



HAI PHONG ELECTRICAL MACHANICAL JOINT STOCK COMPANY

REVIEW INTERIM FINANCIAL STATEMENTS

For the operating period from 01 January 2025 to 30 June 2025

- | | | | |
|-------------|----------------|----------------------|--|
| • Kiểm toán | • Tư vấn Thuế | • Tư vấn Tài chính | • Thẩm định giá và xác định giá trị doanh nghiệp |
| • Audit | • Tax advisory | • Financial advisory | • Valuation |

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STATEMENT OF THE BOARD OF GENERAL DIRECTORS

The Board of General Directors of Hai Phong Electrical Machanical Joint Stock Company (the “Company”) presents this report together with the Company’s interim financial statements for the operating period from 01 January 2025 to 30 June 2025.

BOARD OF MANAGEMENT AND BOARD OF GENERAL DIRECTORS

The members of the Board of Management and the Board of General Directors who held office during the period and up to the date of this report are as follows:

Board of Management

Mr. Hoang Thanh Hai	Chairman
Mr. Mai Van Minh	Vice Chairman
Ms. Le Thi Bich Hue	Member
Ms. Trinh Thi Lan Phuong	Member
Mr. Nguyen Minh Chung	Member

Board of General Directors

Mr. Mai Van Minh	General Director
Mr. Nguyen Minh Chung	Deputy General Director

Legal representative

The legal representative of the Company during the period and to the date of this report is Mr. Mai Van Minh - General Director.

BOARD OF GENERAL DIRECTORS’ STATEMENT OF RESPONSIBILITY

The Board of General Directors of the Company is responsible for preparing the interim financial statements, which give a true and fair view of the financial position of the Company, its financial performance and its cash flows in accordance with Vietnamese Accounting Standards, accounting regime for enterprises and legal regulations relating to the preparation and presentation of interim financial statements. In preparing these interim financial statements, the Board of General Directors is required to:

- Select suitable accounting policies and then apply them consistently;
- Make judgments and estimates that are reasonable and prudent;
- State whether applicable accounting principles have been followed, subject to any material departures disclosed and explained in the interim financial statements;
- Prepare the interim financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business; and
- Design and implement an effective internal control system for the purpose of properly preparing and presenting the interim financial statements so as to minimize errors and frauds.

The Board of General Directors is responsible for ensuring that proper accounting records are kept, which disclose, with reasonable accuracy at any time, the financial position of the Company and that the accounting records and financial statements comply with Vietnamese Accounting Standards, accounting regime for enterprises and legal regulations relating to the preparation and presentation of interim financial statements. The Board of General Directors is also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of frauds and other irregularities.

The Board of General Directors confirm that they have complied with the above requirements in the preparation of the interim financial statements.

STATEMENT OF THE BOARD OF GENERAL DIRECTORS (CONTINUED)

BOARD OF GENERAL DIRECTORS' STATEMENT OF RESPONSIBILITY (CONTINUED)

In the Board of Genneral Directors' opinion, the financial statements give a true and fair view of the financial position of the Company as at 30 June 2025, as well as its financial performance and its cash flows for the operating period from 01 January 2025 to 30 June 2025 in accordance with Vietnamese Accounting Standards, accounting regime for enterprises and legal regulations relating to the preparation and presentation of interim financial statements.

For and on behalf of the Board of General Directors,



Mai Van Minh
General Director

Hai Phong, 14 August 2025

No.: 284 /VACO/BCSX.NV2

REPORT ON REVIEW OF INTERIM FINANCIAL INFORMATION

To: Shareholders, Board of Management and Board of General Directors
Hai Phong Electrical Mechanical Joint Stock Company

We have audited the accompanying financial statements of Hai Phong Electrical Mechanical Joint Stock Company (the "Company") prepared on 14 August 2025 as set out from page 4 to page 30, which comprise the interim balance sheet as at 30 June 2025, the interim income statement, the interim cash flow statement for the operating period from 01 January 2025 to 30 June 2025 and the notes to the interim financial statements (collectively referred to as the "interim financial statements").

Board of General Directors' Responsibility

The Board of General Directors is responsible for the preparation and fair presentation of these financial statements in accordance with Vietnamese Accounting Standards, accounting regime for enterprises and legal regulations relating to financial reporting and for such internal control as the Board of General Directors determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express a conclusion on the interim financial statements based on our review. We conducted our review in accordance with Vietnamese Standard on Review Engagements 2410 - Review of Interim Financial Information performed by the Independent Auditor of the Entity.

A review of interim financial statements consists of making inquiries primarily on persons who are responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Vietnamese Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Auditors' Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial statements do not give a true and fair view, in all material aspects, the financial position of the Company as at 30 June 2025, its financial performance and its cash flows for the operating period from 01 January 2025 to 30 June 2025 in accordance with Vietnamese Accounting Standards, accounting regime for enterprises and legal regulations relating to the preparation and presentation of the interim financial statements.

**Chu Manh Hoan****Deputy General Director**

Audit Practising Registration Certificate

No. 1403-2023-156-1

*For and on behalf of***VACO AUDITING COMPANY LIMITED**

Hanoi, 14 August 2025

INTERIM BALANCE SHEET

As at 30 June 2025

Unit: VND

ASSETS	Codes	Notes	Closing balance	Opening balance
A - CURRENT ASSETS	100		164,197,234,625	133,383,898,878
I. Cash and cash equivalents	110	4	7,296,980,491	12,360,154,682
1. Cash	111		5,296,980,491	2,360,154,682
2. Cash equivalents	112		2,000,000,000	10,000,000,000
II. Short-term financial investments	120	5	23,500,000,000	2,000,000,000
1. Held-to-maturity investments	123		23,500,000,000	2,000,000,000
III. Short-term receivables	130		16,752,104,211	9,758,700,349
1. Short-term trade receivables	131	6	15,894,725,874	6,720,507,634
2. Short-term advances to suppliers	132		126,937,000	1,993,394,256
3. Other short-term receivables	136	7	1,226,858,745	1,541,215,867
4. Provision for short-term doubtful debts	137	8	(496,417,408)	(496,417,408)
IV. Inventories	140	9	116,483,058,942	108,902,943,341
1. Inventories	141		116,483,058,942	108,902,943,341
V. Other short-term assets	150		165,090,981	362,100,506
1. Short-term prepayments	151	10	92,748,913	155,712,279
2. Value added tax deductibles	152		-	206,388,227
3. Taxes and other receivables from the State budget	153	15	72,342,068	-
B - NON-CURRENT ASSETS	200		58,357,126,307	61,027,029,769
I. Fixed assets	220		37,459,107,758	40,104,018,542
1. Tangible fixed assets	221	11	37,459,107,758	40,104,018,542
- Cost	222		112,718,396,007	112,670,196,007
- Accumulated depreciation	223		(75,259,288,249)	(72,566,177,465)
2. Intangible fixed assets	227	12	-	-
- Cost	228		120,000,000	120,000,000
- Accumulated amortisation	229		(120,000,000)	(120,000,000)
II. Long-term financial investments	250	5	20,039,000,000	20,039,000,000
1. Investments in joint ventures and associates	252		20,039,000,000	20,039,000,000
III. Other long-term assets	260		859,018,549	884,011,227
1. Long-term prepayments	261	10	859,018,549	884,011,227
TOTAL ASSETS (270 = 100 + 200)	270		222,554,360,932	194,410,928,647

INTERIM BALANCE SHEET (CONTINUED)

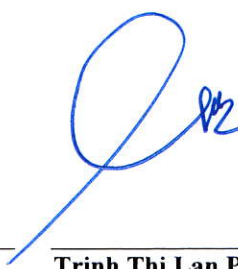
As at 30 June 2025

Unit: VND

RESOURCES	Codes	Notes	Closing balance	Opening balance
C - LIABILITIES	300		50,484,818,752	20,000,729,018
I. Current liabilities	310		50,484,818,752	20,000,729,018
1. Short-term trade payables	311	13	15,707,540,833	5,505,885,096
2. Short-term advances from customers	312	14	16,548,190,684	639,899,427
3. Taxes and amounts payable to the State budget	313	15	2,020,095,164	1,105,874,460
4. Payables to employees	314		3,033,059,633	4,011,858,548
5. Short-term accrued expenses	315	16	244,784,637	343,035,162
6. Other current payables	319	17	1,952,000,000	-
7. Short-term loans and obligations under finance leases	320	18	4,767,605,680	3,873,635,391
8. Short-term provisions	321	19	1,350,000,000	-
9. Bonus and welfare funds	322		4,861,542,121	4,520,540,934
D - EQUITY	400		172,069,542,180	174,410,199,629
I. Owner's equity	410	20	172,069,542,180	174,410,199,629
1. Owner's contributed capital	411		94,922,000,000	94,922,000,000
- Ordinary shares carrying voting rights	411a		94,922,000,000	94,922,000,000
2. Investment and development fund	418		15,140,049,757	13,874,610,335
3. Retained earnings	421		62,007,492,423	65,613,589,294
- Retained earnings accumulated to the prior year end	421a		54,272,729,304	52,408,875,072
- Retained earnings of the current period	421b		7,734,763,119	13,204,714,222
TOTAL RESOURCES (440 = 300 + 400)	440		222,554,360,932	194,410,928,647



Le Thi Nhung
Preparer
Hai Phong, 14 August 2025



Trinh Thi Lan Phuong
Chief Accountant






Mai Van Minh
General Director

INTERIM INCOME STATEMENT
For the operating period from 01 January 2025 to 30 June 2025

Unit: VND

ITEMS	Codes	Notes	Current period	Prior period
1. Gross revenue from goods sold and services rendered	01		149,769,457,530	162,443,190,536
2. Revenue deductions	02		1,952,000,000	2,069,313,940
3. Net revenue from goods sold and services rendered (10 = 01 - 02)	10	22	147,817,457,530	160,373,876,596
4. Cost of goods sold and services rendered	11	23	127,105,688,141	136,257,412,373
5. Gross profit from goods sold and services rendered (20 = 10 - 11)	20		20,711,769,389	24,116,464,223
6. Financial income	21	25	1,725,443,609	1,132,479,257
7. Financial expenses	22	26	2,014,982,351	4,955,550,445
- In which: Interest expense	23		66,981,679	149,379,191
8. Selling expenses	25	27	3,420,294,877	3,933,026,867
9. General and administration expenses	26	27	7,371,881,901	7,824,271,104
10. Operating profit {30 = 20 + (21 - 22) - (25 + 26)}	30		9,630,053,869	8,536,095,064
11. Other income	31		38,406,915	1,601,369,554
12. Other expenses	32		6,885	51,566
13. Profit from other activities (40 = 31 - 32)	40		38,400,030	1,601,317,988
14. Accounting profit before tax (50 = 30 + 40)	50		9,668,453,899	10,137,413,052
15. Current corporate income tax expense	51	28	1,933,690,780	2,027,482,610
16. Net profit after corporate income tax (60 = 50 - 51)	60		7,734,763,119	8,109,930,442
17. Basic earnings per share	70	29	815	854


Le Thi Nhung
Preparer
Hai Phong, 14 August 2025


Trinh Thi Lan Phuong
Chief Accountant


Mai Van Minh
General Director



INTERIM CASH FLOW STATEMENT

(Indirect method)

For the operating period from 01 January 2025 to 30 June 2025

Unit: VND

ITEMS	Codes	Current period	Prior period
I. Cash flows from operating activities			
1. Proceeds from sales, services rendered and other revenue	01	167,809,838,820	177,581,913,704
2. Payments to suppliers	02	(128,051,404,448)	(124,274,402,044)
3. Payments to employees	03	(11,061,760,326)	(11,603,210,381)
4. Interest paid	04	(70,309,200)	(185,357,163)
5. Corporate income tax paid	05	(1,601,178,555)	(1,939,158,539)
6. Other cash inflows	06	496,718,354	363,069,232
7. Other cash outflows	07	(3,795,446,773)	(6,067,871,148)
Cash flow generated from (used in) operating activity	20	23,726,457,872	33,874,983,661
II. Cash flow generated from (used in) investing activity			
1. Acquisition and construction of fixed assets and other long-term assets	21	(423,200,000)	(543,669,400)
2. Proceeds from sale, disposal of fixed assets and other long-term assets	22	-	50,000,000
3. Cash outflow for lending, buying debt instruments of other entities	23	(38,360,000,000)	(7,000,000,000)
4. Cash recovered from lending, selling debt instruments of other entities	24	16,860,000,000	5,000,000,000
5. Interest earned, dividends and profits received	27	1,731,686,408	1,557,732,845
Net cash flow generated from (used in) investing activity	30	(20,191,513,592)	(935,936,555)
III. Cash flows from financing activities			
1. Proceeds from borrowings	33	35,475,309,672	21,058,457,008
2. Repayment of borrowings	34	(34,581,339,383)	(36,840,373,385)
3. Dividends and profits paid	36	(9,492,200,000)	(9,256,060,000)
Net cash generated by/(used in) financing activities	40	(8,598,229,711)	(25,037,976,377)
Net increase/(decrease) in cash (50 = 20 + 30 + 40)	50	(5,063,285,431)	7,901,070,729
Cash and cash equivalents at the beginning of the period	60	12,360,154,682	5,478,280,430
Effects of changes in foreign exchange rates	61	111,240	2,529,477
Cash and cash equivalents at the end of the period (70 = 50 + 60 + 61)	70	7,296,980,491	13,381,880,636

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Le Thi Nhung
Preparer
Hai Phong, 14 August 2025

Trinh Thi Lan Phuong

Trinh Thi Lan Phuong
Chief Accountant



Mai Van Minh

Mai Van Minh
General Director

NOTES TO THE INTERIM FINANCIAL STATEMENTS

These notes are an integral part of and should be read in conjunction with the accompanying interim financial statements

1. GENERAL INFORMATION

Ownership structure

Hai Phong Electrical Mechanical Joint Stock Company (hereinafter referred to as "the Company") was granted the first Business Registration Certificate No. 0203000691 dated 13 January 2004 issued by Hai Phong Department of Planning and Investment; the 8th amended Business Registration Certificate dated 8 January 2025. The Company's headquarter is located at 734 Nguyen Van Linh, An Bien Ward, Hai Phong City.

The Company's charter capital according to Business Registration Certificate is VND 94,922,000,000.

The number of employees as at 30 June 2025 was 148 (as at 31 December 2024: 146).

Operating industry and principal activities

The Company's operating industry:

- Manufacture of household electrical appliances;
- Agency, brokerage, and auction services;
- Manufacture of motors, generators, transformers, electrical distribution, and control equipment;
- Manufacture of other general-purpose machinery;
- Short-term accommodation services;
- Restaurants and mobile food service activities;
- Travel agency services;
- Support services related to tourism promotion and tour organization;
- Wholesale of other household goods;
- Wholesale of other machinery, equipment, and spare parts;
- Wholesale of metals and metal ores;
- Retail of household electrical appliances, furniture, and home furnishings;
- Road freight transport;
- Inland water passenger transport;
- Inland water freight transport;
- Warehousing and storage services;
- Manufacture of plastic products.

The Company's principal activities: Manufacture and trade of all kinds of civil fans, industrial fans and fan cages.

Normal production and business cycle

The Company's normal production and business cycle is carried out for a period of 12 months or less.

Declaration on comparability of information in the interim financial statements

The information in the Company's interim financial statements is comparable.

Company's structure

As at 30 June 2025, the associate of the Company is as follows:

Name	Place of incorporation (registration) and operation	Proportion of ownership interest (%)	Proportion of voting power held (%)	Principal activity
Phong Lan Investment Trading and Service Company Limited	Hai Phong	49%	49%	Real estate business

NOTES TO THE INTERIM FINANCIAL STATEMENTS (CONTINUED)

These notes are an integral part of and should be read in conjunction with the accompanying interim financial statements

2. ACCOUNTING PERIOD, APPLIED ACCOUNTING STANDARD AND REGIME

Accounting period

The Company's accounting period begins on 01 January and ends on 31 December. The interim financial statements for this period is prepared for the operating period from 01 January 2025 to 30 June 2025.

Applied accounting regime

The Company applied Vietnamese Accounting Standards, accounting regime for enterprises issued under Circular No. 200/2014/TT-BTC dated 22 December 2014, Circular No. 53/2016/TT-BTC dated 21 March 2016 amending and supplementing a number of articles of Circular No. 200/2014/TT-BTC, and circulars guiding the implementation of accounting standards of the Ministry of Finance for the preparation and presentation of interim financial statements.

Declaration of compliance with accounting standard and accounting regime

The Board of Directors ensures to comply with the requirements of the Vietnamese Accounting Standards, accounting regime for enterprises issued under Circular No. 200/2014/TT-BTC dated 22 December 2014, Circular No. 53/2016/TT-BTC dated 21 March 2016 amending and supplementing a number of articles of Circular No. 200/2014/TT-BTC, as well as circulars guiding the implementation of accounting standards of the Ministry of Finance for the preparation and presentation of interim financial statements.

The accompanying interim financial statements are not intended to present the financial position, results of operations and cash flows in accordance with accounting principles and practices generally accepted in countries and jurisdictions other than Vietnam.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Accounting convention

The financial statements are prepared on a time basis (except for information relating to cash flows).

The accompanying interim financial statements, expressed in Vietnam Dong (VND), are prepared under the historical cost convention and in accordance with Vietnamese Accounting Standards, accounting regime for enterprises and legal regulations relating to the preparation and presentation of interim financial statements.

Estimates

The preparation of financial statements in conformity with Vietnamese Accounting Standards, accounting regime for enterprises and legal regulations relating to the preparation and presentation of interim financial statements requires the Board of General Directors to make estimates and assumptions that affect the reported amounts of assets, liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the operating period. Although these accounting estimates are based on the Board of General Directors' best knowledge, actual results may differ from those estimates.

Evaluation and recognition at fair value

The Law on Accounting came into effect from 1 January 2017, which included regulations on evaluation and recognition at fair value. However, there is no specific instruction for this matter; therefore, the Board of General Directors has considered and applied as follows:

- a) *Financial instruments are recognized and revaluated at fair value based on historical cost less provisions (if any) in accordance with current regulations.*
- b) *Monetary items denominated in foreign currencies shall be evaluated based on the actual exchange rates;*
- c) *For assets and liabilities (except items a and b as mentioned above), the Company does not have any basis to determine the reliable value; therefore, the Company records at historical cost.*

NOTES TO THE INTERIM FINANCIAL STATEMENTS (CONTINUED)

These notes are an integral part of and should be read in conjunction with the accompanying interim financial statements

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial instruments

Initial recognition

Financial assets: At the date of initial recognition, financial assets are recognised at cost plus transaction costs that are directly attributable to the acquisition of the financial assets. Financial assets of the Company comprise cash and cash equivalents, financial investments, trade receivables, and other receivables.

Financial liabilities: At the date of initial recognition financial liabilities are recognised at cost plus transaction costs that are directly attributable to the issue of the financial liabilities. Financial liabilities of the Company comprise trade payables, accrued expenses, and borrowings.

Subsequent measurement after initial recognition

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

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, demand deposits and short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

Held-to-maturity investments

Held-to-maturity investments comprise investments that the Company has the positive intent or ability to hold to maturity.

Held-to-maturity investments are recognised on a trade date basis and are initially measured at acquisition price plus directly attributable transaction costs. Post-acquisition interest income from held-to-maturity investments is recognised in the income statement on accrual basis. Pre-acquisition interest is deducted from the cost of such investments at the acquisition date.

Held-to-maturity investments are measured at cost less provision for doubtful debts. Provision for doubtful debts relating to held-to-maturity investments is made in accordance with prevailing accounting regulations.

Financial investments

Investments in associates

An associate is an entity over which the Company has significant influence and that is neither a subsidiary nor an interest in joint venture. Significant influence is the power to participate in the financial and operating policy decisions of the investee but not control or joint control over those policies.

Investments in associates are carried in the balance sheet at cost less provision for impairment of such investments (if any). Provisions for impairment of investments in associates are made in accordance with Circular No. 200/2014/TT-BTC dated 22 December 2014 issued by the Ministry of Finance on guiding accounting regime for enterprises and prevailing accounting regulations.

Provision for loss of investments in associates is made when the associates are incurred the loss as equal as the difference between the actual contributed capital of parties in associates and the actual equity multiplied by the percentage of capital contribution between controlling company and its parties.

The change of provision for loss of investments in associates need to be made at the balance sheet date and are recorded in financial expenses.

NOTES TO THE INTERIM FINANCIAL STATEMENTS (CONTINUED)

These notes are an integral part of and should be read in conjunction with the accompanying interim financial statements

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Receivables

Receivables represent the amounts recoverable from customers or other debtors and are stated at book value less provision for doubtful debts.

Provision for doubtful debts is made for receivables that are overdue for six months or more, or when the debtor is in dissolution, in bankruptcy, or is experiencing similar difficulties and so may be unable to repay the debt.

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost comprises direct materials and where applicable, direct labour costs and those overheads that have been incurred in bringing the inventories to their present location and condition. Cost is calculated using the weighted average method.

Net realisable value represents the estimated selling price less all estimated costs to completion and costs to be incurred in marketing, selling and distribution.

Inventories are recorded using the perpetual method.

The evaluation of necessary provision for inventory obsolescence follows current prevailing accounting regulations which allow provisions to be made for obsolete, damaged, or sub-standard inventories and for those which have costs higher than net realisable values as at the balance sheet date.

Prepayments

Prepayments are expenses which have already been paid but relate to results of operations of multiple accounting periods. Prepayments comprise tools and supplies issued for use, insurance premiums, repair costs with an allocation period of no more than 3 years.

Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less accumulated depreciation.

The costs of purchased tangible fixed assets comprise their purchase prices and any directly attributable costs of bringing the assets to their working condition and location for their intended use.

Tangible fixed assets are depreciated using the straight-line method over their following estimated useful lives as follows:

	<u>Years of depreciation</u>
Buildings and structures	10 - 32
Machinery and equipment	02 - 10
Motor vehicles	06 - 10
Management equipment	03 - 05

Loss or gain resulting from sales and disposals of tangible fixed assets is the difference between profit from sales or disposals of assets and their residual values and is recognised in the interim income statement.

Intangible fixed assets and amortization

Intangible fixed assets represent computer software which is stated at cost less accumulated amortization. Computer software is amortized using the straight-line method over five years.

NOTES TO THE INTERIM FINANCIAL STATEMENTS (CONTINUED)

These notes are an integral part of and should be read in conjunction with the accompanying interim financial statements

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Construction in progress

Properties in the course of construction for production, rental or administrative purposes, or for other purposes, are carried at cost. Cost includes costs that are necessary to form the assets in accordance with the Company's accounting policy. Depreciation of these assets, on the same basis as other assets, commences when the assets are ready for their intended use.

Payables and accrued expenses

Payables and accrued expenses are recognized for future amounts payable related to goods and services received. Accrued expenses are recognized based on reasonable estimates of the amount payable.

The classification of payables into trade payables, accrued expenses, and other payables are made on the following principles:

- Trade payables reflect payables arising from purchases of goods, services, assets and sellers are independent units to the Company.
- Accrued expenses reflect amounts payable for goods or services received from the seller or provided to the buyer but not be paid due to lack of invoices or incomplete accounting records and documents, payments to employees for leave and prepaid production and business expenses.
- Other payables reflect non-trade payables and does not relate to the purchase, sale or supply of goods or services.

Payable provisions

Payable provisions are recognised when the Company has a present obligation as a result of a past event, and it is probable that the Company will be required to settle that obligation. Provisions are measured at the Board of General Directors' best estimate of the expenditure required to settle the obligation as at the balance sheet date.

Equity

Owner's contributed capital is recognized based on the actual contributed capital of the shareholders.

Profit distribution

Profit after tax is distributed and funds are made in accordance with the decision of the General Meeting of Shareholders and the Company's charter.

Profit distribution to shareholders is referenced to the non-monetary items included in retained earnings that may affect cash flows and the ability to pay dividends such as gains from revaluation of assets contributed capital, interest from revaluation of monetary items, financial instruments and other non-monetary items.

Dividends are recognized as liabilities when having the approval of the General Meeting of Shareholders.

Revenue recognition

Revenue from the sale of goods is recognised when all five (5) following conditions are satisfied:

- a) the Company has transferred to the buyer the significant risks and rewards of ownership of the goods;
- b) the Company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- c) the amount of revenue can be measured reliably;
- d) it is probable that the economic benefits associated with the transaction will flow to the Company; and
- e) the costs incurred or to be incurred in respect of the transaction can be measured reliably.

NOTES TO THE INTERIM FINANCIAL STATEMENTS (CONTINUED)

These notes are an integral part of and should be read in conjunction with the accompanying interim financial statements

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue recognition (Continued)

Interest income is accrued on a time basis, by reference to the principal outstanding and at the applicable interest rate.

Dividend income from investments is recognised when the Company's right to receive payment has been established.

Foreign currencies

Transactions arising in foreign currencies are translated at exchange rates ruling at the transaction date. The balances of monetary items denominated in foreign currencies as at the balance sheet date are retranslated at the exchange rates on the same date. Exchange differences arising from the translation of these accounts are recognised in the interim income statement.

Borrowing costs

Borrowing costs are recognised in the income statement in the year when incurred.

Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit before tax as reported in the interim income statement because it excludes items of income or expense that are taxable or deductible in other years (including loss carried forward, if any) and it further excludes items that are never taxable or deductible.

Deferred tax is recognised on significant differences between carrying amounts of assets and liabilities in the interim financial statements and the corresponding tax bases used in the computation of taxable profit and is accounted for using balance sheet liability method. Deferred tax liabilities are generally recognised for all temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which deductible temporary differences can be utilised.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset realised. Deferred tax is charged or credited to profit or loss, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same tax authority and the Company intends to settle its current tax assets and liabilities on a net basis.

The determination of the tax currently payable is based on the current interpretation of tax regulations. However, these regulations are subject to periodic variation and their ultimate determination depends on the results of the tax authorities' examinations.

Other taxes are paid in accordance with the prevailing tax laws in Vietnam.

Related parties

Parties are considered to be related parties when one party has ability to control another or has significant influence in making decision related to financial and operation policies. Parties are also considered as related parties when they bare the same control and significant influence.

When considering the relationship of related parties, it is more focused on the nature of the relationship than the legal form.

NOTES TO THE INTERIM FINANCIAL STATEMENTS (CONTINUED)

These notes are an integral part of and should be read in conjunction with the accompanying interim financial statements

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Related parties (Continued)

List of related parties during the period:

Related parties	Relationship
Board of Management, Board of General Directors, Board of Supervisors and Chief Accountant	Key Leaders
Phong Lan Investment Trading and Service Company Limited	Associate
Ms. Nguyen Thu Ha	Significant shareholder - Wife of the Chairman of the Board of Management

4. CASH AND CASH EQUIVALENTS

	Closing balance	Opening balance
	VND	VND
Cash on hand	260,230,569	768,543,641
Demand deposits	5,036,749,922	1,591,611,041
Cash equivalents (i)	2,000,000,000	10,000,000,000
Total	7,296,980,491	12,360,154,682

Note:

- (i) This is a 1-month term deposit at Asia Commercial Joint Stock Bank - Hai Phong Branch with an interest rate of 4.2%/year.

5. FINANCIAL INVESTMENTS

a) Held-to-maturity investments

	Closing balance		Opening balance	
	Cost	Book value	Cost	Book value
	VND	VND	VND	VND
Over 3-month term deposits (i)	23,500,000,000	23,500,000,000	2,000,000,000	2,000,000,000

Note:

- (i) 6-month term deposit at a Joint Stock Commercial Bank with an interest rate of 2.9%/year to 6.25%/year.

b) Investments in associates

	Closing balance		Opening balance	
	Cost	Fair value	Cost	Fair value
	VND	VND	VND	VND
Phong Lan Investment Trading and Service Company Limited (i)	20,039,000,000	(*)	20,039,000,000	(*)

Note:

- (*) The Company has not determined the fair value at the balance sheet date of this investment to disclose in the financial statements because there is no listed price on the market for these investments; Vietnamese Accounting Standards, accounting regime for enterprise and current regulations do not have specific guidance on determining the fair value of financial investments. The fair value of these investments may differ from the book value.

NOTES TO THE INTERIM FINANCIAL STATEMENTS (CONTINUED)

These notes are an integral part of and should be read in conjunction with the accompanying interim financial statements

5. FINANCIAL INVESTMENTS (CONTINUED)

Note (Continued):

- (i) Details of the associate as at 30 June 2025 are as follows:

Phong Lan Investment Trading and Service Company Limited was established on 18 December 2018 with a charter capital of VND 40,895,700,000, its head office is located at No. 20 Dinh Tien Hoang, Hoang Van Thu Ward, Hong Bang District, Hai Phong City. The Company contributes VND 20,039,000,000, equivalent to 49% of the charter capital in the form of land use rights of 572.4 m2 and assets on the land at 20 Dinh Tien Hoang. The voting ratio corresponds to the capital contribution ratio. The risk and profit sharing ratio is 50:50.

Phong Lan Investment Trading and Service Company Limited was established to invest in the construction and operation of Phong Lan Commercial Building Project at 20 Dinh Tien Hoang, Hoang Van Thu Ward, Hong Bang District, Hai Phong City. During the six-month period of 2025, the Company continued its normal operations, achieving profitable business results and accumulated interest.

6. SHORT-TERM TRADE RECEIVABLES

	<u>Closing balance</u>	<u>Opening balance</u>
	<u>VND</u>	<u>VND</u>
Nguyet Trang Commerce Joint Stock Company	3,956,121,132	-
Photo Electric and Electronic One Member Limited Liability Company	2,743,027,200	1,745,810,600
Hanoi Ching Hai Electric Works Co., Ltd	1,942,695,641	2,126,194,130
Nguyen Van Thuat Distributor	1,446,441,341	749,169,121
Thong Nhat Electromechanical Joint Stock Company	2,847,845,520	519,318,000
Others	2,958,595,040	1,580,015,783
Total	15,894,725,874	6,720,507,634

7. OTHER SHORT-TERM RECEIVABLES

	<u>Closing balance</u>		<u>Opening balance</u>	
	<u>Value</u>	<u>Provision</u>	<u>Value</u>	<u>Provision</u>
	<u>VND</u>	<u>VND</u>	<u>VND</u>	<u>VND</u>
Short-term	1,226,858,745	-	1,541,215,867	-
Advances	54,079,000	-	115,381,000	-
Other receivables	1,172,779,745	-	1,425,834,867	-
- Mitsubishi Electric Vietnam Company Limited	529,779,760	-	47,702,050	-
- Accrued interest	492,356,849	-	33,320,548	-
- Social insurance of Le Chan District	92,150,352	-	92,155,560	-
- Dividends, profits shared	-	-	1,200,000,000	-
- Other receivables	58,492,784	-	52,656,709	-

NOTES TO THE INTERIM FINANCIAL STATEMENTS (CONTINUED)

These notes are an integral part of and should be read in conjunction with the accompanying interim financial statements

8. BAD DEBTS

	Closing balance			Opening balance		
	Cost	Recoverable value	Overdue time	Cost	Recoverable value	Overdue time
	VND	VND	Year	VND	VND	Year
Kevin Wire - Cable and Electrical Materials Co., Ltd	219,062,690	-	Over 3 years	219,062,690	-	Over 3 years
Truong Hoang Phuong Co., Ltd	119,855,600	-	Over 3 years	119,855,600	-	Over 3 years
Tuan Dung Store	13,185,117	-	Over 3 years	13,185,117	-	Over 3 years
Electromechanical No. 1991 Joint Stock Company	119,012,498	-	Over 3 years	119,012,498	-	Over 3 years
Tay Do Electrical Engineering Private Enterprise	9,282,625	-	Over 3 years	9,282,625	-	Over 3 years
Viet Han Joint Stock Company	6,330,516	-	Over 3 years	6,330,516	-	Over 3 years
Vietnam Electric Fan Production and Trading Company Limited	4,687,062	-	Over 3 years	4,687,062	-	Over 3 years
Sales of components	5,001,300	-	Over 3 years	5,001,300	-	Over 3 years
Total	496,417,408	-		496,417,408	-	

9. INVENTORIES

	Closing balance		Opening balance	
	Cost	Provision	Cost	Provision
	VND	VND	VND	VND
Raw materials	31,806,988,759	-	33,646,047,265	-
Tools and supplies	267,489,499	-	256,280,226	-
Work in progress	8,691,768,549	-	6,715,218,390	-
Finished goods	30,916,677,730	-	39,175,281,420	-
Merchandise	44,800,134,405	-	29,110,116,040	-
Total	116,483,058,942	-	108,902,943,341	-

10. PREPAYMENTS

	Closing balance	Opening balance
	VND	VND
a) Short-term	92,748,913	155,712,279
Insurance premium	53,219,830	95,764,486
Others	39,529,083	59,947,793
b) Long-term	859,018,549	884,011,227
Tool and supplies for consumption	578,161,041	822,148,516
Repair costs	234,604,902	16,460,776
Others	46,252,606	45,401,935
Total	951,767,462	1,039,723,506

NOTES TO THE INTERIM FINANCIAL STATEMENTS (CONTINUED)

These notes are an integral part of and should be read in conjunction with the accompanying interim financial statements

11. INCREASE, DECREASE IN TANGIBLE FIXED ASSETS

	Buildings, structures	Machinery, equipment	Motor vehicles	Management equipment	Total
	VND	VND	VND	VND	VND
COST					
Opening balance	67,822,101,454	38,019,190,601	6,629,203,897	199,700,055	112,670,196,007
Additions	-	48,200,000	-	-	48,200,000
Closing balance	67,822,101,454	38,067,390,601	6,629,203,897	199,700,055	112,718,396,007
ACCUMULATED DEPRECIATION					
Opening balance	37,028,347,271	30,093,978,932	5,270,712,992	173,138,270	72,566,177,465
Charge for the period	1,247,950,493	1,253,792,732	185,588,196	5,779,363	2,693,110,784
Closing balance	38,276,297,764	31,347,771,664	5,456,301,188	178,917,633	75,259,288,249
NET BOOK VALUE					
Opening balance	30,793,754,183	7,925,211,669	1,358,490,905	26,561,785	40,104,018,542
Closing balance	29,545,803,690	6,719,618,937	1,172,902,709	20,782,422	37,459,107,758

As stated in Note 18, the Company has pledged machinery and equipment with the net book value of VND 30,828,668,459 as at 30 June 2025 (as at 31 December 2024: VND 33,450,271,761) as collateral for bank loans.

The cost of the tangible fixed assets includes VND 38,288,860,377 as at 30 June 2025 (as at 31 December 2024: VND 34,867,451,268) which have been fully depreciated but are still in use.

NOTES TO THE INTERIM FINANCIAL STATEMENTS (CONTINUED)

These notes are an integral part of and should be read in conjunction with the accompanying interim financial statements

12. INCREASE, DECREASE IN INTANGIBLE FIXED ASSETS

	<u>Computer software</u>	<u>Total</u>
	<u>VND</u>	<u>VND</u>
COST		
Opening balance	120,000,000	120,000,000
Closing balance	120,000,000	120,000,000
ACCUMULATED DEPRECIATION		
Opening balance	120,000,000	120,000,000
Closing balance	120,000,000	120,000,000
NET BOOK VALUE		
Opening balance	-	-
Closing balance	-	-

The cost of the intangible fixed assets includes VND 120,000,000 as at 30 June 2025 (as at 31 December 2024: VND 120,000,000) which have been fully depreciated but are still in use.

13. SHORT-TERM TRADE PAYABLES

	<u>Closing balance</u>		<u>Opening balance</u>	
	<u>Amount</u>	<u>Amount able to be paid off</u>	<u>Amount</u>	<u>Amount able to be paid off</u>
	<u>VND</u>	<u>VND</u>	<u>VND</u>	<u>VND</u>
Mitsubishi Electric Vietnam Company Limited	9,859,080,000	9,859,080,000	-	-
Ngu Phuc Steel Joint Stock Company	661,038,031	661,038,031	605,910,028	605,910,028
Tan Thanh Company Limited	585,351,524	585,351,524	1,230,256,534	1,230,256,534
Hanoi Ching Hai Electric Works Co., Ltd	-	-	1,001,863,080	-
Others	4,602,071,278	4,602,071,278	2,667,855,454	2,667,855,454
Total	15,707,540,833	15,707,540,833	5,505,885,096	4,504,022,016

14. SHORT-TERM ADVANCES FROM SUPPLIES

	<u>Closing balance</u>	<u>Opening balance</u>
	<u>VND</u>	<u>VND</u>
Hung Chanh Store	7,368,996,779	100,467,485
Thieu Hong Store	1,486,351,764	-
Gia Nguyen Service and Trading Company Limited	518,813,020	150,765,018
Others	7,174,029,121	388,666,924
Total	16,548,190,684	639,899,427

NOTES TO THE INTERIM FINANCIAL STATEMENTS (CONTINUED)

These notes are an integral part of and should be read in conjunction with the accompanying interim financial statements

15. TAX AND OTHER AMOUNTS RECEIVABLE FROM/PAYABLE TO THE STATE BUDGET

	Opening balance	Payable/Receivable during the period	Paid/Received during the period	Closing balance
	VND	VND	VND	VND
a) Payables				
Import and export duties	-	55,374,313	55,374,313	-
Value added tax	-	1,047,038,619	460,634,235	586,404,384
Corporate income tax	1,101,178,555	1,933,690,780	1,601,178,555	1,433,690,780
Personal income tax	4,695,905	569,765,797	574,461,702	-
Land tax, land rental	-	740,533,523	740,533,523	-
Fees, charges and other payables	-	4,000,000	4,000,000	-
Total	1,105,874,460	4,350,403,032	3,436,182,328	2,020,095,164
b) Receivables				
Personal income tax	-	-	72,342,068	72,342,068
Total	-	-	72,342,068	72,342,068

16. SHORT-TERM ACCRUED EXPENSES

	Closing balance	Opening balance
	VND	VND
Accrual for interest expenses	1,002,460	4,329,981
Accrual for production and business costs	243,782,177	338,705,181
Total	244,784,637	343,035,162

17. OTHER CURRENT PAYABLES

	Closing balance	Opening balance
	VND	VND
Sales discount (i)	1,952,000,000	-
Total	1,952,000,000	-

Note:

- (i) Sales discount based on the 2025 sales plan of finished goods approved by the General Director.

NOTES TO THE INTERIM FINANCIAL STATEMENTS (CONTINUED)

These notes are an integral part of and should be read in conjunction with the accompanying interim financial statements

18. LOANS AND OBLIGATIONS UNDER FINANCE LEASES

	Closing balance		During the period		Opening balance	
	Amount	Amount able to be paid off	Decrease	Increase	Amount	Amount able to be paid off
	VND	VND	VND	VND	VND	VND
Vietnam Joint Stock Commercial Bank For Industry and Trade - Hong Bang Branch (i)	4,767,605,680	4,767,605,680	34,581,339,383	35,475,309,672	3,873,635,391	3,873,635,391
Total	4,767,605,680	4,767,605,680	34,581,339,383	35,475,309,672	3,873,635,391	3,873,635,391

Note:

(i) Short-term loan under the credit limit contract No. 02/2025-HDCVHM/NHCT166-DIENCOHP dated 8 April 2025 with Vietnam Joint Stock Commercial Bank for Industry and Trade - Hong Bang Branch as follows:

- Credit line maintenance period: From 10 April 2025 to 4 April 2026.
- Maximum disbursement limit: VND 50,000,000,000.
- Purpose of the loan: To supplement working capital, open and settle L/Cs for production and business activities.
- Loan term: Maximum of 6 months.
- Interest rate: Specified in each indebtedness certificate, effective from the disbursement date until any interest rate adjustment.
- Collateral: Machinery, equipment, and transport vehicles as per the collateral agreements.

NOTES TO THE INTERIM FINANCIAL STATEMENTS (CONTINUED)

These notes are an integral part of and should be read in conjunction with the accompanying interim financial statements

19. SHORT-TERM PROVISIONS

Short-term provisions represent the provision for product warranty during the period, calculated based on the revenue from sales of finished goods as approved by the General Director.

20. OWNERS' EQUITY

Movements in owners' equity

	Owner's contributed capital	Investment and development fund	Retained earnings	Total
	VND	VND	VND	VND
Opening balance of prior period	94,922,000,000	12,666,244,168	63,687,003,854	171,275,248,022
Profit for the year	-	-	13,204,714,222	13,204,714,222
Investment and development fund	-	1,275,663,416	(1,275,663,416)	-
Bonus and welfare fund	-	-	(510,265,366)	(510,265,366)
Profit distribution	-	-	(9,492,200,000)	(9,492,200,000)
Other decrease	-	(67,297,249)	-	(67,297,249)
Opening balance of current period	94,922,000,000	13,874,610,335	65,613,589,294	174,410,199,629
Profit for the period	-	-	7,734,763,119	7,734,763,119
Investment and development fund (i)	-	1,320,471,422	(1,320,471,422)	-
Profit distribution (i)	-	-	(9,492,200,000)	(9,492,200,000)
Bonus and welfare fund (i)	-	-	(528,188,568)	(528,188,568)
Other decrease	-	(55,032,000)	-	(55,032,000)
Closing balance of current period	94,922,000,000	15,140,049,757	62,007,492,423	172,069,542,180

Note:

- (i) Profit distribution for the year 2024 includes the allocation to funds and dividend distribution to shareholders in accordance with Resolution of the Annual General Meeting of Shareholders No. 12/2025/DHP/NQ-DHDCD dated 25 April 2025 as follows:

- Investment and development fund (10% of profit after tax from business operations): VND 1,320,471,422.
- Bonus and welfare fund (4% of profit after tax from business operations): VND 528,188,568.
- Dividend payment in cash for the year 2024 (10% of charter capital): VND 9,492,200,000.
- During the period, the Company paid dividends to shareholders amounting to VND 9,019,690,000 and remitted VND 472,510,000 of personal income tax (5%) withheld.

The Company's share issuance

	Closing balance	Opening balance
	Share	Share
Number of shares registered for issuance	9,492,200	9,492,200
Number of shares sold to the public		
- Common shares	9,492,200	9,492,200
Number of outstanding shares		
- Common shares	9,492,200	9,492,200
Par value of outstanding shares (VND)	10,000	10,000

NOTES TO THE INTERIM FINANCIAL STATEMENTS (CONTINUED)

These notes are an integral part of and should be read in conjunction with the accompanying interim financial statements

20. OWNERS' EQUITY (CONTINUED)

According to the amended Business Registration Certificate, the Company's charter capital is VND 94,922,000,000 (as at 30 June 2025 : VND 94,922,000,000). As at 30 June 2025, the charter capital has been fully contributed by shareholders as follows:

	Closing balance		Opening balance	
	Amount	Ratio	Amount	Ratio
	VND	%	VND	VND
Mr. Hoang Thanh Hai	26,141,810,000	27.54%	26,141,810,000	27.54%
Ms. Nguyen Thu Ha	20,065,800,000	21.14%	20,065,800,000	21.14%
Mr. Tran Quang Hung	6,052,760,000	6.38%	6,052,760,000	6.38%
Other shareholders	42,661,630,000	44.94%	42,661,630,000	44.94%
Total	94,922,000,000	100%	94,922,000,000	100%

21. OFF-BALANCE SHEET ITMES

Foreign currencies

	Closing balance	Opening balance
	VND	VND
Foreign currencies (USD)	214.12	229.11

22. NET REVENUE FROM GOODS SOLD AND SERVICES RENDERED

	Current period	Prior period
	VND	VND
Total revenue from goods sold		
<u>In which:</u>		
- Revenue from goods sold	149,769,457,530	162,443,190,536
Total	149,769,457,530	162,443,190,536
Deductions	1,952,000,000	2,069,313,940
- Trade discount	1,952,000,000	2,069,313,940
Net revenue from goods sold	147,817,457,530	160,373,876,596

23. COST OF GOODS SOLD AND SERVICES RENDERED

	Current period	Prior period
	VND	VND
Cost of goods sold	127,105,688,141	136,257,412,373
Total	127,105,688,141	136,257,412,373

NOTES TO THE INTERIM FINANCIAL STATEMENTS (CONTINUED)

These notes are an integral part of and should be read in conjunction with the accompanying interim financial statements

24. PRODUCTION COST BY NATURE

	Current period	Prior period
	VND	VND
Raw materials and consumables	40,610,232,061	41,583,843,736
Labour	12,086,090,410	13,005,954,582
Depreciation and amortisation	2,693,110,784	2,848,872,288
Out-sourced services	1,710,728,259	1,717,902,209
Product warranty	1,747,468,799	2,072,708,978
Provision for doubtful debts	-	35,956,680
Other monetary expenses	1,606,089,976	1,829,017,805
Total	60,453,720,289	63,094,256,278

25. FINANCIAL INCOME

	Current period	Prior period
	VND	VND
Bank and loan interest	990,722,709	526,799,228
Payment discount received	734,609,660	603,150,552
Foreign exchange gain	111,240	2,529,477
Total	1,725,443,609	1,132,479,257

26. FINANCIAL EXPENSES

	Current period	Prior period
	VND	VND
Interest expenses	66,981,679	149,379,191
Payment discount	1,948,000,672	4,793,561,926
Foreign exchange loss	-	12,609,328
Total	2,014,982,351	4,955,550,445

NOTES TO THE INTERIM FINANCIAL STATEMENTS (CONTINUED)

These notes are an integral part of and should be read in conjunction with the accompanying interim financial statements

27. SELLING EXPENSES, GENERAL AND ADMINISTRATION EXPENSES

	Current period	Prior period
	VND	VND
a) Selling expenses incurred in the period		
Materials and packaging	582,636,620	669,618,510
Employees	609,315,492	665,088,286
Depreciation and amortization	233,663,460	199,658,650
Out-sourced services	247,210,506	325,952,443
Maintenance expenses	1,747,468,799	2,072,708,978
Total	3,420,294,877	3,933,026,867
b) General and administration expenses incurred in the period		
Materials	55,402,327	71,539,890
Employees	4,946,176,280	5,630,211,238
Depreciation and amortization	286,836,994	295,087,927
Taxes, fees and charges	295,889,592	548,405,652
Out-sourced services	1,727,951,544	1,243,069,717
Provision	59,625,164	35,956,680
Total	7,371,881,901	7,824,271,104

28. CURRENT CORPORATE INCOME TAX EXPENSE

	Current period	Prior period
	VND	VND
Profit before tax	9,668,453,899	10,137,413,052
Adjustment for taxable income	-	-
Taxable income	9,668,453,899	10,137,413,052
Corporate income tax rate	20%	20%
Current corporate income tax expense	1,933,690,780	2,027,482,610

During the period, the Company determined that taxable income was not different from accounting profit. The determination of the tax currently payable is based on the current interpretation of tax regulations. However, these regulations are subject to periodic variation and their ultimate determination depends on the results of the tax authorities' examinations.

NOTES TO THE INTERIM FINANCIAL STATEMENTS (CONTINUED)

These notes are an integral part of and should be read in conjunction with the accompanying interim financial statements

29. BASIC EARNINGS PER SHARE

	<u>Current period</u>	<u>Prior period</u>
	<u>VND</u>	<u>VND</u>
Profit after tax	7,734,763,119	8,109,930,442
Profit for calculating basic earnings per share	7,734,763,119	8,109,930,442
Weighted average number of common shares for calculating basic earnings per share	9,492,200	9,492,200
Basic earnings per share	815	854
Par value of shares	10,000	10,000

Basic earnings per share for the prior period did not take into account the impact of the appropriation to the bonus and welfare fund. Although the Company appropriated the bonus and welfare fund from the 2024 retained earnings during the period, the Company did not determine the exact amount appropriated from retained earnings for the first six months of 2024.

30. SEGMENT REPORTING BY BUSINESS SECTOR AND GEOGRAPHICAL AREA

Segment reporting by business sector

The Company's main business activities are the manufacture of household electrical appliances, such as electric fans, fan cages, etc.; Additionally, the Company engages in the import and trade of certain types of electric fans within the same region. Consequently, the Company does not prepare segment reports by business sector.

Segment reporting by geographical area

The Company's business activities are mainly carried out at its head office located at 734 Nguyen Van Linh, An Bien Ward, Hai Phong City. The Company does not have any affiliated units in locations outside the province. Accordingly, the Company does not prepare segment reports by geographical area.

31. FINANCIAL INSTRUMENTS

Capital risk management

The Company manages its capital to ensure that the Company will be able to continue as a going concern while maximising the return to owners through the optimisation of the debt and equity balance.

The capital structure of the Company consists of net debt (borrowings as disclosed in Note 18 offset by cash and cash equivalents) and shareholders' equity (comprising capital, reserves and retained earnings).

Gearing ratio

The gearing ratio of the Company as at the balance sheet date was as follows:

	<u>Closing balance</u>	<u>Opening balance</u>
	<u>VND</u>	<u>VND</u>
Borrowings	4,767,605,680	3,873,635,391
Less: Cash and cash equivalents	(7,296,980,491)	(12,360,154,682)
Net debt	(2,529,374,811)	(8,486,519,291)
Equity	172,069,542,180	174,410,199,629
Net debt to equity ratio	<u>0.00</u>	<u>0.00</u>

Significant accounting policies

Details of the significant accounting policies and methods adopted for each class of financial asset and financial liability are disclosed in Note 3.

NOTES TO THE INTERIM FINANCIAL STATEMENTS (CONTINUED)

These notes are an integral part of and should be read in conjunction with the accompanying interim financial statements

31. FINANCIAL INSTRUMENTS (CONTINUED)

Categories of financial instruments

	Carrying amounts	
	Closing balance	Opening balance
	VND	VND
Financial assets		
Cash and cash equivalents	7,296,980,491	12,360,154,682
Trade and other receivables	16,571,088,211	7,649,925,093
Short-term financial investments	23,500,000,000	2,000,000,000
Long-term financial investments	20,039,000,000	20,039,000,000
Total	67,407,068,702	42,049,079,775
Financial liabilities		
Borrowings	4,767,605,680	3,873,635,391
Trade and other payables	15,707,540,833	5,505,885,096
Accrued expenses	244,784,637	343,035,162
Total	20,719,931,150	9,722,555,649

The Company has not assessed fair value of its financial assets and liabilities as at the balance sheet date since there is no comprehensive guidance under Circular No. 210/2009/TT-BTC issued by the Ministry of Finance on 6 November 2009 ("Circular 210") and other relevant prevailing regulations to determine fair value of these financial assets and liabilities. While Circular 210 refers to the application of International Financial Reporting Standards ("IFRS") on presentation and disclosures of financial instruments, it did not adopt the equivalent guidance for the recognition and measurement of financial instruments, including application of fair value, in accordance with IFRS.

Financial risk management objectives

The Company has set up risk management system to identify and assess the risks exposed by the Company and designed control policies and procedures to manage those risks at an acceptable level. Risk management system is reviewed on a regular basis to reflect changes in market conditions and the Company's operations.

Financial risks include market risk, liquidity risk and credit risk.

Market risk

The Company's activities expose it primarily to the financial risks of changes in foreign currency exchange rates, interest rates and prices. The Company does not hedge these risk exposures due to the lack of active market for the trading activities of financial instruments.

Credit risk

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in financial loss to the Company. The Company has a credit policy in place and the exposure to credit risk is monitored on an on-going basis. The Company does not have any significant credit risk exposure to any counterparty because receivables consist of a large number of customers, spread across diverse industries and geographical areas.

NOTES TO THE INTERIM FINANCIAL STATEMENTS (CONTINUED)

These notes are an integral part of and should be read in conjunction with the accompanying interim financial statements

31. FINANCIAL INSTRUMENTS (CONTINUED)

Liquidity risk management

The purpose of liquidity risk management is to ensure the availability of funds to meet present and future financial obligations. Liquidity is also managed by ensuring that the excess of maturing liabilities over maturing assets in any period is kept to manageable levels relative to the amount of funds that the Company believes can generate within that period. The Company policy is to regularly monitor current and expected liquidity requirements to ensure that the Company maintains sufficient reserves of cash, borrowings and adequate committed funding from its shareholders to meet its liquidity requirements in the short and longer term.

The following table details the Company's remaining contractual maturity for its non-derivative financial assets and financial liabilities with agreed repayment periods. The tables have been drawn up based on the undiscounted cash flows of financial assets and undiscounted cash flows of financial liabilities based on the earliest date on which the Company can be required to pay. The inclusion of information on non-derivative financial assets is necessary in order to understand the Company's liquidity risk management as the liquidity is managed on a net asset and liability basis.

	Less than 1 year	From 1 to 5 years	More than 5 years	Total
	VND	VND	VND	VND
Closing balance				
Cash and cash equivalents	7,296,980,491	-	-	7,296,980,491
Trade and other receivables	16,571,088,211	-	-	16,571,088,211
Long-term financial investments	23,500,000,000	-	-	23,500,000,000
Short-term financial investments	-	-	20,039,000,000	20,039,000,000
Total	47,368,068,702	-	20,039,000,000	67,407,068,702
Closing balance				
Borrowings	4,767,605,680	-	-	4,767,605,680
Trade and other payables	15,707,540,833	-	-	15,707,540,833
Accrued expenses	244,784,637	-	-	244,784,637
Total	20,719,931,150	-	-	20,719,931,150
Net liquidity gap	26,648,137,552	-	20,039,000,000	46,687,137,552
	Less than 1 year	From 1 to 5 years	More than 5 years	Total
	VND	VND	VND	VND
Opening balance				
Cash and cash equivalents	12,360,154,682	-	-	12,360,154,682
Trade and other receivables	7,649,925,093	-	-	7,649,925,093
Long-term financial investments	2,000,000,000	-	-	2,000,000,000
Short-term financial investments	-	-	20,039,000,000	20,039,000,000
Total	22,010,079,775	-	20,039,000,000	42,049,079,775
Opening balance				
Borrowings	3,873,635,391	-	-	3,873,635,391
Trade and other payables	5,505,885,096	-	-	5,505,885,096
Accrued expenses	343,035,162	-	-	343,035,162
Total	9,722,555,649	-	-	9,722,555,649
Net liquidity gap	12,287,524,126	-	20,039,000,000	32,326,524,126

The Board of General Directors assessed the liquidity risk at low level. The management believes that the Company will be able to generate sufficient funds to meet its financial obligations as and when they fall due.

NOTES TO THE INTERIM FINANCIAL STATEMENTS (CONTINUED)

These notes are an integral part of and should be read in conjunction with the accompanying interim financial statements

32. TRANSACTIONS AND BALANCES WITH RELATED PARTIES

Remuneration paid to the Board of Management, Board of General Directors and Board of Supervisors:

	<u>Current period</u>	<u>Prior period</u>
	VND	VND
Remuneration paid to the Board of Management and Board of General Directors	661,355,015	654,444,159
Mr. Hoang Thanh Hai	162,351,239	161,937,443
Ms. Le Thi Bich Hue	36,780,000	34,668,000
Mr. Mai Van Minh	175,233,342	173,669,520
Ms. Trinh Thi Lan Phuong	138,233,276	138,925,459
Mr. Nguyen Minh Chung	148,757,158	145,243,737
Board of Supervisors	318,011,748	309,217,102
Mr. Vu Duy Anh	117,327,893	113,538,270
Mr. Tran Tuan Linh	112,332,409	111,108,891
Ms. Bui Thi Hue	88,351,446	84,569,941

Dividends paid to the Board of Management, Board of General Directors, Board of Supervisors and shareholders with significant influence:

	<u>Current period</u>	<u>Prior period</u>
	VND	VND
Dividends paid to the Board of Management and Board of General Directors	3,388,486,000	3,303,773,850
Mr. Hoang Thanh Hai	2,614,181,000	2,548,826,475
Ms. Le Thi Bich Hue	352,625,000	343,809,375
Mr. Mai Van Minh	201,394,000	196,359,150
Ms. Trinh Thi Lan Phuong	120,277,000	117,270,075
Mr. Nguyen Minh Chung	100,009,000	97,508,775
Dividends paid to the Board of Supervisors	32,500,000	108,225,000
Mr. Vu Duy Anh	4,000,000	3,900,000
Ms. Bui Thi Hue	1,500,000	487,500
Mr. Tran Tuan Linh	27,000,000	103,837,500
Dividends paid to significant shareholders	2,006,580,000	1,956,415,500
Ms. Nguyen Thu Ha	2,006,580,000	1,956,415,500

NOTES TO THE INTERIM FINANCIAL STATEMENTS (CONTINUED)*These notes are an integral part of and should be read in conjunction with the accompanying interim financial statements***33. TRANSACTIONS AND BALANCES WITH RELATED PARTIES (CONTINUED)****Transactions with associates****Profit received from associates**

	Current period	Prior period
	VND	VND
Phong Lan Investment Trading and Service Company Limited		
Dividends received during the period	1,200,000,000	1,000,000,000

34. OPERATING LEASE COMMITMENTS

	Current period	Prior period
	VND	VND
Minimum lease payments under operating leases recognized in the income statement during the period (i)	740,533,523	542,485,375
Total	740,533,523	542,485,375

Note:

- (i) Operating lease expenses represent the costs under land lease agreements.

As at 30 June 2025, the Company had the following non-cancellable land lease agreements:

- Land lease agreement No. 43/HDTD dated 25 May 2015 between Hai Phong Electric Mechanical Joint Stock Company and the Department of Natural Resources and Environment of Hai Phong City. The leased location is a land lot at 734 Nguyen Van Linh Street, An Bien Ward, Hai Phong City, with a total area of 13,820.7 m², for the purpose of constructing office buildings and manufacturing workshops. The lease term is 50 years from 15 October 1993 to 15 October 2043. The annual rental rate is determined by Hai Phong Tax Department.
- Land lease agreement No. 60/HDTD dated 21 June 2010 between Hai Phong Electric Mechanical Joint Stock Company and the Department of Natural Resources and Environment of Hai Phong City. The leased location is a land lot at Dong Hoa Ward, Hai Phong City, with a total area of 7,653.2 m², for the purpose of implementing an investment project to construct a high-quality electric fan manufacturing plant. The lease term is 40 years from 18 August 2006 to 18 August 2046. The annual rental rate is determined in accordance with the provisions of Decree No. 142/2005/ND-CP dated 14 November 2005 of the Government on land and water surface rental fees.

These notes are an integral part of and should be read in conjunction with the accompanying interim financial statements

Comparative figures in the interim balance sheet are those on the audited financial statements for the year ended 31 December 2024. Comparative figures in the interim income statement and interim cash flow statement are those on the reviewed interim financial statements for the operating period from 01 January 2024 to 30 June 2024.

Phung

Le Thi Nhung
Preparer
Hai Phong, 14 August 2025


Trinh Thi Lan Phuong
Chief Accountant



Mai Van Minh
General Director

