



Maximizing resources - Sustainable development

2022
ANNUAL REPORT



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Message

from THE CHAIRMAN OF BOARD OF DIRECTORS

Dear our valued Shareholders,

First and foremost, let me act on behalf of the Board of Directors to wish you all and your families health, peace, and success!

The year 2022 has passed, and a mixture of emotions, happy and sad, have been left for the Vietnamese textile and apparel industry in general and TCM in particular. In the first half of 2022, the Company's orders grew by more than 20% along with the world economy recovery after the Covid-19 pandemic, which did bring about positive signals and hopes for a better future with a more favorable business year as an offset for the difficulties and order shortage of the previous year 2021. However, contrary to expectations, from the third quarter of 2022, the world economy took place in a worse direction when the Russia-Ukraine war broke out. The conflict between these two countries caused fuel prices to skyrocket, and inflation jumped in all markets, including the US - one of TCM's major markets. Amid that context, the local currencies of some countries as key competitors of Vietnam in apparel export were also in a tendency of sharp depreciation, making it more difficult for Vietnamese textile and apparel enterprises to compete and TCM is not exceptional.

To such economic uncertainties, it can be said that the market diversification strategy is always correct and this is also the strategy that TCM has pursued for many years. In addition to the two main markets of the US and EU, TCM also has exported to many markets such as Japan, South Korea, and others markets. Thanks to this diversity of export markets, the order decline experienced by TCM is less serious than its peers which only rely on the US and EU markets. The appropriateness of the

Company's business strategy enabled it to generate revenue and profit for the year 2022 higher than the target set out by the 2022 Annual General Meeting of Shareholders. This is a great testament to TCM's unceasing efforts to not only survive but also thrive in tough times suffered by the whole world. On this occasion, I would like to express my gratitude to the Board of Directors, management team, and all employees of the Company for their best efforts to achieve such meaningful results.

It is forecasted that 2023 will be another difficult year because the orders seem not to indicate any signs of recovery in Q1 and Q2/2023. Most companies in the industry either suffer from the shortage of orders or have to accept low-priced orders to maintain production for jobs and to retain workers. However, it is forecasted that orders will recover in the second half of 2023 when inflation in major markets such as the US and EU is under better control, the festive season is also a bright spot to help apparel demand increase in the last months of the year.

Besides diversifying export markets, the Company will further pursue the strategy of Faster production, Lower cost, research and business development (R&BD), and continuous improvement (Kaizen) in tandem with sustainable development (ESG) in the following years to expand the market and meet customer requirements.

In terms of real estate, the Company is prioritizing its resources to handle project's outstanding issues and coordinating with partners to complete legal documents, and apply for construction permits in the fastest time for TC Tower project at 37 Tay Thanh, Tay Thanh ward, Tan Phu district, HCMC.

On behalf of the Board of Directors, once a gain, I would like to sincerely thank the Board of Directors and all employees of the Company for their efforts in production and business activities. I would also like to extend my gratitude to shareholders, partners and customers who have trusted and demonstrated their companionship with the Company for the past year.

The Board of Directors highly commits to accompany with the Board of Management and all the employees to achieve the goals set out for the year 2023 by the General Shareholders of Meeting.

I would like to wish you all

HEALTH - PEACE - SUCCESS

CHAIRMAN OF THE BOARD OF DIRECTORS

TRAN NHU TUNG



Trần Như Tùng
Chairman of the Board of Directors



A woman in a pink shirt and face mask is working at a sewing machine in a factory. She is focused on her work, and the background shows other workers in a similar environment. The image is overlaid with a dark blue semi-transparent box containing text.

PART 1

GENERAL INFORMATION

- 01 Company overview
- 02 Vision - Mission - Core Values
- 03 Incorporation and development process
- 04 Achievements obtained
- 05 Business lines and location
- 06 Governance model, business organization and management
- 07 Subsidiaries and Affiliates
- 08 Development orientation
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COMPANY OVERVIEW

THANH CONG TEXTILE GARMENT INVESTMENT TRADING JOINT STOCK COMPANY

Enterprise registration certificate	No. 0301446221, issued by Ho Chi Minh City's Department of Planning and Investment for the first time on June 23, 2006, amended for the 23rd time on June 23, 2022
Charter capital	VND820,471,270,000
Paid-in capital	VND820,471,270,000
Address	36 Tay Thanh, Tay Thanh Ward, Tan Phu District, Ho Chi Minh City, Vietnam
Telephone	(028) 38 153 962
Fax	(028) 38 152 757
Website	www.thanhcong.com.vn
Stock ticker	TCM





VISION - MISSION - CORE VALUES

VISION

What we see...

With desiring and working creativity every day, we create products of outstanding value associated with the sustainable development strategy, towards the leading position in the global textile and apparel market in the coming time.

MISSION

Whom We work for...

Customers: who are benefited by our products and services.

Investors: Who trust in our integrity and knowledge for their financial gain.

Employees: Who become more confident in their lives through the meaningful contribution.

Suppliers: Who are satisfied with our fair and transparent deal.

CORE VALUES

Why we work...

Profitability

1

To need to maintain the sustainable profits for all the stakeholders as well as the enhance of the Company.

Integrity

To try to be intergrated in the course of the business.

2

Learning

3

To consider that our working place is the learning place in terms of finding talents and cultivation knowledge & character.

Serving

To serve our Customers as a king and social minorities as a family with our sincerity & passion.

4



INCORPORATION AND DEVELOPMENT PROCESS

1967 – 1975

Incorporation stage

"Tai Thanh Ky Det" - a small-scale private textile enterprise was formed with a scale of 500 employees, engaged in two main areas of weaving and dyeing.

Its products were mainly sold in two main markets including in the Southern area and Cambodia.

1976 – 1982

Endeavor to survive

The Government took over and renamed Thanh Cong Textile Factory, which belonged to Textile Union - Ministry of Light Industry.

Going through a difficult time in taking over the factory and maintaining production and business activities.

1982 – 1986

Pioneer in innovation

1985: The factory exported 8.3 million meters of fabric, generating sales of VND83.6 million (equivalent to USD21 million).

Thanh Cong Textile Factory was one of the first units to test the production and business model associated with the market. The factory made important contributions to the renovation process of the enterprise management and the Country's economy management mechanism.

1986: Creating a breakthrough in production and investment mechanism through self-equipping modern machines and production lines by self-borrowing - self-repaying method.

1986 – 2006

Investing for development

1986 – 1996: Total investment that the Company spent was roughly over USD 55 million, higher labor productivity and improved product quality. Starting a new trend in which the Company became international by exporting more to many big countries in the world, especially the European market. As an outstanding mark in this stage, the Company received Khanh Hoi spinning factory in 1992; invested approximately USD4 million to replace all obsolete old equipment with a new modern production line with a capacity of 2,000 ton/year.

1997 – 1999: Carrying out comprehensive reformation such as innovation of human resources, innovation of working style and methods, innovation of sales and marketing activities as well as focusing on cost management.

2000 – 2005: Honored to be awarded the title "Hero of Labor in the renovation period".

2006 – 2009

Equitize to integrate

2006: The Company was equitized, changed its name to Thanh Cong Textile and Garment Joint Stock Company, then Thanh Cong Textile Garment Investment Trading Joint Stock Company and listed its shares on Ho Chi Minh City Stock Exchange (HOSE) with stock ticker of TCM.

2009: The Company issued shares to a foreign strategic shareholder - E-land Asia Holdings Pte. Ltd (Singapore) under Korea E-land Group. What was next, E-land Group then participated in the management of the Company.

2010 – 2022

Entering globally

2010: Deploying advanced and modern management tools such as Lean system in production, ERP system, BSC in enterprise management activities.

2011: Equipping spinning factory no.4, knitting factory with more equipment to increase production capacity; expanded export markets to Korea and increased FOB order rates; obtained land use right certificate for TC1 project.

2012: Implementing the second phase of ERP for the production segment; Control led product quality, production costs and performance improvement through TFTs (Task Force Teams).

2013: Building a new knitting factory at Nhi Xuan Industrial Park.

2014: Obtaining Investment Certificate and establishment of TC Tower Company Limited; honored for the second time to be awarded the Social Responsibility (CSR) by the Government of Vietnam and Korea; Top 5 of "Typical Textile Enterprises" awarded by Vietnam Textile and Apparel Association; The award of "Excellent business performance" awarded by the Ministry of Industry and Trade; Top 50 listed companies with the best annual reports.

2010 – 2022

Entering globally (cont)

2015: Building Thanh Cong - Vinh Long factory and established Thanh Cong - Vinh Long Company Limited; established TC E.Land Company Limited; Top 10 most trusted enterprises in Vietnam along with the economic system; Awarded Top 50 best listed companies in Vietnam by Forbes Vietnam; Typical Enterprise Award of Ho Chi Minh City and many other awards.

2016: Operated the Knitting Factory 4, mainly produced orders with Single Spandex and Double installed Spandex, the quality of elastic fabric was better than regular fabric. In August, 2016, the Company celebrated its 40th anniversaries; in October, it further invested by procuring more 55 new weaving machines to increase its output by 6.6 million meter of woven fabric/year.

2017: In August, 2017, the Company's Charter capital was increased to VND 516,538,290,000. The Company established a Knit Fabric Sales Department to seek for opportunities to put newly researched products into commercial use. Besides, the Company established a business unit focusing on exploiting customers from the US market and obtained some initially positive signals.



QUÁ TRÌNH HÌNH THÀNH VÀ PHÁT TRIỂN

2016 - 2018

Entering globally (cont)

2018: In May, 2018, the Company acquired its Thanh Cong – Vinh Long Company Limited. In June, 2018, the Company's charter capital was increased to VND 542,300,550,000, and acquired the Trang Bang Sewing Factory project in Trang Bang Industrial Park, Tay Ninh Province from E.Land Vietnam Co., Ltd. in October 2018 to improve its efficiency of production management and increased garment product capacity; the Company converted a specialized spinning factory to concentrate on producing new yarn items, which was tested and developed by the Research & Business Development Department to diversify products's portfolio and develop new items so as to increase product value, and expand customers.

2019: In May, 2019, the Company opened Weaving factory no.2 with a capacity of 2,400,000 meters of fabric/year, bringing the total textile fabrication capacity to 15,000,000 meters/year. In July, 2019, the Company's Charter capital was increased to VND580,169,180,000. The Company signed a Memorandum with Juki Singapore Group to implement a smart factory project at the Company.

2020

Entering globally (cont)

The Company's earnings were equal to 146% target and 127% higher than in 2019, which was a superb achievement in a tough year for the whole world economy and Vietnam in particular due to adverse consequences of Covid-19.

The pilot Smart Factory project in the Sewing Segment which started from October 2020, has had 03 sewing lines, including 02 sewing lines in Ho Chi Minh City and 1 sewing line in Trang Bang, contributing to increase productivity through operational analysis from Juki software to remove redundant operations and speed up finishing products on the sewing line. In fact, on average production capacity of each sewing line increased by roughly 10%.

Deploying retail activities by new method of sales using a brand developed by the Company: ONLEE brand is sold on the Amazon e-commerce platform (Thanh Cong is one of the pioneering companies in Vietnam- in addition to Bitis, Trung Nguyen - directly selling on Amazon website, USA); INNOF, a brand specializing in sport wears, sold on domestic e-commerce platforms since the end of 2020 aiming to optimize the Company's research - development and production capacity to add more product value by the brand owned by the Company. In October, 2020, the Company's Charter capital was increased to VND620,683,490,000.

2020 - 2021

Entering globally (cont)

2020: It was an honor for the Company to be given a prize of Typical Ho Chi Minh City Enterprise; Certificate of merit for an example overcoming difficulties, recovering from the Covid epidemic; Typical industrial and supporting products by Ho Chi Minh people's Committee.

Top 500 largest companies in Vietnam; Top 500 enterprises with the best growth in Vietnam; Top 500 Most Profitable Companies in Vietnam announced by VNReport & Vietnamnet.

2021: In June, 2021, the Company's Charter capital was increased to VND713,608,080,000. In April, 2021, TC Commerce Company Limited was established with the initial charter capital of VND12,000,000,000 to provide fashion e-commerce services.

In May, 2021, the Company started the second-phase construction of the factory in Hoa Phu Industrial Park - Vinh Long province. In December 2021, the Company cooperated with Ree Solar Joint Stock Company to install a solar power system at Garment Factory No.2 at Hoa Phu Industrial Park, Vinh Long province. The solar power system at Garment Factory No.1 was put into operation with an operating capacity of 825,517 kw in 2021.

2021 - 2022

Entering globally (cont)

2022: In June, 2022, the Company's Charter capital was increased by the Owner's equity to VND820,471,270,000

In March 2022, the construction of Sewing factory No. 2 in Hoa Phu Industrial Park - Vinh Long province was completed and put into operation with a designed capacity of 1,500 workers, and 9 million products per year.

In September 2022, in order to standardize production and business processes to optimize operational efficiency in the digital transformation trends, the Company signed a contract with the World Fashion Exchange Company to deploy an ERP system with outstanding solutions to take the Company to new heights. The project officially entered the implementation phase in October 2022 and is expected to be completed and put into use by February 2024.



ACHIEVEMENTS OBTAINED

"Unceasingly endeavor, unceasingly reach further". During the 46 years of incorporation and development, Thanh Cong has always been innovative to improve itself, flexibly adapting to all circumstances, promoting creativity, orienting production, and business activities and well performing its responsibilities with community. It can be seen that the years 2021 - 2022 were the most difficult time for the Vietnamese economy in general and the textile and apparel industry in particular when it suffered from negative impacts of the Covid-19 pandemic and its consequences. It is proud that Thanh Cong not only maintained its production and business activities but also grow strongly, becoming one of the typical businesses that were flexibly responsive to the pandemic and quickly recover, and made great contribution of much value to the community.

As a recognition and proof of those efforts, Thanh Cong was honored to be given many typical awards,

Awards	Given by	Time of awarding
High quality Vietnamese goods voted by consumers	Business Association of High-Quality Vietnamese Products	March 2022
Top 500 Best Profit Enterprises in Vietnam	Vietnam Report & Vietnamnet newspaper	October, 2022
Typical enterprises of Ho Chi Minh City	President of Ho Chi Minh City People's Committee	October, 2022
Certificate of Merit given by the President of Ho Chi Minh City People's Committee as "The enterprise has successfully completed the task for many consecutive years"	President of Ho Chi Minh City People's Committee	October, 2022
Certificate of "Enterprise of Innovation - Creativity - Integration - Shining"	Ho Chi Minh City Business Association	October, 2022
Typical enterprise for employees	Viet Nam General Confederation of Labor	November, 2022
Top 500 largest enterprises in Vietnam	Vietnam Report & Vietnamnet newspaper	December 2022
Top 50 best-performers in Vietnam	Nhip Cau Dau Tu magazine	December 2022
Typical industrial and supporting products of Ho Chi Minh City	President of Ho Chi Minh City People's Committee	January 2023
Golden brand - Ho Chi Minh City	Ho Chi Minh City People's Committee	January 2023





BUSINESS LINES AND LOCATION

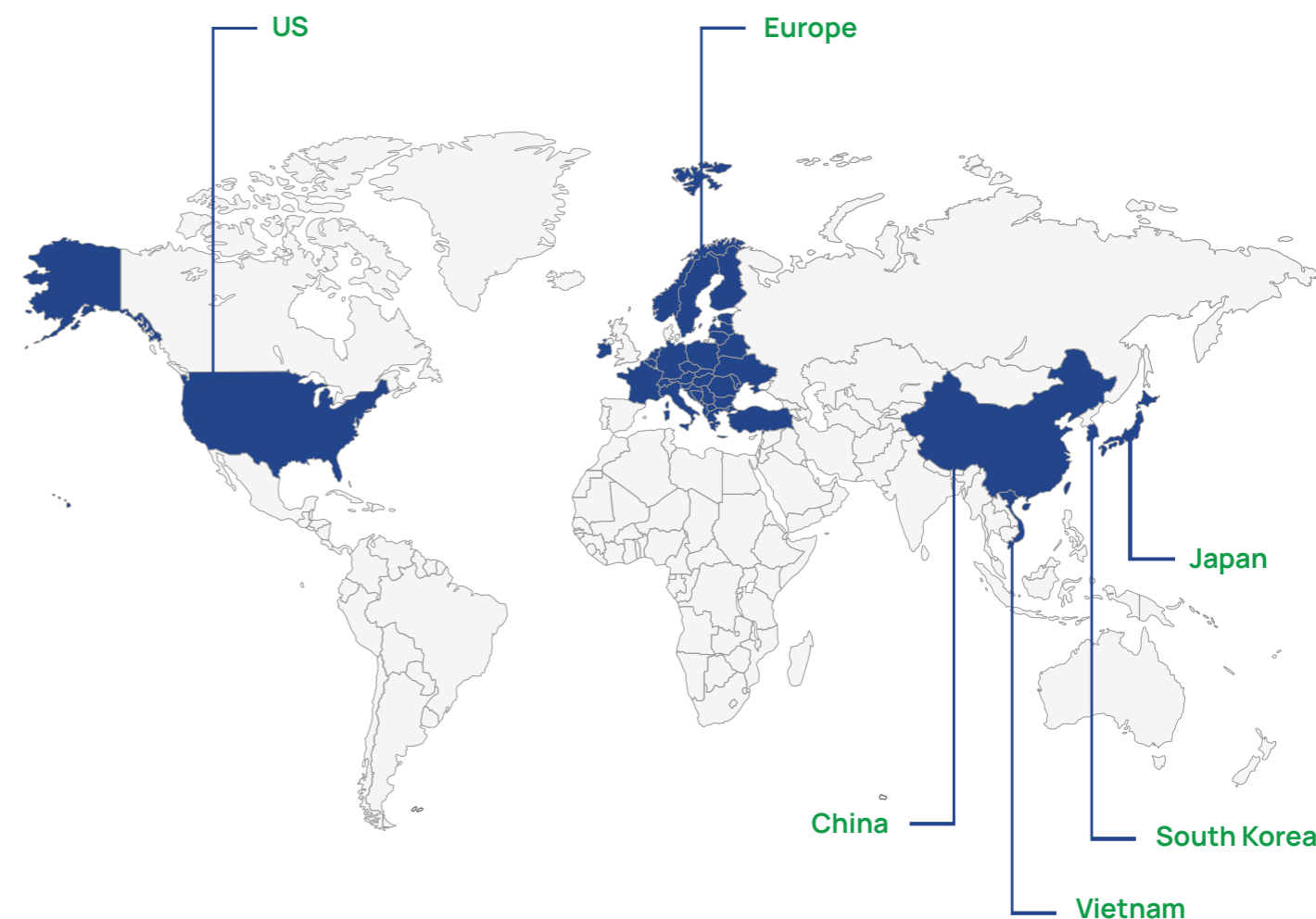
Business lines

- ❖ Manufacturing, trading, importing and exporting all kinds of cotton, fiber, yarn, fabric, garments, shoes and machinery, equipment, spare parts, raw materials, materials and chemicals (except toxic chemicals), dyes, packaging;
- ❖ Real estate trading;
- ❖ Retail in supermarkets, trade centers: meat and meat products; aquatic products; Vegetables; milk and dairy products, cakes, jams, candies and products made from cereals, flour, starch; drinks; other food (except rice, sugar); commercial brokerage; entrusting the purchase and sale of goods; agent of buying and selling, consigning goods; leasing offices, factories and warehouses;
- ❖ Investment, construction, business, installation, repair, preparing total cost estimates of civil, industrial and industrial park infrastructure projects, resorts; supervising construction and completion of civil and industrial projects; construction consultancy (not including: construction survey, construction design, construction engineers, construction architects);
- ❖ Hotels, villas or apartments providing short-term accommodation services; guest houses and motels providing short-term accommodation services; inns, and similar accommodation facilities; restaurants, food stalls, food and drink.
- ❖ E-commerce: establishing and operating e-commerce website (excluding website that is directly involved in securities trading) or application to provide e-commerce service.



Business location

With the position of a leading company in Vietnam's Textile and Apparel industry, Thanh Cong has owned a wide customer network around the world. Over the past years, Thanh Cong has actively integrated into the world, expanded its portfolio of potential customers, and uplifted the brand name of Vietnam's textile and apparel exports. In which, its main customers come from the US, Japan, South Korea, China, and Europe.

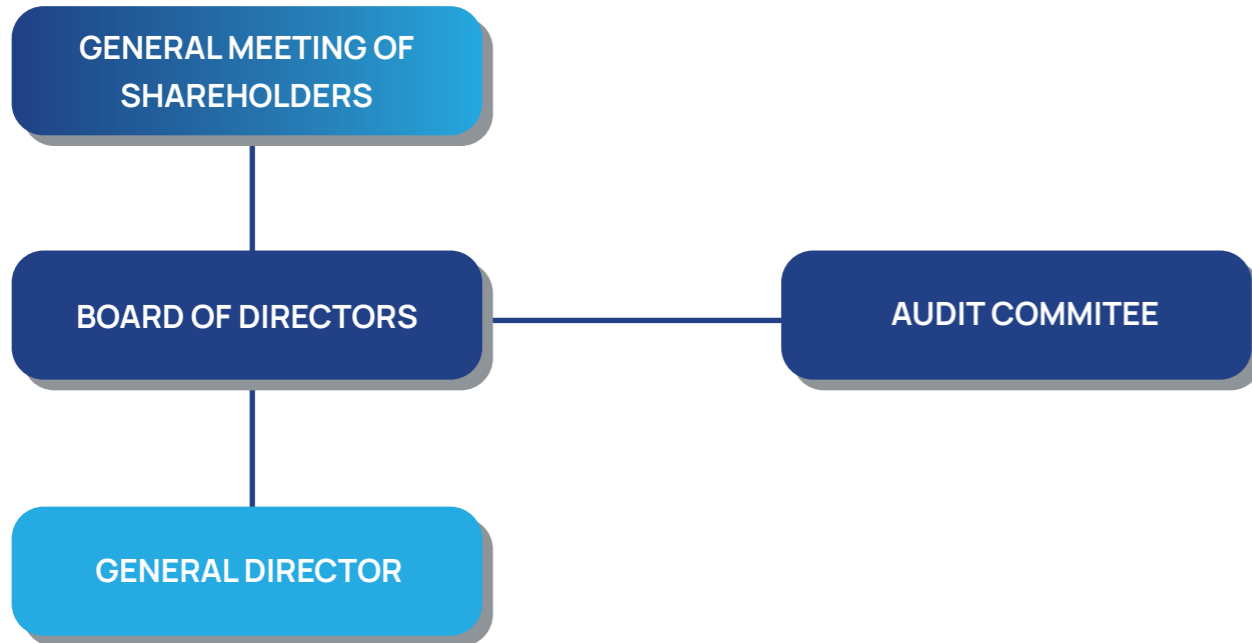


Markets	Revenue in 2021 (Million dong)	Revenue in 2022 (Million dong)	Proportion in 2021 (%)	Proportion in 2022 (%)	%Change
Domestic	466,064	571,536	13.183%	13.177%	-0.006%
Overseas:	3,069,352	3,765,853	86.817%	86.823%	0.006%
1. The United States	854,939	1,360,075	24.18%	31.36%	7.17%
2. Japan	516,478	604,381	14.61%	13.93%	-0.67%
3. Korea	847,271	807,485	23.97%	18.62%	-5.35%
4. China	196,956	113,481	5.57%	2.62%	-2.95%
5. Europe	143,581	129,886	4.06%	2.99%	-1.07%
6. Other countries	510,125	750,545	14.43%	17.30%	-2.87%
Total	3,535,416	4,337,389	100%	100%	



GOVERNANCE MODEL, BUSINESS ORGANIZATION AND MANAGEMENT

Governance model

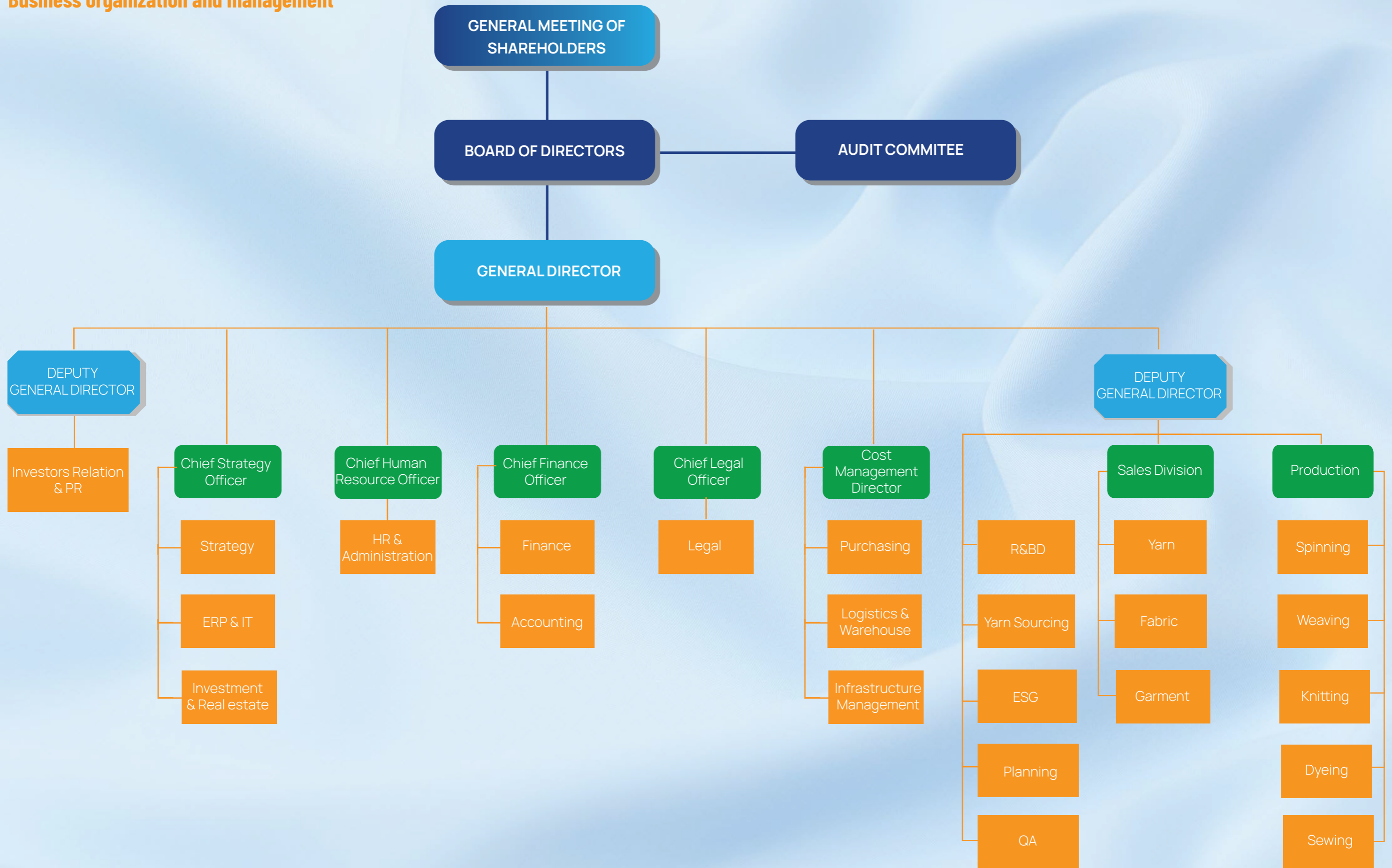


Thanh Cong Textile Garment Investment Trading Joint Stock Company operates with the governance model established and organized in compliance with prevailing Law on Enterprises:

- ❖ **General Meeting of Shareholders (GMS):** Including all shareholders with voting rights. This is the supreme regulatory body of the Company.
- ❖ **Board of Directors (BoD):** Is the decision-making body of the Company with the right to be on behalf of the Company to decide all issues related to the Company's operation except the issues under the power of the General Meeting of Shareholders. The number of the BoD members of the Company are 09 members, of which 03 persons are independent members and 03 members are non-executive.
- ❖ **Audit Committee (AC):** is an Internal Auditing Board under the Board of Directors of which the name was changed according to the Resolution no. 01/2019/NQ-DHDCD dated April 12, 2019 of the Annual General Meeting of Shareholders 2019. The Audit Committee's tasks are to support the Board of Directors in supervising the financial reporting process, internal control system, auditing process and Company's processes in its compliance with the regulations of laws and business ethical rules. Number of the members of the Auditing Committee are 03 persons.
- ❖ **Board of Management (BoM):** Is the managing body of the Company and takes responsibility to the Board of Directors for implementing all given rights and tasks. Number of the BoM members include 03 members, specifically 01 General Director, and 02 Deputy General Directors.



Business organization and management





SUBSIDIARIES AND AFFILIATES

Subsidiaries

TC Tower Company Limited

Address 37 Tay Thanh, Tay Thanh Ward, Tan Phu District, Ho Chi Minh City

Main business lines Real estate business

Paid-in Capital VND127,320,000,000

% Charter capital contributed by the Company 100%

Thanh Cong Medical Center Joint Stock Company

Address 36 Tay Thanh, Tay Thanh Ward, Tan Phu District, Ho Chi Minh City

Main business lines Providing medical services (medical general clinic), buying and selling pharmaceutical products and medical equipment

Paid-in Capital VND15,359,000,000

% Charter capital contributed by the Company 70,94%

TC Commerce Company Limited

Address 911 Truong Chinh, Tay Thanh Ward, Tan Phu District, Ho Chi Minh City

Main business lines Business in e-commerce platform service

Paid-in Capital VND12,000,000,000

% Charter capital contributed by the Company 100%

Affiliates

Savimex Corporation

Address 194 Nguyen Cong Tru, Nguyen Thai Binh Ward, District 1, Ho Chi Minh City

Main business lines Wooden furniture manufacturing and trading, processing

Paid-in Capital VND37,815,880,000

% Charter capital contributed by the Company 20,59%

Thanh Phuc Construction Investment Joint Stock Company

Address 36 Tay Thanh, Tay Thanh Ward, Tan Phu District, Ho Chi Minh City

Main business lines Construction and project management

Paid-in Capital VND1,665,000,000

% Charter capital contributed by the Company 23,79%

Vung Tau Golf Tourism Joint Stock Company

Address 1 Nguyen Du St, Ward 1, Vung tau City, Ba Ria - Vung Tau Province

Main business lines Providing travel and entertainment services

Paid-in Capital VND8,700,000,000

% Charter capital contributed by the Company 29,61%



DEVELOPMENT ORIENTATION

The Company's main objectives

The year 2022 marked 46 years of establishment and development, ceaseless endeavors, and creativity of Thanh Cong Textile Garment Investment Trading Joint Stock Company. To obtain achievements like today, it is a great fault if the consensus of the Leaders, Managers, and all of the Company's employees from generation to generation who have stood side by side to overcome ups and downs, always maintained their faith in the existence and sustainable development of Thanh Cong is not mentioned. Till this moment, Thanh Cong is so proud to act among key players to lead Vietnam's textile and garment industry to reach far in the international arena, initiating, preserving, and increasingly promoting its values. To further aspire to boost its position, Thanh Cong continues to define the following main goals:

- ❖ Research and development are taken as the center together with the research and business development (R&BD) department being taken as the core force. With this orientation, the Company pursues a strategy of Faster Production, with Lower cost, maximizing all resources of the Company, and at the same time ensuring sustainable development (ESG) in the coming years to expand markets and customers. Currently, Thanh Cong has been researching and developing environmentally friendly product lines based on the "greening" trend of world fashion and the essential needs of life through the use of recycled materials, and sustainable materials.
- ❖ It is the Company's orientation to develop and become a total manufacturer: the factory is equipped with a vertical production system for both knitted and woven fabrics.
- ❖ Its domestic e-commerce sales channel will be further maintained. With the foundation from TC Commerce (a subsidiary established by Thanh Cong in 2021 with 100% capital contributed by Thanh Cong, engaged in e-commerce business), the Company continues to develop its domestic online sales channel through the De Closet online women's fashion shopping app, developed by Thanh Cong which opens an opportunity for the Company's products to go back in the

domestic retail market and in combination with the participation of other fashion brands.

- ❖ The value chain of vertical production system is increased and the Company's competitive advantage is sustained. Currently, Vietnam entered into about 15 free trade agreements (FTA) that have taken effect, and gradually, many tax barriers have been removed, market corridor become increasingly open. In particular, a number of agreements are binding on rules of origin such as the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP), the EU-Vietnam Free Trade Agreement (EVFTA) which strictly regulate input materials on their origin, degree of "greening", and the use of labor in conformity with international commitments. To such stricter requirements to be adhered to by the exporters, there are just a very few difficulties for Thanh Cong to respond thanks to its production process with a vertical production rate of 35% and 85% from yarn onwards and from fabric onwards, respectively. The autonomy has helped Thanh Cong be better

competitive than its peers, and enabled it to meet the majority of garment orders requiring raw materials autonomy, thanks to which the Company earned a high gross margin.





DEVELOPMENT ORIENTATION (CONT)

Medium and long-term development strategies

Medium term strategies

Research and brand development have all the time been attached significance to by Thanh Cong through its R&BD department with the aim at creating its own products, launching to the market high-quality products, and meeting the customer needs of being "well-dressed". In addition, in order to achieve the sustainable development goal in the future, Thanh Cong has drastically paid attention to research on recycled and natural products that are environmentally friendly. At the same time, taking advantage of the trade agreements and existing vertical production processes, it is a great opportunity for Thanh Cong to grow stronger in the international arena. To support this, the Company has cooperated with KOTITI Global Testing & Research Institute as a partner to test the quality of output products. Up to now, Thanh Cong has developed 3 types of recycled materials, including polyester, viscose, and cotton which obtained environment and sustainable development certifications like EU ECOLABEL and Sustainable Apparel Coalition.

Regarding operations, the Company advocates the implementation of Business Process Re-engineering (BPR) with the entire value chain of the Company, aiming to improve Thanh Cong's productivity per capita, simplify the process of internal information exchange, and cut costs across the Company. In addition, the Company has been actively seeking quality materials and accessories at competitive prices, well controlling the fuel consumption process at the factories, making great efforts to reduce the rate of production of compensatory orders, and developing a production model with the ability to predict the cotton market for a reasonable cotton purchasing strategy. The ERP (Enterprise Resource Planning)

system has also been built and developed with an orientation towards connecting with the production management system - customer orders, helping to speed up the process of sharing, and receiving information by and between the Company and the customers. At the same time, ERP system was newly developed to systematize technical requirements and customer standards by market and by customer. Then, this system will promptly deliver warnings during the production process so that the Company can quickly take remedial measures, helping to reduce task processing time and minimize the remedy of faulty orders after the delivery, enabling to save costs to maximize profits.

Regarding the human resource apparatus, Thanh Cong will endeavor to reform its current status, especially indirect division with the motto of "right person - right job" to help speed up processing and improve working efficiency.

In March 2022, the Company successfully put Vinh Long Sewing factory No.2 in Hoa Phu Industrial Park, Vinh Long province into operation with a total investment of approximately USD12 million, 1,500 workers, production capacity of 9 million products/year. In 2022 the first 5 sewing lines were put into operation with an expectation that the number of completed orders would increase by 30%. This event marked the first step of completing the expansion of the Company's production scale and strengthening infrastructures of its factories. Also, one of the achievements obtained in sustainable development was that the Company cooperated with REE SOLAR Company to invest and install the solar power system. After completing the installation of the solar power system at Vinh Long Sewing Factory No.1, Thanh Cong continued installing the solar rooftop system at Vinh Long Factory No.2 and completed in May

2022. This effort has helped Thanh Cong meet the inspection and environmental standards of tough customers not only by meeting the operational goal of "Green Production" but also by saving production costs, which contributed to affirm the Company's sustainable development goal. Simultaneously, the Company advocates setting up a multi-tasking sewing line with the low season taken into account, the sewing line can switch from sewing products with knitted fabrics to the ones with woven fabrics in the low season of orders using knitting fabrics.

In terms of real estate, the Company prioritized its resources in combination with coordinating with the partners to complete relevant legal documents, and apply for construction permits in the fastest time for TC1 project at 37 Tay Thanh, Tay Thanh ward, Tan Phu District, Ho Chi Minh City. When favorable, the project is expected to get approval for the investment policy from Ho Chi Minh City's People's Committee as prescribed by the current investment law by Q2/2024.

Long-term strategies

In the international market, several matters ranging from the Carbon tax proposed by the European Union to the regulation on recycled content in specific goods, from the circular economy trends to the lifewear philosophy in fashion demonstrate that the world is getting closer and closer to the sustainable development goal. Not left behind that trend, Thanh Cong has been attaching importance to comprehensive sustainable development in many aspects such as further mobilizing resources to focus on the garment segment combined with distribution and retail, making efforts to develop suitable policies to retain current employees and at the same time attract new workers to guarantee enough labor resources for the entire factories. Moreover, Thanh Cong has collaborated with VITAS and international organizations like World Wildlife Fund (WWF), the International Finance Corporation (IFC), and the Institute for Development Studies (IDS) on the sustainable development and taken

responsibility for compliance, transparency, and equity in all transactions with related parties. On the other hand, R&D continues to be paid attention to so that it could take advantage of tax incentives from free trade agreements thanks to the trend of "localization of materials" as well as "greening" the products while developing New products to strengthen their own brand in the international arena. Regarding orders and products, currently, 95% of the total Thanh Cong's garment orders have been the orders with the raw materials of the Company's autonomy, which demonstrates that Thanh Cong has grown from a pure garment processing business with CMPT orders to become a more autonomous business in apparel and textile segment. In the future, the Company strives to add more value to each order, approaching higher-level methods such as ODM (Original Design Manufacturing) or OBM (Own Brand Manufacturing).

In terms of quality, the Company has cooperated with KOTITI Global to test the output quality for the orders with high requirements such as orders exported to Japan with a quality tolerance of 0%. At the same time, the internal quality assessment process would be improved by specializing the individual in charge by each customer, each market, and providing regular training session for the assessment staff to improve their skills, professionalism, and expertise.

In addition to the focus on investing in the key category, i.e. the garment industry, Thanh Cong is also continuing to invest, and expand its production and research for the weaving and dyeing category. This investment aims to meet the Company's fabric needs, on the one hand, the domestic needs after the CPTPP and EVFTA Agreements have been approved. What's more, the Company has also paid attention to replacing the machinery and equipment in the dyeing factory with advanced, environmentally friendly technology, which helps to minimize the amount of wastewater discharged, contributing to achieving the sustainable development goal of Thanh Cong.



DEVELOPMENT ORIENTATION (CONT)



Sustainable Development goals

As for Thanh Cong, with the motto "Serve to lead", besides doing business to bring about optimal efficiency and bilateral benefits to the stakeholders, the Company's leaders and managers have always attached significance to sustainable policies in order to protect the environment as well as contribute positive values to the community and society. Specifically, it has been determined by the Company:



To be directed towards the circular economy and garment and apparel sustainable development. Thanh Cong has been slowly but surely concretizing action goals in its production and business activities based on 3R principles: Reduce, Reuse, and Recycle. With two strategies applied for developing product and minimizing environmental impacts, Thanh Cong is focusing on the following activities:

- ❖ Product strategy: the Company has been focusing on investing and developing its Research and Business Development (R&BD) Center, doing research on environmentally friendly product lines ranging from recycled materials (plastic bottles, old clothes) to biological-based materials (the materials from sugarcane, corn, natural wood and seaweed, and so on)
- ❖ Strategy to minimize environmental impacts: Thanh Cong has all the time endeavored to find solutions to effectively use inputs (materials, energy, water) and control outputs (wastewater, waste, emissions). It fully and seriously adheres to legal regulations relating to environmental protection during the Company's operation. It ensures that the implementation of the discharge and emission processes conforms to the regulations without causing environmental pollution or affecting the residents in the area around Thanh Cong's factories.



"Employees have been taken as the roots". Thanh Cong is aware of the importance and value of the employees. It always gives close and thoughtful attention to developing policies to take care of their material and spiritual lives through 4 main types of policies: fair recruitment, professional training, transparent salary and benefits, and a friendly working environment. With such foundation, it endeavor to retain its employees as well as attract new comers.



Corporate Social Responsibility (CSR) is a program that Thanh Cong has maintained for many years, regardless of difficulties and challenges caused by the Covid-19 pandemic, with many activities being implemented and held periodically. Over the years, in addition to its active participation in activities called for by the city agencies and associations to join hands for the community, the Company also has established its own programs and activities to demonstrate its interest and sharing responsibility to the localities - where the Company's headquarter is located and the factories reside. The Company's CSR activities have been involved in funding and giving practical support to the localities and disadvantaged people, thereby promoting the development of societal life in the area where the Company operates.



RISK FACTORS

As a transnational company with a global customer network, it is impossible for Thanh Cong to avoid risks and challenges derived from fluctuations in the world macroeconomic condition in general and Vietnam in particular. It has been defined by Thanh Cong that Risk management is one of the important tasks in the Company's management system. In order to identify and develop reasonable risk management plans, the Company's Leaders and Managers have adopted a system of risk management processes including 06 sub-processes. Specifically:

RISK MANAGEMENT PROCESSES		
1	Identifying risks	Determining the origin and influence of various types of risks on the Company's production and business performance through analysis and market research conducted in each segment of its business.
2	Analyzing risks	Analyzing the degree of influence and frequency of risk occurrence on both quantitative and qualitative perspectives.
3	Considering the priorities of risks	Ranking and prioritizing risks based on risk assessment criteria established on many aspects, including quantitative and qualitative perspectives.
4	Handling risks	Defining plans to handle risk, assessing, and picking the optimal solution for each respective type of risk. Simultaneously seeking and seizing opportunities, turning threats into opportunities to develop.
5	Monitoring risks	Conducting continuous reviews to ensure the appropriateness and effectiveness of risk management plans.
6	Communicating and consulting risks	Organizing communication activities, training sessions to raise awareness and enhance experience among the employees about the types of risks having been exposed; soliciting and consulting risk management opinions from the stakeholders to ensure that no initiatives are left out.





RISK FACTORS (CONT)

Economic risk

Going through 2020 and 2021 with gloomy coverage due to the severe impacts of the COVID-19, 2022 was a new color with many expectations about the recovery of socio-economic activities when Vietnam implemented the policy of "Living with the epidemic", entering the "new normal" period. However, new challenges gradually appeared: a prolonged and complicated energy crisis before the Russia-Ukraine armed conflict, escalating global inflation, led by high inflation in the US and Europe. Moreover, tightened supply and demand for goods from China's Zero-Covid policy made the world economic picture in 2022 become gloomy. Amid such conditions, many countries suspended growth goals and switched to inflation control goals through a roadmap to increase interest rates in pursuit of macroeconomic stabilization. Remarkably, between March and December, 2022, FED raised interest rates for 07 times in its regular FOMC meetings; the base rate was raised to 4.25-4.5%. According to a report prepared by the Organization for Economic Co-operation and Development (OECD), the world economic growth rate in 2022 was 3.1% and the pace would slow down during a recession along with a forecast of the economic growth of only 2.2% for the year 2023.

In the context of world volatility, Vietnam's economy was quite positive on the way to recover thanks to its timely and flexible response to such volatility such as a series of solutions to deal with gasoline and oil problem, a combination between loosening credit room and raising interest rates, etc. With the efforts of the Government and agencies, according to the General Statistics Office, Vietnam's economy achieved a positive GDP growth of 8.02%, the highest rate in the past 10 years, along with the inflation rate of 3.15%, the inflation was successfully kept below



4% as the target set by the National Assembly. As forecast by OECD, the world economy is entering a period of slow growth to cope with excessively high inflation. As a country of emerging countries, thanks to the Government's efforts in its orientation and construction, Vietnam was assessed to be less negatively affected by the world economy. A combination of positive effects from GDP growth and successful national inflation control, there has been a great motivation for Vietnam to pass in the economic recovery roadmap.

As for the domestic textile and apparel industry, according to data from the General Department of Vietnam Customs and the Vietnam Textile and Apparel Association (VITAS), the export turnover of Vietnam's textile and apparel industry in 2022 was estimated at USD44 billion, or 10.9 % higher year over year. In particular, Mr. Vu Duc Giang - President of VITAS pointed out a breakthrough in market development when Vietnam's textile and apparel industry exported to 66 countries and territories with 47-50 items maintained to be exported, with a big contribution of garments. According to data from the General Department of Vietnam Customs, in 2022, exports to the US reached USD18.2 billion (7.21% higher year over year and accounting for more than 41% of total export turnover). In which, garment export figures were USD3.7 billion (i.e. 53% higher year over year). However, entering September, the challenges of the textile and apparel industry became clearer. Accordingly, most of the positive results of textile and apparel exports were contributed by Q1, Q2, and Q3/2022. In contrast, the

industry's picture in Q4/2022 was relatively gloomy. As two major garment importers of Vietnam, the US and European economic volatility put adverse impacts on the whole industry. Specifically, the US was influenced by the loose monetary policy with a record-high inflation rate of 7.5% - the highest rate for the past 40 years; in Europe, some sanctions against Russia were imposed, a ceiling on energy prices was set, and the continuous increase in the energy prices pushed European inflation to a new record, exceeding 10%. In such circumstances, spending tightening and shopping limitation were inevitable trends. Thereby, such trends did affect suppliers in this area when the inventory level was high, resulting in their tendency of actively reducing orders of Vietnamese goods or reducing the time to make orders in advance. As estimated by domestic garment manufacturers, the number of orders in Q4/2022 was 25-50% lower than in Q2/2022, seriously affecting the ability of the businesses to successfully complete their annual plans. In addition, according to S&P Global Market Intelligence, Vietnam's purchasing managers index (PMI) started a downward momentum since September to reach 52.5 points, followed by a continuous decline to 46.4 points in December 2022, which was a clear manifestation of the slowdown of orders.

As one of the leading businesses in Vietnam's textile and apparel industry for a long time, it was impossible for Thanh Cong to avoid being suffered from many negative impacts generated by the macro economy in general and the textile industry in particular. To the problem of the orders, thanks to

the export market diversification, TCM was quickly adaptive to the market changes by switching from targeted customers to its close customers such as Korea, Japan, promoting its sales to other Asian countries such as Thailand, India, and Taiwan. In addition, for the Americas market, besides the US, TCM actively penetrated Canada market. With such flexibility, Thanh Cong has been so proud that it generated so impressive business performance. On the other hand, in order to support the orders during the difficult inflationary period, TCM owned a competitive advantage thanks to owning a vertical production system, the strategy of using in-house fabrics in production had been adopted many years ago, almost 85% of the materials for the garment industry was of the Company's autonomy. Thanks to that, TCM was not too dependent on the materials, especially materials imported from China. This gave Thanh Cong an advantage over its peers by meeting FTAs' requirements for the traceability of cotton, fabric, yarn, or greening of textiles from FTAs. On the other hand, entering 2023, Europe's pressure of heating fuel was cooling, the EVFTA agreement continued to be an advantage of Thanh Cong because Thanh Cong's products are mainly in groups B3 and B5 and enjoy a reduction in the export tax to 0% after 5 years in this market. Furthermore, with the expectation that the US will control its inflation, the US will continue to be a potential market with good prices and high volume of consumption of Thanh Cong products in the future.



RISK FACTORS (CONT)

Exchange rate risks

As a manufacturer engaged regularly in import and export activities, exchange rate risk has been always an issue that the Company has taken initiative to assess and quantify its impact. The Company has been seriously affected by exchange rate impact when input materials are imported from countries such as the US, Brazil, West Africa (Cotton) and Thailand, Indonesia, Taiwan (yarn), etc. At the same time, its revenue mainly comes from exports when the international market accounts for 86.82% which are contributed by the US, Korean, Japanese, European markets, etc. Therefore, it is exposed to the exchange rate risk when there is a significant fluctuation between the exchange rate of VND and the currencies of these countries. In particular, the biggest influence was the fluctuation in VND and USD pair because most of the Company's international transactions were denominated in USD. To cope with escalating inflation, tight monetary policies have been adopted, USD appreciated to the highest level in 20 years, at some point in times, one USD approached VND25,000. From the beginning of the year to October 2022, USD/VND at commercial banks has increased by about 1,750-1,800 VND/USD, equivalent to 7.7-7.8%. The United States' move and low economic growth outlook of China, it is

forecast that USD is likely to increase in the coming time. With the US move and China's low growth prospect, the USD price is expected to continue its uptrend in the future. The main reason comes from the FED's continuant to raise interest rates after FOMC meetings, the sharp increase caused the market capital flows to focus on USD. With the USD appreciation, as a strong exporter in the textile and apparel industry, Thanh Cong more or less benefits. However, many of Thanh Cong's items of costs and expenses were also denominated in USD such as raw material costs, logistics costs, and interest expenses, which put pressure on business operating costs. Due to being mainly impacted by USD price, the Company applied a sensitivity analysis against foreign currency in case the VND/USD exchange rate is 2% lower or higher. The change of 2% was used by the Board of Management when analyzing exchange rate risk and represented their assessment on the possible change of the exchange rate. The sensitivity analysis on foreign currencies was only applied to balances of foreign currency items at the end of the period and the revaluation of these items would be adjusted in case there is 2% change in the exchange rate.

If the exchange rate of USD against VND increases/decreases by 2%, the earning before tax of the Company in the period will decrease/increase as follows:

Unit: dong

Exchange rate risks

US Dollar (USD)	2022	2021
USD/VND exchange rate increases/decreases by 2%	7,592,385,586	11,076,239,837

Interest rate risks

In the latest updated report released by the International Monetary Fund (IMF), the world inflation in 2022 reached 8.8%, much higher than the 4.7% rate in 2021. With such a record-high inflation rate, the US Federal Reserve (FED) tried to lower the inflation to the target threshold of 2% by 7 times of raising interest rates, and enlarging the prime rate band to 4.25% - 4.5% at the last meeting dated December 14, the highest since 2007. FED raising interest rates caused the USD to rise sharply, putting greater pressure on domestic interest rates and exchange rates, subsequently resulting in higher pressure on inflation. In order to control inflation and stabilize the macroeconomics, the State Bank of Vietnam increased the operating interest rate, specifically the refinancing interest rate to 6%/year; the rediscount rate to 4.5%/year, and the interbank interest rate to 7%/year. By the end of 2022, the deposit interest rate for a 1-3 month term was 4.0-6.0%/year, and deposits with terms longer than 6 months at commercial banks climbed to 8.5-10%/year. Generally, deposit rates increased by about 350-400 basis points (BPS) from the rate at the end of 2021 for terms longer than 6 months, a higher rate applied before the COVID. Subsequent to such increase in the deposit rates, in order to ensure the commercial banks' profitability, lending interest rates increased, which caused disadvantages for the businesses that were involved so much leverage to serve their business recovery. Although the State

Bank of Vietnam intervened by loosening the credit room available to a number of sectors and industries, high lending interest rates negatively affected many businesses, especially amid the context they have been in need of capital to recover.

With debt accounting for 27.59% of total assets, along with the current high interest rate situation which may prolong til 2023, Thanh Cong has been highly exposed to risks generated from its interest-bearing loans with the rates had been agreed upon. To effectively manage the risks, the Company proactively plans its funding sources in balance with its investment projects, working capital was mobilized in combination with thorough financial planning. Besides, Thanh Cong paid attention to monitoring and analyzing the competitive situation in the market to enjoy interest rate that is favorable for the Company. As can be seen from the sensitivity analysis of loans in case of any change in the interest rate, with other factors unchanging, if the interest rate increases/decreases by 200 basis points (BPS), the Company's earnings before tax will increase/decrease by VND17,577,711,133. Amid a highly volatile economy, it is so important for the Company to estimate its interest expense, which required it to keep close track with the market in order to take suitable steps to deal with. Therefore, Thanh Cong always made its best effort to control its borrowing at reasonable level after careful considering and being well-prepared for responsive scenarios.





RISK FACTORS (CONT)

Input material price risk

In the context of the world macroeconomic volatility, impacts caused by the material price fluctuation risk in the textile and apparel industry have been always considered, evaluated, and quantified. According to data from the General Statistics Office and the Ministry of Industry and Trade, the import turnover of textile and apparel materials (cotton of all kinds, fibers, fabrics, raw materials, and accessories) reached approximately USD28 billion, equivalent to an increase of 6.03% year over year. Input materials for the textile and apparel industry is always a difficult problem because Vietnam still relies on import sources to meet 60-70% of its total demand. Especially, Vietnam businesses depend completely on cotton imports. The reason is that Vietnam does not own a comparative advantage because the feature of the cotton industry is economies of scale while the soil conditions in Vietnam are not really suitable to develop this material. On the other hand, the current equipment and machinery to produce textile materials are still limited. In addition to these obstacles, it is also difficult to invest in production facilities because the cotton price is not competitively attractive in comparison with those in other countries like the United States, Brazil, India, China.

In terms of importing raw cotton, Vietnam has been doing well in restricting imports from China in the context that forced labor in this country has been a great concern of many importers. According to data from the Vietnam Cotton and Spinning Association (VCOSA), the United States has been Vietnam's largest cotton supplier to account for 35.88% of total cotton imported, followed by Australia. However, regarding other materials, more than 50% has been supplied by China. Therefore, China's implementation of strict epidemic control measures has put impacts on the input supply

to Vietnam. In addition to the risk of increasingly high input material prices, the global energy crisis caused an increase in logistics costs and may result in disruptions in the supply chain of raw materials because of a lack of containers, businesses may be exposed to the risk of the shortage of input materials to conduct production activities, causing difficulties in managing orders and inventories.

In case of Thanh Cong, it has not relied on China for importing input materials, the Company has established links with the domestic market and other countries in the production chain. Therefore, China's Zero-Covid policy in 2022 did not have much impact on the supply of materials used in Thanh Cong's production. At the same time, with the advantage of complete autonomy from yarn onwards, Thanh Cong owns a vertical production system of spinning - weaving - dyeing - sewing, having the flexibility to use internal yarns or imported yarns from overseas which depended on its customers' fabric orders and yarn market prices. Since then, Thanh Cong has become a business with an advantage over its peers when Vietnam joined the EVFTA agreement with strict regulations on the origin "from fabric onwards".

As a business engaged in intensive investment in research and development for many years, Thanh Cong's R&BD department has obtained many outstanding achievements, typically, green investment. Since 2017, Thanh Cong has paid much attention to doing research on environmentally friendly product lines ranging from recycled materials (open-loop recycling) such as plastic bottles, recycled clothes (closed-loop recycling) and biological-based materials like sugarcane, corn. With the sustainable growth goal, Thanh Cong always strives to look for new sources of raw materials, regarding both competitive advantages and environment protection.

Competitiveness risk

Characterized by a labor-intensive industry, Vietnam's textile and apparel industry has been facing a population aging trend, of which the pace of influence has been increasingly high. Currently, the leading countries in textile processing and exporting are China, EU, India, Bangladesh, Myanmar, Vietnam, etc. In particular, in 2022, Vietnam was honored to become an apparel exporter ranking third in the world, following China and the EU. This result came from an abundant source of young workers with good learning abilities, ingenuity, and skills. However, in the next years, Vietnam is at risk of losing its competitive advantage when, as reported by the Population and Housing Census - the General Statistics Office, Vietnam is experiencing the fastest population aging rate in the world with the total population increasing by 1.14%/year on average, the elderly population increasing by 4.35%/year. As of 2022, the average age of Vietnamese was 33.3

years old. Meanwhile, the average age of people in Bangladesh, India, and Myanmar was 28.3 years old, 29.1 years old, and 29.6 years old, respectively (danso.org). The population aging may make it difficult for the industry and the country to reduce the workers' skills and absorption. In particular, one of the leading factors that make Vietnam's textile and apparel products highly competitive has so far been low labor cost, however, this competitive advantage seems to be gradually disappearing in today's context. In 2022, with Decree 38/2022/ND-CP of the Government, coming into force on July 1, 2022, the regional minimum wage was adjusted to increase, resulting in higher labor costs. Although labor costs increased, the quality of the labor skill seems not to have improved to commensurate. This also led to the loss of competitiveness of Vietnamese businesses in fields requiring high expertise such as textiles and apparel.

Labor supply risk

Although the income of the textile and apparel industry has been constantly increasing year by year, the industry is still considered as an unattractive industry due to its low income, long working hours and hazardous working environment. So, it has been still an industry experiencing the highest turnover. With the main export item being apparels, labor fluctuations will affect the businesses' abilities to meet their customers' orders.

After the Covid 19 pandemic, the trend in which the workers return to their hometowns to live and work has been more and more popular because jobs in big cities such as Ho Chi Minh City were cut and unstable while it has been still expensive to live. As a result, there has been a serious shortage of labor when the textile and apparel industry's business and production return to normal, and the businesses need to recruit workers.



RISK FACTORS (CONT)

Competitiveness risk

Labor supply risk (cont)

Currently, Thanh Cong is one of the businesses which focussed its resources to invest heavily in science and technology in the textile industry on a large scale, together with a diversified product portfolio. The initiative to improve infrastructure technology has been one of the competitive advantages possessed by Thanh Cong. Besides, with a high degree of autonomy in raw materials, Thanh Cong has actively balanced the proportion of the ordered items with the number of employees in pursuit of the best revenue from time to time. In terms of relationships with existing customers, it has effectively applied the Free Trade Agreements with 15 effective agreements, the Company took initiative to increase the quality of finished products as well as greening the process to meet the requirements and impress its international friends. In terms of attracting labor, to ensure sufficient labor for the Company, Thanh Cong has adopted preferential policies for its employees such as adjusting salaries to increase by ranks, considering periodic pay rise; adopting bonus regimes based on productivity, quality, diligence, and performances; along with better quality of the allowance. On the other hand, the Company has always been concerned with labor productivity instead of working time, reducing working hours for the workers to help them both take care of their families and ensure a good income. As a result, the average income of each worker in 2022 reached VND 11.5 million, 3.85% higher year over year, which was a huge effort made by Thanh Cong, demonstrating that it has been performing well the role of a bridge between labor and revenue, ensuring value to be created for the Company and society.

Legal risks

Thanh Cong operates as a joint stock company whose shares are listed on the Ho Chi Minh Stock Exchange (HOSE). Therefore, it is required that it meets the listing conditions and maintains being listed in accordance with the law. At the same time, all activities of the Company are governed by a system of legal documents including: Enterprise Law, Securities Law, Tax Law, Accounting Law and relevant decrees and circulars. On the other hand, by being engaged in regular import and export activities, the Company must comply and fully meet the relevant requirements of taxes and customs procedures. Recently, the macroeconomic conditions have been highly volatile, accordingly, the Government has taken timely actions, updated, supplemented, and amended legal documents to better improve policies to adapt from time to time. In particular, with the policy of attracting foreign investors, aiming for a healthy capital market in conformity with international practices, the regulations on corporate governance in pursuit of information transparency have been revised more and more specific and tight. As one of the established companies in the industry, Thanh Cong has always kept close track of the latest regulations, conducted appropriate assessments, and judgments, as well as flexibly adjusted its plans to meet statutory requirements.

On the other hand, with e-commerce involvement, the legal framework not only encapsulates the national scope but also relating to international legislation. Not only Vietnamese legislation has been always monitored and updated, Thanh Cong has frequently conducted research on the legal regulations related to the host countries to ensure accurate legal enforcement, guaranteeing business activities taking place legally and safely. In particular,

one of the difficulties of the e-commerce platform is international tax - transnational tax payment, Thanh Cong has always tried to comply with the law along with taking advantage of tax incentives to obtain more value to the business.

In order to ensure stable production, the Company's internal regulation system also includes regulations on the examining process and contract review in combination with the implementation of examining and reviewing the tasks between the Legal department and the Finance and Accounting Department. To support the contract review process, the Company relies on Contract Management Software (CMS) - a software that was built and developed by the Company's Information Technology (IT) Department based on internal characteristics and managerial criteria set out by Thanh Cong as a functional supporter to the operational units to perform faster and more accurately the process of reviewing contract terms. Simultaneously, it also provides tight control over the correct use of content that has been verified for signing. Thereby factors of high risk or potentially detrimental to the Company were effectively managed so that it could promptly negotiate before entering into the contract. Moreover, the risks have been always identified and managed during the contract execution. Additionally, All functional departments of the Company were also required to always update timely legal regulations related to their operations, and participate in training sessions on new regulations to ensure that all people are aware of the new requirements imposed when they performed their tasks, risks, accordingly, could be prevented from occurrence.

Specific legal framework for textile and apparel industry

Beside the legislation generally applied to the businesses in the Vietnam, Thanh Cong and its peers must also comply with specific requirements for the textile and apparel industry. With the policy of global cooperation, entering into the two agreements, the Vietnam - UK Free Trade Agreement (UKFTA) and the Vietnam - European Union Free Trade Agreement (EVFTA) has been an opportunity and also a challenge to the textile and apparel industry in general and Thanh Cong in particular when reaching the difficult market - Europe. In particular, the hardest challenge is to meet requirement of origins. The businesses in Vietnam mainly import input materials, it is difficult to proactively meet the standards for export, not only costs to be mentioned but also the regulation on the stage "from fabric onwards" regulation. Furthermore, as the largest textile and apparel export market of Vietnam, on June 21, 2022, the United States began to enforce the Uighur Forced Labor Prevention Act (UFLPA) with the content prohibiting the goods made in Xinjiang (China) from being exported to the United States. This included products manufactured in a third country unless the importer can provide clear and convincing evidence to prove that the goods were not produced with an engagement of forced labor. This act has also partly affected Vietnamese textile and apparel businesses but to a minor degree. In addition to the principle of origin, the carbon border tax on all imported goods imposed by the European Union scheduled to be implemented since 2023 has also been one of the major challenges for the industry, specifically this tax rate is determined by the difference between the EU carbon price and the region/country of origin of the imported items. By reference, the carbon calculator of the Spanish NGO - AERESS is used to determine that the production of a cotton mixing shirt and cotton jeans emits 5 kg of CO₂ and 20 kg



RISK FACTORS (CONT)

Legal risks

Specific legal framework for textile and apparel industry (cont)

of CO₂, respectively. With the carbon emission cost charged by the EU as 60 USD/ton, in the event that Vietnam does not have a mechanism to calculate a carbon tax for shirt production in Vietnam, the EU will collect a carbon tax of 30 cents/shirt and USD1.2/jean trousers when Vietnam exports to the EU, equivalent to 35%-40% of the factory's processing cost. Despite the fact that with this example, shirts and jeans are not Thanh Cong's products, so they have not yet reflected the carbon tax that may affect the Company, the objective of the EU Carbon Tax policy is to be applied to all goods imported into the EU, then, Thanh Cong cannot anticipate the impact of this tax on its operations. In the future, if the mechanism is not only imposed by the EU but also by other countries, it will have a significant impact on the development of Vietnam's textile and apparel industry.

With Thanh Cong in particular, it will be well-prepared, thoroughly research, invest, and seriously enforce legal issues to achieve the highest efficiency of the Company's business. Moreover, Thanh Cong is one of the few enterprises that are qualified for the origin of raw materials thanks to its advantage of implementing vertical production, input materials autonomy.

Environmental risk

As a typical feature that 95% of Thanh Cong's orders are the ones using raw materials of its autonomy, the Company's customers are mainly demanding markets, and with its own autonomy in production process, Thanh Cong has all the times given a close attention to the input materials. Nonetheless, the Company's materials stage is somehow affected by environmental factors. Specific factors such as soil, water, and air can all affect the output and quality of raw materials before being processed. On the other hand, the problem of temperature and humidity can affect workers working at the factory, people may easily get sick in the weather of erratic changes, hence, their productivity may be negatively impacted. Also, climate change and natural disaster may make distribution activities difficult with a possibility to lose goods or disrupted delivery, which may cause losses and damages to the Company.

To effectively manage this kind of risk, Thanh Cong has always taken initiative to monitor and quantify the environmental effect on each step of its operation. Thereby, relevant policies may be developed for timely solutions to prevent risks such as making specific plans to balance inventories and new purchases, and taking environmental factors into account in the scenarios of delivery and distribution of high value orders. In parallel, the perfection of health and welfare policies were focused so that the employees were protected against sickness due to erratic weather changes.

Other risk factors

Besides the above-mentioned risks, the force majeure risks that the Company has to cope with like natural disasters, fire, explosion, or epidemic have been always thoroughly considered the Company. These unpredictable risks can significantly affect the Company's human resources, assets, and overall performance. Currently, although the impacts caused by the Covid-19 epidemic have been more or less minimized, warnings about the new variant do not exclude the possibility that the world economy will continue to experience strong shocks once the epidemic wave returns. In order to limit losses and damages from the above-mentioned unpredictable risks, plans were developed to prevent and minimize risks by covering the employees, property, and related parties (factory, finished products, etc.) with insurance. At the same time, it has coordinated with its related parties to enhance their awareness through coaching, rehearsal in order to equip themselves with necessary skills to timely and thoroughly handle unexpected situations to the Company.





PART 2 YEARLY BUSINESS OPERATION

- 01 Business and production performance
- 02 Organization and Human Resources
- 03 Investment and Project Implementation
- 04 Financial situation
- 05 Shareholder Structure, Change in Owner's Equity



BUSINESS AND PRODUCTION PERFORMANCE

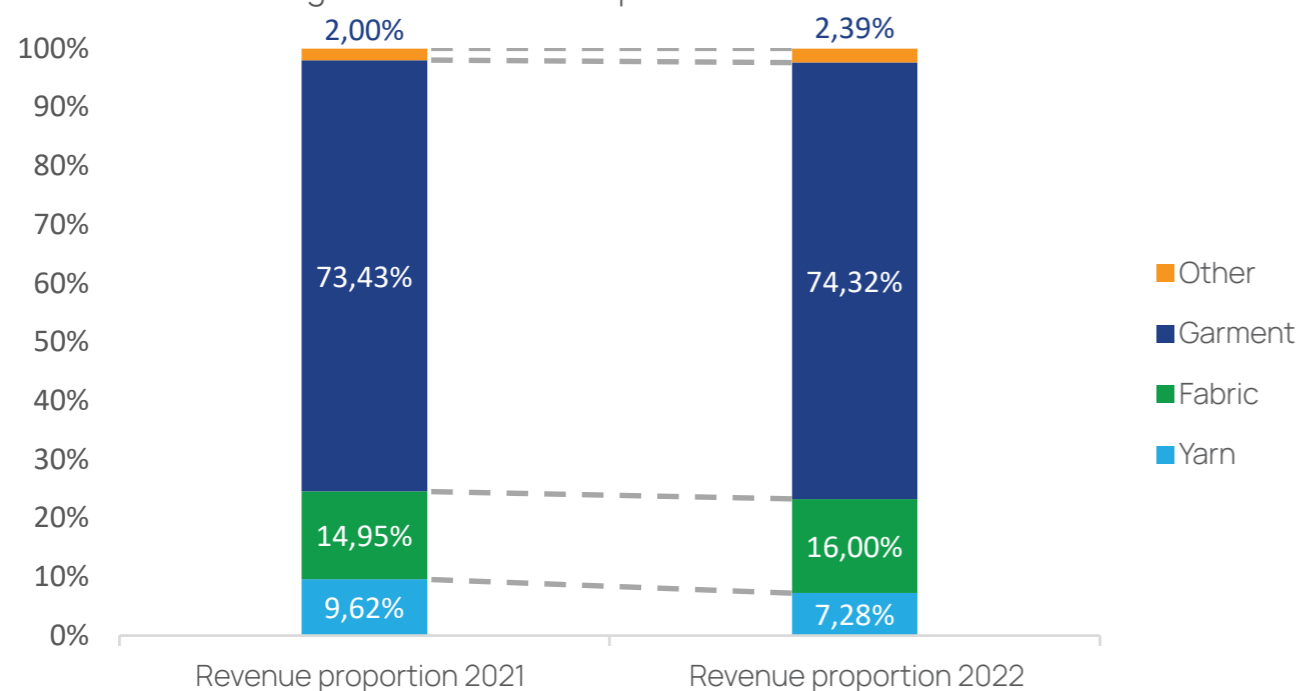
Business and production performance

Revenue structure by product

UNIT: Million dong

Product	Revenue in 2021	Revenue in 2022	Revenue proportion 2021	Revenue proportion 2022
Yarn	339,973	315,911	9.62%	7.28%
Fabric	528,517	693,998	14.95%	16.00%
Garment	2,596,228	3,223,759	73.43%	74.32%
Others	70,696	103,722	2.00%	2.39%
Total	3,535,416	4,337,389	100%	100%

Changes in Revenue composition in 2021 vs. 2022



Financial condition in the year

UNIT: Million dong

No.	Targets	2021	2022	% change
1	Net Revenue	3,535,416	4,337,389	22.68%
2	Cost of Goods Sold	3,021,914	3,627,139	20.03%
3	Financial income	60,613	105,954	74.81%
4	Profit in Affiliates	7,223	7,993	10.66%
5	Financial, selling, and administrative expenses	405,646	477,875	17.81%
6	Operating profit	175,692	346,322	97.12%
7	Other profit	2,807	3,983	41.87%
8	Earnings before tax	178,499	350,305	96.25%
9	Earnings after tax	143,659	281,069	95.65%
10	Earning per share (dong)	1,635	2,898	77.25%

Performance in comparison with the Plan

UNIT: Billion dong

No.	Targets	Actual 2021	Actual 2022	Planned 2022	Actual 2022/Planned 2022
1	Net Revenue	3,535	4,337	4,183	104%
2	Earnings after tax	144	281	253.8	111%



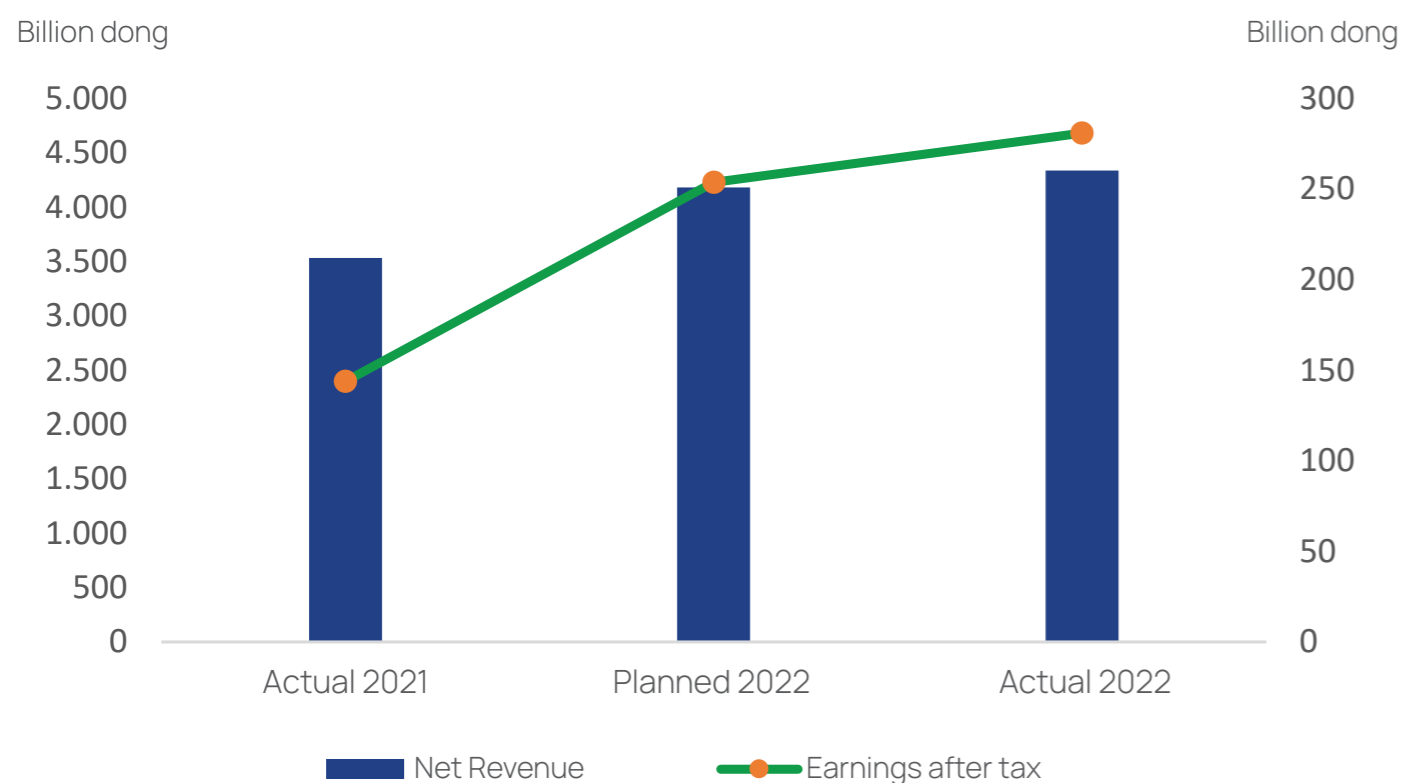


BUSINESS AND PRODUCTION PERFORMANCE

Business and production performance

Going through the period of being negatively affected by the epidemic, in 2022, the economic picture of Vietnam in general and Thanh Cong in particular, appeared many bright colors. Nonetheless, there still remained lots of difficulties as well as challenges encountered by its peers. By the end of 2022, Thanh Cong's total revenue was VND4,337 billion, exceeding 4% of the target, equivalent to an increase of 22.68% year over year. The superiority in revenue was largely contributed by the increase in orders made in the first half of 2022 after a long time delay experienced by Thanh Cong's main export markets due to the epidemic. At the same time, such an increase was a result of the loosening monetary policy in many countries with the goal of consumption stimulation, creating a driving force for economic recovery. According to the General Statistic Office of Vietnam, Vietnam's textile and garment export turnover in the first half of the year was USD18.65 billion, or 21.6% higher year over year. The United States continued its

largest importer of Vietnam Textile and Apparel Industry with a growth rate of 20%. Contrary to the picture drawn in the first half of the year, at the end of the year, especially the Q4/2022, the global textile and apparel market began to face difficult times due to the impact of the energy crisis and high inflation. This situation has had a significant impact on the customer's psychology, in addition, the high volume of inventory maintained by retail businesses in the fashion industry since the first months of the year caused the number of new orders to drop drastically, especially in the US and EU markets. Specifically, the last 3 months of the year averaged only 84% of exports in comparison with the first 9 months of the year with total export value reaching 3.1-3.2 billion USD/month. Although the overall situation was not very positive for the textile and apparel industry, Thanh Cong's revenue still beat its expectations mainly thanks to the export market diversification. Thanh Cong was quickly adaptive to the world changes by switching from targeted



customers to its familiar customers such as Korea, Japan, promoting its sales to other Asian countries such as Thailand, India, and Taiwan. In addition, for the Americas market, besides the US, TCM actively penetrated Canada market. As a result, as of November, the Company obtained about 85% of the total orders targeted for Q4/2022. At the end of the year, the Company completed its targets of orders, full-year exports to Asian countries accounted for the highest proportion of about 53%, of which, Korea accounted for 18.62%, and Japanese market accounted for 13.93%. The United State made up 31.36%. The Company took a clear move, which was clearly demonstrated by comparing to 45% of the total to Asian countries of the last year. On the other hand, in terms of the production structure, Thanh Cong continued to gradually shift the yarn segment to the textile-dyeing segment because the continuous decline in yarn prices during the year while cotton input prices fluctuated at a high level, there were times when cotton prices were equal to yarn prices. Many businesses suffered losses when producing yarn for export.

In addition to the success in terms of revenue, Thanh Cong's earnings after tax was VND281 billion, exceeding 11% of the target, equivalent to an increase of 95.65% year over year. Not only due to the low base to compare in the previous year, when comparing to 2019 - before the epidemic, earnings after tax still achieved a growth of 29.62%. Besides the better performance was contributed by revenue increase, COGS recorded a lower growth than revenue. As for the cost of raw materials, in 2022, the price of imported fibers and cotton fluctuated complicatedly, the Ukraine - Russia conflict caused the price of raw materials to increase continuously, and by April 2022, the price of cotton

increased by 33% compared to the beginning of the year (according to the Ministry of Industry and Trade), the freight rate also increased by 3 times. Nonetheless, there was a slowdown in textile and apparel price after the second quarter of the year 2022. By December 2022, the price of imported fiber and cotton (accounting for 10% of Thanh Cong's production costs) had cooled down by 10% and increased by 3.5% compared to the beginning of the year, respectively. With the support from the cooling reaction in combination with the strength of the vertical value chain in which Thanh Cong promoted its investment. Moreover, internal yarn sourcing occupied 85% of the total material costs of apparel orders being one of the reasons for creating a breakthrough figure of profits. Besides the cost of raw materials, labor cost was also one of the factors attracting Thanh Cong's focuses on, with a proportion of 28.67% of the total cost structure of production and business by factor. In 2022, the Company recorded a labor cost of VND1,112 billion, an increase of 8% year over year, partly due to the increase in the regional minimum wage when 64% of Thanh Cong's employees worked in the region with the highest basic salary - Ho Chi Minh City. Besides, Thanh Cong recorded a big change in financial revenue and financial expenses, which was mainly contributed by realized exchange rate gain or loss from the exchange rate. The year 2022 was identified as a year when the global exchange rate system was extremely volatile when the USD appreciated rapidly, while other currencies such as EUR, JPY, CNY, and KRW all depreciated. As a company that has regularly been involved in import and export activities, Thanh Cong was significantly affected when most of its revenue and expenses were recorded in USD.



ORGANIZATION AND HUMAN RESOURCES

List of Board of Management members:

As of December 31, 2022

No.	Member	Position	Number of shares hold	Percentage of holding	Date of Appointment
1	Mr. Jung Sung Kwan	General Director	0	0%	May 31, 2021
2	Mr. Tran Nhu Tung	Deputy General Director	75,042	0.09%	November 05, 2019
3	Mr. Song Jae Ung	Deputy General Director	0	0%	January 20, 2022
4	Ms. Nguyen Minh Hao	Chief Financial Officer	0	0%	July 12, 2021
5	Ms. Pham Thi Thanh Thuy	Chief Accountant	0	0%	March 10, 2022



Mr. Jung Sung Kwan
General Director

Year of birth: 1966

Nationality: South Korea

Gender: Male

Qualifications: Bachelor of business management

Working experience

- ❖ 05/2021 - present: General Director of Thanh Cong Textile Garment Investment Trading Joint Stock Company
- ❖ 04/2020 - 05/2021: Head of Eland Retail Ltd Korea.
- ❖ 04/2018 - 03/2020: Representative of Eland China Retail.
- ❖ 07/2016 - 03/2018: Representative of Eland Retail.
- ❖ 02/2014 - 06/2016: Strategic Director of E-Land Retail.
- ❖ 06/2012 - 01/2014: Production Director of Eland Group
- ❖ 01/2010 - 05/2012: Head of Eland Retail Ltd Korea.
- ❖ 07/1991 - 12/2009: E-Land Group (E-Land World)

Individual holding: 0 share

Representative holding: 0 share

Position in other organizations: BoD member of Savimex Corporation



ORGANIZATION AND HUMAN RESOURCES (CONT)



Mr. Tran Nhu Tung
Deputy General Director

Year of birth: 1973

Nationality: Vietnam

Gender: Male

Qualifications: Master of Business Administration - Bachelor of Information technology

Working experience

- ❖ 11/2019-Present: Deputy of General Director, Chairman of the Board of Directors of Thanh Cong Textile Garment Investment Trading Joint Stock Company.
- ❖ 06/2018-10/2019: Real estate and Investment Director of Thanh Cong Textile Garment Investment Trading Joint Stock Company
- ❖ 09/2014-05/2018: Investment and Investor Relations Director of Thanh Cong Textile Garment Investment Trading Joint Stock Company
- ❖ 2012-08/2014: Investment and Investor Relations Head of Thanh Cong Textile Garment Investment Trading Joint Stock Company
- ❖ 2010-2012: Head of Strategy Division of Thanh Cong Textile Garment Investment Trading Joint Stock Company
- ❖ 2008-2009: Head of IT Division of Thanh Cong Textile Garment Investment Trading Joint Stock Company

Individual holding: 75,042 shares, 0.09% of charter capital

Representative holding: 0 share

Position in other organizations:

- ❖ BoD member of Savimex Corporation
- ❖ General Director cum President of the Member Council of TC Tower Company Limited
- ❖ President of the Member Council of TC Commerce Company Limited



Mr. Song Jae Ung
Deputy General Director

Year of birth: 1969

Nationality: South Korea

Gender: Male

Qualifications: Textile and Apparel Master degree

Working experience

- ❖ 01/2022-Present: Deputy General Director of Thanh Cong Textile Garment Investment Trading Joint Stock Company
- ❖ 11/2020-01/2022: General Director of SY Vina Joint Stock Company
- ❖ 11/2019-11/2020: Deputy General Director of Thanh Cong Textile Garment Investment Trading Joint Stock Company
- ❖ 03/2018-10/2019: Fabric sales director, R&BD director of Thanh Cong Textile Garment Investment Trading Joint Stock Company
- ❖ 03/2017-03/2018: Head of R&BD Division of Thanh Cong Textile Garment Investment Trading Joint Stock Company
- ❖ 01/2015-02/2017: Working for SY Vina
- ❖ 07/1994-12/2014: Working for E.Land Group

Individual holding: 0 share

Representative holding: 0 share

Position in other organizations: General Director of E.land Vietnam Company Limited (02/2023 - present)



ORGANIZATION AND HUMAN RESOURCES (CONT)

**Ms. Nguyen Minh Hao**

Chief Financial Officer

Year of birth: 1973**Nationality:** Vietnam**Gender:** Female**Qualifications:**

- ❖ Master of Business Administration in Finance - Columbia Southern University - the United States
- ❖ Bachelor of English - Quy Nhon University
- ❖ Bachelor of Credit and Accounting - Banking University of Ho Chi Minh City

Working experience

- ❖ 07/2021 – present: Chief Financial Officer of Thanh Cong Textile Garment Investment Trading Joint Stock Company
- ❖ 04/2010 – present: BoD member of Thanh Cong Textile Garment Investment Trading Joint Stock Company
- ❖ 02/2010 – 03/2022: Chief Accountant of Thanh Cong Textile Garment Investment Trading Joint Stock Company
- ❖ 2009 – 2010: Head of Investment and Development Department of Thanh Cong Textile Garment Investment Trading Joint Stock Company
- ❖ 1995 – 2009: Quy Nhon Forest Planting Company limited

Individual holding: 0 share**Representative holding:** 0 share**Position in other organizations:** Member of the Board of Members of TC COMMERCE Company Limited**Ms. Pham Thi Thanh Thuy**

Chief Accountant

Year of birth: 1976**Nationality:** Vietnam**Gender:** Female**Qualifications:** Bachelor of Economics**Working experience**

- ❖ 03/2022 – present Chief Accountant of Thanh Cong Textile Garment Investment Trading Joint Stock Company
- ❖ 2008 – 03/2022: Deputy Head of Accounting Department of Thanh Cong Textile Garment Investment Trading Joint Stock Company
- ❖ 1996 – 2008: Working for Thanh Cong Textile Garment Investment Trading Joint Stock Company

Individual holding: 0 share**Representative holding:** 0 share**Position in other organizations:** Head of the Inspection Committee, Thanh Cong Medical Center Joint Stock Company



ORGANIZATION AND HUMAN RESOURCES (CONT)

Changes in Board of Management in 2022

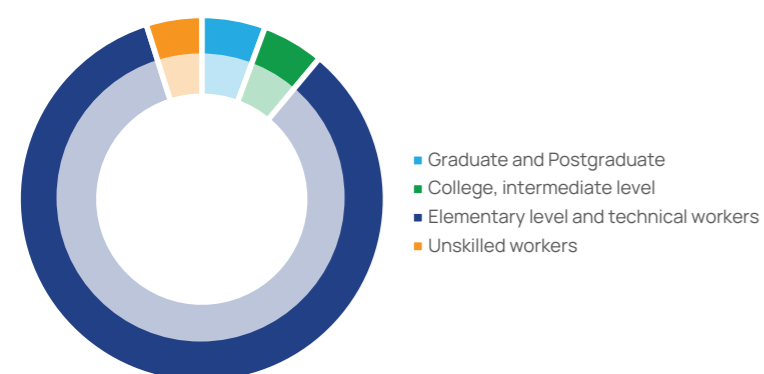
- ❖ On January 20, 2022, Mr.Song Jae Ung was appointed as Deputy General Director by the Board of Directors.
- ❖ On March 10, 2022, Ms. Pham Thi Thanh Thuy was appointed as Chief Accountant, effective since March 16, 2022, Ms. Nguyen Minh Hao was removed from the position of Chief Accountant since the same date.

Statistics of the Company's employees

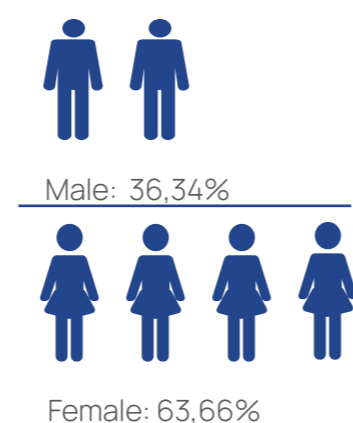
As of December 31, 2022, statistics of the Company's employees:

No.	Property of classification	Number (Person)	Percentage (%)
A	Classified by qualification		
1	Graduate and Postgraduate	352	5.62%
2	College, intermediate level	342	5.46%
3	Elementary level and technical workers	5,265	84.02%
4	Unskilled workers	307	4.90%
B	Classified by labor contract		
1	Temporary contract (less than 1 year)	13	0.21%
2	Contract with terms 1 - 3 years	1,623	25.90%
3	Indefinite labor contract	4,630	73.89%
C	Classified by gender		
1	Male	2,277	36.34%
2	Female	3,989	63.66%
Tổng cộng		6,266	100%

Classified by qualification



Classified by gender



Income on average

Targets	2018	2019	2020	2021	2022
Total number of employees (person)	7,330	7,364	7,002	6,720	6,625
Income on average (dong/person/month)	10.400.000	11.200.000	11.400.000	11.085.449	11.513.000

Summary of Human resource policies

For Thanh Cong, the workforce has been taken as the most important and valuable resource that contributes to the sustainable and long-term development of the Company. Therefore, the Company always respects and is grateful to all employees for their great contributions during the Company's development journey.

Salary, bonus and welfare policy: Thanh Cong's leaders and managers have been doing unceasing research and improvement on its labor policies accordingly, fully ensuring the rights of employees in accordance with regulations, and at the same time adopting more attractive remuneration policies to attract and retain talents to serve the Company's business and production. In 2022, in addition to the employees' pay rise to meet legal requirements of the regional minimum wage, the Company adjusted to increase the meal and gasoline allowance for the employees. With a diverse workforce serving different business segments, the Company always respected the difference without discrimination, deploying reasonable salary and bonus policies, and a clear and satisfactory roadmap to get performance-base income increase. Besides, the Company also conducted periodical activities on the International Women's Day March 8, Vietnamese Women's Day October 20, and Sports Festival to celebrate the Company's birthday, etc. in the aim of creating union as well as improving the spirit of attachment between the employees and the Company.

Working environment: At Thanh Cong, the employees are equipped with a secure and healthy working environment. The company's employees are always fully provided with protective equipment; checking the degree of dust in the air is regularly done. Additionally, the Company's elevator, fire prevention at its factories are regularly maintained in order to timely detect and remedy, checks the level of dust in the air, the elevator system, and the fire protection system at the factories is periodically maintained to detect and remedy in case of incidents. Moreover, the workplace is also equipped with gym, yoga rooms, outdoor playgrounds, a cafeteria (Way Coffee), canteens, medical rooms, and breakfast areas (Way Garden), etc. to ensure that the employees' working lives are satisfactory, thereby, they feel assured to devote to the Company's growth.

Training: Training activities are organized on regular basis by the Company in order to improve and develop professional skills for each department and operational function. At the same time, tests and evaluations are frequently organized to develop appropriate training programs, improve professional qualifications, and nurture skills of all resources of the Company.



INVESTMENT AND PROJECT IMPLEMENTATION

Capital investments

Investments made by the Company in 2022

Unit: dong

Name of the project	Investment value
Spinning	37,841,492,857
Weaving	817,975,587
Knitting	18,500,000
Dyeing	16,493,403,872
Sewing (Including Vinh Long factory, Trang Bang factory)	105,133,004,041
Company's Back Office	8,611,147,373
Total	168,915,523,730

Other long-term investments

As of December 31, 2022, other long-term investments of the Company were as follows:

Unit: dong

Other investments and capital contributions	Total amount of investment and capital contribution
Viet Thang Corporation	125,000,000
Thang Loi Textile Garment Joint Stock Company	1,576,000,000
Hue Textile Garment Joint Stock Company	793,000,000
Vietnam Joint Stock Commercial Bank for Industry and Trade	2,449,600,000





INVESTMENT AND PROJECT IMPLEMENTATION (CONT)

Subsidiaries and Affiliates

Subsidiaries

Unit: dong

Thanh Cong Medical Center Joint Stock Company			
Targets	2021	2022	% change
Total assets	38,742,390,824	45,108,946,563	16.43%
Net Revenue	51,214,625,169	61,917,439,926	20.90%
Cost of Goods Sold	35,681,000,226	42,415,834,147	18.88%
Financial income	833,502,899	1,059,186,571	27.08%
Financial, selling, and administrative expenses	11,385,556,480	13,615,979,370	19.59%
Operating profit	4,981,571,362	6,944,812,980	39.41%
Other profit	334,046,715	323,308,310	-3.21%
Earnings before tax	5,315,618,077	7,268,121,290	36.73%
Earnings after tax	4,252,109,193	5,814,053,713	36.73%

Unit: dong

TC Tower Company Limited			
Targets	2021	2022	% change
Total assets	137,109,746,312	137,111,116,682	0%
Financial, selling, and administrative expenses	3,000,000	38,733,892	1,119.13%
Operating profit	-3,000,000	-38,733,892	1,191.13%
Other profit		-225,521,310	
Earnings before tax	-3,000,000	-264,255,202	8,708.51%
Earnings after tax	-3,000,000	-264,255,202	

Unit: dong

TC Commerce Company Limited			
Targets	2021	2022	% change
Total assets	5,898,131,648	9,161,984,462	55.34%
Net Revenue	1,083,636	165,741	-84.71%
Cost of Goods Sold	2,400,000	300,000	-87.50%
Financial income	9,356,640	67,218,639	618.41%
Financial, selling, and administrative expenses	7,590,972,236	10,490,784,503	38.20%
Operating profit	7,582,931,960	-10,423,700,123	37.46%
Other profit		7,327,379	
Earnings before tax	-7,582,931,960	-10,416,372,744	37.37%
Earnings after tax	-7,582,931,960	-10,416,372,744	37.37%

Affiliates

Unit: dong

Savimex Corporation			
Targets	2021	2022	% change
Total assets	594,731,531,152	557,877,862,204	-6.2%
Net Revenue	1,008,966,369,612	991,635,723,344	-1.27%
Cost of Goods Sold	869,403,647,203	834,867,161,173	-3.97%
Financial income	8,737,131,886	13,870,019,065	58.75%
Financial, selling, and administrative expenses	91,225,770,105	111,280,232,973	21.98%
Operating profit	57,074,084,190	59,358,348,263	4.00%
Other profit	(1,324,310,774)	9,534,138,491	-819.93%
Earnings before tax	55,749,773,416	68,892,486,754	23.57%
Earnings after tax	3,073,297,919	54,654,212,308	26.89%



FINANCIAL SITUATION

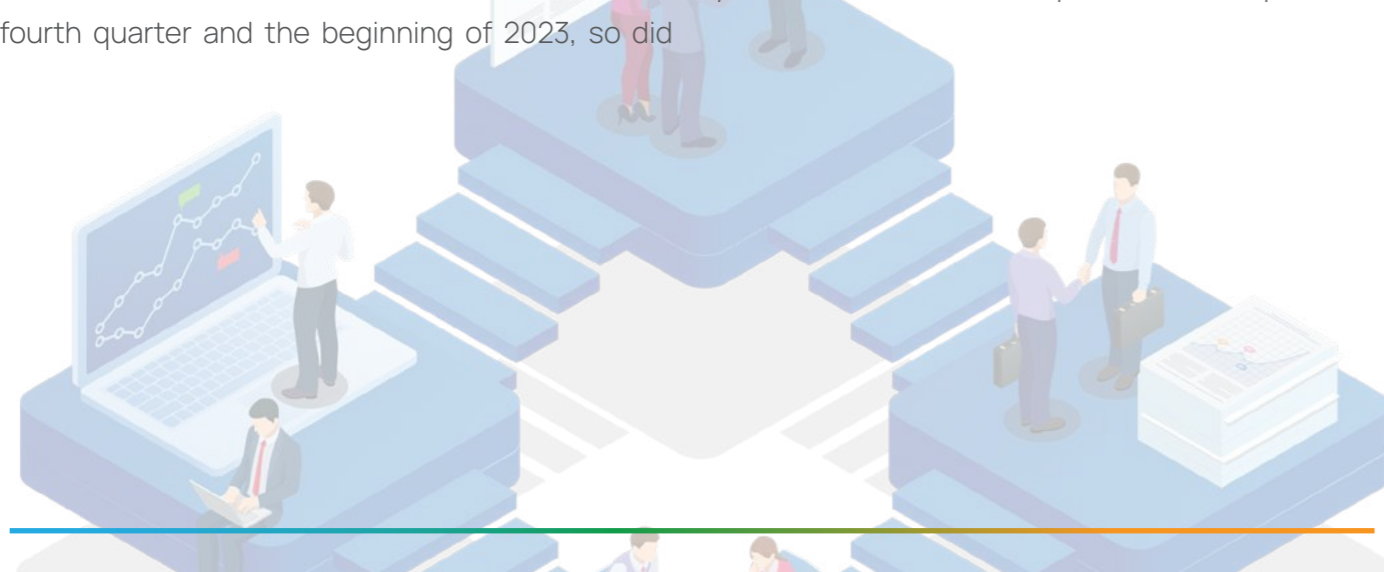
Financial situation

Unit: Million dong

No.	Targets	2022	2021	% Change
1	Total assets	3,477,067	3,606,391	-3.59%
2	Net Revenue	4,337,389	3,535,416	22.68%
3	Operating profit	346,322	175,692	97.12%
4	Other profit	3,983	2,807	41.87%
5	Earnings before tax	350,305	178,499	96.25%
6	Earnings after tax	281,069	143,659	95.65%

By the end of 2022, Thanh Cong's total asset value reached VND 3,477 billion, a slight decrease of 3.59% year over year. As a big player in the textile and apparel industry, a cyclical industry, the financial indicators of Thanh Cong and its peers depend on the growth of consumption in exporters. Although the textile and apparel industry in general and Thanh Cong, in particular, benefited from an increase in apparel demand in the first three quarters of the year thanks to its key customers' post-pandemic reopening, the fourth quarter of 2022 witnessed a sharp decline in the volume of orders, beginning the deceleration cycle. The main reason was the high rate of inflation which restrains spending in export markets, accordingly the goods imported in the first 3 quarters of the year was not sold out. There was a must to reduce the number of orders and the volume of each order made in the fourth quarter and the beginning of 2023, so did

the time to prepare the orders. Amid such context, the Company reduced its import of raw materials and goods, thereby reducing inventories which only accounted for 36.1% instead of nearly 41% of the asset structure in 2021. However, overcoming the difficulties in the fourth quarter, Thanh Cong still achieved impressive business results when net revenue and earnings after tax increased by 22.68% and 95.65% respectively year over year. In addition to benefiting from consumer demand in the first 3 quarters of the year, the reason also came from the fact that Thanh Cong completed 100% of the planned orders of which revenue was recorded in the fourth quarter of 2022 despite inflationary effects. Because of Thanh Cong's diversified export markets (nearly more than 30 countries and 5 continents), and autonomy in input materials from yarn - fabric, it was less impacted than its peers.



Major financial ratios

No.	Targets	UNIT	2021	2022
Solvency indicators				
1	Current ratio: (Current assets/short-term liabilities)	Time	1.34	1.65
	Quick ratio: (Current assets - Inventory)/Short-term liabilities	Time	0.51	0.69
Capital structure indicators				
2	Debt/total asset	%	52.62%	43.09%
	Debt/Owner's equity	%	111.08%	75.71%
Operational capability indicators				
3	Inventory turnover (Cost of goods sold/average inventory)	Time	2.22	2.67
	Total asset turnover ratio (Net Revenue/Average total asset)	Time	1.00	1.22
Profitability indicators				
4	Earnings after tax/Net Revenue (ROS)	%	4.06%	6.48%
	Earnings after tax/average Owner's equity (ROE)	%	8.41%	14.20%
	Earnings after tax/Average Total asset (ROA)	%	4.06%	7.94%
	Operating profit/Net Revenue	%	4.97%	7.98%



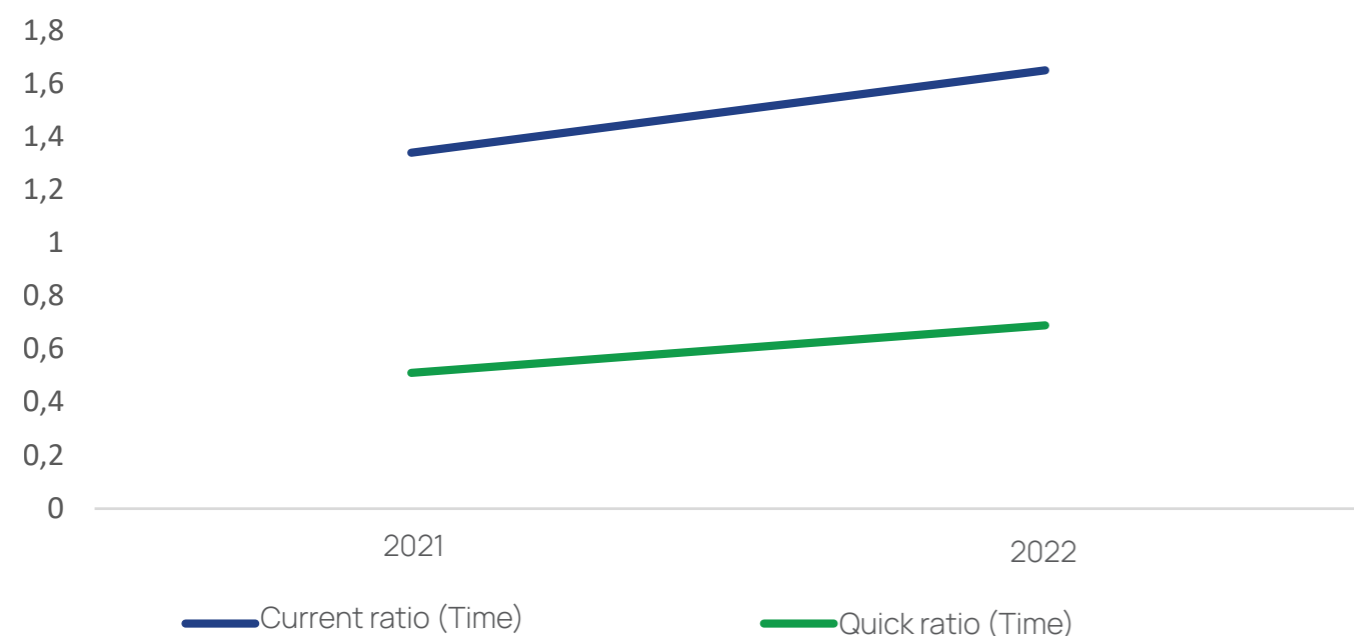
FINANCIAL SITUATION (CONT)

Solvency indicators

In general, over the years, Thanh Cong's solvency ratios were all greater than 1, indicating the Company's fulfilment of short-term financial obligation. In 2022, the indicators demonstrated a remarkable upward trend in comparison with 2021, partly showing the company's good solvency. Notably, the current ratio was 0.31 times higher, while the quick ratio went up by 0.18 time; and they were 23.13% and 35.29% higher year over year. The outcome resulted from the fact that in 2022, amid the economic uncertainty of the world and Vietnam, ranging from the energy crisis to the Russia-Ukraine armed conflict to the economic downturn in export markets made Thanh Cong more cautious in its business management and financial allocation policies.

In order to maintain stable and secure business operations, and ensure that working capital requirements would be timely fulfilled when necessary, the Company chose to keep cash, therefore, its cash and cash equivalents in 2022

increased by 56, 11%, with cash increasing by 180.96% year over year. This move contributed to higher weight of cash and cash equivalents from 7.5% to 12.14%. Short-term liabilities went down significantly. Specifically, short-term liabilities in 2022 decreased by 25.35% year over year, from 49% to 38% of the total. The change was mainly because of the decrease in the orders in the last months of the year, Thanh Cong became more cautious in purchasing raw materials and goods, with payables-inventory balance taken into account; as a result, account payables decreased by 68.15% year over year, with a proportion of 5.07%, a reduction from 15.36% of the capital structure maintained in 2021. Besides, amid the circumstances of volatile interest rates and exchange rates, Thanh Cong took initiative to reduce its short-term borrowing to help it less the interest burden when the bank's interest rates unceasingly escalating, on the one hand, and enable the Company to adjust flexibly its financing plans.

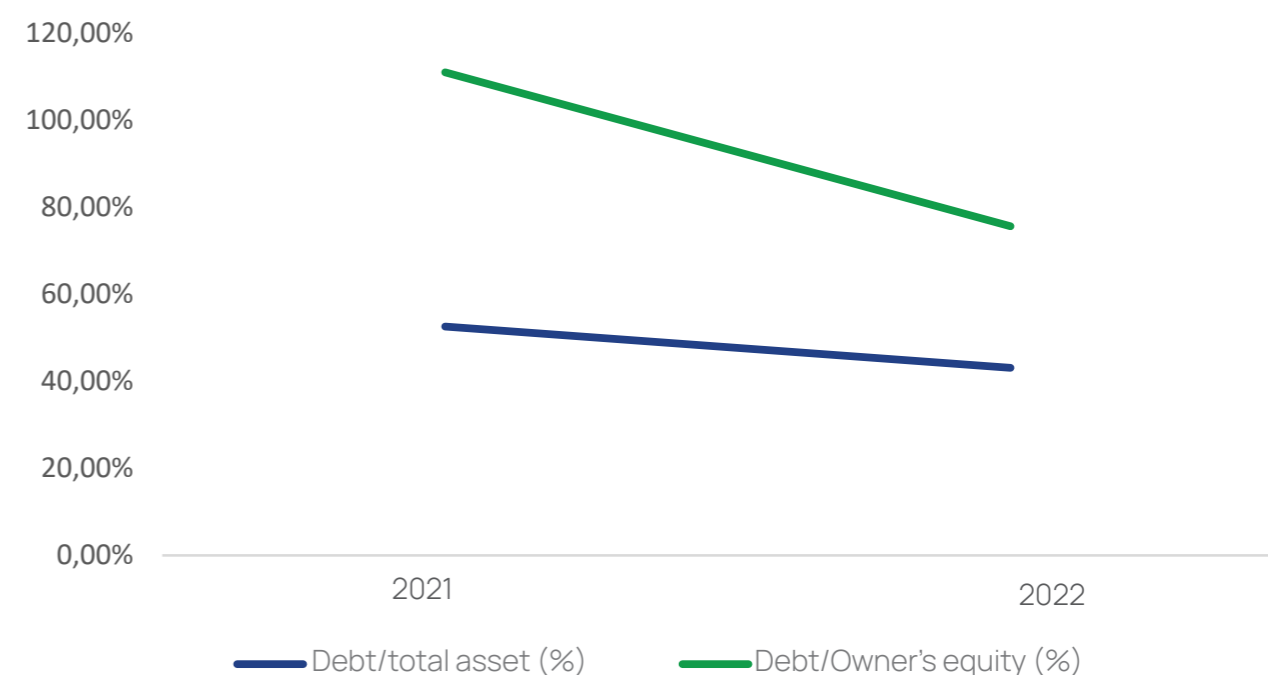


Capital structure indicators

In general, Thanh Cong's capital structure indicators remained stable over the years, the debt to owner's equity, and debt to assets fluctuated by a small margin. For 2022, the Company's owner's equity accounted for a higher rate than debt out of the total assets, a permutation in comparison with 2021. Specifically, the debt-to-asset ratio in 2022 went down to 43.09% from 52.62% in 2021, of which short-term trade payables decreased by 68.15%, short-term borrowings decreased by 10.05%. In addition to the order improvement, such good outcomes were explained by the fact that the Company's cautious plan of borrowing amid the context of interest rates and exchange rates uncertainty.

Amid the context of the world's high inflation, many countries increased their interest rates, especially the United States where the higher the interest rate was, the more the US dollar appreciated, which put pressure on the exchange rates of many countries.

Accordingly, to stabilize the exchange rate, the State Bank of Vietnam increased the interest rate twice at the ends of September and October, with an increase of 1%, lifting the interest rate to the level before the epidemic. As a business engaged in production and trading, most of Thanh Cong's borrowings were short-term with a proportion of 87.56% to the total, which explained why the Company would be highly sensitive if the interest rates increased. At the same time, Thanh Cong's USD loans were also affected when the USD appreciated. That was why it was a wise decision to lower its reliance on debts in the context of weaker consumption. On the other hand, the Company continuously increased its share capital, combined with undistributed profits from its impressive business results to increase the proportion of equity in the asset structure. The above capital structure enabled the Company to ensure the appropriate and flexible use of leverage and maintain its stable financial health in the context of business uncertainties.





FINANCIAL SITUATION (CONT)

Operational capability indicators

In 2022, the inventory turnover ratio and total asset turnover ratio both increased, reaching 2.67 times and 1.22 times, respectively. Specifically, its inventory turnover increased by 20.23%, and the total asset turnover was 22.68% higher year over year. As for the inventory turnover, the decrease in the number of textile and apparel orders in the last months of the year due to high inflation caused the consumers in export markets to reduce their spending on clothing, hence, the Company had to cut its inventory. Inventories recorded a decrease of 14.26% year over year, in which goods increased by 57.88%, goods in transit, and raw materials decreased by 61.26% and 9.05%, respectively. At the same time, the price of raw cotton was 33% higher in May than at the beginning of the year, which partly increased the cost of goods sold. The increase in inventory turnover represented many positive

signals, the fact that this figure was high indicated that the Company's inventories were effectively managed, highly responsive to the market changes; as a result, the Company's financial position was improved, thanks to lower inventory costs, which contributed to its long-term success.

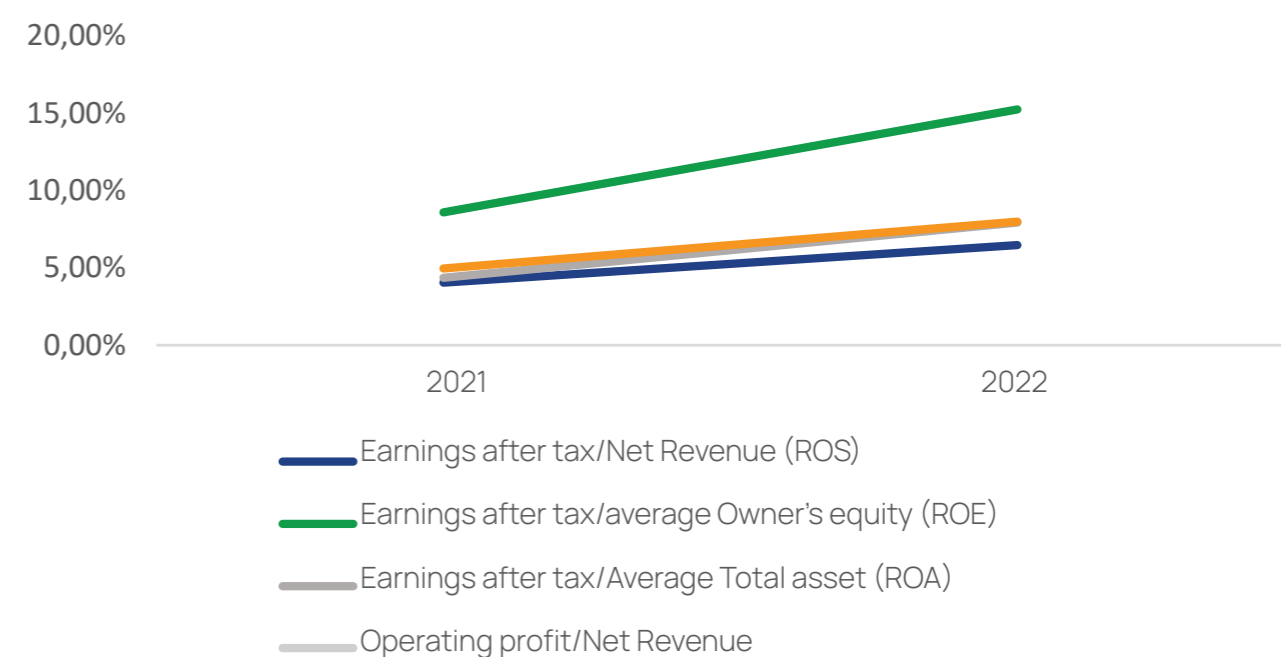
In terms of asset turnover, net revenue recorded a high growth rate of nearly 23% thanks to a large number of orders made in the first 3 quarters, along with diverse export markets. Meanwhile, assets experienced a slight decrease because of the Company's reactivity to reduce its working capital to adapt to the market. Consequently, total Asset turnover ratio increased. This represented the Company's assets were effectively used, and sales performance was high together with optimal asset structure.



Profitability indicators

With impressive business results, the profitability indicators in 2022 all increased year over year. Specifically, return on revenue (ROS), return on equity (ROE), return on assets (ROA) and operating profit/net revenue were 6.48%; 14.20%; 7.94%; 7.98%, respectively with the increase of 59.6%, 68.92%, 95.65%, and 60.6% year over year, respectively. Despite the inflationary pressure, Thanh Cong owned a diverse portfolio of export markets spanning 5 continents with more than 30 countries, giving the Company chance to flexibly switch its markets strategically in consistency with the world economic condition. On the other hand, Thanh Cong completed a vertical production and owned autonomy in input materials from yarn-fabric,

so regardless of increasingly high cotton prices and logistics costs, Thanh Cong still maintained its activeness in planning its inventory, and ensuring its fulfillment of orders. Simultaneously, the Company gradually started exploiting the capacity of Vinh Long Sewing factory No.2, increasing productivity, cutting costs, and being flexible in management and administration. By and large, with a revenue growth rate of 23%, COGS increased by 20.03%, selling expenses, and general and administrative expenses decreased by 3.6% and 0.06% respectively, Thanh Cong's earnings after tax reached VND281 billion, or an all-time high growth rate of 95.65% year over year.





SHAREHOLDER STRUCTURE, CHANGE IN OWNER'S EQUITY

Shares

Share's par value

VND10,000

Type of shares

Common shares

Number of treasury shares:

100,450

Number of outstanding shares:

81,946,677

Number of freely transferable shares

81.946.677

Total Number of shares issued

82,047,127

Transaction of treasury shares None

Other securities None

Securities in foreign countries None

Change in paid-in capital

In June 08, 2022, the Company's Charter capital was increased to VND820,471,270,000 in the form of share issuance from the owner's equity with a ratio of 100:15.

Shareholders structure

As of March 31st, 2023

No.	Type of Shareholder	Number of shares	Amount	Ownership (%)
I	Structure by holding	81,946,677	819,466,770,000	100%
1	Major shareholders (holding 5% or more of the Company's voting shares)	50,717,645	507,176,450,000	61.89%
2	Shareholders holding less than 5% of the Company's voting shares	31,229,032	312,290,320,000	38.11%
II	Structure by shareholders	81,946,677	819,466,770,000	100%
1	State shareholders	0	0	0
2	Domestic shareholders	43,266,100	432,661,000,000	52.80%
-	Individuals	43,221,821	432,218,210,000	52.74%
-	Institutions	44,279	442,790,000	0.05%
3	Foreign shareholders	38,680,577	386,805,770,000	47.20%
-	Individuals	184,146	1,841,460,000	0.22%
-	Institutions	38,496,431	384,964,310,000	46.98%
III	Treasury shares	100,450	1,004,500,000	0.12%

Maximum foreign ownership: 49%

List of major shareholders

Based on the list of shareholders at the record date of March 31st, 2023

No.	Name	Address	Number of shares	Percentage of holding (%)
1	Eland Asia Holding Pte.ltd	3 CHURCH STREET #08-01 SAMSUNG HUB, SINGAPORE 049483	36,887,947	44.96%
2	Nguyen Van Nghia	Nong Trang, Viet Tri, Phu Tho	13,829,698	16.85%



PART 3

THE BOARD OF MANAGEMENT'S ASSESSMENT REPORT

- 01 Assessment of business and production outcomes
- 02 Financial situation
- 03 Progress in organizational structure, policies, management
- 04 Future development plan
- 05 Explanation of the Board of Management on Auditor's Opinions
- 06 Assessment reports on the Company's environmental and social responsibility



ASSESSMENT OF BUSINESS AND PRODUCTION OUTCOMES

Business environment in 2022



It can be said that 2022 marked the first step in the recovery of the world economy in general and Vietnam in particular. The reopening of major economies in the world along with active cross-border trade was a condition to revive after years of fighting against the epidemic. As for the first 6 months of 2022, we witnessed an increase in purchasing power in most of the industries when the export turnover of goods maintained more than USD 30 million per month (except for February alone when the turnover was USD 23 million, equivalent to a sequential decrease of 24.1%). Consequently, after the first half of 2022, the total export turnover reached USD186 billion, 16.98% higher year over year. This positive figure was contributed by textile and apparel export turnover to reach USD22.3 billion, or an increase of 23% year over year, which can be considered a positive outcome, the result of the

efforts made by textile and apparel businesses to overcome the epidemic. However, contrary to such bright colors, we also faced many difficulties and challenges when 2022 was also a year when the world experienced so many economic, social, and political fluctuations. The energy crisis causing supply chain disruption in 2021 was strongly accelerated when the Russia-Ukraine armed conflict broke out, the high energy price was the trigger for the global inflationary outbreak. In the second half of 2022, the escalating inflation in many countries became complicated, causing the Company's key export markets to tighten their spending; apparently, the first and the second quarter backlog still remained high, resulting in lower-than-expectation volumes and value of orders obtained in the third and fourth quarters by many businesses decreased by 30%, some businesses decreased by 70% in the

European market. Additionally, the FED's unceasing increase in the interest rates with the aim of bringing the inflation rate target to 2% put pressure on the exchange rates of many countries, since then there was a move to raise the interest rates to control inflation, including Vietnam.

Regarding Vietnam, 2022 was the first year after the Government's approval of Resolution 128/NQ-CP giving temporary guidance on "safe, flexible adaptation to and effective control of COVID-19", bringing Viet Nam back to the "new normal" socio-economic status. Amid the world economic volatility, thanks to the continuous endeavors given by the Government, agencies, and the businesses, Vietnam seemed a bright spot in the region when according to the General Statistics Office of Vietnam, its GDP growth in 2022 was announced at 8.02%, the highest in the past 10 years. Despite difficulties in

the last months of the year due to the influence of the complicated world situation, Vietnam's textile and apparel industry still reached the export target of nearly USD44 billion, 10.9% higher year over year. According to the representative of Vietnam Textile & Apparel Association (Vitas), this represented an excellent endeavor amid the reverse context of the year 2022. Accordingly, the US has still been the largest importer of textiles and apparel, with more than USD18 billion, accounting for 41.34%; followed by Korea and Japan with proportions of 9.56% and 9.03% respectively. Regarding the difficulties encountered during the past year, besides the inflationary impacts, Vitas also noted that the textile and apparel industry has been coping up with high raw material costs, increasing logistics costs, challenges of origin, as well as the eternal difficulty, the lack of labor and production capital.



ASSESSMENT OF BUSINESS AND PRODUCTION OUTCOMES (CONT)

Progress obtained by the Company

As can be seen from the picture of the world's economy and Vietnam's together with the Company's operational practice, its business and manufacturing activities outcomes in 2022 were as follows:

Targets	UNIT	Actual 2021	Expected 2022	Actual 2022	Actual 2022/ Planned 2022	% change in Actual 2022/ Actual 2021
Net Revenue	Billion dong	3.535	4.183	4.337	103,69%	22,68%
Earnings before tax	Billion dong	178	317	350	110,51%	96,63%
Earnings before tax/ Net revenue	%	5,05%	7,58%	8,08%	106,57%	59,96%
Earnings before tax/ Owner's equity	%	10,45%	17%	17,70%	104,13%	69,38%
Dividend/Charter capital	%	15%	20%	20%	100%	33,33%



Business results

In 2022, Thanh Cong achieved outstanding business results with a total revenue of VND4,337 billion, completing 104% of the target, with a growth rate of 22.68% compared to 2021, 25.01% compared to 2020, and 19.02% compared to 2019 – the time before the epidemic. Besides economic factors supporting the growth such as the comeback of consumption demand in key markets for the first months of the year, and an abundant amount of cash thanks to the loosen monetary policy, Thanh Cong's impressive results almost came from its ability to diversify the export markets. As soon as it was identified by the Company that its two main markets, the US and Europe, faced difficulties due to inflation and increasing logistics costs, Thanh Cong promoted its exports to neighboring markets in Asia with three major customers of Japan, South Korea and China. Moreover, the Company also actively expanded its blueprint to other Asian

markets such as Thailand, India, and Taiwan. In addition, TCM actively penetrated Canada market. Thanks to the flexibility of transformation, Thanh Cong completed all of its planned orders for the whole year. In addition to export relationships with many countries, Thanh Cong is proud to be one of the textile and apparel businesses with a complete value chain, a high degree of autonomy in raw materials, and a vertical production process from yarn onwards to achieve 35% and 85% for fabrics onwards, by which the Company becomes more proactive in planning inventory and cost of goods sold. After all, as a contribution to the positive data, the capacity of Vinh Long garment factory was utilized after returning to normal operation. As a result, the Company's earnings before tax to net revenue and earnings before tax to equity reached 8.08% and 17.70% respectively, an increase of 59.96% and 69.38% year over year.



Operating expenses

UNIT: Million dong

No.	Targets	2022	Proportion in 2022	2021	Proportion in 2021	% change
1	Cost of Goods Sold	3,627,139	88.34%	3,021,914	88.15%	20.03%
2	Selling expenses	177,758	4.33%	184,397	5.38%	-3.60%
3	Administrative expenses	169,804	4.14%	169,902	4.96%	-0.06%
4	Finance expenses	130,313	3.17%	51,347	1.50%	153.79%
5	Other costs and expenses	645	0.02%	460	0.01%	40.17%
Total		4,105,659	100%	3,428,020	100%	19.77%

The impressive growth with an earnings after tax of VND281 billion, an increase of 95.65% year over year, and 29.62% compared to 2019 – the time before the epidemic, was contributed by the effective management of operating expenses of Thanh Cong. While revenue in 2022 enjoyed a growth rate of 22.68%, costs increased only by 19.77% in which cost of goods sold remained stable with the highest proportion of more than 88% of total expenses. During the year, COGS increased by 20.03%, besides the increase caused by the sales growth, 2022 was a year with unusual fluctuations in cotton prices. According to the Ministry of Industry and Trade, from the beginning of the year til April 2022, the cotton price increased by 33% compared to the price of 2 USD/kg in 2021; then gradually cooled down from the second quarter of 2022 with some recovery and revision; By December 2022, cotton prices recorded an increase of only 3.5% year over year. The market price of yarn and the cotton price decreased in tandem, however, because the time of purchase, transportation, and production often varied with a margin of 2-3 months, leading to high prices of input materials even though yarn prices decreased. Moreover, the energy supply crisis resulting in higher logistics costs also impacted and was reflected in Thanh Cong's selling expenses. Also,

labor cost is always an issue to which Thanh Cong attaches great importance. In 2022, the increase in the regional minimum wage partly affected the costs, Thanh Cong recorded the total labor cost in 2022 by VND1,112 billion, an increase of 8% year over year, mainly because about 64% of the business's employees were working in the region with the highest basic salary - Ho Chi Minh City. In terms of selling and administrative expenses, Thanh Cong has made efforts to improve operating capacity to reduce unnecessary expenses. Specifically, it took the initiative to re-engineer its business processes and invested heavily in ERP systems to improve cost control, maximize resources, and make immediate decisions. At the same time, Vietnam passed the period of social distancing, and the costs of organizing testing and vaccination for all employees were cut, resulting in a slight decrease in selling and administrative expenses by 3.60% and 0.06%, respectively year over year. In terms of financial expenses which increased in proportion with an increase of 153.79% year over year, which was mainly explained by the loss from the exchange rate, USD appreciation, as well as the high volatility of other currencies, caused an increase in costs as Thanh Cong's transactions were mainly denominated in USD.



FINANCIAL SITUATION

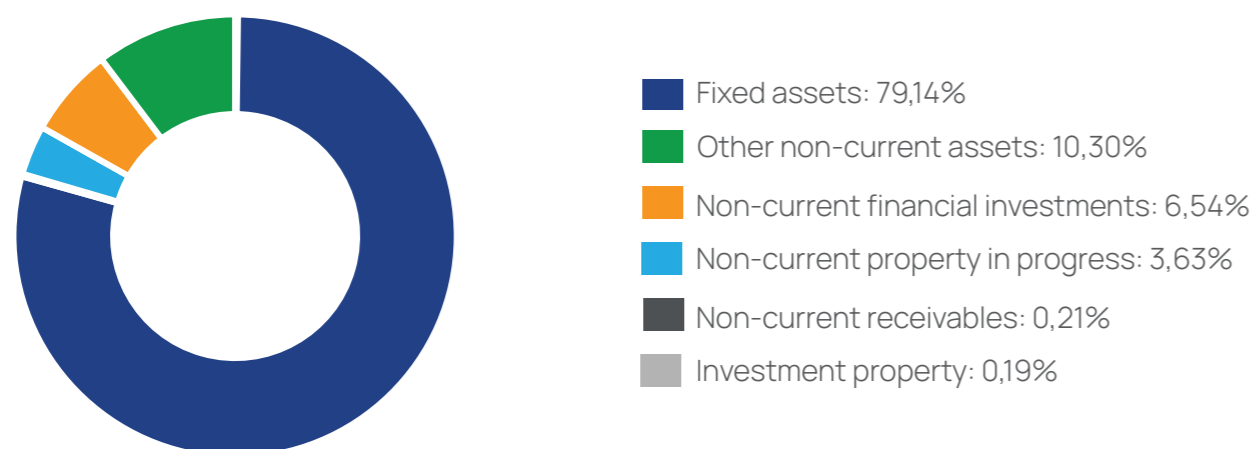
Assets

As of December 31, 2022, Thanh Cong's total asset value reached VND 3,477 billion, a slight decrease of 3.59% year over year. In which, the Company's current assets accounted for a high proportion with roughly 62% of total assets. Regarding tendency, current assets were 7.85% lower than that at the beginning of the year. Meanwhile, non-current assets experienced a slight increase to 4.40% and amounted to VND1,310 billion. Following is the structure of each category of asset:

UNIT: Million dong

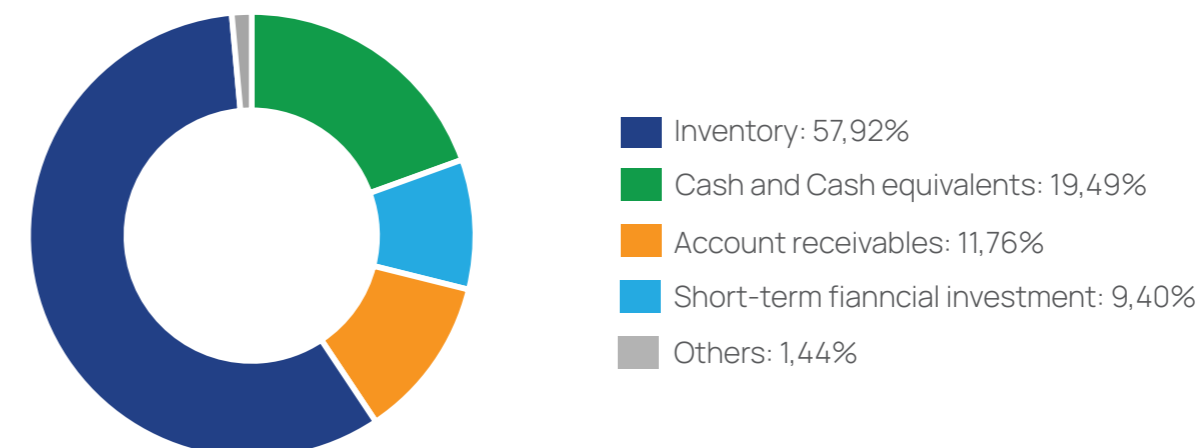
Targets	2022	2021	% change
Current assets	2,166,736	2,351,260	-7.85%
Non-current assets	1,310,331	1,255,131	4.40%
Total assets	3,477,067	3,606,391	-3.59%

Non-current assets



By breaking down the non-current assets, fixed assets made up the highest proportion with 79.14%, a reasonable rate for a typical manufacturing business. In 2022, Thanh Cong's fixed assets increased by 11.78% year over year, mainly due to two reasons: firstly, the Company's production capacity was higher because thanks to Vinh Long Sewing factory No.2 was completed and put into operation in March 2022; Secondly, the Company's facilities, machinery, and equipment were improved, the smart factory system was completed, 5 sewing lines were put into operation in Vinh Long 2, and rooftop solar system in Vinh Long 1 was finished, the Company installed in Vinh Long 2 and completed in May 2022 to meet environmental standards as well as to save costs for the Company. With the completion of Vinh Long factory No.2, long-term work in progress was capitalized into fixed assets, so the long-term assets in progress decreased sharply by 65.57% year over year. By the end of 2022, the Company owned a total of 10 factories, including 5 sewing factories, 2 yarn factories, 1 knitting factory, 1 weaving factory, and 1 dyeing factory. Regarding the remaining component, there was not much change in the value of long-term financial investments and long-term account receivables in 2022.

Current assets



At the end of the year, although there was a big change in short-term asset components, in general, the weight forming the structure remained unchanged compared to 2021. In terms of inventory, the item continued to account for the highest proportion in the structure with 57.92%, a reduction in comparison with 2021 (62.25%) mainly due to 2 main reasons: first, complicated epidemic was repelled, workers returned to the factory, Vinh Long Sewing factory No. 2 was also put into operation, and at the same time, the demand of export markets (especially the US) increased. As a result, the inventory of semi-finished products to be completed, and the undelivered finished products of 2021 was settled at the beginning of the year; Secondly, starting from the fourth quarter of 2022 onwards, the situation of order reduction due to inflation, high inventories at the beginning of the year in the US and European markets, orders also got their pre-order time reduced from 06 months to only 03 months, making Thanh Cong more cautious in purchasing raw materials and goods. The two reasons explained why the inventory reduced by 14.26% year over year. Regarding cash and cash equivalents, in 2022, this item increased sharply by 56.11%, of which cash increased by 180.96% year over year. Specifically, the world economic context in general and Vietnam, in particular, encountered many unpredictable fluctuations, ranging from the economic crisis to inflation in many countries, which made Thanh Cong choose to hoard cash, on the one hand, to ensure timely replenishment of working capital, moreover, the solvency potential was maintained by the Company. Therefore, the item increased from 7.5% to 12.14% in the structure. Ranking third, account receivables in the year tended to decrease by 11.51% year over year. The reason was that during the complicated epidemic period, in order to retain partners and attract potential new customers, Thanh Cong loosened the payment deadline and accompanied to overcome difficulties. Entering 2022, with the return of apparel fashion demand, Thanh Cong has been paid for the sales of 2021. In addition, E-land, which distributes Thanh Cong's products in the Asian market, has been involved in low appropriation, and the receivables from E-land-related parties have gradually decreased over the years, partly helping to reduce Thanh Cong's trade credit. In 2022, this part accounted only 15% of the total account receivables, much lower than E-land's contribution of 25% to the total revenue.



FINANCIAL SITUATION (CONT)

Liabilities

Given the features of Thanh Cong's business activities, most of the Company's debt financing comes from short-term debt. At the end of 2022, short-term debt made up 87.56% of the debt structure, representing a decrease from 92.6% year over year. Specifically, Short-term debt tended to decrease by 25.35%, while long-term debt increased sharply by 32.67% compared to 2021. The breakdown of the debts by categories is as follow:

UNIT: Million dong

Targets	2022	2021	% change
Short-term liabilities	1,311,886	1,757,418	-25.35%
Long-term liabilities	186,324	140,438	32.67%
Total Liabilities	1,498,209	1,897,856	-21.06%

Short-term liabilities

There was not any change in the structure of short-term debt in terms of ranks of the components in comparison with 2021, short-term debts continued to account for more than 54%, followed by short-term trade payables (11.78%) and payable to employees (10%). However, in 2022, the items changed in markedly different trend from 2021. In 2022, facing the world's energy crisis and high inflation, the State Bank of Vietnam increased the interest rate twice to lift up to 7%/year, lifting the interest rate to the level before the epidemic. In a stressful interest rate environment, Thanh Cong has been more proactive in balancing its financial resources, continuously circulated its capital sources, raising less funds with terms of more than 6 months, and at the same time looking for banks offering competitive interest rates. Thanks to effective management, the Company's ending balance of short-term borrowings was 10.05% lower year over year. Good working capital management also strengthened the Company's solvency to fulfill its obligation to the short-term payables, causing the item to drop sharply by 68.15% year over year. Particularly, thanks to its strong financial capacity, high credibility as well as good relationships with suppliers, Thanh Cong enjoyed trade credit policies during the difficult period of the epidemic. Therefore, 2021 was a high base for the Company regarding account payables. Entering 2022, the Company returned to the recovery route and repaid debts to the suppliers, equivalent to VND377 billion. On the other hand, the construction of Vinh Long factory No. 2 has been completed, the Company made a payment of nearly VND93 billion to Eland Engineering & Construction Vietnam Co., Ltd. Regarding the payables to employees, the item tended to increase by 38.31%, which could be explained by Decree 38/2022/ND-CP taking effect from July 2022 which required to increase in the regional minimum wage; and nearly 2/3 of Thanh Cong's employees worked in Ho Chi Minh City - the region with the highest basic salary.

Long-term liabilities

For long-term debt, long-term loans accounted for 75.6% with a growth rate of 51.14% year over year. In 2022, in order to support the operation of Vinh Long factory No.2, the Company spent more resources to rent and procure new machinery and equipment, ensuring that it was well-prepared for its fulfillment of orders at the new sewing factory, creating momentum for the future growth.

Đơn vị: Triệu đồng

Targets	2021	2022	% change
Financial income			
Interest income	23,030	22,405	-2.71%
Foreign exchange gains	37,465	82,990	121.51%
Financial expenses			
Interest expenses	19,225	31,040	61.46%
Foreign exchange losses	31,809	99,116	211.60%

Identifying impacts of exchange differences

In general, in 2022, Thanh Cong recorded an exchange rate loss of approximately VND16 billion (while it had recorded gain from the exchange rate), the reason was that, firstly, the USD/VND exchange rate increased by an average of more than 4% in 2022, due to FED's continuously increasing the interest rates to combat record high inflation in the US; Secondly, Thanh Cong has a net USD balance of VND379 billion (equivalent to 11% of total assets) maintained by the Company to finance its working capital. However, this net loss caused not so much effect on Thanh Cong's business because in tandem with recording the loss from payments in USD, Thanh Cong also partly benefited from the USD appreciation thanks to its selling price denominating in USD. However, this benefit was almost recognized directly in revenue instead of being reflected as exchange rate gains.

Assessment of impacts of interest differences

Interest rates experienced significant change year over year, on the one hand, this derived from Thanh Cong's continuous circulation of capital to finance its working capital; on the other hand, the interest rates applied to all terms increased by more than 400 basis points (BPS) during the year.





PROGRESS IN ORGANIZATIONAL STRUCTURE, POLICIES, MANAGEMENT

Organizational structure

In order to improve the operational efficiency and motivate good employees, the Company streamlined its management apparatus by:



Reducing management leads; rearranging the organizational structure of the Ho Chi Minh City Sewing from 6 workshops to 3 workshops to streamline the management. Merging Trang Bang workshop into HCMC Sewing.



Revising to cut the number of indirect employees in the Company's office and factories, considering increasing wages for the employees who were assigned more jobs from the employees who had been laid off.



Establishing a Sustainable Development (ESG) Department in charge of environment and occupational safety to conduct research on possible solutions and initiatives for energy saving and higher productivity for the Company.



The Company also established a cost control team under the Cost Management Director - directly under the General Director in order to more closely manage the Company's operational costs in pursuit of profits maximization.

Completing the construction of Vinh Long Factory No. 2 in March, 2022.

Administration and Management

Entering 2022, the Company made improvements in many management aspects for better adapting to the new normal. Specifically:

- ❖ On September 12, 2022, the contract signing ceremony to implement the ERP system took place at the headquarter of Thanh Cong with WFX Company. The ERP project officially entered to kick off in October 2022 and is expected to be completed and put into use by February 2024 and divided into 02 phases. With the outstanding features and solutions of the ERP system developed on a state-of-the-art technology basis, combined with the advantage of a vertical production chain from Spinning-Knitting/Weaving-Dyeing-Sewing at Thanh Cong, it is expected to bring about optimal solutions for the business in controlling costs, input materials, inventory, improving the industry's capacity and efficiency, reducing the order production time, standardizing designs and product quality, shortening delivery time, and so on in order to profoundly change the product value chain, from research and development to production, logistics services to customer service, etc., which all enabled significantly to reduce the production costs, transport, distribution and higher labor productivity and business efficiency in the coming time.
- ❖ Promoting and improving the efficiency of business and production activities, proactively deal with the shortage of orders by the end of the year due to high inflation; continue to speed up production, flexibly change to adapt to the market needs.
- ❖ Developing and implementing production safety measures to ensure the progress of orders.

Administration and Management

- ❖ Proactively seeking for information, ready to take advantage of new FTAs' opportunities and advantages to redirect, create new value chains, consolidate and expand markets.
- ❖ Enhancing capabilities of management, improving performance of the Data Analysis function to provide timely information used for management decisions. Reviewing production data, and changing internal policies on loss in the production process to save material costs. Simultaneously, the Company also re-evaluated supplier standards and processes to formulate raw materials requirements for the supply chain.
- ❖ Standardizing Internal Audit process. Applying the risk-oriented approach to the development of the annual audit plan.
- ❖ The application of ERP information technology to management activities was also maintained effectively along with constant improvement.
 - Applying mobile devices in managing woven fabric production; improving the process and correcting the delivery note used by Knitting, supporting direct data entry features in Dyeing, etc., saving data entry time and increasing data accuracy, digitizing production activities.
 - The Company applied technological advances to streamline its processes and paperwork by developing an online payment system, and improving some features of the ERP system.
 - The Company planned and prepared relevant resources to upgrade the ERP system in 2022 to further optimize the system's operations and catch up with the trend of digitizing business operations in the near-term.
- ❖ In developing new products, due to the impact of the Covid pandemic, it became difficult to launch new products to domestic and foreign customers because of the quarantine regulations and travel restrictions; the company adopted a number of new technologies and software to bring new products closer to the customers such as:
 - 3D CLO modeling software was used to build models and send online samples to the customers.
 - CLO was combined with some other softwares to build E-lookbook, online showroom, catwalk show to introduce new products, so that the customers at their workplace could access and learn about new products of Thanh Cong with just 1 mouse click.
- ❖ The Company automatically connected Customs declaration data to the website for other departments to share data, convenient to access information like date of goods departure, arrival, number of customs declarations, status of clearance, etc.
- ❖ Promoting the improvement of warehouse managements:
 - Improving workflow, cutting procedures based on ERP warehouse management system.
 - Implementing restructuring, and transferring warehouses to the production industries so that the units could be proactive in managing their data and human resources.
 - Enhancing the role of the Warehouse Department in managing general data and supporting the industries in transporting and storing goods.
- The Inventory Liquidation team promoted the collection and sale of inventory to free up the inventory to bring about profit to the Company and increase the storage capacity for finished goods waiting for delivery at the warehouses.



PROGRESS IN ORGANIZATIONAL STRUCTURE, POLICIES, MANAGEMENT (CONT)

Administration and Management (Cont)

- ❖ In 2022, the Company put solar power system into operation in Vinh Long Factory No.2 in May 2022.
- ❖ Completing the investment and attracting labor for Sewing No.2 - Vinh Long: To take advantage of the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP) and the Vietnam-EU Free Trade Agreement (EVFTA), the Company has been promoting the expansion of export markets of the US and EU where there is still a lot of room. In May 2021, the Company commenced Sewing factory No. 2 in Hoa Phu industrial zone, Vinh Long province with an area of 3.2 hectares with total investment of about USD12 million (excluding land rental costs). The Company equipped it with modern technology including automatic fire prevention system and fireproof materials, electricity system, 100% energy-saving led lights, electric boilers without environmental effects, saving fuels, etc. in order to meet the inspection requirements of the customers while complying with the laws and being oriented towards sustainable development and greening the textile and apparel industry. Also, the Company designed its own mini football yard for the employees to be engaged in sports activities. The factory's capacity was 9 millions of products/year, put into operation in March 2022.

Policy

Recruitment policy: The Company gives close attention to recruiting people who meet the standards set out by Thanh Cong, with the criterion that each employee can become an important employee and inherit many positions in the future. Therefore, for some positions that require complicated and complex communication and management skills, the Company applies a mandatory competency test (GEAT) process and the members of the Board of Management will be the interviewers at the final round. At the same time, the Company's recruitment channel of social networks continues to be promoted to ensure professionalism but closeness, strengthening Thanh Cong's position in the human resource market.

Training policy: In order to adapt to the new normal, Thanh Cong has been perfecting its online training system with many selective programs, with a focus on improving knowledge and skills for the employees in line with the Company's strategy. Simultaneously, online communication is also attached significance to by developing internal applications and LCD display channels for the employees to timely access to update information and knowledge.

Thanh Cong has focused on training potential young employees and successors to build a quality management team for itself. Besides, various courses were deployed to improve the salesforce's professional capacity, and the change management for all employees to adapt to the new trend.

Performance management policy: was also revised in the direction of anti-egalitarianism. The new rankings represent a clearer differentiation of ranking, fiercer competition, and promote higher rankings with better rewards.

What's more, in 2022, the Company also changed its approach as well as way to give feedback, solve problems by surveying the attachment and satisfaction of internal service. Thereby, many questions in their work, processes were solved so that the work took place more smoothly.





FUTURE DEVELOPMENT PLAN

Business and production plan for the year 2023:

No.	Targets	UNIT	Expected 2023
1	Net Revenue	Billion dong	4,363,791,619,000
2	Earnings after tax	Billion dong	274,136,615,348
3	Earnings after tax/Net revenue	%	6.3%
4	Earnings after tax/Owner's Equity	%	29.57%



EXPLANATION OF THE BOARD OF MANAGEMENT ON AUDITOR'S OPINIONS: None





ASSESSMENT REPORTS ON THE COMPANY'S ENVIRONMENTAL AND SOCIAL RESPONSIBILITY

Relevant assessment on the environmental indicators



Being aware of the importance of environmental protection, in tandem with business activities, Thanh Cong always strives to become one of the pioneers in the country's textile and apparel industry oriented towards a circular economy, developing sustainable development. Accordingly, the Board of Management gives close attention to developing "green plans" to serve the "green production" strategy. Specifically, Thanh Cong continued to promote its Research and Business Development (R&BD) Center to launch recycled and sustainable products of biological origin, both meeting the world's strict requirements and better the environment. To minimize the environmental impacts, Thanh Cong optimized the use of energy and domestic water, drastically transforming into green energy such as solar power; with a specific industry, Thanh Cong has been careful in treating waste and wastewater, developing a standard industrial treatment system. Thanks to efforts to comply and execute, as well as commitments to strictly controlling the production process, over the time, the Company got the certificates granted, and updated its environmental certificates (ISO 14001, Higg FEM), certificate of chemicals (Oeko-Tex 100), product materials (GOTS, OCS, GRS), security (GSV), social responsibility (WRAP SMETA, Better Work), etc. meeting the inspection criteria of the Customers. Moreover, Thanh Cong took initiative to build an open working environment, meet occupational safety and hygiene at the factory for the employees, and at the same time propagate and encourage the workforce to implement the green, clean, and beautiful internal culture, which has been the identity of Thanh Cong. In 2022, the Company's leaders and managers are satisfied to have achieved environmental goals as well as excellently completed "green production" strategies.





ASSESSMENT REPORTS ON THE COMPANY'S ENVIRONMENTAL AND SOCIAL RESPONSIBILITY (CONT)

Employees-related assessment

For Thanh Cong, the employees are the resource and decisive factor for its sustainable development. It can be affirmed that the employees are the core of an enterprise's development. Therefore, building and developing a professional, dynamic, enthusiastic, and high-quality laborforce is always considered a top priority in the Company's long-term development strategy. Especially, 2022 was also the first year to implement the policy of "living with the epidemic", ensuring stable human resources, and improving the employees' working spirit in the "new normal" was a condition to help Thanh Cong "reach out" after the pandemic.

Regarding recruitment, it is guaranteed that the recruitment process is based on 3 principles: Public, Fair, and Equal. In terms of the working environment, Thanh Cong is one of the companies that create a good workplace with a professional demeanor, differences is respected, and there is no discrimination. Its Quality Management System following ISO 9001:2000 standards and Social Responsibility System following SA 8000:2001 standard got certified. In addition, Thanh Cong always ensures its fulfillment of obligations to pay in full and on time social insurance, health insurance, and unemployment insurance for the employees, develop labor policies in accordance with the Labor Code. Training and coaching at Thanh Cong are built in line with the employees' capacity and professional skills, from office staff to factory workers. The Company always tries to establish as well as continuously innovate but still retains the cultural identity of Thanh Cong with the goal of building loyalty, enthusiasm, commitment, acceptance, and adaptation to change. In order to retain highly dedicated and skilled workers, Thanh Cong also pays close attention to salary and bonus policies and social welfare. We ensure that Thanh Cong's salary regime is very competitive with its peers. It is always improve and changed to serve the material needs of the employees. At the same time, Thanh Cong subsidiary, Thanh Cong Medical Center Joint Stock Company, is equipped with a



modern medical clinic system to serve more than 4,600 employees. In the working environment, gyms, yoga, outdoor playgrounds, cafeterias – Way Coffee, and Way Garden breakfast areas are clean and clear with many trees to improve the spirit of life of the workforce, thereby promoting the capacity for common development.

In 2022, Thanh Cong was proud to welcome a new member, Vinh Long Sewing factory No.2, with an effort to perfect everything from machinery

and equipment, environment to labor, ready for production. However, the Company also faced many challenges, one of which was the shortage of labor of the entire textile and apparel industry. Vinh Long factory No.2 has been put into operation since March 2022 but only reached 30% of the designed capacity, contributing 1/3 of the overall production capacity compared to the expectation which was mainly explained that the new factory only used more than 30% of employees. The reason for the labor shortage was that, on the one hand, the Company lacked skilled labor in the locality (Vinh Long), on the other hand because in recent years, the workers tended to move to other industries for better income, better working conditions, due to the tendency of workers to return to their hometowns, especially during the epidemic. Being aware of the challenges and finding ways to overcome them, Thanh Cong aims to further improve labor policies – the foundation for solving current labor problems of the Company.



ASSESSMENT REPORTS ON THE COMPANY'S ENVIRONMENTAL AND SOCIAL RESPONSIBILITY (CONT)

Assessment relating to the Company's responsibility to the local community

Since 2009, Thanh Cong started to realize its profit to share - one of the four core values - with a number of community-oriented activities, accompanying the locality where the factories of the Company are located, with a motto of "serve to lead", supporting the disadvantaged residents, contributing to the local social welfare program. At the same time, it coordinates with the Trade Union to take care of the material and spiritual life of the employees.

2022 was a special year for Thanh Cong, marking 46 years of establishment and development as well as the first year that all activities got back to normal after 2 years of epidemic prevention. In 2022, the Company continued to implement many CSR activities to support the locality where the Company located, specifically:



The Company gave 20 wheelchairs to the disabled, at the same time gave 10 gifts to poor and near-poor households in Vinh Long province, donated 500 Thanh Cong T-shirts to the Fatherland of Vinh Long province, donated VND10 million to provide necessities and 500 TC T-shirts to Vinh Long Provincial Social Work Center.



The Company gave gifts and monthly allowances to Son Ky Shelters in District 12, Huynh De Nhu Nghia Shelters in Binh Tan District and Thien An Shelters in Tan Phu District; gave gifts and cash to 5 poor households, lonely elderly people of Tay Thanh ward every year.



In August 2022, the Company also donated bicycles, school backpacks to disadvantaged students, and 50 gifts of necessities for poor people in Khanh Son district, Khanh Hoa province.



Blood donation activity "Happy Pink Day" was held on August 8, 2022 with the cooperation between the Company and the Ho Chi Minh City Red Cross with the desire to maintain and replicate the noble blood donation and create more humane meanings in the community. This is a traditional annual activity that is launched by the Company at all units. An average annual volume of 300 units of blood is donated.



Thanh Cong was proud to nurture the young generation when it cooperated with the Vietnam Fatherland of Tan Phu District to organize granting Nguyen Huu Tho scholarships and means of going to school for 166 disadvantaged students on the occasion of the new school year 2022-2023 on August 30, 2022. The scholarships awarded include 22 bicycles and 144 scholarships, totaling VND100 million contributed by the Company's Board of Directors members. The Nguyen Huu Tho scholarship program is held annually on the occasion of the new school year and has become familiar to students with difficult circumstances. The program is a timely encouragement gift given to the children to motivate and be confident to rise up in their studies and make their dreams come true.

Over the years, with persistent efforts and an enthusiastic spirit, Thanh Cong is proud to contribute value to each locality where Thanh Cong operates. As the executive team of the Company, the Board of Management always tries to put production and business activities together with sustainable development, for a healthy and prosperous Vietnam.



A large industrial sewing factory with workers at their stations. The image shows a wide view of the factory floor with many workers operating sewing machines. The ceiling is high with exposed pipes and lights. The floor is light-colored with red safety lines. The workers are wearing light-colored shirts and are focused on their work.

PART 4

ASSESSMENT OF THE BOARD OF DIRECTORS ON THE COMPANY'S BUSINESS PERFORMANCE

- 01 Assessment of the Board of Directors on the world's and domestic economy in 2022
- 02 Assessment of the Board of Directors on the Company's Business performance
- 03 Assessment of the Board of Directors on Board of Management performance
- 04 Plan and direction of the Board of Directors in 2023 and in the future



ASSESSMENT OF THE BOARD OF DIRECTORS ON THE WORLD'S AND DOMESTIC ECONOMY IN 2022



In the first half of the year, Thanh Cong's main export markets increased sharply in consumption, on the one hand, thanks to the shopping demand after the epidemic, on the other hand, due to the loosening monetary policy to stimulate consumption of other countries. However, this increase was only a short-term increase in supply because 2022 was also considered a year with many socio-economic fluctuations. The Russian-Ukrainian war directly impacted the global energy price, and logistics costs have since escalated rapidly, affecting global commodity prices. Combined with the loosening monetary policies of other countries, promoting high inflation, consumers also reduced spending on clothing, leading to the fact that, during last 6 months of the year, the textile and apparel industry in general, and Thanh Cong, in particular, had to face with a decline in orders. In the fourth quarter, the orders fell by 30%, some businesses reduced orders by 70% in the European and American markets. Amid the high inflation context, many countries have moved to increase interest rates,

led by the US, putting pressure on the exchange rate level of Vietnam, to control the exchange rate, the Central Bank raised interest rates 02 times, raising the interbank interest rate up to 7%/year. Meanwhile, the currency of Bangladesh - one of the countries that competes with Vietnam for textile and apparel exports, dropped sharply, making Vietnam's selling prices less competitive, and reducing orders. In addition, the trend of sustainable development - ESG is increasingly focused, many countries have applied strict regulations towards "green production", typically Europe with a carbon tax policy along with rules of origin "from fabric onwards". Facing the above challenges, under the efforts of the Government, agencies, and sectors together with textile enterprises, Vietnam's textile and apparel industry achieved an export milestone of nearly USD44.5 billion, or an increase of 10.9% year over year. In the same period of 2021, this is a great effort in the context of the global economic difficulties.



ASSESSMENT OF THE BOARD OF DIRECTORS ON THE COMPANY'S BUSINESS PERFORMANCE

Business and production activities

No.	Targets	UNIT	Actual 2022	Expected 2022	
				Planned	Actual compared to Expected 2022
1	Average owner's equity	Million dong	1,978,857		
2	Gross Revenue	Million dong	4,337,389	4,182,925	104%
3	Total expenses	Million dong	3,987,084		
4	Earnings before tax	Million dong	350,305		
5	Earnings after tax	Million dong	281,069	253,830	111%

Facing such a complicated context of the world in general and the difficulties and challenges of the textile and apparel industry in particular, Thanh Cong was proud to have successfully completed the set targets, with impressive business results, revenue increased by more than 22% compared to the same period in 2021 and reached about 104% compared to the plan in 2022. Along with the efforts to increase productivity and cut costs, be flexible in management, earnings VND 281 billion, 96% higher, year over year, and reaching about 111% compared to the year plan 2022. The above positive results came from effective and tight business strategies that make good use of the competitive advantages outlined by the Board of Directors along with the constant efforts and being united to overcome the difficulties of the employees. The Board of Directors considers this result as an encouragement for Thanh Cong to continue reaching out on its development journey.

Investing activities

In 2022, the Company additionally invested in production and business activities by following items:

- ❖ Completing the construction of sewing factory No. 2 with a scale of 1,500 workers in Hoa Phu Industrial Park, Vinh Long province: Total investment was 190 billion dong, of which the investment in 2022 was VND63 billion dong.
- ❖ Investing in new machinery and equipment at Spinning, Knitting, Weaving, Dyeing, Sewing factories in 2022: VND 77.5 billion
- ❖ Purchase of other investments: Extending land lease contract in Trang Bang until 2053 worth VND28 billion.

In 2022, the Company speeded up to complete the plan for the key project of building Vinh Long sewing factory No.2 in order to meet the demand for orders and improve operational productivity. It can be ensured that Thanh Cong will all the time comply with the orientation, goals, and investment plans set out by the Board of Directors and approved by the General Meeting of Shareholders. Investment decisions were based on thorough research, considering many factors, bringing about the best value to shareholders in the future.



ASSESSMENT OF THE BOARD OF DIRECTORS ON THE COMPANY'S BUSINESS PERFORMANCE

Activities related to the environment, community and society

Thanh Cong continued to cooperate with REE SOLAR Company to install and use a solar energy system (Rooftop Solar) at sewing factory No. 2 in Hoa Phu Industrial Park, Vinh Long province, completed in May and put into operation in June with a designed capacity of 1.2 MWP, saving 300,680 KWH, reducing emissions of 241.8 tons of CO₂. Thanks to the solar power system at the factories, Thanh Cong reduced emissions of 966.3 tons of CO₂ (Vinh Long 1: 724.5 tons, Vinh Long 2: 241.8 tons), saving VND448,781,369 and got VND365,912,568 from leasing the roof to REE contractor to produce and sell electricity. This was the result of Thanh Cong's "green production" plan, both fulfilling the obligation to protect the environment and save operating fuel. As for water consumption, thanks to the RO system that reuses wastewater for production, the amount of well water of use has been reduced by 45,504 cubic meters. In terms of the energy consumption, Thanh Cong has been trying to find a supplier of rice husk pellets and an eco-boiler option with the goal of replacing 10% of coal with rice husk by 2023.

Although at some points of time in the last 6 months of the year, Thanh Cong was extremely difficult, the Company continuously maintained volunteering activities, and social policy (CSR) annually with 3 top criteria: regular - permanent - relevant. It regularly supported the employees with difficult circumstances, getting accidents through a non-profit sales program every Friday, scholarships awarded to the employees' children, supported health care, accidents for the employees from the Miracle of Ten Thousand Program. Long-term care for and periodically sponsoring orphans and blind children at 3 shelters in Tan Phu District, Binh Tan District, Vinh Long Provincial Social Work Center, Sponsoring Association for the Poor and the victim of Orange Agent. The Company directly financial support to the communities in difficult circumstances within the operating scope of factories, poor families, near-poor households, and people with disabilities in Tan Phu district and Vinh Long province. Thanh Cong is proud to accompany the journey for the community as the tireless legs of the volunteers who are the employees, company leaders, and local government agencies such as People's Committee, Front Committee Fatherland, Women's Union and NGOs, etc.





ASSESSMENT OF THE BOARD OF DIRECTORS ON BOARD OF MANAGEMENT PERFORMANCE

Pursuant to the Company's charter, the Board of Directors supervised the activities of the General Director and members of the Board of Management. At the meetings, the Board of Directors reviewed the implementation of the resolutions, the quarterly production and business situation and accumulated, discussed and decided to approve the Resolutions for the General Director and the Board of Management as a basis for the implementation. Accordingly, the General Director and the Board of Management will send periodic reports on activities and provide explanations for the contents requested by the Board of Directors. Through the process of monitoring the Company's activities in 2022, the Board of Directors made the following observations:

Achievements

- ❖ Facing many difficulties in the second half of 2022, the Board of Management has made many timely and strategic decisions, making good use of Thanh Cong's available competitive advantages. With the signal of order reduction, the General Director, the Board of Management and other managers made their best efforts to find orders, considering the national economic factors in many different markets. With a diversified export market portfolio, in addition to the two traditional markets of the US and the EU, Thanh Cong exploits the Company's two other major markets in Asia, including Japan, and South Korea, to maintain orders. Revenue did not drop as sharply as other businesses in the same industry.
- ❖ The Board of Directors performed well its directing and managing the Company's production and business activities in 2022, closely followed the goals and resolutions of the General Meeting of Shareholders, successfully completed the targets. Specifically, the revenue reached VND4,337 billion, reaching 104% of the plan, the earnings after tax reached VND281 billion, reaching 111% of the plan, and at the same time, the proposed dividend payout of 20% will be proposed in the General Meeting of Shareholders in 2023. One of the plans of the Board of Management to help achieve the above results is to restructure departments throughout the company, cut unnecessary costs to better profit margins.
- ❖ Inventory management capacity was improved, and cash flow circulation increased. During the year, the Board of Management well implemented the plan to balance inventory and orders through its investment in ERP management system. Catching up with the world's technology trends, Thanh Cong continuously upgraded its management software, in 2022, the Company cooperated with World Fashion Exchange (WFX) – The Company has more than 20 years of experience in implementing PLM (Product Lifecycle Management) & ERP solutions for many partners who are large garment and fashion companies and corporations in Vietnam and the world. This was a new step for Thanh Cong to strengthen its operational capacity in the future.
- ❖ The Board of Management and managers have tried very hard to create the highest value for the Company and shareholders.

Shortcomings and causes

The Board of Directors realizes that the coordination and cohesion between departments and divisions of the Company is still limited. Vinh Long Sewing factory 2 has been put into operation since March 2022 and has not been exploited at full capacity due to a shortage of orders in the last 6 months of the year. Regarding real estate projects, the progress of TC Tower project was still slow in comparison with the set-out targets.



PLAN AND DIRECTION OF THE BOARD OF DIRECTORS IN 2023 AND IN THE FUTURE

Internal affairs

- ❖ Focusing and sticking to the revenue and profit targets in 2023 and submit them to the General Meeting of Shareholders for approval, specifically as follows:
 - ❖ Net revenue reached VND 4,363,791,619,000, 101% year over year growth.
 - ❖ Earnings before tax reached VND 274,136,615,348, 98% year over year growth.
- ❖ Promoting labor recruitment to complete the planned capacity of Vinh Long sewing factory 2 in Hoa Phu Industrial Park
- ❖ Coordinating with partners to complete legal procedures for TC Tower project to start construction soon.
- ❖ Taking advantage of signed free trade agreements such as CPTPP, EVFTA, RCEP, etc. to promote customer files, increase new customers in markets in trade agreements, and take advantage of proactive competitive advantages with raw materials to meet strict regulations.
- ❖ Further increasing the capacity of factories in the dyeing and weaving industry through cooperation with partners in the same industry section.
- ❖ Further investing and focussing on product research and development, personnel training, continuous improvement, expenses reduction, perfecting the ERP system to increase efficiency in the management of raw materials and operations of factories as well as corporate governance.
- ❖ Identifying sustainable development and digital transformation as two of the very important goals for the company's development in the coming years.

External affairs

- ❖ Actively coordinating with domestic and foreign organizations, agencies, and associations such as VITAS, AGTEK... to strengthen connection and chain link in order to create a good image and higher value for the Company.
- ❖ Actively participating in activities related to sustainable development in the textile industry in a proactive and responsible manner.
- ❖ Updating accurate, transparent, and timely information to the investors and shareholders about the Company's operation.



PART 5 REPORT ON THE AUDIT COMMITTEE

- 01 Activities of the Audit Committee in 2022
- 02 Proposals and direction of the Audit Committee for 2023



ACTIVITIES OF THE AUDIT COMMITTEE IN 2022

Issuing working plan of the Audit Committee and revising the Regulations on Operations of the Audit Committee and submit it to the Board of Directors for approval.

Organizing Audit Committee's meetings with the participation of all members under the Regulation on Audit Committee. In addition, there were many irregular meetings and other coordination involved by relevant units, individuals.

Reporting activities of the Audit Committee to the Board of Directors sufficiently.

Oversight of Financial Statements

Semi-annual and annual financial statements are prepared and published in accordance with current accounting standards and applicable laws.

In the year, there were no changes in accounting regime, accounting standards, tax policies that have a significant impact on the financial situation and published financial statements.

Not detecting material or irrelevant errors relating to accounting estimates..

Not recording any abnormalities relating to transactions with associated parties.

Oversight of Risk Management system and Internal controlling

The Company currently maintains an effective internal control framework.

List of material risks is controlled and does not have much fluctuation.

Risk assessment activities are carried out periodically, monitored and overseen continuously in order to promptly react with newly arising risks.

Risk management measures are applied promptly, appropriately and consistently with the Company's management point of view.

Working processes are issued, updated, implemented and managed by specialized units. Compliance with the processes is well done and tends to be positive time by time.

Oversight of Internal Audit activities

Internal audits are operated under international best practices and standards as well as guidelines issued by the Ministry of Finance.

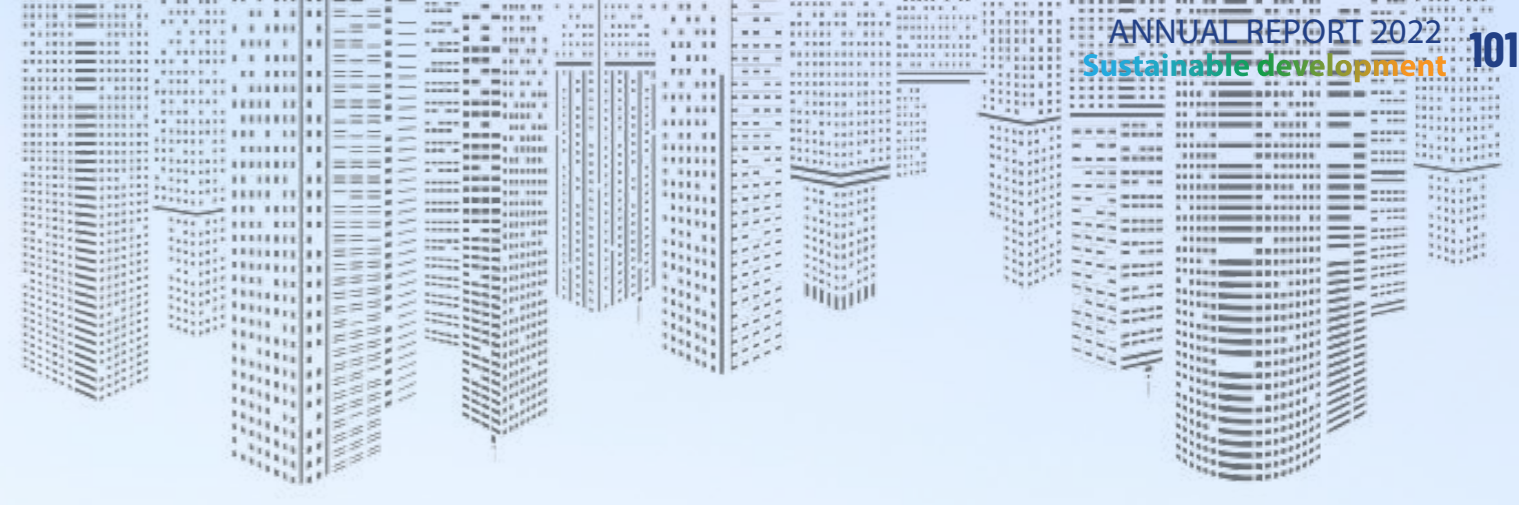
The coordination between the General Director and Audit Committee would be helpful for Internal Audit promotes its role.

Internal Auditors take the initiative in cooperating and consulting in risk management activities, internal control instead of performing purely audits and assessments.

2022 internal audit plan was well completed within the limited resources.

The recommendations of the Internal Audit are mutually agreed by units, absorbed and strictly implemented through corrective plans and closely monitored by the Internal Audit.

Internal Audit completed their assigned tasks and audit plans, contributing to improve the management process, production and business efficiency and operational efficiency.



Oversight of Compliance and Fraud Prevention

Assessment programs on compliance and fraud investigations are integrated into the audit plan of Internal Audit.

The Company has developed many programs to propagate and disseminate business ethics and laws to employees to raise personal awareness in preventing fraud and deterrence against violations.

Oversight the Independent Auditor

The plan and implementation of the 2022 audit of the independent auditing is in accordance with the requirements of the Company, meeting the requirements of quality assurance, independence, not conflict of interests of independent auditors.

The auditing company has completed its tasks, met the expectations of the Audit Committee, ensuring the reliability and honesty of the financial statements that the Company has provided.



PROPOSALS AND DIRECTION OF THE AUDIT COMMITTEE FOR 2023

To maintain and complete the function of supervising risk management activities and internal control continuously in accordance with international good practice frameworks to support and motivate the Company achieve its goals.

To maintain the coordination between the Audit Committee and the Management Board in order to promote the role of Internal Audit in the Company efficiently.

Recommend for choosing reputable independent auditing companies such as Big 4 for the Board of Directors to approve before submitting it to the Annual General Meeting of Shareholders for approval.

To maintain and increase other oversight activities of the Internal Audit to raise employees' awareness about fraud prevention and compliance in the Company.



PART 6

COMPANY'S REPORT OF ENVIRONMENTAL AND SOCIETAL IMPACTS





- 01 Environmental impacts
- 02 Environmental Responsibility
- 03 Compliance with Law on Environmental Protection
- 04 Reports related to green capital market activities under the guidance of the State Securities Commission
- 05 Human resource policies
- 06 Responsibility to the community



ENVIRONMENTAL IMPACTS

Initiatives to reduce greenhouse gas emission (GHG)

Recently, amid global climate change, governments around the world, especially developed countries, have made specific plans to achieve the goal of carbon neutrality by 2050. And the World Bank has clearly chosen the topic of opportunities and challenges for green trade in Vietnam with the title "No time to waste" as Vietnam is one of the six most affected countries from climate change. Recognizing the importance of protecting the atmosphere, at the Leaders' Summit within the framework of the 26th United Nations Conference on Climate Change (COP26), the Government of Vietnam had strong commitment to participate in the solution of global climate change. Accordingly, Vietnam aims to increase the share of clean energy in the total primary energy supply to at least 20% (by 2030) and 30% (by 2045), and commits to gradually phase out electricity production with coal and commit to net zero emissions by 2050. Supporting the national spirit, Thanh Cong fuels the fire, keeps the fire, and spreads the fire, implementing "green production", in association with the world trend of circular economy development. For the process adopted in industrial production and product use (IPPU) that Thanh Cong is operating, the main emissions are mainly gases: CO₂, SO₂, NO_x...to minimize the gas emission:

- 
For emissions from generators: With the characteristics of a manufacturing business, the Company is given priority to provide electricity. Thanh Cong uses generators reasonably, for the right purposes, only in case of unexpected power problems, power outages. The power outage schedule is announced in advance, so the Company effectively arranges the production schedule to avoid using a lot of generators, both costly and affecting the environment. Simultaneously, to avoid local pollution, the Company installed high chimneys to avoid accumulation of exhaust gases while enhancing gas diffusion. Therefore, the emissions generated from the generators are practically negligible.
- 
For emissions generated from the air conditioning equipment system: To minimize this source of gas, Thanh Cong established regulations on the time to turn on and off the air conditioner in the office, which is both easy to regulate, use and save electricity and reduce emissions, gradually eliminating outdated air conditioners, expiry date, replace air conditioners using R22 gas with air conditioners using R410a and R32 gas.
- 
Dust and emissions from machinery in the production stage: Thanh Cong attaches importance to the inspection, maintenance, repair, and replacement of machinery and equipment to avoid old machinery failing to work efficiently, generating noise and emissions. In addition, Thanh Cong has been planning to change the boiler fuel from coal to Bio-mass biomass or use electric boilers to replace low-power boilers to reduce CO₂ emissions. environment for some plants. Thanh Cong aims to ZDHC "No Discharge of Hazardous Chemicals (ZDHC) Program", controlling incoming chemicals with BVE3 "Online Chemical Inventory Management Tool" and works towards achieving ZDHC.
- 
For means of transport: Thanh Cong complies with the technical requirements such as not carrying goods exceeding the vehicle load, maintaining the vehicle, using the correct fuel, etc. The trucks transporting raw materials are regularly inspected for safety and environmental sanitation with means of transport. In terms of entering and exiting the factory area, Thanh Cong issued clear regulations, rationally arranging trucks carrying raw materials and transporting finished products.



In 2022, Thanh Cong recorded total direct and indirect greenhouse gas emissions of **56,852 tons CO₂** and **30,094 tons CO₂**, respectively. In order to minimize this, the Company always monitors and updates news from environmental regulations, thereby taking action to comply with regulations. Environmental protection is an urgent task. Thanks to the efforts given by the Board of Directors and all employees, Thanh Cong does not violate environmental issues related to gas emissions.



ENVIRONMENTAL IMPACTS (CONT)

Managing materials

With 46 years of establishment and development, Thanh Cong has built a complete material resource management system from production input to product packaging, meeting the strict standards of fastidious customers from Japan to the EU. At the first stage, Thanh Cong develops a set of criteria for supplier assessment. For Thanh Cong, the selection of suppliers should be focused, capturing information to choose the right is a prerequisite to help the businesses produce high quality products, on schedule, and at reasonable prices, be competitive enough in the market, and at the same time improve inventory management capacity. Specifically, the Company strictly followed the issued procedures, including the requirement to provide quality system information, certifying raw materials meeting input standards in tandem with ensuring environmental criteria, working conditions of workers, age of workers, etc. To follow, raw materials are stored at the warehouse to meet the requirements of temperature and humidity, then strictly controlled to the production area, and finished products shipping. Before leaving the factory, the finished product is fully inspected before being packaged in packaging. For used packages, the Company tries to recycle to reduce waste and save costs for businesses.

(1) Total weight, quantity of raw materials was used






No.	Product/ Service	Raw materials used in Product/ service	Total volume/ weight (UNIT: Ton)	Supplier		Recyclability	
				External	Internal	Possible	Impossible
1	Yarn	Cotton, fiber	10,500,000	X	X	X	
2	Knitted grey fabric	Yarn	9,700,000	X	X		X
3	Woven grey fabric	Yarn	3,400,000	X	X		X
4	Finished fabric	Grey fabric	11,000,000	X	X		X
5	Garment	Finished fabric	9,700,000	X	X		X

(2) Report on the percentage of materials recycled for further use

No.	Type of ma- terials	Total volume used (UNIT: Ton)	Volume was recycled (UNIT: Ton)	Percentage of volume recycled/ Total volume used
1	Cotton, fiber	10,479,965	103,262	1.0%
	Total	10,479,965	103,262	1.0%

Energy consumption

Electricity is an important source of energy for the operation of factories and offices. Every simple action is a joint effort, contributing to a larger goal of protecting our living environment. Determining the importance of energy saving, Decision No. 280/QĐ-TTg was issued by the Prime Minister approving the National Program on Economical and Efficient Use of Energy for the 2019-2030 period. To drastically support, Thanh Cong has implemented:

-  Closely monitoring monthly power consumption to promptly take action to reduce energy.
-  Building an internal culture of environmental protection through increasing dissemination to each employee about the negative effects of wasteful use, thereby raising the common sense of “turning off when not in use”.
-  Equipping energy-saving electrical equipment such as energy-saving light bulbs, ensuring lighting capacity with long life, installing timer for drinking water machines. At the same time, there is a mechanism to check, maintain, repair, and replace new machinery and equipment, and regularly clean the air conditioner to avoid energy consumption.
-  Encouraging the employees to constantly think and find innovative ideas to minimize energy use in each factory, and department at the office.
-  Designating a team responsible for power management with the responsibility of planning and reporting on monthly/yearly energy management. This is also the unit that deploys and evaluates the effectiveness of energy-saving solutions.

(1) Indirect energy consumption

No.	Activities	Total energy consumption (UNIT: Kjun)	Reduction method (if any)	Estimate of reduction (if any)	Notes
1	Transport	13,528,209,520	None	None	Oil for passenger car + gasoline + oil for truck and forklift
2	Office	4,874,079,600	Timer was installed for drinking water	20,217,600	Electricity consumed by the Office



ENVIRONMENTAL IMPACTS (CONT)

Tiêu thụ năng lượng

(2) Direct energy consumption

No.	Total energy used which is classified by source	Unit	Conversion system	2022
1	Diesel Oil	Liter	36.845 KJ/Liter	264,560 (Oil for passenger cars: 29,166 liters, Oil for forklifts 23,000 liters, Oil for trucks 212,394 liters)
	Total energy consumption	Kjun		9,747,713,200
2	Gasoline	Liter	34.752 KJ/Liter	108,785
	Total energy consumption	Kjun		3,780,496,320
3	Coal	Kg	calorific value of 4,000 Kcal/kg 1Kcal=4,186KJ	22,606,889
	Total energy consumption	Kjun		378,529,749,416
4	Gas	Kg	46,000 KJ/Kg	2,233
	Total energy consumption	Kjun		102,718,000
5	Electricity	kWh	3,600 KJ/Kwh	37,426,021
	Total energy consumption	Kjun		134,733,675,600

(3) Report on imitativensness to save energy

No.	Initiatives to save energy	Details	Saved energy (Unit: Kjun)
1	Installing inverter for sewing machine	Installing inverter for 01 machines to save electricity city by December with 3kw/h.	7,413,120
2	Timer was installed for drinking water machines	Installing inverter for 10 drinking water machine since December. Time of operation from 7:00 - 19:00	20,217,600

No.	Initiatives in effective use of energy	Location	Saved energy (Unit: Kjun)
1	Solar Power system	Sewing factory No.2 - Vinh Long	1,082,448,000
2	Solar Power system	Sewing factory No.1 - Vinh Long	3,243,668,760

Water consumption

Water - an invaluable resource, is facing the risk of pollution, especially the impact of global climate change, which increases the risk of water scarcity. Operating in the textile and apparel industry, especially in the dyeing stage, Thanh Cong establishes measures to save water resources, and reuse water and wastewater treatment systems through a water circulation system. First, the quality of the incoming water is checked and strictly controlled. Next, Thanh Cong focuses on investing in a high-tech water treatment system, ensuring and controlling the output wastewater to meet environmental standards and managing it as closely as possible during its operation. Specifically, the Company invested in a wastewater treatment system project with the approval of the Ministry of Industry, with a total investment value of up to VND 30 billion, designed and installed by Seen Company. Output wastewater quality meets QCVN 40:2011/BTNMT. In addition, to ensure quality, Thanh Cong periodically makes monitoring reports on the quality of treated water in accordance with the law and the requirements of the authorities. On the other hand, the Company strictly adhered to pay underground water exploitation right fees for the permits as prescribed by laws. In the long term, in order to limit the impacts on the water surrounding the residence, the Company plans to relocate some of its factories to industrial parks planned for the relevant industries.

(1) Water consumption

No.	Water sources	Total water collected/reached (Unit: liter)
1	Water from wells	1,237,647,000
2	Tap water	86,804,000
	Total	1,324,451,000

(2) Total amount of water used

No.	Activities	Total amount of water used (unit: liter)
1	Production	1,241,447,000
2	Domestic use	83,004,000
	Total	1,324,451,000

(3) Total amount of water was recycled

No.	Water sources	Total amount of water was reused/recycled (Unit: Liter)
1	Wastewater used for cleaning machines	43,566,000
2	Recycled wastewater used for dyeing	45,504,000
	Total	89,070,000



ENVIRONMENTAL RESPONSIBILITY

With 46 years of incorporation and unceasing development, the Company has been always aware of the importance of the environment to the life and human future. The unceasing development of society brings about many benefits to the community but also brings many challenges. The whole world is facing many serious consequences and problems such as environmental pollution, food safety, new diseases, resource depletion, and global warming causing climate change and natural disasters, floods, etc. Therefore, responsibility for the environment does not taken by anyone in the country, but also in each business as well as each individual. With the motto of constantly innovating and developing to catch up with market demand along with the world trend of “green production”, Thanh Cong aims at a circular economy with sustainable development. Aiming to promote an image of an environmentally friendly company, Thanh Cong has always respected, implemented and committed to strictly control the production process so as not to violate the standards, specifically:

Product

Green materials - sustainable step

The process of “greening” Vietnam’s textile and apparel industry in accordance with the general trend of the world has been motivating domestic raw material suppliers to research and launch new products suitable to the tastes of customers. Thanh Cong very soon grasped this opportunity by attaching importance to researching and developing (R&BD) since 2017, with a focus on researching and developing environmentally friendly product lines based on the trend of world fashion and the essential needs of life. Untill now, many product lines have been researched and developed through the use of recycled materials from Polyester, Viscose, Cotton from plastic bottles and old clothes and the use of sustainable materials made from sugarcane, corn, natural wood and seaweed, natural color cotton without dyeing, etc. has the feature of saving energy, reducing emissions, decomposing quickly, and being environmentally friendly. Thereby, Thanh Cong has received certifications for the environment (EU ECOLABEL), sustainable textile products (Sustainable Apparel Coalition/ Higg Index), Organic Content Standard (OCS), Global Organic Textile Standard (GOTS), Global Recycled Standard (GRS),...

Communication

A clean living environment is the goal of the whole society and to achieve this requires the cooperation of everyone. Thanh Cong is aware of the importance of environment protection, and is working to increase awareness among all employees. This is done through knowledge training and specific action programmes. One of the outstanding activities is the “Used battery collection program” at Thanh Cong, which has been well received by the employees and is part of the company’s sustainable development strategy. We believe that only when we act together to protect the environment can we create a sustainable future for future generations.

Environmental standard in production activity:



At Thanh Cong, an environmental control system is used in its operation in accordance with ISO 14001:2015, to monitor the impact of operating processes on the environment. In 2022, the Company updated the validity of the certificate, gradually improving the Higg FEM.



Thanh Cong’s “green” products in the factory are tested for hazardous substances in the laboratory and labeled Confidence in Textiles, meeting the OEKO-TEX 100 standard. In addition, with more than 90% of revenue contributed by export markets, to ensure transportation and distribution, the Company operates a quality management system according to SQP (Supplier Qualification Program). The standard ensures the supplier’s distributed manufacturing processes have the necessary controls in place to reduce operational risks. At the same time, Thanh Cong also received GSV certification that integrated many global security programs in the supply chain.



As for the certifications in connection with labor use, Thanh Cong pays attention to establish a workplace for all workers satisfying the requirements of social responsibility and working conditions of Vietnamese law and international conventions to which Vietnam is a member. With the Company’s efforts, Thanh Cong was granted WRAP certification (the world’s largest independent certification program for Social Responsibility in the textile industry), ensuring compliance with the 12 principles outlined, fair treating, civilized treatment with ethical standards with the employees. At the same time, Thanh Cong meets SMETA standards (method for assessing and reporting on ethical practices and social responsibility) for members of SEDEX. Besides, the Company also participated in the Better Work program organized by the International Labor Organization (ILO) in combination with the International Financial Corporation (IFC) in order to implement to ensure the compliance with social responsibility, creating a fair, legal and healthy workplace.





COMPLIANCE WITH LAW ON ENVIRONMENTAL PROTECTION

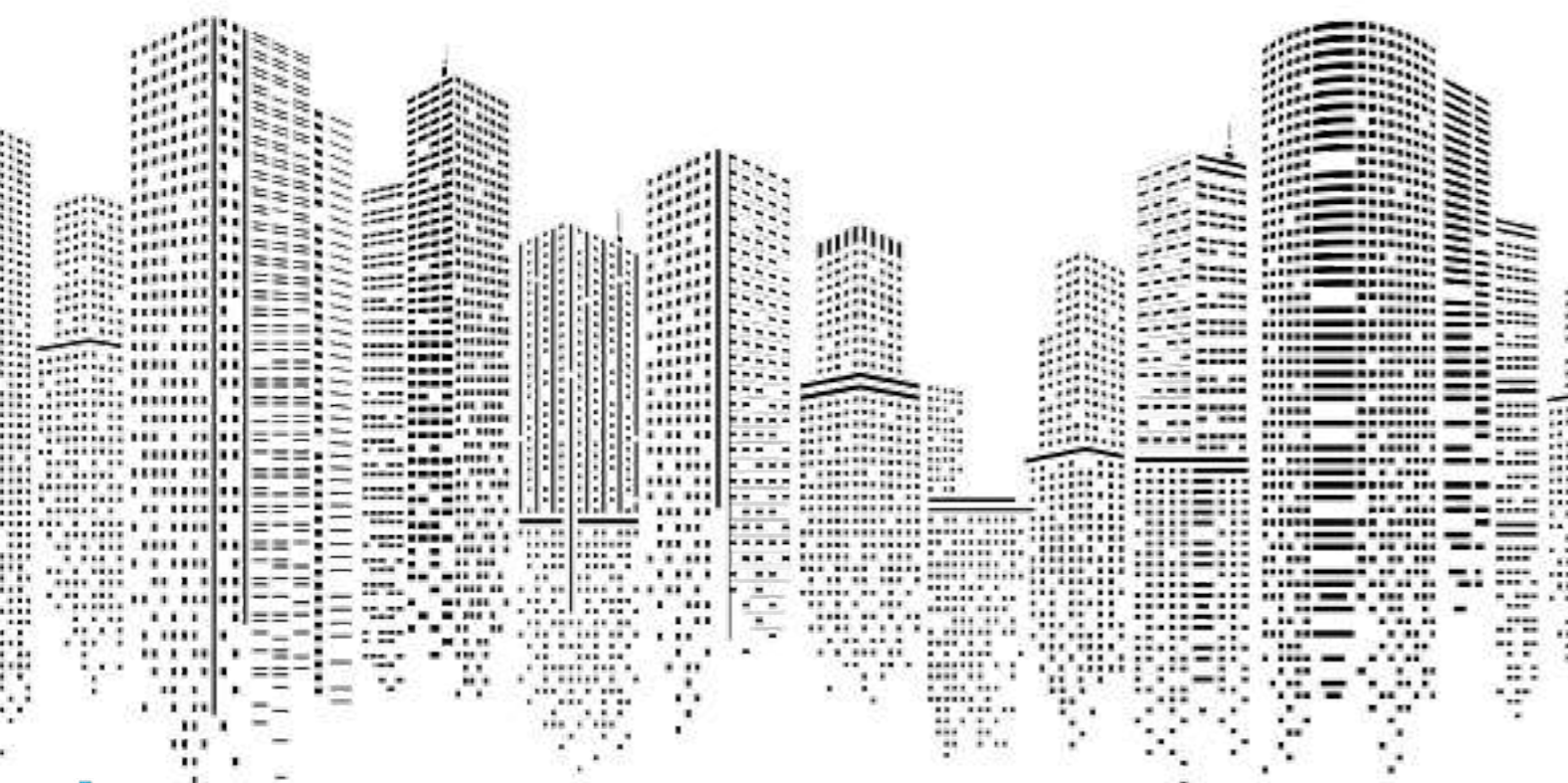
Thanh Cong Textile - Garment - Investment - Trading Joint Stock Company strictly and fully complies with the environmental regulations in the Law on Environmental Protection 2020 No. 72/2020/QH14, with no environmental defects.



REPORTS RELATED TO GREEN CAPITAL MARKET ACTIVITIES UNDER THE GUIDANCE OF THE STATE SECURITIES COMMISSION

Recently, the development of green capital market has been strongly implemented by the State Securities Commission. This is a way to encourage the businesses to carry out ESG (Environmental, Social, and Corporate Governance) activities and promote calling for investors interested in investing in green development project. By issuing ESG reports, the businesses can technicalize regulations related to environmental, social, and human factors, and identify opportunities and challenges to contribute to green development goals. However, to ensure effective ESG implementation, the businesses need to take a variety of measures, including strengthening supervision, staff training, and defining ESG performance metrics.

Thanh Cong always pays attention to and regularly monitors new activities and policies of the State Securities Commission as well as the Ho Chi Minh City Stock Exchange. Since then, the Company adjusted and updated its internal policies to be in line with the proposed regulations and the orientation of building "green production" towards comprehensive sustainable development.





HUMAN RESOURCE POLICIES

Thanh Cong's Leaders and Managers and the entire staff together went through the most difficult days because of the complicated epidemic situation. Entering 2022, new colors have returned to Vietnam in general and Thanh Cong in particular when Vietnam issued Resolution No. 128/NQ-CP with the policy of "Living with the epidemic", transforming all activities socio-economic dynamics to a state of "the new normal". Thanks to that, the labor team was able to return to the factory, the staff returned to the office, and starting to be more productive with production and business activities. With Thanh Cong, the Company always has the concept of "taking employees as the root", the better the employees, the better the Company. Therefore, the Company always focuses on building a chain of human resources policies, ensuring the rights and obligations of employees, specifically:

Recruitment policy

Thanh Cong has always been considered the core element of the organization. Therefore, personnel are recruited not only to meet current job requirements but also to be a factor for future development. Thanh Cong implements strategic recruitment and reasonable investment. Rebuilding the strict process and improving recruitment standards, in order to select the best candidates to lead the change with the Company. The recruitment is publicly announced on the company website,

recruitment news sites, social networks, etc. to increase the brand coverage of Thanh Cong, thereby attracting more candidates; comes with a clear and transparent salary and bonus system, suitable for each object with different positions. The recruitment process is flexible, adheres to the principles of transparency and objectivity, ensures fairness for all candidates, and enhances Thanh Cong's brand value. As of 2022, Thanh Cong is accompanying 6,266 employees.

Training policy

Employees have always been considered the core element of the organization, the most valuable asset, and the operational center of all resources and activities of the organization. With Thanh Cong, training is not only a form of investment for the Company but also aims at personal development for the employees. Thanh Cong has focused on training potential young employees and successors to build a quality management team for itself. Therefore, the Company focuses on various courses were

deployed to improve the salesforce's professional capacity, and the change management for all employees to adapt to the new trend. On the other hand, Thanh Cong always invests in new expansion with many machinery and equipment, therefore, instructs employees to use it to serve the company's production activities. Thanh Cong has focused on training potential young employees and successors to build a quality management team for itself.

Typical training programs in 2022

1. Knowledge training program for Sales;
2. Leadership program for middle managers
3. Negotiation skill, critical thinking for all indirect employees
4. Training on Occupational Safety for the employees of relevant sectors
5. Management operation for Team leader

Besides, maintaining weekly sharing of knowledge and innovative thinking, leadership thinking, and life skills through website elearning, internal application and email.

No.	Classification	Number of Employees trained	Average training hours (UNIT: Hours/ Person)
I Classified by qualification			
1	Graduate and Postgraduate	166	22.3
2	College, intermediate level	57	22.7
3	Elementary level and technical workers	44	10.4
4	Unskilled workers	341	10.1
II Employees classified by labor contract type			
1	Full-time	608	14.7
2	Part-time	-	-
III Classified by gender			
1	Male	378	6.6
2	Female	230	27.8





HUMAN RESOURCE POLICIES (CONT)

Labor regulation

Since the textile and apparel industry is a highly labor-intensive industry, the Company sets out specific criteria on working time and working regimes that fully ensure the rights of employees. Specifically:

- Ensuring full and strict implementation of the employees' policies as stipulated in the Labor Code and the Law on Social Insurance: Signing a labor contract; paying 100% of social insurance, health insurance, and unemployment insurance for the employees; formulating policies for female workers; ensure safety - labor protection.
- Developing a clear salary roadmap to create motivation for the employees' development; provide lunches and snacks during the working shift, ensuring adequate health for employees to work effectively. Thanh Cong has increased the meal fee by 2,000 VND/serving since the beginning of 2023.
- Balancing working time, ensure good payment regime for overtime workers, and night shift allowance.
- Always aiming for high-quality human resources by proactively proposing training plans, improving the skills of the employees as well as fostering senior managers.

Working conditions

Thanh Cong outlines three factors that need to ensure "work safety - work tools - working environment". Firstly, always ensuring to fully equip labor protection equipment, put the health and safety of workers first. Second, ensuring employees have the necessary working tools and equipment with guaranteed quality as prescribed. Third, sanitary conditions around the working area must be safe for health and meet working environment regulations according to current regulations of the State.

Salary, bonus and welfare policy

- Improving the salary and bonus policy by job performance, serving as a basis for the distribution of salaries and bonuses, limiting the problem of overwork but low productivity, motivating the employees to increase productivity. From July 1, 2022, Thanh Cong increased 3.4% salary for the employees in accordance with Decree 38/2022/ND-CP adjusting the regional minimum wage. According to statistics, the average income of an employee in 2022 was 11.5 million VND/month, higher than the 11.08 million VND/month in 2021, etc.
- Paying attention to the annual health check for employees. For managers, the Company conducts health check-ups according to business standards, ensuring that the beneficiaries are entitled to health benefits according to their job positions. On the other hand, problems related to occupational diseases are also supported by the Company.

Labor protective equipment

Policy	Detail
Checking the safety situation at all branches and units in the company	Ensuring that each unit is checked at least once a month with the following main contents: _ Fire prevention safety _ Chemicals safety _ Electrical safety _ Forklift safety _ Working at height safety _ Mechanic safety _ And some other items may lead to occupational accidents and disappear and professional case for worker.
Controlling equipment with strict safety	Ensuring 100% of the equipment was inspected by deadline
Identifying risks and propose measures to prevent the accidents	As a results, no accidents or death occurred.
Visiting worker with accidents or death occurred.	A total of 6 workers with an amount of 5 million dong
Deploying production and distributing uniforms for office staff of all branches and units in the Company	883 shirts in total
Deploying production and distributing uniforms to workers in all branches and units in the Company	21,762 shirts in total
Controlling demand, supplying protective devices for branches and units in the Company	Provide a total of 44 products of labor insurance for 6,266 workers directly producing in the Company

Salary, bonus and welfare policy (cont)

- Supporting workers in difficult circumstances, bereavement allowance, childcare allowance, fuel allowance, per diem allowance, preparation of vehicles to transport workers to work, etc. In 2022, in the face of record-high energy prices, Thanh Cong increased the fuel allowance by 50% when the price of Ron 95-III gasoline increased by more than 28,000 VND/liter.
- Creating conditions for the employees to participate in fun activities such as organizing internal physical training and sports, cultural activities, and other spiritual activities organized by Trade Union and Youth Union anniversaries.



RESPONSIBILITY TO THE COMMUNITY

Corporate social responsibility (CSR) has been now increasingly becoming the trend of public companies in their sustainable development strategy under the orientation of the standards and good practices set by developed countries. The year 2022 has passed, but it left in every Vietnamese person is not only the lingering obsession of the pandemic or the pain of the central region because of storms and floods, but also the love of humanity, the love of compatriots is always warm. Thanh Cong is proud to be tireless legs on the journey to contribute value to society. With many general pressures about the economic situation and unfavorable business conditions in the last months of the year, Thanh Cong still maintained steady and focused on CSR activities inside and outside the Company. Over the years, besides joining hands in participating the city agencies and associations to carry out common activities for the community, the Company has always paid attention to the localities where the Company is concerned. The company is headquartered and the factory is operating to have practical sponsorship and support programs for the locality and poor people. At the same time, the Company also gives close attention to and has timely and necessary support programs for the employees with difficult and unlucky circumstances as well as scholarship programs for their children. The Company's employees strive to learn and overcome difficulties. Specifically:



Program of 10,000 miracles: The program was built with the goal of increasing the spirit of solidarity, promoting the tradition of "A good leaf covers torn leaves" of officials and employees, in order to help workers in difficult circumstances and suffering from serious diseases.



Happy Mart – non-profit sale program: Thanh Cong built a store for the employees with the message "Love from the kitchen". At the store, the selling price is 20-30% lower than the market price, the difference is sponsored by CSR fund, the program is carried out at the Company's headquarters regularly 3 times/month on Fridays, on quarterly basis with the participation of the factories located in Vinh Long, Tay Ninh. In 2022, high inflation and escalating commodity prices strongly affected the consumption of employees, the program is a source of saving to ensure the living standards of the employees, the total support in 2022 was VND191,620,280.



Sponsoring Thien An, Son Ky and Huynh De Nhu Nghia shelters: Sharing difficulties and partly supporting the quality of life for the children of orphanage and shelters for disable persons. The operation has been implemented since 2009, inheriting, maintaining, and promoting until now. On average, each year corresponding to each shelter, Thanh Cong supported an average of VND250 million.



Community supporting activities: Recognizing the importance of sharing and helping disadvantaged people in the community, Thanh Cong has paid attention to these subjects on holidays and Tet by providing practical necessities, Company products, and subsistence. Supportees included lonely elderly people, victims of Agent Orange, orphans, and poor households in localities where Thanh Cong operated, such as Vinh Long, Tay Ninh, Can Gio, Hoc Subject, and so on. The total value that Thanh Cong supported was 280,094,440 dong. Besides, Thanh Cong coordinated with Vinh Long Industrial Park Management Board to increase 50 Tet gifts for poor households in Phu Thinh commune, Tam Binh district, Vinh Long province.



Visiting and giving gifts to Thien Duyen Shelter and disadvantaged people in Binh Chanh Commune, Can Gio District, Ho Chi Minh City. Charity activities in the localities of District 4, Xuan Thoi Son - Hoc Mon, Trang Bang, Vinh Long. These are the localities with branches and factories of the Company. Accordingly, Thanh Cong recorded a donation of 400 shirts with a total value of VND103,406,088



Granting scholarships to children of the Company's labor force who overcame difficulties and studied well in the area with the goal of encouraging them to fulfill their legitimate dreams of studying and developing. On August 30, 2022, the Company cooperated with the Vietnam Fatherland Front Committee of Tan Phu District to organize granting 144 Nguyen Huu Tho scholarships and 22 bicycles going to school for 22 disadvantaged students on the occasion of the new school year 2022-2023. Total value of the gifts above was VND410,656,196.



Contributing to the program of building a new countryside following the campaign of the Ho Chi Minh City High Command to build a house of love and support scholarships for poor students to overcome difficulties; supporting orphans due to Covid 19 epidemic in Tan Phu Trung commune - Cu Chi with the amount of VND30,000,000.



Expenses for health care activities: This is a meaningful and practical activity that the Company is carrying out every year to help orphans, blind children, and those who regularly receive the Company's patronage. By providing periodic health insurance cards, the Company has created a valuable opportunity for children to get better health care and more easily access necessary medical services. Thanh Cong made a contribution of VND100,622,656.

The amount of contribution to CSR activities in 2022 was deduction of 10% of the remuneration of the Board of Directors, Welfare Fund, Trade Union Fund, Charity Fund, and contributions of the Company's leaders and employees. By the end of 2022, the total amount of Thanh Cong for CSR activities was **VND2.3 billion**.

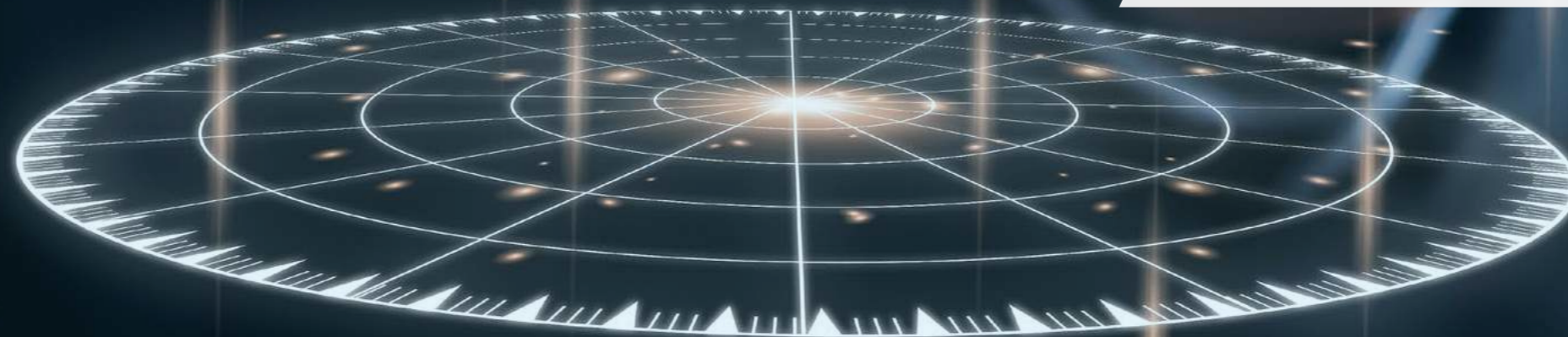
PART 7

CORPORATE GOVERNANCE

01 Board of Directors

02 Audit Committee

03 Transactions, remuneration and interests of the Board of Directors, Board of Management and the Audited Committee





Members and composition of the Board of Directors

As of December 31, 2022

No.	Member	Position	Number of shares held	Percentage of holding	Date of Appointment
1	Mr. Tran Nhu Tung	Chairman of BoD - Executive member	75,042	0.09%	29/04/2011
2	Mr. Park Heung Su	Vice-chairman - Independent Member	0	0%	06/04/2021
3	Mr. Lee Eun Hong	Non-Executive Member of the Board of Directors	9	0%	25/04/2009
4	Mr. Jung Sung Kwan	Executive Member of the Board of Directors	0	0%	06/04/2021
5	Ms. Nguyen Minh Hao	Executive Member of the Board of Directors	0	0%	17/04/2010
6	Mr. Nguyen Van Nghia	Non-Executive Member of the Board of Directors	13,829,698	16,85%	06/04/2021
7	Mr Kim Il Kyu	Non-Executive Member of the Board of Directors	0	0%	06/04/2021
8	Mr. Kim Jong Gak	Independent member	0	0%	06/04/2021
9	Mr. Dinh Tan Tuong	Independent member	0	0%	06/04/2021

List of members of the Board of Directors holding positions in other companies

Member	Positions in other companies
Mr. Tran Nhu Tung Chairman of the Board of Directors of BoD - Executive member	Number of the membership of the Board of Directors in other organizations: 01 + Member of the Board of Directors, Savimex Corporation Managerial Position in other organizations: 02 + President of the Member Council of TC Tower Company Limited + President of the Member Council of TC Commerce Company Limited
Mr. Park Heung Su Vice-chairman - Member of Independent	Number of the membership of the Board of Directors in other organizations: None Managerial Position in other organizations: 01 + Director of Kotiti Vietnam Company Limited.
Mr. Lee Eun Hong Non-Executive Member of the Board of Directors	Number of the membership of the Board of Directors in other organizations: 01 + Chairman of the Board of Directors, Savimex Corporation Managerial Positions in other organizations: 01 + Director of E-Land Asia Holdings Pte., Ltd
Mr. Jung Sung Kwan Executive Member of the Board of Directors	Number of the membership of the Board of Directors in other organizations: 01 + Member of the Board of Directors, Savimex Corporation Managerial Positions in other organizations: None
Ms. Nguyen Minh Hao Executive Member of the Board of Directors	Number of the members of the Board of Directors in other organizations: none Managerial Positions in other organizations: 01 + Member of the Member Council, TC Commerce Company Limited



BOARD OF DIRECTORS (CONT)

Members and composition of the Board of Directors

List of members of the Board of Directors holding positions in other companies (cont)

Member	Positions in other companies
Mr. Nguyen Van Nghia Non-Executive Member of the Board of Directors	Number of the membership of the Board of Directors in other organizations: 03 + Member of the Board of Directors, Licogi 16 Joint Stock Company. + Member of the Board of Directors, Tasa Group Joint Stock Company. + Chairman of the Board of Directors, Amecc Mechanical Construction Joint Stock Company Managerial Positions in other organizations: 01 + President of the Member Council of Thanh Long Trading Construction Transportation Company Limited.
Mr Kim Il Kyu Non-Executive Member of the Board of Directors	Number of the membership of the Board of Directors in other organizations: None Managerial Positions in other organizations: None
Mr. Kim Jong Gak Independent member	Number of the membership of the Board of Directors in other organizations: None Managerial Positions in other organizations: 02 + Managing Director, Viet Han Time Company Limited + Managing Director, Seedcom Partners Company Limited
Mr. Dinh Tan Tuong Independent member	Number of the membership of the Board of Directors in other organizations: None Managerial Positions in other organizations: 01 + Deputy General Director of Sao Viet Auditing Company Limited.

Sub-committees under the Board of Directors

The Board of Directors established the Audit Committee with main activities as follows:

- ❖ Focussing on reviewing and monitoring the internal audit plan in 2022.
- ❖ In March 2022, submitted to the Board of Directors for approval the content of adjusting the Charter of the Audit Committee in accordance with the new law.
- ❖ Supervising the independent audit to review the 6-month financial statements, the 2022 report in preparation for the 2023 Annual General Meeting of Shareholders.

Performance of the Board of Directors

No.	Member of the Board of Directors	Position	Number of attendance	Percentage of attendance	Reason for not attending
1	Mr. Tran Nhu Tung	Chairman of BoD - Executive member	13/13	100%	
2	Mr. Park Heung Su	Vice-chairman - Independent Member	11/13	85%	Busy and authorize other members of the BoD to attend and vote on his behalf
3	Mr. Lee Eun Hong	Non-Executive Member of the Board of Directors	10/13	77%	Busy and authorize other members of the BoD to attend and vote on his behalf
4	Mr. Jung Sung Kwan	Executive Member of the Board of Directors	13/13	100%	
5	Ms. Nguyen Minh Hao	Executive Member of the Board of Directors	13/13	100%	
6	Mr. Nguyen Van Nghia	Non-Executive Member of the Board of Directors	12/13	92%	Busy and authorize other members of the BoD to attend and vote on his behalf
7	Mr Kim Il Kyu	Non-Executive Member of the Board of Directors	9/13	69%	Busy and authorize other members of the BoD to attend and vote on his behalf
8	Mr. Kim Jong Gak	Independent member	12/13	92%	Busy and authorize other members of the BoD to attend and vote on his behalf
9	Mr. Dinh Tan Tuong	Independent member	13/13	100%	



BOARD OF DIRECTORS (CONT)

Performance of the Board of Directors (cont)

In 2022, Board of Directors held 13 meetings. The specific contents of the meetings and Resolutions thereof are as follows:

No.	Number of Resolution/Decision	Date	Contents
1	01/2022/NQ-HDQT	January 20, 2022	Ratifying 6 items of the meeting agenda: <ul style="list-style-type: none"> ❖ Unaudited 2021 performance results and 2022 business targets to be submitted to the 2022 Annual General Meeting of Shareholders ❖ Appointing Mr. Song Jae Ung as the Deputy General Director ❖ Changing the 30% capital representatives of the Company's stakes in TC Commerce Company Limited. Appointing Mr. Kim Ok Tae as Director of TCommerce Co., Ltd ❖ Adjusting total investment capital and implementation progress of Vinh Long project – phase 2 ❖ Approving the transfer transaction of the entire number of shares currently held by the Company in SY Vina Joint Stock Company ❖ Approving the record date for the list of shareholders is March 15, 2022 for the purpose of: Annual General Meeting of Shareholders for the year 2022.
2	1A/2022/QĐ-HĐQT	January 20, 2022	Decision of the Board of Directors to disclose information for 6 agenda items approved by the Board of Directors in accordance with Resolution 01/2022/NQ-HĐQT dated January 20, 2022
3	02/2022/NQ-HD- QT	February 20, 2021	Salary of the General Director between May 2021 and December 31, 2022
4	03/2022/NQ-HD- QT	March 10, 2022	Since March 16, 2022, Ms. Pham Thi Thanh Thuy was appointed as Chief Accountant of the Company.
5	3A/2022/QĐ-HD- QT	March 10, 2022	Decision of the Board of Directors to disclose information on the appointment of Ms. Pham Thi Thanh Thuy as Chief Accountant of the Company in accordance with Resolution 03/2022/NQ-HĐQT dated March 10, 2022
6	04/2022/NQ-HD- QT	March 24, 2022	Renewal credit limitation 2022

7	05/2022/NQ-HD- QT	March 24, 2022	Approving the agenda and agenda of the AGM 2022; Amendment of the Charter of the Audit Committee
8	06/2022/NQ-HD- QT	April 14, 2022	Approving TC Commerce receiving a loan from the shareholder Eland Asia Holdings
9	6A/2022/QĐ-HD- QT	April 14, 2022	Decision of the Board of Directors to disclose information about TC Commerce receiving loans from Eland Asia Holdings in accordance with Resolution 06/2022/NQ-HĐQT dated April 14, 2022
10	07/2022/NQ-HDQT	April 15, 2022	Electing President - Vice President for the term 2022-2023; implement the plan to issue shares to increase share capital from equity (bonus share in 2021- 15%) approved by the Annual General Meeting of Shareholders in 2022 according to Resolution No. 02/2022/NQ- AGM on April 15, 2022
11	7A/2022/QĐ-HDQT	April 15, 2022	Approving implement the plan to issue shares to increase share capital from equity (bonus share in 2021- 15%) approved by the Annual General Meeting of Shareholders in 2022 according to Resolution No. 02/2022/NQ- AGM on April 15, 2022
12	08/2022/NQ-HD- QT	May 26, 2022	Partially adjusting the resolution 07/2022/NQ-HĐQT on the time limit for authorizing the Chairman of the Board of Directors to decide the record date of the list of bonus shares in 2021
13	8A/2022/QĐ-HD- QT	May 26, 2022	Approving the last registration date is June 8, 2022 to issue shares to increase share capital from equity (bonus share in 2021)- Decision of the Board of Directors
14	7B/2022/QĐ-HDQT	June 13, 2022	Approving the increase of the Company's charter capital and Amending Article 5 of the Company's Charter- Decision of the Board of Directors.
15	09/2022/NQ-HD- QT	June 27, 2022	Approving the transaction of buying used goods between the Company and the related person, E.Land Vietnam Co., Ltd; choose an audit firm in 2022.
16	9A/2022/QĐ-HD- QT	June 27, 2022	Approving the transaction of buying used goods between the Company and the related person, E.Land Vietnam Co., Ltd.
17	10/2022/NQ-HDQT	July 20, 2022	Approving the transaction between the Company and related persons: SY Vina, Kotiti Việt Nam
18	10A/2022/QĐ-HD- QT	July 20, 2022	Decision of the Board of Directors to disclose information on the approval of transactions between the Company and related persons: SY Vina, Kotiti Vietnam according to Resolution 10/2022/NQ-HĐQT dated 20/07/2022

BOARD OF DIRECTORS (CONT)

Performance of the Board of Directors (cont)

19	11/2022/NQ-HDQT	September 28, 2022	Approving TC Commerce's receipt of a loan from E-land Asia Holdings shareholder and relevant transaction execution principles and list of related companies in fiscal year 2022
20	11A/2022/DĐ-HD-QT	September 28, 2022	Decision of the Board of Directors on disclosing TC Commerce's receipt of a loan from E-land Asia Holdings shareholder and relevant transaction execution principles and list of related companies in fiscal year 2022
21	12/2022/NQ-HDQT	September 28, 2022	Reducing TC Tower's charter capital and changing the type of company; terminating the joint venture contract with E-Land Asia Holding Pte. Ltd
22	12A/2022/QĐ-HDQT	September 28, 2022	Decision of the Board of Directors on decreasing the charter capital of TC Tower and changing the type of company to carry out legal procedures to change the Certificate of Business Registration.
23	13/2022/NQ-HDQT	October 31, 2022	Approving transactions with related parties Eland Global; approving credit line of short-term borrowing from Woori VN bank
24	13A/2022/QĐ-HD-QT	October 31, 2022	Decision of the Chairman of the Board of Directors on approving transactions with related parties Eland Global Company to disclose information.
25	14/2022/NQ-HDQT	November 10, 2022	Changing capital representative in TC Tower, TCommerce; extending the implementation period of Trang Bang Sewing Factory project.
26	14A/2022/QĐ-HD-QT	November 10, 2022	Decision of the Board of Directors to disclose information on changing capital representative in 2 subsidiaries: TC Commerce Company Limited and TC Tower Company Limited: Mr. Choi Haeoi to replace Mr. Jo Dong Sun.
27	14B/2022/QĐ-HD-QT	December 13, 2022	Decision of the Board of Directors to carry out legal procedures: extending the implementation period of the Trang Bang Sewing Factory project til 2053 corresponding to land lease term of Trang Bang Sewing.

Performance of the independent member of the Board of Directors

The independent members participated in operational agenda of the Audit Committee as described in the report by the Audit Committee.

Training course on corporate governance that the BoD's members, members of the Audit Committee, the General Director, other managers and the Company's Secretary participated in accordance with corporate governance regulations

The BoD's members, General Director, other managers and the Secretary of the Company attended training courses on corporate governance in accordance with corporate governance regulations and were certified by the State Securities Commission including:

- Ms. Nguyen Minh Hao - Member of BoD
- Ms Huynh Thi Thu Sa - Company's Secretary

Participated in training courses on internal auditing, company secretary held by VIOD including:

- Mr. Dinh Tan Tuong - Independent member, President of Audit Committee completed Internal Audit Program exclusive for the Member of the Board of Directors (IAFB7)
- Ms. Huynh Thi Thu Sa - Company's Secretary, person in charge of the Company's corporate governance completing Program of the Company's Secretary (CSPM1)





AUDIT COMMITTEE

Members and composition of the Audit Committee

As of December 31, 2022

No.	Member	Position	Number of shares held	Holding percentage
1	Mr. Dinh Tan Tuong	President	0	0%
2	Mr. Park Heung Su	Member	0	0%
3	Mr. Kim Jong Gak	Member	0	0%

Activities of the Audit Committee

Activities of the Audit Committee in 2022:

- ❖ The Audit Committee performed its function of supervising the implementation of decisions of the General Meeting of Shareholders, complying with the Charter and internal governance regulations through the meetings of the Board of Directors.
- ❖ At the same time, the Audit Committee supervised other activities of the Company through internal audit activities.
- ❖ Meetings were held with the full participation of its members, complying with the Regulations of the Audit Committee. In addition, there were many irregular meetings and other coordination involved by relevant units, individuals.
- ❖ Fully reporting the activities of the Audit Committee to the Board of Directors.
- ❖ The Audit Committee was supported by the units and managerial officers at its request. By and Large, the working relationship between the Audit Committee and the activities of the Board of Directors, the Board of Management, and other managers was very favorable, with no difficulties or obstacles during their operation.

In 2022, the Audit Committee convened 02 meetings with following details:

No.	Member of the Audit Committee	Position	Statistics of attendance	Percentage of attendance
1	Mr. Dinh Tan Tuong	President	2	100%
2	Park Heung Su	Member	2	100%
3	Mr. Kim Jong Gak	Member	2	100%



TRANSACTIONS, REMUNERATION AND INTERESTS OF THE BOARD OF DIRECTORS, BOARD OF MANAGEMENT AND THE AUDIT COMMITTEE

Salaries, bonuses, remunerations, and other benefits

UNIT: Dong

No.	Full name	2022		
		Remunerations	Salaries	Bonuses
I Board of Directors				
1	Tran Nhu Tung	83,076,925	1,669,596,937	136,446,190
2	Nguyen Van Nghia	55,384,615		
3	Jung Sung Swan	55,384,615	5,806,339,183	
4	Lee Eun Hong	55,384,615	4,090,315,550	
5	Nguyen Minh Hao	55,384,615	1,488,284,817	123,515,692
6	Kim Il Kyu	55,384,615		
7	Dinh Tan Tuong	204,000,000		
8	Mr. Kim Jong Gak	144,000,000		
9	Park Heung Su	144,000,000		
II Audit Committee				
1	Dinh Tan Tuong	204,000,000		
2	Kim Jong Gak	144,000,000		
3	Park Heung Su	144,000,000		
III Board of Management				
1	Jung Sung Kwan	55,384,615	5,806,339,183	
2	Song Jae Ung	55,384,615	4,571,264,815	
3	Tran Nhu Tung	83,076,925	1,669,596,937	136,446,190
4	Nguyen Minh Hao	55,384,615	1,488,284,817	123,515,692
5	Pham Thi Thanh Thuy		673,314,664	51,016,205





TRANSACTIONS, REMUNERATION AND INTERESTS OF THE BOARD OF DIRECTORS, BOARD OF MANAGEMENT AND THE AUDITED COMMITTEE

Shares transactions made by internal persons

No.	Person conducting transaction	Relationship with the internal persons	Number of shares at the beginning of the period		Number of shares at the end of the period		Reasons for change (buy, sell, conversion, bonuses, etc.)
			Number of shares	Percentage	Number of shares	Percentage	
1	Tran Nhu Tung	Internal person	37	0.00	500,037	0.70	Buy
			500,037	0.70	575,042	0.70	Share Bonus in 2021
			575,042	0.70	75,042	0.09	Sell
2	Mr. Lee Eun Hong	Internal person	8	0.00	9	0.00	Share Bonus in 2021
			30,876,476	43.3	32,076,476	44.95	Buy
2.1	E-Land Asia Holdings Pte., Ltd	Related organizations	32,076,476	44.95	36,887,947	44.96	Share Bonus in 2021
			11,164,957	15.65	12,839,698	15.65	Share Bonus in 2021
3	Nguyen Van Nghia	Internal person	12,839,698	15.65	13,839,698	16.89	Buy
			13,839,698	16.89	13,829,698	16.85	Sell
			12	0.00	12	0.00	
4	Kim Suhyang	Internal persons' related person					

Contracts or transactions with the internal persons

Transactions between the Company and related persons of the Company; or between the Company with major shareholders, internal persons, related persons of internal persons:

STT	Name of institutions/individuals	Relationship with the Company	No. of certification, date of issuance, place of issuance	Head office address: Address:	Time of Transactions with the Company	No. of Resolution/ Decision approved by the GSM/BoD (if any, specify date of issuance)	Contents, number, total value of the transaction	Remark
1	E.Land World Limited	Owner of strategic shareholder	105-81-44184 Place of issuance: South Korea	#159. Gasan Digital 1-Ro. Geumcheon-Gu. Seoul. South Korea	2022	Resolution no. 11/2022/ NQ-HDQT	Transaction: selling goods Amount of transaction: VND 669,441,310,236	Time of transaction: 2010
2	E-Land Retail Limited	The Company has the same owner as a strategic shareholder	114-81-01855 Place of issuance: South Korea	70-2 Jam won-dong. Seo-cho-Gu. Seoul. South Korea			Transaction: selling goods Amount of transaction: VND 66,120,482,022	Time of transaction: 2013
3	E-Land Asia Holdings Plt.. Ltd. Incorporated in Singapore with Limited Liability	Parent company	0200 7171 17Z 30/05 /2007 Singapore	3 Church Street #08-01. Samsung Hub. Singapore 049483	2022	Resolution no. 11/2022/ NQ-HDQT	Transaction: selling goods Amount of transaction: VND 50,361,051,371	Time of transaction: 2009

4	E-Land International Fashion Shanghai Co., Ltd	Company in the same Group	Building 1-1. No.2570 Hechuan Road. Minhang District. Shanghai. China Zip 200233	2022	Resolution no. 11/2022/NQ-HĐQT	Transaction: <u>selling goods</u> Amount of transaction: VND 18,023,603,515	Time of transaction: 2012
5	Wish Trading (Shanghai) Co., Ltd	The Company has the same owner as a strategic shareholder	Room 328 No.25 4999 Nong Hongmei South Road. Minhang District. Shanghai. China	2022	Resolution no. 11/2022/NQ-HĐQT	Transaction: <u>selling goods</u> Amount of transaction: VND 54,383,967	Time of transaction: 2012
6	Eland Human Resource Developing Center	Company in the same Group	1155. Beoman-ro. Geum Chon-gu. Seoul. Republic of Korea	2022	Resolution no. 11/2022/NQ-HĐQT	Transaction: <u>using services</u> Amount of transaction: VND 54.383.967	

7	E.land Vietnam Company Limited	Owner is a strategic shareholder	30 0808 912 28/6 /2007	Nhon Trach 2 Industrial Park, Hiep Phuoc commune, Nhon Trach district, Dong Nai province	2022	Resolution no.11/2022/NQ-HĐQT	Transaction: <u>selling goods</u> Amount of transaction: VND 2,368,284,327	Time of transaction: 2009
8	SY Vina Joint Stock Company (new name: SY Vina Textile and Apparel Company Limited)	Owner is a strategic shareholder	3600250 335 4/4/2007	Nhon Trach 2 Industrial Park, Hiep Phuoc commune, Nhon Trach district, Dong Nai province	2022	Resolution no. 11/2022/NQ-HĐQT	Transaction: providing service Amount of transaction: VND 496,922,540	ime of transaction: 2012
					6/28 /2022	Decision no. 9A/2022/QĐ-HĐQT	Contents: <u>Buying secondhand goods</u> Quantity: 139 machines, and equipment of Sewing industry Amount of transaction: VND 238,830,900	
					7/21 /2022	Decision no. 10A/2022/QĐ-HĐQT	Transaction: <u>buying wipes as employee gifts on the company's 46th</u> Amount of transaction: VND 777,276,000	

9	Thanh Cong Medical Center Joint Stock Company	Subsidiary	305253809 10/5/2007 Ho Chi Minh City Investment and Planning Department	36 Tay Thanh, Tay Thanh Ward, Tan Phu District, HCMC	2022	Resolution no. 11/2022/NQ-HĐQT	Transaction: providing service Amount of transaction: VND 604,555,926	Time of transaction: 2008
						Resolution no. 11/2022/NQ-HĐQT	Transaction: using services Amount of transaction: VND 2,860,906,016	
10	Eland Engineering & Construction Vietnam Company Limited	The Company has the same owner as a strategic shareholder	315823367 7/30/2019 Ho Chi Minh City Investment and Planning Department	3rd floor. Thien Phuoc Building 1. 244 Cong Quynh. Pham Ngu Lao Ward. District 1. HCMC	2022	Resolution no. 11/2022/NQ-HĐQT	Transaction: selling goods Amount of transaction: VND 89,563,605	Time of transaction: 2020
						Resolution no. 11/2022/NQ-HĐQT	Content: construction Amount of transaction: VND 50,979,601,319	
11	TC Commerce Company Limited	Subsidiary	316806269 4/13/2021 Ho Chi Minh City Investment and Planning Department	911 Truong Chinh. Tay Thanh Ward. Tan Phu District. HCMC	2022	Resolution no. 11/2022/NQ-HĐQT	Transaction: providing service Amount of transaction: VND 50,000,000	Time of transaction: 2021

12	KOTITI Vietnam Company Limited.	Company is related to the Board of Directors	312381417 7/11/2013 Ho Chi Minh City Investment and Planning Department	Lot A4a. Road 19c. E-Office Park area. Tan Thuan Export Processing Zone. Tan Thuan Dong Ward. District 7. HCMC	2022	Decision no. 10A/2022/QĐ-HĐQT	Transaction: using services Amount of transaction: VND 3,152,466,892	Time of transaction: 2014
						Resolution no. 11/2022/NQ-HĐQT		
13	Savimex Corporation	Affiliate	302317892 5/28/2001 Ho Chi Minh City Investment and Planning Department	194 Nguyen Cong Tru. Nguyen Thai Binh ward. District 1. City. Ho Chi Minh City	2022	Resolution no. 11/2022/NQ-HĐQT	Transaction: selling goods Amount of transaction: VND 1,471,686,400	Time of transaction: 2018
							Transaction: Buying goods Amount of transaction: VND 1,482,375,289	
14	Eland Global Company Limited	Owner is a strategic shareholder	110111-8439617 10/1/2022 South Korea	#9F. 159. Gasan DigitalL 1-Ro. Geumcheon-gu. Seoul. 08506. Rep. Of Korea		Decision no. 13A/2022/QĐ-HĐQT	Transaction: Buying goods Amount of transaction: VND 11,835,542,030	



TRANSACTIONS, REMUNERATION AND INTERESTS OF THE BOARD OF DIRECTORS, BOARD OF MANAGEMENT AND THE AUDIT COMMITTEE (CONT)

Contracts or transactions with the internal persons (cont)

Transaction between internal persons of the Company and its subsidiaries, or the Company in which the Company has controlling interest:

No.	Person conducting transaction	Relationship with the internal persons	Position in the Company	Identity Card no. date of issuance, place of issuance ID card	Address	Name of Subsidiaries, Companies controlled by the Company	Time of Transactions	Contents, number, total value of the transaction
1	E-land Asia Holdings Pte. Ltd	Parent company		0200717117Z 5/30/2007 Singapore	3 Church Street #08-01, Sam-sung Hub, Singapore 049483	TC Commerce Company Limited	4/14 2022	Content: internal borrowings Value of borrowings: USD 300,000 Term: 11 months
2		Parent company		0200717117Z 5/30/2007 Singapore			9/28 2022	Content: internal borrowings Value of borrowings: USD 300,000 Term: 11 months

Assessment on the Company's fulfilling Corporate governance obligations

Effectively practicing corporate governance, Thanh Cong follows the guidelines of the Corporate Governance Code applied to Vietnamese public companies, referenced to the G20/OECD Code of Corporate Governance, Scorecard Corporate Governance of Southeast Asia (ASEAN), thereby current status was thoroughly assessed and various measures were taken to improve corporate governance. Accordingly, step by step, international good practices were selected to apply in accordance with the activities of the Board of Directors such as transparency in transactions with related parties, the promulgation of business ethics, and compliance commitment. In addition, Thanh Cong also complied with the law on corporate governance such as: Decree 155/2020/ND-CP dated December 31, 2020 detailing the implementation of a number of articles of the Law on Securities, Circular 96/2020/TT-BTC dated November 16, 2020 guiding information disclosure on the stock market. Accordingly, the Board of Directors has kept close track of the training activities held by the State Securities Commission of Vietnam and Ho Chi Minh City Stock Exchange to improve its corporate governance.

The Board of Directors and the Board of Management always strictly follow, and have not violated the governance regulations as well as actively learn to approach international practices and standards on governance, contributing to helping the company get better day by day, and optimizing the value of shareholders. In addition, the decisions of the Board of Directors have been always made in accordance with the process and in accordance with its authority.

In terms of information disclosure, Thanh Cong ensures that the reported data and statistics provided to the authorities are accurate, truthful, complete, and timely. The Company discloses information to the shareholders and investors via Thanh Cong website - thanhcong.com.vn - Shareholder relations tab and complies with requirements on disclosure and reporting to the Securities and Exchange Commission (SSC) and Ho Chi Minh Stock Exchange (HOSE) through the information disclosure system of SSC (IDS) & HOSE (ECM). This practice helps the shareholders supervise and assess the performance of the implementation of the resolutions and decisions of the General Meeting of Shareholders and the Board of Directors. Every month, in addition to updating information published as prescribed, Thanh Cong conducts investor newsletters to inform investors of business results, awards, and outstanding activities in the News & Events section on the Company's website. In order to facilitate a deeper understanding of the Company, Thanh Cong also provides information to securities companies for them to make reports on TCM stock recommendations for the investors. Moreover, the Company gets actively engaged in the activities to meet and welcome investors through securities companies, and domestic and international investment funds. At the same time, this is also an approach to interact the customers indirectly.

In doing business, the Company commits to providing products which meets customers' requirements and quality expectation, contributing to create better values for all people. The Company always complied with the Competition Law, does not participate in or support anti-competitive behavior, unfair competition. It has not been involved or supported behaviors that are contrary to standards of business ethics, damaging or possibly damaging the State interests, legitimate rights and benefits of either other businesses or consumers. The Company is committed to fair treating in all transactions with its suppliers. It tries it best to build up trust and look forward a sustainable collaborative relationship.



TRANSACTIONS, REMUNERATION AND INTERESTS OF THE BOARD OF DIRECTORS, BOARD OF MANAGEMENT AND THE AUDITED COMMITTEE (CONT)

The Company's corporate governance effectiveness

Contents			
Operation	Implementation efficiency	Improvement plan	Future development plan
Finance - Accounting Management			
<p>Finance - Accounting Management with the aim of:</p> <ol style="list-style-type: none"> Better operational efficiency. Ability to display fully financial data and internal control system to optimize the allocation of resources, cash flows, and seek for strategic supplies to strongly support the overall performance. The compliance with internal control process enables the ease of achieving production objective, less waste and inefficiency. Improving profit, higher efficiency, speeding up, and higher degree of accuracy thanks to optimized processes which help better performance and profit in all business aspects. Financial management and procurement are the center of the organization. Improving accountability and the participation at all levels by giving clear guidance and determining roles and responsibilities of all stakeholders ranging from high level management downward, controlling finance so that all people are clearly aware of the obligations that they have to fulfill, they perceive the importance of what they do and improve by removing any confusion and discrepancy. Rationalizing report process and audit. Adequate data transparency, full context for all transactions, and tasks, and policies to support compliance in order to improve the quality and timeliness of financial reporting. They also enable audits much easier and more comprehensive, as all financial data is available and accessible to authorized parties. 	<p>Optimizing time of manipulation and minimize failures.</p>	<p>Always update features to control through software tools that reduce manual manipulation and control</p>	<p>In 2022, the Company's Management realized that there were many shortcomings in the data management system under application. Therefore, the Company directly conducted research and invested in ERP system to perfect and optimize resources as well as focus on data management. At the same time, the Company established a cost management team with cost-cutting projects to help reduce unnecessary costs and maximize profits.</p>
Human Resource Management			
<p>Thanh Cong have been using Lac Viet Human Resource Management software since 2013.</p> <ul style="list-style-type: none"> With it, the personnel information is adequately and thorough managed. Working time of the employees is managed too. Salaries and insurance regimes are calculated in an accurate and fast manner. 	<p>Accurate, fast</p>	<p>To save cost, the Company has not yet made plan for upgrading to new versions.</p>	<p>In 2022, it focused on personnel restructuring, especially indirect divisions, which aims to upgrade the efficiency of work processing. In the year to come, the Company will focus on seeking for potential personnel through training and development programs.</p>

Contents

Operation

Implementation efficiency

Improvement plan

Future development plan

Customer relationship management

Customer data is now managed by Vinh Cuu software: Customer information; order quantity, order status, total value of transactions, working history are stored by the software.

With the software, the Company can monitor the working process and control the number and value of contracts and transactions that have been and are being processed with the customers.

The Company's units are coordinating together to build a stricter, more unified, and effective management system with ERP software.

Thanh Cong is keeping in contact with its customers through electronic communication channels such as email, zalo, etc. to timely capture the customer requirements. At the same time, Thanh Cong has got its ERP upgraded to connect to the Customers system as well as automate and catch up with the Customers feedbacks.

Thanh Cong's ERP system is built with the orientation not only to serve the company's internal information management but also to be a link in the information management system with TC's existing customers. Subsequently, the management and synthesis of information; Receiving and transferring information from the factory to the customers and vice versa will be done uniformly and directly on one system. it is expected that this way will limit the error and omission of information when using the current communication channels between the two parties. At the same time, this helps to shorten the time of receiving and processing information between the parties.

Quality relationship management

❖ By and large, the Company applies international standards AQL 1.5 (sewing error acceptable of 3~4%) to control the quality of goods being produced on the sewing line and AQL 2.5 for apparel products. (error acceptable of 5~6%).

❖ However, Thanh Cong is still flexible enough to adapt higher quality requirements from the customers (for high-end orders), for example, 100% error-free guarantee for orders exported to Japan after being checked by a 3rd party.

❖ Quality control process:

Check input materials => 2. Check sample cutting => 3. Check randomly products on sewing line => 4. Check randomly products at the end of sewing line => 5. Inspecting finished product (applying AQL 2.5 level II quality assessment standard) & packing (applying AQL 1.0 level II quality assessment standard, 0% tolerance; checking carton moisture and quantity of packaged products)

In 2022, 100% Thanh Cong products were not being claimed by the customers, especially 99% of the samples of development for production were satisfied and got approval.

The QC department will continue to maintain its performance under the direct management of the factory. In cases where there is a need to change the structure of the QC system at the request of the factory, the QA department will cooperate to build, or provide additional training to get skill equipped as well as grasp the standards set by the customers for new products or standard changes of existing customers. Training will be accompanied by a quick test and continue to be supervised by the line manager for appropriate adjustments. QA Division: QA training to fully grasp the standards set by each customer is important and needs to be done continuously to meet customers' expectations and trust in pursuit of sustainable development. In 2023, the focus will be on improving through professional competence and skill training for QA staff in tandem with structuring towards customer-base specialization

In the near future, in parallel with investment in newly developing ERP system, Thanh Cong will also prioritize upgrading the quality management system. When the ERP system is completed, QC and QA data will be recorded on the system instead of being manually stored as today. Information on technical requirements is also aggregated, classified, and customized by each customer and market; Order quality evaluation history is also stored and aggregated automatically on the ERP system. Subsequently, during the production process, the system will automatically synthesize information and give timely warnings when errors are detected for prompt remedy. The process of checking and evaluating product quality will take place in tandem with the production process to minimize the risk of defective goods in need of being fixed after the goods have been sent to customers as what we are doing.

PART 8

FINANCIAL STATEMENTS

01 Auditor's Opinion

02 Audited Financial Statements





AUDITOR'S OPINION



INDEPENDENT AUDITOR'S REPORT

TO THE SHAREHOLDERS OF THANH CONG TEXTILE GARMENT INVESTMENT TRADING JOINT STOCK COMPANY

We have audited the accompanying separate financial statements of Thanh Cong Textile Garment Investment Trading Joint Stock Company ("the Company") which were prepared on 31 December 2022 and approved by the Board of Executive Officers of the Company on 16 March 2023. The separate financial statements comprise the separate balance sheet as at 31 December 2022, the separate income statement and the separate cash flow statement for the year then ended, and explanatory notes to the separate financial statements including significant accounting policies, as set out on pages 5 to 51.

The Board of Executive Officers' Responsibility

The Board of Executive Officers of the Company is responsible for the preparation and the true and fair presentation of these separate financial statements of the Company in accordance with Vietnamese Accounting Standards, the Vietnamese Corporate Accounting System and applicable regulations on the preparation and presentation of separate financial statements and for such internal control which the Board of Executive Officers determines is necessary to enable the preparation and presentation of separate 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 the separate 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 standards and requirements and plan and perform the audit in order to obtain reasonable assurance as to whether the separate financial statements of the Company are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the separate financial statements. The procedures selected depend on the auditor's judgment, including an assessment of the risks of material misstatement of the separate 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 separate 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 Board of Executive Officers, as well as evaluating the overall presentation of the separate 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 separate financial statements present fairly, in all material respects, the separate financial position of the Company as at 31 December 2022, and its separate financial performance and separate cash flows of the Company for the year then ended in accordance with Vietnamese Accounting Standards, the Vietnamese Corporate Accounting System and applicable regulations on preparation and presentation of separate financial statements.

Other Matter

The independent auditor's report is prepared in Vietnamese and English. Should there be any conflict between the Vietnamese and English versions, the Vietnamese version shall take precedence.

For and on behalf of PwC (Vietnam) Limited



Mai Viet Hung Tran
Audit Practising Licence No.
0048-2023-006-1
Authorised signatory

Truong Hoang Anh
Audit Practising Licence No.
4594-2023-006-1



AUDITED FINANCIAL STATEMENTS

The Audited Financial Statements for the year 2022 of Thanh Cong Textile Garment Investment Trading Joint Stock Company have been disclosed in accordance with regulations and posted on the Company's website: www.thanhcong.com.vn

THE LEGAL REPRESENTATIVE

THANH CONG TEXTILE GARMENT - INVESTMENT - TRADING JOINT STOCK COMPANY

Ho Chi Minh, April 12, 2023



JUNG SUNG KWAN
General Director



**THANH CONG TEXTILE GARMENT - INVESTMENT - TRADING
JOINT STOCK COMPANY**



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