghe An Agricultural Materials Joint Stock Corporation; Chairman of the Board – Dak Lak Agricultural Materials and Food Joint Stock Company; Chairman of the Board – Dak Lak Minerals Joint Stock	2.095.500 Shares	15,76%	Representative of Nghe An Agricultural Materials Joint Stock Corporation

			Company; Chairman of the Board – 3/2 Agro- Industrial Joint Stock Company			
5	Ms Lê Thị Quê Huong	Board Member – Deputy General Director	Non	2.295 Shares	0,017%	Personal Shareholding

b) Subcommittees under the Board of Directors: None

c) Activities of the Board of Directors:

In 2024, the Board of Directors conducted its operations through in-person meetings, written consultations with Board members, and other official correspondence, resulting in the issuance of 12 Resolutions and 1 Decision. Overall, all Resolutions and Decisions were closely aligned with the Company's actual business situation and strategic direction. The Board maintained a high level of consensus, and the supervision and monitoring of the implementation of its Resolutions and Decisions was consistently reinforced.

During both regular and extraordinary meetings held in 2024, the Board of Directors approved a wide range of key matters closely aligned with the Company's business plan across Q1, H1, and the first 10 months of 2024. Key resolutions and approvals included: Approving investment plans for machinery and equipment suited to each phase of operations during the year; Endorsing the investment proposal to replace equipment at the old 50,000-spindle mill, with the principle of ensuring that production and business activities are maintained concurrently, and that production volume does not fall below 50% during the transition; Approving the incentive and motivation fund for the Company's officers and employees; Approving the postponement of the 2024 Annual General Meeting of Shareholders (AGM) until no later than June 30, 2024; Approving the record date for the list of shareholders eligible to attend the 2024 AGM, the organization plan for the AGM, and its official agenda; Approving the restructuring and appointment of senior management, following decisions by the AGM regarding the election of the Board of Directors and the Supervisory Board; Approving the appointment of the General Director and Deputy General Directors; Endorsing business and import-export strategies for 2025; Reviewing and discussing the progress report on the equipment replacement investment project at Phu Bai Spinning JSC for the period 2024–2025. All BOD meetings were convened with specific agendas and schedules, in

compliance with applicable regulations on meeting procedures. The contents of each meeting were thoroughly discussed and carefully evaluated by BOD members to arrive at the most suitable directions and solutions for the Company. Matters concerning business strategy, financial strategy, and system management development were consistently discussed between the Board of Directors and the Executive Board.

All investment projects and proposals for new machinery and equipment underwent in-depth review, discussion, and constructive debate during joint meetings between the BOD and Executive Management.

No	Number of Resolutions / Decisions	Date	Content	Approval Rate
1	Resolution No. 24/NQ-BOD	22/01/2024	<ul style="list-style-type: none"> - Approval of the Estimated Business and Production Results for 2023; - Approval of the Company's decision to provide an incentive and motivation bonus for production on the occasion of the Lunar New Year 2024 (Year of the Dragon), amounting to one month's salary and one month's job coefficient payment for all employees; - Approval of Key Business and Production Targets for 2024 	80%
2	Resolution No. 25/NQ-BOD	22/01/2024	<ul style="list-style-type: none"> - Approval of the Investment Proposal to Replace the Old Spinning Mill's (50,000 Spindle Mill) Circular Bale Opener with a New Machine in 2024; - Approval of the Implementation Plan for the Investment Proposal to Replace the Old Spinning Mill's (50,000 Spindle Mill) Circular Bale Opener with a New Machine in 2024; - Approval of the Authorization for the General Director to Execute All Tasks Related to the 	80%

No	Number of Resolutions / Decisions	Date	Content	Approval Rate
			Investment in the New Circular Bale Opener.	
3	Resolution No. 26/NQ-BOD	22/01/2024	<ul style="list-style-type: none"> - Approval of the Investment Proposal to Replace the Old Spinning Mill's (50,000 Spindle Mill) 4-6 Compartment Fiber Mixing Machine with a New One in 2024; - Approval of the Authorization for the General Director to Execute All Tasks Related to the Investment in the New 4-6 Compartment Fiber Mixing Machine. 	80%
4	Resolution No. 116/NQ-BOD (By Written Consultation with Board Members)	15/03/2024	<ul style="list-style-type: none"> - Approval of the Proposal to Extend the Date for the 2024 Annual General Meeting (AGM) of Phu Bai Spinning JSC to no later than June 30, 2024. The Board also authorizes the General Director to initiate the necessary procedures to obtain approval from the relevant authorities for the extension of the AGM date in accordance with current legal regulations. - Approval of the Authorization for the Chairman of the Board of Directors to Review and Decide on the Next Steps: <ul style="list-style-type: none"> + The Final Registration Date for the Shareholder List; Time, Venue, and Format of the 2024 Annual General Meeting (AGM). + Directing the General Director of the Company to Disclose Information to Shareholders, Relevant Authorities, and Publish it on the Company's Website and Other Communication Channels.. 	100%

No	Number of Resolutions / Decisions	Date	Content	Approval Rate
5	Resolution No. 164/NQ-BOD	11/04/2024	<ul style="list-style-type: none"> - Approval of the Plan for Organizing the 2024 Annual General Meeting (AGM): <ul style="list-style-type: none"> + The date for holding the Annual General Meeting (AGM) is June 24, 2024. + The final registration date for the shareholder list to attend the Annual General Meeting (AGM) is May 24, 2024. - Authorize the General Director of the Company to Disclose Information to Shareholders, Relevant Authorities, and Publish it on the Company's Website and Other Communication Channels. 	80%
6	Resolution No. 165/NQ-BOD	11/04/2024	<ul style="list-style-type: none"> - Approval of the Agenda for the 2024 Annual General Meeting (AGM) - Authorize the Chairman of the Board of Directors and/or the General Director, along with the relevant executive management, to be responsible for reporting and submitting proposals to the General Meeting of Shareholders for review and approval of the items on the AGM agenda. 	80%
7	Resolution No. 166/NQ-BOD	11/04/2024	<ul style="list-style-type: none"> - Approval of the Proposal to Invest in Replacing 2-3 Automatic Spindle Tapping Machines (48-72 spindles/machine) at the Old 50,000-Spindle Spinning Mill in 2024-2025; - Approval of the Authorization for the General Director to Execute All Tasks Related to the Investment in Replacing the Automatic Spindle Tapping Machines as Mentioned Above. 	80%

No	Number of Resolutions / Decisions	Date	Content	Approval Rate
8	Resolution No. 237/NQ-BOD	24/06/2024	<ul style="list-style-type: none"> - Elect Mr. Pham Van Tan as the Chairman of the Board of Directors of Phu Bai Spinning JSC for the term 2022 – 2027; - Elect and Appoint Mr. Tran Dinh Hiep as the General Director and Legal Representative of Phu Bai Spinning JSC for the term 2022 – 2027. - Authorize Mr. Tran Dinh Hiep, General Director and Legal Representative of Phu Bai Spinning JSC, to review, negotiate, decide, sign, and execute credit agreements, collateral contracts, and other financial agreements with banks and credit institutions. - Authorize Mr. Tran Dinh Hiep, General Director and Legal Representative of Phu Bai Spinning JSC, to carry out the necessary legal procedures to register the change in the Company's Business Registration Certificate. 	100%
9	Resolution No. 267/NQ-BOD	15/07/2024	<ul style="list-style-type: none"> - Approval of the Content of the Mid-year Business and Production Performance Report for the First Half of 2024. - Approval of the Content of the Report on the Plan and Solutions for Business and Production Activities in the Second Half of 2024 and for the Entire Year of 2024. 	100%
10	Resolution No. 268/NQ-BOD	15/07/2024	Approval of the Proposal and Authorization for the General Director to Develop an Investment Plan for Replacing Equipment at the Old 50,000-Spindle Spinning Mill, with the Principle of Ensuring Continuous Production and Business	100%

No	Number of Resolutions / Decisions	Date	Content	Approval Rate
			Operations, and Ensuring That Production Volume Does Not Decrease by More Than 50%.	
11	Resolution No. 327/NQ-BOD (By Written Consultation with Board Members)	26/08/2024	<p>- Approval of the Proposal: Phu Bai Spinning JSC will invest in replacing equipment at Phu Bai Spinning JSC in 2024. The equipment to be replaced includes:</p> <p>a) 01 new Cotton Spinning Line similar to the one at Spinning Mill 3.;</p> <p>b) 02 Rough Carding Machines similar to the Trutzschler TC19i model, or newer.</p> <p>c) 02 Automatic Spinning Cans Levelling Machines.</p> <p>d) 3/4 Automatic Spinning Machines for Raw Yarn, along with an Automatic Raw Line System (Raw – Con)..</p> <p>e) 9/16 Automatic Spinning Machines for Spindle Yarn, 1200 spindles per machine.</p> <p>* The total investment value is VND 96,559,000,000 (In words: Ninety-six billion, five hundred fifty-nine million Vietnamese Dong).</p> <p>* Source of funds:</p> <p>+ Equity capital accounts for 30%, equivalent to VND 36,559,000,000 (from the shareholders' equity as per the financial report for the first half of 2024, with a surplus of VND 40 billion);</p> <p>+ Commercial loan capital accounts for 70%, equivalent to VND 60,000,000,000.</p> <p>* Implementation period: From Q3/2024 to Q3/2025.</p> <p>- The Board of Directors</p>	80%

No	Number of Resolutions / Decisions	Date	Content	Approval Rate
			authorizes the General Director of the Company to carry out tasks related to the above-mentioned content, ensuring compliance with current legal regulations, the Company's Charter, and internal regulations.	
11	Resolution No. 416/NQ-BOD	08/11/2024	<p>- Approval of the Content of the Mid-term Report on Business and Production Activities for the First 10 Months of 2024 and the Projected Business and Production Results for 2024 of the Company.</p> <p>- Approval of the Content of the Report on the Plan and Solutions for Business and Production Activities in 2025 of the Company.</p>	100%
12	Resolution No. 418/NQ-BOD	08/11/2024	<p>- Approval of the Solutions for Implementing Business – Export-Import Activities in 2025.</p> <p>- Approval of the Content of the Progress Report on the Equipment Replacement Investment Project at Phu Bai Spinning JSC in 2024 – 2025.</p> <p>- Approval to authorize the General Director of the Company to research and develop a proposal for the establishment of the Development Center (Innovation Experiment Center).</p> <p>- Approval of the Proposal for the Company to Invest in Replacing the Roof of the Old 50,000-Spindle Spinning Mill, Ensuring the Installation of Solar Power.</p> <p>❖ Authorize the General Director of the Company to take the initiative in executing the</p>	100%

No	Number of Resolutions / Decisions	Date	Content	Approval Rate
			investment to replace the roof of the old 50,000-Spindle Spinning Mill as mentioned above.	
13	Decision No. 425/QD-BOD	14/11/2024	Appoint Mrs. Hoang Thai Truc as the Deputy General Director of Phu Bai Spinning JSC.	100%

Activities of Independent Board Members / Activities of Subcommittees in the Board of Directors: Phu Bai Spinning JSC is a large public joint-stock company and does not currently require independent board members. The company currently has 3 non-executive board members: Mr. Pham Van Tan, Mr. Bui Thanh Hung, and Mr. Truong Van Hien. These non-executive board members are well-known figures in the textile industry, with extensive experience in production, trade, finance, and management. The members actively participate in providing input for the development of business strategies, corporate governance, and closely monitor the implementation of the company's business plan.

The members of the Board of Directors play a key role in evaluating and monitoring the operations of the Executive Board objectively, ensuring the avoidance of conflicts of interest among stakeholders, increasing fairness, improving functional efficiency, and providing strategic directions, risk management, and production quality governance. The Board of Directors of the Company places special emphasis on risk management solutions, aiming to assist the Executive Board in identifying issues early, helping the Company maintain sustainability and stability in its operations, and protecting the interests of investors.

Overall, the activities of the Board of Directors of Phu Bai Spinning JSC in 2024 have been carried out in accordance with the Resolutions of the General Shareholders' Meeting, the Company's Charter, governance regulations, and corporate governance standards. The Board members have shown a high level of responsibility and professionalism, being cautious in fulfilling their role of protecting the Company's interests.

d) List of Board Members with Corporate Governance Training Certificates: None.

e) List of Board Members Participating in Corporate Governance Programs during the Year:

The company conducts on-site leadership training sessions as well as participates in training programs organized by the Vietnam Textile and Garment Group. The company always creates opportunities for all members of the Board of Directors, the Supervisory Board, and the

Executive Board to attend corporate governance training courses organized by the State Securities Commission and the Stock Exchange. However, due to the timing of these training programs often overlapping with their business schedules, the members were not able to attend all the courses.

2 Supervisory Board of the Company:

a) Members and Structure of the Supervisory Board:

STT	Họ và tên	Chức vụ	Số lượng cổ phiếu nắm giữ	Tỷ lệ sở hữu/Vốn điều lệ
1	Ms Nguyễn Ngọc Mai Chi	Head of the Supervisory Board	0	0%
2	Mr Võ Hoàng Phụng	Member of the Supervisory Board	0	0%
3	Ms Nguyễn Thị Thu Thảo	Member of the Supervisory Board	0	0%

b) Activities of the Supervisory Board:

- Supervision of the Board of Directors: The Board of Directors has implemented the Resolutions passed at the Annual General Shareholders' Meeting, organizing regular quarterly meetings or special meetings to decide on matters within its authority. In 2024, the Board's Resolutions focused on directing the implementation of the Company's business and production plan. The procedures for the meetings, contents, minutes, and resolutions of the Board of Directors are in compliance with the Corporate Law and the Company's Charter and Operating Regulations.
- Supervision of the Executive Board: The Executive Board has complied with the legal regulations in management and operations, as well as in transactions in accordance with the Company's Charter and the Resolutions of the General Shareholders' Meeting, in order to achieve the set goals and strategies, and ensure the interests of the shareholders.
- Supervision of Shareholders: The Company has effectively disclosed information to shareholders in accordance with current regulations, in a timely and accurate manner.

3 Transactions, Monthly Remuneration, and Benefits of the Board of Directors, the Executive Board, and the Supervisory Board in 2024:

Based on the Resolutions of the Annual General Shareholders' Meeting in 2024, the remuneration for the Board of Directors, Supervisory Board, and the salary and job coefficient for the Company's Executive Board have been approved, as follows:

a) Salary, Bonus, and Remuneration of the Board of Directors:

No	Full Name	Position	Remuneration Received	Salary	Bonus	Duration of Holding the Position in the Year
1	Mr Cao Hữu Hiếu	Former Chairman of the Board of Directors	90.000.000	-	50.000.000	01/01/2024-23/06/2024
2	Mr Phạm Văn Tân	Chairman of the Board of Directors	90.000.000	-	50.000.000	24/06/2024-31/12/2024
3	Ms Trần Thị Kim Chi	Former Member of the Board of Directors	60.000.000	-	25.000.000	01/01/2024-23/06/2024
4	Mr Trần Đình Hiệp	Member of the Board of Directors	120.000.000	Xem phần lương, thưởng của Ban Điều Hành		01/01/2024-31/12/2024
5	Mr Bùi Thành Hưng	Member of the Board of Directors	60.000.000	-	25.000.000	24/06/2024-31/12/2024
6	Mr Trương Văn Hiền	Member of the Board of Directors	120.000.000	-	50.000.000	01/01/2024-31/12/2024
7	Ms Lê Thị Quê Hương	Member of the Board of Directors	120.000.000	Xem phần lương, thưởng của Ban Điều Hành		01/01/2024-31/12/2024
Total			660.000.000			

b) Salary, Bonus, and Remuneration of the Supervisory Board:

No	Full Name	Position	Remuneration Received	Salary	Bonus	Duration of Holding the Position in the Year
1	Ms Nguyễn Ngọc Mai Chi	Head of the Supervisory Board		123.206.085	24.380.799	01/01/2024-31/12/2024

2	Mr Võ Hoàng Phụng	Member of the Supervisory Board	36.000.000	-		01/01/2024-31/12/2024
3	Bà Nguyễn Thị Thu Thảo	Member of the Supervisory Board	18.000.000	-		24/06/2024-31/12/2024
4	Bà Phạm Thị Vân Hà	Former Member of the Supervisory Board	18.000.000	-		01/01/2024-23/06/2024
Total			72.000.000	123.206.085	24.380.799	

c) Salary, Bonus, and Remuneration of the Executive Board:

No	Full Name	Position	Remuneration Received	Salary & Bonus	Duration of Holding the Position in the Year
1	Mr Trần Đình Hiệp	General Director	(See the Board of Directors section)	780.535.037	24/06/2024-31/12/2024
2	Ms Trần Thị Kim Chi	Former General Director	(See the Board of Directors section)	743.886.432	01/01/2024-23/06/2024
3	Ms Lê Thị Quê Hương	Vice General Director	(See the Board of Directors section)	659.372.088	01/01/2024-31/12/2024
4	Ms Hoàng Thái Trúc	Vice General Director		496.065.770	14/11/2024-31/12/2024
Total				2.679.859.328	

d) Transactions in Shares by Insiders:

No	Person Performing the Transaction	Position at SPB / Relationship with Internal Shareholders	Number of Shares Held at the Beginning of the Period		Number of Shares Held at the End of the Period		Reason for Increase or Decrease (Purchase, Sale, Conversion, Bonus, etc.)
			Number of Shares	Percentage (%)	Number of Shares	Percentage (%)	

01	Trần Đình Hiệp	Member of the Board of Directors – General Director of SPB	221.052	1,66%	31.552	0,24%	On April 1, 2024, 189,500 SPB shares were sold.
02	Nguyễn Thị Hải Yến	Wife of Mr. Cao Hữu Hiếu – Former Chairman of the Board of Directors of SPB	0	0%	118.500	0,89%	On March 26, 2024, 118,500 SPB shares were purchased.

e) Contracts or Transactions with Internal Shareholders and Related Parties of the Above-mentioned Individuals:

No	Name of Organization/Individual	Relationship with the Company	Shareholder Certificate Number, Issue Date, Issuing Authority	Head Office Address / Contact Address	Transaction Date with the Company	Content, Quantity, Total Transaction Value
1	Vietnam Textile and Garment Group	Major Shareholder	0100100008	25 Ba Trieu, Hang Bai Ward, Hoan Kiem District, Hanoi	31/01/24 & 18/06/24	Advertising Fee on the Textile and Garment Magazine (Amount: 183,413,246 VND)
2	Hue Textile and Garment Joint Stock Company	Related Party	3300100628	122 Duong Thieu Tuoc, Thuy Duong Ward, Thuy Huong Town, Thua Thien Hue Province	21/08/24; 23/09/24 & 30/09/24	Spinning Processing Fee (Amount: 408,316,749 VND)

4. Implementation of Corporate Governance Regulations: In the past year, the company has strictly complied with corporate governance regulations, ensuring full adherence to the law, the company's charter, and internal regulations. The company has also made public disclosures in accordance with legal requirements, contributing to maintaining stable and effective operations. All activities are aligned with achieving the company's common goals

while ensuring the rights of shareholders, creating favorable conditions for transparent and effective supervision of the company's operations.

VI. Financial Report of the Company for 2024:

The financial report of Phu Bai Spinning Joint Stock Company for 2024 has been audited by KPMG Vietnam LLC (a copy is attached).

*** Independent Auditor's Opinion:**

INDEPENDENT AUDITOR'S REPORT

To the Shareholders Phu Bai Spinning Mill Joint Stock Company

We have audited the accompanying financial statements of Phu Bai Spinning Mill Joint Stock Company ("the Company"), which comprise the balance sheet as at 31 December 2024, the statements of income and cash flows for the year then ended and the explanatory notes thereto which were authorised for issue by the Company's Board of Directors on 27 March 2025, as set out on pages 5 to 38.

Management's Responsibility

The Company's Board of Directors is responsible for the preparation and true and fair presentation of these financial statements in accordance with Vietnamese Accounting Standards, the Vietnamese Accounting System for Enterprises and the relevant statutory requirements applicable to financial reporting, and for such internal control as the Board of Directors determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Vietnamese Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and true and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of

accounting policies used and the reasonableness of accounting estimates made by the Company's Board of Directors, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Auditor's Opinion

In our opinion, the financial statements give a true and fair view, in all material respects, of the financial position of Phu Bai Spinning Mill Joint Stock Company as at 31 December 2024, and of its results of operations and its cash flows for the year then ended in accordance with Vietnamese Accounting Standards, the Vietnamese Accounting System for Enterprises and the relevant statutory requirements applicable to financial reporting.

Recipients:

- As above;
- Board of Directors of the Company;
- Board of Supervisors of the Company;
- Board of General Directors of the Company;
- Company's Information Disclosure Website;

GENERAL DIRECTOR LEGAL REPRESENTATIVE OF THE COMPANY



Trần Đình Hiệp