



## ANNUAL REPORT

# 2023

*Ready for business transformation*



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**TC**

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# Message from the Chairman of Board of Directors

*“ In 2023, full of difficulties and challenges passed like a subdued note in both domestic and international economies. This could be seen as a significant trial for the Vietnamese textile and garment businesses... ”*

## DEAR OUR VALUED SHAREHOLDERS,

First of all, on behalf of the Board of Directors, allow me to extend to our esteemed shareholders and their families warm wishes for health, happiness, and prosperity!

The year 2023 proved to be a challenging period, marked by economic fluctuations both domestically and internationally. The Vietnamese textile industry also navigated through a year replete with uncertainties and trials. The textile export turnover experienced a significant decline, particularly in key export markets such as the United States and the European Union, owing to global economic factors such as inflation, geopolitical tensions, and sluggish growth, prompting consumers to tighten spending on non-essential items like textiles. Most Vietnamese textile enterprises have faced and continue to endure a difficult period due to a severe shortage of orders, necessitating exhaustive efforts to sustain operations. This has been a formidable test for Vietnam's textile enterprises in recent times.

Aligned with the global economic currents, at Thanh Cong, our production and business activities also encountered numerous challenges due to unfavorable economic

conditions both globally and within Vietnam, resulting in reduced consumer demand and a shortfall in orders, consequently leading to business performance falling short of the targets set at the Annual General Meeting of Shareholders in 2023. Nevertheless, compared to counterparts within the industry, our company has achieved certain commendable outcomes, gradually streamlining operational processes for efficiency, investing in digital technology to adapt to inevitable trends, fostering flexibility in management practices, and prioritizing investment in research and development activities. Particularly noteworthy is our proactive pursuit of expanding into new markets and diversifying both markets and products. Thanks to our diversified market strategy, Thanh Cong has been regarded as one of the textile export enterprises in Vietnam with less dependence on the two primary export markets, the United States and the EU, amidst the economic, geopolitical, and transportation crises in Europe during the past period.

In tandem with our efforts in production and business activities, the Company's Management Board has spared no effort in preserving employment and incomes for employees, simultaneously investing

in sustainable development initiatives to keep pace with and anticipate global trends. We have also remained committed to community-oriented activities and social responsibility endeavors aimed at enhancing the Company's reputation and brand among customers, shareholders, partners, and especially among our employees.

The positive achievements attained in the past year were made possible by the trust and steadfast support of our valued customers, shareholders, and investors who have stood by the Company during challenging times, as well as our partners and media agencies who have shown unwavering interest and support. Special recognition is also extended to the relentless efforts and solidarity demonstrated by the Company's leadership, management, and employees throughout the past year.

The economic outlook for 2024 continues to present challenges, with consumer spending remaining subdued and lacking the momentum for robust growth. This necessitates proactive and flexible approaches from enterprises. However, with determination and preparation for new directions, we are hopeful that the Company will gradually achieve the targets set for 2024.

On behalf of the Board of Directors, I express sincere gratitude to the Company's Management Board, management team, and all employees for their tireless efforts in production and business activities. Additionally, I extend my heartfelt appreciation to our esteemed shareholders, valued customers, and partners for their trust and companionship with Thanh Cong throughout the past year. We eagerly anticipate continued trust, companionship, and fruitful cooperation from our shareholders, customers, and partners in 2024 and beyond.

The Board of Directors reaffirms its commitment to stand in solidarity with the CEO and all employees, striving to effectively fulfill the targets set for 2024 by the Annual General Meeting of Shareholders.

**HEALTH – HAPPINESS – PROSPERITY.**



**Tran Nhu Tung**  
Chairman of the Board of Directors





# 01

## GENERAL INFORMATION

Company overview

Incorporation and development process

Achievements obtained in 2023

Business lines and location

Governance model, business organization  
and management

Subsidiaries and Affiliates

Development orientation

Risk factors







## COMPANY OVERVIEW

### COMPANY OVERVIEW

Trading name in Vietnamese	<b>CÔNG TY CỔ PHẦN DỆT MAY - ĐẦU TƯ - THƯƠNG MẠI THÀNH CÔNG</b>
English name	<b>THANH CONG TEXTILE GARMENT INVESTMENT TRADING JOINT STOCK COMPANY</b>
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 25th time on March 12, 2024
Charter capital	VND 926,977,140,000
Paid-in capital	VND 926,977,140,000
Stock ticker	TCM
Exchanges	Hochiminh Stock Exchange - HOSE

### CONTACT

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	<a href="http://www.thanhcong.com.vn">www.thanhcong.com.vn</a>



## MISSION – VISION – CORE VALUES

### Vision

By 2030, Thanh Cong aims to become the leading ODM (Original Design Manufacturing) manufacturer in Vietnam, integrating digital transformation.

### Mission

To create exceptional value, provide an environment for employee development, enhance investor value, and be a reliable partner to suppliers in contributing value to society.

### Core Values

Why We Work...

#### Growth

- + Providing high-quality textile products
- + Meeting diverse needs of various customer segments
- + Developing business in domestic market

#### Customer satisfaction

- Our customers include consumers, partners, suppliers, investors, and our employees.
- + For consumers and partners: Providing fast delivery, competitive prices, reliable quality, and innovative products.
  - + For suppliers and investors: Increasing profit value.
  - + For employees: Ensuring respect, providing a conducive and ideal working environment.

#### Waste elimination

- + Simplifying processes, saving time and money, and enhancing work efficiency.
- + Business processes re-engineering, eliminating non-value-adding processes.





# INCORPORATION AND DEVELOPMENT PROCESS



1967 - 1975

## INCORPORATION STAGE

- "Tai Thanh Ky Nghe 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 VND 83.6 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

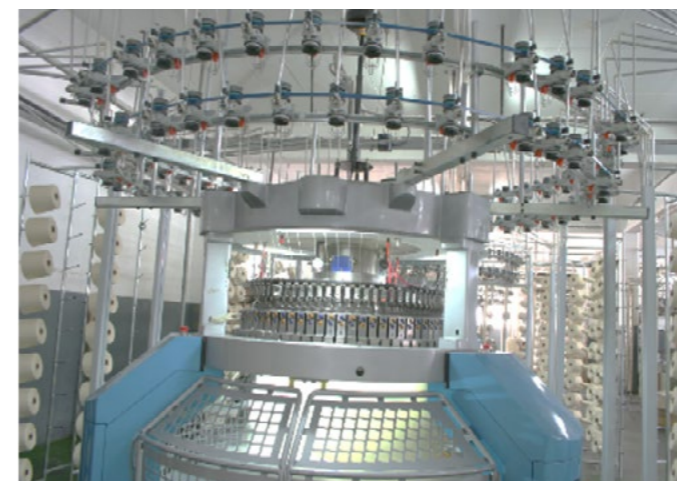
## INVESTING FOR DEVELOPMENT

- 1986 - 1996: The total investment that the Company spent was roughly over USD 55 million, higher labor productivity and improved product quality. The Company began a new trend in internationalization by increasing export activities to many big countries all over the world, especially the European market. As an outstanding mark in this stage, the Company received Khanh Hoi spinning factory in 1992; and invested approximately USD4 million to replace all obsolete old equipment with a new modern production line with a capacity of 2,000 tons/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.

2010 - 2021

## EXPANDING GLOBALLY

- 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 the Ho Chi Minh City Stock Exchange (HOSE) with the 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: 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..

- 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.







# INCORPORATION AND DEVELOPMENT PROCESS

2010 - 2021

## EXPANDING GLOBALLY (CONT)

- **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 anniversary; in October, it further invested by procuring additional 55 new weaving machines to increase its output by 6.6 million meters 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.
- **2018:** In May, 2018, the Company merged 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 woven fabric 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:** 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 the adverse consequences of Covid-19.

The pilot Smart Factory project in the Sewing Factory 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%.

In October, 2020, the Company's charter capital was increased to VND620,683,490,000.

Honored with the 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 most excellent growing companies in Vietnam; Top 500 most profitable companies in Vietnam announced by VNReport & Vietnamnet.

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 - 2023

## FLEXIBLE TRANSFORMATION SUSTAINABLE DEVELOPMENT

- **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 an 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 Sewing Factory No.2 at Hoa Phu Industrial Park, Vinh Long province. The solar power system at Sewing Factory No.1 was put into operation with an operating capacity of 825,517 kw in 2021.

- **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 was expected to be completed and put into use by February 2024.



- **2023:** In April 2023, the Company introduced and launched fashion products under the "noname" brand. This is seen as one of the restart steps of Thanh Cong in returning to the domestic retail market.



In November 2023, issued 10,653,068 shares to increase capital from owner's equity and the Company's charter capital was increased to VND926,977,140,000. Received the Top 500 Largest Companies in Vietnam award from Vietnam Report & Vietnamnet.







## ACHIEVEMENTS OBTAINED IN 2023

Awards	Given by	Time of awarding
High quality Vietnamese goods voted by consumers	Business Association of High-Quality Vietnamese Products	March 2023
Typical Sustainable Development Enterprise 2023	Nhip Cau Dau Tu Managzine	June 2023
Top 45 Companies with Best Investor Relations Activities in 2023	Vietstock	June 2023
ESG Award - Circular Economy Category	Nhip Cau Dau Tu Magazine	June 2023
Green Enterprise in Ho Chi Minh City	Ho Chi Minh's People Committee	September 2023
Top 500 Most Profitable Enterprises in Vietnam	Vietnam Report & Vietnamnet newspaper	September 2023
Top 50 Most Efficient Listed Companies in Vietnam	Nhip Cau Dau Tu Magazine	September 2023
Typical Service Product Of HCM City in 2023	President of Ho Chi Minh City People's Committee	October 2023
Typical Enterprises For Employees	Viet Nam General Confederation of Labor	October 2023
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 2023
Top 500 Largest Enterprises in Vietnam	Vietnam Report & Vietnamnet newspaper	November 2023
Creative and Effective Products, Services of the Year 2023	Viet Research & Dau Tu Newspaper	December 2023
Reputable Export Enterprises	Ministry of Industry and Trade	December 2023



TOP 50 MOST EFFICIENT LISTED COMPANIES IN VIETNAM



TCM AWARDS THE TITLE "TYPICAL SERVICE PRODUCT OF HCM CITY IN 2023" AND CERTIFICATE OF MERIT GIVEN BY THE PRESIDENT OF HO CHI MINH CITY PEOPLE'S COMMITTEE IN COMMEMORATION OF VIETNAMESE ENTREPRENEURSHIP DAY, OCTOBER 13TH.



THANH CONG TEXTILE - GARMENT - INVESTMENT TRADING JOINT STOCK COMPANY WAS HONORED AS "THE TOP 50 TYPICAL SUSTAINABLE DEVELOPMENT ENTERPRISE 2023"



THANH CONG TEXTILE - GARMENT - INVESTMENT TRADING JOINT STOCK COMPANY HAS BEEN RECOGNIZED "TYPICAL ENTERPRISES FOR EMPLOYEES 2023"





## BUSINESS LINES AND LOCATION

### BUSINESS LINES



◊ Manufacturing, trading, importing and exporting all kinds of cotton, fiber, yarn, fabric, garments (except fur clothing), shoes and machinery, equipment, spare parts, raw materials, materials and chemicals (except highly toxic chemicals), dyes, packaging;



◊ Real estate trading; leasing offices, factories and warehouses;



◊ Retail in supermarkets, trade centers: garments, shoes, meat and meat products; aquatic products; Vegetables; milk and dairy products, cakes, jams, candies and products made from cereals, flour, starch; drinks; other food; commercial brokerage agent; entrusting the purchase and sale of goods; agent of buying and selling, consigning goods;



◊ 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);



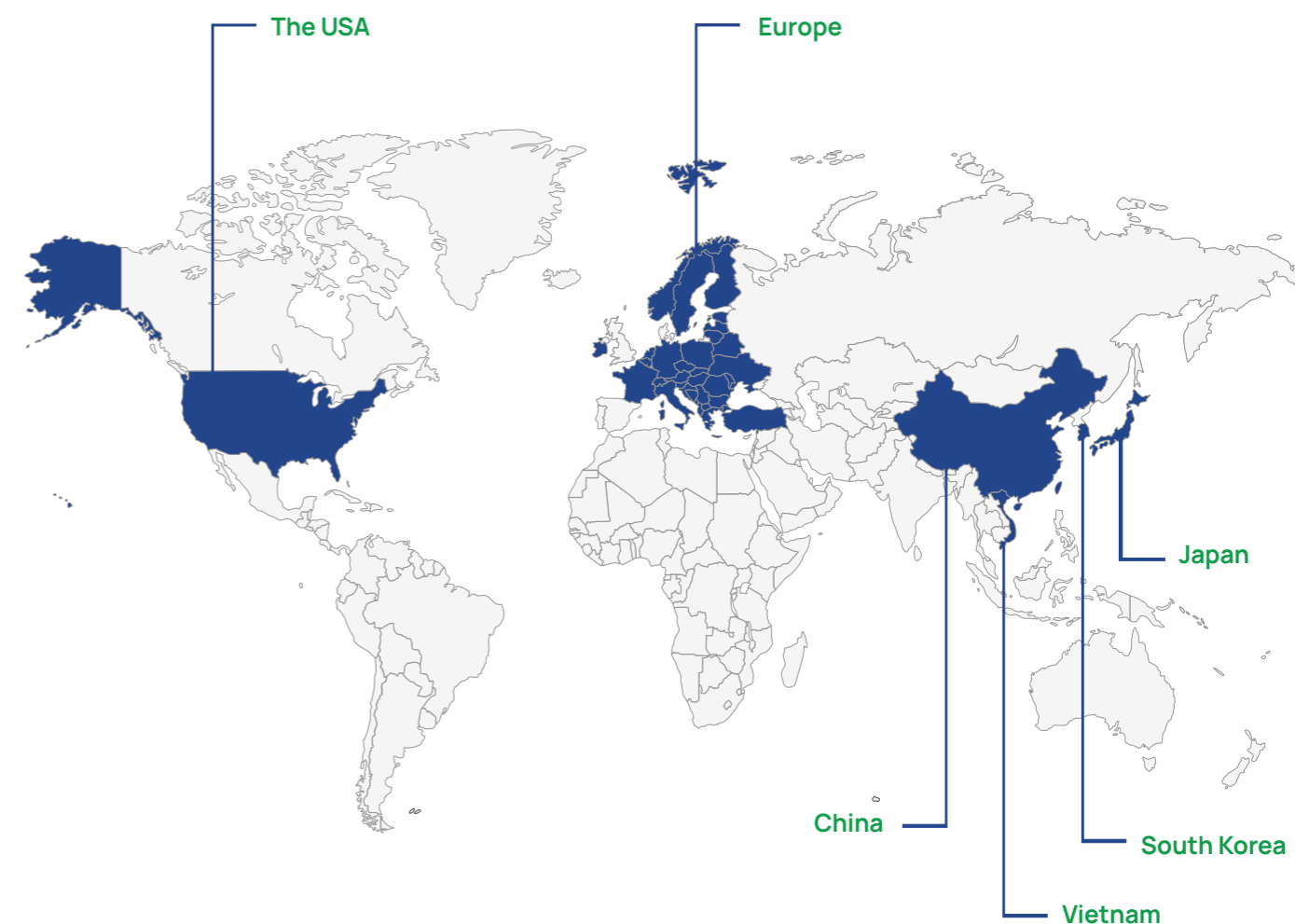
◊ Hotels, villas or apartments providing short-term accommodation services; guest houses and motels providing short-term accommodation services; inns, and similar accommodation facilities; restaurants, food stalls, food and drink.



◊ E-commerce: establishing and operating e-commerce website (excluding website that is directly involved in securities trading) or application to provide e-commerce service, Computer consulting and computer system management.

### BUSINESS LOCATION

As one of the leading enterprises in the Textile industry in Vietnam, Thanh Cong Textile Garment Investment Trading Joint Stock Company has established a wide customer network both domestically and internationally. Throughout many years of operation, Thanh Cong has actively participated in the international integration process, continuously expanding the list of potential customers, and enhancing the brand reputation of Vietnam's export textile industry. Thanh Cong's main partners come from important markets such as the United States, Japan, South Korea, China, and Europe.



Headquarters  
HCM City



Factories  
HCM City, Vinh Long, Tay Ninh



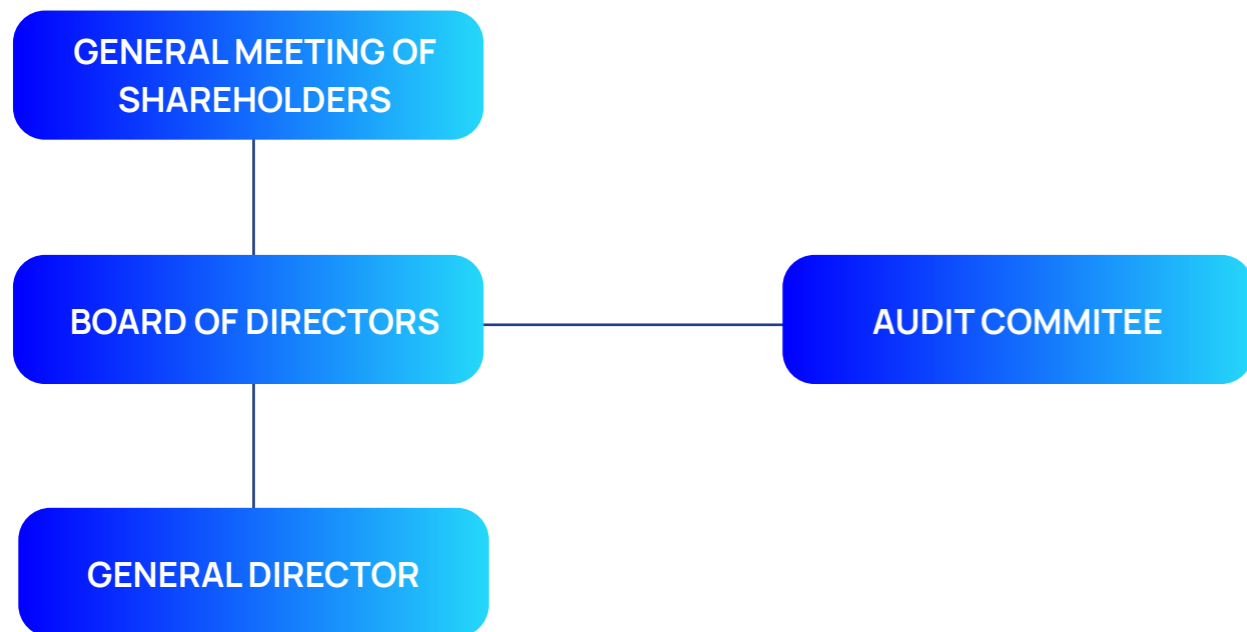
Export markets  
Asia, Europe, America,...





# 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-DHCD dated April 12, 2019 of the Annual General Meeting of Shareholders 2019. The AC's tasks are to support the Board of Directors in oversight 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 AC are 03 persons.
- **Board of Management (BoM):** Is the managing body of the Company and responsible for implementing all given rights and tasks under decisions of the Board of Directors. Number of the BoM members includes 03 members, specifically 01 General Director, and 01 Deputy General Directors and 01 Chief Finance Officer.

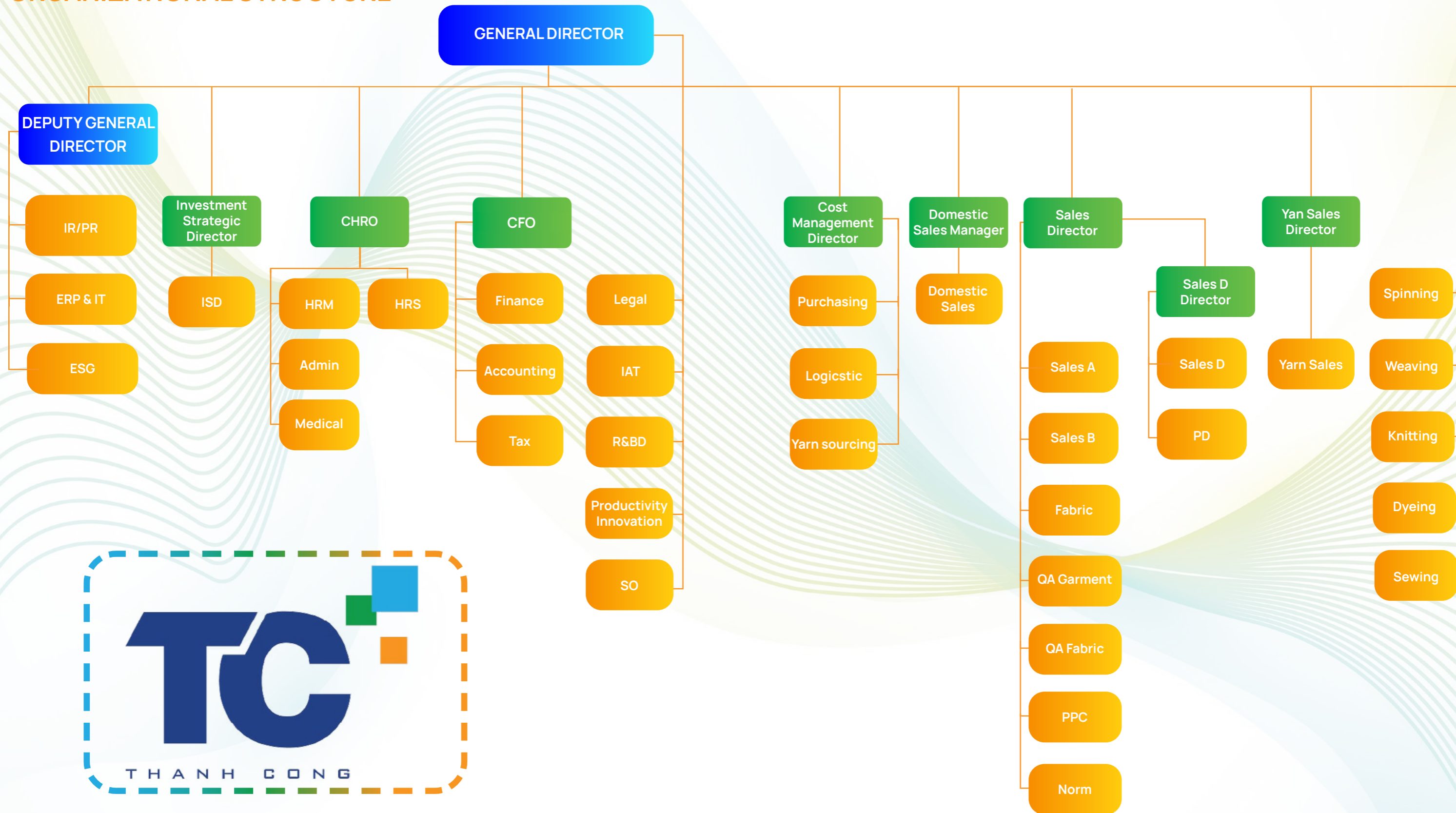






# GOVERNANCE MODEL, BUSINESS ORGANIZATION AND MANAGEMENT (CONT)

## ORGANIZATIONAL STRUCTURE







## SUBSIDIARIES AND AFFILIATES

### SUBSIDIARIES

#### TC Commerce Company Limited

<b>Address</b>	911 Tay Thanh, Tay Thanh Ward, Tan Phu District, Ho Chi Minh City
<b>Main business lines</b>	Business in an e-commerce trading platform service.
<b>Paid-in Capital</b>	VND 12,000,000,000
<b>% Charter capital contributed by the Company</b>	100%

#### TC Tower Company Limited

<b>Address</b>	37 Tay Thanh, Tay Thanh Ward, Tan Phu District, Ho Chi Minh City
<b>Main business lines</b>	Real estate business
<b>Paid-in Capital</b>	VND 127,320,000,000
<b>% Charter capital contributed by the Company</b>	100%

#### Thanh Cong Medical Center Joint Stock Company

<b>Address</b>	36 Tay Thanh, Tay Thanh Ward, Tan Phu District, Ho Chi Minh City
<b>Main business lines</b>	Medical general clinic, providing medical services, buying and selling pharmaceutical products and medical equipment
<b>Paid-in Capital</b>	VND 15,359,000,000
<b>% Charter capital contributed by the Company</b>	70.94%

### AFFILIATES

#### Vung Tau Golf Tourism Joint Stock Company

<b>Address</b>	1 Nguyen Du St, Ward 1, Vung tau City, Ba Ria - Vung Tau Province
<b>Main business lines</b>	Providing travel and entertainment services
<b>Paid-in Capital</b>	VND 8,700,000,000
<b>% Charter capital contributed by the Company</b>	29.61%

#### Thanh Phuc Investment Joint Stock Company

<b>Address</b>	36 Tay Thanh, Tay Thanh Ward, Tan Phu District, Ho Chi Minh City
<b>Main business lines</b>	Construction and project Construction management
<b>Paid-in Capital</b>	VND 1,665,000,000
<b>% Charter capital contributed by the Company</b>	23.79%







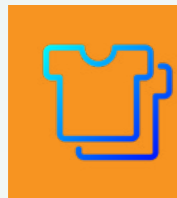
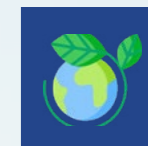
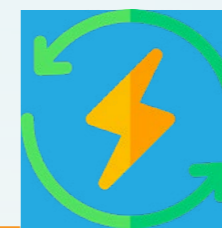
# DEVELOPMENT ORIENTATION



**Vietnam's leading ODM manufacturer integrates digital transformation by 2030**



**Sustainable development enterprises, spreading value to society**



## THE COMPANY'S MAIN OBJECTIVES

In 2023, Thanh Cong Textile Garment Investment Trading Joint Stock Company took pride in significant transformations, a result of continuous effort and creativity throughout the past year. Thanh Cong is now a manifestation of unity, perseverance, and dedication from the leaders and all employees across generations. Together, we have overcome challenges, steadfast in our belief in the sustainable existence and development of Thanh Cong. In a dynamic business environment, Thanh Cong confidently stands among the top industry players, not only as one of Vietnam's leading textile companies but also as a creator and preserver of its value on the international stage. Thanh Cong has set specific goals for 2024 as follows:

- Enhance research and development of new products through the Research & Business Development (R&BD) department. Thanh Cong is pursuing a strategy of faster, lower-cost production aimed at sustainable products based on customer needs and global fashion trends.
- Focus on transforming business management methods, gradually integrating digitalization into production and business activities to improve efficiency and competitive capacity, and enhance product value in the value chain.
- Continue diversifying and expanding export markets, seeking and exploiting new markets and customer portfolios. Utilize advantages from free trade agreements to quickly access and penetrate markets such as the UK, Canada, Australia, and the EU region, etc.
- Continue expanding the online sales channel domestically through the De Closet online fashion shopping app, in collaboration with the "noname" fashion brand developed by Thanh Cong. This creates opportunities to increase the Company's product value by entering the domestic retail market, while opening doors for cooperation with other fashion brands on the e-commerce platform. Additionally, gradually expand domestic fashion brands into the international market.





## DEVELOPMENT ORIENTATION (CONT)



### Medium and long-term development strategies

#### MEDIUM-TERM STRATEGIES

Thanh Cong sets a strategic goal to become a leading Original Design Manufacturing (ODM) manufacturer in Vietnam by 2030, integrating digital transformation. Therefore, the Company focuses on strengthening research and brand development through the R&BD department with the aim of creating products with unique characteristics, bringing high-quality products to the market, and meeting customers' "fashionable" needs. In addition, in order to achieve the sustainable development goal, 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 closed-loop 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.

To enhance the goal of increasing production efficiency, the Company is leveraging digital technology in management by implementing an Enterprise Resource Planning (ERP) system. The ERP 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, improve working efficiency, streamline procedures, and better meet customer needs.

In terms of real estate, the Company prioritizes allocating resources to seek experienced and reputable partners in the real estate industry to collaborate on the development of the TC1 project at 37 Tay Thanh, Tay Thanh Ward, Tan Phu District, Ho Chi Minh City. Under favorable conditions, the Company expects to find strategic partners and re-launch the TC1 project by mid-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 sewing, 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.

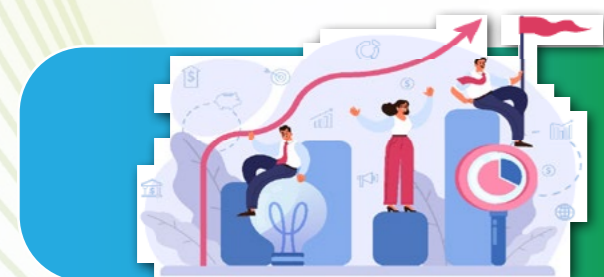






## DEVELOPMENT ORIENTATION (CONT)

### Sustainable Development goals



As for Thanh Cong, with the motto “Serve to lead”, besides doing business to bring about optimal efficiency and ensuring benefits for all stakeholders, the Company’s leaders and managers have always attached significance to sustainable development 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 of product strategy and strategy to minimize environmental impacts. And following is more details of them:

- ❖ **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 an international business with a global customer network, Thanh Cong constantly faces various risks and challenges due to fluctuations in the global macroeconomic situation as well as domestic factors. To minimize the negative impacts on its business operations, Thanh Cong prioritizes Risk Management in the Company’s management system. The Company’s Leaders and Managers has developed and implemented a risk management process consisting of 06 steps to identify and propose reasonable risk management solutions. This process not only helps the Company assess clear risks but also generates preventive and responsive measures for challenging situations. Thanh Cong is committed to maintaining stability and sustainability in a constantly changing business environment.

### RISK MANAGEMENT PROCESS

1	<b>Identifying risks</b>	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	<b>Analyzing risks</b>	Analyzing the degree of influence and frequency of risk occurrence on both quantitative and qualitative perspectives.
3	<b>Considering the priorities of risks</b>	Ranking and prioritizing risks based on risk assessment criteria established on many aspects, including quantitative and qualitative perspectives.
4	<b>Handling risks</b>	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	<b>Monitoring risks</b>	Conducting continuous reviews to ensure the appropriateness and effectiveness of risk management plans.
6	<b>Communicating and consulting risks</b>	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

The global economy in 2023 faces numerous challenges, marked by simultaneous declines in GDP growth, trade, and investment globally. According to the General Statistics Office, developed economies saw only a 0.7% GDP growth, while developing economies and emerging markets achieved approximately 4% GDP growth. Overall, the global economy in 2023 is confronting significant difficulties due to prolonged impacts of intertwined negative shocks. Specifically, conflicts between Russia and Ukraine, tight monetary policies in developed countries to control inflation, a trend of narrowing consumer spending, and a decrease in export orders are crucial issues. High energy prices and rising interest rates, coupled with slowing economic activity in developed economies, pose risks of bad debts and devaluation of long-term assets. However, Vietnam has recorded more positive growth outcomes, with a 5.05% GDP growth in 2023, 1.5 times higher than the global economic growth rate of 2.9%. The agriculture, forestry, and fisheries sector grew by 3.83%, contributing 8.84%; the industry and construction sector increased by 3.74%, contributing 28.87%; the service sector expanded by 6.82%, contributing 62.29%. Vietnam's basic inflation rate in 2023 increased by 4.16% compared to 2022. Throughout the past year, Vietnam has implemented a series of organized and effective policies, including fiscal and monetary measures. Notably, the consecutive reduction of the operating interest rates multiple times, along with measures such as interest waivers, reductions, debt restructuring, and implementation of tax exemptions, reductions, extensions have been observed. According to the Asian Development Bank (ADB), the Vietnamese economy remains stable and is expected to recover strongly from early 2024. This is supported by strong domestic consumption, ensured by stable inflation, increased disbursement of public investment capital, and improvements in trade activities. Moreover, many other sectors are also forecasted to grow in 2024.

The textile and garment industry plays an essential role in the development of the Vietnamese economy, accounting for 12-16% of the country's total export turnover and is considered one of the leading export industries. With high export turnover and growth rates, the textile and garment industry contributes significantly to comprehensive growth. According to the Ministry of Finance, Vietnam is currently ranked among the top three largest textile and garment exporting countries in the world, exporting to major markets such as the United States, the EU, South Korea, China, and Japan. In 2023, the textile and garment industry faced many challenges, particularly pressure from global inventory levels, resulting in significant difficulties. Based on information from VITAS, textile and garment export turnover reached about USD 40.3 billion in 2023, down 9.2% compared to 2022. Leading export items such as knitwear, shorts, and children's clothing faced significant declines, while items such as labor protective clothing, suits, medical clothing, and jeans recorded growth. In fact, in the context of economic difficulties, both international and Vietnamese consumers have made significant adjustments in consumption, from cutting unnecessary spending, limiting purchases, to changing methods and options to cope with tighter budgets than before. These changes force businesses to adjust their strategies to effectively reach consumers, provide appropriate solutions, and create satisfaction. As one of the leading companies in the textile and garment industry today, Thanh Cong also faces many impacts from the global and Vietnamese economies. In 2023, Thanh Cong encountered smaller orders and lower selling prices due to declining consumer demand.

Therefore, to minimize the macroeconomic impacts on production and business activities, Thanh Cong strives to maintain traditional markets such as the US, South Korea, Japan and seeks to expand export orders in new markets such as the UK, Canada, Australia,... by leveraging strong free trade agreements to enter these markets.

### EXCHANGE RATE RISKS

In 2023, amidst the US Federal Reserve (FED)'s continuous interest rate hikes, central banks in Asian countries represented by China and Japan have been cutting interest rates to support growth. The increasing polarization in monetary policies among countries has shifted attention to the USD, causing the USD strength index (DXY) to soar, reaching 107 points in October 2023 at one point. By mid-December 2023, the interbank USD/VND exchange rate had risen by about 3% compared to the beginning of the year and decreased by 1.4% from its peak. However, compared to some other currencies in the region, the VND's performance remained relatively stable in 2023. This level of stability occurred despite fluctuations in the selling price of USD at commercial banks, which at times increased by over 4% against the VND. Exchange rate fluctuations not only affect raw material costs and production expenses but also pose challenges for managing the final product prices. This requires flexibility in business strategies and risk management to adapt to market fluctuations.

TCM is impacted by exchange rates as approximately 65% of its raw materials, cotton, and 15% of additional fabric purchases depend on imports from countries such as the US, Brazil, West Africa (cotton), Thailand, Indonesia, and Taiwan (fibers)... Additionally, the majority of Thanh Cong's revenue comes from exports, with the international market accounting for 90% of total revenue. Therefore, abnormal exchange rate fluctuations can significantly affect the Company's business situation. However, leveraging the advantage of self-sufficiency from fibers onwards in the production process of cotton - fibers - weaving - dyeing - sewing, TCM is aiming for a factory designed with an integrated production process to optimize manufacturing and ensure product quality.

### INTEREST RATE RISK

In the long term, the capital needs of the textile and garment industry are significant to enable green conversion, renewable energy development, circular business models, and supply chain traceability to meet the requirements of importing markets such as the EU or the US. High-interest rates not only force enterprises to halt market expansion projects but also limit investment in upgrading existing machinery and equipment in factories. It can be said that this is one of the main reasons for slowing down the modernization process, automation, reducing the growth rate, and product quality. Consequently, businesses lose competitiveness in the international market, limiting opportunities to capture new orders due to limited production capacity. However, in 2023, with the goal of restoring growth momentum, Vietnam implemented a monetary policy loosening. As of December 2023, the 12-month term deposit interest rate was 6% /year, a decrease of 1%-4% compared to March 2023. It can be seen that interest rates are gradually returning to the pre-pandemic levels. In parallel with the reduction in mobilized interest rates, lending rates also decreased by 1%-2%/year.





## RISK FACTORS (CONT)

### INPUT MATERIAL PRICE RISK

According to the Ministry of Finance, Vietnam spends over 2 billion USD per month on importing materials, including cotton, fibers, various fabrics, and raw materials for the textile, garment, leather, and footwear industries, mainly sourced from China. At times, Vietnamese garment enterprises encounter significant difficulties in importing materials to fulfill export orders due to China's lockdown measures to control the Covid-19 pandemic. However, the supply chain for cotton and fibers has become more stable since China reopened at the beginning of 2023, with input prices cooling down to improve profit margins over the past year. The reopening of China's borders will enable Vietnamese garment businesses to access raw material supplies (fibers, threads, fabrics) more easily, with optimized costs and increased profits.

Facing the challenge of sourcing materials, some Vietnamese enterprises are also investing in researching and developing raw materials to serve production, enhancing proactive measures to reduce dependence on imported raw materials. Textile and dyeing is a capital- and technology-intensive industry, but small and medium-sized enterprises in the sector struggle with investment and technology innovation to participate in the textile value chain. The most significant issue for the textile industry lies in the dyeing and finishing stages, where technology remains outdated, and the manufacturing industry for supporting products is weak. This demands that enterprises enhance their research capabilities and technology innovation to meet the increasing market demands.

TCM primarily engages in FOB type 2 processing (the buyer provides design samples, and the enterprise is responsible for purchasing raw materials and production). Therefore, unfavorable fluctuations in raw material prices affect end-of-year profits. To reduce the risk of relying on input materials, TCM is restructuring its production segment to focus more on the end of the value chain. Specifically,

the Company actively reduces production capacity in the fiber segment while increasing capacity in the fabric and garment segments to improve overall gross profit margins. As a company that has heavily invested in the research and development department for many years, Thanh Cong's Research & Business Development (R&BD) department has made remarkable achievements in researching environmentally friendly products such as recycled products and bio-based materials. Thanh Cong always seeks new sources of raw materials, aiming to find competitive advantages in new markets while protecting the environment.

### COMPETITIVENESS RISK

According to the Vietnam Chamber of Commerce and Industry, the textile and garment industry is characterized by high export turnover and growth rate, playing a crucial role as one of the leading export sectors, contributing significantly to the country's economic growth. The largest market for Vietnam's textile and garment industry remains the United States, with exports to the US reaching over 11 billion USD in the first 9 months of 2023, followed by Japan with approximately 3 billion USD, South Korea at 2.4 billion USD, and the EU at nearly 2.9 billion USD. These are the four key markets for the textile and garment industry. Additionally, Vietnam's textile and garment exports to Canada are around 850 million USD, to China 830 million USD, to Cambodia over 600 million USD, and to the UK 504 million USD. However, Vietnam faces competition from specialized markets in the global textile supply chain such as Bangladesh, India, and Myanmar. Vietnam's textile and garment industry lacks competitiveness compared to Bangladesh due to European customers highly valuing environmental protection, while factories in

Bangladesh excel in this aspect and are thus prioritized by customers. Despite recent years seeing increased awareness among Vietnamese factories regarding "greening" operations, the slow pace has resulted in missed opportunities with European orders. According to the Ministry of Finance, in 2023, Bangladesh had 153 LEED-certified factories (Leadership in Energy and Environmental Design), with 500 factories currently in the process of certification. The trend of using green products, nano-materials, and materials with special features is becoming increasingly popular, demanding that production technology meet these trends to secure orders. In addition to facing the dual standards of brand labels and importers, Vietnam competes on price with countries having lower labor costs, as well as in terms of managerial and technical workforce capabilities in the textile and dyeing industry. Despite having relatively cheap labor costs, Vietnam's average cost per unit of product remains higher than some countries like India, China, and Indonesia by about 30-40%, while labor productivity is lower, at only two-thirds compared to other countries in the region. According to the Vietnam Chamber of Commerce and Industry's summary, Vietnam has participated in and is negotiating 19 free trade agreements (of which 16 have been signed and implemented; 3 are in the negotiation process) and is the only country to have signed free trade agreements with all major global economies such as the United States, Japan, China, the EU, the UK, and Russia. Notably, the recently approved development strategy for Vietnam's textile and footwear industry until 2030, with a vision to 2035, will serve as the foundation for attracting foreign investment in the fiber-textile-dyeing sector, creating opportunities for the textile industry to leverage benefits from the agreements. Vietnamese textile enterprises are actively implementing green and sustainable development initiatives, investing in infrastructure with the goal of reducing greenhouse gas emissions, promoting sustainable product development solutions, shifting from coal-fired boilers to electric boilers, and focusing on digital technology development to enhance production and

business transparency. Alongside the use of environmentally friendly products such as grass and bamboo fibers, Vietnam's textile industry is also restructuring its business community model, swiftly relocating factories from urban to remote areas. Despite difficulties in recent years, Vietnamese enterprises have invested in many new factories, maintaining a significant share of exports. The overarching goal for Vietnam's textile industry throughout 2024 is to continue diversifying export markets, sustainable development, and adapting to the demands of the global market regarding environmental sustainability, waste reduction, and deep investment in electric boiler systems, gradually phasing out fossil fuel-fired boilers. This includes investing in digital management systems, adapting to the global textile industry, implementing industrial development solutions for fashion.

Thanh Cong specializes in producing various types of yarns, fabrics, and apparel, partnering with fashion brands such as Eddie Bauer, FILA, ADIDAS, etc. TCM maintains its position as one of the garment enterprises with a high proportion of FOB orders, with a diverse export market including the US (33%), South Korea (21%), and Japan (19%). With the goal of increasing the closed-loop rate of the production value chain and maintaining competitiveness both domestically and internationally, the Company also recognizes global fashion and consumer trends toward environmental and sustainable development. Since 2017, Thanh Cong has built and focused on investing in R&D activities to develop environmentally friendly product lines from recycled materials. Thanh Cong has been developing various recycled materials such as Polyester, Viscose, and Cotton. The Company efficiently utilizes energy sources by improving management quality and enhancing the use of clean, renewable energy sources such as solar energy systems for factories in Vinh Long, with plans to apply them widely to other facilities and factories in the Company in the near future.





## RISK FACTORS (CONT)

### LABOR SUPPLY RISK

As a labor-intensive industry, the textile and garment sector in Vietnam is gradually facing a significant challenge, which is population aging. According to the Ministry of Labor, Invalids and Social Affairs, "Vietnam is one of the countries with the fastest population aging rate in the world. People aged 60 and above account for about 17% in 2030 and 25% in 2050. By 2036, Vietnam will enter an aging population period, transitioning from a 'aging' to an 'aged' society. It is forecasted that by 2038, the population group aged 60 and above will reach over 21 million people, accounting for 20% of the total population. Countries that export textile and garment products like Bangladesh, India, and Myanmar have average population ages of 28, 28.8, and 29 years, respectively. Meanwhile, the average age of people in Vietnam is 32 years old." This demographic change requires Vietnam to make policy changes to address future labor shortages while maintaining economic growth momentum. Population aging can pose difficulties for the country and the textile and garment industry by reducing the skillfulness and learning ability of workers. In particular, one of the top factors contributing to the high competitiveness of Vietnam's textile and

garment products is low labor costs, but this factor is gradually diminishing in the current context. Therefore, cheap labor costs from Bangladesh and Cambodia are also challenges for the Vietnamese market. Currently, the trend of workers returning to their hometowns in provinces after the COVID-19 pandemic to live and work is increasing due to reduced and unstable employment opportunities in major cities like Ho Chi Minh City, while living costs are rising. This leads to a serious labor shortage after the textile and garment industry returns to normal business operations, posing challenges for businesses needing to rehire workers. Recognizing the challenges in labor source risks, the leadership of Thanh Cong continuously studies and improves labor policies to ensure the full rights of workers according to regulations, while also implementing attractive welfare policies to attract and retain talent to serve the Company's production and business activities. TCM regularly organizes training and periodic training sessions to enhance and develop specialized skills for each department and operational unit. TCM also conducts assessments and evaluations to develop suitable training programs, enhance professional competence, and improve the skills of the Company's entire workforce.



### LEGAL RISKS

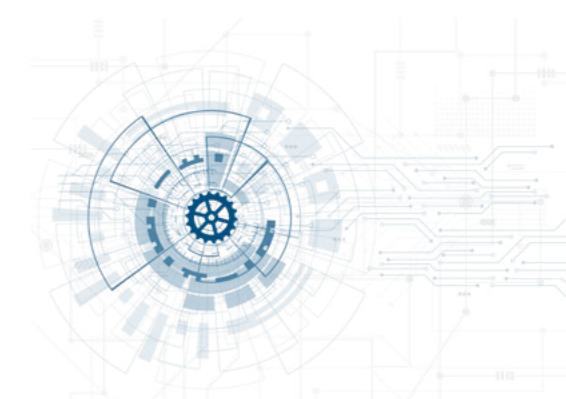
In an investment and international trade environment full of volatility, businesses face challenges related to legal issues and disputes from international clients. Another difficulty is that markets often erect technical barriers unexpectedly as soon as the volume of our country's exports increases rapidly. Additionally, partners in developed markets such as the US and EU always demand stricter requirements. Information from the Ministry of Industry and Trade shows that new distribution conglomerates are imposing environmental and sustainable development requirements on Vietnamese goods, intending to achieve zero carbon emissions. Currently, the EU has also begun implementing the European Green Deal. The EU's Carbon Border Adjustment Mechanism (CBAM) will directly impact the products and exporters of Vietnam to this region. The EU also requires packaging to be made from environmentally friendly and fully recyclable materials. Therefore, one of the sectors of Vietnam that may be affected by the European Green Deal is the textile and garment industry. Specifically, the EU requires textile and garment products to be manufactured using environmentally friendly materials and processes, and must adhere to strict eco-labeling requirements. Given the nature of exporting textile and garment products to markets like the US, South Korea, Japan, and Europe, TCM must comply with the procedures and regulations when bringing goods into these countries.

Furthermore, Thanh Cong operates as a joint-stock company listed on the Ho Chi Minh City Stock Exchange (HOSE). The Company needs to meet the requirements under the law, and all its activities are regulated by a system of legal documents including the Enterprise Law, Securities Law, legal framework for the textile and garment industry, relevant legal documents, decrees, and guiding circulars. Changes in international trade policies and customs duties may affect the export of products and import of raw materials. New trade protection measures or tariffs may increase costs and impact TCM's competitiveness. Intellectual property rights issues may also pose challenges for TCM, especially concerning designs, patterns, and

brands. Facing these risks, TCM maintains flexibility to adapt to changing legal environments and minimize negative impacts on business operations. With a spirit of legal supremacy and not merely stopping at compliance, the Legal Department - the specialized legal unit of Thanh Cong, proactively studies relevant legal regulations to ensure accurate legal enforcement, ensuring that business activities are conducted legally and safely. Not only actively advising on legal issues upon request, the Legal Department also creates various information channels to provide internal clients with proactive and easily understandable access to legal issues when necessary. This helps minimize legal risks by enhancing the legal awareness of each employee in their daily work.

### OTHER RISK FACTORS

In addition, risks from fire, explosions, and diseases are increasingly threatening and unpredictable, affecting TCM's business activities primarily serving exports. Therefore, risks from container shortages and high transportation costs also impact TCM's expenses and profits. These unforeseen risks can cause damage to assets, personnel, and the overall operations of the Company. To control and manage risks, TCM proactively develops preventive measures by purchasing insurance for employees, assets, and related parties (factories, finished products, etc.). Additionally, efforts to equip employees with necessary skills when facing emergency situations requiring survival skills, and minimizing the impact of unexpected factors, are always considered and preemptively planned by the Company.





# 02

## ACTIVITY OVERVIEW FOR THE YEAR

Production and Business Operations

Organization and Human Resources

Investment and Project Implementation

Financial situation

Shareholder Structure, Change in Owner's  
Equity







## PRODUCTION AND BUSINESS OPERATIONS

### RESULTS FROM PRODUCT AND BUSINESS OPERATIONS FOR THE YEAR

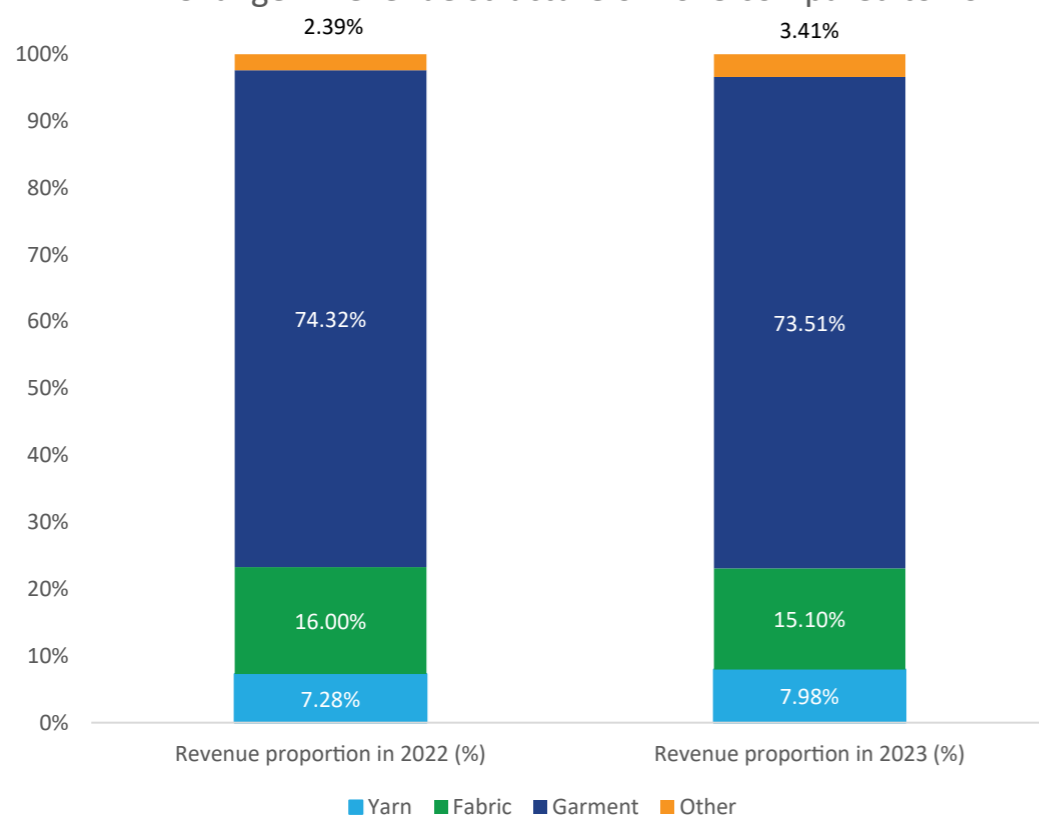
#### Revenue structure by product

Unit: Million Dong

Product	Revenue in 2022	Revenue in 2023	Change in percentage	Revenue proportion in 2022	Revenue proportion in 2023
Yarn	315,911	7.28%	-16.04%	265,225	7.98%
Fabric	693,998	16.00%	-27.67%	501,961	15.10%
Garment	3,223,759	74.32%	-24.18%	2,444,106	73.51%
Others	103,722	2.39%	9.46%	113,532	3.41%
<b>Total</b>	<b>4,337,389</b>	<b>100%</b>	<b>-23.35%</b>	<b>3,324,825</b>	<b>100.00%</b>



Change in revenue structure of 2023 compared to 2022



#### Financial situation throughout the year

Unit: Million Dong

STT	Targets	Year 2022	Year 2023	% change
1	Net Revenue	4,337,389	3,324,825	-23.35%
2	Cost of Goods Sold	3,627,139	2,826,140	-22.08%
3	Financial income	105,954	82,089	-22.52%
4	Profit in Affiliates	7,993	987	-87.65%
5	Financial, S&A expenses	477,875	397,211	-16.88%
6	Operating profit	346,322	184,550	-46.71%
7	Other profit	3,983	4,270	7.20%
8	Earnings before tax	350,305	188,819	-46.10%
9	Earnings after tax	281,069	133,804	-52.39%
10	Earning per share (dong)	2,561	1,211	-52.73%





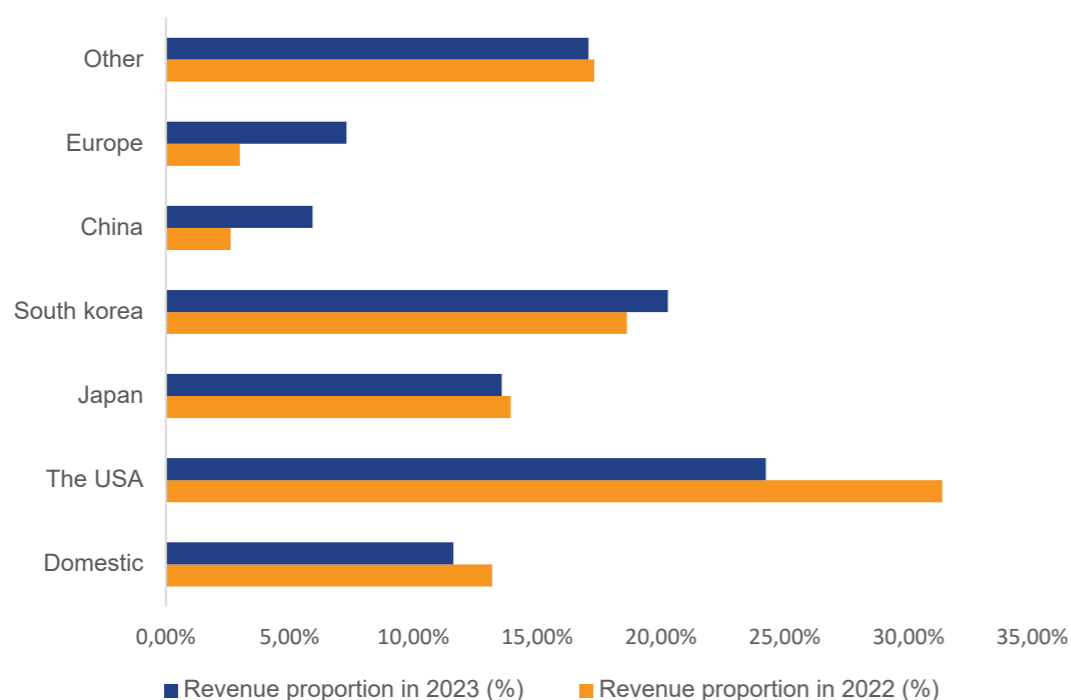
## PRODUCTION AND BUSINESS OPERATIONS (CONT)

### Revenue structure by market

Unit: Million Dong

Markets	Revenue in 2022	Revenue in 2023	% Change	Proportion in 2022 (%)	Proportion in 2023 (%)
Domestic:	571,536	386,008	-32.46%	13.18%	11.61%
Overseas:	3,765,853	2,938,816	-21.96%	86.82%	88.39%
1. The USA	1,360,075	806,069	-40.73%	31.36%	24.24%
2. Japan	604,381	451,233	-25.34%	13.93%	13.57%
3. South Korea	807,485	674,284	-16.50%	18.62%	20.28%
4. China	113,481	196,771	73.40%	2.62%	5.92%
5. Europe	129,886	242,789	86.92%	2.99%	7.30%
6. Others	750,545	567,670	-24.37%	17.30%	17.07%
<b>Total</b>	<b>4,337,389</b>	<b>3,324,825</b>	<b>-23.35%</b>	<b>100%</b>	<b>100%</b>

### Change revenue structure



### Performance in comparison with the Plan

Unit: Billion Dong

STT	Targets	Actual 2022	Actual 2023	Target 2023	Actual 2023/ Target 2023
1	Net Revenue	4,337	3,325	3,927	84.86%
2	Earnings after tax	281	134	245	54.64%

In 2023, the production and export of textiles and garments in Vietnam faced significant pressure and challenges from the lingering effects of the COVID-19 pandemic, slow recovery in most economies, and high levels of inventory leading to a decrease in demand for new orders. Additionally, consumer spending cuts due to high inflation further complicated the business environment. According to the Vietnam Textile and Apparel Association (VITAS), the total export turnover of the entire textile and garment industry in 2023 is estimated at \$40.3 billion, a decrease of 9.2% compared to 2022. By the end of 2023, Thanh Cong achieved revenue of 3,325 trillion VND, fulfilling 84.66% of the planned target, with post-tax profits reaching only 134 billion VND, completing 54.64% of the plan. These results underscore the significant impact of the overall market conditions on Thanh Cong's business activities in 2023. Specifically, 90% of the Company's revenue comes from the export market. In 2023, the number of orders decreased by approximately 20% compared to the previous year, with orders from

major partners and consumer purchasing power in key markets such as the United States, South Korea, and Japan experiencing significant declines, with revenue in these markets decreasing by 40.73%, 16.5%, and 25.34%, respectively. Conversely, the Chinese market recorded a revenue growth of 73.40% compared to 2022, mainly due to the flexible shift to neighboring countries as the economy showed signs of recovery, purchasing power increased again, and advantageous geographical location facilitated transportation. Additionally, the Company capitalized on tax advantages in the EU region, resulting in an 86.92% revenue growth in this market compared to 2022. Although the results in 2023 did not meet expectations, the collective efforts and determination of Thanh Cong's Leaders, Managers and employees remain steadfast, trusting in the slow but sure recovery of the textile industry, this serves as motivation to continue production, improve product quality, relentlessly explore new markets, and maintain the brand position of Thanh Cong.







## ORGANIZATION AND HUMAN RESOURCES

### LIST OF BOARD OF MANAGEMENT MEMBERS

As of December 31, 2023

No	Member	Position	Number of shares hold	Percentage of holding	Appointment Date	Note
1	Mr. Jung Sung Kwan	General Director	0	0%	31/05/2021	Resigned effective from March 5th, 2024,
2	Mr. Song Jae Ho	General Director	1	0%	Appointed as General Director from March 5th, 2024	Held the position of Chief Operating Officer from November 27th, 2023 to March 4th, 2024,
3	Mr. Tran Nhu Tung	Deputy General Director	84,797	0,09%	05/11/2019	
4	Mr. Song Jae Ung	Deputy General Director	0	0%	20/01/2022	Resigned effective from January 11th, 2024,
5	Ms. Nguyen Minh Hao	Chief Financial Officer	0	0%	12/07/2021	
6	Ms. Pham Thi Thanh Thuy	Chief Accountant	0	0%	10/03/2022	



Mr.  
**Song Jae Ho**  
GENERAL DIRECTOR

**Gender:** Male  
**Year of birth:** 1977  
**Nationality:** South Korean  
**Qualifications:** Bachelor of Textile Engineering

❖ **Working experience:**

- 05/3/2024 to present: CEO of Thanh Cong Textile Investment Trading Joint Stock Company;
- 27/11/2023 – 04/3/2024: Chief Operating Officer of Thanh Cong Textile Investment Trading Joint Stock Company;
- 01/01/2023 – 30/11/2023: Supply Chain Manager at Eland Global LLC;
- 01/04/2017 – 31/12/2022: Production Manager at Eland Fashion India LLC;
- 01/12/2014 – 31/3/2017: Production Manager at Eland World LLC;
- 01/01/2013 – 30/11/2014: May Sector Director at Thanh Cong Textile Investment Trading Joint Stock Company;

❖ **Individual holding:** 1 share

❖ **Representative holding:** 0 shares

❖ **Position in other organizations:** None.

Mr.  
**Tran Nhu Tung**  
DEPUTY GENERAL DIRECTOR

**Gender:** Male  
**Year of birth:** 1973  
**Nationality:** Vietnam

**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:** 84,797 shares, 0.09% of charter capital

❖ **Representative holding:** 0 share

❖ **Position in other organizations:**

- General Director cum President of the Member Council of TC Tower Company Limited
- President of the Member Council of TC Commerce Company Limited





## ORGANIZATION AND HUMAN RESOURCES (CONT)



Mr.  
**Jung Sung Kwan**  
CHIEF EXECUTIVE OFFICER

**Gender:** Male

**Year of birth:** 1966

**Nationality:** South Korean

**Qualifications:** Bachelor of Business Administration

❖ **Working experience:**

- 05/2021 – 03/2024: CEO of Thành Công Investment Trading and Textile 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 Eland Retail Group.
- 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 Corporation (E-Land World).

❖ **Individual holding:** 0 share.

❖ **Representative holding:** 0 share.

❖ **Position in other organizations:** Member of the Board of Directors of Savimex Corporation.

Mr.  
**Song Jae Ung**  
DEPUTY GENERAL DIRECTOR

**Gender:** Male

**Year of birth:** 1969

**Nationality:** South Korean

**Qualifications:** Master's degree in Textile Industry



❖ **Working experience:**

- 01/2022 – 01/2024: Deputy General Director of Thành Công Investment Trading and Textile Joint Stock Company
- 11/2020 – 01/2022: General Director of SY Vina Joint Stock Company
- 11/2019 – 11/2020: Deputy General Director of Thành Công Investment Trading and Textile Joint Stock Company
- 03/2018 – 10/2019: Sales Director for Fabrics and Fibers, R&BD of Thành Công Investment Trading and Textile Joint Stock Company
- 03/2017 – 03/2018: Head of R&BD Department of Thành Công Investment Trading and Textile Joint Stock Company
- 01/2015 – 02/2017: Worked at SY Vina
- 07/1994 – 12/2014: Worked at E.land Group

❖ **Individual holding:** 0 share

❖ **Representative hold:** 0 share

❖ **Position in other organizations:** Legal Representative of E.land Vietnam from March 2023 to September 2023.



Ms.

**Nguyen Minh Hao**  
CHIEF FINANCIAL OFFICER

**Gender:** Female

**Year of birth:** 1973

**Nationality:** Vietnam

**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

**Gender:** Female

**Year of birth:** 1976

**Nationality:** Vietnam

**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 2023

On November 27, 2023, the Board of Directors appointed Mr. Song Jae Ho as the Chief Operating Officer.

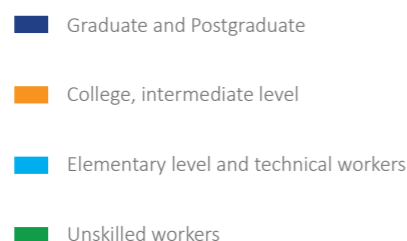
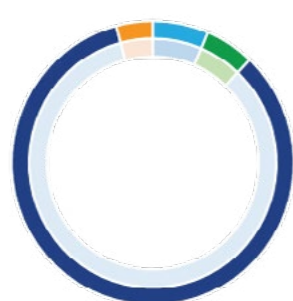
On January 11, 2024, the Board of Directors approved the resignation letter of Deputy CEO Song Jae Ung.

On March 5, 2024, the Board of Directors approved the resignation letter of the CEO, legal representative of the Company – Mr. Jung Sung Kwan. At the same time, Mr. Song Jae Ho was appointed as the CEO cum the legal representative of the Company from this date onward.

### STATISTICS OF THE COMPANY'S EMPLOYEES

As of December 31, 2023, statistics of the Company's employees:

No.	Property of classification	Number (Person)	Percentage
I	Classified by qualification	5552	100%
1	Graduate and Postgraduate	356	6.41%
2	College, intermediate level	313	5.64%
3	Elementary level and technical workers	4,651	83.77%
4	Unskilled workers	232	4.18%
II	Classified by labor contract	5,552	100%
1	Temporary contract (less than 1 year)	62	1.12%
2	Contract with terms 1 - 3 years	1,364	24.57%
3	Indefinite labor contract	4,126	74.32%
III	Classified by gender	5,552	100%
1	Male	1,951	35.14%
2	Female	3,601	64.86%
<b>Total</b>		<b>5.552</b>	<b>100%</b>



- Gender:



Male: 35.14%



Female: 64.86%

### INCOME ON AVERAGE

Targets	2019	2020	2021	2022	2023
Total number of employees (person)	7,364	7,002	6,720	6,625	5,552
Income on average (dong/person/month)	11,200,000	11,400,000	11,085,449	11,513,000	11,444,000

### SUMMARY OF HUMAN RESOURCE POLICIES

For Thanh Cong, the most important and valuable resource contributing to the sustainable and long-term development of the Company is its workforce. Therefore, the Company always respects and appreciates all employees for their significant contributions to the formation and development of Thanh Cong.

❖ **Salary, bonus, and welfare policies:** The leadership continually researches and improves salary, bonus, and welfare policies to ensure the rights of workers are fully and appropriately protected. In 2023, Thanh Cong consistently applied productivity-based salary and bonus policies to motivate employees to focus on improving work quality. Additionally, with a diverse workforce serving various business sectors, the Company respects diversity and publicly announces clear salary and bonus policies and income enhancement paths for all employees. Furthermore, the Company regularly organizes activities such as commemorating International Women's Day on March 8th, Vietnamese Women's Day on October 20th, sports events to celebrate the Company's anniversary, and many other events. These activities not only create solidarity but also enhance the bond between the workforce and the Company.

❖ **Working environment:** At Thanh Cong, employees work in a safe and health-ensured environment. The Company always provides full protective equipment for employees, regularly checks air quality, elevator systems, and fire prevention and fighting systems in factories, which are regularly maintained to detect and timely repair any potential technical hazards that may cause harm to people and property. Additionally, the Company invests in and equips additional facilities such as sports rooms, gyms, yoga rooms, outdoor playgrounds, coffee shops (Way Coffee), dining areas, medical rooms, breakfast areas (Way Garden), ensuring to meet the living needs and create a dynamic working environment for the workforce, helping employees feel comfortable while working, thereby maximizing their capabilities to contribute to the overall development of the Company.

As a fashion production company, Thanh Cong always emphasizes creating a comfortable and suitable working environment for each employee to unleash creativity and have the opportunity to propose many innovative ideas in their work. With this goal in mind, at the end of 2023, the Company's Management Board developed a plan to create a working area that meets the criteria of both working and providing a space for employees to relax during stressful working hours to regenerate energy. From this idea, the "Winning Lounge" was born. The Winning Lounge is a complex area with multiple functions such as meeting rooms, pantries, and open spaces to welcome visitors to Thanh Cong. With an open space layout and many green trees, the Winning Lounge is expected to be an interesting destination, a "gift" that the Company's leadership has dedicated a lot of effort and effort to send to each employee to encourage morale after a challenging year of 2023. After the idea development and construction from late 2023 to early 2024, on March 13, 2024, the Winning Lounge was inaugurated and officially put into use.

❖ **Training activities:** Training activities are regularly organized by the Company to enhance and develop professional skills according to each department and activity block. Additionally, the Company also organizes examinations and evaluations to have appropriate training programs, enhance professional qualifications, and train skills for the entire workforce of the Company.





## INVESTMENT AND PROJECT IMPLEMENTATION

### CAPITAL INVESTMENTS

Investments made by the Company in 2023:

Unit: dong

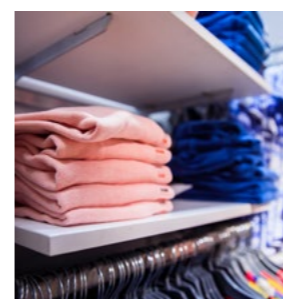
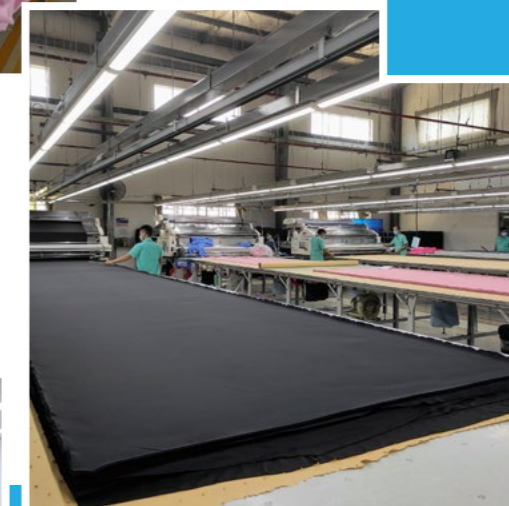
Name of the project	Investment value
Spinning	744,674,945
Weaving	10,718,546,518
Knitting	191,818,000
Dyeing	3,406,667,510
Sewing (Including Vinh Long factory, Trang Bang factory)	1,332,723,535
Company's Back Office	27,089,649,535
<b>Total</b>	<b>43,484,080,043</b>

### OTHER LONG-TERM INVESTMENTS

As of December 31, 2023, 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: Million dong

#### Thanh Cong Medical Center Joint Stock Company

Targets	2022	2023	% change
Total assets	45,109	49,281	9.25%
Net Revenue	61,917	66,022	6.63%
Cost of Goods Sold	42,416	45,689	7.72%
Financial income	1,059	1,729	63.23%
Financial, selling, and administrative expenses	13,616	14,443	6.07%
Operating profit	6,945	7,619	9.71%
Other profit	323	311	-3.71%
Earnings before tax	7,268	7,930	9.11%
Earnings after tax	5,814	6,344	9.12%

Unit: Million dong

#### TC Tower Company Limited

Targets	2022	2023	% change
Total assets	137,111	137,111	0%
Financial, selling, and administrative expenses	39	20	-48.37%
Operating profit	-39	-20	-48.37%
Other profit	-226	-	-
Earnings before tax	-264	-20	-92.43%
Earnings after tax	-264	-20	-92.43%

Unit: Million dong

#### TC Commerce Company Limited

Targets	2022	2023	% change
Total assets	9,162	12,487	36.29%
Net Revenue	0	362	-
Cost of Goods Sold	0	91	-
Financial income	67	23	-66.07%
Financial, selling, and administrative expenses	10,491	5,116	-51.24%
Operating profit	-10,424	-4,822	-53.74%
Other profit	7	98	1235.53%
Earnings before tax	-10,416	-4,724	-54.64%
Earnings after tax	-10,416	-4,724	-54.64%

#### Affiliates

#### Savimex Corporation(\*)

(\*) In May 2023, the Company completed the transfer of all shares in Savimex Corporation.







## FINANCIAL SITUATION

### FINANCIAL SITUATION

Unit: Million dong

No	Targets	2022	2023	% Change
1	Total assets	3,477,067	3,279,364	-5.69%
2	Net Revenue	4,337,389	3,324,825	-23.35%
3	Operating profit	346,322	184,550	-46.71%
4	Other profit	3,983	4,270	7.2%
5	Earnings before tax	350,305	188,819	-46.1%
6	Earnings after tax	281,069	133,804	-52.39%



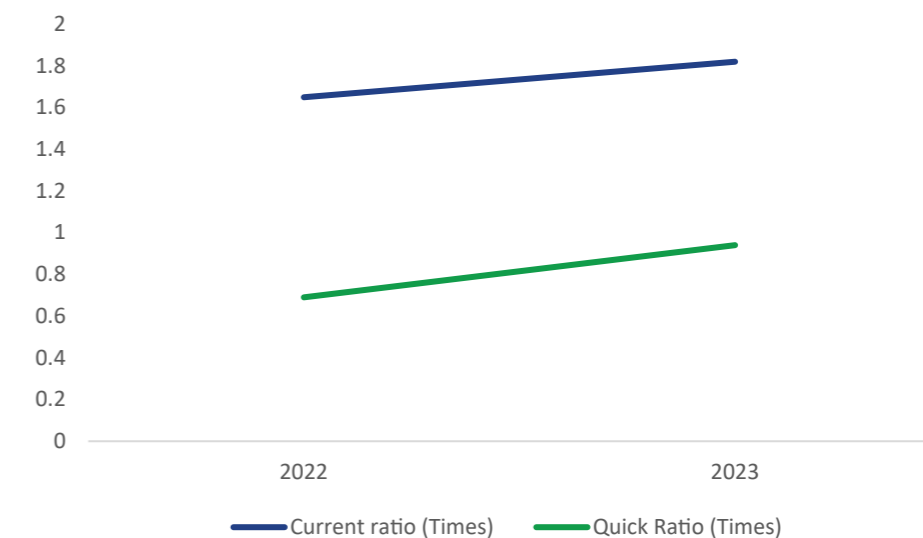
### MAJOR FINANCIAL BENCHMARKS

#### Solvency indicators

Targets	UNIT	2022	2023
Current ratio: (Current assets/short-term liabilities)	Time	1.65	1.82
Quick ratio: (Current assets - Inventory)/Short-term liabilities	Time	0.69	0.94



In 2023, there were positive improvements in performance indicators compared to the same period in 2022. Specifically, the current ratio increased by 0.17 times, and the quick ratio increased by 0.25 times, reaching 1.82 and 0.94 respectively. By the end of 2023, compared to short-term assets, short-term liabilities experienced a higher reduction rate of 10.56%. The Company mainly reduced nearly 186 billion VND in short-term borrowing and financial leasing, as well as 69 billion VND in labor costs. In the context of economic difficulties and unpredictable interest rate fluctuations, Thanh Cong proactively settled all borrowings and maximized production costs to reduce financial pressures, thereby providing flexibility for the next business strategy.







## FINANCIAL SITUATION (CONT)

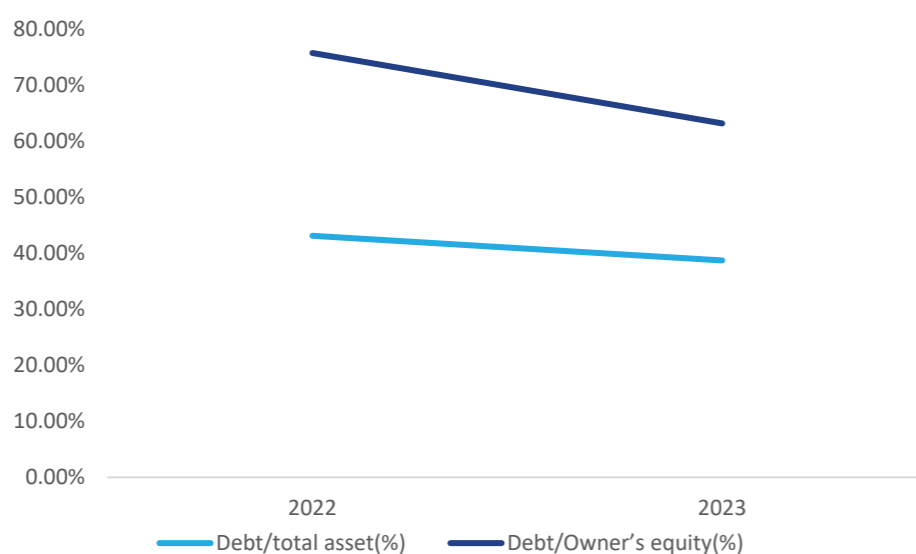
### MAJOR FINANCIAL BENCHMARKS (CONT)

#### Capital structure indicators

Targets	UNIT	2022	2023
Debt/total asset	%	43.09%	38.70%
Debt/Owner's equity	%	75.71%	63.14%



The proportion of debt to total assets and debt to equity both experienced significant decreases as of December 31, 2023. Specifically, the debt-to-assets ratio decreased from 43.09% to 38.7%, and the debt-to-equity ratio decreased from 75.71% to 63.14%. The decline in these ratios was attributed to reductions in both short-term and long-term debts by 10.56% and 48.58% respectively compared to the end of 2022. Meanwhile, total assets decreased by 5.69%, and equity only increased slightly by 1.58% due to the Company's issuance of shares to existing shareholders from equity sources. In the debt structure, debt financing accounted for the largest proportion at 53.61% of total debt, thereby greatly affecting the Company amid fluctuating interest rates and an unfavorable business environment. Consequently, Thanh Cong significantly reduced financial borrowings by 278.8 billion VND, equivalent to a 29.07% decrease compared to the end of 2022. This capital structure enabled the Company to ensure appropriate leverage usage, flexibility, and maintain stable financial health.



#### Operational capability indicators

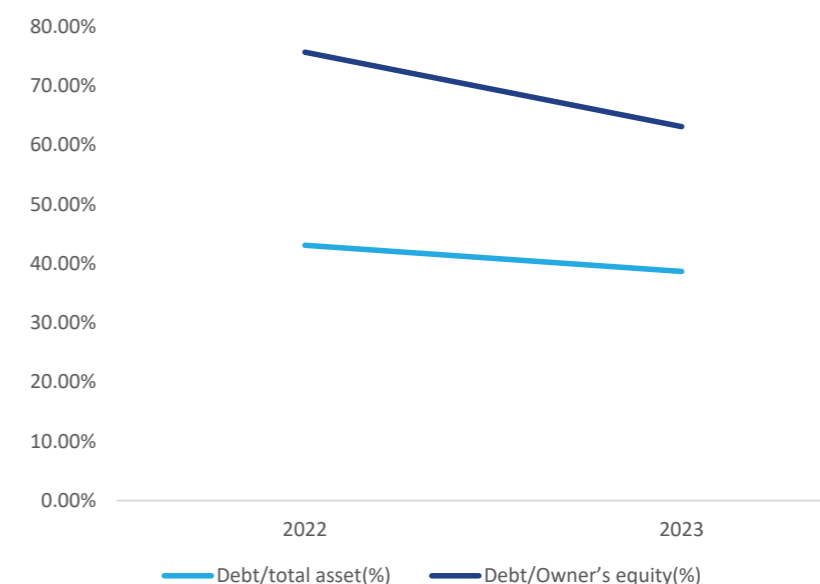
Targets	UNIT	2022	2023
Inventory turnover (Cost of goods sold/average inventory)	Time	2.67	2.48
Total asset turnover ratio (Net Revenue/Average total asset)	Time	1.22	0.98



In 2023, the inventory turnover, accounts receivable turnover, and total asset turnover ratios all decreased to 2.48, 9.20 times, and 0.98 times, respectively. The decrease in the inventory turnover ratio by 0.19 turns was attributed to the sharp decline in orders in the textile industry in 2023 as consumers tended to reduce spending, and there was a high level of inventory during the pandemic, leading to limited new production activities and a 22.08% decrease in cost of goods sold compared to the same period. Meanwhile, Thanh Cong's average inventory also decreased by 16.03%, mainly in finished goods, and cost of production and operation decreased. However, the average inventory decrease was still lower than the cost of goods sold in 2023, resulting in a decrease in inventory turnover.

Regarding the accounts receivable turnover, the average accounts receivable in 2023 increased by 7.59% compared to the 2022 average, while net revenue experienced a significant decrease of 23.35%. In an unfavorable market context, the Company expanded its trade credit policy to maintain traditional customers and expand its customer base, thereby motivating revenue growth for the next period, affecting the ratio.

The decrease in total asset turnover by 0.24 turns was mainly due to the significant decline in revenue while total assets decreased slightly by 5.69%, mainly due to the Company's restructuring of financial borrowings. Overall, the Company's operating efficiency ratios compared to other industry peers remained stable and safe amid challenging market conditions.







## FINANCIAL SITUATION (CONT)

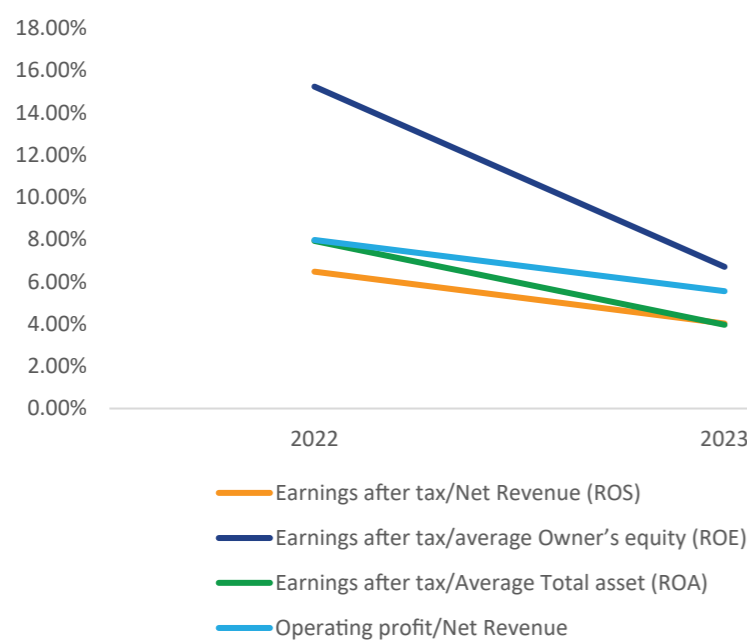
### MAJOR FINANCIAL BENCHMARKS (CONT)

Targets	UNIT	2022	2023
Earnings after tax/Net Revenue (ROS)	%	6.48%	4.02%
Earnings after tax/average Owner's equity (ROE)	%	15.24%	6.71%
Earnings after tax/Average Total asset (ROA)	%	7.94%	3.96%
Operating profit/Net Revenue	%	7.98%	5.55%

#### Profitability indicators



Amid the general difficulties faced by the textile industry in 2023, characterized by a sharp decrease in demand for new orders from Vietnam's major export markets, including Thanh Cong, and a trend of consumer spending reduction due to high inflation, both Thanh Cong's revenue and post-tax profit from business operations experienced declines. Consequently, Thanh Cong's profitability ratios also decreased compared to 2022. Specifically, the return on sales (ROS) ratio declined from 6.48% to 4.02%. The return on equity (ROE) and return on assets (ROA) ratios decreased to 6.71% and 3.96%, respectively.

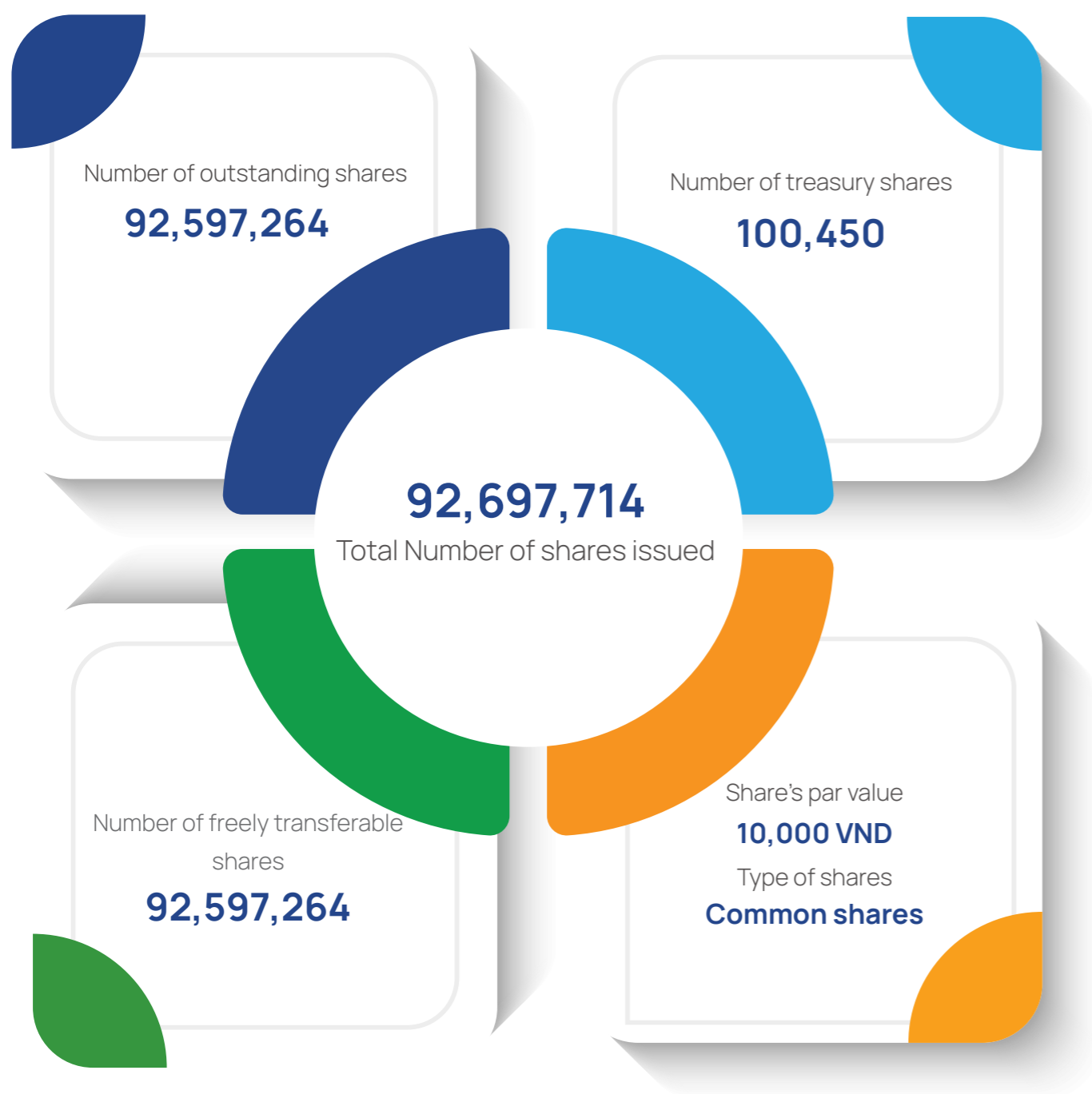






## SHAREHOLDER STRUCTURE, CHANGE IN OWNER'S EQUITY

### SHARES



### TRANSACTION OF TREASURY SHARES

None

### OTHER SECURITIES

None

### SECURITIES IN FOREIGN COUNTRIES

None

### CHANGE IN PAID-IN CAPITAL

In November 15, 2023, the Company's Charter capital was increased to VND 926,977,140,000 in the form of share issuance from the owner's equity with a ratio of 100:13.

### Shareholders structure

As of March 5th, 2024

No.	Type of Shareholder	Number of shares	Ownership (%)
1	State shareholders	-	-
2	Major shareholders	59,162,992	63.82
-	Domestic shareholders	15,627,556	16.86
-	Foreign shareholders	43,535,436	46.96
3	Treasury shares	100,450	0.11
4	Other shareholders	33,434,272	36.07
-	Domestic shareholders	32,596,338	35.16
-	Foreign shareholders	837,934	0.9
	TOTAL	92,697,714	100
	Domestic shareholders	48,324,344	52.13
	Foreign shareholders	44,373,370	47.87

Maximum foreign ownership: 50%

### List of major shareholders

Based on the list of shareholders at the record date of March 5th, 2024

No.	Name	Address	Number of shares	Percentage of holding (%)
1	Eland Asia Holding Pte, Ltd	1 Harbourfront Avenue, # 14-07 Keppel Bay Tower, Singapore (098632)	43,535,436	46.96%
2	Nguyen Van Nghia	Nong Trang, Viet Tri, Phu Tho	15,627,556	16.86%



# 03

## The Board of Management's assessment report

Assessment of business and production outcomes

Financial situation

Progress in organizational structure, policies, management

Future development plan

Explanation of the Board of Management on Auditor's Opinions

Assessment reports on the Company's environmental and social responsibility







## ASSESSMENT OF BUSINESS AND PRODUCTION OUTCOMES

### Business environment in 2023

Textile and garment industry stands as one of Vietnam's pivotal industries, having set an export record of 44 billion USD in 2022, contributing nearly 12% to the total export turnover. However, facing the storm of inflation and economic downturn, the textile and garment sector has endured unprecedented challenges in its history. According to the Vietnam Textile and Apparel Association (VITAS), the slow recovery of economies amidst persisting geopolitical tensions has fragmented commerce, escalated inflation, and destabilized financial markets, leading to a global decline in purchasing power in 2023. The export turnover of the textile and garment industry in 2023 only reached 40,3 billion USD, a decrease of 9% compared to 2022. Specifically, garment exports decreased by 3,1 billion USD (equivalent to 8.9%), fabric exports decreased by 186 million USD (equivalent to 6.9%), fiber exports decreased by 485 million USD (equivalent to 10.3%), raw material exports decreased by 218 million USD (equivalent to 16%),... Especially in the two main export markets such as the US and EU, heavily impacted by global economic factors such as inflation, geopolitical tensions, and low growth forcing consumers to tighten spending, especially on non-essential items like textiles and garments... Most Vietnamese textile and garment enterprises are experiencing difficult times due to a severe shortage of orders, forcing them to seek every possible solution to maintain operations.

At the same time, the textile and garment industry is facing pressure from price competition not only among domestic enterprises from both the northern and southern regions due to generally lower labor costs in the north, but also direct competition with Bangladesh - a country with lower labor costs than Vietnam. In addition to this, there is a trend towards sustainable development (ESG - encompassing Environment, Social, and Governance), with customers demanding greener, worker-friendly products at low prices. This translates to stricter production standards leading to higher costs, while the product prices must remain low, directly impacting the profit margins of enterprises. Therefore, to enhance the position of Vietnam's textile and garment industry, enterprises need to focus on investing in equipment, applying technology in production to improve labor productivity, alongside practicing sustainable production methods.







## ASSESSMENT OF BUSINESS AND PRODUCTION OUTCOMES

### PROGRESS OBTAINED BY THE COMPANY

In the context of unpredictable global economic fluctuations, Thanh Cong Group needs to be flexible and adaptable. At TCM, alongside monitoring market conditions and consumer trends to react promptly with solutions to retain existing customers, in 2023 the Company continued to leverage the advantages of its integrated production chain and self-sufficiency in raw materials. Particularly, there was a significant push towards utilizing eco-friendly raw materials, recycling to diversify products, and expanding export markets.

Up to the present, numerous product lines have been researched and developed using recycled materials such as Polyester, Viscose, and Cotton from plastic bottles and old clothes, as well as sustainable materials derived from sugarcane, corn, natural wood, seaweed, naturally colored cotton without dyeing, etc., possessing energy-saving features, reducing emissions, decomposing quickly, and being environmentally friendly. As a result, Thanh Cong has obtained certifications for environmental standards (EU ECOLABEL), sustainable textile products (Sustainable Apparel Coalition/ Higg Index), Organic Content Standard (OCS), Global Organic Textile Standard (GOTS), Global Recycled Standard (GRS),...

Additionally, in April 2023, the Company launched and began selling fashion products under the brand "Noname". This is considered one of Thanh Cong's steps to re-enter the domestic retail market. With a minimalist yet stylish fashion style, elegant designs that are eye-catching, the "noname" fashion brand, despite its relatively short time since launch, has been well-received by consumers, especially the age group between 18 to 35, regardless of gender. Currently, the noname fashion brand is available on various e-commerce platforms such as Shopee, Decloset. The "Noname" brand has also undergone trademark registration procedures with the Intellectual Property Office since February 2023 and is currently undergoing the review process.

As a result of the relentless efforts of the leadership team and employees, TCM proudly achieved the following notable awards in 2023:

- ❖ "Top 50 Most Efficient Listed Companies in Vietnam 2023" organized by Nhip Cau Dau Tu Magazine.
- ❖ "Top 500 Most Profitable Enterprises in Vietnam 2023" based on research and evaluation results by Vietnam Report.
- ❖ "Sustainable Development Enterprise" organized by Nhip Cau Dau Tu Magazine in the category of "Pioneering Economic Circulation".
- ❖ "Green Enterprise 2023" organized by the Ho Chi Minh City Entrepreneur Association in collaboration with Saigon Giai Phong Newspaper.
- ❖ "Typical Service Product Of HCM City in 2023" organized by the People's Committee of Ho Chi Minh City.
- ❖ "Reputable export enterprise " awarded by the Ministry of Industry and Trade



### Business results



Items	Unit	Actual 2022	Expected 2023	Actual 2023	Actual 2023/ Planned 2023	% change in Actual 2023/ Actual 2022
Net Revenue	Billion dong	4,337.39	3,927	3,324.82	84.66%	-23.35%
Earnings before tax	Billion dong	281.07	245	133.80	54.64%	-52.39%
Earnings before tax/Net revenue	%	6.48%		4.02%		-37.90%
Earnings before tax/Owner's equity	%	14.20%		6.66%		-53.14%
Dividend/Charter capital	%	20%		10%		







## ASSESSMENT OF BUSINESS AND PRODUCTION OUTCOME (CONT)

### BUSINESS RESULTS

The business performance in 2023 encountered numerous difficulties and challenges due to the unfavorable global and Vietnamese economic situation, leading to a decrease in consumption demand. The Company faced a shortage of orders, resulting in the failure to achieve the targets set at the 2023 Annual General Meeting of Shareholders. However, compared to other businesses in the same industry, the Company has achieved certain results in restructuring its operations efficiently, embracing digital transformation to keep up with essential trends, and prioritizing investment in research and development activities. Particularly, it actively sought to expand its market and acquire new customers, diversifying both markets and products. Thanks to its diversified market strategy, Thanh Cong has been considered one of the textile and garment export companies that are less dependent on Vietnam's two main export markets, the US and EU, amidst economic fluctuations, geopolitical tensions, and crises in maritime transportation routes to Europe in recent times.



#### Operating expenses



Unit: Million dong

No.	Targets	2023	Proportion in 2023	2022	Proportion in 2022	% change
1	Cost of Goods Sold	2,826,140	87.66%	3,627,139	88.34%	-22.08%
2	Selling expenses	146,908	4.56%	177,758	4.33%	-17.35%
3	Administrative expenses	136,936	4.25%	169,804	4.14%	-19.36%
4	Finance expenses	113,367	3.52%	130,313	3.17%	-13.00%
5	Other costs and expenses	734	0.02%	645	0.02%	13.86%
	TOTAL	3,224,085	100%	4,105,659	100%	-21.47%

In the overall cost structure, the cost of goods sold accounted for the highest proportion at 87.66% and decreased by 22.08% compared to the same period in 2022. The primary reason for this was the sharp decrease in order volume, leading to reduced production and revenue, consequently resulting in a decrease in the recorded cost of goods sold. Considering the cost structure of business operations by factor, the costs of raw materials and labor accounted for the highest proportions, at 46.5% and 30.4% respectively of the total cost, also decreasing by 29.04% and 19.10% respectively compared to 2022. Faced with pressure from a 20% decrease in orders compared to 2022, the factory's capacity also decreased accordingly. Thanh Cong did not adopt a strategy of mass layoffs like other enterprises, but only implemented cuts in indirect labor, temporary staff, and refrained from new recruitment, with formal personnel being let go if necessary. As for sales expenses, enterprise management expenses, financial expenses, and other expenses, which constituted a small proportion of operating expenses, in the year, efforts were made to streamline operations efficiently, invest in gradually digitizing technology, redesign business processes, and manage through an ERP system to enhance cost control capabilities, optimize resource utilization, while proactively settling financial loans to reduce interest expenses. Hence, sales expenses, enterprise management expenses, and financial expenses decreased by 17.35%, 19.36%, and 13% respectively compared to the same period in 2022.







## FINANCIAL SITUATION

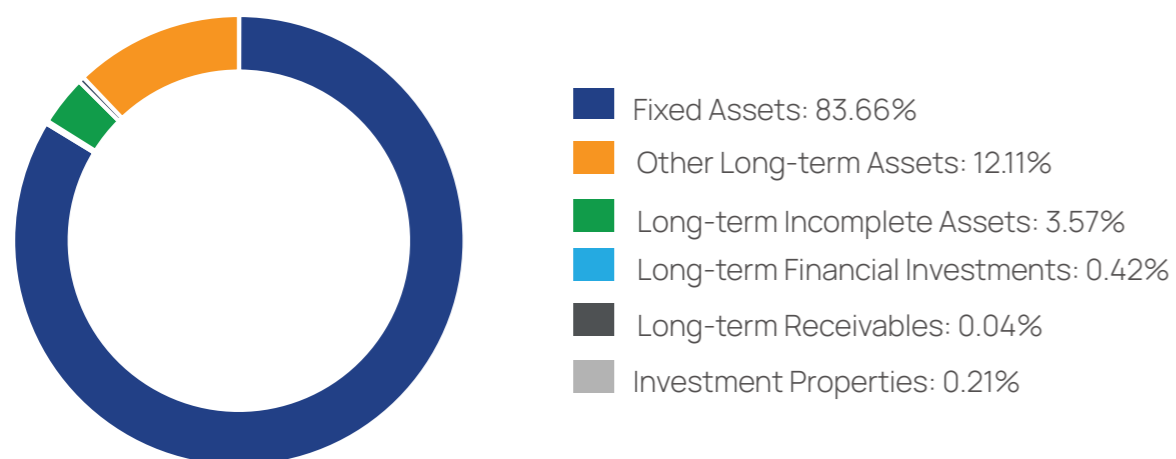
### ASSETS

As of December 31, 2023, Thanh Cong's total assets reached a value of 3,279 trillion VND, decreasing by 5.69% compared to the same period in 2022. Short-term assets continued to account for a larger proportion than long-term assets, comprising 64.97% of total assets. In terms of trends, short-term assets decreased by 1.66% in value compared to the beginning of the year, while long-term assets decreased by 12.34% to reach 1,149 trillion VND. The specific breakdown of Thanh Cong's asset groups is as follows:

Unit: Million dong

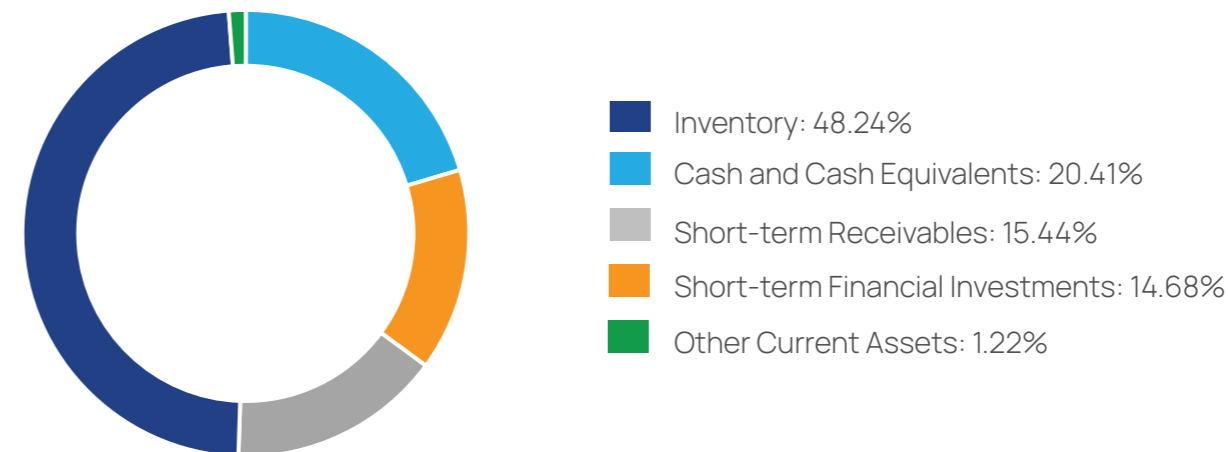
Targets	31/12/2022	31/12/2023	% change
Current assets	2,166,736	2,130,754	-1.66%
Non-current assets	1,310,331	1,148,610	-12.34%
<b>Total assets</b>	<b>3,477,067</b>	<b>3,279,364</b>	<b>-5.69%</b>

#### Non-current assets:



As a manufacturing and trading enterprise, fixed assets account for 83.66% of the Company's long-term asset structure. Currently, Thanh Cong owns 8 factories, specifically 2 spinning factories, 3 sewing factories (located in Ho Chi Minh City, Trang Bang - Tay Ninh, Vinh Long), 1 knitting factory, 1 weaving factory, and 1 dyeing factory in Ho Chi Minh City. During the year, Thanh Cong divested its entire stake in Savimex Corporation, resulting in a 94.4% decrease in long-term financial investments, and the Company also recovered long-term receivables, leading to a 12.34% decrease in long-term assets compared to the same period in 2022.

### Current



At the end of 2023, inventory still accounted for the highest proportion at 48.24% within the structure of the Company's short-term assets, decreasing by 18.1% compared to the same period last year. The main reason stems from the Company's reduction in new raw material procurement and finished product manufacturing due to a significant decrease in order volume compared to 2022. Meanwhile, accounts receivable in 2023 increased by 29.17%, comprising 15.44% of the short-term asset structure. Against the backdrop of economic fluctuations in 2023, in order to maintain existing partnerships and seek out more potential customers, Thanh Cong implemented policies to expand commercial credit with the aim of providing long-term support and collaboration with its customers.







## FINANCIAL SITUATION (CONT)

### LIABILITIES

Given the nature of the Company's business activities in manufacturing, the majority of the Company's working capital is funded by short-term debts. Specifically, at the end of 2023, short-term debts amounted to 1,173,415 billion VND, decreasing by 10.56% compared to the end of 2022 and accounting for 92.45% of the total debt structure. Of these, over 50% of Thanh Cong's short-term debts are funded by loans and financial lease obligations. Specifically, the Company's short-term loans and financial lease obligations at the end of 2023 amounted to 632,445 billion VND, decreasing by 22.72% compared to the same period at the end of 2022. The main reason for this decrease is that the Company reduced its borrowings from banks and other short-term loans to alleviate financial pressure and mitigate risks amidst the complex economic environment and factors such as interest rates and exchange rates in 2023. Additionally, due to establishing trust and credibility with suppliers, the Company benefits from commercial credit policies, deferred payment arrangements, thereby leveraging capital for other investment activities. Consequently, the value of short-term accounts payable increased by 88,886 billion VND, equivalent to a 50.38% increase compared to the end of 2022, accounting for 22.61% of the short-term debt structure.

Unit: Million dong

Targets	31/12/2022	31/12/2023	% change
Short-term liabilities	1,311,886	1,173,415	-10.56%
Long-term liabilities	186,324	95,813	-48.58%
<b>Total assets</b>	<b>1,498,209</b>	<b>1,269,228</b>	<b>-15.28%</b>

Regarding long-term debts in 2023, there was a significant decrease of 48.58% compared to the same period, accounting for 7.55% of the total debt structure of the enterprise. Within the long-term debt structure, long-term loans and financial lease obligations accounted for 50.14% of the total long-term debt and decreased by 65.9% compared to the same period last year. The reason for this is that during the year, the Company disbursed a significant portion of its long-term loans at various banks to reduce the proportion of long-term debts in the debt structure.







## PROGRESS IN ORGANIZATIONAL STRUCTURE, POLICIES, MANAGEMENT

### ORGANIZATIONAL STRUCTURE

In order to enhance operational efficiency and motivate outstanding employees, the Company has undertaken a downsizing of its management team through:

-  Reducing management layers; restructuring the organizational structure of the Ho Chi Minh City Sewing from 6 workshops to 3 workshops to streamline management layers. Merging the Trang Bang Sewing workshop into the Ho Chi Minh City Sewing.
-  Reviewing and reducing the number of indirect office workers in the Company and production departments, considering salary increases for employees taking on additional responsibilities due to staff reductions.
-  Enhancing the operations of the ESG Department to be more specialized, with more initiatives in environmental protection, strengthening labor safety, and improving the working environment for employees. This unit also assists in researching and proposing energy-saving and efficient labor solutions for the Company.
-  Increasing investment in digitalization and digital transformation through the implementation of a new-generation ERP system applied in all business operations to enhance efficiency, control costs, accelerate production schedules, shorten delivery times, manage inventory, and increase competitiveness. In 2023, all Company employees made proactive efforts to collaborate with the Company's partner, World Fashion Exchange (WFX), to continue implementing the ERP project. Given the nature of being an integrated manufacturing plant with multiple stages from fiber onwards, the project faced numerous challenges in practical implementation, such as finding answers to questions like: How to have software with a process that integrates the requirements of all production stages? And especially, how to maximize the application of the software, ensuring compatibility with the Company's production processes to avoid significant obstacles for users when deploying the ERP software? Despite these significant challenges, the team of employees directly responsible for the project, in collaboration with the partner (WFX) and receiving positive support from all employees from production departments to offices, the ERP project continues to be maintained and is scheduled to go live with the first version in mid-2024. Although the actual progress may be slower than planned, this is still considered a commendable effort by all Company employees in 2023.

### ADMINISTRATION AND MANAGEMENT

Entering 2023, the Company has improved many management tasks to enhance its adaptability to the business environment throughout the year. Specifically, as follows:

- ❖ Promoting and enhancing the efficiency of production and business operations, proactively coping with year-end order shortages due to high inflation; continuing to accelerate production progress, flexibly adjusting to market demands.
- ❖ Establishing and implementing production safety measures to ensure the timely completion of orders.
- ❖ Actively seeking information, ready to leverage opportunities, and advantages of new FTAs to redirect, create new value chains, consolidate, and expand markets.

- ❖ Enhancing management capacity, improving the effectiveness of the data analysis department to provide timely information for management decisions. Reviewing production data, changing internal policies regarding material losses during production to save material costs. Additionally, the Company has reassessed supplier standards and processes to meet material supply needs.
- ❖ Standardizing internal audit processes. Applying risk-oriented approaches to develop annual audit plans.
- ❖ The Company has automated customs declaration data on its website for shared data use across departments, facilitating information retrieval: departure dates, arrival dates, customs declaration numbers, customs clearance status, etc.
- ❖ Intensifying warehouse management improvement activities:
- ❖ Implementing workflow enhancements, reducing procedures based on the ERP warehouse management system.
- ❖ Restructuring and transferring warehouses to production departments to empower units in data and manpower management.
- ❖ Enhancing the role of the Warehouse Department in overall data management and supporting departments in transportation and inventory retention.
- ❖ The Inventory Liquidation Team is boosting efforts to collect and sell surplus inventory to release warehouse space, generate profits for the Company, and increase capacity for finished goods awaiting delivery at warehouses.

### POLICY

- ❖ Recruitment policy: Emphasizing investment in selecting individuals who meet the appropriate standards for Thanh Cong, with the criterion that each employee can become a significant asset and potentially fill various positions in the future. Therefore, for positions requiring complex communication and management skills, the Company has implemented mandatory competency assessments (GEAT) and members of the Executive Board will participate in decision-making interviews. Additionally, the Company continues to prioritize the recruitment channel through social media to ensure a professional yet approachable image, enhancing Thanh Cong's position in the labor market. "Rebuilding rigorous recruitment processes and raising recruitment standards to select top-tier candidates to lead the Company through change. Utilizing all social media channels and the Company's website to increase Thanh Cong's brand visibility, thereby attracting more candidates."
- ❖ Training policy: Thanh Cong has been and is continuing to refine its online training system along with various selective programs, focusing on enhancing knowledge and skills for employees in line with the Company's strategy. In parallel, online communication is also emphasized through the development of internal applications and practical training programs to provide employees with more bonding opportunities and foster a culture of friendliness and integration among units within the Company.
- ❖ Efforts are concentrated on training young, promising employees and grooming successors to build a quality management team for the Company. Additionally, courses are implemented to enhance professional competence for the sales and management teams to adapt to new trends.
- ❖ Performance management policies are also adjusted towards anti-average ideology. The new ranking system demonstrates clearer differentiation in rankings, increases competitiveness, and promotes aiming for higher rankings with better rewards.
- ❖ Furthermore, in 2023, the Company also changed its approach and feedback methods, addressing issues raised through engagement surveys and internal service satisfaction levels. Consequently, many work-related obstacles and processes were resolved to facilitate smoother operations.





## FUTURE DEVELOPMENT PLAN

Business and production plan for the year 2024:

No.	Targets	UNIT	Expected 2024
1	Net Revenue	VND	3,707,428,667,000
2	Earnings after tax	VND	161,234,980,500
3	Earnings after tax/Net revenue	%	4.35%
4	Earnings after tax/Owner's Equity	%	12%



## 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



TCM's products are primarily exported to markets such as the US, EU, Japan, and South Korea, which have very high standards for sustainable production. With the advantage of an integrated production chain from fiber to dyeing, TCM has been investing heavily in research and development (R&D) activities, developing products based on "green" consumer preferences, and leveraging opportunities from free trade agreements that Vietnam is a member of to boost exports.

The Company has studied the ESG (Environment - Social - Governance) standards and integrated these standards into all production and business activities to align with the global textile industry's sustainable development trend and contribute to Vietnam's commitment to achieving net-zero emissions by 2050 as pledged at COP26.

Recognizing the importance of environmental protection alongside business operations, Thanh Cong continuously strives to be a pioneer in the domestic textile industry towards a circular economy and sustainable development. Consequently, the leadership focuses on building "green plans" to serve the "green production" strategy. Specifically, Thanh Cong continues to strengthen its Research and Business Development Center (R&BD) to introduce recycled products and sustainable products

with biological origins, meeting the world's stringent source traceability requirements while contributing to environmental activities.

To minimize environmental impact factors, Thanh Cong optimizes the use of energy and domestic water, vigorously transitioning to green energy such as solar energy. With its specific industry, Thanh Cong is meticulous in waste and wastewater treatment, constructing industrial-standard treatment systems. Thanks to efforts in compliance and strict control of production processes, the Company has received and updated the validity period of various environmental certificates (ISO 14001, Higg FEM, ZDHC), chemicals (Oeko-Tex 100, ZDHC), product materials (GOTS, OCS, GRS), security (GSV), social responsibility (WRAP SMETA, Better Work), meeting customer certification criteria.

Beyond the enterprise, Thanh Cong actively builds a spacious working environment, ensuring occupational safety and health at factories for workers, while promoting and encouraging the workforce to embrace the internal green, clean, beautiful culture, which is the essence of Thanh Cong. In 2023, the leadership proudly achieved environmental goals and outstandingly completed "green production" strategies.







# ASSESSMENT REPORTS ON THE COMPANY'S ENVIRONMENTAL AND SOCIAL RESPONSIBILITY

## EMPLOYEES-RELATED ASSESSMENT



For Thanh Cong, labor is both a resource and a decisive factor for the Company's sustainable development. It can be affirmed that employees are the backbone of an enterprise's growth. Therefore, building and developing a team of professional, dynamic, and high-quality employees is always a top priority in the Company's long-term development strategy.

In terms of recruitment, the recruitment process ensures adherence to three principles: Transparency, Fairness, and Equality. Regarding the working environment, Thanh Cong is among the companies that have created a conducive work environment with a professional atmosphere, respecting differences, and without discrimination. It is certified with the ISO 9001:2000 Quality Management System and the SA 8000:2001 Social Responsibility System. Additionally, Thanh Cong ensures the full and timely payment of social insurance, health insurance, and unemployment insurance for employees, and establishes labor policies in line with the spirit of the Labor Code. Training and development at Thanh Cong are tailored to the competencies and skills of each employee, from office staff to factory workers. The Company always strives to build and continuously innovate while preserving the cultural essence of Thanh Cong with the goal of fostering loyalty, dedication, involvement, acceptance, and adaptation to change. To retain highly skilled and dedicated workers, Thanh Cong also pays close attention to salary and social welfare policies. We ensure that Thanh

Cong's salaries are highly competitive compared to other companies in the same industry, with policies constantly improving and changing to meet the material needs of employees. Additionally, Thanh Cong owns a subsidiary - Thanh Cong Medical Center Joint Stock Company, equipped with modern clinics serving the healthcare needs of over 4.600 employees. In the work environment, Thanh Cong invests in additional amenities such as sports rooms, gyms, yoga classes, outdoor playgrounds, cafes, dining areas, and the refreshing Way Garden breakfast area with lush greenery to enhance the spiritual life of the workforce, thereby contributing to overall development.

In 2023, the Company also faced many challenges, one of which was the labor shortage in the entire textile and garment industry after the pandemic and a significant decline in orders from major export markets. Although the pandemic has passed, its impacts still linger, evidenced by consumers' reduced spending compared to pre-pandemic times. The labor shortage is partly due to the Company's lack of skilled labor locally (in Vinh Long), and partly due to recent years' trend of workers shifting to other industries with better income and working conditions, especially returning to their hometowns during the pandemic. Recognizing the challenges and seeking ways to overcome them, Thanh Cong aims to continually improve labor policies - the foundation for addressing the current labor constraints of the Company.







# ASSESSMENT REPORTS ON THE COMPANY'S ENVIRONMENTAL AND SOCIAL RESPONSIBILITY

## ASSESSMENT RELATING TO THE COMPANY'S RESPONSIBILITY TO THE LOCAL COMMUNITY

Since 2009, the Company has begun to materialize the value of profit-sharing - one of the four core values - through various community-oriented activities, accompanying localities where the Company's factories are located with the motto "serving to lead," supporting those in difficult circumstances, and contributing value to local government social welfare programs. At the same time, it collaborates with labor unions to care for the material and spiritual lives of workers.

In 2023, the Company continues to implement numerous CSR activities to support the local communities where the Company operates, specifically:

The Company organized the donation of 40 wheelchairs for people with disabilities, along with giving 25 gifts to poor and near-poor households in Vinh Long province. Additionally, 500 Thanh Cong T-shirts were donated to the Vietnam Fatherland Front of Vinh Long province, and a contribution of 20 million VND was made to provide essential supplies along with 1200 TC T-shirts for the Social Work Center of Vinh Long province.



The Company provided gifts and monthly allowances to the Son Ky orphanage in District 12, Huynh De Nhu Nghia orphanage in Binh Tan district, and Son Ky orphanage in Tan Phu district. Gifts and cash were also given to 10 poor single elderly households in Tay Thanh ward annually.

Thanh Cong takes pride in nurturing the younger generation by collaborating with the Vietnam Fatherland Front in Tan Phu district to organize the Nguyen Huu Tho scholarships and means of transportation for disadvantaged students on the occasion of the new academic year 2023-2024, on August 22, 2023. The scholarships, including bicycles and monetary awards totaling 100 million VND, were funded by contributions from the Company's Board of Directors. The Nguyen Huu Tho scholarship program is held annually at the beginning of the new school year and has become familiar to students from difficult backgrounds. The program serves as timely encouragement for students to have the motivation and confidence to excel in their studies and pursue their dreams.



Over the years, with persistent efforts and enthusiasm, Thanh Cong proudly contributes value to each locality where it operates. As the Company's management team, the Board of Directors consistently strives to align business operations with sustainable development, aiming for a healthy and prosperous Vietnam.





# 04

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

Assessment of business and production outcomes

Financial situation

Progress in organizational structure, policies, management

Future development plan

Explanation of the Board of Management on Auditor's Opinions

Assessment reports on the Company's environmental and social responsibility







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

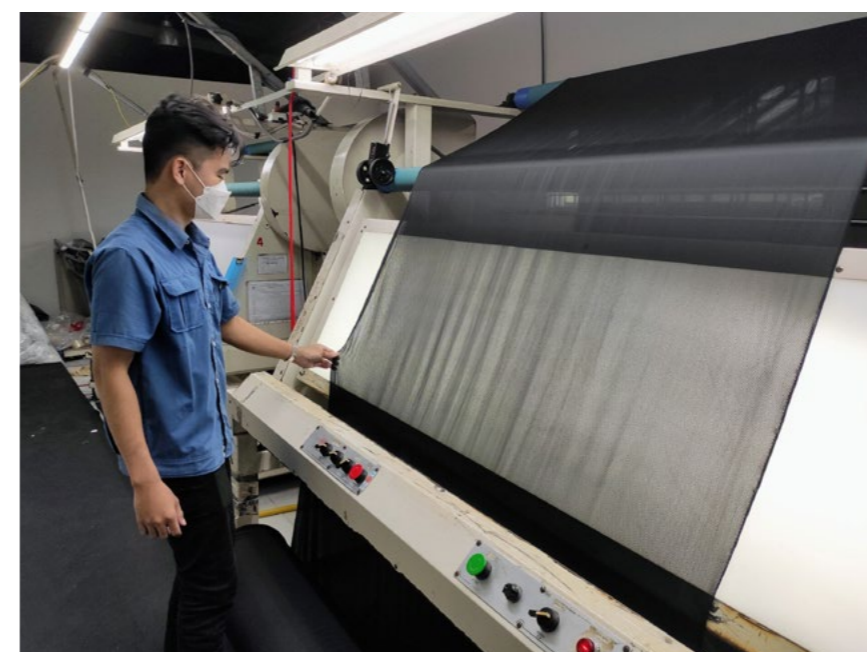
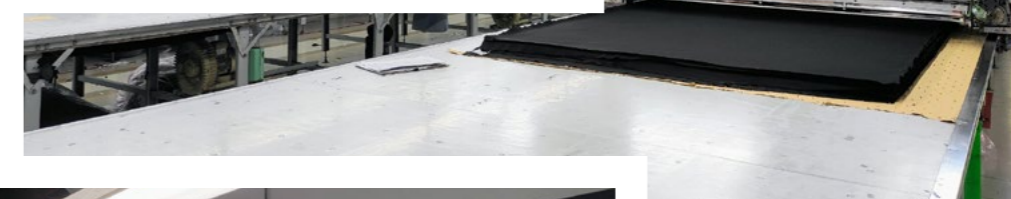
## BUSINESS AND PRODUCTION ACTIVITIES

No.	Targets	UNIT	Actual 2023	Expected 2023	
				Plan	Actual compared to Plan 2023
1	Average owner's equity	Million dong	1,994,497		
2	Gross Revenue	Million dong	3,324,825	3,927,412	84.66%
3	Earnings after tax	Million dong	133,804	244,899	54.64%

## INVESTING ACTIVITIES

In 2023, the Company focused on reducing unnecessary expenses and aimed to maintain its operations at the highest efficiency level, delivering the highest value to shareholders. Therefore, the Company did not invest in additional machinery or expand its facilities, but only replaced faulty machinery or upgraded to increase productivity and product quality.

UNIT	Investment Value in 2023 (VND)
Spinning	744,674,945
Weaving	10,718,546,518
Knitting	191,818,000
Dyeing	3,406,667,510
Sewing (Including Vinh Long factory, Trang Bang factory)	1,332,723,535
Company Back Office	27,089,649,535
<b>Total</b>	<b>43,484,080,043</b>







## ASSESSMENT OF THE BOARD OF DIRECTORS ON THE COMPANY'S BUSINESS PERFORMANCE (CONT)

### ACTIVITIES RELATED TO THE ENVIRONMENT, COMMUNITY AND SOCIETY

#### Environmental Activities

- ❖ Ensuring full compliance with environmental laws and customer requirements. Zero environmental violations.
- ❖ Implementing the construction of a wastewater treatment system with a capacity of 250 m3/day at the Vinh Long factory.
- ❖ Maintaining ISO 14001:2015 certification.
- ❖ Implementing solutions to minimize waste disposal costs.

The ratio in 2023 compared to 2022	
Energy	82%
Clean water	83%
Waste	74%

- ❖ Conversion from coal to biomass: Currently burning 10% of rice husk for the boiler.

#### Community and Social Activities

The corporate social responsibility (CSR) of a business plays a crucial role in building a harmonious and sustainable society. CSR is not just about charitable activities; it is also the commitment of a business to social and environmental issues.

Many businesses today are focusing on CSR as an integral part of their business strategy. Through community projects and support activities, businesses not only create value for society but also enhance their reputation and image among the community and customers.

Understanding this, by implementing CSR responsibly and consistently, Thanh Cong conducts community support activities with the aim of creating value not only for the Company but also for the community and the social environment. Specifically, CSR activities at Thanh Cong include healthcare, educational support, and providing necessary resources for daily life. These support programs are timely and necessary for employees who are less fortunate as well as for disadvantaged groups in the community.



Miracle of 10,000 Program: Established to promote unity and support within the employee community. The program aims to assist workers facing sudden difficulties, accidents, especially those diagnosed with serious illnesses during their employment at the Company. In 2023, the Company provided support totaling 107,200,000 VND.



Happy Mart - a non-profit sales program offering discounted goods primarily for production workers as a gesture of appreciation and solidarity with them. The program aims to help production workers purchase items at preferential prices conveniently, saving time and costs. The total support budget in 2023 was 192,656,500 VND.





## ASSESSMENT OF THE BOARD OF DIRECTORS ON THE COMPANY'S BUSINESS PERFORMANCE (CONT)

### Community and Social Activities (cont)



Scholarship awards are organized annually at the beginning of the school year for children of company employees with difficult circumstances and outstanding academic achievements. These scholarships encourage students in their personal development and serve as a company's support to increase employee loyalty and commitment. Additionally, Thanh Cong also cares for children in the community, collaborating with the Tan Phu District Fatherland Front to provide bicycles and scholarships from primary school to university students. The total value Thanh Cong contributed was 385,960,000 VND.



Supporting Thien An, Son Ky, and Huynh De Nhu Nghia shelters: Thanh Cong continued to accompany, share, and support monthly to improve the quality of life for orphans and disabled children in Tan Phu District. The average annual support value for shelters is 210 million VND.



Healthcare activities: an important part of the Company's social strategy implemented annually to support orphans, visually impaired individuals, and others to easily access necessary healthcare services by providing health insurance cards and regular health check-ups. Thanh Cong contributed a value of 101,545,267 VND.



Community support activities: Thanh Cong continuously shares and supports the community during festivals and holidays. The Company not only provides essential necessities and company products but also pays special attention to disadvantaged groups such as elderly people living alone, Agent Orange victims, orphaned children, and poor households. The total value of the Company's support activities reached 196,912,274 VND.

By the end of 2023, Thanh Cong had allocated a total of **1.3 billion VND** for CSR activities.





## ASSESSMENT OF THE BOARD OF DIRECTORS ON BOARD OF MANAGEMENT PERFORMANCE

### ACHIEVEMENTS

- ❖ Despite numerous challenges over the past year, the Executive Board along with management staff made efforts to seek orders from various markets within the CPTPP bloc such as Canada, Australia, besides the traditional market, the United States. Moreover, two major markets, Japan and South Korea, also helped maintain orders for the Company.
- ❖ The Executive Board has effectively directed and managed the business operations of the Company in 2023, with the following results:
  - ❖ Revenue: 3.325 billion VND, achieving 84.66% of the plan.
  - ❖ After-tax profit: 134 billion VND, reaching 54.64% of the plan.
  - ❖ Dividend projection: 10%.
- ❖ The Executive Board also restructured and streamlined personnel, cutting costs, thereby reducing operational expenses.
- ❖ The Executive Board, along with management staff, made considerable efforts to create the highest value for the Company and shareholders.

### SHORTCOMINGS AND CAUSES

- ❖ The Company has not achieved the revenue and profit targets set by the General Meeting of Shareholders.
- ❖ There are limitations in cooperation and cohesion among departments and divisions within the Company.
- ❖ The production capacity of the second sewing factory in Vinh Long has not been fully utilized due to a shortage of orders.
- ❖ The progress of the TC Tower real estate project is slower than the set target.



## PLAN AND DIRECTION OF THE BOARD OF DIRECTORS IN 2024 AND IN THE FUTURE

2024 is expected to be better than 2023, especially with the Federal Reserve considering interest rate cuts, the unemployment rate in the US decreasing, income rising, and inflation decreasing. As a result, the demand for apparel is likely to increase accordingly.

### INTERNAL AFFAIRS

- ❖ Focus and closely track the revenue and profit targets set by the General Meeting of Shareholders in 2024.
- ❖ Collaborate with partners to complete the legal procedures for the TC Tower project to commence construction as soon as possible.
- ❖ Develop new customers in markets where Vietnam has signed trade agreements such as CPTPP, EVFTA, RCEP.
- ❖ Continue to increase the capacity of the dyeing and weaving factories through collaboration with partners in the dyeing and weaving industry.
- ❖ Continue investing and focusing on product research and development, personnel training, continuous improvement, cost reduction, and enhancing the ERP system to increase efficiency in raw material management, factory operations, and company administration.
- ❖ Sustainable development, digital transformation, and increased customer satisfaction, including competitive pricing, faster delivery times, and better quality, are crucial goals for the Company's growth in the coming years.

### EXTERNAL AFFAIRS

- ❖ Proactively collaborate with domestic and international organizations, government agencies, and associations such as VITAS, AGTEK, to enhance connectivity and chain linkages to create a better image and higher value for the Company.
- ❖ Actively participate in activities related to sustainable development (ESG) in the textile industry in a proactive and responsible manner.
- ❖ Collaborate with companies in the industry to exchange knowledge, learn, and expand capacity as orders increase.
- ❖ Provide accurate, transparent, and timely information to investors and shareholders about the Company's operations.



# 05

## REPORT ON THE AUDIT COMMITTEE

Activities of the Audit Committee in 2023  
Proposals and direction of the Audit  
Committee for 2024







## ACTIVITIES OF THE AUDIT COMMITTEE IN 2023

### ACTIVITIES OF AUDIT COMMITTEE IN 2023

Issue the Audit Committee's activity program for approval by the Board of Directors.

The Audit Committee supervises the activities of the Board of Directors through meetings, discussions, and the issuance of resolutions by the Board of Directors, while also monitoring the activities of the Executive Board by ensuring compliance with the resolutions of the Board of Directors and the delegation of authority between the Board of Directors and the CEO.

Organize meetings with full participation of members, adhere to the Audit Committee's regulations. Additionally, there are numerous meetings and collaborative work with the involvement of relevant individuals and units.

Provide comprehensive reports on the Audit Committee's activities to the Board of Directors.

Throughout the execution of its duties, the Audit Committee consistently collaborates effectively with members of the Board of Directors, members of the Executive Board, and relevant management officials, always receiving cooperation.

### OVERSIGHT FINANCIAL REPORTING

- ❖ The biannual and annual financial reports are prepared and disclosed in accordance with accounting standards and current legal regulations.

- ❖ There have been no significant changes to accounting policies, accounting standards, or tax policies that have had a material impact on the financial position, and the financial reports have been duly disclosed.

- ❖ No significant errors or inconsistencies related to accounting estimates have been identified.

- ❖ No irregularities related to transactions with related parties have been recorded.

### OVERSIGHT RISK MANAGEMENT AND INTERNAL CONTROLS

- ❖ The Company currently maintains an effective internal control framework.

- ❖ Key risks are controlled, and there have been no significant fluctuations.

- ❖ Risk assessment activities are conducted regularly, continuously monitored and supervised to promptly respond to new emerging risks.

- ❖ Risk management measures are applied timely, appropriately, and consistently with the Company's management perspective.

- ❖ Business processes are established, updated, guided, and managed by specialized units. Compliance with these processes is being well-implemented and shows positive trends over time.



### OVERSIGHT INTERNAL AUDIT ACTIVITIES

- ❖ Internal audit activities are based on best practices and international standards, while also complying with guidelines issued by the Ministry of Finance.

- ❖ Collaboration between the CEO and the Audit Committee in management has helped internal audit play its role effectively.

- ❖ The internal audit proactively engages in collaborative activities, consulting in risk management and internal control activities rather than solely conducting audits and evaluations.

- ❖ The internal audit plan for 2023 was well-executed within resource constraints.

- ❖ Recommendations from internal audit are agreed upon, adopted, and rigorously implemented through corrective action plans, with ongoing monitoring by internal audit.

- ❖ Internal audit has fulfilled its duties and assigned audit plans, contributing to improving management processes, enhancing business efficiency, and improving operational effectiveness.

### OVERSIGHT COMPLIANCE AND FRAUD PREVENTION

- ❖ Compliance assessment and fraud investigation programs are integrated into the internal audit plan.

- ❖ The Company has developed various program contents to disseminate and promote Business Ethics Rules, legal regulations to employees to enhance individual awareness in fraud prevention and deterrence.

### OVERSIGHT INDEPENDENT AUDIT SERVICES

- ❖ The execution of the Company's independent audit plan for 2023 is consistent with the Company's requirements, meeting the quality assurance requirements, independence, and non-conflict of interest of independent auditing.

- ❖ The independent audit firm has completed its task, meeting the expectations of the Audit Committee, ensuring the reliability and truthfulness of the financial reports provided by the Company.



## PROPOSALS AND DIRECTION OF THE AUDIT COMMITTEE FOR 2024

- ❖ Continue to maintain and enhance the function of monitoring risk management and internal control activities within the framework of international best practices to support and promote the Company in achieving its objectives.

- ❖ Continue to maintain cooperation between the Audit Committee and the Executive Board to promote the effective role of internal audit within the Company.

- ❖ Propose reputable independent audit firms such as the Big 4 to be approved by the Board of Directors before presenting to the Annual General Meeting of Shareholders for approval.

- ❖ Continue to maintain and increase monitoring activities of internal audit to enhance employee awareness in fraud prevention and compliance within the Company.

- ❖ Enhance the operational capacity of internal audit according to the internal audit development strategy and approve the internal audit plan for 2024.



# 06

## COMPANY'S REPORT OF ENVIRONMENTAL AND SOCIETAL IMPACTS

Environmental impacts

Environmental Responsibility

Compliance with Law on Environmental Protection

Reports related to green capital market activities under the guidance of the State Securities Commission

Human resource policies

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. The COP28 conference took place in Dubai, UAE from November 30 to December 3, 2023, aiming to advance the assessment of global efforts under the Paris Agreement on climate change. Vietnam, under the leadership of Prime Minister Pham Minh Chinh, participated and achieved some significant outcomes at this conference. Most notably, the commitment of the Prime Minister to the development of renewable energy and direct power purchase agreements from renewable energy sources. Vietnam, along with a group of countries, has adopted a resource mobilization plan to address urgent needs and promote fair energy transition. Additionally, the Prime Minister has committed to reducing emissions and promoting renewable energy development, while discussing specific policies such as smart grid systems and direct power purchase agreements. Vietnam has also participated in establishing the Loss and Damage Fund, committing to actively engage in its activities. The conference concluded with an agreement signaling “the beginning of an end” to the fossil fuel era and affirming Vietnam’s crucial role in addressing climate change. Embracing the national spirit, Thanh Cong (Success) ignites, maintains, and spreads the flame, implementing “green production,” aligning with the world’s trend towards circular economic development. For the process adopted in industrial production and product use (IPPU) that Thanh Cong is operating, the main emissions are mainly gases: CO<sub>2</sub>, SO<sub>2</sub>, NO<sub>x</sub>...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 has conducted routine maintenance on the electrical system and installed high chimneys to avoid the 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 CO<sub>2</sub> emissions environment for some plants.

**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 2023, the direct and indirect greenhouse gas emissions at TCM were as follows:

### Direct emissions

#### LPG

MONTH	CONSUMPTION (kg)	CO <sub>2</sub> (t CO <sub>2</sub> -e)	CH <sub>4</sub> (t CO <sub>2</sub> -e)	N <sub>2</sub> O (t CO <sub>2</sub> -e)	QUANTITY (TON)	RATIO (TON/TON of Products)	KgCO <sub>2</sub> /TJ	KgCH <sub>4</sub> /TJ	KgN <sub>2</sub> O/TJ
1					393				
2					828				
3	394,0	1,146,061	18	2	907	0.0004	63,100	1	0.10
4	-				754				
5	-				749				
6	-				760				
7	-				732				
8	-				792				
9	358,0	1,041,345	17	2	811	0.0004	63,100	1	0.10
10	-				927				
11	-				930				
12	-				949				
<b>AVERAGE</b>	<b>75</b>	<b>1,093,703</b>	<b>17</b>	<b>2</b>	<b>794</b>				
<b>TOTAL</b>	<b>752</b>	<b>2,187,405</b>	<b>35</b>	<b>3</b>	<b>9,532</b>		<b>126,200</b>	<b>2</b>	<b>0</b>







## ENVIRONMENTAL IMPACTS (CONT)

### Initiatives to reduce greenhouse gas emission (GHG)

#### Direct emissions

##### Oil

MONTH	CONSUMPTION (kg)	CO <sub>2</sub> (t CO <sub>2</sub> -e)	CH <sub>4</sub> (t CO <sub>2</sub> -e)	N <sub>2</sub> O (t CO <sub>2</sub> -e)	QUANTITY (TON)	RATIO (TON/TON of Products)	KgCO <sub>2</sub> /TJ	KgCH <sub>4</sub> /TJ	KgN <sub>2</sub> O/TJ
1	9,684	30,954,222	1,629	1,629	393	0.0246	74,100	3.9	3.9
2	19,100	61,054,269	3,213	3,213	828	0.0231	74,100	3.9	3.9
3	18,866	60,304,799	3,174	3,174	907	0.0208	74,100	3.9	3.9
4	17,018	54,397,210	2,863	2,863	754	0.0226	74,100	3.9	3.9
5	20,423	65,281,061	3,436	3,436	749	0.0273	74,100	3.9	3.9
6	17,187	54,937,270	2,891	2,891	760	0.0226	74,100	3.9	3.9
7	15,363	49,109,588	2,585	2,585	732	0.0210	74,100	3.9	3.9
8	16,015	51,192,361	2,694	2,694	792	0.0202	74,100	3.9	3.9
9	14,476	46,271,520	2,435	2,435	811	0.0178	74,100	3.9	3.9
10	24,519	78,374,747	4,125	4,125	927	0.0264	74,100	3.9	3.9
11	19,885	63,561,688	3,345	3,345	930	0.0214	74,100	3.9	3.9
12	23,379	74,732,101	3,933	3,933	949	0.0246	74,100	3.9	3.9
<b>AVERAGE</b>	<b>17,993</b>	<b>57,514,236</b>	<b>3,027</b>	<b>3,027</b>	<b>794</b>	<b>0.0227</b>	<b>74,100</b>	<b>3.9</b>	<b>3.9</b>
<b>TOTAL</b>	<b>215,913</b>	<b>690,170,836</b>	<b>36,325</b>	<b>36,325</b>	<b>9,532</b>	<b>0.2725</b>			

#### Indirect emissions

##### Electricity

MONTH	CONSUMPTION (kWh)	CO <sub>2</sub> Emission (t CO <sub>2</sub> -eq)	Productivity (tons of products)	RATIO (Kw/TON)	KgCO <sub>2</sub> /kw
1	1,528,384	1,229	393	3,889.17	0.8041
2	2,637,584	2,121	828	3,184.03	0.8041
3	2,754,229	2,215	907	3,036.27	0.8041
4	2,610,164	2,099	754	3,463.96	0.8041
5	2,566,951	2,064	749	3,429.20	0.8041
6	2,717,959	2,186	760	3,575.20	0.8041
7	2,517,433	2,024	732	3,438.76	0.8041
8	2,626,912	2,112	792	3,318.28	0.8041
9	2,439,569	1,962	811	3,006.32	0.8041
10	2,702,904	2,173	927	2,915.16	0.8041
11	2,885,014	2,320	930	3,102.57	0.8041
12	2,621,548	2,108	949	2,763.45	0.8041
<b>AVERAGE</b>	<b>2,550,721</b>	<b>2,051</b>	<b>794</b>	<b>3,260</b>	<b>0.804</b>
<b>TOTAL</b>	<b>30,608,651</b>	<b>24,612</b>	<b>9,532</b>		

#### The total direct emissions

Direct	CO <sub>2</sub> (t CO <sub>2</sub> -e)	CH <sub>4</sub> (t CO <sub>2</sub> -e)
<b>TOTAL</b>	<b>692,358,241</b>	<b>36,359.45</b>







## ENVIRONMENTAL IMPACTS (CONT)

### Initiatives to reduce greenhouse gas emission (GHG)

#### Direct emissions

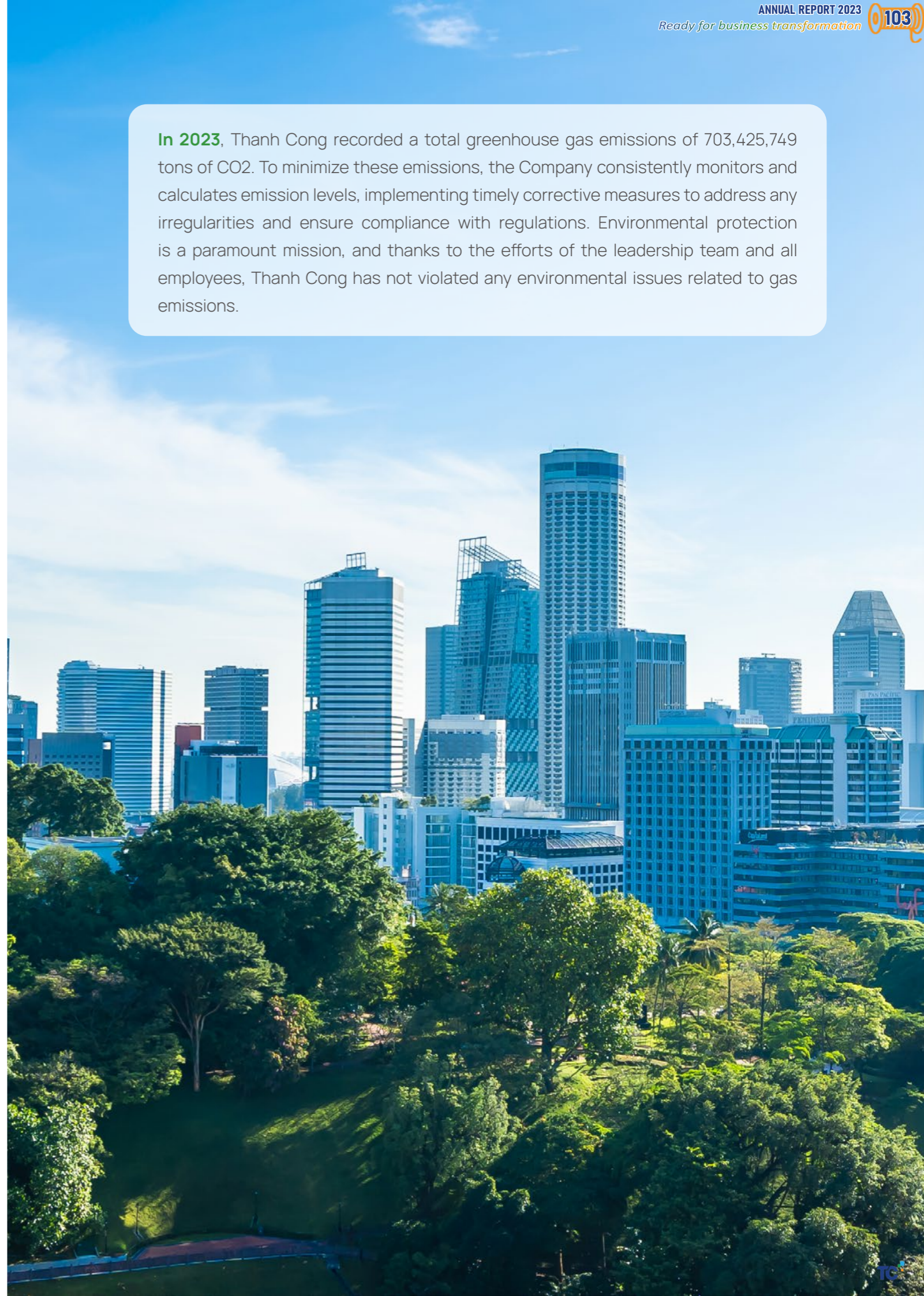
#### Sewage

MONTH	Q <sub>handle</sub> (m <sup>3</sup> )	CH <sub>4</sub> emission (t CO <sub>2</sub> -eq)	Productivity (tons of products)	RATIO (Ton/ton)	t COD/m <sup>3</sup>
1	56,680	540,698,16	393	144.23	38.16
2	83,035	1,030,941,16	828	100.24	49.66
3	90,335	915,055,38	907	99.59	40.52
4	93,725	987,915,12	754	124.38	42.16
5	90,790	846,808,06	749	121.29	37.31
6	83,865	922,684,72	760	110.32	44.01
7	77,520	682,176,00	732	105.89	35.20
8	84,225	751,287,00	792	106.39	35.68
9	75,415	1,011,692,23	811	92.94	53.66
10	95,640	1,068,000,67	927	103.15	44.67
11	98,510	979,023,31	930	105.94	39.75
12	102,740	1,306,613,53	949	108.30	50.87
<b>AVERAGE</b>	<b>86,040</b>	<b>920,241</b>	<b>794</b>	<b>110</b>	<b>43</b>
<b>TOTAL</b>	<b>1,032,480</b>	<b>11,042,895</b>	<b>9.532</b>		

#### The total direct emissions

Indirect	CO2 (t CO2-e)
<b>TOTAL</b>	<b>11,067,508</b>

In 2023, Thanh Cong recorded a total greenhouse gas emissions of 703,425,749 tons of CO2. To minimize these emissions, the Company consistently monitors and calculates emission levels, implementing timely corrective measures to address any irregularities and ensure compliance with regulations. Environmental protection is a paramount mission, and thanks to the efforts of the leadership team and all employees, Thanh Cong has not violated any environmental issues related to gas emissions.







## ENVIRONMENTAL IMPACTS (CONT)

### Managing materials

With 47 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		2023	
				External	Internal	Possible	Impossible
1	Yarn	Cotton, fiber	9.697,90	9,697.90			x
2	Knitted grey fabric	Yarn	8.627,22	4,833.55	3,793.67		x
3	Woven grey fabric	Yarn	3.439,11	3,033.56	405.55		x
4	Finished fabric	Grey fabric	13.458,91	0.13	13,458.78		x
5	Garment	Finished fabric	8.496,37	1,568.50	6,927.86		x

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

No.	Type of materials	Total volume used (UNIT: Ton)	Volume was recycled (UNIT: Ton)	Percentage of volume recycled/ Total volume used
1	Cotton, fiber	9,697.9	71	0.73%

### Energy consumption

According to the Vietnam Textile and Garment Association, the textile and garment industry in Vietnam spends approximately \$3 billion annually on energy consumption, accounting for about 8% of energy demand and emitting around 5 million tons of CO2 per year. There are 294 enterprises required to conduct greenhouse gas inventories under Decree 06/2022/NĐ-CP. Speaking at a workshop, Deputy Director of the Climate Change Department, Mr. Nguyen Tuan Quang, stated that the textile and garment industry aims to become Vietnam's leading export sector. He also emphasized the need for enterprises to promptly conduct greenhouse gas inventories and reduce emissions to avoid impacts on production and business. Electrical energy is an essential energy source for factory and office operations. Every simple action contributes to our collective effort towards the greater goal of protecting our living environment. 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 consumed energy

No.	Activities	Total energy consumption (UNIT: Kjun)	Reduction method (if any)	Estimate of reduction (if any)	Note
1	Transport	19,880,336,832	None		Passenger vehicle oil + gasoline + Truck and forklift oil
2	Office	4,151,073,600	Concentrating office workspace positions	207.553.680	Electricity consumption of the office block







## ENVIRONMENTAL IMPACTS (CONT)

### Energy consumption (cont)

#### (2) Direct energy consumption:

No.	Tổng năng lượng sử dụng phân loại theo từng nguồn	Unit	Conversion rate	2023
1	Total energy used which is classified by source	Liter		440,448
	Diesel Oil	Kjun	36,845 KJ/Litter	16,069,745,280
2	Total energy consumption	Liter		109,651
	Gasoline	Kjun	34,752 KJ/Litter	3,810,591,552
3	Total energy consumption	Kg	heat recovery 4000	18,207,606
	Coal	Kjun	Kcal/kg 1Kcal=4.186KJ	304,868,154,864
4	Total energy consumption	Kg		752
	Gas	Kjun	46000 KJ/Kg	34,592,000
5	Total energy consumption	kWh		30,608,651
	Electricity	Kjun	3600 KJ/Kwh	



#### (3) Report on initiation to save energy

No.	Initiatives in effective use of energy	Location	Saved energy (Unit: Kjun)
1	Installing inverter for sewing machine	Workshop preparing for weaving	217,728,000
2	Connect the water pump cooling pipes of the Rame machine directly without using an intermediate pump	The finishing area for dyeing	63,244,800
3	Install the wastewater conduits directly to the pump chamber without utilizing an intermediary wastewater pump.	The formulation area of the Dyeing Workshop	19,764,000
4	Install an inverter for the waste separator machine.	The wastewater treatment area	4,941,000
5	Install an inverter for the wastewater treatment air conditioner pool pump.	The wastewater treatment area	197,640,000
6	The B1 cotton is connected to the suction pipe from the dust filtration system directly to the automatic compressor => bypassing the current fan machine used to collect B1 cotton.	Spinning Factory 4	203,148,000
7	The dust from press machine No. 1 is drawn into the cotton dust room by the central dust extraction fan.	Spinning Factory 4	184,680,000
8	Adjust the quality stability of the bending on the precision brush machine. Then, reduce the bending to one pass (decrease one bending pass compared to before). Cost savings for one bending pass.	Spinning Factory 4	1,995,436,800

No.	Energy Efficient Initiative	Operating point	Energy saving (UNIT: Kjun)
1	Adjustment of the operating schedule of the air compressor prioritizing the operation of high-efficiency compressors.	Knitting workshop	181,600,272
2	Installing air shut-off valves according to the type of fiber for the Air Jet Weaving Machine.	Weaving workshop	545,875,200
3	Adjusting the on/off time of the Rame Dryer Machine.	Dyeing finishing area	137,028,630
4	Reorganize the cafeteria area to reduce the number of tables and fans.	Cafeteria Spinning 4	7,387,200





## ENVIRONMENTAL IMPACTS (CONT)

### Water consumption

Water - an invaluable resource, is facing the risk of pollution, especially from the impact of global climate change, increasing the risk of water scarcity. Operating in the textile industry, especially in the dyeing process, Thanh Cong implements measures to conserve water resources, reuse water, and treat wastewater through a water circulation system. Firstly, the quality of incoming water is strictly monitored and controlled. Next, Thanh Cong focuses on investing in a high-tech water treatment system to ensure and control the wastewater output meets environmental standards and manages this issue as tightly as possible throughout its operations. Specifically, the Company has invested in a wastewater treatment system project approved by the Ministry of Industry and Trade, with a total investment value of up to 30 billion VND, designed and installed by Seen Company. The quality of the treated wastewater meets the QCVN 40:2011/BTNMT standard. Additionally, to ensure quality, Thanh Cong regularly conducts water quality monitoring reports after treatment according to legal regulations and requirements of the competent authorities. On the other hand, the Company complies with the payment of fees for groundwater exploitation rights for the licensed area as required. In the long term, to minimize the environmental impact on the water resources of nearby residential areas, the Company plans to relocate some factories to industrial zones planned for related industries.

#### (1) Water consumption

No.	Water sources	Total water collected/reached (Unit: liter)
1	Water from wells	1,015,725,290
2	Tap water	79,250,000
<b>Total</b>		<b>1,094,975,290</b>

#### (2) Total amount of water used

No.	Activities	Total amount of water used (unit: liter)
1	Production	1,019,139,290
2	Ordinary use	75,836,000
<b>Total</b>		<b>1,094,975,290</b>

#### (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	50,744,000
2	Recycled wastewater used for dyeing	43,154,000
<b>Total</b>		<b>93,898,000</b>



## ENVIRONMENTAL RESPONSIBILITY

With 47 years of continuous formation and development, Thanh Cong acknowledges the importance of the environment for life and the future of humanity. The continuous development of society brings many benefits to the community but also poses many challenges. The world is facing many consequences and serious issues such as environmental pollution, food safety, emerging diseases, resource depletion, and global warming causing natural disasters like floods. Therefore, the responsibility for the environment is not only a concern for nations but also for every business and individual. With the motto of continuous innovation and development to keep up with market demands along with the global trend of "green production," Thanh Cong aims for a sustainable circular economy. Striving for the image of an environmentally friendly company, Thanh Cong respects, implements, and commits to strict control of production processes to comply with standards. Specifically:

### Product

#### Green materials - sustainable step

The process of "greening" Vietnam's textile industry in line with global trends has been and continues to drive domestic material suppliers to research and introduce new products that meet consumer preferences. Thanh Cong seized this opportunity early on by prioritizing investment in research and development (R&D) activities since 2017, focusing on developing environmentally friendly product lines based on global fashion trends and essential living needs. To date, many product lines have been researched and developed using recycled materials such as Polyester, Viscose, Cotton from plastic bottles and old clothes, as well as sustainable materials derived from sugarcane, corn, natural wood, seaweed, naturally colored cotton without dyeing, etc., featuring energy efficiency, reduced emissions, rapid decomposition, and environmental friendliness. As a result, Thanh Cong has received certifications for environmental standards (EU ECOLABEL), sustainable apparel products (Sustainable Apparel Coalition/ Higg Index), Organic Content Standard (OCS), Global Organic Textile Standard (GOTS), Global Recycled Standard (GRS), and others.

### Communication

A clean living environment is a goal of the whole society, and to achieve this, the cooperation of everyone is needed. Thành Công recognizes the importance of environmental protection and is making efforts to enhance awareness among all employees. This is being done through knowledge training programs and specific action plans. One of the prominent activities is the "Used Battery Collection Program" at Thành Công, which has been positively received by staff 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 RESPONSIBILITY (CONT)

### Environmental standard in production activity

- Thanh Cong employs an environmental management system in its operations according to ISO 14001:2015 standards, monitoring the impact of operational processes on the environment. In 2023, the Company updated the validity of its certification, gradually enhancing the Higg FEM.
- Thanh Cong's "green" products in the manufacturing workshop undergo testing for harmful substances in the laboratory and are labeled with Confidence in Textiles, satisfying OEKO-TEX 100 standards. Moreover, with over 90% of revenue coming from export markets, to ensure transportation and distribution operations, the Company operates a Supplier Qualification Program (SQP) quality management system, which ensures that suppliers' production and distribution processes incorporate necessary control measures to minimize operational risks. Additionally, Thanh Cong has obtained GSV certification, integrating various global security programs into its supply chain.
- Regarding certifications related to labor usage, Thanh Cong focuses on establishing a working environment for employees that aligns with the social responsibility requirements and labor conditions stipulated by Vietnamese law and international conventions that Vietnam is a party to as a member. With the Company's efforts, Thanh Cong has been awarded WRAP certification (the world's largest independent certification program for social responsibility in the textile industry), ensuring compliance with the 12 principles outlined, fair treatment, civility, and ethical standards towards employees. Additionally, Thanh Cong meets SMETA standards (a method for assessing and reporting on ethical and social responsibility practices) for SEDEX members. Furthermore, the Company participates in the Better Work program implemented by the International Labour Organization (ILO) in collaboration with the International Finance Corporation (IFC) to ensure compliance with social responsibility, create a fair, legal, and healthy environment.



## COMPLIANCE WITH LAW ON ENVIRONMENTAL PROTECTION

Thanh Cong Textile Investment Trading Joint Stock Company strictly adheres to and fully complies with the environmental regulations stipulated in the Environmental Protection Law 2020, numbered 72/2020/QH14, ensuring no environmental violations occur.



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

In recent years, the development of the green capital market has been vigorously pursued by the State Securities Commission. This is a way to encourage enterprises to carry out ESG activities (Environmental, Social, and Corporate Governance) and promote the call for investors to invest in green development projects. By issuing ESG reports, businesses can operationalize regulations related to environmental, social, and human factors, identify opportunities and challenges to contribute to green development goals. However, to ensure effective ESG implementation, enterprises need to take various measures, including enhancing monitoring, training employees, and identifying effective ESG performance metrics.

Thanh Cong always pays attention to and regularly monitors the activities and new policies of the State Securities Commission as well as the Ho Chi Minh City Stock Exchange. Accordingly, the Company adjusts and updates internal policies to comply with the regulations and aims to build a comprehensive sustainable development direction towards "green production."







## HUMAN RESOURCE POLICIES

The leadership of Thanh Cong, along with all employees, have collectively endured the most challenging days due to the complex pandemic situation. As we entered 2023, new rays of hope have returned to Vietnam in general, and Thanh Cong in particular, with the issuance of Resolution No. 128/NQ-CP by Vietnam, with the motto "Living together with the pandemic," transitioning all economic and social activities to the state of the "new normal." As a result, the workforce has been able to return to the workshop, and staff have resumed their roles in the office, beginning to be more productive with business and production activities. For Thanh Cong, the Company always adheres to the principle of "placing the workforce as the core," believing that a good workforce leads to a better company. Therefore, the Company always emphasizes the establishment of a human resources policy chain, ensuring the rights and obligations of employees, specifically:

### Recruitment policy

Thanh Cong always considers people as the core element of the organization. Therefore, recruitment is not only aimed at meeting current job requirements but also as an investment in future development. Thanh Cong conducts recruitment strategically and invests wisely. It rebuilds rigorous recruitment processes and enhances recruitment standards to select top candidates to lead the Company's changes. Recruitment activities are publicly announced on the Company's website,

recruitment pages, social media, etc., to increase the coverage of the Thanh Cong brand, thereby attracting more candidates. This is accompanied by a clear and transparent salary and reward system tailored to different positions and employee groups. The recruitment process is flexible, adheres to principles of transparency and objectivity, ensuring fairness for all candidates, and enhancing Thanh Cong's brand value. As of 2023, Thanh Cong is accompanied by 5,552 employees.

### Training policy

Employees are the most valuable asset and the center of operation for all resources and activities of an organization. For Thanh Cong, training is not only an investment in the Company but also aims to develop individuals. Thanh Cong focuses on training young potential employees and successors to build a quality management team for the Company. Therefore, the Company always emphasizes implementing training courses to enhance professional capabilities for the sales

and management team to adapt to new trends. On the other hand, Thanh Cong continually invests in expanding and acquiring new machinery and equipment. Therefore, training workers to operate these machines is essential to serve the Company's production activities. Thanh Cong focuses on training young potential employees and successors to build a quality management team for the Company.



No.	Classification	Number of Employees trained	Average training hours (UNIT: Hours/ Person)
I	Classified by qualification		
1	Graduate and Postgraduate	63	2.8
II	Employees classified by labor contract type		
1	Full-time	63	2.8
III	Classified by gender		
1	Male	33	2.8
2	Female	30	2.8

### Prominent training programs in 2023

- ❖ Leadership and Successor Management Training Course, conducted in two sessions in April and October 2023, for 11 individuals (4 females).
- ❖ Next Generation Training Course: 40 individuals (23 females).
- ❖ ESI Onboarding Training Course: 7 individuals (3 females).
- ❖ EBG Program Training Course for ESI: 5 individuals (5 males).











## HUMAN RESOURCE POLICIES (CONT)

### Labor regulation





Because the textile industry has a high demand for labor, the Company establishes specific criteria for working hours and employment conditions to ensure the full rights of workers. Specifically:

-  Ensure full and strict compliance with labor policies stipulated in the Labor Code and Social Insurance Law: Signing labor contracts; ensuring 100% contributions to social insurance, health insurance, and unemployment insurance for workers; establishing policies for female workers; ensuring occupational safety and health protection.
-  Establishing a clear salary progression path to motivate employee development; providing lunch and snacks during working hours to ensure workers' health and efficiency. Thanh Cong has increased meal allowance by 2000 VND/meal since the beginning of 2023.
-  Balancing working hours, ensuring a good compensation system for employees working overtime, and providing night shift allowances.
-  Always aiming for high-quality human resources by proactively proposing training plans to enhance the skills of workers and cultivate senior management staff.

### Working conditions

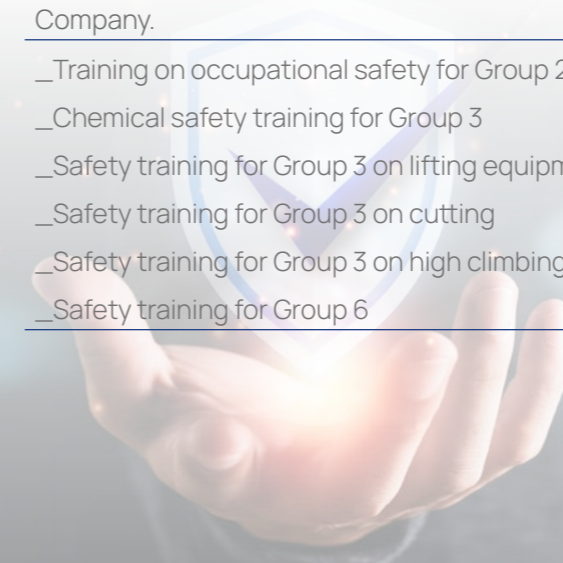
Thanh Cong outlines three factors that need to be ensured: "labor safety - labor tools - labor environment". Firstly, always ensure full provision of labor protective equipment, prioritizing the health and safety of workers. Secondly, ensure that workers have the necessary tools and equipment with guaranteed quality as regulated. Thirdly, the hygiene conditions surrounding the work area must be safe for health, meeting the current regulatory requirements for the working environment set by the state.

### Salary, bonus and welfare policy

-  Improving the salary and bonus policy towards evaluating job performance results, serving as the basis for salary distribution, bonuses, and addressing the issue of low productivity despite high workload, to motivate employees to increase productivity. According to statistics, the average income per worker in 2023 was 11,444,000 VND per month.
-  Emphasizing annual health check-ups for employees. For managerial staff, the Company conducts health examinations according to executive standards, ensuring that individuals receive health benefits based on their positions. Additionally, the Company provides support for occupational health issues.
-  Supporting employees facing difficult circumstances, including funeral allowances, childcare subsidies, fuel allowances, travel expense reimbursements, providing transportation for employees to and from work, among other benefits.
-  Creating opportunities for employees to participate in recreational activities such as organizing internal sports events, cultural activities, and other spiritual activities organized by the Labor Union, Youth Union during holidays and commemorations throughout the year.

## 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 proposing measures to prevent accidents	As a result, no accidents or death occurred.
Visiting workers with accidents or death occurred	A total of 14 workers with an amount of 7 million dong.
Deploying production and distributing uniforms for office staff of all branches and units in the Company	773 shirts in total
Deploying production and distributing uniforms to workers in all branches and units in the Company	16,806 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 108 workers directly producing in the Company
Control the demand and provide labor protection for workers in all departments and units within the Company.	Providing a total of 44 types of personal protective equipment for 108 directly involved production workers in the Company.
_ Training on occupational safety for Group 2 _ Chemical safety training for Group 3 _ Safety training for Group 3 on lifting equipment _ Safety training for Group 3 on cutting _ Safety training for Group 3 on high climbing _ Safety training for Group 6	A total of 636 individuals were trained with a total cost of 108 million Vietnamese dong.










# RESPONSIBILITY TO THE COMMUNITY


Corporate Social Responsibility (CSR) plays a crucial role in building a harmonious and sustainable society. CSR goes beyond charity activities; it embodies a company's commitment to social and environmental issues. Nowadays, many businesses consider CSR an indispensable part of their business strategy. Through community support projects and activities, businesses not only create value for society but also enhance their reputation and image among the community and customers. Recognizing this, Thanh Cong implements CSR activities and programs responsibly and consistently, aiming to create value not only for the Company but also for the community and the environment.


Specifically, CSR activities at Thanh Cong include healthcare, education support, providing essential resources for daily life, and timely and necessary support programs for employees facing unfortunate circumstances as well as disadvantaged groups in the community.


 The "Miracle of 10.000" program was established with the aim of promoting solidarity and mutual support within the Company community. The program's objective is to assist employees facing sudden difficulties, accidents, especially those diagnosed with serious illnesses during their employment at the Company. In 2023, the Company provided support amounting to 107,200,000 Vietnamese dong.

 Happy Mart - The non-profit sales program is a regular discounted sales activity held monthly primarily for production workers as a token of appreciation and companionship with them as they tirelessly contribute to the Company's operations. The program is created to assist production workers in purchasing items at preferential prices, making it more convenient and cost-effective for employees to shop, saving time and expenses. The total support budget in 2023 was 192,656,500 Vietnamese dong.

 The scholarship award ceremony is held annually at the beginning of the school year for students who are children of company employees facing difficult circumstances but have achieved excellent academic performance. These scholarships not only serve as encouragement for the students in their personal development and academic pursuits but also signify the Company's commitment to fostering unity and encouraging employees to strive for the Company's development goals. Additionally, Thanh Cong also extends its care to students in the local community, collaborating with the Tan Phu District Patriotic Front to distribute bicycles and scholarships from elementary to university level. This is an annual activity conducted by the Company in conjunction with the Tan Phu District Fatherland Front. The total value of scholarships awarded by Thanh Cong is 385,960,000 Vietnamese dong.

 Sponsoring Thien An, Son Ky, and Huynh De Nhu Nghia shelters: Thanh Cong continues to accompany, share, and provide monthly support to improve the quality of life for orphaned and disabled children in Tan Phu District. The average annual support value for these shelters is 210 million Vietnamese dong.

 Healthcare support activities: This constitutes an integral part of the Company's social strategy, regularly conducted every year to assist orphaned children, the visually impaired, and other beneficiaries in accessing essential healthcare services easily by providing health insurance cards and regular health check-ups. Thanh Cong has contributed a total value of 101,545,267 Vietnamese dong to this initiative.

 Community support activities: Thanh Cong continues its commitment to sharing and supporting the community during festive occasions and Tet. The Company not only provides essential necessities and company products but also pays special attention to vulnerable groups such as elderly individuals living alone, Agent Orange victims, orphaned children, and impoverished households. The total value of the Company's support activities has reached 196,912,274 Vietnamese dong. At the end of 2023, Thanh Cong allocated a total of 1.3 billion Vietnamese dong for CSR activities.





# 07

## **CORPORATE GOVERNANCE**

Board of Directors

Audit Committee

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







## BOARD OF DIRECTORS

### Members and composition of the Board of Directors

Tính tại ngày 31/12/2023

No.	Member	Position	Number of shares held	Percentage of holding	First Appointment Date	The most recent appointment date
1	Mr. Tran Nhu Tung	Chairman of BoD - Executive member	84.797	0,09%	29/04/2011	06/04/2021
2	Mr. Park Heung Su	Vice-chairman - Independent Member	0	0%	06/04/2021	06/04/2021
3	Mr. Lee Eun Hong	Non-Executive Member of the Board of Directors	10	0%	25/04/2009	06/04/2021
4	Mr. Jung Sung Kwan	Executive Member of the Board of Directors	0	0%	06/04/2021	06/04/2021
5	Ms. Nguyen Minh Hao	Executive Member of the Board of Directors	0	0%	17/04/2010	06/04/2021
6	Mr. Nguyen Van Nghia	Non-Executive Member of the Board of Directors	15.627.556	16,86%	06/04/2021	06/04/2021
7	Mr. Kim Soung Gyu	Non-Executive Member of the Board of Directors	0	0%	30/06/2023	30/06/2023
8	Mr. Kim Jong Gak	Independent member	0	0%	06/04/2021	06/04/2021
9	Mr. Dinh Tan Tuong	Independent member	0	0%	06/04/2021	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 board member positions in listed companies: None - Number of board member positions in other companies: None - Management positions in other companies: 02 + Chairman of the Board of Members of TC TOWER Ltd. Co. + Chairman of the Board of Members of TC Commerce Ltd. Co.
Mr. Park Heung Su Vice-chairman - Member of Independent	- Number of board member positions in listed companies: None - Number of board member positions in other companies: None - Management positions in other companies: 01 + Director of Kotiti Vietnam Ltd. Co.
Mr. Lee Eun Hong Non-Executive Member of the Board of Directors	- Number of board member positions in listed companies: 01 + Chairman of the Board of Directors of Savimex Corporation - Number of board member positions in other companies: None - Management positions in other companies: 01 + Director of E-Land Asia Holdings, Pte., Ltd.
Mr. Jung Sung Kwan Executive Member of the Board of Directors	- Number of board member positions in listed companies: 01 + Board Member of Savimex Corporation. - Number of board member positions in other companies: None - Management positions in other companies: None
Ms. Nguyen Minh Hao Executive Member of the Board of Directors	- Number of board member positions in listed companies: None - Number of board member positions in other companies: None - Management positions in other companies: 01 + Member of the Board of Members of TC Commerce Limited Liability Company
Mr. Nguyen Van Nghia Non-Executive Member of the Board of Directors	- Number of board member positions in listed companies: 02 + Member of the Board of Directors of LIZEN Joint Stock Company; + Member of the Board of Directors of Savimex Corporation. - Number of board member positions in other companies: 02 + Chairman of the Board of Directors of TASA Group Joint Stock Company; + Chairman of the Board of Directors of Amecc Mechanical Construction Joint Stock Company. - Management positions in other companies: 01 + Chairman of the Board of Members of Thanh Long Construction and Transport Trading Limited Liability Company.





## BOARD OF DIRECTORS (CONT)

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

Member	Positions in other companies
Mr Kim Soung Gyu Non-Executive Member of the Board of Directors	- Number of board member positions in listed companies: None - Number of board member positions in other companies: 01 + Member of the Board of Directors of Thanh Cong Medical Center Joint Stock Company. - Management positions in other companies: 02 + Director, Legal Representative of Noel Vina Limited Liability Company; + General Director, Legal Representative of EL Vina Company.
Mr. Kim Jong Gak Independent member	- Number of board member positions in listed companies: None - Number of board member positions in other companies: None - Management positions in other companies: 02 + Chief Executive Officer of Viet Han Thoi Dien Limited Liability Company; + Chief Executive Officer of Seedon Partners Limited Liability Company.
Mr. Dinh Tan Tuong Independent member	- Number of board member positions in listed companies: None - Number of board member positions in other companies: None - Management positions in other companies: 01 + Deputy General Director of Sao Viet Auditing Company Limited

### Sub-committees under the Board of Directors

Reporting to the Board of Directors is the Audit Committee, whose main activities during the year are as follows:

- Focused on reviewing and monitoring the internal audit plan for the year 2023.
- Supervised the independent audit process, reviewing the financial reports for the 6-month period and the full-year 2023 in preparation for the Annual General Meeting in 2024.

### Performance of the Board of Directors

In 2023, the members of the Board of Directors attended the Board of Directors meetings and the Annual General Meeting of Shareholders as follows:

No.	Board of Director' member	Position	Number of meetings attended by Board of Directors	Attendance rate	Reason for not attending	GSM attendance
1	Mr. Tran Nhu Tung	Chairman of BoD - Executive member	17/17	100%		1/1
2	Mr. Park Heung Su	Vice-chairman - Independent Member	16/17	94%	Was absent due to business trip and provided POA for another BOD join and vote instead	1/1
3	Mr. Lee Eun Hong	Non-Executive Member of the Board of Directors	16/17	94%	Was absent due to business trip and provided POA for another BOD join and vote instead	1/1
4	Mr. Jung Sung Kwan	Executive Member of the Board of Directors	16/17	94%	Was absent due to business trip and provided POA for another BOD join and vote instead.	1/1
5	Ms. Nguyen Minh Hao	Executive Member of the Board of Directors	17/17	100%		1/1
6	Mr. Nguyen Van Nghia	Non-Executive Member of the Board of Directors	16/17	94%	Was absent due to business trip and provided POA for another BOD join and vote instead	1/1
7	Mr Kim Jong Gak	Non-Executive Member of the Board of Directors	15/17	88%	Was absent due to business trip and provided POA for another BOD join and vote instead.	0/1
8	Mr. Dinh Tan Tuong	Independent member	16/17	94%	Was absent due to business trip and provided POA for another BOD join and vote instead	1/1
9	Mr. Kim Soung Gyu	Independent member	4/6	66.67%	Has been elected since 30 June 2023 so number of meeting attended is recorded from the election date Was absent due to business trip and provided POA for another BOD join and vote instead	0/1







## BOARD OF DIRECTORS (CONT)

### Performance of the Board of Directors (cont)

In 2023, the Board of Directors held 17 meetings. The specific agenda and corresponding resolutions adopted in each meeting are as follows:

No.	Number of Resolution/ Decision	Date	Contents
1	01/2023/NQ-HĐQT	10/01/2023	Adoption on the principle for and list of related parties to conduct transactions with the Company in the fiscal year 2023.
2	1A/2023/QĐ-HĐQT	10/01/2023	Decision of BOD for the purpose of public announcement on the principle for and list of related parties to conduct transactions with the Company in the fiscal year 2023.
3	02/2023/NQ-HĐQT	10/01/2023	Renewal credit limitation in 2023
4	03/2023/NQ-HĐQT	10/01/2023	Extension of implementation time and principle of transferring Vinh Long project for the remaining 2 phases.
5	04/2023/NQ-HĐQT	06/03/2023	Approval on transferring all number of share issued by Savimex Corporation
6	4A/2023/QĐ-HĐQT	06/03/2023	Decision of BOD for the purpose of public announcement on the approval on transferring all number of share issued by Savimex Corporation
7	05/2023/NQ-HĐQT	06/03/2023	Modifying General Director's salary from Jan, 2023.
8	06/2023/NQ-HĐQT	16/03/2023	- Approval on the final registration (closing date) date on 31st March 2023 aim to settle the first payment of 2022 dividend amount - Adoption on 2022 result (not audited) and setting 2023 target.
9	6A/2023/QĐ-HĐQT	16/03/2023	Decision of BOD for the purpose of public announcement about - Approval on the final registration (closing date) date on 31st March 2023 aim to settle the first payment of 2022 dividend amount. - Adoption on 2022 result (not audited) and setting 2023 target.

No.	Number of Resolution/ Decision	Date	Contents
10	07/2023/NQ-HĐQT	21/03/2023	- Approval on the extended loan term provided to TC Commerce by the shareholder E-land Asia Holdings. - Approval on transferring the number of shares issued by Savimex Corporaton to the related party is E-land Asia Holdings Pte.Ltd.
11	7A/2023/QĐ-HĐQT	21/03/2023	Decision of BOD for the purpose of public announcement about: - Approval on the extended loan term provided to TC Commerce by the shareholder E-land Asia Holdings. - Approval on transferring the number of shares issued by Savimex Corporaton to the related party is E-land Asia Holdings Pte.Ltd.
12	08/2023/NQ-HĐQT	10/04/2023	To approve the execution of the transaction with the related persons is SY VINA Textile Garment Company Limited for second hand 12 air jet loom machines.
13	8A/2023/QĐ-HĐQT	10/04/2023	Decision of BOD for the purpose of public announcement about approval the execution of the transaction with the related persons is SY VINA Textile Garment Company Limited for second hand 12 air jet loom machines
14	09/2023/NQ-HĐQT	24/04/2023	To approve the execution of the transaction with the related persons is E.Land Vietnam Company Limited for second hand 02 automatic cutting machines for Sewing Factory.
15	9A/2023/QĐ-HĐQT	24/04/2023	Decision of BOD for the purpose of public announcement about approval the execution of the transaction with the related persons is E.Land Vietnam Company Limited for second hand 02 automatic cutting machines for Sewing Factory.
16	10/2023/NQ-HĐQT	27/04/2023	- Approval on the extension of the 2023 Annual General Shareholders' Meeting (AGM) until June 2023. Approval on the final registration date (closing date) on 30th May, 2023 aims to organize the 2023 AGM. - Appointment Mr. Nguyen Duc Thanh as the Head of the Knitting branch located at Nhi Xuan Residential & Industrial Zone, in replacement of Mr. Le Quang Tan





## BOARD OF DIRECTORS (CONT)

### Performance of the Board of Directors (cont)

No.	Number of Resolution/ Decision	Date	Contents
17	10A/2023/QĐ-HĐQT	27/04/2023	Decision of BOD for the purpose of public announcement about: - Approval on the extension of the 2023 Annual General Shareholders' Meeting (AGM) until June 2023. Approval on the final registration date (closing date) on 30th May, 2023 aims to organize the 2023 AGM. - Appointment Mr. Nguyen Duc Thanh as the Head of the Knitting branch located at Nhi Xuan Residential & Industrial Zone, in replacement of Mr. Le Quang Tan
18	11/2023/NQ-HĐQT	31/05/2023	Approval on the agendas of the Annual General Shareholders' Meeting 2023 and adjustment of 2023 target which will be submitted to 2023 AGM.
19	11A/2023/QĐ-HĐQT	31/05/2023	Decision of the Board for public announcement regarding adjustment of 2023 target which will be submitted to 2023 AGM.
20	12/2023/NQ-HĐQT	15/06/2023	To supplement 03 agendas for Annual General Shareholders' Meeting 2023. - Appointment of Mr. Lee Hyoung Kyu is the capital representative at TC Tower, in replacement of Mr. Choi Haeoi.
21	13/2023/NQ-HĐQT	19/06/2023	- Appointment of Mr. Han Kwang Taek is the capital representative at TC Commerce, in replacement of Mr. Choi Haeoi. - Appointment of Ms. Ngo Thi Quynh Mai as the Secretary of the Board cum Corporate Governance Person, in replacement of Ms. Huynh Thi Thu Sa
22	13A/2023/QĐ-HĐQT	19/06/2023	Decision of BOD for the purpose of public announcement about: - Appointment of Mr. Lee Hyoung Kyu is the capital representative at TC Tower, in replacement of Mr. Choi Haeoi. - Appointment of Mr. Han Kwang Taek is the capital representative at TC Commerce, in replacement of Mr. Choi Haeoi. - Appointment of Ms. Ngo Thi Quynh Mai as the Secretary of the Board cum Corporate Governance Person, in replacement of Ms. Huynh Thi Thu Sa

No.	Number of Resolution/ Decision	Date	Contents
23	14/2023/NQ-HĐQT	29/06/2023	Approval on using account receivables to write off the bad debt amount arising since 2006
24	15/2023/NQ-HĐQT	30/06/2023	Approval on the result of election Chairman, Vice Chairman of the Board for the tenure 2023-2024; Selecting independent auditor for financial statement 2023.
25	16/2023/NQ-HĐQT	26/7/2023	Approval on trading with affiliated person, including: (i) Eland Fashion Shanghai Co.,Ltd and (ii) Wish Fashion Shanghai Co.,Ltd.
26	16A/2023/NQ-HĐQT	26/7/2023	Decision for information disclosure of approval on trading with affiliated person, including: (i) Eland Fashion Shanghai Co.,Ltd and (ii) Wish Fashion Shanghai Co.,Ltd. - Executing to issue new shares for increasing the share capital by owner's equity (bonus shares for 2022) according to 2023 AGM's resolution No. 02/2023/NQ-DHCD dated 30/6/2023.
27	17/2023/NQ-HĐQT	28/8/2023	- Transferring all number of shares issued by Bank for Foreign Trade of Vietnam. - Approval on the extended loan term dated on Oct 5th, 2022 provided to TC Commerce by the shareholder E-land Asia Holdings.
28	17A/2023/NQ-HĐQT	28/8/2023	Decision for information disclosure of executing to issue new shares for increasing the share capital by owner's equity (bonus shares for 2022) according to 2023 AGM's resolution No. 02/2023/NQ-DHCD dated 30/6/2023.
29	17B/2023/NQ-HĐQT	28/8/2023	Decision for information disclosure of approval on the extended loan term dated on Oct 5th, 2022 provided to TC Commerce by the shareholder E-land Asia Holdings.
30	18/2023/NQ-HĐQT	18/9/2023	Approval for the loan provided to TC Commerce by the shareholder E-land Asia Holdings
31	18A/2023/NQ-HĐQT	18/9/2023	Decision for information disclosure of approval for the loan provided to TC Commerce by the shareholder E-land Asia Holdings.
32	17C/2023/NQ-HĐQT	11/10/2023	Deciding the final registration date (closing date – Oct 23rd, 2023) for issuing new shares for increasing the share capital by owner's equity (bonus shares for 2022) according to 2023 AGM's resolution No. 02/2023/NQ-DHCD dated 30/6/2023.





## BOARD OF DIRECTORS (CONT)

### Performance of the Board of Directors (cont)

No.	Number of Resolution/ Decision	Date	Contents
33	17D/2023/NQ-HDQT	13/10/2023	Deciding amendment of the final registration date (closing date – Oct 25th, 2023) for issuing new shares for increasing the share capital by owner's equity (bonus shares for 2022).
34	19/2023/NQ-HDQT	27/11/2023	To appoint Chief Operating Officer – Mr. Song Jae Ho.
35	19A/2023/NQ-HDQT	27/11/2023	Decision for information disclosure of appointing Chief Operating Officer – Mr. Song Jae Ho.  - To clarify the scope of authority of CEO, and COO for managing Company from the 1st January 2024.
36	20/2023/NQ-HDQT	20/12/2023	- Approval on transferring all the number of 166,500 shares issued by Thanh Phuc Investment Construction Corporation owned by Company
37	20A/2023/NQ-HDQT	20/12/2023	Decision for information disclosure of approval on transferring all the number of 166,500 shares issued by Thanh Phuc Investment Construction Corporation owned by Company.



### 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

Members of BoD, General Director, and other managers and the Company's Secretary participated in the training course on information disclosure under ASEAN Corporate Governance Scorecard in 2016 including:

- 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)

Participate in the ASEAN Corporate Governance Scorecard (ACGS) training program organized by VIOD to enhance the effectiveness of corporate governance following best practices within the ASEAN region.







## AUDIT COMMITTEE

### Members and composition of the Audit Committee

As of December 31, 2023

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 2023:

- 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 2023, 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	Mr. 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 AUDITED COMMITTEE

### Salaries, bonuses, remunerations, and other benefits

Unit: VND

No.	Full name	2023		
		Remunerations	Salaries	Bonuses
<b>I Board of Directors</b>				
1	Tran Nhu Tung	90,786,460	1,590,551,747	136,998,398
2	Park Heung Su	144,000,000		
3	Lee Eun Hong	60,524,308		
4	Jung Sung Kwan	60,524,308	5,336,989,460	
5	Nguyen Minh Hao	60,524,308	1,559,157,295	121,772,360
6	Nguyen Van Nghia	60,524,308		
7	Kim Il Kyu	30,262,154		
8	Kim Jong Gak	144,000,000		
9	Dinh Tan Tuong	204,000,000		
10	Kim Soung Gyu	30,262,154		
<b>II Audit Committee</b>				
1	Dinh Tan Tuong	204,000,000		
2	Kim Jong Gak	144,000,000		
3	Park Heung Su	144,000,000		
<b>III Board of Management</b>				
1	Jung Sung Kwan	60,524,308	5,336,989,460	
2	Song Jae Ung		4,222,461,475	308,876,923
3	Song Jae Ho		277,930,600	
4	Tran Nhu Tung	90,786,460	1,590,551,747	136,998,398
5	Nguyen Minh Hao	60,524,308	1,559,157,295	121,772,360
6	Pham Thi Thanh Thuy		668,397,581	54,916,326





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

### Shares transactions made by internal persons

No.	Transaction executor	Relationship with internal persons	Number of shares owned at the beginning of the period		Number of shares owned at the end of the period		Reasons for increasing, decreasing (buying, selling, converting, rewarding, etc.)
			Number of shares	Percentage	Number of shares	Percentage	
1	Tran Nhu Tung	Internal person	75,042	0.09	84,797	0.09	Bonus shares for 2022
1.1	Trinh Thi Hang	Affiliated person	3	0.00	3	0.00	
2	Lee Eun Hong	Internal person	9	0.00	10	0.00	Bonus shares for 2022
2.1	E-land Asia Holdings Pte., Ltd	Affiliated organization	38,268,675	46.64	38,526,935	46.96	Buying (Transaction result is disclosed on August 8th, 2023)
			38,526,935	46.96	43,535,436	46.96	Bonus shares for 2022
2.2	Savimex Corporation	Affiliated organization	0	0.00	2,461,012	3.00	Buying (Transaction result is disclosed on Jul 10th, 2023)
			2,461,012	3.00	2,780,943	3.00	Bonus shares for 2022
3	Nguyen Van Nghia	Internal person	13,829,698	16.86	15,627,556	16.86	Bonus shares for 2022
3.1	Nguyen Minh Tuan	Affiliated person	190,440	0.23	215,197	0.23	Bonus shares for 2022
4	Song Jae Ho	Affiliated person	1	0	1	0	Based on the latest shareholder list closed on Oct 25th, 2023
5	Kim Suhyang	Affiliated person	12	0.00	13	0.00	Bonus shares for 2022

### 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:

No.	Name of organization/ individual	Relationship with the Company	NSH No.*, date of issue, place of issue	Address	Time of transactions with the Company	Resolution No. or Decision No. approved by General Meeting of Shareholders/ Board of Directors (if any, specifying date of issue)	Content, quantity, total value of transaction	Note
1	E.Land World Limited	The strategic shareholder's owner	Issue date: 2021-03-15 Place of issue: South Korea	#159, Gasan Digital 1-Ro, Geumcheon-Gu, Seoul, South Korea	2023	Resolution 01/2023/NQ-HĐQT	Transaction type: Sale Transaction value: 556.561.403.053 VND	Time of transaction: 2010
2	E-Land Retail Limited	The Company has the same owner as a strategic shareholder	114-81-01855 Place of issue: South Korea	70-2 Jamwon-dong, Seocho-Gu, Seoul, South Korea	2023	Resolution 01/2023/NQ-HĐQT	Transaction type: Sale Transaction value: 463,600,774 VND	Time of transaction: 2013





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

### Contracts or transactions with the internal persons (cont)

3	E-Land Asia Holdings Pte., Ltd. Incorporated in Singapore with Limited Liability	Parent company	0200717117Z 30/05/2007 Singapore	3 Church Street #08-01, Samsung Hub, Singapore 049483	Resolution 01/2023/NQ-HĐQT	Transaction type: Sale Transaction value: 60,781,808,903 VND	Time of transaction: 2009
					Resolution 07/2023/NQ-HĐQT	Transaction type: Savimex (SAV) stock transfer Transaction value at par value: 9,534,460,000 VND	2023
4	E-Land International Fashion Shanghai Co., Ltd	The Company within the same group		Building 1-1, No.2570 Hechuan Road, Minhang District, Shanghai, China Zip 200233	Resolution 01/2023/NQ-HĐQT	Type of transaction: Sales Transaction value: 14,386,317,350 VND	Time of transaction: 2012
						Type of transaction: Purchase of goods Transaction value: 9,686,720,468 VND	2023

5	Wish Trading (Shanghai) Co., Ltd	The parent company shares the same owner as the strategic shareholder.		Room 328 No.25 4999 Nong Hongmei South Road, Minhang District, Shanghai, China	Resolution 01/2023/NQ-HĐQT	Type of transaction: Purchase of goods Transaction value: 13,588,008,956 VND	Time of transaction: 2012
							2023
6	E.Land Vietnam Limited Liability Company	The owner is a strategic shareholder.	The Company registration number is 0300808912, issued on June 28, 2007, by the Ho Chi Minh City Department of Planning and Investment.	76/28 Nguyen Thi Ne Street, Phu My Hamlet, Phu Hoa Dong Commune, Cu Chi District, Ho Chi Minh City	Resolution 01/2023/NQ-HĐQT	Type of transaction: Sales Transaction value: 708,864,712 VND	Time of transaction: 2009
					Resolution 01/2023/NQ-HĐQT	Transaction type: Service usage Transaction value: 1,822,336,618 VND	2023
					Resolution 09/2023/NQ-HĐQT	Content: Purchase of used goods Quantity: 02 automatic cutting machines for the Textile Industry Total transaction value: 873,129,449 VND	2022
							24/04





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

### Contracts or transactions with the internal persons (cont)

7	SY Vina Textile Co., Ltd.	The strategic shareholder owns SY Vina Textile Co., Ltd.	Tax code: 3600250335 Date of issuance: April 4, 2007 Issued by: Department of Planning and Investment of Dong Nai Province	Nhon Trach 2 Industrial Park, Hiep Phuoc Commune, Nhon Trach District, Dong Nai Province	Resolution 01/2023/NQ-HĐQT	Transaction type: Sale of goods Transaction value: 1,189,632,303 VND	Time of transaction: 2012
					Resolution 08/2023/NQ-HĐQT	Content: Purchase of used goods Quantity: 12 air weaving machines Total transaction value: 10,642,500,000 VND	2023  10/04/2023
8	Thanh Cong Medical Center Joint Stock Company	Subsidiary Company	Tax Code: 0305253809 Date of Establishment: 05/10/2007 Issuing Authority: Ho Chi Minh City	36 Tay Thanh, Ward Tay Thanh, District Tan Phu, Ho Chi Minh City	Resolution 01/2023/NQ-HĐQT	Type of transaction: Service provision Transaction value: 1,161,311,549 VND	Time of transaction: 2012
			Department of Planning and Investment	Minh City	Resolution 01/2023/NQ-HĐQT	Type of transaction: Service usage Transaction value: 2,289,178,256 VND	2023

9	TC Commerce Liability Company	Subsidiary Company	0316806269 Date of issue: April 13, 2021 Department of Planning and Investment of Ho Chi Minh City	911 Truong Chinh, Ward Tay Thanh, District Tan Phy, Ho Chi Minh City	Resolution 01/2023/NQ-HĐQT	Type of transaction: Service provision Transaction value: 141,960,536 VND	Time of transaction: 2021
							2023
10	Kotiti Vietnam Co., Ltd.	The Company is related to a member of the Board of Directors.	Tax code: 0312381417 Date of issue: July 11, 2013 Issuing authority: Ho Chi Minh City	Lot A4a, Street 19c, E-Office Park Area, Tan Thuan Export Processing Zone, Tan Thuan Ward, District 7, Ho Chi Minh City	Resolution 01/2023/NQ-HĐQT	Transaction type: Sales Transaction Transaction value: 100,943,688 VND Transaction type: Service usage Transaction value: 2,723,196,132 VND	Time of transaction: 2014
							2023
11	Eland Global Co., Ltd.	The strategic shareholder is the owner.	The provided information appears to be a personal identification number issued in South Korea on October 1, 2022.	#9F,159. Gasan Digital L1-Ro, Geumcheon-gu, Seoul, 08506, Rep. Of Korea	Resolution 01/2023/NQ-HĐQT	Transaction type: Sale of goods Transaction value: 36,943,747,686 VND	Time of transaction: 2022
							2023





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

### Contracts or transactions with the internal persons (cont)

No.	Transaction executor	Relationship with internal persons	Position at the listed Company	No./ Passport No., date of issue, place of issue	Address	Name of subsidiaries or companies which the Company control	Time of transaction	Content, quantity, total value of transaction
12	Wish Fashion (Shanghai) Co., Ltd	The strategic shareholder E-Land Asia Holdings Pte., Ltd is the owner of the parent company of the executing party of the transaction.	Building 1-1, No.2570 Hechuan Road, MinHang District, Shanghai China	Resolution 16/2023/NQ-HĐQT	Transaction type: Service provision Transaction value: 40,673,734,860 VND		2023	Time of transaction: 2015
13	Eland Fashion (Shanghai) Co., Ltd	The owner of the party conducting the transaction is also the owner of E-Land Asia Holdings Pte., Ltd's strategic shareholder.	Building 1-1, No.2570 Hechuan Road, MinHang District, Shanghai China	Resolution 16/2023/NQ-HĐQT	Type of transaction: Sale of goods Transaction value: 34,252,560,915 VND		2023	Time of transaction: 2018
14	Eland Human Resource Development	Affiliated company within the same group	1155 Beoman-ro, Geum Chon-gu, Seoul, Republic of Korea	Resolution 01/2023/NQ-HĐQT	Type of transaction: Service usage Transaction value: 610,808,785 VND		13/10 /2023	Time of transaction:

### 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.	Transaction executor	Relationship with internal persons	Position at the listed Company	No./ Passport No., date of issue, place of issue	Address	Name of subsidiaries or companies which the Company control	Time of transaction	Content, quantity, total value of transaction
1	E-land Asia Holdings Pte. Ltd	Công ty mẹ		0200717117Z 30/05/2007 Singapore	3Church Street #08-01, Samsung Hub, Singapore 049483		21/03/2023	Content: Extension of internal loan signed on April 14, 2022
2						TC Commerce Limited Liability Company	04/09/2023	Loan amount: 300,000 USD Loan term: until March 14, 2024
3							26/09/2023	Content: Extension of internal loan signed on October 5, 2022 Loan amount: 300,000 USD Extension period: 12 months Content: Approval of the third loan. Loan amount: 300,000 USD Loan term until: August 25, 2024





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

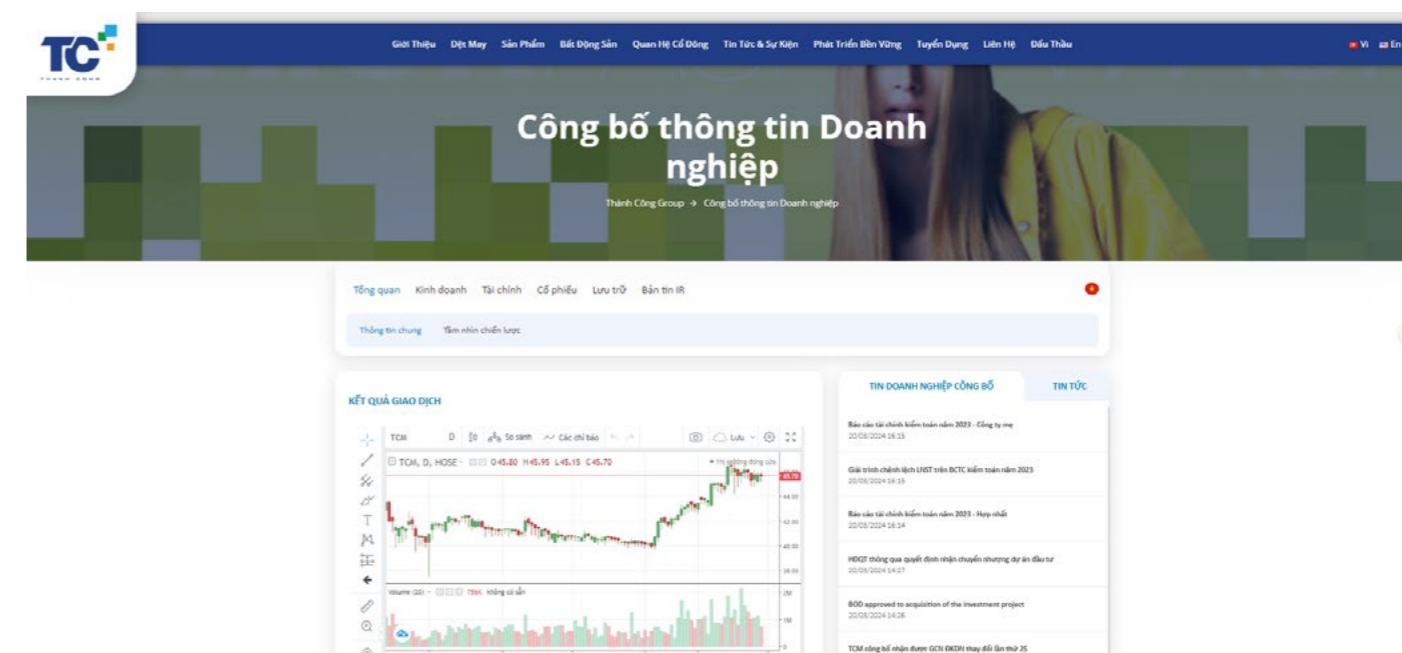
### Assessment on the Company's fulfilling Corporate governance obligations

Practicing effective management, Thanh Cong implements guidelines provided by the Corporate Governance Principles for Vietnamese Public Companies, referencing the G20/OECD Corporate Governance Principles and the Corporate Governance Scorecard of the ASEAN region, to assess the current status and implement measures to improve corporate governance. Accordingly, it selectively adopts international best practices suitable for the Board of Directors' activities, such as transparency in transactions with related parties, issuance of business ethics rules, and commitment to compliance. Moreover, Thanh Cong adheres to legal regulations on corporate governance, including Decree 155/2020/NĐ-CP dated December 31, 2020, detailing the implementation of certain provisions of the Securities Law, and Circular 96/2020/TT-BTC dated November 16, 2020, guiding information disclosure in the securities market. The Board of Directors regularly monitors training programs organized by the State Securities Commission and the Ho Chi Minh City Stock Exchange to enhance governance practices.

The Board of Directors and the Executive Board consistently adhere rigorously to governance regulations, ensuring no violations occur in governance provisions, while proactively learning and adopting international norms and standards in governance, contributing to the Company's continuous improvement and optimization of shareholder value. Furthermore, decisions made by the Board of Directors are always carried out in accordance with proper procedures

and within their respective authorities.

Regarding information disclosure, Thanh Cong ensures that the reported data, statistics provided to regulatory authorities are accurate, truthful, complete, and timely. The Company discloses information to shareholders and investors through the Thanh Cong website - thanhcong.com.vn - in the Shareholder Relations/Information Disclosure section and complies with the disclosure and reporting requirements of the State Securities Commission (SSC) and Ho Chi Minh City Stock Exchange (HOSE) through the SSC's Information Disclosure System (IDS) and HOSE's Electronic Disclosure System (ECM). Additionally, from late 2023 to early 2024, the Company collaborated with FPT Securities Joint Stock Company to improve the structure, rearrange the content of the Shareholder Relations section - where the Company's disclosure information is posted on the website - to facilitate shareholders and investors in accessing and searching for information, as well as enhancing transparency in disclosure to comply with current corporate governance regulations and gradually approach best governance practices. This action aims to enable shareholders to monitor and evaluate the effective implementation of resolutions, decisions of the General Meeting of Shareholders, and the activities of the Board of Directors. Monthly, in addition to updating information in accordance with regulations, Thanh Cong releases investor newsletters to provide investors with information on business results, awards, and prominent activities in the News & Events section on the Company's website. To deepen understanding of the Company, Thanh Cong also provides information to securities companies to prepare TCM stock recommendation reports for investors. Furthermore, the Company proactively organizes meetings, receptions for investors through domestic and international securities firms, and investment funds, which also serves as an indirect way to engage with customers.



**In business**, the Company commits to providing products and services that satisfy requirements, expectations regarding quality, and contribute to enhancing the quality of life for everyone. It adheres to competition laws, refraining from engaging in or supporting anti-competitive behaviors or unhealthy competition. The Company does not participate in or support actions contrary to ethical business standards that may harm or could harm the interests of the state, the legitimate rights and interests of other businesses, or consumers. The Company pledges to treat suppliers fairly in transactions. It consistently builds trust and aims for sustainable cooperative relationships.





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

### THE COMPANY'S CORPORATE GOVERNANCE EFFECTIVENESS

Contents			
Operation	Implementation efficiency	Improvement plan	Future development plan
<b>Finance - Accounting Management</b>			
<p>Finance - Accounting Management with the aim of:</p> <ol style="list-style-type: none"> <li>1. Maximizing profit: Providing detailed information such as increasing raw material costs can increase the cost of goods sold.</li> <li>2. Monitoring liquidity and cash flow: Ensure the Company has enough cash on hand to meet its obligations.</li> <li>3. Ensure compliance: Adhere to the Company's financial regulations.</li> <li>4. Develop financial scenarios: Based on the current status of the business and various assumed forecasts, a range of outcomes under market conditions can be projected.</li> </ol>	<ol style="list-style-type: none"> <li>1. Strategy Identify the financial aspects necessary for the Company to achieve short-term and long-term goals. Provide information for the Leadership Team to gain a deep understanding of current performance for scenario planning.</li> <li>2. Decision Assist the Leadership in determining the best approach to implement plans by providing updated financial reports and relevant Key Performance Indicator (KPI) data.</li> <li>3. Control Ensure each department is contributing to the vision and operating within budget constraints while aligning with the strategy. With effective financial management, all employees are aware of the Company's direction and have a vision of the progress.</li> </ol>	<p>Continuously update new features for control through software tools to minimize manual operations and control.</p>	<ol style="list-style-type: none"> <li>1. Market risk management Market risk is reflected in financial risk, especially for industries, such as pandemics affecting supply chain production, impacting corporate investments, and investment performance.</li> <li>2. Credit risk management Delayed receivables lead to business impact by not paying invoices on time, resulting in the Company lacking funds to meet obligations, which could adversely affect credit reputation and borrowing capability at high interest rates.</li> <li>3. Liquidity risk management The finance department must monitor current cash flow, estimate future cash needs, and be prepared to release working capital as needed.</li> <li>4. Risk management of operations This is a new portfolio for the finance department, covering the risk of cyberattacks and having a plan in place to ensure continuous business operations.</li> </ol>
<b>Human Resource Management</b>			
<p>Currently using the HR management software from Lac Viet, applied since 2013 until now.</p>	<ul style="list-style-type: none"> <li>- Effective management of comprehensive and consistent employee information.</li> <li>- Managing the working hours of employees.</li> <li>- Accurate and swift calculation of salaries and insurance policies.</li> </ul>	<p>There is no plan to upgrade to a new version in order to save costs.</p>	<p>Planned for 2024 is the additional implementation of the Lac Viet App (used by employees via Smartphone) for internal communication; conducting employee surveys; receiving feedback, complaints from employees, and in handling leave requests, sick leave, personal matters, and access control during working hours;...</p>



## THE COMPANY'S CORPORATE GOVERNANCE EFFECTIVENESS (CONT)

Contents			
Operation	Implementation efficiency	Improvement plan	Future development plan
<b>Customer relationship management</b>			
Customer data is currently being managed through the Vinh Cuu software: Customer information; number of orders, order status, total transaction value, work history.	Tracking the work process and controlling the quantity, value of contracts, transactions completed and ongoing with customers.	The units within the Company are collaborating to build a more rigorous, unified, and efficient management system through ERP software.	Thanh Cong is maintaining communication with customers through electronic channels such as email, Zalo, etc., to promptly grasp customer requirements. Meanwhile, TC is investing in upgrading the ERP system to integrate with customers' systems as well as automate and respond to customer feedback. Thanh Cong's ERP system is designed not only to serve internal company information management but also to be a link in the information management system with TC's existing customers. Consequently, managing and consolidating information, receiving and transmitting information from the factory to customers, and vice versa will be carried out uniformly and directly on one system. This helps to minimize errors and omissions in information when using traditional communication channels between the two parties as it stands. Additionally, this facilitates reducing the time taken to receive and process information between the parties.
<b>Quality relationship management</b>			
In general, the Company applies the international standard AQL 1.5 (acceptable defects 34%) for quality control of goods being produced on the production line and AQL 2.5 for finished garment products (acceptable defects 56%).  However, Thanh Cong still flexibly adjusts to higher quality standards according to AQL 1.0 or depending on the requirements of each customer (especially for high-end orders).  The quality control process undergoes the following steps:  1. Inspection of raw materials and accessories => 2. Sample cutting inspection => 3. Random inspection of products on the sewing line => 4. Random inspection of final products at the end of the sewing line => 5. Finished product inspection (applying quality evaluation standard AQL 2.5 level II) & packaging (applying quality evaluation standard AQL 1.0 level II, tolerance 0%; inspection of packaged product quantity).	In 2023, TC products achieved a 95% first pass rate, with no instances of recall.	3.1. The QA Fabric department was established in 2023, operating independently to inspect 100% of TC's fabric production, aiming to detect quality issues at the earliest stage and coordinate/collaborate with relevant departments to provide appropriate resolution directions. 3.2. The QC Sewing department continues to operate under the direct management of the Workshop, while the retraining plan is also implemented by the NM management and QMS Team. 3.3. The QA Garment department: continues to pursue the improvement goals set for 2023, maintaining and monitoring their implementation to devise appropriate training plans aimed at enhancing the capacity and performance of QA. Additionally, they update and listen to customer feedback to continually improve and meet the Company's overall objectives.	With the ERP system, TC also prioritizes upgrading the quality management system. Once the ERP system is complete, QC and QA data will be recorded within the system instead of manually stored in paper documents as currently practiced. Technical requirements information will be aggregated, classified, and customized according to each customer and market; the quality assessment history of orders will also be automatically stored and summarized in the ERP system. Consequently, during the production process, the system will automatically consolidate information and provide timely alerts when errors are detected, facilitating prompt rectification. Product quality inspection and assessment will occur concurrently with the production process to minimize the risk of addressing faulty items after they have been dispatched to customers as currently experienced.



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## FINANCIAL STATEMENTS

Auditor's Opinion

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 consolidated financial statements of Thanh Cong Textile Garment Investment Trading Joint Stock Company ("the Company") and its subsidiaries (together, "the Group") which were prepared on 31 December 2023 and were approved by the Board of Executive Officers of the Company on 11 March 2024. The consolidated financial statements comprise the consolidated balance sheet as at 31 December 2023, the consolidated income statement and the consolidated cash flow statement for the year then ended, and explanatory notes to the consolidated financial statements including significant accounting policies, as set out on pages 5 to 57.

#### 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 consolidated financial statements of the Group in accordance with Vietnamese Accounting Standards, the Vietnamese Corporate Accounting System and applicable regulations on the preparation and presentation of consolidated financial statements, and for such internal control which the Board of Executive Officers determines is necessary to enable the preparation and presentation of consolidated 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 consolidated 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 consolidated financial statements of the Group are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including an assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Group's preparation and true and fair presentation of the consolidated 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 Group'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 consolidated 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 consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 31 December 2023, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Vietnamese Accounting Standards, the Vietnamese Corporate Accounting System and applicable regulations on preparation and presentation of consolidated 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



Pham Thai Hung  
Audit Practising Licence No.  
3444-2020-006-1  
Authorised signatory

Report reference number: HCM14560  
Ho Chi Minh City, 11 March 2024

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



## AUDITED FINANCIAL STATEMENTS

The Audited Financial Statements for the year 2023 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](http://www.thanhcong.com.vn)

### THE LEGAL REPRESENTATIVE THANH CONG TEXTILE GARMENT INVESTMENT TRADING JOINT STOCK COMPANY

Ho Chi Minh, April 4<sup>th</sup>, 2024



SONG JAE HO  
General Director





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

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