

SONG HONG GARMENT JOINT STOCK COMPANY



# ANNUAL REPORT YEAR 2024



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# List of Terms and Abbreviations

Company/ MSH	Song Hong Garment Joint Stock Company
SSC	State Securities Commission of Vietnam
HOSE/HSX	Hochiminh Stock Exchange
JSC	Joint Stock Company
GSM	General Meeting of Shareholders
BOD	Board of Directors
Board Chairman	Chairman of the Board of Directors
BOM	Board of Management
CEO	Chief Executive Officer
Deputy CEO	Deputy Chief Executive Officer
GSO	General Statistics Office of Vietnam
VITAS	Vietnam Textile and Apparel Association
CUSTOM	General Department of Vietnam Customs
IMF	International Monetary Fund
FTA	Free Trade Agreement
EVFTA	European-Vietnam Free Trade Agreement
CPTPP	Comprehensive and Progressive Agreement for Trans-Pacific Partnership
UKVFTA	UK-Vietnam Free Trade Agreement
RCEP	Regional Comprehensive Economic Partnership
VIFTA	Vietnam-Israel Free Trade Agreement
UAE	United Arab Emirates





## Introduction

- 08 Message from the  
Chairman of the Board of  
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# SONG HONG

CÔNG TY CỔ PHẦN MAY SÔNG HỒNG

“

The development of Song Hong Garment has been a journey full of colors and ups and downs. Song Hong Garment is like a great ship, and every employee has absolute faith in the captain steering it. Our strength lies in unity, which gives our ship the power to forge ahead and overcome any challenge without yielding. The most important thing for Song Hong Garment is the courage to dream big. Reality has proven that all the dreams we had during the early difficult days have now come true.

”

**Mr. Bui Duc Thinh,**

**Chairman of the BOD of Song Hong Garment.**



# Message

## From THE CHAIRMAN

### OF THE BOARD OF DIRECTORS



In 2024, the Vietnamese textile and garment industry entered a positive recovery phase despite facing many challenges. The business outlook of enterprises in the industry has gradually improved, supported by stable macroeconomic conditions in the country and the recovery of consumer demand in global markets, albeit at a slower-than-expected pace, with persistent cost pressures and intensifying competition.

On the one hand, Vietnam's socio-economic situation in 2024 maintained a positive trend, with macroeconomic stability, inflation controlled below the target range, and key economic balances ensured. Social welfare remained a crucial driving force for industrial production. According to the General Statistics Office, Vietnam's GDP in 2024 is estimated to grow by 7.09%, exceeding the National Assembly's target of 6.5 – 7%. Inflation was controlled at an appropriate level, with the Consumer Price Index (CPI) increasing by an average of 3.63% compared to the previous year, below the target range of 4 – 4.5% set by the National Assembly, providing positive support for economic growth. The industrial production sector saw strong growth in 2024, achieving the highest expansion in five years, with the overall industrial production index increasing by 8.4%. Key manufacturing sectors continued to expand at a high rate, making significant contributions to the industry's overall growth. Specifically, the textile industry grew by 12.1%, while garment production increased by 11.7%. However, the industry still faces significant challenges, including high input costs, stricter sustainability and digital transformation requirements, and increasing market competition, which pose great challenges for businesses in adopting and achieving sustainable development.

**Dear Shareholders, Customers, Partners, and All Employees of Song Hong Garment Joint Stock Company!**

On behalf of the company's leadership, I would like to extend my best wishes to all of you – those who have placed your trust, support, and dedication in accompanying Song Hong Garment Joint Stock Company over the past years.

On a global scale, military conflicts, political instability, social unrest and economic uncertainties continued to escalate in certain regions. The global economy and trade experienced a slow recovery, with declining total demand and investment, as well as unpredictable exchange rate and interest rate fluctuations, posing considerable challenges to the industrial production sector in general and the garment industry in particular. Nevertheless, there were some bright spots in the global market, with international trade stabilizing in 2024, supported by recovering consumer demand in major markets. According to the World Trade Organization (WTO), global trade volume growth in 2024 is projected to be around 2.7%. Meanwhile, the Organization for Economic Co-operation and Development (OECD) forecasts global GDP growth at 3.2%, with GDP growth rates of 2.8% in the United States, 0.8% in the Eurozone, and 2.9% in China. In Vietnam, import-export activities recorded significant achievements. The country's total export turnover in 2024 is preliminarily estimated at USD 405.53 billion, up 14.3% from the previous year. Textile and garment products remained among the key export commodities, reaching USD 37 billion, an increase of 11.2% compared to the previous year. In addition, controlled inflation, stable job growth, and more accommodative monetary policies are expected to boost consumer spending despite lingering challenges from fiscal tightening in many countries.

Dear Shareholders,

Amidst numerous challenges, the leadership and all employees of the company have demonstrated unity, maximized their capabilities and intelligence, and put forth great efforts to implement various strategies to adapt to market fluctuations, maintain production stability, and enhance business efficiency. The company has successfully achieved 101.55% of the revenue target set by the 2024 Annual General Meeting of Shareholders and exceeded the pre-tax profit target by 146.97%.

Additionally, all production areas operated stably, investment and construction activities proceeded on schedule, and employee welfare was ensured. These achievements were made possible through the proactive and flexible leadership of the Executive Board, the dedication and creativity of the sales and production teams, and the collective unity of all employees.

Entering 2025, the global economic and political landscape remains highly uncertain and fraught with risks. Nonetheless, the company is determined to pursue sustainable growth in the textile and garment sector through strategic expansion, increased production capacity, and continuous investment in Research and Development (R&D). We will also strengthen relationships with strategic partners, customers, and suppliers while improving employee welfare and upholding our responsibilities to shareholders and the community. We firmly believe that with the unity of our workforce, the determination of our leadership, and your continued trust, the company will be well-positioned to overcome challenges, achieve strong growth, and create sustainable value for society.

On behalf of the leadership of Song Hong Garment Joint Stock Company, I sincerely thank our customers and shareholders for your invaluable support and trust throughout the challenging year of 2024. We hope to continue receiving your contributions and support not only in 2025 but also throughout our long-term journey toward sustainable development.

**Sincerely,**  
**Chairman of the Board of Directors**  
**Bui Duc Trinh**




# SUMMARY OF FINANCIAL INFORMATION

## 2020 – 2024


Indicator	Unit	2024	2023	2022	2021	2020
BUSINESS PERFORMANCE						
Net Revenue	Million VND	5,280,403	4,541,908	5,520,958	4,747,623	3,813,409
Gross Profit	Million VND	829,508	563,982	828,667	930,585	751,044
Profit Before Tax	Million VND	543,808	306,583	439,053	542,658	283.283
Profit After Tax	Million VND	442,490	245,245	337,685	442,366	231,795
Earnings Per Share	VND /share	5,499	3,260	4,998	5,897	4,635
BALANCE SHEET						
Total Assets	Million VND	4,523,189	3,453,089	3,294,196	3,202,637	2,627,755
Total Liabilities	Million VND	2,467,656	1,643,334	1,575,145	1,707,236	1,185,555
Shareholders' Equity	Million VND	2,055,533	1,809,755	1,719,051	1,495,401	1,442,200
KEY FINANCIAL RATIOS						
Net Profit Margin	%	8.38	5.40	6.12	9.32	6.08
Return on Average Assets (ROAA)	%	11.10	7.27	10.40	15.17	8.93
Return on Average Equity (ROEA)	%	22.90	13.90	21.01	30.12	17.31

## KEY HIGHLIGHTS OF 2024




5,280.4 VND billion

TOTAL CONSOLIDATED REVENUE




4,523.2 VND billion

TOTAL ASSETS (as of December 31, 2024)




750.1 VND billion

CHARTER CAPITAL (as of December 31, 2024)




11,383 employees


(as of December 31, 2024)



26 production factories



192 agents



55 distributors

## VISION - MISSION

Vision

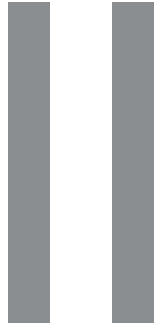
Song Hong Garment aspires to be one of the top-tier business partners in the industry.

Mission

Song Hong Garment continuously seeks strategic development directions to enhance excellence and flexibility while prioritizing employee well-being and product quality.



## CHAPTER



# Company Overview

- 14 General information about the enterprise
- 20 Business lines and locations of the business
- 26 Governance Model and Management Structure
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- 38 Key risks





# GENERAL INFORMATION

Vietnamese name:

**Công ty Cổ phần May Sông Hồng**

English name:

**Song Hong Garment Joint Stock Company**

Abbreviation: **SH. GARNY**

Business Registration Certificate:

**No.: 0600333307**

**Business Registration Certificate No. 0703000386 issued by Nam Dinh Department of Planning and Investment, first issued on June 3, 2004, last amended for the 21st time on September 10, 2024.**

Charter Capital: **750,141,000,000 VND**

Owner's Capital: **750,141,000,000 VND**

Securities code: **MSH**

Address:

**No. 105 Nguyen Duc Thuan Street, Quang Trung Ward, Nam Dinh City, Nam Dinh Province, Vietnam**

Telephone: **+84 2283 649365**

Fax: **+84 2283 646737**

Website: **<https://www.songhong.vn/>**

# GENERAL INFORMATION *About* THE ENTERPRISE



## SONG HONG

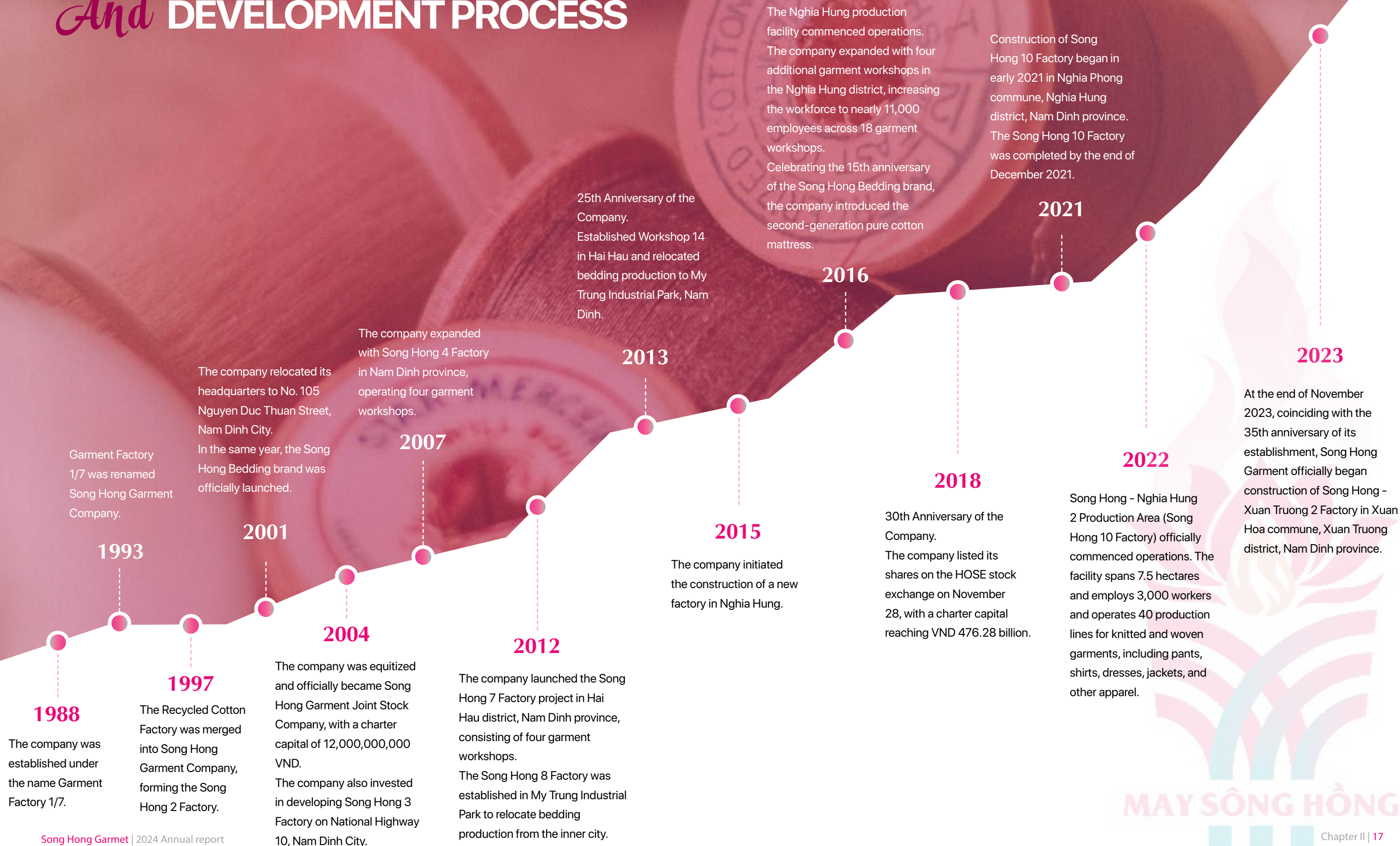
CÔNG TY CỔ PHẦN MAY SÔNG HỒNG

Song Hong Garment Joint Stock Company is one of Vietnam's leading manufacturers of export garments and bedding products.

With 26 production factories centralized within Nam Dinh province, the company benefits from a strategic location near airports and seaports, a well-trained workforce, and an experienced management team. Song Hong Garment has become a trusted partner for many renowned global fashion brands by collaborating with skilled international experts.



# ESTABLISHMENT *And* DEVELOPMENT PROCESS





# KEY EVENTS OF 2024



**OUTSTANDING CULTURAL  
ENTERPRISE IN THE  
INTEGRATION ERA 2024**

On June 23, 2024, in Hanoi, Vietnam Institute of Strategy and Policy for Industry and Trade (under the Ministry of Industry and Trade) and the Vietnam Federation of UNESCO Associations co-hosted the "Forum on Promoting the Study and Application of Ho Chi Minh's Ideology, Ethics, and Style in Corporate Culture Development during the Integration Era" in 2024.



**OUTSTANDING ENTERPRISE IN  
STUDYING AND FOLLOWING THE  
IDEOLOGY, ETHICS, AND STYLE  
OF HO CHI MINH IN CORPORATE  
CULTURE DEVELOPMENT 2024**

INSTITUTE FOR STRATEGIC RESEARCH AND  
INDUSTRIAL POLICY AND THE VIETNAM  
FEDERATION OF UNESCO ASSOCIATIONS



**TOP 500 MOST PROFITABLE  
COMPANIES IN VIETNAM 2024**

VIETNAM REPORT

MSH was honored with two prestigious titles: **"Outstanding Cultural Enterprise in the Integration Era 2024"** and **"Outstanding Enterprise in Studying and Following Ho Chi Minh's Ideology, Ethics, and Style in Corporate Culture Development 2024"**.

This recognition serves as a motivation for the company to **continue striving and making positive contributions to the country's economic and social development.**

Song Hong Garment Joint Stock Company **ranked 181st** among the **Top 500 Most Profitable Private Enterprises in Vietnam 2024**, and **ranked 328th** in the overall **Top 500 Most Profitable Enterprises in Vietnam 2024**.



**TOP 500 LARGEST ENTERPRISES  
IN VIETNAM 2024**

VIETNAM REPORT

On November 8, 2024, Vietnam Report JSC, in collaboration with VietnamNet e-newspaper, announced the VNR500 ranking – the list of the 500 largest enterprises in Vietnam in 2024.

Song Hong Garment **ranked 161st** in the **Top 500 Largest Private Enterprises in Vietnam 2024** and **ranked 290th** in the **Top 500 Largest Enterprises in Vietnam 2024**



**FOR A GREEN NATIONAL  
ENVIRONMENT 2024**

VIETNAM ASSOCIATION FOR CONSERVATION  
OF NATURE AND ENVIRONMENT

On December 29, 2024, in Ho Chi Minh City, the Vietnam Association for Conservation of Nature and Environment (VACNE) held the summary ceremony for the "For a Green National Environment 2024" program and launched the "Million Trees for the National Environment" campaign.

Commendation and Reward Council, meeting the criteria for **"For a Green National Environment 2024"**.

This recognition acknowledges the company's significant contributions to environmental protection, sustainable development, and green manufacturing practices.

Song Hong Garment was honored as one of the enterprises recognized by the



**SUCCESSFULLY ORGANIZED  
THE 2024 ANNUAL CUSTOMER  
CONFERENCE**

In 2024, the Bedding Production Division of the company successfully organized the Annual Customer Conference.

distributors, partners, and clients to connect, exchange experiences, and explore new business directions.

The conference also honored 10 distributors who achieved outstanding business performance and market development success in 2023-2024.

This event is a key milestone in the company's business operations, providing an opportunity for





# BUSINESS LINES

## And LOCATIONS OF THE BUSINESS

### Business lines

Core Business Areas: In 2024, the company’s main business activities included: Manufacturing and trading garments, equipment and materials used in textile and garment production, and producing industrial products for consumer markets. The company primarily focuses on two business segments: export and domestic markets.

### Operating Areas

#### Manufacturing Locations

- **Song Hong 1 Production Area**  
Address: No. 105 Nguyen Duc Thuan Street, Quang Trung Ward, Nam Dinh City, Nam Dinh Province, Vietnam
- **Song Hong 3 Production Area**  
Address: Highway 10, Loc Ha Ward, Nam Dinh City, Nam Dinh Province, Vietnam
- **Song Hong 4 Production Area**  
Address: Industrial Cluster, Xuan Truong Town, Xuan Truong District, Nam Dinh Province, Vietnam
- **Song Hong 7 Production Area**  
Address: Industrial Cluster, Hai Phuong Commune, Hai Hau District, Nam Dinh Province, Vietnam
- **Song Hong 8 Production Area**  
Address: Lot E6 - E7, My Trung Industrial Park, Loc Ha Ward, Nam Dinh City, Nam Dinh Province, Vietnam
- **Song Hong 9 Production Area**  
Address: Industrial Zone, Nghia Thai Commune, Nghia Hung District, Nam Dinh Province, Vietnam
- **Song Hong 10 Production Area**  
Address: Group 12, Nghia Phong Commune, Nghia Hung District, Nam Dinh Province, Vietnam  
Managed by: Song Hong - Nghia Hung Garment Joint Stock Company (a subsidiary of MSH)

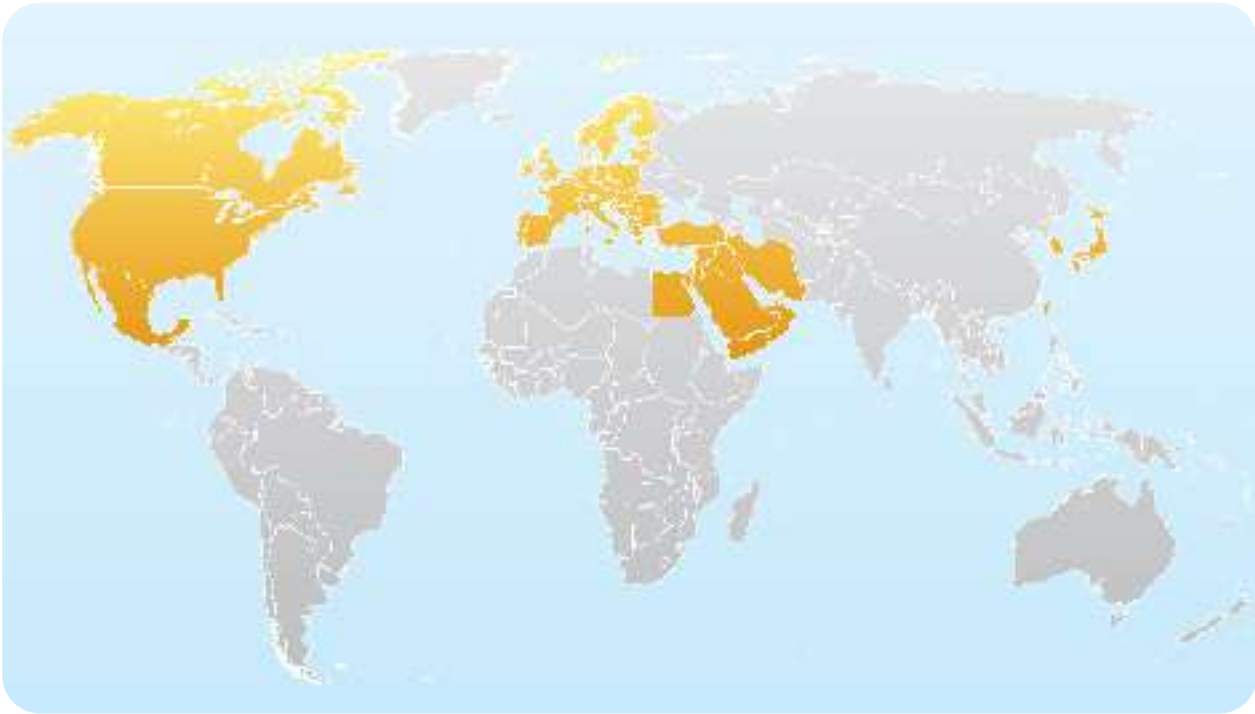




# Business Areas

## Garment Products

The company’s garment product market spans both domestic and international markets. The primary export destination is the United States, along with other key markets such as Europe, Japan, South Korea, Taiwan, Hong Kong, Canada, Mexico, and Middle Eastern countries. Over the years, Song Hong has established itself as a reputable manufacturer for globally renowned fashion brands, thanks to its outstanding production capabilities.



## Domestic Products

The company’s bedding products, including blankets, sheets, pillows, and mattresses, are distributed nationwide under the “Song Hong” brand through a well-established network of showrooms and authorized dealers. Currently, the company has 55 distributors and 192 dealers, covering 49 out of 63 provinces and cities in Vietnam. Notably, since 2016, in addition to serving the domestic market, the company’s bedding products have met export standards for two highly demanding markets: Japan and South Korea.

# Key Products and Services

## Garment Exports

Song Hong Garment specializes in manufacturing apparel for export, working with major global fashion brands. The company operates under two primary export models, CM (Cut-Make) and FOB (Free on Board). The FOB segment currently accounts for the majority of the company’s revenue and profit structure.

With over 35 years of experience, Song Hong Garment has expertise in producing a wide range of textile products, including knitted and woven garments, sportswear, casual wear, and formalwear for men, women, and children, diverse product categories such as dresses, pants, jackets, T-shirts, blue suits, athletic wear, fleece clothing, etc. The company is a trusted manufacturing partner for globally recognized fashion brands, manufacturers, and retail chains, including Columbia Sportswear, Haddad Brands (Nike, Converse, Levi’s), GIII (Calvin Klein, Tommy Hilfiger, DKNY), Walmart, Bugatti, Sae-A Trading, Target, and Express.



## Domestic Market

The company’s main product line in the domestic market is bedding products (mattresses, blankets, pillows, and bed linens), which the Company has diligently researched and developed, primarily distributed within the Vietnamese market







> **Bed Linen Collection**

- **Premium Line:** Made from 100% imported cotton (250T) with modern colors, vibrant designs, and elegant patterns—suitable for urban living and young families.
- **Traditional Line:** Uses various fabric types such as 100% Cotton (200T) and TC (170T), offering affordability, durability, and comfort.
- **Children's Line:** Features adorable, soft, and hypoallergenic bedding. The cotton filling contains nano silver particles for antibacterial protection, ensuring safety for sensitive skin.



> **Face masks**

- Song Hong is currently manufacturing two main types of face masks:
- **KF94 Medical Face Mask:** A next-generation face mask developed using advanced Korean technology. It is made from high-quality activated non-woven fiber with a microfiltration membrane. Its four-layer filtration system enhances filtering efficiency by up to 95%, effectively blocking ultra-fine dust particles as small as 0.3µm. The mask can be used continuously for up to 60 hours (equivalent to 7 days). This product meets the N95 standard set by the U.S. Food and Drug Administration.
  - **Fabric Face Mask:** Made from 100% cotton, this mask is hypoallergenic, fits snugly to the wearer's face, and eliminates gaps to prevent infection transmission. Certified by the Vietnam Textile Research Institute, it possesses antibacterial properties that remain effective even after 30 washes.



> **Mattress Collection**

- **Song Hong Pure Cotton Mattress – Generation 1** is a traditional three-panel foldable mattress with a 5 to 9-cm thickness. The mattress core is made of pure cotton fiber, manufactured using Japanese technology, without adhesives or chemicals, unlike conventional mattresses on the market. The cover is available in two fabric options: TC and jacquard, with various designs. This mattress line is targeted at middle-income customers and is offered at an affordable price.
- **Song Hong Pure Cotton Mattress - Generation 3** comes in thicknesses ranging from 15 to 25 cm. The mattress cover is made from soft, breathable Viscose fabric, enhancing moisture absorption while featuring elegant and luxurious patterns. The mattress core is primarily composed of antibacterial pure cotton, a material that has been recognized for its quality and safety in the market for many years, combined with a premium Foam layer. This combination creates a perfectly structured mattress with high elasticity, lightweight design, and resistance to deformation, even after undergoing rigorous multidimensional durability tests over time and space. The product is environmentally friendly and strictly adheres to medical standards, providing excellent support for individuals suffering from herniated discs and spinal osteophytes.
- **Song Hong Back Essential Pure Cotton Mattress** is an innovative breakthrough designed with the primary goal of offering optimal protection for the spine, shoulders, and neck. Its surface is crafted with modern quilting techniques, adding an aesthetic appeal. The mattress cover is made from four-way stretch fabric, which is soft, breathable, sweat-absorbent, and hygienic. The mattress core is a perfect combination of pure cotton and Memory foam, ensuring high elasticity, precise body support, and effective pressure relief while allowing motion isolation, enabling users to turn comfortably without disturbing their sleeping partner. With a thickness of up to 32 cm and certification meeting export quality standards from Underwriters Laboratories (UL) in the United States, the Song Hong Back Essential mattress is perfectly suited for resorts, hotels, villas, and luxury apartments.



# GOVERNANCE MODEL *And* MANAGEMENT STRUCTURE

## Operating model

(\*) Operating Model as of December 31, 2024

➤ **Branches and Dependent Accounting Units**

Song Hong Garment Joint Stock Company has five dependent accounting units, including:

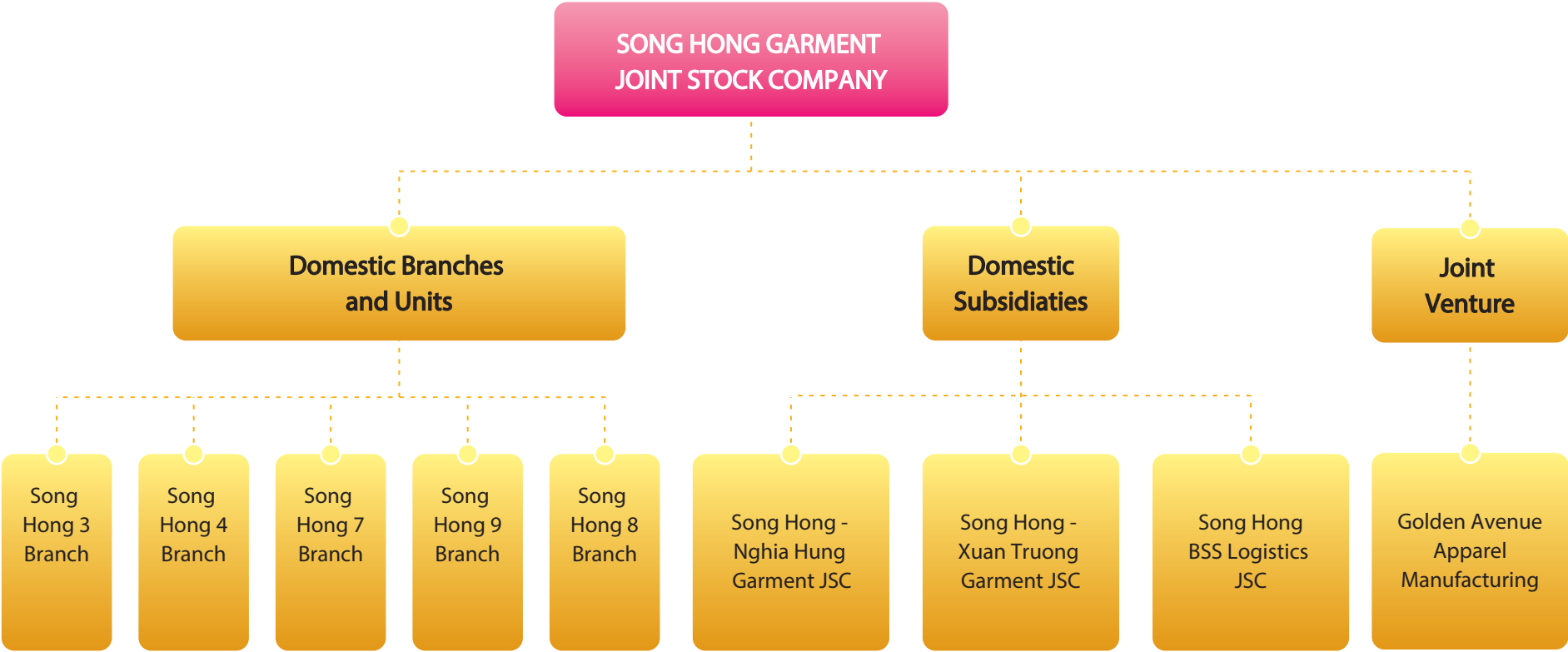
- Song Hong 3, Song Hong 4, Song Hong 7, and Song Hong 9 branches focus primarily on garment exports and are located in Nam Định Province.
- Song Hong 8 branch specializes in manufacturing domestic market products (Blankets - Sheets - Pillows - Mattresses, Cotton) and provides supporting services for the export garment sector, which is located in Nam Định Province.

➤ **Subsidiaries:**

- Song Hong – Nghia Hung Garment Joint Stock Company specializes in garment exports, focusing on FOB orders for major partners requiring high technical standards and offering attractive profit margins.
- Song Hong – Xuan Truong Garment Joint Stock Company (Currently in the process of building its manufacturing facility)
- Song Hong BSS Logistics Joint Stock Company engaged in logistics services, primarily in freight transportation and other related support services.

➤ **Joint Ventures & Associated Companies:**

- Golden Avenue Apparel Manufacturing Company - A joint venture established in the Arab Republic of Egypt, specializing in garment production.





# Governance Model and Organizational Structure

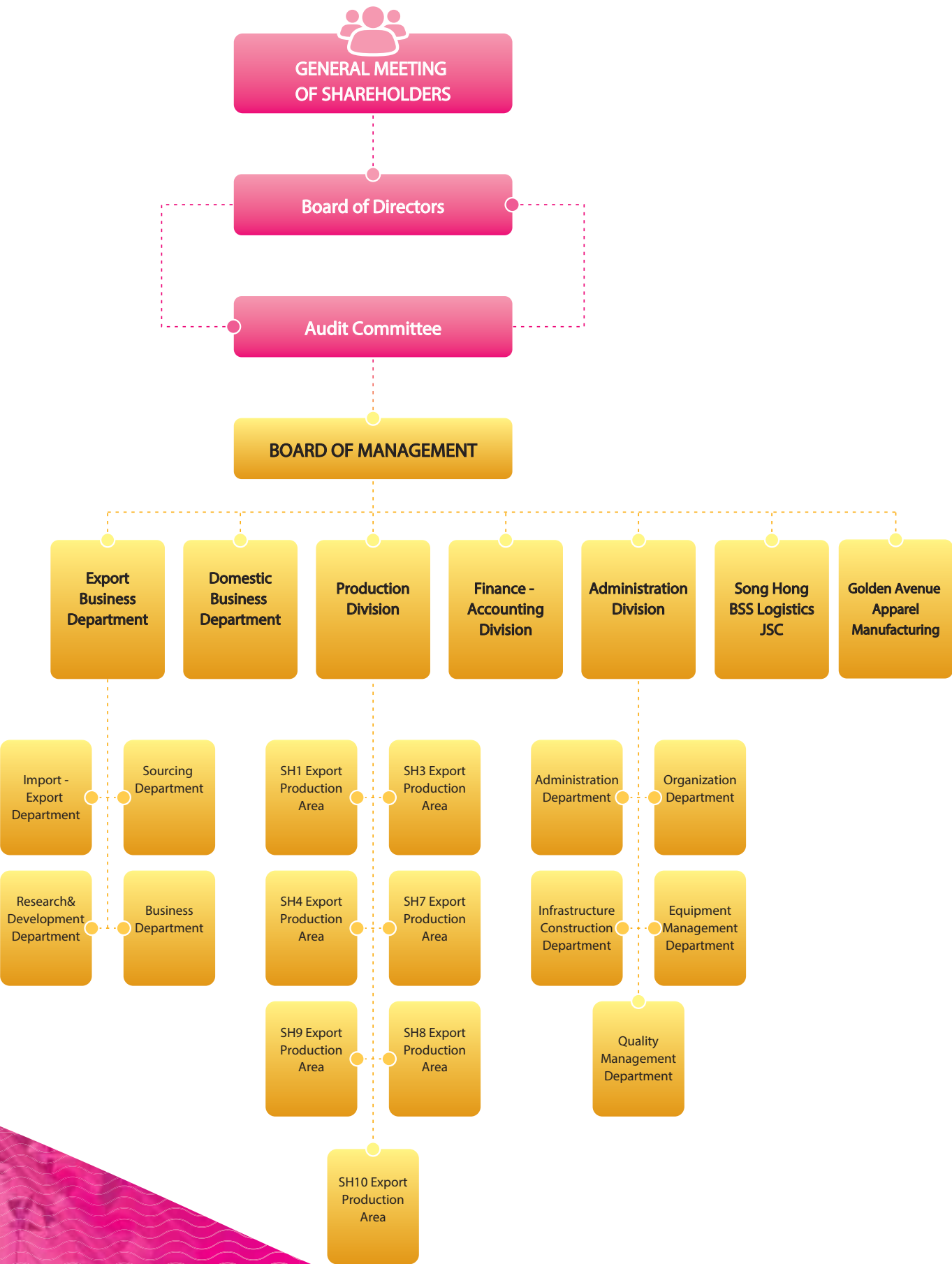
## Governance Model

Currently, MSH applies the governance model specified in Point b, Clause 1, Article 137 of the Law on Enterprise No. 59/2020/QH14, issued on June 17, 2020, by the National Assembly of the Socialist Republic of Vietnam. This model includes the General Meeting of Shareholders, the Board of Directors, and the Chief Executive Officer. Under this governance structure, at least 20% of the Board of Directors must be independent members, and there must be an Audit Committee under the Board of Directors.

## Management Structure

- **The Board of Directors** consists of 08 members, including 05 non-executive members. Among the non-executive members, there is 01 Chairman of the BOD and 02 independent BOD members.
- **The Audit Committee** consists of 3 members, including 01 Chairman and 02 additional members who are also independent/non-executive members of the BOD.
- **Board of Management** consists of 01 Chief Executive Officer (CEO) and 01 Deputy Chief Executive Officer
- **Chief Financial Officer:** 01 person
- **Chief Accountant:** 01 person

## Organizational Chart





## DETAILS OF MSH'S PRODUCTION FACILITIES

### Song Hong 1 (Sewing Workshops 1-2)

- Address: No. 105 Nguyen Duc Thuan Street, Quang Trung Ward, Nam Dinh City, Nam Dinh Province, Vietnam
- Number of sewing workshops: 1
- Number of cutting workshops: 1
- Main products: Dresses, sports shirts, fashion shirts, trousers, shorts

### Song Hong 3 (Sewing Workshops 3-6)

- Address: Highway 10, Loc Ha Ward, Nam Dinh City, Nam Dinh Province, Vietnam
- Number of sewing workshops: 3
- Number of cutting workshops: 1
- Main products: Padded jackets, quilted items, sym sealing, down jackets, trousers, shorts

### Song Hong 4 (Sewing Workshops 7-10, laundry facility)

- Address: Industrial Cluster, Xuan Truong Town, Xuan Truong District, Nam Dinh Province, Vietnam
- Number of sewing workshops: 3
- Number of cutting workshops: 1
- Main products: Padded jackets, polyester wadding, sym sealing, dresses, trousers, shorts

### Song Hong 7 (Sewing Workshops 11-14)

- Address: Industrial Cluster, Hai Phuong Commune, Hai Hau District, Nam Dinh Province, Vietnam
- Number of sewing workshops: 3
- Number of cutting workshops: 1
- Main products: Padded jackets, polyester wadding, trousers, shorts, knitted sportswear

### Song Hong 8 (Embroidery, Quilt, Blanket, Cotton, Mattress, Export Quilt Garment, Printing Workshop)

- Address: Lot E6 - E7, My Trung Industrial Park, Loc Ha Ward, Nam Dinh City, Nam Dinh Province, Vietnam
- Number of workshops: 2 quilt garment workshops, 1 cotton/mattress workshop, 1 embroidery workshop, 1 blanket workshop, 1 printing workshop
- Main products: Production and business of bedding products (quilts, blankets, pillows, and mattresses); production of polyester wadding, stuffed cotton, embroidery & quilting, and supplying semi-finished products for the garment sector.

### Song Hong 9 (Sewing Workshops 15-18)

- Address: Industrial Point, Nghia Thai Commune, Nghia Hung District, Nam Dinh Province, Vietnam
- Number of sewing workshops: 3
- Number of cutting workshops: 1
- Main products: Padded jackets, polyester wadding, long pants, shorts, and knitted sportswear.

### Song Hong 10

- Address: Group 12, Nghia Phong Commune, Nghia Hung District, Nam Dinh Province, Vietnam
- Number of sewing workshops: 2
- Number of cutting workshops: 1
- Main products: Padded jackets, polyester wadding, shirts, dresses, long pants, shorts



# INFORMATIONS OF SUBSIDIARIES And JOINT VENTURE COMPANIES

As of December 31, 2024, Song Hong Garment Joint Stock Company has 03 directly-owned subsidiaries and 01 joint venture company.

## Subsidiaries



**Main business sector**

Garment manufacturing

**Charter capital**

VND 250,000,000,000

**MSH's contributed**

VND 127,500,000,000

**MSH ownership ratio**

51%

**SONG HONG - NGHIA HUNG GARMENT JOINT STOCK**

**Abbreviation:** SH-NH.JSC

**Address:** Group 12, Nghia Phong Commune, Nghia Hung District, Nam Dinh Province, Vietnam

**Business Registration Number:** 0601175406

**Legal representative:** Bui Duc Thinh

**Establishment date** 01/02/2019

**Factory information:** Song Hong - Nghia Hung Garment Joint Stock Company is currently the managing unit of Song Hong 10 Garment Factory with the following key information:

- Capacity: 40 sewing lines
- Total investment: ~500 billion VND
- Subsidiary officially commenced business operations in early 2022
- Workforce: 2,300 employees



**Main business sector**

Providing freight transportation services and other related logistics support

**Charter capital**

VND 8,000,000,000

**MSH's contributed**

VND 4,080,000,000

**MSH ownership ratio**

51%

**SONG HONG BSS LOGISTICS JOINT STOCK COMPANY**

**Abbreviation:** SONG HONG BSS LOGISTICS., JSC

**Address:** 18th Floor, 789 Office Building, No. 147 Hoang Quoc Viet Street, Nghia Do Ward, Cau Giay District, Hanoi, Vietnam

**Business registration number:** 0107878767

**Legal representative:** Pham Thanh Hai

**Establishment date:** 07/06/2017

**Other information:** In addition, the company has one indirectly owned subsidiary through Song Hong BSS Logistics Joint Stock Company, namely Sunshine Line Agencies Vietnam Co., Ltd. This subsidiary was established under Business Registration Certificate No. 0202248444, issued on July 3, 2024, by the Hai Phong Department of Planning and Investment, with a charter capital of 3 billion VND. It is 100% owned by Song Hong BSS Logistics Joint Stock Company. Sunshine Line Agencies Vietnam Co., Ltd.'s headquarters is on the 4th floor of Thanh Dat Building, No. 3 Le Thanh Tong Street, May To Ward, Ngo Quyen District, Hai Phong City, Vietnam, and its main business activity is freight transportation services.

**SONG HONG - XUAN TRUONG GARMENT JOINT STOCK COMPANY**

**Abbreviation:** SH - XT.JSC

**Address:** Hamlet 17, Xuan Hoa Commune, Xuan Truong District, Nam Dinh Province, Vietnam

**Business registration number:** 0601230777

**Legal representative:** Bui Duc Thinh

**Establishment date:** 22/01/2022

**Factory information:** As of December 31, 2024, the subsidiary is in the construction phase.



**Main business sector**

Garment manufacturing

**Charter capital**

VND 300,000,000,000

**MSH's contributed**

VND 153,000,000,000

**MSH ownership ratio**

51%

**Joint venture company**

**GOLDEN AVENUE GARMENT MANUFACTURING COMPANY**

**Abbreviation:** Golden Avenue

**Address:** Lots No. 35-36-37-38-39-40-41-41 located in the Second Industrial Zone – Third Block – Section C of the Industrial Zone in Al-Matahra – East of the Nile River – Minya Province – New Minya, Egypt.

**Business registration number:** 38989 issued by the Ministry of Supply and Internal Trade.

**Main Business Sector**

Garment manufacturing

**Charter capital**

VND 81,553,676,774

**MSH's contributed**

VND 40,776,838,387

**MSH ownership ratio**

50%



# DEVELOPMENT ORIENTATION



## Development strategies in the medium and long term

Based on the company’s internal situation, industry trends, and government policies, and to enhance Song Hong Garment’s position, the Board of Directors has set forth the following development directions:

- 01
- Identify garment products as the core segment while continuing to expand supporting sectors such as washing, printing, embroidery, and quilting. The export market is identified as the key driver of growth, with a focus on developing and increasing the proportion of FOB export garment production in the company’s revenue structure.

## Main objectives of the Company

To build Song Hong Garment Joint Stock Company into a stronger and more efficient enterprise, becoming a leading and reputable supplier of fashion textile products in the global textile and garment supply chain. The company aims to remain among the top textile and garment enterprises in Vietnam with the highest total export turnover.

- 02
- Strengthen investment efforts to enhance production capacity both extensively and intensively. In the medium term, prioritize resources for export garment manufacturing to reinforce competitive advantages and seize opportunities from free trade agreements such as CPTPP and EVFTA. Additionally, continue to invest in and maximize the capacity of the domestic production segment, aiming to better serve Vietnam’s market of over 90 million consumers.

- 03
- Invest in research and development (R&D) to create added value for products. In the garment sector, focus on technical innovation to handle complex FOB orders, gradually advancing to higher-value production models in the garment industry’s value chain (ODM, OBM). For the domestic market, continue to enhance product quality and functionality, while diversifying the product portfolio to align with consumer needs and preferences.

- 04
- Prioritize achieving business production goals alongside sustainable development objectives.





# DEVELOPMENT ORIENTATION

(continued)

## Specific Objectives for 2025

### 01 Production objectives

Ensure that all production facilities operate safely, stably, and efficiently. Special attention should be given to the operation of the Song Hong 10 Export Garment Factory, with the goal of maximizing production capacity, thereby enhancing the overall manufacturing capability of the company.

### 02 Investment objectives

Focus on completing the necessary procedures, investments, and construction for the Song Hong - Xuan Truong 2 Factory (Song Hong 11 Factory) in Xuan Truong District, Nam Dinh Province. Ensure the project progresses on schedule, laying the groundwork to capitalize on the market recovery.

### 03 Market development objectives

Export market:

- Strengthen trade relations with traditional markets, particularly by consolidating and expanding market share in the U.S. through strategic partners such as Columbia Sportswear, GIII, Walmart, Target, and Haddad. Additionally, establish a joint venture company in Egypt to leverage low labor costs and 100% tax exemptions for exports to the U.S.
- Seek new growth drivers by expanding trade relations with emerging markets in the Middle East, Africa, and South America.
- Monitor, research, and seize opportunities arising from signed free trade agreements (FTAs), including EVFTA, CPTPP, UKVFTA, RCEP, VIFTA, and 11 other FTAs in effect. Additionally, stay updated on FTAs under negotiation, such as those between Vietnam-UAE and Vietnam-Egypt, to promptly capitalize on emerging opportunities.

Domestic market:

Continue to build the Song Hong bedding brand as a national brand and a trusted choice of Vietnamese consumers. Maintain and expand the wholesale and retail distribution network nationwide in parallel with the development of e-commerce channels. Focus on developing bedding collections and mattress product lines that are functional, diverse in design, and user-friendly.

### 04 Scale expansion goal

Implement the plan to increase charter capital by issuing shares, thereby strengthening the financial capacity for production expansion.

### 05 Revenue – Profit goal

Target revenue of	Pre-tax profit of
VND 5,500 billion	VND 600 billion

### 06 Sustainable development goals

- Invest in machinery for factories, applying advanced technology and enhancing the adoption of green standards in line with international regulations and trends.
- Ensure stable employment and income for workers.
- Focus on improving the capacity of management personnel, highly skilled workers, and support divisions to secure a professionally competent and ethically sound succession team.
- Continue to contribute, share difficulties, and grow alongside the local economy.

## Objectives for the 2025-2030 period

- Ensure stable and efficient operations of existing production facilities and newly commissioned factories during the 2025-2030 period
- Put the Song Hong - Xuan Truong 2 Factory (Song Hong 11 Factory) into operation with approximately 50 sewing lines while enhancing the capacity of existing workshops.
- Invest in and establish joint ventures in the textile sector to secure material supply and mitigate risks associated with dependence on foreign sources.
- Firmly implement the adoption of advanced software and digital transformation in management systems to enhance operational efficiency, increase labor productivity, and reduce costs.
- Gradually restructure the bedding segment: rebrand, design new product lines, establish international representative offices, and promote export activities while maintaining domestic market share.
- Strictly manage financial resources by promoting cost-saving practices, scientifically controlling the supply chain, and balancing investment allocations appropriately.



# KEY RISKS

## ► Economic Risks



- **Global market:** As a company primarily engaged in garment exports, the company's business performance is significantly influenced by global economic cycles. In particular, given that Vietnam's textile and garment export market heavily depends on major economies such as the U.S. and the EU (which together account for over 50% of the industry's total export revenue) and that raw material supply is largely reliant on China (accounting for more than 50% of total import value), the growth potential of both the industry and the company is vulnerable when these economies face difficulties. Overall, the unpredictable fluctuations of the global economy present significant challenges for the company's leadership in formulating long-term development strategies.
- **Domestic market:** In recent years, Vietnam's economic growth rate and development potential have consistently been highly regarded and have attracted significant international interest. However, the country's macroeconomic conditions still exhibit fundamental limitations and remain sensitive to external shocks. Slow recovery of consumer demand, continued cautious consumer sentiment, and lower-than-expected public investment disbursement in driving the economy, combined with challenges such as geopolitical conflicts, energy supply instability, inflation, and high global interest rates, have affected Vietnam's economic growth trajectory as well as the recovery of domestic enterprises. Furthermore, domestic economic fluctuations such as recessions, changes in economic policies, or shifts in consumer habits may directly impact sales and production volumes.

To mitigate risks arising from economic instability, the company's leadership must continuously update information, promptly grasp new market developments, and accordingly make strategic decisions, business directions, and appropriate risk mitigation measures.

## ► Financial risks



- **Exchange rate risk:** Most of the company's transactions are conducted in Vietnamese Dong (VND). However, due to the nature of the company's business, which primarily operates with international markets and conducts transactions mainly in US Dollars ("USD"), the company is significantly affected by fluctuations in the USD/VND exchange rate. Additionally, the company has loan obligations in foreign currencies, mainly in USD. If the company's financial assets denominated in USD exceed its financial liabilities in USD, it will face risks when the USD/VND exchange rate weakens (i.e., if the USD depreciates against the VND) and vice versa. To mitigate exchange rate risks, the company assigns the Chief Financial Officer (CFO) and the Accounting Department to continuously monitor exchange rate fluctuations, proactively utilize foreign currency derivative financial instruments, and balance foreign currency inflows and outflows to minimize potential risks.
- **Interest rate risk:** Interest rate risk refers to the risk that the fair value (fair value interest rate risk) or future cash flows (cash flow interest rate risk) of a financial instrument may fluctuate due to changes in market interest rates. The company faces interest rate risks arising from its borrowings at agreed-upon interest rates. Fair value interest rate risk from consolidated financial statements is recognized at fair value for fixed-interest rate borrowings. As of December 31, 2024, the company and its subsidiaries have fixed-interest rate loans amounting to VND 812.7 billion and periodically adjustable interest rate loans amounting to VND 607.5 billion. However, the interest rate adjustments for these loans during the year are insignificant. Additionally, the company and its subsidiaries do not hold any financial instruments that need to be recorded at fair value. Therefore, changes in interest rate risk do not impact the company's and its subsidiaries' consolidated financial statements.

To minimize the impact of interest rate risk, the company assigns the CFO and the Accounting Department to continuously monitor interest rate fluctuations, balance debt ratios, and formulate appropriate borrowing plans to ensure sufficient capital for production activities while effectively managing interest rate risks.



# KEY RISKS (continued)

## Specific risks in the textile industry



- **Labor and human resource management:** The textile and garment industry is highly labor-intensive, with the highest demand for workforce concentration in the garment processing stage. Attracting and training a skilled workforce that is willing to commit to long-term employment remains a significant challenge for many Vietnamese garment companies, especially in the face of increasing competition for labor within the industry.

From July 1, 2024, the regional minimum wage for workers will be increased by approximately 6%, adding pressure on labor costs. Additionally, rising expenses such as wages, insurance, and employee benefits in Vietnam—while maintaining competitive production costs—require the company to enhance management efficiency to sustain profitability.

- **Raw materials:** The textile and garment industry heavily depends on raw material inputs, primarily fiber and fabric. Thus, raw material risks are crucial factors affecting the industry. Some potential risks that Vietnam's textile sector may face include:
  - » Rising raw material costs: The industry's reliance on imported materials has made it vulnerable to global economic fluctuations. In recent years, the complex developments of the Russia-Ukraine conflict, escalating tensions in the Red Sea region, and the container shortage crisis have driven up input material costs for the textile industry. If these conditions persist, they may negatively impact production efficiency and profitability within the sector.
  - » Quality risks of raw materials: The quality of raw materials directly affects the quality of textile products. Furthermore, evolving fashion trends demand that Vietnam's textile industry proactively source eco-friendly and recycled materials, gradually increasing the proportion of recycled fiber and organic fiber in new products.



If raw materials fail to meet required standards or contain defects, the competitiveness of Vietnam's textile products in international markets will decline, potentially affecting their quality and durability.

The industry's continued reliance on imported raw materials presents significant challenges in cost management and supplier diversification. To mitigate supply chain risks, the company prioritizes early planning and closely collaborates with suppliers to ensure a stable material supply for production. Additionally, the company is actively researching investments in the supply chain to secure raw materials for the future.

## Legal risks



The stability of a country's political system, legal framework, and policies significantly influences the stability and growth potential of various economic sectors, including the textile and garment industry. For Song Hong Garment, the company's operations are governed by Vietnamese laws such as the Enterprise Law, Investment Law, tax and customs policies, and other relevant regulations. Additionally, as a publicly listed company, Song Hong Garment is subject to the legal framework of the Vietnamese stock market. Any unfavorable changes in these legal regulations could negatively impact the company's operations.

Furthermore, as Vietnam integrates deeper into the global economy, textile and garment companies must confront increasingly stringent trade barriers from major import markets such as the U.S. and the EU. These include strict requirements regarding rules of origin, social responsibility, eco-labeling, environmental protection, and rising trade protection measures. Over the next four years, the textile and garment industry is expected to face more than 35 new laws related to sustainability from key markets, including the U.S., EU, Japan, China, and India. Failure to comply with these regulations may result in order losses and declining revenue.

Additionally, in 2025, as Donald Trump assumes the U.S. presidency and implements new trade policies, there is a possibility that Vietnamese textile and garment exports may be subject to an additional 10% tariff or more when entering the U.S. market.







# KEY

## RISKS (continued)

### ► Environmental risks



Vietnam's export-oriented garment industry is facing increasing environmental challenges, as it is a sector that consumes significant amounts of energy and water while generating considerable waste. On the global market, companies in the industry must not only meet requirements for material origin and traceability but also demonstrate social responsibility, particularly in relation to public health.

Additionally, Vietnam's textile industry is subject to strict domestic environmental regulations, particularly concerning industrial wastewater treatment and textile wastewater discharge standards.

Since December 2022, the Vietnamese government has approved the Strategy for Textile and Footwear Industry Development until 2030, with a Vision to 2035. This strategy mandates that textile industry growth must be aligned with ecological environmental protection, social responsibility, and sustainable development commitments.

To ensure long-term sustainability and compliance with legal requirements, Song Hong Garment has implemented advanced technological standards in its latest projects. These include eco-friendly material selection and optimized production processes to reduce environmental impact and uphold corporate environmental responsibility.

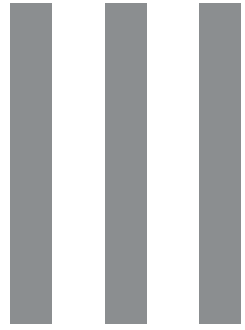
### ► Force majeure risks



Other risks include unpredictable events such as natural disasters, pandemics, wars, and terrorism. Although these risks have a low probability of occurrence, they can cause significant disruptions to the company's business operations. If such events occur, they could lead to severe financial losses, human resource challenges, and operational difficulties across the entire enterprise.



## CHAPTER



# Business performance in the year

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PRODUCTION  
And BUSINESS ACTIVITIES

Business Performance Results in 2024

Unit: Million VND

Business Performance Results	2023	2024	% Change
Net revenue	4,541,908	5,280,403	16.26%
Cost of goods sold	3,977,925	4,450,895	11.89%
Gross profit	563,982	829,508	47.08%
Financial income	191,457	210,720	10.06%
Financial expenses	72,905	84,720	16.21%
In which: Interest expenses	44,582	53,363	19.70%
Share of Profit/Loss from Joint Ventures and Associates	-	(6,316)	n/a
Selling expenses	147,696	136,713	-7.44%
General and Administration expenses	229,727	252,452	9.89%
Net operating profit	305,112	560,026	83.55%
Other income	1,471	(16,219)	n/a
Net accounting profit before tax	306,583	543,808	77.38%
Profit after tax	245,245	442,490	80.43%
Profit after tax of the parent company's shareholders	244,550	412,523	68.69%
Basic earnings per share (VND)	3,260	5,499	68.68%

- Net revenue in 2024 reached over VND 5,280.4 billion, an increase of 16.26% compared to 2023, primarily driven by the export garment segment. This growth in the garment sector occurred under the following conditions:
  - Recovery in domestic production: According to the General Statistics Office, as of December 2024, the national apparel production index increased by 19.6% compared to December 2023. On a cumulative basis, the apparel production index for the entire year of 2024 grew by 11.7% compared to 2023.
  - Improvement in export activities: Export turnover strongly rebounded across most key markets. According to Vietnam Customs data, in 2024, Vietnam’s textile and garment export turnover reached USD 37.04 billion, an increase of 11.2% compared to the same period in 2023, indicating a positive recovery in the textile and garment export industry. Exports to the U.S. reached USD 16.15 billion, up 11.6%, exports to Japan reached USD 4.33 billion, up 6.7%, exports to the EU (27 countries) reached USD 4.32 billion, up 12.2%, and exports to South Korea reached USD 3.15 billion, up 3.3% compared to the previous year..

According to the Ministry of Industry and Trade's assessment, the macroeconomic situation in 2024 is quite favorable for the garment industry due to the following factors: (i) decreasing inventory levels among major fashion brands, leading to expectations of increased textile and garment orders in late 2024 and throughout 2025, (ii) easing inflationary pressure in the U.S. as core CPI growth in December 2024 was lower than expected. Additionally, on December 18, 2024, the U.S. Federal Reserve (Fed) announced its third consecutive interest rate cut since September 2024, boosting market demand, (iii) Vietnam is also benefiting from the shift of orders from China in the long term and Bangladesh in the short term, thanks to lower labor costs compared to China, production disruptions in Bangladesh due to political instability, and a more skilled workforce compared to India and Bangladesh. However, selling prices are unlikely to increase significantly as the currencies of competing countries such as Bangladesh, Indonesia, and Mexico are projected to depreciate sharply against the Vietnamese VND. Meanwhile, the export structure of key products from major competitors like Bangladesh closely resembles that of Vietnam, leading to intense competition in the market.

- Financial income (from deposit interest, loan interest, and foreign exchange gains) also increased by 10.1% to VND 210.7 billion. The strongest growth came from foreign exchange gains, rising from VND 72.2 billion in 2023 to VND 93.3 billion in 2024.
- On the other hand, other profits decreased from a gain of VND 1.5 billion to a loss of VND 16.2 billion, impacting the company’s profit margin, though not significantly.

Revenue structure

Overall, most of the company’s major cost components have shown a decreasing proportion relative to net revenue compared to 2023. Specifically:

- The company’s cost of goods sold was VND 4,450.9 billion, an increase of 11.9% compared to 2023, accounting for 84.3% of net revenue (a significant decrease from the corresponding 87.6% in the previous year).
- General and administrative expenses amounted to VND 252.5 billion, an increase of 9.9% compared to the same period last year, accounting for 4.8% of net revenue (a decrease from the corresponding 5.1% in 2023).
- Selling expenses amounted to VND 136.7 billion, a decrease of 7.4% compared to 2023, accounting for approximately 2.6% of the company’s net revenue (compared to the corresponding 3.3% in 2023).
- Financial expenses amounted to VND 84.7 billion, an increase of approximately 16.2% compared to 2023, accounting for 1.60% of the company’s net revenue (almost unchanged from the corresponding 1.61% in 2023). Notably, interest expenses surged by 19.7%, primarily due to the company’s increased borrowing to supplement working capital for production and business activities, as well as to finance various components of the construction project for the export garment production area of Song Hong - Xuan Truong JSC.

Cost structure

- By the end of 2024, the company recorded nearly VND 829.5 billion in gross profit, an increase of 47.1% compared to 2023. Revenue grew at a faster rate than the cost of goods sold, resulting in an increase in the gross profit margin from 12.4% in 2023 to 15.7% in 2024.
- Profit after tax reached VND 442.5 billion, an increase of 80.4% compared to 2023. The net profit margin improved significantly to 8.3%, up from 5.4% in the previous year.

Profit indicators



# BUSINESS PERFORMANCE

## Compared TO THE PLAN



By the end of the year, Song Hong Garment Joint Stock Company successfully fulfilled the majority of its business and production plans set by the 2024 Annual General Meeting of Shareholders. Specifically, the company achieved net revenue of over VND 5,280.4 billion, exceeding the target by 1.5%, while profit before tax reached nearly VND 543.8 billion, surpassing the planned target by 47.0%.

Indicators	2024 plan	2024 Performance	% 2024 Performance/ 2024 plan
Net revenue	5,200	5,280.4	101.5%
Profit before tax	370	543.8	147.0%

Unit: Billion VND

# INVESTMENT ACTIVITIES

## And PROJECT IMPLEMENTATION

### Investment Project Implementation Status

#### Xuan Truong Factory Project

Name of project	Construction of the Export Garment Production Zone
Name of investor	Song Hong Garment Joint Stock Company – Xuan Truong
Investment Form	Implementing investment in the form of capital contribution, share purchase, or equity participation in an economic organization
Investment Objectives	Establish an export garment production area in the southern districts to create local employment opportunities and income for rural youth while aligning with the company’s business strategy. The factory’s strategic goal is to manufacture high-quality export garments that meet international market demands.
Project Scale	Construct a modern, fully integrated manufacturing facility with a capacity of approximately 50 sewing lines and a workforce of 3,000 employees on an area of about 9.8 hectares. The project includes three production workshops, one warehouse combined with a cutting workshop, an office building, a canteen, a security post, a medical facility, a worker parking area, and various technical infrastructure components such as a water supply and wastewater treatment system, a power station, a fire protection system, internal roads, green spaces, and a water reservoir, all meeting green factory standards.
Production Capacity	<ul style="list-style-type: none"><li>Number of sewing lines: Approximately 50 lines</li><li>Main products: Padded jackets, polyester wadding, shirts, dresses, trousers, shorts ...</li><li>Estimated design capacity: 3 million standard jackets per year</li></ul>
Project Location	Hamlet 17, Xuan Hoa Commune, Xuan Truong District, Nam Dinh Province, Vietnam
Total Investment Capital of the Project	Estimated at VND 700 billion
Project Implementation Progress in the Year	Construction commenced at the end of November 2023
Commercial Operation Timeline	Expected in early 2025



# INVESTMENT ACTIVITIES

## And PROJECT IMPLEMENTATION

(continued)

### Investment Project and Implementation Status

#### Golden Avenue Project

Name of project	Golden Avenue Project (Establishment of an economic organization in accordance with the laws of the host country/territory receiving the investment)
Name of investor	Song Hong Garment Joint Stock Company
Investment Form	Implementing investment in the form of capital contribution to an economic organization.
Investment Objectives	<p>Establishing a Joint Venture Company in the Arab Republic of Egypt to:</p> <ul style="list-style-type: none"><li>Set up and operate a manufacturing plant for the production and fabrication of the following products: (1) Multi-layer thermal blankets and various types of household blankets used in both industrial and consumer applications, such as winter clothing and liners, (2) Cotton fiber brightening from fabric scraps purchased from the local market, (3) Cotton and velvet fabrics essential for the local market (4) Tricot fabrics (5) Preparation of fabric, yarn, and processing, including printing, bleaching, and dyeing textiles for the company (6) Underwear and outerwear made from woven, knitted, or non-woven fabrics, whether produced internally or externally, utilizing supporting industries available in the local market, as well as local raw materials and inputs readily available for purchase (7) Blending and compressing cotton and synthetic fibers while ensuring product cleanliness.</li><li>Establish and operate a factory for the production of yarn, woven and non-woven fabrics, tricot fabrics, underwear, outerwear, and other aforementioned products for both the local and international markets, as well as manufacturing, fabricating, and marketing socks and hosiery products.</li><li>Export the company's products.</li><li>Engage in wholesale and retail trade of textiles, garments, and home decor products.</li></ul>
Project Scale	<ul style="list-style-type: none"><li>The maximum projected capacity is 3,200,000 products per year, based on the conversion of finished garment products, specifically trousers (such as men's long pants with side and back pockets), which will be the primary focus of the Project in the near future. This maximum capacity is expected to be achieved in the fourth year of the Project, with production reaching approximately 30% to 70% of full capacity in the preceding years.</li></ul>



#### Golden Avenue Project (continued)

Project scale	<ul style="list-style-type: none"><li>The maximum capacity estimate is based on the assumption that the Project will successfully recruit the required workforce (estimated at 600 employees), that workers will achieve optimal productivity, and that costs related to machinery, equipment, raw materials, and market fluctuations in Egypt have been carefully considered. This includes factors such as price volatility, economic conditions, and the absence of external disruptions such as war or natural disasters...</li><li>The total area, including buildings, auxiliary facilities, roads, pathways, and shared land, is 15,967 m<sup>2</sup>.</li></ul>
Production capacity	<ul style="list-style-type: none"><li>The maximum projected capacity is 3,200,000 products per year, based on the conversion of finished garment products, specifically trousers (such as men's long pants with slant side pockets and back pockets), which will be the primary focus of the Project in the near future. This maximum capacity is expected to be achieved in the fourth year of the Project, with production reaching approximately 30% to 70% of full capacity in the preceding years.</li><li>This maximum capacity estimate is based on the assumption that the Project will successfully recruit the required workforce (estimated at 600 employees) and that workers will achieve optimal productivity. Additionally, it takes into account the costs of purchasing machinery, equipment, raw materials, as well as fluctuations in prices, market conditions, and socio-economic factors in Egypt (such as the absence of war, natural disasters, etc.).</li></ul>
Project location	Lots No. 35-36-37-38-39-40-41-42, located in the Second Industrial Zone, Third Block, Section C of the Industrial Park in Al-Matahra – East of the Nile River – Menya Province – New Menya, Egypt.
Total investment capital of the project	VND 40,776,838,387 (Equivalent to USD 1,628,664)
Project implementation progress in the year	Mid-2024
Commercial Operation Timeline	The factory in Egypt is expected to begin production for orders serving the U.S. market starting in April 2025



# OPERATIONS OF SUBSIDIARIES *And* AFFILIATED COMPANIES

## Subsidiaries

In 2023, the operational status of the subsidiaries was as follows:

### Song Hong Garment Joint Stock Company – Nghia Hung

Indicators	Unit	2023	2024
Total Assets (Balance as of December 31)	Million VND	593,573.9	639,240.7
Net revenue	Million VND	320,115.7	420,297.4
Cost of goods sold	Million VND	287,809.7	334,561.2
Financial income	Million VND	8,516.1	14,373.1
Selling, general and administration, and financial expenses	Million VND	52,727.3	54,954.9
Net operating profit	Million VND	(11,861.9)	45,154.9
Other income	Million VND	(43.2)	(0.5)
Profit before tax	Million VND	(11,905.1)	45,154.5

### Song Hong Garment Joint Stock Company – Xuan Truong

In 2024, Song Hong Garment Joint Stock Company – Xuan Truong had no recorded production and business activities, with the operational status summarized as follows:

Indicators	Unit	2023	2024
Total Assets (Balance as of December 31)	Million VND	167,552.5	818,371.9
Net revenue	Million VND	-	-
Cost of goods sold	Million VND	-	-
Financial income	Million VND	12,454.4	17,355.4
Selling, general and administration, and financial expenses	Million VND	41.3	811.7
Net operating profit	Million VND	12,413.1	16,543.7
Other income	Million VND	-	-
Profit before tax	Million VND	12,413.1	16,543.7

### Song Hong Bss Logistics Joint Stock Company

Indicators	Unit	Last 7 months of 2023 (*)	2024
Total Assets (Balance as of December 31)	Million VND	14,470.6	19,016.2
Net revenue	Million VND	33,048.3	92,415.7
Cost of goods sold	Million VND	26,971.2	80,860.3
Financial income	Million VND	202.9	404.2
Selling, general and administration, and financial expenses	Million VND	5,139.9	10,574.1
Net operating profit	Million VND	1,140.1	1,385.6
Other income	Million VND	(0.2)	(0.6)
Profit before tax	Million VND	1,139.9	1,385.0

(\*): From June 1, 2023 (the date when the financial data of Song Hong BSS Logistics Joint Stock Company began to be consolidated into the financial statements of Song Hong Garment Joint Stock Company) until the end of 2023.

## Affiliated Company

In 2024, the Company recorded a loss from joint ventures and Affiliated company of VND 6.3 billion.





# FINANCIAL SITUATION

## Financial Situation



Indicators	2023	2024	% Growth
Total Assets (Million VND)	3,453,089	4,523,189	30.99%
Net revenue (Million VND)	4,541,908	5,280,403	16.26%
Net operating profit (Million VND)	305,112	560,026	83.55%
Other income (Million VND)	1,471	(16,219)	N/a
Profit before tax (Million VND)	306,583	543,808	77.38%
Profit after tax (Million VND)	245,245	442,490	80.43%
Profit distributed as dividends (Cash/Stock) (Million VND)	187,535	262,549	-
Payout ratio (%)	25	35	-

## Major financial indicators

Financial Indicators	2023	2024
LIQUIDITY RATIOS		
Current Ratio(times)	1.91	1.75
Quick Ratio (times)	1.53	1.40
Cash Ratio (times)	1.07	0.83
CAPITAL STRUCTURE RATIOS		
Debt/Total Assets (times)	0.48	0.55
Debt/Equity (times)	0.91	1.20
Borrowings and Finance Lease Liabilities/Total Assets (times)	0.24	0.31
OPERATING EFFICIENCY RATIOS		
Inventory holding period (days)	50.91	47.23
Inventory Turnover (times)	7.17	7.73
Receivable collection period (days)	37.58	54.08
Accounts Receivable Turnover (times)	9.71	6.75
Accounts Payable Period(days)	16.66	12.95
Accounts Payable Turnover (times)	21.90	28.19
Average Cash Cycle Days (days)	71.82	88.37
Revenue/Average Total Assets (times)	1.35	1.32
PROFITABILITY RATIOS		
Gross Profit Margin (%)	12.42	15.71
Operating Profit Margin (%)	6.72	10.61
Net Profit Margin (%)	5.40	8.38
ROAA (Return on Average Assets)(%)	7.27	11.10
ROEA (Return on Average Equity)(%)	13.90	22.90



Liquidity ratios

As of December 31, 2024, the Company’s ability to meet its short-term debt obligations remains at a safe level. The current ratio stands at 1.75 times, slightly decreasing from 1.91 times as of December 31, 2023, indicating that the Company continues to maintain a stable ability to utilize short-term assets to cover liabilities due within one year. The quick ratio is recorded at 1.40 times, slightly lower than 1.53 times in the same period last year. This ratio reflects the Company’s ability to meet short-term financial obligations without the need to liquidate inventory. The cash ratio is at 0.83 times, down from 1.07 times as of December 31, 2023. This indicates that over 80% of the Company’s short-term liabilities can be settled immediately using cash, cash equivalents, and short-term financial investments.

Capital structure ratios

As of December 31, 2024, MSH's Debt-to-Total Assets ratio and Debt-to-Equity ratio stood at 0.55 and 1.20 times, respectively, reflecting an increase compared to the corresponding figures as of December 31, 2023. The Borrowings and Finance Lease Liabilities-to-Total Assets ratio reached 0.31 times as of December 31, 2024, up from 0.24 times in the previous year. This indicates that approximately 30% of the Company's total assets are financed through interest-bearing debt. Overall, while the proportion of total liabilities and interest-bearing debt in the Company's capital structure increased in 2024 compared to 2023, it remains within a controllable threshold. Short-term borrowings primarily drove the rise to supplement working capital as the Company sought to expand its order volume, as well as additional financing to support investment activities.

Operational efficiency ratios

In 2024, MSH's inventory turnover ratio was 7.73 times, equivalent to an inventory holding period of 48 days, which is an improvement compared to 51 days in 2023. The shorter inventory turnover cycle primarily reflects the revival of sales activities. The accounts receivable turnover ratio stood at 6.75 times in 2024, corresponding to an average collection period of 54 days, which is 16 days longer than the 38-day cycle in 2023. The accounts payable turnover ratio increased significantly to 28 times in 2024, compared to nearly 22 times in 2023. As a result, the accounts payment period was approximately 13 days, shortening by 4 days compared to the previous year. Consequently, MSH’s cash conversion cycle (CCC) extended to nearly 89 days in 2024, lengthening by approximately 17 days compared to 2023.

The asset turnover ratio reached 1.32 times in 2024, slightly decreasing from 1.35 times in 2023, indicating a minor decline in the efficiency of asset utilization. However, overall asset efficiency remained relatively stable year over year.



Profitability ratios

Overall, MSH’s profitability ratios showed strong growth in 2024 compared to 2023. Specifically:

The gross profit margin, operating profit margin, and net profit margin in 2024 reached 15.7%, 10.6%, and 8.4%, respectively. These figures reflect an improvement over the corresponding ratios in 2023, which were 12.4%, 6.7%, and 5.4%. The higher profit margins were driven by effective cost management of cost of goods sold (COGS) and operating expenses relative to net revenue.

Return on average equity (ROEA) and return on average assets (ROAA) for 2024 were 11.1% and 22.9%, respectively, compared to 7.3% and 13.9% in 2023. These improvements resulted primarily from an 80.4% increase in net profit after tax, while average total assets and average equity grew at 18.2% and 9.5%, respectively, compared to 2023.



# ORGANIZATION *And* HUMAN RESOURCES

## Introduction of the Leadership

01

Mr  
Bui Duc Thinh

- Position: Chairman of the Board of Directors
- Year of birth: 1947
- Nationality: Vietnam
- Qualification: Bachelor of Economics
- Number of Individually Owned Shares: 17,934,120 shares

02

Mr  
BUI VIET QUANG

- Position: Member of the Board of Directors cum General Director
- Year of Birth: 1978
- Nationality: Vietnam
- Qualification: Master of Economics
- Number of Individually Owned Shares: 8,512,560 shares

03

Mr  
NGUYEN MANH TUONG

- Position: Member of the Board of Directors cum Deputy General Director
- Year of birth: 1971
- Nationality: Vietnam
- Qualification: Bachelor of Economics
- Number of Individually Owned Shares: 864,600 shares

04

Ms  
LE THI HONG YEN

- Position: Member of the Board of Directors cum Chief Financial Officer
- Year of birth: 1969
- Nationality: Vietnam
- Qualification: Bachelor of Economics
- Number of Individually Owned Shares: 340,200 shares



- Position: Member of the Board of Directors
- Year of birth: 1974
- Nationality: Vietnam
- Qualification: Bachelor's Degree
- Number of Individually Owned Shares: 5,794,740 shares

05

Ms  
BUI THU HA

- Position: Independent Member of the Board of Directors cum Chairman of the Audit Committee
- Year of birth: 1968
- Nationality: Hong Kong
- Qualification: Bachelor of Business Administration
- Number of Individually Owned Shares: 0 shares

06

Mr  
BERNARD SZETO W.K

- Position: Independent Member of the Board of Directors cum Member of the Audit Committee
- Year of birth: 1979
- Nationality: Vietnam
- Qualification: Engineer
- Number of Individually Owned Shares: 0 shares

07

Mr  
DINH TRANG THI

- Position: Non-Executive Member of the Board of Directors cum Member of the Audit Committee
- Year of birth: 1976
- Nationality: Vietnam
- Qualification: Bachelor's degree in Economics, majoring in Accounting – Master of Economics
- Number of Individually Owned Shares: 471,120 shares

08

Ms  
NGUYEN THI HANH

- Position: Chief Accountant
- Year of Birth: 1985
- Nationality: Vietnam
- Qualification: Bachelor of Economics
- Number of Individually Owned Shares: 0 shares

09

Ms  
VU THI TUYET MAI

Note: The shareholding data for the individuals listed above is based on MSH's shareholder list as of December 2, 2024.



ORGANIZATION

And HUMAN RESOURCES (continued)

Changes in the Board of Management

At the 2024 Annual General Meeting of Shareholders, the Company's shareholders elected the Board of Directors for the 2024-2029 term. According to Resolution No. 34/2024/NQ-DHDCD/MSH dated April 27, 2024, there were no changes in the composition of the Board of Directors.

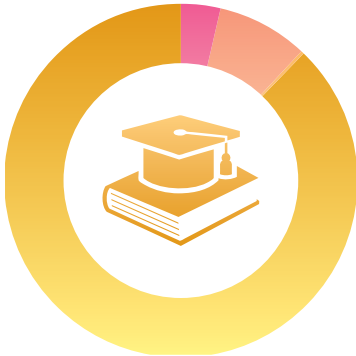
Throughout the year, there were no other changes in the Company's management team.

Human resources structure

s of December 31, 2024, the total number of employees in the Company was 11,383:

Education level

University degree and above	480	4.22%
College degree and vocational diploma	899	7.90%
Primary-level and technical workers	50	0.44%
Unskilled labor	9,954	87.45%
TOTAL	11,383	100.00%



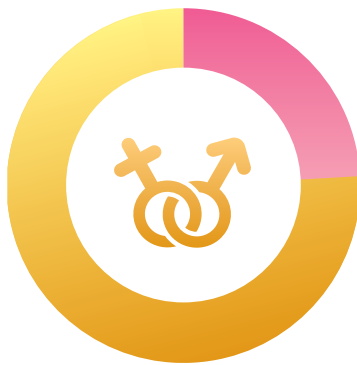
Employment Type

Direct labor	10,635	93.43%
Indirect labor	748	6.57%
TOTAL	11,383	100.00%



Gender

Male	2,958	25.99%
Female	8,425	74.01%
TOTAL	11,809	100.00%



Employment contract type

Fixed-term contract (1 to 3 years)	1,453	12.76%
Indefinite-term contract	9,930	87.24%
TOTAL	11,383	100.00%



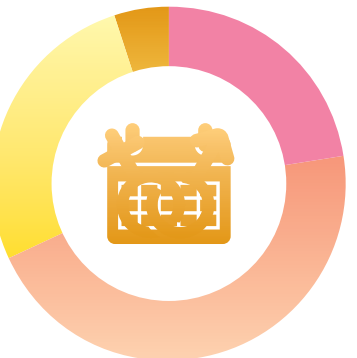
Management Level

Senior management	18	0.16%
Middle management	51	0.45%
Specialists, employees	679	5.97%
Other employees	10,635	93.43%
TOTAL	11,383	100.00%



Age group

18 - 25 years old	1,713	15.05%
26 - 35 years old	4,511	39.63%
36 - 45 years old	4,268	37.49%
Over 45 years old	891	7.83%
TOTAL	11,383	100.00%





## SUMMARY Of HUMAN RESOURCE POLICIES

### » Company's salary, bonus, and welfare regulations

The Company implements salary, bonus, and welfare policies to retain and motivate employees, particularly those with specialized expertise and professional skills, to commit to long-term employment. MSH ensures a competitive and performance-based compensation system, rewarding individuals and teams with outstanding achievements and innovative contributions that enhance business efficiency. At the same time, the Company applies disciplinary measures for employees whose actions negatively impact operations or corporate reputation.

Since 2021, MSH has introduced a productivity-based bonus policy, with performance incentives integrated into employees' monthly salaries. From September 2024, the Company implemented a performance-based contract system and decentralized management model, directly linking financial incentives to work efficiency, fostering a competitive and high-productivity work environment.

Throughout 2024, the Company successfully ensured stable employment and income for all employees. The average monthly income of MSH employees reached 12.7 million VND per person, while the average annual income of garment workers exceeded 100 million VND, maintaining a competitive level compared to industry standards and local benchmarks. The average Tet bonus remained at 2.5 months of actual salary, reinforcing the Company's commitment to ensuring employee welfare and motivation.

### » Employee recruitment policy

Intending to contribute to job creation and promote local socio-economic development, the Company prioritizes recruiting employees from neighboring areas where its headquarters and factories are located. For positions in specialized departments requiring qualifications, expertise, and experience, the Company "lays out the red carpet" to attract top talent, welcoming graduates from prestigious universities and colleges, as well as experienced and dedicated professionals who seek long-term career opportunities with the Company. For direct production workers, the Company continuously recruits to ensure sufficient staffing for production lines, offering various support policies. All newly hired workers undergo a probationary and training period. Once they meet the necessary conditions, the Company proceeds to formalize employment through seasonal, short-term, or long-term contracts.

### » Training and employee development policy

New employees receive support and guidance from specialized departments to help them integrate and adapt to their roles quickly. Those without prior experience in the field are provided with structured vocational training, while skilled workers are assigned positions that align with their competencies and strengths. Additionally, they receive regular training and skill enhancement to continuously improve their expertise and capabilities. For office staff, department employees, and team leaders or higher, the Company sponsors advanced training programs focused on professional skills, management, and leadership development. Senior management and executives are given opportunities to participate in seminars and specialized workshops on industry-related topics. All training expenses are fully covered by the Company, ensuring that employees do not bear any additional costs.

The Company continues to focus on identifying and developing qualified workers for leadership and technical roles, ensuring a pipeline of future management and technical personnel. This strategy helps build a strong succession plan and prepares a reserve workforce ready to take on key positions as needed.



# SHAREHOLDER STRUCTURE

## And CHANGES IN OWNERS' EQUITY



CHARTER CAPITAL IN 2024  
As of December 31, 2024

**750,141**  
MILLION VND

### STOCK INFORMATION

As of December 31, 2024

- Stock name: SONG HONG GARMENT JOINT STOCK COMPANY STOCK
- Stock type: Common Stock
- Stock code: MSH
- Par value per share: VND 10,000 per share
- Listing date: November 28, 2018 – Song Hong Garment Joint Stock Company's shares were officially listed on the Ho Chi Minh City Stock Exchange (HOSE) under the ticker MSH.
- Number of common shares: 75,014,100 shares
- Number of preferred shares: 0 shares
- Number of outstanding shares: 75.014.100 shares
- Total treasury shares: 0 shares
- Number of freely transferable shares: 74.787.300 shares
- Number of restricted transfer shares: 226.800 shares
- Treasury share transactions in 2024: None

### Other Securities

In 2024, the Company did not issue any other securities.

### Major shareholder

Individual/Organization	Number of Shares Owned	Ownership Ratio/ Charter Capital (%)
Bui Duc Thinh	17,934,120	23.91%
FPT Securities JSC	9,592,070	12.79%
Bui Viet Quang	8,512,560	11.35%
Bui Thu Ha	5,794,740	7.72%

Based on MSH's shareholder list as of December 2, 2024

### Shareholder structure

Shareholder type	Number of Shares	Ownership Ratio/ Charter Capital
State Shareholders	-	0.0%
Major Shareholders (owning 5% or more of total shares)	41,833,490	55.8%
- Domestic	41,833,490	55.8%
- Foreign	-	0.0%
Other Shareholders	33,180,610	44.2%
- Domestic	29,994,075	40.0%
- Foreign	3,186,535	4.2%
<b>TOTAL</b>	<b>75,014,100</b>	<b>100,00%</b>
- Individual shareholders	57,113,890	76,1%
- Institutional shareholders	17,900,210	23,9%

Source: Based on the list of shareholders of MSH as of December 2, 2024

The company has a maximum foreign ownership limit of 49%. As of December 2, 2024, foreign shareholders owned 3,186,535 shares, equivalent to 4.2% of the company's charter capital.



# CHANGES In OWNER'S EQUITY

In 2024, Song Hong Garment Joint Stock Company did not experience any changes in owner’s equity.

Time	Number of Additional Issued Shares	Issued Value (VND)	Charter Capital After Issuance (VND)	Capital Increase Method	Approval Authority
2004			12,000,000,000	Initial capital after equitization	General Meeting of Shareholders (GSM), Nam Dinh Department of Planning and Investment
1st Issuance: December 2007	600,000	6,000,000,000	18,000,000,000	Private share issuance	GSM, State Securities Commission (SSC)
2nd Issuance: December 2009	1,800,000	18,000,000,000	36,000,000,000	Stock dividend issuance	GSM, SSC
3rd Issuance: May 2011	1,800,000	18,000,000,000	54,000,000,000	Stock dividend issuance	GSM, SSC
4th Issuance: December 2014	5,400,000	54,000,000,000	108,000,000,000	Convertible bond conversion (540,000 bonds converted at a ratio of 1 bond = 10 shares)	GSM, SSC

Time	Number of Additional Issued Shares	Issued Value (VND)	Charter Capital After Issuance (VND)	Capital Increase Method	Approval Authority
5th Issuance: August 2015	540,000	5,400,000,000	113,400,000,000	Employee stock option plan (ESOP)	GSM, SSC
6th Issuance: August 2015	11,340,000	113,400,000,000	226,800,000,000	Bonus share issuance from owner's equity	GSM, SSC
7th Issuance: August 2017	1,134,000	11,340,000,000	238,140,000,000	Employee stock option plan (ESOP)	GSM, SSC
8th Issuance: June 2018	23,814,000	238,140,000,000	476,280,000,000	Bonus share issuance from owner's equity	GSM, SSC
9th Issuance: April 2019	2,381,400	23,814,000,000	500,094,000,000	Employee stock option plan (ESOP)	GSM, SSC
10th Issuance: June 2022	25,004,700	250,047,000,000	750,141,000,000	Stock issuance for dividend payment (2021)	GSM, SSC



## CHAPTER

# IV

## Board of Management's report

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# BOARD OF MANAGEMENT'S REPORT

## REVIEW OF BUSINESS PERFORMANCE IN 2024

### Business performance in 2024 and Board of Management assessment

By the end of 2024, the Company's net revenue exceeded VND 5,280.4 billion, achieving 101.5% of the target and increasing 16.3% compared to 2023; profit before tax reached VND 543.8 billion, fulfilling 147.0% of the plan and rising 77.4% year-on-year. Profit after tax amounted to VND 442.5 billion, reflecting an 80.4% increase compared to 2023. Several key factors impacted the Company's production and business activities throughout the year, including:



#### Net revenue

↑ 16.3%

reaches VND 5,280.4 billion,  
achieving 101.5% of the target,  
increasing 16.3% compared to 2023

#### Profit before tax

↑ 77.4%

reaches VND 543.8 billion,  
achieving 147.0% of the target,  
increasing 77.4% compared to 2023

#### Profit after tax

↑ 80.4%

reaches VND 442.5 billion,  
increasing 80.4% compared to 2023



**The recovery in consumer demand across key markets has driven export growth.** According to statistics from the General Department of Customs, Vietnam's textile and garment export turnover in 2024 reached USD 37.04 billion, an increase of 11.2% compared to the previous year. Export value to major markets also showed signs of recovery, with the United States reaching USD 16.15 billion (+11.6%), the European Union at USD 4.32 billion (+12.2%), Japan at USD 4.33 billion (+6.7%), and South Korea at USD 3.15 billion (+3.3%). Consumer demand in key markets has started to rise again, while the inventory levels of major global fashion retailers remained at reasonable levels by the end of 2024, creating opportunities for restocking in the future.

The long-term trend of supply chain relocation away from China, combined with political instability in major manufacturing countries such as Bangladesh, has enabled the Company to capitalize on opportunities to increase orders.

Since September 2024, the Company has implemented a incentive-based assignment regime and decentralized management policy, which has initially demonstrated outstanding effectiveness in enhancing production competitiveness, improving operational efficiency, and increasing revenue.

**The Company's manufacturing operations remained stable, ensuring strong production capacity**—an essential factor that allows MSH to attract major brands and renowned corporations. The Song Hong - Nghia Hung 2 (SH10) factory, which has been operating under green standards with modern production lines since 2022, has significantly contributed to expanding production capacity. This has enabled the Company to win additional FOB orders from prestigious partners with strict technical specifications. In 2024, Song Hong - Nghia Hung Joint Stock Company recorded a total revenue of VND 420.3 billion, marking a 31.3% increase compared to the previous year. With strong internal capabilities, continuous production expansion, modern factory systems, and a highly skilled workforce, May Song Hong is fully confident in its ability to capitalize on increasing order opportunities in the coming period.

**Financial income recorded strong growth**, reaching VND 210.7 billion, a 10.1% increase compared to VND 191.5 billion in 2023. This growth was primarily driven by effective cash flow management and risk management strategies, allowing the Company to optimize investments and capitalize on exchange rate fluctuations, thereby generating net financial profits.

**Cost of goods sold (COGS) control and cost optimization were aggressively implemented.** The increase in COGS was tightly managed, remaining lower than the revenue growth rate, contributing to an improvement in gross profit margin. Additionally, reducing and optimizing selling expenses while maintaining administrative costs at a reasonable level further enhanced operating profit significantly.



BOARD OF MANAGEMENT’S

REPORT (continued)

FINANCIAL SITUATION

Assets

As of December 31, 2024, the Company’s total consolidated assets reached VND 4,523.2 billion, reflecting a 30.99% increase compared to the beginning of the year. Including:

Short-term assets as of December 31, 2024, amounted to VND 3,249.6 billion, marking a 27.3% increase from VND 2,552.6 billion at the end of 2023, and accounting for 71.8% of total assets.

The composition of short-term assets saw significant changes during the year

- Cash and cash equivalents had the most substantial impact on the growth of short-term assets. As of December 31, 2024, the total value of this category was VND 886.4 billion, representing an increase of VND 431.0 billion compared to the end of 2023—equivalent to 1.9 times growth. As a result, the proportion of cash and cash equivalents relative to total assets rose from 13.2% on December 31, 2023, to 19.6% by the end of 2024.
- Short-term receivables were the second-largest contributor to the increase in short-term assets. As of December 31, 2024, the total value of receivables with a maturity of one year or less reached VND 991.7 billion, marking an increase of VND 393.3 billion, or 65.7%, compared to the end of 2023. Consequently, the proportion of short-term receivables within total assets rose from 17.3% at the end of 2023 to 21.9% by December 31, 2024. In terms of composition, the largest component of short-term receivables was trade receivables from customers, reaching VND 975.8 billion, an increase of VND 386.7 billion, or 65.7%, compared to December 31, 2024.
- The third-largest contributor to the increase in short-term assets was inventory, which reached VND 645.4 billion as of December 31, 2024, reflecting an increase of VND 138.9 billion, or 27.4%, compared to the end of 2023. Although inventory value increased, its proportion of total assets saw a slight decline from 14.7% at the end of 2023 to 14.3% by December 31, 2024. The most significant increases were recorded in finished goods, which rose by VND 83.7 billion (35.9%); work-in-progress (WIP), which increased by VND 47.3 billion (67.1%); and goods in transit, which surged by VND 45.7 billion, equivalent to 3.8 times the previous year’s level. Meanwhile, notable declines were observed in raw materials and supplies, which decreased by VND 49.9 billion (29.6%), and purchased goods in transit, which dropped by VND 20.5 billion (71.0%)
- Short-term financial investments was the only category that recorded a decline in both value and its proportion of short-term assets. As of December 31, 2024, short-term financial investments stood at VND 653.1 billion, reflecting a decrease of VND 317.7 billion (32.7%) compared to the end of 2023. The most significant reduction was observed in bonds with maturities exceeding three months, which declined by VND 287.8 billion (31.8% YoY) in 2024.

Short-term assets

↑27.3%

reached VND 4,523.2 billion  
accounted for 71.8% of total assets

Long-term assets

↓41.1%

reaches VND 1,273.6 billion  
accounted for 28.1% of total assets

As of December 31, 2024, the total value of long-term assets stood at VND 1,273.6 billion, reflecting a increase of VND 373.1 billion (41.1%) compared to December 31, 2023. Long-term assets accounted for 28.1% of total assets, slightly increasing from 26.1% at the end of 2023. The majority of long-term assets comprised fixed assets, which reached nearly VND 700 billion, representing a 9.6% decline from the previous year and accounting for 15.5% of total assets. The primary driver behind the growth in long-term assets was construction in progress, which recorded a year-end value of VND 473.3 billion, an increase of VND 413.8 billion compared to the end of 2023. This increase was mainly attributed to the construction costs of the Xuan Truong factory project. Additionally, in 2024, the Company recorded a new investment of VND 34.5 billion in joint ventures, reflecting its capital contribution to Golden Avenue Apparel Manufacturing Company, a joint venture established in the Arab Republic of Egypt, which commenced operations in July 2024.

Evaluation of provision for doubtful debts and provision for inventory devaluation: As of December 31, 2024, the Company had set aside VND 41.9 billion in provisions for doubtful short-term receivables, an increase compared to VND 39.4 billion recorded as of December 31, 2023. Meanwhile, the provision for inventory devaluation stood at approximately VND 8.4 billion, reflecting a decrease from VND 11.3 billion at the beginning of the year.

No.	Indicators	December 31, 2023	December 31, 2024	Growth	
				Value	%
I	CURRENT ASSTES	2,552,594	3,249,616	697,022	27.31%
1.1	Cash and cash equivalents	455,324	886,350	431,027	94.66%
1.2	Short-term financial investments	970,785	653,103	(317.682)	-32.72%
	Short-term receivables	598,360	991,662	393,302	65.73%
1.3	- Short-term receivables from customers	589,040	975,784	386,744	65.66%
	- Provision for doubtful debts	(39,376)	(41,883)	(2.507)	6.37%
1.4	Inventories	506,531	645,400	138,869	27.42%
1.5	Other short-term assets	21,595	73,100	51,506	238.51%
II	NON-CURRENT ASSETS	900,495	1,273,573	373.078	41.43%
2.1	Long-term receivables	21,375	40,000	18,626	87.14%
2.2	Fixed assets	773,819	699,598	(74.221)	-9.59%
2.3	Long-term assets in progress	59,468	473,271	413,803	695.84%
2.4	Long-term financial investments	-	34,460	34,460	n/a
2.5	Other long-term assets	45,832	26,243	(19,590)	-42.74%
III	TOTAL ASSETS	3,453,089	4,523,189	1,070,100	30.99%

Unit: Million VND



# BOARD OF MANAGEMENT’S REPORT (continued)

## FINANCIAL SITUATION

### Resources

Regarding the capital structure, as of December 31, 2024, MSH's capital structure remained largely stable, maintaining a balanced position between liabilities and shareholders' equity.

As of December 31, 2024, the Company's total liabilities reached VND 2,467.6 billion, (an increase of 50.2% (equivalent to an increase of VND 824.3 billion) compared to the beginning of the year, accounting for 54.6% of the total capital structure. Including:

- Short-term liabilities continued to account for the majority of the Company’s total obligations, reaching VND 1,860.1 billion, representing 41.2% of total capital and increasing by nearly VND 525 billion (equivalent to a growth rate of 39.3%) compared to the beginning of the year. The three largest components of short-term liabilities included: Short-term borrowings and finance leases, which amounted to VND 812.7 billion, accounting for 18% of total capital and increasing by 54.3% compared to the beginning of the year; Payables to employees, which stood at VND 573.6 billion, making up 12.7% of total capital and rising by 14.7% from the beginning of the year; and Trade payables, which reached VND 192.5 billion, accounting for 4.3% of total capital and increasing by 56.2% compared to the beginning of the year. Notably, short-term borrowings increased by VND 285.9 billion during the period, primarily reflecting the Company’s additional USD-denominated borrowings with maturities of less than one year from banks to supplement working capital, payroll payments, guarantees, letters of credit (L/C), and discounting activities
- Regarding long-term liabilities, the Company's long-term debt was entirely composed of long-term borrowings, reaching VND 607.5 billion as of December 31, 2024, an increase of VND 299.6 billion (equivalent to 90.3%) compared to the end of 2023, accounting for 13.4% of the total capital structure. This increase was mainly attributed to additional borrowings from the Bank for Investment and Development of Vietnam (BIDV) – Nam Dinh Branch, with a total rise of VND 335.6 billion in 2024, intended to finance various components of the "Export Garment Manufacturing Zone" construction project of Song Hong Garment – Xuan Truong Joint Stock Company.

Overall, compared to the end of 2023, the Company's leverage ratio increased from 24.2% to 31.4%.

Total liabilities  
↑50.2%  
reached VND 2,467.6 billion  
accounted for 54.6% of  
the total capital

As of December 31, 2024, the Company's owner's equity reached VND 2,055.5 billion, marking a 13.6% increase compared to the end of 2023. However, its proportion of total capital decreased from 52.4% at the end of 2023 to 45.4% as of December 31, 2024.

Total equity  
↑13.6%  
reached VND 2,055.5 billion  
accounted for 45.4% of  
the total capital

				Growth	
No.	Indicators	December 31, 2023	December 31, 2024	Value	%
I	SHORT-TERM LIABILITIES	1,335,421	1,860,133	524,712	39.29%
1.1	Short-term trade accounts payable	123,235	192,534	69,299	56.23%
1.2	Advances from customers	13,766	14,847	1,081	7.85%
1.3	Taxes and other payables to the State Budget	48,669	93,644	44,975	92.41%
1.4	Payables to employees	500,231	573,594	73,363	14.67%
1.5	Short-term accrued expenses	56,980	102,686	45,706	80.21%
1.6	Other short-term payables	4,927	6,138	1,211	24.58%
1.7	Short-term Borrowings and Finance Leases Liabilities	526,786	812,672	285,886	54.27%
1.8	Bonus and welfare fund	45,827	44,475	-1,352	-2.95%
1.9	Provision for short-term Liabilities	15,000	19,542	4,542	30.28%
II	LONG-TERM LIABILITIES	307,913	607,523	299,610	97.30%
2.1	Long-term Borrowings and Finance Leases Liabilities	307,913	607,523	299,610	97.30%
III	TOTAL LIABILITIES	1,643,334	2,467,656	824,322	50.16%

Unit: Million VND

Debt Repayment Assessment: As of December 31, 2024, the Company had no overdue debts. The maturity schedule of the Company's and its subsidiaries liabilities is summarized as follows:

No.	Indicator	December 31, 2023	December 31, 2024	%Change
1	FINANCIAL LIABILITIES DUE WITHIN 1 YEAR	1,272,986	1,751,641	37.6%
1.1	Borrowings and finance lease liabilities	526,786	812,672	54.3%
1.2	Short-term trade accounts payable	123,234	192,534	56.2%
1.3	Other short-term financial liabilities	622,965	746,435	19.8%
2	FINANCIAL LIABILITIES DUE WITHIN 1-5 YEARS	307,913	607,523	97.3%
2.1	Borrowings and finance lease liabilities	307,913	607,523	97.3%
3	TOTAL	1,580,899	2,359,164	49.2%

Unit: Million VND



# BOARD OF MANAGEMENT’S REPORT (continued)

## Impact of interest rate differentials

Indicator	2023	2024	%Change
Short-term borrowings and finance lease liabilities	526,786	812,672	54.27%
Long-term borrowings and finance lease liabilities	307,913	607,523	97.30%
Interest expenses	44,582	53,363	19.70%
Net revenue	4,541,908	5,280,403	16.26%
Interest expenses / Net revenue	0.98%	1.01%	n/a

Unit: Million VND

## Impact of Exchange Rate Differentials

The following table illustrates the sensitivity of net operating results for the year and the equity related to financial assets and liabilities under changes in the USD/VND exchange rate:

	December 31, 2024	December 31, 2023
• If the USD appreciates against the VND by 4.8% (2023: 2.9%), the following impacts will occur:		
Net result for the year	11,784,674,314	987,330,411
Owner’s equity	11,784,674,314	987,330,411
• If the USD depreciates against the VND by 4.8% (2023: 2.9%), the following impacts will occur:		
Net result for the year	(11,784,674,314)	(987,330,411)
Owner’s equity	(11,784,674,314)	(987,330,411)

Unit: VND

The sensitivity analysis of net results for the year and equity to fluctuations in the USD/VND exchange rate assumes a +/- 4.8% change in the USD/VND exchange rate for the fiscal year ending December 31, 2024 (fiscal year ending December 31, 2023: +/- 2.9%). These percentages are determined based on the average market exchange rate fluctuations over the preceding 12 months. The sensitivity analysis is conducted based on foreign currency derivative financial instruments held by the Company and its subsidiaries as of the consolidated balance sheet date, assessing the impact of forward contracts and the effects of exchange rate fluctuations.





# IMPROVEMENTS In ORGANIZATIONAL STRUCTURE AND MANAGEMENT POLICIES

01

## Improvements in Organizational Structure

- In recent years, Song Hong Garment Joint Stock Company has consistently pursued expansion plans by investing in and establishing subsidiaries to enhance production capacity and broaden its business operations. This includes capital contributions to establish Song Hong Garment Joint Stock Company – Nghia Hung and Song Hong Garment Joint Stock Company – Xuan Truong, as well as investments in factory construction. Additionally, the Company has expanded into the freight transportation sector through its capital contribution to BSS Logistics Vietnam Co., Ltd., leading to the establishment of a new subsidiary.
- Also, this year, Song Hong Garment Joint Stock Company completed its capital contribution to establish a joint venture in Egypt, holding a 50% ownership stake, thereby adding an associated company to its organizational structure. The decision to invest in Egypt was based on three key advantages: first, labor costs in Egypt are significantly lower than in Vietnam; second, under the free trade agreement with Israel, exports from Egypt to the U.S. are entirely exempt from tariffs; and finally, Egypt's strategic geographic location allows for considerably shorter shipping times to both the U.S. and European markets.
- In 2024, Song Hong Garment – Xuan Truong Joint Stock Company completed a capital increase. On February 21, 2024, the Company issued shares to distribute 2023 dividends, raising its charter capital from VND 150 billion to VND 165 billion. Subsequently, on March 28, 2024, Song Hong Garment – Xuan Truong Joint Stock Company completed a share offering to existing shareholders, increasing its charter capital from VND 165 billion to VND 300 billion. As part of this issuance, Song Hong Garment Joint Stock Company acquired an additional 6,885,000 shares, corresponding to an additional investment of VND 68.85 billion. Following this capital contribution, the Company's total investment in Song Hong Garment – Xuan Truong Joint Stock Company amounted to VND 153 billion, maintaining its 51% ownership stake.

02

## Improvements in Corporate Governance

- In 2024, the Company continued to focus on enhancing corporate governance capabilities by implementing digital transformation in production management and cash flow management. Currently, the Company is actively researching and piloting the implementation of Enterprise Resource Planning (ERP) software along with other advanced management systems to improve accuracy and timeliness in production, business, and financial management. These efforts aim to maximize resource utilization, optimize cost efficiency, and prevent losses and waste, thereby strengthening overall operational effectiveness.
- The Company regularly reviews, updates, refines, and communicates its annual business planning processes to all departments while continuously improving and implementing new procedures to support strategic planning and risk management. In 2024, the Company introduced a new incentive-based assignment regime and decentralized management policy, aimed at ensuring clear delegation of authority and responsibility, while aligning compensation and incentives with performance outcomes. Since its implementation in late Q3 2024, this policy has delivered significant improvements in workforce efficiency, productivity, and cost optimization for the Company.
- The Company continues to review and refine its regulations, management processes, and goods circulation procedures between the parent company and its subsidiaries to enhance operational efficiency and ensure seamless coordination.
- The Company regularly monitors the implementation of 5S Kaizen and Lean manufacturing methodologies across its factories and production units to enhance efficiency, optimize workflows, and improve overall operational performance.





# IMPROVEMENTS

## In ORGANIZATIONAL STRUCTURE AND MANAGEMENT POLICIES (tiếp theo)

03

Improvements in Training and Human Resource Development

Recognizing that human resources are the key driver of May Song Hong’s strength, the Company places top priority on training and workforce development. Throughout the year, various training programs were conducted for employees across all levels. Some of the most notable training initiatives included:

Training Programs	Target	Scale/ Number of Employees Participating in Training
Her Project – Financial Knowledge for Female Workers	Organized to equip female workers with financial knowledge and skills, the program focused on empowering women to take control of their finances. Key topics covered included household financial management, budgeting skills, and savings planning. Through group workshops, female workers were guided on smart and proactive spending strategies, helping them reduce financial dependence on their spouses. Ultimately, enabling female workers to lead a more positive and proactive life.	Approximately 1,000 female employees across the entire company.
Training Program on Social Responsibility Compliance – Gender Equality	This program was organized by Song Hong Garment Joint Stock Company in collaboration with Nike. It aims to equip employees with knowledge and skills to understand the content and role of gender equality in family, work, and society. It also guides employees on how to express respect, love, and sharing. Additionally, the program encourages female workers to participate in social activities and confidently apply for management positions.	Approximately 1,500 workers across the entire company
Training Program on Social Responsibility Compliance	This program was organized by WRAP to provide workers with knowledge about labor laws and policies related to employees in the garment industry. Through peer educators, the program conveys to all employees in the company the legal regulations and government policies for workers in general and those in the textile and garment industry in particular.	The entire officers and employees of the company.



Training Programs	Target	Scale/ Number of Employees Participating in Training
Training Program on Machinery and Equipment Safety	Song Hong Garment JSC, in collaboration with Better Work, organized this program to provide employees with knowledge and skills for safe machine operation, labor accident prevention, and industry-standard compliance for industrial sewing machines. Through peer educators, the program conveyed key messages to employees, enhancing awareness and adherence to the highest safety regulations, particularly in operating specialized machinery and electrical safety.	100 employees (including safety officers and compliance inspectors)
Training Program on Leadership Skills for Female Workers	Song Hong Garment JSC, in partnership with Target (through CARE organization), conducted this program to equip female workers with leadership and management skills, encouraging them to apply for management and leadership positions within the company. The training covered essential knowledge on leadership, management, and decision-making strategies for team/department supervisors. The goal is to build confidence among female workers and empower them to take on leadership roles when opportunities arise	1,000 female workers
Rescue and Fire Safety Training Program	Organized by the Nam Dinh Provincial Police, this program aims to equip employees with knowledge and skills in fire prevention, rescue, and emergency response. The Fire Prevention and Rescue Police Department provided training and practical exercises to security and safety officers, focusing on fire prevention, evacuation techniques, and rescue operations in case of fire incidents.	500 employees (including safety officers, compliance inspectors, security staff, and volunteer youth teams)



# DEVELOPMENT PLANS IN 2025

## 2025 Operational Plan

In 2025, MSH has set key operational objectives and solutions as follows:



- Ensure safe, stable, and efficient operations across existing production areas and newly commissioned factories, aiming for maximum efficiency in sewing line utilization.
- Ensure that the investment and construction of Song Hong 11 Factory proceed as scheduled. The factory is expected to commence operations in early 2025, reaching approximately 50% capacity in the first year, and achieving full capacity by 2026.
- Promote the transition to green production and invest in advanced electric boiler systems for deeper sustainability integration.
- Strengthen market expansion efforts, focusing on diversifying clients/customers and product portfolios. Emphasize the enhancement of commercial relationships with traditional markets.
- Leverage opportunities from FTA agreements to establish connections with raw material manufacturers and complete supply chains. Promote investment cooperation and business partnerships in textile and garment production and trade.



- Prioritize workforce stability, ensuring job security while creating career advancement opportunities for employees. Focus on training programs for automation, digital transformation, and skill development to enhance labor productivity and competitiveness.
- Continuously improve corporate governance, particularly in management models, corporate culture, and the application of advanced technologies in administration.
- Boost research and development efforts and apply scientific advancements in production to optimize costs and enhance productivity, particularly for export-standard products.
- Invest in design research and development, raw material production, and deep integration into the global textile supply chain. Expand manufacturing capabilities to FOB level 2 (free on Board – self-sourcing raw materials), ODM (original design manufacturer), and OBM (original brand manufacturer).
- Foster a positive corporate culture, creating an environment and motivation for sustainable development.

The specific planned targets are as follows:

Indicator	2024 Performance	2025 target
Net revenue (billion VND)	5,280.4	5,500
Profit before tax (billion VND)	543.8	600



# IMPLEMENTATION SOLUTIONS



## Production and Investment Operations

- Develop production plans, order processing, and pricing strategies towards specialization to ensure the completion of production and business plans.
- Strictly inspect and control each stage of production to ensure compliance with the process for each product code, meeting customer quality requirements.
- Strengthen investment in renovating production areas to meet green factory standards, aiming for sustainable development.
- Review, phase out, and replace outdated machinery with modern equipment and technology to optimize production capacity and improve labor productivity.
- Closely monitor the operations of the company's joint venture in Egypt to ensure alignment with the set objectives and investment plans.



## Business Development and Market Expansion

- Develop a strong merchandising and sales team with expertise, focusing on order sourcing and identifying potential customers.
- Effectively leverage trade agreements (CPTPP, EVFTA) and shift orders to tariff-preferential regions (such as Egypt) to expand the market and attract customers.
- Enhance the capabilities of the sourcing team, improving their ability to seek and diversify supply sources to increase competitiveness.
- Continue expanding the market for bed linens and bedding products for export while maintaining a strong presence in the domestic market.



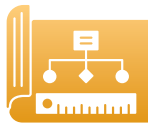
## Human Resource Development

- Maintain and establish strategic labor supply hubs to ensure a stable workforce for the company.
- Build and enhance training and development programs for senior management and key personnel.
- Assess human resource demands across departments and align training programs (including specialized on-the-job training) to strengthen workforce capacity in critical positions.
- Focus on upskilling workers through on-the-job training to meet the demands of large orders with high-quality standards.



## Corporate Governance

- Strengthen governance and oversight of factory operations by the Board of Directors, ensuring that all company activities align with the resolutions of the General Meeting of Shareholders and the Board of Directors.
- Enhance the deployment of the enterprise resource planning (ERP) system to manage and unify data across factories and office areas.
- Organize periodic assessment programs to ensure compliance with achieved certifications (Better Work, GMP, FCAA, SCAN, LABS, GRS, RCS-OCS, RDS, OE-KOTEX, HIGG-Index, WRAP, etc.), adhering to social responsibility, environmental standards, and safe production criteria.



## Product Research and Development

- Actively invest in the Research and Development (R&D) department to create products with innovative designs, improved quality, unique features, and new utilities aligned with the company's strategic direction.
- Research and enhance sample development capabilities, particularly in 3D modeling, to serve major FOB partners.



## Capital, Asset, and Investment Management

- Implement strict cost-saving measures, prevent losses and wastage, and maximize the efficiency of asset utilization.
- Effectively manage financial resources by scientifically monitoring capital sources and aligning investment plans accordingly.



## Environment, Safety, and Health

- Strictly comply with legal regulations and local policies related to labor and the environment.
- Comply with customer assessment standards for production processes and product quality.



Assessment report related  
To ENVIRONMENTAL AND SOCIAL  
RESPONSIBILITIES OF THE COMPANY

Assessment  
concerning the  
environmental  
indicator

The company fully complies with legal regulations on environmental protection. In 2024, the company has implemented the following initiatives:

- Constructing and operating production areas at Song Hong – Nghia Hung 2 (SH10) and Song Hong – Xuan Truong 2 (SH11) with a focus on green transformation, equipped with modern technology that meets sustainable standards.
- Investing in a electric steam boilersystem, transitioning entirely from traditional fossil fuels. Currently, 100% of steam energy at Song Hong 7 and Song Hong 9 factories has been converted.
- Implementing wastewater reuse at Song Hong 10 factory.
- Expanding the CBD (Clean by Design – "Water Efficient Design") model in the Laundry Department in collaboration with Target.
- Researching and implement energy audit projects with the goal of effective energy control.
- Conducting periodic monitoring reports on environmental protection, groundwater exploitation and wastewater discharge, waste management, and boilers in production sites.
- Preparing monitoring and analysis reports on clean water and drinking water.
- Complying with regulations on environmental protection fees and water resource taxes.
- Assigning dedicated staff for wastewater system maintenance, and preventing environmental violations.
- Promoting employee environmental awareness, encouraging waste sorting, and ensuring proper waste disposal practices.

Assessment  
concerning  
the corporate  
responsibility for  
the local community

In 2024, the Company continues to maintain and make significant contributions to the development of new-style rural development, poverty alleviation, and supporting localities affected by natural disasters. The Company further implements programs to honor and support those who have served the country, including visiting and providing gifts to veterans and revolution contributors. Additionally, the Company carries out sponsorship and assistance programs for underprivileged children and those in particularly difficult circumstances, contributing to the overall well-being of communities in the areas where the Company's factories are located.

Assessment concerning the labor issues

The company fully and effectively implements policies related to employees, including:

01

Salary, bonus, welfare regimes, and other labor-related policies (working hours, health insurance, social insurance, etc.) in compliance with government regulations and labor laws. In addition to these statutory benefits, the company has its policies to ensure the social well-being of employees, encouraging long-term commitment to the company. Some Employee Welfare Programs Implemented by the Company During the Year:

- Since November 2024, the Company has issued an integration support policy for new workers. Accordingly, newly joined workers at MSH are entitled to receive support ranging from VND 1,050,000 to VND 2,100,000 per person per month (for a period of first 4 to 6 months). This policy has created strong appeal, helping the factories attract and recruit new workers and encouraging them to stay and work long-term.

02

Recruitment, training, and career development activities are always a priority. When necessary, the company invites experts to train its employees.

03

Focus on improving the mental well-being and health of employees. Regularly organize sports activities and team-building events to enhance physical fitness, mental resilience, and team spirit among the workforce.

04

Throughout 2024, the Company continued to invite experts in fashion design and garment technology to conduct training sessions aimed at enhancing the knowledge and skills of the talent pipeline at factory level". These classes helped trainees—future managerial staff, grasp essential knowledge, strengthen their technical expertise, and build confidence in taking on production management and operational roles.

Explanation of the Board of Management for auditor's opinions (if any)

None



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# ASSESSMENTS OF THE BOARD OF DIRECTORS

## On THE COMPANY'S OPERATION

### Evaluation by the Board of Directors on Various Aspects of the Company's Operations

#### Business performance results



After a period of stagnation due to the lingering impact of the Russia-Ukraine conflict and unfavorable macroeconomic factors affecting major economies in 2023, Vietnam's textile and garment industry has continued its recovery in 2024. Consumer demand for textiles in major markets (such as the U.S. and the EU) has experienced a deceleration in growth compared to the post-COVID-19 boom but remains stable thanks to improvements in income and personal consumption. While raw material and logistics costs have cooled down from their peak levels, they remain higher than pre-pandemic times. This situation requires textile enterprises, including MSH, to maintain strict cost control and optimize their supply chain. Free trade agreements (such as CPTPP, EVFTA, and RCEP) continue to provide opportunities for Vietnam's textile and garment exports but come with stricter requirements regarding rules of origin, quality standards, environmental sustainability, and corporate social responsibility. Despite ongoing global market challenges, MSH has successfully adapted through cost management strategies, technology investments, market expansion, and maintaining customer trust. The company's strong revenue and profit growth in 2024 demonstrate its management capabilities, ability to meet international standards, and effective utilization of trade agreement opportunities. In 2024, the company achieved the following specific results:



**5,280.4** billion VND

Net revenue exceeding the target by 1.5%

**543.8** billion VND

Profit before tax surpassing the target by 47.0%



**15.7** %

Gross profit margin

**8.4** %

Net profit margin after tax

#### Investment activities

- In 2024, the Company completed the capital increase at its subsidiary, Song Hong Garment – Xuan Truong Joint Stock Company, completed the capital contribution procedures to establish a joint venture in Egypt, and continued the construction of the Song Hong – Xuan Truong 2 Factory Project in Xuan Hoa Commune, Xuan Truong District, Nam Dinh Province, Vietnam. The factory is expected to be put into operation in early 2025. Overall, the Company's leadership has closely monitored the implementation of investment and capital contribution projects, ensuring they are executed according to the established plans.
- Additionally, the Company has maintained investments in renovations and fixed asset enhancements to support operational needs, including factories, machinery systems, office spaces, and equipment,...

#### Corporate governance

- In 2024, the Company continued to implement corporate governance in full compliance with legal regulations and the Company's Charter. The responsibilities assigned to the Board of Directors (BOD), the Board of Management (BOM), and the management team were executed with diligence. All proposals aimed at improving governance efficiency were encouraged, acknowledged, and appropriately implemented. On an individual level, BOD members effectively fulfilled their assigned duties and proactively executed their responsibilities.
- Additionally, the Company remained focused on researching and applying technology in governance and operations. The implementation of the Enterprise Resource Planning (ERP) system was further strengthened with the support of both domestic and international consultants. This initiative aims to enhance management capabilities and establish a unified data control system across all business units and office functions.

#### Labor, Training, and Human Resource Development

- The Company has effectively implemented labor policies, ensuring transparency and fairness for all employees. Regular training programs are organized to enhance workforce skills, with tailored programs designed to align with the specific roles and expertise of employees. Both general and specialized training courses are provided to ensure the most suitable and effective development. For senior management and specialized personnel, the Company prioritizes leadership development, professional skill enhancement, and advanced training in technical and operational fields. Beyond professional growth, the Company remains committed to improving employee well-being. The Company actively supports and facilitates the operations of its labor union while collaborating to implement meaningful programs and activities. These initiatives aim to enhance the quality of life for employees, foster motivation, encourage responsibility, and strengthen long-term commitment to the Company.



# ASSESSMENTS OF THE BOARD OF DIRECTORS On THE COMPANY'S OPERATION

## Environmental and social responsibility

The Company strictly complies with all environmental and social regulations, ensuring responsible and sustainable business operations.



### Environmental responsibility

- The Company conducts regular factory assessments and periodic environmental monitoring covering air quality, emissions, wastewater, solid waste, and groundwater extraction. These efforts help identify and implement measures to minimize pollution and maintain environmental indicators within legally permitted limits. Currently, the Company is researching and implementing an energy audit project aimed at improving energy efficiency. For new factory projects, the Company focuses on green investments, applying state-of-the-art, highly automated equipment, sustainable production, and environmental friendliness.
- Employees are also encouraged to strengthen their environmental awareness and contribute innovative solutions to reduce pollution and enhance environmental quality in the workplace and surrounding communities.

### Social responsibility

- Throughout the year, the Company has implemented various meaningful programs that contribute to the sustainable development of local communities. These initiatives have been carried out in collaboration with long-term business partners, aiming to create positive and lasting impacts on society.





# ACTIVITIES Of THE BOARD OF DIRECTORS

## › Supervisory Activities of the Board of Directors

The Board of Directors (BOD) continued to fulfill its duties in accordance with the Company's Charter and the Enterprise Law. Key supervisory activities included:

- Successfully presiding over and directing the 2024 Annual General Meeting of Shareholders on April 27, 2024.
- Organizing quarterly meetings to review and analyze business performance reports presented by the Board of Management.
- Monitoring the implementation of resolutions passed by the AGM and the BOD, as well as overseeing the Board of Management's business operations management.
- Closely following the Company's activities and providing timely guidance to ensure operational efficiency and strategic alignment.

## › BOD's Assessment of the Board of Management's Performance

The BOD recognizes the proactive and diligent efforts of the Board of Management in closely monitoring the Company's situation and implementing appropriate operational programs to ensure business efficiency:

- The Board of Management has actively implemented all BOD resolutions and decisions promptly and compliantly.
- The Board of Management has closely coordinated with the BOD to ensure prompt and effective strategic responses through timely directives and policies.
- The Board of Management has closely supervised and guided departments and divisions to ensure safe business operations, maintain high product quality standards, and meet delivery schedules for partners.
- The Board of Management has proactively monitored market conditions, swiftly seized business opportunities, and actively coordinated with both Business Divisions to seek new customers and develop new orders, ensuring a stable supply of orders across all production units;
- The Board of Management has exercised strict control over production, administrative, selling, and financial expenses, while decisively implementing cost-saving initiatives across the entire organization—from headquarters to production units. Additionally, it has proactively managed capital and cash flow, ensuring sufficient funding for both business operations and investment projects;
- The Board of Management has closely monitored the operations of Song Hong 10 Factory, ensuring stable and efficient business activities;
- The Board of Management has supervised and directed the investment and construction of Song Hong 11 Factory, ensuring compliance with international standards, adherence to project timelines, and close monitoring of the capital increase plan for Song Hong Garment – Xuan Truong Joint Stock Company;
- The Board of Management has successfully led the capital contribution process to establish the Golden Avenue Apparel Manufacturing Joint Venture in alignment with the BOD's strategic direction.
- All activities of the Board of Management throughout the year have been conducted in full compliance with legal regulations, the Company's Charter, and the resolutions of the General Meeting of Shareholders.

The Board of Directors highly appreciates the Board of Management's leadership in overseeing and executing business operations efficiently, ensuring optimal performance and growth.

# PLANS AND ORIENTATIONS Of THE BOARD OF DIRECTORS

The Board of Directors (BOD) will continue to provide favorable conditions for the Board of Management to achieve the major strategic objectives of the 2024-2029 term, which include:

- Strengthening Song Hong Garment Joint Stock Company into a more reputable, resilient, and efficient enterprise, aiming to become a prominent and trusted supplier of fashion textiles and garments in the global supply chain. The Company also strives to remain among the top textile and garment exporters in Vietnam.
- Building a competent and professional leadership team, supported by a highly skilled workforce in management, business operations, and technical fields.

For 2025, the Company will focus on the following strategic directions:

- Successfully organizing the 2025 Annual General Meeting of Shareholders.
- Developing and implementing flexible strategies to respond to potential economic challenges.
- Ensuring employee livelihood stability, with a priority on supporting the factory workforce.
- Enhancing technical expertise and management capabilities within the production planning division.
- Strictly managing financial resources by strengthening cost-saving initiatives, optimizing supply chain control, and ensuring balanced and efficient investments.
- Continuing to implement advanced software solutions to improve productivity, quality, and overall management efficiency





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# BOARD OF DIRECTORS

## Member of the Board of Directors

No	Full name	Position	Number of Shares Owned	Ownership Percentage (%)
1	Mr. Bui Duc Thinh	Chairman of the Board	17,934,120	23.91%
2	Mr. Bui Viet Quang	Member of the Board of Directors	8,512,560	11.35%
3	Ms. Bui Thu Ha	Member of the Board of Directors	5,794,740	7.72%
4	Mr. Nguyen Manh Tuong	Member of the Board of Directors	864,600	1.15%
5	Ms. Le Thi Hong Yen	1.15%	340,200	0.45%
6	Mr. Bernard Szeto W.K	Member of the Board of Directors	340,200	0.45%
7	Mr. Dinh Trang Thi	Independent member of the Board of Directors	-	0.00%
8	Ms. Nguyen Thi Hanh	Independent member of the Board of Directors	-	0.00%

Changes in the Board of Directors in 2024: None

## Activities of the Board of Directors

### Meeting attended by Board of Directors

No.	Board of Director' member	Position	The date becoming/ ceasing to be member of the BOD	Number of meetings attended by the BODs meetings attended by the BODs	Attendance rate	Reasons for absence
1	Mr. Bui Duc Thinh	Chairman of the Board	April 27, 2024	7/7	100%	
2	Mr. Bui Viet Quang	Member of the BODs	April 27, 2024	7/7	100%	
3	Mr. Nguyen Manh Tuong	Member of the BODs	April 27, 2024	7/7	100%	
4	Ms. Le Thi Hong Yen	Member of the BODs	April 27, 2024	7/7	100%	
5	Mr. Bernard Szeto W.K	Independent member of the BODs	April 27, 2024	7/7	100%	
6	Mr. Dinh Trang Thi	Independent member of the BODs	April 27, 2024	7/7	100%	
7	Ms. Nguyen Thi Hanh	Member of the Board of Directors	April 27, 2024	7/7	100%	

## Resolutions/Decisions of the Board of Directors

No.	Resolution/ Decision No.	Date	Content	Approval rate
1	02/2024/NQ/HĐQT-MSH	January 24, 2024	The BOD Resolution on the principle of contributing capital to establish a joint venture company in Egypt.	100%
2	12/2024/NQ/HĐQT-MSH	March 7, 2024	The BOD Resolution on organizing the Annual General Shareholders' Meeting for 2024.	100%
3	19/2024/NQ/HĐQT-MSH	March 22, 2024	The BOD Resolution on the results of the business operations and the financial situation for Q4 2023 and the full year of 2023, and the addition of content to the AGM 2024 agenda.	100%
4	38/2024/NQ.HĐQT-MSH	April 27, 2024	The BOD Resolution on electing the Chairman of the Board of Directors of Song Hong Garment Joint Stock Company for the term 2024-2029.	100%
5	60/2024/NQ/HĐQT-MSH	June 19, 2024	The BOD Resolution on the results of business operations and the financial situation for Q1 2024. Approval of the principle of “Delegation and Management Decentralization” for the company’s production and business units. Approval of the change of Corporate governance officer.	100%
6	70/2024/NQ/HĐQT-MSH	August 14, 2024	The BOD Resolution on the results of business operations and the financial situation for Q2 2024. Approval of the plan to implement the delegation and management decentralization policy for the company’s production and business units.	100%
7	95/2024/NQ/HĐQT-MSH	November 13, 2024	The BOD Resolution on the results of business operations and the financial situation for Q3 2024. Approval of the establishment of the company’s internal audit department, and issuance of the company's internal audit regulations. Approval of the advance dividend payment for 2024 in cash.	100%





# BOARD OF DIRECTORS (continued)

## Supervising the Board of Management by the Board of Directors

Based on the company's charter and corporate governance regulations, the Board of Directors (BOD) is responsible for monitoring and supervising the activities of the General Director (CEO) and the Board of Management in managing business operations and implementing the resolutions of the General Shareholders' Meeting and the BOD in 2024 as follows:

### Supervision method

In addition to discussing and exchanging views at regular meetings with the CEO, the Board of Directors (BOD) also frequently communicates via email and phone about the implementation of the business plan and the resolutions of the BOD, as well as the goals approved by the General Shareholders' Meeting.

The BOD has closely coordinated with the Audit Committee and assigned specific tasks to individuals in order to carry out supervision of the following aspects:

- Financial Oversight: Reviewing and analyzing financial report data to promptly assess the review results before issuing official documents.
- Compliance Monitoring in Business Operations: Through internal control activities, the BOD has directed and closely monitored the company's compliance and efficiency in business processes.
- Supervision of Risk Management at the Company Level: Ensuring strict oversight of internal control and risk management in the operation of the company's risk management system.

The Board of Directors (BOD) has discussed and approved decisions through resolutions after each meeting to provide a foundation for the General Director and the Board of Management to implement them.

### Supervision results

As a result of strictly following the procedures and processes, along with the coordination between the BOD, the Board of Management, and the Audit Committee, the business operations of the Board of Management were not hindered. The supervision by the BOD and the Audit Committee was maintained regularly and tightly, ensuring that the company's activities adhered to the resolutions of the BOD. It also ensured corporate governance in line with the ethical standards and professional conduct of the BOD members, the Board of Management, and the Audit Committee for the benefit of the company's shareholders.

## The Board of Directors' subcommittees

According to current regulations, the establishment of subcommittees under the Board of Directors is not mandatory. Therefore, currently, the Board of Directors has not established any subcommittees.

### Activities of the Board of Directors' subcommittees

None

## Activities of Independent member of the BOD

As of December 31, 2024, Song Hong Garment Joint Stock Company had two independent Board members, Mr. Bernard Szeto W.K and Mr. Dinh Trang Thi. Throughout the year, the independent Board members actively participated in the activities of the Audit Committee, as outlined in the committee's reports.

In 2024, the independent Board members diligently fulfilled their assigned responsibilities with a high degree of caution and accountability. They effectively exercised their independent role by providing constructive insights and objective evaluations regarding the Company's strategic direction, risk management practices, and shareholder capital protection. Their efforts were particularly focused on safeguarding the interests of minority shareholders and other relevant stakeholders.

## List of Board Members that attended Corporate Governance Training Programs

The Board members have fully participated in corporate governance training programs throughout the year and have also proactively conducted self-study and research on corporate governance matters.





# AUDIT COMMITTEE

## Information about members of the Audit Committee

List of Audit Committee Members:

No.	Members	Position	Number of Shares Owned	Ownership Percentage / Charter Capital (%)
1	Mr. Bernard Szeto W.K	Chairman of the Audit Committee	-	0.00%
2	Mr. Dinh Trang Thi	Member	-	0.00%
3	Ms. Nguyen Thi Hanh	Member	471,120	0.63%

## Activities of the Audit Committee

### Meeting attended of Audit Committee

No.	Members	Position	Number of meetings attended	Attendance rate	Reasons for absence
1	Mr. Bernard Szeto W.K	Chairman of the Audit Committee	2/2	100%	
2	Mr. Dinh Trang Thi	Member	2/2	100%	
3	Ms. Nguyen Thi Hanh	Member	2/2	100%	

In 2024, the Audit Committee held two meetings to assign responsibilities for the year, implement its annual action plan, discuss and finalize evaluations of the Company’s performance. The committee closely monitored the accuracy and objectivity of financial reporting, assessed the effectiveness of the financial statement audit process, and supervised the efficiency of the Company’s risk control system. Additionally, the committee reviewed and reported its findings, along with other relevant matters, to the Board of Directors and the General Director, ensuring compliance with established procedures. All committee members participated in these meetings, and the resolutions were unanimously approved with a 100% approval rate.

## Supervising Board of Directors, Board of Management and shareholders by Audit Committee

01 The Audit Committee works with relevant parties quarterly to monitor the implementation of plans, orient controlling activities during the period, review and discuss solutions to handle problems that arise during the year.

02 The Audit Committee has fully complied with the Company’s Charter, Internal Corporate Governance Regulations, and its Operational Regulations, diligently carrying out its assigned functions and responsibilities.

03 Throughout its monitoring process, the committee did not detect any irregularities in the activities of the Board of Directors, the Board of Management, or other key executives of Song Hong Garment Joint Stock Company.

04 The organization of Shareholders' General Meetings and Board of Directors meetings was conducted in accordance with the Company’s Charter and relevant governance regulations.

05 The resolutions and decisions issued by the Board of Directors and the General Director complied with legal requirements, the Company’s internal governance policies, Shareholders' Resolutions, and established authorization structures.

06 The Audit Committee recognizes that the Company’s management team has demonstrated a high level of responsibility in executing business operations. Their proactive approach in strategic planning and implementation has contributed to strong business performance and profitability, positioning the Company as one of the leading enterprises in the textile and garment industry.



## The coordination among the Audit Committee, the Board of Management, Board of Directors and other managers

The Board of Directors, Board of Management, and other key executives worked closely with the Audit Committee to ensure the successful execution of its assigned duties. In 2024, the Audit Committee carried out the following key tasks:

- The Audit committee maintained close coordination with the Board of Management, actively supervising the implementation of the Board of Directors' and Shareholders' Resolutions, and provided feedback and recommendations to improve compliance and operational efficiency.

- The Audit committee proactively executed its approved monitoring and inspection plan, ensuring transparency by informing the Board of Directors, Board of Management, and relevant departments of its scope and objectives for seamless coordination.
- The Audit Committee maintained regular quarterly engagements with key stakeholders, including the Internal Control team and Independent Auditors, to monitor implementation plans, set control activity directions, review audit findings, and discuss resolutions for arising issues.
- The Audit Committee discussed and approved the 2024 audit plan.





# TRANSACTIONS AND REMUNERATION

## OF THE BOARD OF DIRECTORS AND BOARD OF MANAGEMENT

### Remuneration of the Board of Directors and Board of Management

In 2024, the Board of Directors and the Board of Management received a total remuneration of 7,417.4 million VND, marking a significant increase compared to 4,771.1 million VND in 2023. The details are as follows:

Full name	Position	2024 (million VND)
Mr. Bui Duc Thinh	Chairman of the Board of Directors	1,539.8
Mr. Bui Viet Quang	Member of the Board of Directors, General Director	2,207.5
Ms. Le Thi Hong Yen	Member of the Board of Directors	1,811.0
Mr. Nguyen Manh Tuong	Member of the Board of Directors, Deputy General Director	1,859.1

The remuneration for the members of the Board of Directors and the Board of Management is allocated within the limit of up to 5% of post-tax profit, as approved in the 2024 Annual General Meeting of Shareholders. This allocation has been reviewed and verified by an independent audit firm.

### Share transactions of internal persons and their affiliated

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	Mr. Nguyen Song Toan	Husband of a Member of the Board	1,072,500	1.43%	196,000	0.26%	Sell
2	Mr. Nguyen Manh Truong	Deputy General Director & Member of the Board of Directors	1,537,000	2.05%	864,600	1.15%	Sell
3	Mr. Nguyen Song Toan	Husband of a Member of the Board	196,000	0.26%	0	0%	Sell

### Contract or Transactions between the Company and its affiliated persons or between the Company and its major shareholders, internal persons and their affiliated persons

No	Name of organization/ individual	Relationship with the Company	Time of	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
1	Song Hong – Nghia Hung Garment Joint Stock Company	Subsidiary	2024	No. 34/2024/NQ-ĐHĐCĐ/MSH dated April 27, 2024	1. Outsourcing transaction: VND 157,989,647,171 2. Employee salary payment on behalf of Song Hong – Nghia Hung Garment Joint Stock Company: VND 988,691,577 3. Interest collection transaction: VND 1,250,000,000
2	Song Hong – Xuan Truong Garment Joint Stock Company	Subsidiary	2024	No. 34/2024/NQ-ĐHĐCĐ/MSH dated April 27, 2024	1. Capital contribution transaction: VND 68,850,000,000 2. Capital lending transaction: VND 50,000,000,000 3. Interest payment transaction: VND 3,266,630,137 4. Dividend receipt in shares: VND 7,650,000,000 5. Receipt of loan return transaction: VND 74,800,000,000
3	Song Hong BSS Logistics Joint Stock Company	Subsidiary	2024	No. 34/2024/NQ-ĐHĐCĐ/MSH dated April 27, 2024	Transportation service fee transaction: VND 12,460,769,664
4	Golden Avenue Apparel Manufacturing Company	Joint venture Company	2024	No. 34/2024/NQ-ĐHĐCĐ/MSH dated April 27, 2024	1. Capital contribution transaction: VND 40,776,838,387 2. Employee salary payment on behalf of the Company: VND 331,527,840
5	Mr. Bui Duc Thinh	Chairman of the Board	2024	No. 34/2024/NQ-ĐHĐCĐ/MSH dated April 27, 2024	
6	Mr. Bui Viet Quang	Member of the BOD, General Director	2024	No. 34/2024/NQ-ĐHĐCĐ/MSH dated April 27, 2024	
7	Mr. Bui Thu Ha	Member of the BOD	2024	No. 34/2024/NQ-ĐHĐCĐ/MSH dated April 27, 2024	
8	Ms. Le Thi Hong Yen	Member of the BOD, CFO	2024	No. 34/2024/NQ-ĐHĐCĐ/MSH dated April 27, 2024	
9	Mr. Nguyen Manh Tuong	Member of the BOD, Deputy General Director	2024	No. 34/2024/NQ-ĐHĐCĐ/MSH dated April 27, 2024	



# ENHANCING CORPORATE GOVERNANCE

## Evaluation of Compliance with Corporate Governance Regulations

The company has fully implemented and complied with legal regulations on corporate governance for listed

- The company always follows and adheres to the guidelines of state agencies, the State Securities Commission, and the Ho Chi Minh City Stock Exchange, strictly implementing and integrating them into its corporate governance practices.
- The company fulfills its obligations and public information disclosure in the securities sector in accordance with Circular No. 96/2020/TT-BTC, as well as the regulations of the Ho Chi Minh City Stock Exchange and other relevant legal provisions.
- The company's charter, internal governance regulations, the operating regulations of the Board of Directors, and the Audit Committee's regulations are regularly updated, adjusted, and supplemented in accordance with current laws and in alignment with best practices in corporate governance to ensure and protect shareholders' rights
- The company's governance system is strictly controlled, and the activities of the Board of Directors and Board of Management are monitored to ensure transparency and minimize risks. In addition, the company maintains a long-term strategic vision in its operational management, ensuring that its governance team can effectively identify and mitigate risks in business operations.

## Investor Relations Activities in 2024

In 2024, the company successfully organized the Annual General Meeting of Shareholders 2024 in a hybrid format (both online and in-person), creating favorable conditions for shareholders to fully exercise their rights. The organization of the General Meeting strictly complied with legal regulations and the company's charter.

Additionally, the Company provides both regular and ad-hoc disclosures of its business activities via its website, enabling shareholders to monitor the implementation of resolutions adopted by the General Meeting of Shareholders and to evaluate the performance of the Board of Directors.

## Improving Corporate Governance Efficiency

To further enhance governance efficiency in 2024, the company continues to invest in developing a modern, scientific, and transparent management system spanning from production to finance and accounting, while clearly defining responsibilities across departments and divisions.



- Production Management: The company is implementing a quality management system (ISO 9001:2008) and management tools based on the 5S and Kaizen models, while applying Lean manufacturing principles. The company is also gradually deploying an Enterprise Resource Planning (ERP) system to minimize costs, reduce production time, increase labor productivity, and improve product quality. Additionally, to meet the new industry standards for sustainable, safe production that brings high value to consumers, the environment, and society, the company's management activities are focused on ensuring compliance with environmental responsibility programs, social responsibility, and global recycling standards.
- Finance – Accounting: The accounting department is utilizing the Bravo software system and is currently piloting the use of an ERP system in certain areas.
- Internal Database Management: The company has developed a customized software system specifically for managing employee databases and payroll.
- Customer Relations: The Business Department plays a key role in customer care, ensuring close connections with customers and providing timely and accurate responses to their inquiries.
- Quality Relationship Management: The Quality Management Department supervises all activities and processes within the company according to international standards applicable to the garment industry. This ensures that finished products meet high-quality standards and are delivered on time.



# Sustainable Development Report

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# INTRODUCTION TO THE REPORT

The 2024 Sustainable Development Report of Song Hong Garment Joint Stock Company is integrated into the 2024 Annual Report, providing high-quality information with concise, brief, and non-repetitive content for shareholders and stakeholders.

## Objectives of the Report

The company's Sustainable Development Report is developed to assist investors, stakeholders, and related parties in understanding the company's strategic vision, development orientation, and business operations, particularly in the context of sustainable development at MSH. This report provides detailed insights into the plans, policies, and commitments of the company, especially those related to the environment, society, community, employees, and other stakeholders.

## Scope of the Report

This report is compiled within the operational scope of the company and its subsidiaries in the garment manufacturing sector in Vietnam. The data and information in this report cover the financial year 2024, starting from January 1, 2024, to December 31, 2024.

## Basis for Report Preparation

The report is prepared based on the guidelines for annual reports in Circular No. 96/2020/TT-BTC, with reference to the sustainable development reporting guidelines issued by the State Securities Commission, IFC, and the GRI G4 Core Standards from the Global Reporting Initiative (GRI), taking into account the company's vision, development direction, and business strategy.

## Address


For any feedback regarding sustainable development, please kindly send it to:

- Song Hong Garment Joint Stock Company
- Address: No. 105 Nguyen Duc Thuan Street, Quang Trung Ward, Nam Dinh City, Nam Dinh Province, Vietnam
- Tele: +84 2283 649365
- Fax: +84 2283 646737


# SUSTAINABLE DEVELOPMENT GOAL

The Board of Directors of Song Hong Garment Joint Stock Company deeply understands that a sustainable business must be a harmonious integration of three key factors: people, the environment, and profit. If even one of these elements is lacking, the business cannot achieve long-term stability and growth. Over the years, alongside financial targets and profitability, the company has committed itself to developing the business in alignment with societal progress. The company consistently implements practical policies and actions to contribute to a sustainable and compassionate community while ensuring a balance between employees' livelihoods and income and the legitimate rights of consumers.


The company's sustainable development goals focus on the following aspects:




**Regarding business development:** Striving to meet international standards in corporate development.




**Regarding corporate culture:** Encouraging growth motivation and a strong corporate culture



**Regarding employees:** Always prioritizing work environment, working conditions, and improving employee income.



**Regarding customers:** Expanding and developing new product values to offer customers more benefits and choices.



**Regarding the community and environment:** Committing to continuously contributing to community development and actively participating in environmental protection efforts.



# ASSESSMENT *Of* THE BOARD OF MANAGEMENT

## Assessment of Environmental Activities

Recognizing the importance of environmental protection, the company's leadership always emphasizes a strong sense of responsibility and requires employees and workers to strictly comply with environmental regulations, actively minimize negative impacts on the surrounding ecosystem and reduce pollution in production activities. The company's management, operations, and business production fully comply with environmental laws, ensuring that there are no penalties or compensations related to environmental issues. Throughout the year, the company has conducted assessment programs to ensure that its factories and production activities meet and maintain the requirements of various certifications:

- GMP Certification (Good Manufacturing Practices standards)
- FCAA Certification (Certification of factory capacity)
- SCAN Certification (Certification of Supplier Compliance Audit Network)
- GRS, RCS, OCS (Sustainable textile production certifications)
- RDS Certification (Responsible Down Standard)
- OE-KOTEX Certification (Certification of product safety and testing)
- HIGG – INDEX (Environmental program following international standards)
- WRAP Certification (Certification of compliance with 12 WRAP principles to ensure safe, legal, and ethical production processes)

The company assigns the Administration Department the responsibility of organizing training programs to raise awareness and disseminate regulations on environmental protection. This department is also responsible for conducting factory assessments for all company-owned factories and ensuring compliance with occupational hygiene, environmental sanitation, and food safety regulations. Additionally, the company assigns various departments the responsibility of implementing environmental policies, proactively preventing issues, proposing initiatives to reduce workplace pollution, raising awareness, and promoting behavior changes that benefit

The investment projects that the Company is currently implementing and planning for the future are all directed by the Company's leadership to be developed according to green standards, incorporating advanced technologies and modern waste treatment systems to meet strict environmental requirements.



# ASSESSMENT Of THE BOARD OF MANAGEMENT (continued)

## Evaluation Related to Labor Issues

Recognizing that employees are the most valuable asset, the Company's leadership always considers improving the quality of human resources, ensuring safe working conditions, and enhancing employee income as both a responsibility and a development goal. In 2024, the Company has fully implemented policies for employees, with no complaints or lawsuits related to these matters. Specifically:

- Salary, Bonus, and Welfare Policies are ensured: The Company implements policies on salary increases, performance-based bonuses, and promotions through performance evaluations to motivate employees. At the same time, it ensures the implementation of various welfare programs for employees.
- The Company provides financial support to employees to help them cover living expenses, including rental costs, bridge/ferry fees, childcare allowances, meal subsidies, transportation support, and integration assistance.
- The Company fully implements employee benefits in accordance with State regulations and the Labor Law, including working hours, social insurance, health insurance, unemployment insurance, and full payment of Social Insurance and Health Insurance benefits for employees, such as sickness and maternity leave. Additionally, the Company provides its welfare programs, including allowances for bereavement and marriage, illness visits, employee birthday celebrations, health check-ups for new workers, educational support for employees' children, and other benefits.
- The Company places great emphasis on training programs for management staff, employees, and workers.



In 2024, the Company continued to focus on selecting qualified workers for training as management personnel and technical specialists, aiming to build a strong talent pipeline for the future. This initiative ensures a skilled workforce to support investment projects, business expansion, and the establishment of new factories while maintaining a reserve of personnel ready to fill key positions when needed. Throughout the year, the Company collaborated with various partners and organizations to invite experts and implement training programs focused on skill development, career orientation, and knowledge enhancement for employees.



These training activities received strong engagement and positive feedback from both Company leadership and employees.

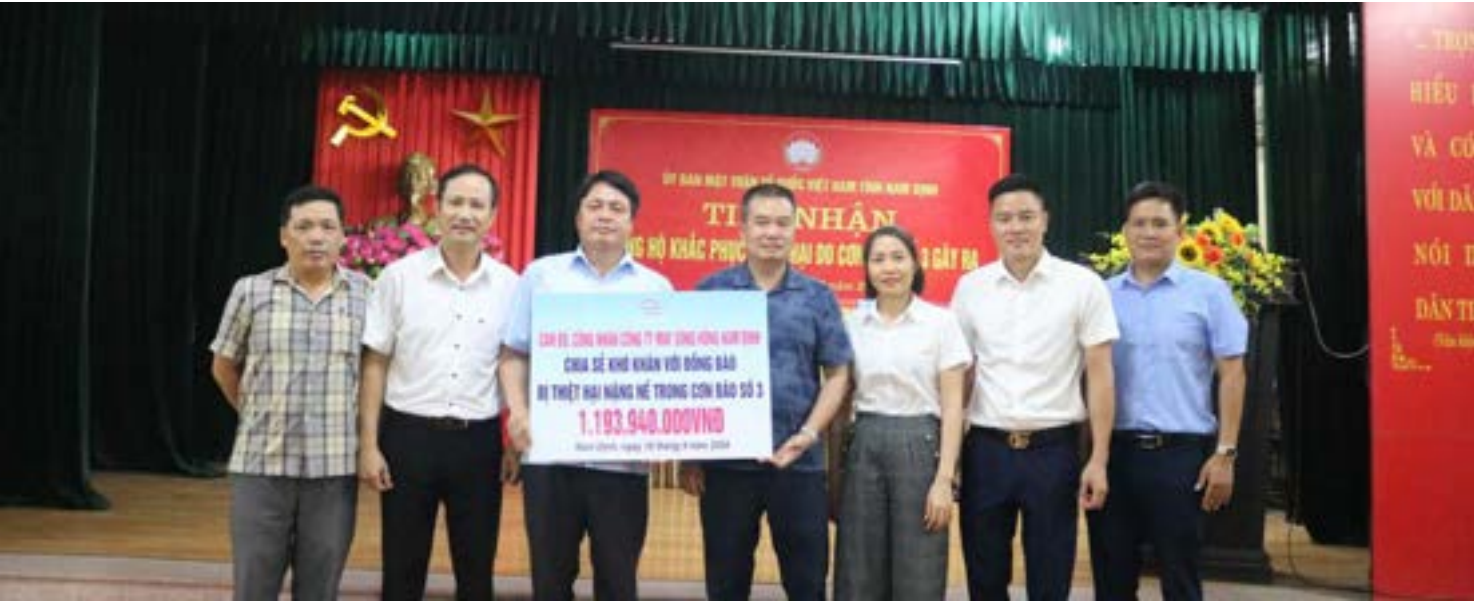
- The Company has established the Occupational Safety and Hygiene Council and the Safety and Hygiene Network to ensure the proper distribution of personal protective equipment and the annual implementation of occupational safety and hygiene training in accordance with legal regulations.
- The Company is committed to fully complying with and adhering to social responsibility standards, including WRAP, BetterWork, SA8000, as well as various other international standards, customer requirements, and Vietnamese legal regulations.





# ASSESSMENT Of THE BOARD OF MANAGEMENT (continued)

## Assessment of Corporate Responsibility to the Local Community



The Company also actively participated in charitable programs, offering support to underprivileged children and those facing particularly difficult circumstances. These efforts have played a crucial role in improving the quality of life for communities in the areas where the Company's factories operate.

Over the past year, alongside efforts to expand business operations, social welfare activities have remained a key focus for the leadership and employees of Song Hong Garment. In 2024, the Company continued to make significant contributions to new rural development, poverty alleviation, and disaster relief efforts in affected localities. Additionally, it maintained and expanded initiatives to honor and support those who have served the nation, including providing care, financial aid, and gifts to veterans and individuals who have contributed to the revolution.





# SUSTAINABLE DEVELOPMENT INDICATORS

## Raw Material Sources

The raw materials used for production are sourced based on predefined consumption standards and categorized as follows:

- **For CMT (Cut, Make, Trim) products:** The customers are responsible for supplying all input materials required for production.
- **For FOB (Free on Board) products and Bedding products:** The Company proactively sources input materials, prioritizing collaboration with domestic suppliers to strengthen the local supply chain.

To minimize adverse environmental impacts, the Company maintains strict production process controls

from initial discussions and negotiations with customers to material consumption calculations, technical design standardization, and production planning. These measures aim to reduce production defects, minimize waste, and enhance efficiency. To achieve greater self-sufficiency in raw material supply, the Company has invested in and operates a modern cotton processing plant that exclusively uses virgin, chemical-free, and impurity-free raw materials, ensuring absolute safety for consumers and environmental sustainability. Additionally, the Company has allocated resources to research and develop investment projects for the supporting industry supply chain.

## Energy Consumption

Direct and Indirect Energy Consumption: The Company's primary energy consumption is electricity, supplied by Nam Định Power Company.

No.	Criteria	2023	2024
1	Electricity provider	Nam Dinh Power Company	Nam Dinh Power Company
2	Annual electricity consumption	18.5	21.7
3	Annual electricity cost	35.3	44.2

Measures and Programs for Electricity Conservation:

- Raise awareness among employees about energy-saving practices.
- Turn electrical systems and air conditioning on and off according to designated schedules. Set air conditioning temperatures at moderate levels, avoiding excessive differences from actual ambient temperatures.
- Regularly monitor production activities at factories, ensuring rational allocation of machinery and production lines to minimize electricity losses in business operations.
- At Song Hong 10 Factory, the company has implemented solar energy, estimated to meet approximately 55% of total electricity consumption in production.





# SUSTAINABLE DEVELOPMENT

## INDICATORS (continued)

### Water Consumption

Water supply sources and water usage/recycling:

No.	Criteria	2023	2024
1	Water provider	Nam Dinh Water Supply Joint Stock Company	Nam Dinh Water Supply Joint Stock Company
2	Annual water consumption (m³)	295,871	321,039

Regarding wastewater management, periodic monitoring results of wastewater and wastewater treatment processes at the Company's factories indicate:

- Monitoring and supervising wastewater flow, quality, receiving water sources, and compliance with reporting regulations as stipulated in the granted wastewater discharge permit.
  - + Conducting periodic monitoring four times per year.
  - + Submitting periodic reports to the Department of Natural Resources and Environment.
- During operations, the Company has installed flow meters to monitor wastewater discharge. Daily inspections and recordings of meter readings are conducted to track wastewater output.
- The volume of industrial wastewater generated throughout 2024 at all factories did not exceed the discharge limits registered. Monitoring results show that all parameters remained within the permissible thresholds of regulatory standards, with no fluctuations in discharge volume, and wastewater output remained within the limits specified in the granted wastewater discharge permit.
- The wastewater treatment system operates stably, is staffed with dedicated personnel, and undergoes regular maintenance.
- In 2024, no incidents occurred during the wastewater treatment process that negatively impacted the environment.
- Song Hong Garment Joint Stock Company has effectively maintained wastewater collection and treatment facilities in compliance with commitments made to the Department of Natural Resources and Environment of Nam Dinh Province.

Water Conservation and Wastewater Treatment Measures:

- Reuse wastewater in the SH10 area.
- Collaborate with Target to implement the Clean Water project for the Washing Workshop.
- Raise awareness about water conservation among all employees.
- Install new water-saving devices.
- Maintain, upgrade, or install new wastewater treatment systems in production areas, applying modern technology to strictly comply with discharge standards as per legal and local regulations, ensuring no environmental pollution.

### Emission Treatment

Emission Treatment Facilities: All production areas are equipped with boiler exhaust gas treatment systems

According to the results of monitoring emissions and the emission treatment system in 2024, the monitoring indicators and parameters all meet the standards, thereby demonstrating that the company's emission treatment system is operating effectively, ensuring that the treated emissions meet the standards before being discharged into the environment.

Measures to Reduce Greenhouse Gas Emissions:

- Gradually transitioning from coal-fired boilers to electric boilers—100% conversion has been completed in two garment production areas, Song Hong 7 and Song Hong 9.
- Investing in green landscaping surrounding production areas to reduce the impact of smoke and dust on the environment.
- Equipping all boilers used in production with smoke and dust treatment systems.





# SUSTAINABLE DEVELOPMENT INDICATORS (continued)

## Solid Waste

No.	Criteria	2024	Receiving and processing organization
1	Household solid waste (kg)	227,700	Nam Định Environmental Joint Stock Company
2	General industrial solid waste (kg)	3,992,915	Hà Nam Environmental Joint Stock Company
3	Hazardous waste (kg)	83,789	ETC Environmental Resources Engineering Joint Stock Company

Statistics on Hazardous Waste Exported (if any): None

Statistics on Hazardous Waste Reused, Pre-processed, Recycled, Treated, Co-processed, or Used for Energy Recovery Within the Facility (if any): 3,992,915 kg of general industrial solid waste, including fabric scraps, waste paperboard, paper tubes, and other recyclable waste, was transferred to Ha Nam Environmental JSC for use as raw materials and fuel in other industries.

Measures to Minimize the Environmental Impact of Waste:

- Fully comply with national environmental protection regulations and continuously improve the ISO 14001:2015 environmental management system to enhance overall environmental management.
- Classify, collect, transport, and process hazardous and general waste following legal regulations to prevent environmental pollution.
- Hazardous waste is collected and temporarily stored in the company's designated storage area before being periodically transferred to authorized waste collection and treatment units.
- Conduct training and awareness programs to enhance waste classification at the source and promote environmental protection among all employees, visitors, and contractors working at the company.

## Compliance with Environmental Protection Laws

Compliance with environmental protection laws is one of the company's sustainable development goals, aligning with its commitment to "continuously contributing to community development and environmental protection." Environmental issues and adherence to environmental laws are always a priority, and the company has maintained excellent compliance. Specifically:

- Number of penalties for non-compliance with environmental laws and regulations: None.
- Total fines for violations of environmental laws: None





# POLICIES RELATED To EMPLOYEES

## Number of employees, average income of workers

- Number of employees: As of December 31, 2024, the company has a total of 11,383 employees.
- Average income of employees over the years:

Indicator	2020	2021	2022	2023	2024
Average income	9.3	10.6	10.9	10.4	12.7
Million VND/person/month					

## Human Resource Policies

### Company's Salary, Bonus, and Benefits Policy

The company applies salary, bonus, and benefits policies with the goal of encouraging employees to work with dedication, develop their careers at the company, and comply with regulations regarding employees' rights as stipulated in the Labor Law.

Salary is the amount paid to employees for performing agreed-upon work, including job-based or title-based pay, salary allowances, and other additional payments:

- » Salaries at MSH are implemented in accordance with regulations set by the Ministry of Labor.
- » Wages are paid to employees based on labor productivity and work quality as stipulated in the company's regulations.
- » Employees are entitled to annual leave, sick leave, and other leaves as prescribed by the Labor Law.

### Salary

Salary payments are made transparently and fairly, without gender discrimination among employees performing the same job.

Depending on business performance and to recognize the contribution of each employee, employees who meet the requirements (having signed an official labor contract and worked at the company as of December 31 of the year) will receive a 13th and 14th-month salary (calculated based on their average actual salary) and additional bonuses. The company also implements a performance-based bonus system, where bonuses are included in employees' monthly salaries.

### Bonus

The company always prioritizes the well-being of its employees by providing various support and allowances, such as housing assistance, ferry fee support for workers from other provinces, childcare support, free meals for employees, fuel allowances for those living more than 10km from the workplace, and shuttle bus services for commuting employees. Additionally, employees receive company products as gifts when they get married or have children, along with many other benefits. Moreover, the company, along with different departments and production units, regularly organizes cultural and sports activities, sightseeing trips, travel programs, and training sessions to strengthen team bonding, enhance employees' quality of life, and improve their skills and experiences. The company's labor union actively supports employees in difficult circumstances, providing timely assistance and visiting employees in case of illness or health issues.

### Allowances and Other Benefits

## Work Schedule

- Working Hours: From Monday to Friday, workers work 9 hours per day (from 7:15 AM to 5:15 PM, with a 1-hour lunch break). On Saturdays, workers finish 15 minutes earlier than usual. Office staff in departments work 8 hours and 15 minutes per day (from 7:30 AM to 5:00 PM, with a 1-hour 15-minute lunch break).
- Overtime: conducted in accordance with current labor laws.
- Weekends, Public Holidays, and Leave (Annual, Sick, Unpaid, and Special Leave): The company follows the regulations of the Labor Law.
- Social Insurance and Health Insurance: The company fully complies with the Labor Law in providing social and health insurance for employees.

## Occupational Safety and Labor Protection Policy

The company has established a Workplace Safety and Hygiene Council and a Network of Safety and Hygiene Officers. Every year, the company develops a plan and implements the periodic distribution of labor protection equipment to employees. Additionally, it formulates and carries out annual occupational safety and hygiene training in accordance with legal regulations. The company actively participates in local safety programs and conducts both regular and unexpected inspections to monitor the use of labor protection equipment in the factories, etc.

## Employee Recruitment Policy

- The company prioritizes hiring personnel from localities near the manufacturing plants to ensure a stable workforce.
- For office staff requiring qualifications, expertise, and experience, the company actively seeks to attract talented candidates by offering competitive opportunities to graduates from reputable universities and colleges, as well as experienced and dedicated professionals who wish to build a long-term career with the company.
- For direct production workers, the company continuously recruits to supplement production lines, offering various support policies as previously mentioned.
- The company has reintroduced its integration support policy for new workers since the Covid-19 period, with enhanced benefits to attract workers to its factories.

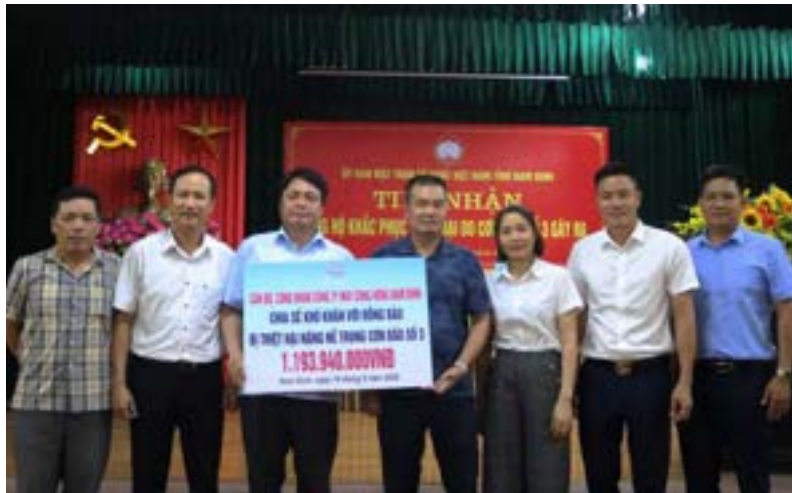
## Employee training

- The Board of Directors and the Board of Management have fully participated in corporate governance training programs throughout the year while also proactively researching and studying corporate governance issues.
- The company organizes training courses to enhance professional skills, technical expertise, and management capabilities for employees.
- New employees receive support and guidance from specialized departments to help them integrate and adapt to their roles. Those without prior experience are trained according to regulations, while skilled workers are assigned tasks based on their abilities and strengths. They also receive continuous training to improve their skills and advance their careers.
- Notable Training Programs in 2024: The Company organized several key training programs to enhance employee awareness and skills. These included a training program on social responsibility compliance and gender equality in collaboration with Nike; the HER Project – a financial literacy training program for female workers; a training course on social responsibility compliance conducted by WRAP; a machinery and equipment safety training program facilitated by Better Work; a rescue and emergency response skills training session led by the Provincial Police; and a leadership skills development program for female employees, conducted in partnership with Target through the CARE organization.



Community Responsibility Initiative

In 2024, the Company actively implemented various initiatives to support and contribute to the development of local communities. Notable activities included:



Employees of the Company raised a total of 1,193,940,000 VND, which was transferred to the Vietnam Fatherland Front to support people affected by Storm No. 3 in 2024.

The Song Hong – My Trung area donated to My Tan Kindergarten (My Loc – Nam Dinh) 70 mattresses, and to underprivileged children in Sa Pa, 270 warm jackets, 270 life jackets, 54 million VND in cash, and 270 mosquito nets.



The factories continued organizing visits and support activities for employees in difficult circumstances, as well as for families in need in neighboring communes.





CHAPTER

# VIII

## Financial Report





# Consolidated Financial Statements and Independent Auditors' Report

Song Hong Garment Joint Stock Company and its  
subsidiaries

For the year ended 31 December 2024

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# Report of the Chairman and Board of Directors

The Chairman and Board of Director submits its report together with the audited consolidated financial statements of Song Hong Garment Joint Stock Company ("the Company"), Song Hong Garment Joint Stock Company - Nghia Hung and Song Hong Garment Joint Stock Company – Xuan Truong, Song Hong BSS Logistics Joint Stock Company and Sunshine Line Agencies Vietnam Company Limited ("the subsidiaries") for the year ended 31 December 2024.

## Results of operations

The results of the Group's operations for the year ended 31 December 2024 are presented in the consolidated statement of income.

## Auditors

The Group's consolidated financial statements for the year ended 31 December 2024 have been audited by Grant Thornton (Vietnam) Limited.

## Board of Management, Board of Directors

The members of the Board of Management, Board of Directors during the year and up to the date of this report were:

### Boards of Management

Name	Position
Mr Bui Duc Thinh	Chairman
Mr Bui Viet Quang	Member
Mr Nguyen Manh Tuong	Member
Mrs Le Thi Hong Yen	Member
Mr Bernard Szeto W.K	Member
Mr Dinh Trang Thi	Member
Mrs Nguyen Thi Hanh	Member
Mrs Bui Thu Ha	Member

Resigned on 12 February 2025

### Board of Directors:

Name	Position
Mr Bui Viet Quang	General Director
Mr Nguyen Manh Tuong	Deputy General Director

### Legal Representative

The legal representative of the Company is Mr. Bui Duc Thinh, Chairman.

## The Chairman and Board of Directors' responsibility in respect of the consolidated financial statements

The Chairman and Board of Directors is responsible for ensuring the consolidated financial statements are properly drawn up to give a true and fair view of the consolidated financial position of the Company and its subsidiaries as at 31 December 2024 and of the results of its consolidated operations and its consolidated cash flows for the year then ended. In preparing the consolidated financial statements, the Chairman and Board of Directors is required to:

- adopt appropriate accounting policies which are supported by reasonable and prudent judgements and estimates and then apply them consistently;
- comply with the disclosure requirements of Vietnamese Accounting Standards, Vietnamese Accounting System for Enterprises and relevant statutory requirements on preparation and presentation of the consolidated financial statements;
- maintain adequate accounting records and an effective system of internal control;
- prepare the consolidated financial statements on a going-concern basis unless it is inappropriate to assume that the Group will continue its operations in the foreseeable future;
- control and direct effectively the Group in all material decisions affecting its operations and performance and ascertain that such decisions and/or instructions have been properly reflected in the consolidated financial statements.

The Chairman and Board of Directors is also responsible for safeguarding the assets of the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Chairman and Board of Directors confirms that the Group has complied with the above requirements in preparing the consolidated financial statements.

## Statement by the Chairman and Board of Directors

In the opinion of the Chairman and Board of Directors, the accompanying consolidated balance sheet, consolidated statement of income and consolidated statement of cash flows, together with the notes thereto, have been properly drawn up and give a true and fair view of the consolidated financial position of the Company and its subsidiaries as at 31 December 2024 and the results of its consolidated operations and consolidated cash flows for the year then ended, in accordance with Vietnamese Accounting Standards, Vietnamese Accounting System for Enterprises and relevant statutory requirements on preparation and presentation of the consolidated financial statements.

On behalf of the Chairman and Board of Directors,



Bui Duc Thinh  
Chairman

Nam Dinh, Vietnam  
29 March 2025



# Independent Auditors' Report

on the consolidated financial statements of  
Song Hong Garment Joint Stock Company and its subsidiaries  
for the year ended 31 December 2024

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To The Investors  
Board of Management  
Song Hong Garment Joint Stock Company

We have audited the accompanying consolidated financial statements of Song Hong Garment Joint Stock Company ("the Company") and its subsidiaries, prepared on 29 March 2025 which comprise the consolidated balance sheet as at 31 December 2024 and the consolidated statement of income, consolidated statement of cash flows for the year ended 31 December 2024, and a summary of significant accounting policies and other explanatory information, as set out on pages 5 to 36.

## The Chairman and Board of Directors' Responsibility for the Consolidated Financial Statements

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

## Auditors' Responsibility

Our responsibility is to express an opinion on these 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 requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements 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 auditors' judgment, including the 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 entity's preparation 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by Management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

## Auditors' opinion

In our opinion, the accompanying consolidated financial statements give a true and fair view, in all material respects, of the consolidated financial position of Song Hong Garment Joint Stock Company and its subsidiaries as at 31 December 2024, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Vietnamese Accounting Standards, Vietnamese Accounting System for Enterprises and relevant statutory requirements on preparation and presentation of the consolidated financial statements.



GRANT THORNTON (VIETNAM) LIMITED

Le The Viet

Auditor's Practicing Certificate No. 0821-2023-068-1  
Deputy General Director

Hanoi, Vietnam  
29 March 2025



Nguyen Dich Dung  
Auditor's Practicing Certificate No. 2484-2024-068-1  
Auditor



# Consolidated balance sheet

as at 31 December 2024

	Notes	Code	31 December 2024 VND	31 December 2023 VND
<b>ASSETS</b>				
<b>Current assets</b>		100	3,249,615,903,700	2,552,594,388,012
Cash and cash equivalents	6	110	886,350,410,790	455,323,804,538
Cash		111	210,360,392,258	134,298,489,578
Cash equivalents		112	675,990,018,532	321,025,314,960
<b>Short term investments</b>		120	653,102,618,812	970,784,740,090
Held-to-maturity investments	7	123	653,102,618,812	970,784,740,090
<b>Short-term receivables</b>		130	991,662,262,409	598,359,982,387
Short-term trade accounts receivable	8	131	975,783,599,992	589,040,233,502
Short-term prepayments to suppliers	9	132	44,784,078,726	40,711,173,487
Other short-term receivables	10	136	12,977,872,373	7,984,289,374
Provision for short-term doubtful debts	11	137	(41,883,288,682)	(39,375,713,976)
<b>Inventories</b>	12	140	645,400,140,922	506,531,306,409
Inventories		141	653,751,351,455	517,854,708,298
Provision for decline in value of inventories		149	(8,351,210,533)	(11,323,401,889)
<b>Other current assets</b>		150	73,100,470,767	21,594,554,588
Short-term prepaid expenses	13	151	5,739,463,074	6,908,865,618
Value added tax to be reclaimed		152	61,619,852,203	7,695,538,275
Taxes and amounts receivable from the State budget	18	153	5,741,155,490	6,990,150,695
<b>Non-current assets</b>		200	1,273,573,027,486	900,494,759,350
<b>Long-term receivables</b>		210	40,000,364,000	21,374,768,500
Other long-term receivables	10	216	40,000,364,000	21,374,768,500
<b>Fixed assets</b>		220	699,598,255,413	773,819,378,242
Tangible fixed assets	14	221	691,129,238,051	763,076,509,004
- Historical cost		222	2,144,157,872,838	2,094,895,149,600
- Accumulated depreciation		223	(1,453,028,634,787)	(1,331,818,640,596)
Intangible fixed assets		227	8,469,017,362	10,742,869,238
- Historical cost		228	50,159,097,734	46,683,214,984
- Accumulated amortisation		229	(41,690,080,372)	(35,940,345,746)
<b>Long-term assets in progress</b>		240	473,271,197,895	59,468,214,034
Construction in progress	15	242	473,271,197,895	59,468,214,034
<b>Long term investments</b>		250	34,460,414,543	-
Investments in associates, joint ventures	7	252	34,460,414,543	-
<b>Other non-current assets</b>		260	26,242,795,635	45,832,398,574
Long-term prepaid expenses	13	261	26,242,795,635	45,832,398,574
<b>Total assets</b>		270	4,523,188,931,186	3,453,089,147,362

The notes set out on pages from 10 to 36 form an integral part of these consolidated financial statements

# Consolidated balance sheet

as at 31 December 2024 (continued)

	Notes	Code	31 December 2024 VND	31 December 2023 VND
<b>RESOURCES</b>				
<b>Liabilities</b>		300	2,467,656,848,378	1,643,334,484,376
<b>Current liabilities</b>		310	1,860,132,583,008	1,335,421,447,648
Short-term trade accounts payable	16	311	192,534,125,451	123,234,871,304
Short-term prepayments to suppliers	17	312	14,846,723,187	13,766,093,525
Taxes and amounts payable to State budget	18	313	93,644,491,110	48,669,357,316
Payable to employees	19	314	573,593,582,524	500,231,142,827
Short-term accrued expenses	20	315	102,686,242,360	56,980,298,190
Other short-term payables	21	319	6,138,067,598	4,926,914,559
Short-term borrowings and finance lease liabilities	24	320	812,671,847,439	526,785,657,492
Provisions for short-term liabilities	22	321	19,542,390,904	15,000,000,000
Bonus and welfare fund	23	322	44,475,112,435	45,827,112,435
<b>Long-term liabilities</b>		330	607,523,265,370	307,913,036,728
Long-term borrowings and finance lease liabilities	24	338	607,523,265,370	307,913,036,728
<b>Owner's equity</b>		400	2,055,533,082,808	1,809,754,662,986
<b>Capital sources and funds</b>	25	410	2,055,533,082,808	1,809,754,662,986
Paid-in capital	26	411	750,141,000,000	750,141,000,000
- Ordinary shares with voting rights		411a	750,141,000,000	750,141,000,000
Other shareholders' capital		414	7,650,000,000	-
Investment and development funds		418	185,835,952,140	185,835,952,140
Undistributed profits		421	852,426,960,185	710,415,825,181
- Cumulative undistributed profits at end of the previous year		421a	702,453,544,881	653,401,460,336
- Undistributed profits of the current year		421b	149,973,415,304	57,014,364,845
Non-controlling interest		429	259,479,170,483	163,381,885,665
<b>Total resources</b>		440	4,523,188,931,186	3,453,089,147,362



Bui Duc Thinh  
Chairman

Vu Thi Tuyet Mai  
Preparer/Chief Accountant

The notes set out on pages from 10 to 36 form an integral part of these consolidated financial statements



# Consolidated statement of income

for the year ended 31 December 2024

	Notes	Code	Year ended 31 December 2024 VND	Year ended 31 December 2023 VND
Gross sales	29	01	5,280,403,155,194	4,541,917,426,355
Less deductions:		02	-	(9,860,565)
Net sales		10	5,280,403,155,194	4,541,907,565,790
Cost of sales	30, 36	11	(4,450,894,974,445)	(3,977,925,202,464)
Gross profit		20	829,508,180,749	563,982,363,326
Income from financial activities	31	21	210,720,478,165	191,457,187,736
Expenses from financial activities	32	22	(84,720,444,244)	(72,904,821,677)
- Including: interest expenses		23	(53,363,361,515)	(44,582,381,746)
Share of loss from associate	7	24	(6,316,423,844)	-
Selling expenses	33, 36	25	(136,713,274,607)	(147,696,197,485)
General and administrative expenses	34, 36	26	(252,452,333,499)	(229,726,710,494)
Operating profit		30	560,026,182,720	305,111,821,406
Other income		31	2,766,133,831	5,551,607,467
Other expenses	35	32	(18,974,719,079)	(4,080,215,721)
(Loss)/Profit from other activities		40	(16,218,585,248)	1,471,391,746
Net accounting profit before tax	37	50	543,807,597,472	306,583,213,152
Current corporate income tax expense	37	51	(101,317,547,350)	(61,337,830,651)
Net profit after corporate income tax	25	60	442,490,050,122	245,245,382,501
Attributable to:				
Profit after tax attributable to the parent company	25	61	412,522,765,304	244,549,614,845
Profit after tax attributable to non-controlling interest	25	62	29,967,284,818	695,767,656
Earnings per share	27	70	5,499	3,260



Bui Duc Thinh  
Chairman

Vu Thi Tuyet Mai  
Preparer/Chief Accountant

# Consolidated statement of cash flows

(indirect method)

for the year ended 31 December 2024

	Notes	Code	Year ended 31 December 2024 VND	Year ended 31 December 2023 VND
<b>Cash flows from operating activities</b>				
Profit before tax	01		543,807,597,472	306,583,213,152
<b>Adjustments for:</b>				
Depreciation and amortisation	02		126,959,728,817	134,734,306,328
Changes in provisions	03		4,077,774,254	(13,431,041,671)
Unrealised loss/(gain) from foreign currency translations	04		2,121,055,312	(3,373,002,111)
Gain from investing activities	05		(111,056,251,645)	(119,222,117,382)
Interest expenses	06		53,363,361,515	44,582,381,746
<b>Operating profit before changes in working capital</b>	08		619,273,265,725	349,873,740,062
Changes in accounts receivable	09		(441,169,856,011)	(256,318,148,873)
Changes in inventory	10		(135,896,643,157)	95,128,745,043
Changes in accounts payable	11		215,727,119,090	(109,207,788,001)
Changes in prepaid expenses	12		20,759,005,483	23,409,344,260
Interest paid	14		(53,363,361,515)	(44,582,381,746)
Corporate income tax paid	15		(60,295,860,604)	(57,220,019,127)
Other payments for operating activities	17		(1,352,000,000)	(8,691,000,000)
<b>Cash generated from/(used in) operating activities</b>	20		163,681,669,011	(7,607,508,382)
<b>Cash flows from investing activities</b>				
Acquisitions of fixed assets and construction in progress	21		(539,448,564,234)	(187,197,988,890)
Purchases of debt instruments of other entities	23		(1,291,650,761,560)	(1,950,544,740,090)
Collections of loan, proceeds from sales of debt instruments of other entities	24		1,609,332,882,838	1,935,360,000,000
Investments in other entities	25		(40,776,838,387)	1,536,727,182
Dividends, interest income	27		117,372,675,489	119,222,117,382
<b>Net cash flows used in investing activities</b>	30		(145,170,605,854)	(81,623,884,416)



## Consolidated statement of cash flows

(indirect method) (continued)  
for the year ended 31 December 2024

	Notes	Code	Year ended 31 December 2024 VND	Year ended 31 December 2023 VND
<b>Cash flows from financing activities</b>				
Proceeds from capital contribution		31	66,150,000,000	49,000,000,000
Proceeds from loans' principals		33	4,114,754,922,617	3,350,523,587,311
Repayments of loans' principals		34	(3,505,987,392,319)	(3,091,034,421,106)
Payments of dividends to investors		36	(262,536,810,000)	(187,483,902,500)
<b>Net cash flows generated from financing activities</b>		40	<b>412,380,720,298</b>	<b>121,005,263,705</b>
<b>Net increase in cash and cash equivalents</b>		50	<b>430,891,783,455</b>	<b>31,773,870,907</b>
<b>Cash and cash equivalents at beginning of the year</b>	6	60	<b>455,323,804,538</b>	<b>424,037,510,710</b>
<b>Effects of changes in foreign exchange rates</b>		61	<b>134,822,797</b>	<b>(487,577,079)</b>
<b>Cash and cash equivalents at end of the year</b>	6	70	<b>886,350,410,790</b>	<b>455,323,804,538</b>



Bui Duc Thinh  
Chairman

Vu Thi Tuyet Mai  
Preparer/Chief Accountant

## Notes to the consolidated financial statements

for the year ended 31 December 2024

### 1. Nature of operations

Song Hong Garment Joint Stock Company (previously known as State-owned Song Hong Garment Company) ("the Company") is a joint stock company, established in Vietnam under Enterprise Registration Certificate No. 0703000386 issued by Nam Dinh Department of Planning and Investment dated 3 June 2004. The Company has 21 times of changing Enterprise Registration Certificate.

On 10 September 2024, the Company received the 21st amendment Enterprise Registration Certificate issued by Nam Dinh Department of Planning and Investment to change its address information.

According Enterprise Registration Certificate, charter capital of the Company is VND750,141,000,000 (in words: Seven hundred fifty billion and one hundred forty-one million dong).

Total number of shares is 75,014,100 shares.

Par value: VND10,000. Stock code: MSH, transacted on Hochiminh City Stock Exchange ("HOSE").

The principal activities under the Company's Enterprise Registration Certificate are:

- Producing clothes for domestic market;
- Producing carpets, blankets;
- Trading on industrial products for domestic market;
- Sewing clothes (except for clothes made of animal leather and feather);
- Trading on other kinds of materials, equipments and spare parts for the garment-textile industry;
- Producing knitted clothes;
- Wholesaler of fabrics, clothes and shoes;
- Trading on domestic cigarettes, alcohol and cosmetics;
- Warehousing and storing services;
- Running the Company's clinic (providing medical examination and treatment for employees of the Company); and
- Renting offices, factories (excluding brokerage)

In 2024, the Company's principal activities are manufacturing and processing garment products and producing cotton, rugs and blankets.

The Company's head office is located at No. 105 Nguyen Duc Thuan Street, Quang Trung Ward, Nam Dinh City, Nam Dinh Province, Vietnam.



**Subsidiaries and Joint venture company**

As at 31 December 2024, the Company had 04 subsidiaries and 01 joint venture company and as below:

As at 31 December 2024, the Company had 57 subsidiaries and 57 joint venture companies			% of ownership	
Name	Principal activities	Address	2024	2023
<b>Subsidiaries</b>				
Song Hong Garment Joint Stock Company - Nghia Hung	Manufacturing garments	Group 12, Nghia Phong Commune, Nghia Hung District, Nam Dinh Province, Vietnam	51%	51%
Song Hong Garment Joint Stock Company - Xuan Truong	Manufacturing garments	Hamlet 17, Xuan Phuc Commune, Xuan Truong District, Nam Dinh Province, Vietnam	51%	51%
Song Hong BSS Logistics Joint Stock Company	Transportation services	Floor 18, Office Building 789, 147 Hoang Quoc Viet Street, Nghia Do Ward, Cau Giay District, Hanoi City, Vietnam	51%	51%
Sunshine Line Agencies Vietnam Company Limited (*)	Transportation services	Floor 4, Thanh Dat Building, 3 Le Thanh Tong Street, May To Ward, Ngo Quyen District, Hai Phong City, Vietnam	51%	-
<b>Joint venture company</b>				
Golden Avenue Apparel Manufacturing	Manufacturing garments	Lots 35-36-37-38-39-40-41-41 in the 2nd Industrial Park - the third block - block C of the Industrial Park in Al-Matahra – East of the Nile River – Menya Province – New Menya, Egypt	50%	-

(\*) Sunshine Line Agencies Vietnam Company Limited is indirectly owned through Song Hong BSS Logistics Joint Stock Company, an directly-owned subsidiary of the Company.

As at 31 December 2024, the Company and its subsidiaries had 11,383 employees (31 December 2023: 11,809 employees).

## 2. Fiscal year and currency

### 2.1 Fiscal year

The Group's fiscal year starts on 1 January and ends on 31 December.

### 2.2 Accounting currency

The consolidated financial statements are prepared in Vietnamese Dong ("VND").

## 3. Basis of preparation of consolidated financial statements

### Basis of preparation of consolidated financial statements

The consolidated financial statements have been prepared in accordance with Vietnamese Accounting Standards, Accounting System for Enterprises, Circular 202/2014/TT-BTC issued by the Ministry of Finance on 22 December 2014 and legislation involves the preparation and presentation of the consolidated financial statements.

The consolidated financial statements are not intended to present the financial position and results of operations and cash flows in accordance with generally accepted accounting principles and practices in countries or jurisdictions other than the Socialist Republic of Vietnam and furthermore their use is not designed for those who are not informed about Vietnam's principles, procedures and practices.

### Basis of consolidation

The Group's consolidated financial statements for the year ended 31 December 2024 are prepared based on the separated financial statements of Song Hong Garment Joint Stock Company and the financial statements of its subsidiaries as presented in Note 1.

**Subsidiary**

Subsidiary is entity which the Group has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. Control right is determined through voting rights, usually presented by capital contribution percentage.

Subsidiary's financial statements is consolidated into the consolidated financial statements from the date the Company acquired control until the date the Group loses its control over the subsidiary. Subsidiary's accounting policies are applied to be consistent with the Parent company's accounting policies.

A non-controlling interest represents the portion of the profit or loss and net assets of a subsidiary attributable to an equity interest that is not owned by the Group and its subsidiaries. It is based upon the minority's share of post-acquisition fair values of the subsidiary's identifiable assets and liabilities except for the case that the losses calculated for minority shareholders in subsidiary exceed the share of minority shareholders in the capital of the subsidiary.

Changes in share interest in subsidiary which do not impact the control over the Group's subsidiary will be recognised in line with the equity transaction method. In this method, differences between addition or disposal of investment costs and changes in corresponding interest in subsidiary's net assets are recorded as changes in equity. No adjustment to net book value of subsidiary's assets and liabilities recognised previously, if any.

The results of operations of a subsidiary disposed of are included in the consolidated statement of income until the date of disposal which is the date on which the parent ceases to have control of the subsidiary. The difference between the proceeds from the disposal of the subsidiary and the net book value of its assets less liabilities as of the date of disposal is recognised in the consolidated income statement as the profit or loss on the disposal of the subsidiary. The carrying amount of the remaining investment at the date that it ceases to be a subsidiary is carried using the cost method.

### Elimination transactions in consolidation

All transactions, balances and unrealised gains or losses and expenses between companies in the Group are eliminated in consolidated financial statement.

## 4. Accounting policies

### 4.1 Foreign exchange

Transactions arising in currencies other than the reporting currency of VND are translated at the prevailing exchange rates at transaction dates. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are respectively translated at foreign currency buying rate and selling rate at the balance sheet date as quoted by commercial banks where the Company regularly trades. The foreign currency cash in banks at the balance sheet date are translated at buying rate of the bank where the Company opens the foreign currency account. Foreign exchange differences arising on translation are recognized as income or expense in the consolidated statement of income.

### 4.2 Estimates

The preparation of the consolidated financial statements in conformity with Vietnamese Accounting Standards, Vietnamese Accounting System for Enterprises and prevailing accounting regulations in Vietnam requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities and disclosures of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could different from those estimates.

### 4.3 Cash and cash equivalents

Cash and cash equivalents includes cash on hand and cash in banks as well as short-term highly liquid investments and bank deposits with maturity terms of not more than 3 months.



#### 4.4 Investments

##### Investments held-to-maturity

Investments held-to-maturity include term deposits, bonds, preferred stock where the issuer must repurchase at a certain time in the future and loans held-to-maturity for the purpose of earning interest periodically and other investments held-to-maturity. Investments held-to-maturity are initially measured at cost less provision for diminution in value. Provision for diminution in value of investments held-to-maturity is made when there is unlikely to recover those investments. Losses from irrecoverable investments, which have not been made provision, are recorded as expenses in the reporting period and reduction to the carrying amount of the investments.

##### Investments in joint ventures and associates

A joint venture is established by a joint venture agreement between two or more than two parties who have joint control over financial and operating policies. Associates are investments that the Company has significant influence but not control generally accompanying with a shareholding of 20% to under 50% voting shares of the investee.

Investments in joint ventures and associates are accounted in accordance with equity method and are initially recognised at cost. The Company's investments in joint ventures and associates include goodwill arising on acquisition, less any accumulated impairment loss.

#### 4.5 Accounts receivable

Receivables are measured at their net recoverable amount after provision for doubtful debts. The provision for doubtful debts is made based on the Management's assessment on indication that they might not be recoverable. Doubtful debts are written off when they are irrecoverable.

#### 4.6 Inventories

Inventories, including work-in-process, are valued at the lower of cost and net realisable value. Cost comprises direct materials and where applicable, direct labor costs and those overheads that have been incurred in bringing the inventories to their present location and condition. Cost is determined primarily on the basis of weighted average basis cost. For processed inventories, cost includes the applicable allocation of fixed and variable overhead costs based on a normal operating capacity. Net realisable value is the selling price in the ordinary course of business, less the costs of completion, marketing and distribution after making provision for damaged, obsolete and slow-moving items. An inventories provision is made for the estimated loss arising due to the impairment (through diminution, damage, obsolescence, etc.) of raw materials, finished goods, and other inventories owned by the Group, based on appropriate evidence of impairment available at the balance sheet date.

The Group applies a perpetual inventory method to account for inventories.

#### 4.7 Tangible fixed assets

Tangible fixed assets are stated at historical cost less accumulated depreciation. When assets are sold or retired, their cost and accumulated depreciation are eliminated from the accounts and any gain or loss resulting from their disposal is included in the consolidated statement of income.

##### Cost

The initial cost of a tangible fixed asset comprises its purchase price, including import duties and non-refundable purchase taxes and any directly attributable costs of bringing the asset to its working condition and location for its intended use. The initial cost of tangible fixed assets with attached equipment and spare parts for replacement is the total directly attributable costs of bringing the asset to its working condition for its intended use less the value of equipment and spare parts for replacement. Expenditures incurred after the tangible fixed assets have been put into operation, such as repairs and maintenance and overhaul costs, are normally charged to the consolidated statement of income in the period the costs are incurred. In situations where it can be clearly demonstrated that the expenditures have resulted in an increase in the future economic benefits expected to be obtained from the use of a tangible fixed asset beyond its originally assessed standard of performance, the expenditures are capitalised as an additional cost of tangible fixed assets. The initial cost of tangible fixed assets transferred from construction in progress includes installation and trial operation costs less the value of products from trial production.

##### Depreciation

Depreciation is computed on a straight-line basis over the estimated useful lives of tangible fixed assets. The estimated useful lives are as follows:

	Years
Building and structure	3 - 50
Machinery and equipment	3 - 15
Vehicles	5 - 10
Office equipment	3 - 5

The useful life and depreciation method are reviewed periodically to ensure that the method and period of depreciation are consistent with the expected pattern of economic benefits from items of tangible fixed assets.

#### 4.8 Operating leases

Leases wherein substantially all the rewards and risks of ownership of assets remain with the leasing company are accounted for as operating leases. Rental payments applicable to such leases are recorded in the results of operations as incurred.

#### 4.9 Intangible fixed assets

##### Land use right

Land use rights include costs incurred to purchase formal rights to use land and land compensation costs. The initial cost is based on the costs incurred and the value of land approved by the Government at the time of purchase. Amortisation is provided on a straight-line basis over the expected period of benefit from the land use rights.

##### Computer software

The cost of computer software which is not an integral part of the related hardware is amortised on a straight-line basis from three (3) to five (5) years.

#### 4.10 Long-term assets in progress

##### Construction in progress

Construction in progress is the whole value of the fixed assets have been bought, investment of construction in progress includes the cost of buildings, machinery and equipment which are in the process of construction or installation, overhaul of fixed assets in progress, completed fixed assets have not been handover or fixed assets have not been put into use. No depreciation is recorded until the construction and installation is complete and the asset is ready for its intended use at which time the related costs are transferred to tangible fixed assets.

#### 4.11 Prepaid expenses

##### Prepaid land costs

Prepaid land costs are comprised of prepaid land rentals and other costs incurred in conjunction with securing the use of leased land. These costs are recognised in the statement of income on a straight-line basis over the term of the lease.

##### Tools and supplies

Tools and supplies included assets held for use by the Company in the normal course of business whose costs of individual items are less than VND30 million and therefore not qualified for recognition as fixed assets. Cost of Tools and supplies are amortised on a straight-line basis over a period ranging from 1 to 3 years.

#### 4.12 Payables and accrued expenses

Payables and accruals are recognised as amounts to be paid in the future for goods and services received, whether or not billed to the Group.

#### 4.13 Borrowing costs

Borrowing costs comprising interest and related costs are recognised as an expense in the period in which they are incurred, except for borrowing costs relating to the acquisition of tangible fixed assets that are incurred during the period of construction and installation of the assets (even period of construction is less than 12 months), which are capitalised as a cost of the related assets.



**4.14 Provisions for liabilities**

Provisions for liabilities are recognised when the Group has a present obligation (legal or constructive) as a result from a past event and it is probable that the Group will be required to settle that obligation. Provisions are measured at the management's reliable estimated of the expenditure required to settle the obligation at the balance sheet date. If the effect of the time value of money is material, the amount of a provision shall be the present value of the expenditures expected to be required to settle the obligation.

**4.15 Employee benefits**

The Company participates in the compulsory defined contribution plans as required by the Government of Vietnam pursuant to current Vietnamese regulations on labour, employment and relevant areas, which have been managed by Vietnam Social Insurance through its local agencies. The compulsory defined contribution plans include social insurance, health insurance and unemployment insurance which should be paid to the local social insurance agency by the Company for the Company's obligations, and on behalf of participants for participants' obligations.

Participants, the calculations, declarations and payments for obligations for both the Company and participants are based on the prevailing regulations specified to each period of time. The Company has no further obligation to fund the post employment benefits of its employees.

The Company does not participate in any defined benefit plans.

**4.16 Bonus and welfare fund**

Bonus and welfare fund is appropriated from the Group's net profit after tax and subject to the approval of the Board of Management.

**4.17 Equity****Share capital**

Share capital represents the nominal value of shares that have been issued.

**Retained earnings**

Retained earnings represent the Company's accumulated results of operations (profit, loss) after corporate income tax at the balance sheet date.

**Investment and development funds**

Investment and development funds is taken from profit after corporate income tax and used for investment in expanding production scale, business or in-depth investment of the business.

**Capital expenditure fund**

Fund for capital expenditure represents the balance and the increase or decrease of capital expenditure fund of the Company.

**4.18 Dividend distribution**

Dividend of the Company is recognised as a liability in the Company's consolidated financial statements in the period in which the dividends are approved by the Company's shareholders at the Annual General Meeting.

**4.19 Revenue****Goods sold**

Revenue from the sale of goods is recognised in the consolidated statement of income when the significant risks and rewards of ownership have been transferred to the buyer. No revenue is recognised if there are significant uncertainties regarding the ultimate receipt of the proceeds, the reasonable estimation of the associated costs of the sale or the possibility of the return of the goods.

**Processing services**

Revenue from processing services is recognised in the consolidated statement of income when the goods have been processed and accepted by the buyer. No revenue is recognised if there are significant uncertainties regarding recovery of the consideration due.

**Services rendered**

Revenue from services rendered is recognised in the statement of income in proportion to the stage of completion of the transaction at the balance sheet date. The stage of completion is assessed by reference to surveys of work performed. No revenue is recognised if there are significant uncertainties regarding recovery of the consideration due.

**Dividends**

Income is recognised when the Company and its subsidiaries' entitlement as an investor to receive the dividend is established.

**Interest income**

Interest income is recognised in the statement of income by maturity date of deposits/investments where the Group and its subsidiaries do not withdraw such deposits/investments before due date.

**Sale deductions**

Sales deductions include trade discounts, sales returns and allowances. Sales deductions incurred in the same period of sales of products, goods and services are recorded as deduction of revenue of the period.

Sales deductions related to products, goods or services sold in the previous periods incurred in the following period but before the issuance of the consolidated financial statements are recognised as deduction of revenue of the current reporting period.

**4.20 Current and deferred income tax**

Liabilities and/or Current income tax assets comprise those obligations to, or claims from, fiscal authorities relating to the current or prior reporting periods, that are unpaid at the balance sheet date. They are calculated according to the tax rates and tax laws applicable to the fiscal periods to which they relate based on the taxable profit for the year. All changes to current tax assets or liabilities are recognised as a component of tax expense in the consolidated statement of income.

Deferred income tax is calculated using the liability method base on temporary differences. This method compares the carrying amounts of assets and liabilities in the balance sheet with their respective tax bases. In addition, tax losses available to be carried forward as well as other income tax credits to the Group are assessed for recognition as deferred tax assets.

Deferred tax liabilities are always provided in full. Deferred income tax assets are recognised to the extent that it is probable that future taxable profit will be available against.

Deferred income tax assets and liabilities is determined, without discounting, at the tax rates that are expected to apply to their respective period of realisation, provided they are enacted or substantively enacted at the balance sheet date. Most of changes in deferred income tax assets or liabilities are recognised as a component of tax expense in the consolidated statement of income. Only changes in deferred tax assets or liabilities that relate to a change in value of assets or liabilities that is charged directly to equity are charged or credited directly to equity.

**4.21 Earnings per share****Basic earnings per share**

Basic earnings per share is calculated by dividing the profit attributable to the ordinary shareholders which already subtracted distribution of owners' fund by the weighted average number of ordinary shares outstanding during the year.

**4.22 Related parties**

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Parties are also considered to be related if they are subject to common control or common significant influence.



#### 4.23 Financial instruments

On 6 November 2009, the Ministry of Finance issued Circular 210/2009/TT-BTC providing guidance on the application of International Financial Reporting Standards ("IFRS") on the disclosure of financial instruments ("Circular 210") which is effective for the financial years beginning on or after 1 January 2011.

As Circular 210 only requires disclosure of financial instruments in accordance with IFRS, recognition and measurement of these assets and liabilities on the Group's consolidated financial statements are still in accordance with Vietnamese Accounting Standards and System.

##### Classification

In accordance with Circular 210/2009/TT-BTC, the Group classifies its financial assets and financial liabilities in the following categories:

For financial assets:

- financial assets at fair value through profit or loss ("FVTPL");
- held-to-maturity ("HTM") investments;
- available-for-sale ("AFS") financial assets;
- loans and receivables.

For financial liabilities:

- financial liabilities at FVTPL;
- other financial liabilities at the amortised cost.

#### 4.24 Segment reporting

A segment is a component which can be separated by the Company and its subsidiaries engaged in providing related products or services (business segment), or providing products or services within a particular economic environment (geographical segment), each segment is subject to risks and returns that are different from those of other segments.

The Company and its subsidiaries' principal activities are manufacturing and processing garment products and producing cotton, rugs and blankets in a geographical area that is Vietnamese territory. Therefore, the Company does not present segment report.

#### 4.25 Contingencies

Contingent liabilities are not recognised in the consolidated financial statements. They are disclosed unless the possibility of an outflow of resources embodying economic benefits is remote.

A contingent asset is not recognised in the consolidated financial statements but disclosed when an inflow of economic benefits is probable.

#### 4.26 Subsequent events

Post-year-end events that provide additional information about a company's position at the balance sheet date (adjusting events) are reflected in the consolidated financial statements. Post-year-end events that are not adjusting events are disclosed in the notes when material.

#### 4.27 Classification of assets and liabilities as current or non-current

Assets and liabilities are classified as current or non-current on the balance sheet based on their remaining term of such assets and liabilities at the balance sheet date, except the classification is pre-defined and/or specified in Vietnamese Accounting System for Enterprises.

#### 4.28 Off-balance sheet items

Amounts which are defined as off-balance sheet items under the Vietnamese Accounting System are disclosed in the relevant notes to these consolidated financial statements.

## 5. Business combination transaction

### Capital contribution to Sunshine Line Agencies Vietnam Company Limited, an indirectly owned subsidiary

During the year, Song Hong BSS Logistics Joint Stock Company, a subsidiary, contributed capital to Sunshine Line Agencies Vietnam Company Limited ("Sunshine Company"), an indirectly-owned subsidiary. Sunshine Company was established under the Enterprise Registration Certificate No. 0202248444 dated 3 July 2024 issued by Hai Phong Department of Planning and Investment with the charter capital of VND3 billion, of which 100% is owned by Song Hong BSS Logistics Joint Stock Company with the main activities of transportation services. In 2024, Sunshine Company has started its business activities and generated revenue and profit after tax of VND11,515,395,658 and VND180,186,351, respectively.

### Capital contribution to Golden Avenue Apparel Manufacturing Company, a joint venture company

During the year, the Company has an investment in the joint venture of Golden Avenue Apparel Manufacturing ("Golden Avenue"). Golden Avenue was established in the Arab Republic of Egypt under Commercial Register No. 38989 of the Ministry of Supply and Internal Trade in Egypt, of which 50% is owned by the Company. Golden Avenue's head office is located at lots 35-36-37-38-39-40-41-41 in the 2nd Industrial Park - the third block - block C of the Industrial Park in Al-Matahra - East of the Nile River - Menya Province - New Menya, Egypt with the main activities of manufacturing garments. During 2024, Golden Avenue has started its business operation.

## 6. Cash and cash equivalent

	31 December 2024 VND	31 December 2023 VND
Cash		
Cash on hand	971,542,046	1,206,810,638
Cash in banks	209,388,850,212	133,091,678,940
	210,360,392,258	134,298,489,578
Cash equivalent		
Bonds (i)	675,990,018,532	321,025,314,960
	886,350,410,790	455,323,804,538

(i) Represented bonds which have terms of within 3 months with interest rate from 7.8 to 8.1% per annum.

## 7. Investments

### Held-to-maturity

	31 December 2024		31 December 2023	
	Cost VND	Provision VND	Cost VND	Provision VND
Short-term				
Term deposits (i)	36,000,000,000	-	65,830,000,000	-
Bonds (ii)	617,102,618,812	-	904,954,740,090	-
	653,102,618,812	-	970,784,740,090	-

(i) Deposits at commercial banks which have terms of more than 3 months to 1 year with interest rate from 4.2% to 9.5% per annum. In which, deposit of VND35 billion at Joint Stock Commercial Bank For Foreign Trade of Vietnam - Nam Dinh Branch was used as collateral for the Company's short-term loan from this bank (Note 24).

(ii) Represented bonds which have original terms of more than 3 months to 1 year with interest rate from 5.7% to 9.2% per annum.



**Investment in joint venture**

As at 31 December, details of the Company's ownership and voting rights in joint venture are as below:

	31 December 2024		31 December 2023	
	Charter capital per Enterprise Registration Certificate	Owner Rate	Voting right	Owner Rate
	31 December 2024	31 December 2023	%	%
<b>Investment in joint venture</b>				
Golden Avenue Apparel				
Manufacturing	81,553,676,774	-	50%	50%

As at 31 December 2024, the Company had investments in joint venture as below:

	31 December 2024		31 December 2023	
	Cost VND	Book value VND	Cost VND	Book value VND
<b>Investment in joint venture</b>				
Golden Avenue Apparel Manufacturing (I)	40,776,838,387	34,460,414,543	-	-

- (i) The Company has an investment in the joint venture of Golden Avenue Apparel Manufacturing, with the registered ownership of 50%. The Company has fully contributed its committed capital under the Enterprise Registration Certificate with the amount of VND40,776,838,387 in July 2024. Golden Avenue Apparel Manufacturing was established in the Arab Republic of Egypt under Commercial Register No. 38989 of the Ministry of Supply and Internal Trade in Egypt with the main activities of manufacturing garment products. As at 31 December 2024, the subsidiary started its operation and making loss. However, under assessment of the Chairman of Board of Management and Board of Directors, the joint venture is being under very early period of operation and this loss is temporary. Therefore, investment in joint venture is not impaired.

**8. Short-term trade accounts receivable**

	31 December 2024	31 December 2023
	VND	VND
Columbia Sportswear Co., Ltd	470,668,247,310	162,715,887,062
G-III Apparel Group Co., Ltd (G- III Leather Fashions, Inc)	87,066,174,795	80,900,697,350
Haddad Apparel Group Co., Ltd	9,511,385,110	5,123,623,204
Lifung (Trading) Company Ltd - Express LLC	15,146,444,948	12,555,269,378
Products Development Partners Co., Ltd - Walmart, INC	134,503,392,171	15,806,928,794
Target Corporation	111,862,172,915	40,649,035,269
Prime Apparel Group	30,318,072,213	28,912,089,774
LF Centennial Pte.Ltd	41,994,891,386	132,503,918,674
GJM (HK) Company – LuenThai International Group	-	23,763,117,554
Makalot Industrial Co., Ltd	9,173,664,059	-
Song Hong Beddings Co., Ltd	11,452,514,669	-
Others	54,086,640,416	86,109,666,443
	975,783,599,992	589,040,233,502

**9. Short-term prepayments to suppliers**

	31 December 2024	31 December 2023
	VND	VND
Five Star International Group	10,000,000,000	10,000,000,000
World Fashion Exchange PVT Co., Ltd	6,371,087,074	6,371,087,074
Nam Thang Trading Services Co., Ltd	-	8,731,912,065
Truong Hai Trading Co., Ltd	16,052,368,085	-
Others	12,360,623,567	15,608,174,348
	44,784,078,726	40,711,173,487

**10. Other receivables**

	31 December 2024	31 December 2023
	VND	VND
<b>Short-term</b>		
Advances	476,477,733	587,338,063
Collateral, deposits	842,190,838	872,090,838
Receipts on behalf	1,220,182,950	1,685,106,283
Other receivables from Related parties (Note 39)	6,005,214,361	-
Others	4,433,806,491	4,839,754,190
	12,977,872,373	7,984,289,374
<b>Long-term</b>		
Compensation for site clearance	40,000,364,000	21,374,768,500
	52,978,236,373	29,359,057,874

**11. Provision for short-term doubtful debts**

	31 December 2024			31 December 2023		
	Cost VND	Recoverable amount VND	Provision VND	Cost VND	Recoverable amount VND	Provision VND
<b>Overdue receivables</b>						
Prime Apparel Group	30,318,072,213	- (30,318,072,213)	27,761,439,507	- (27,761,439,507)		
Five Star International Group Corporation	10,000,000,000	- (10,000,000,000)	10,000,000,000	- (10,000,000,000)		
Others	1,565,216,469	- (1,565,216,469)	2,846,586,593	1,232,312,124 (1,614,274,469)		
	41,883,288,682	- (41,883,288,682)	40,608,026,100	1,232,312,124 (39,375,713,976)		

**12. Inventories**

	31 December 2024		31 December 2023	
	Cost VND	Provision VND	Cost VND	Provision VND
Goods-in-transit	8,351,851,690	-	28,829,756,129	-
Raw materials	118,549,966,071	-	168,425,740,311	-
Tools and supplies	30,565,465,100	-	1,018,213,221	-
Work in progress	117,845,613,456	-	70,517,834,087	-
Finished goods	316,701,368,573	(8,351,210,533)	232,981,825,298	(11,323,401,889)
Goods on consignment	61,737,086,565	-	16,081,339,252	-
	653,751,351,455	(8,351,210,533)	517,854,708,298	(11,323,401,889)

Included in finished goods as at 31 December 2024 were VND19,807,488,194 (31 December 2023: VND19,939,980,492) were made provision for slow-moving inventories.

The details of the movements in the provision for decline in value of inventories during the year are as follows:

	Year ended	Year ended
	31 December 2024	31 December 2023
	VND	VND
Opening balance	11,323,401,889	9,868,092,454
Net movements during the year	(2,972,191,356)	1,455,309,435
Closing balance	8,351,210,533	11,323,401,889



## 13. Prepaid expenses

	31 December 2024 VND	31 December 2023 VND
<b>Short-term</b>		
Tools and supplies	1,072,004,581	1,845,521,474
Maintenance expenses	725,835,531	747,814,917
Software maintenance expenses	2,192,311,020	2,517,406,524
Advertising expenses	729,088,534	64,999,997
Warehouse rental fees	-	757,575,000
Fire and risk insurance fees	659,564,518	-
Others	360,658,890	975,547,706
	<b>5,739,463,074</b>	<b>6,908,865,618</b>
<b>Long-term</b>		
Tools and supplies	10,516,771,511	29,705,552,109
Land rental	15,638,154,145	16,126,846,465
Others	87,869,979	-
	<b>26,242,795,635</b>	<b>45,832,398,574</b>
	<b>31,982,258,709</b>	<b>52,741,264,192</b>

## 14. Tangible fixed assets

	Building and structure VND	Machinery and equipment VND	Motor vehicles VND	Office equipment VND	Total VND
<b>Cost</b>					
1 January 2024	1,348,516,942,778	635,217,459,737	53,220,524,372	57,940,222,713	2,094,895,149,600
Acquisitions	398,102,225	44,946,274,692	-	1,597,772,518	46,942,149,435
Construction in progress completed (Note 15)	2,320,573,803	-	-	-	2,320,573,803
31 December 2024	1,351,235,618,806	680,163,734,429	53,220,524,372	59,537,995,231	2,144,157,872,838
<b>Accumulated depreciation</b>					
1 January 2024	(769,543,035,514)	(493,202,375,344)	(32,528,472,718)	(36,544,757,020)	(1,331,818,640,596)
Charge for the year	(57,783,118,529)	(52,965,625,574)	(5,370,361,352)	(5,090,888,736)	(121,209,994,191)
31 December 2024	(827,326,154,043)	(546,168,000,918)	(37,898,834,070)	(41,635,645,756)	(1,453,028,634,787)
<b>Carrying amount</b>					
1 January 2024	578,973,907,264	142,015,084,393	20,692,051,654	21,395,465,693	763,076,509,004
31 December 2024	523,909,464,763	133,995,733,511	15,321,690,302	17,902,349,475	691,129,238,051

As at 31 December 2024, the Company and its subsidiaries' fixed assets with carrying amount of VND601,990,751,377 (31 December 2023: VND642,054,700,708) have been used as collateral for the Group's bank loans (Note 24).

Cost of fully depreciated fixed assets as at 31 December 2024 was approximately VND951 billion (31 December 2023: VND807 billion) but still in active use.

## 15. Construction in progress

	Year ended 31 December 2024 VND	Year ended 31 December 2023 VND
Opening balance	59,468,214,034	21,704,890,751
Addition during the year	434,942,490,664	75,279,070,528
Reduction of site clearance to be reimbursed (*)	(18,818,933,000)	-
Transferred to intangible fixed assets	-	(1,018,388,750)
Transferred to tangible fixed assets (Note 14)	(2,320,573,803)	(36,497,358,495)
Closing balance	473,271,197,895	59,468,214,034
In which:		
Nghia Phong factory construction project (i)	930,000,000	1,073,637,380
Xuan Truong factory construction project (ii)	472,341,197,895	58,394,576,654
	<b>473,271,197,895</b>	<b>59,468,214,034</b>

(\*) It presented compensation and site clearance amount paid by Song Hong - Xuan Truong Garment Joint Stock Company, a subsidiary related to the Project "Construction of an export garment production area of Song Hong Garment Joint Stock Company - Xuan Truong" will be deducted from the land rent payable in the future according to Official Letter No. 2246/STC-QLD dated 13 November 2023 of the Department of Finance of Nam Dinh province.

(i) As at 31 December 2024 the Company's long-term construction in progress with total book value of VND930,000,000 (31 December 2023: VND1,073,637,380) have been used as collateral for the Company's borrowings (Note 24).

(ii) All assets formed in the future under the project "Construction of an export garment production area of Song Hong Garment Joint Stock Company - Xuan Truong" and Land Use Rights No. DD463245 granted by the People's Committee of Nam Dinh province with an area of 95,970.6 m<sup>2</sup> are used as collateral for the loan with the Joint Stock Commercial Bank for Foreign Trade of Vietnam - Nam Dinh Branch (Note 24).

## 16. Short-term trade accounts payable

	31 December 2024		31 December 2023	
	Amount VND	Afford to pay VND	Amount VND	Afford to pay VND
<b>Payable to third parties</b>				
Formosa Taffeta Vietnam Co., Ltd	2,181,618,932	2,181,618,932	1,999,272,381	1,999,272,381
Suzhou Xinyuanheng Textile Technology Co., Ltd	6,612,551,020	6,612,551,020	1,267,267,523	1,267,267,523
Thanh Dung Co., Ltd	3,878,585,668	3,878,585,668	3,984,716,786	3,984,716,786
Hop Luc Construction JSC	38,397,511,938	38,397,511,938	13,489,004,943	13,489,004,943
YKK Vietnam Co., Ltd	1,178,305,186	1,178,305,186	5,526,290,854	5,526,290,854
Shang Hai Sunway International Ltd,	-	-	3,652,868,875	3,652,868,875
Silver Team Far East Limited	15,902,503,945	15,902,503,945	413,178,586	413,178,586
Hoan My Co., Ltd	4,398,511,513	4,398,511,513	-	-
Hop Luc Electromechanical JSC	12,672,529,312	12,672,529,312	-	-
Nam Thang Trading Service Company Limited	28,641,073,566	28,641,073,566	-	-
Sunrise Thai Duong Co., Ltd	6,345,226,710	6,345,226,710	-	-
Others	72,325,707,661	72,325,707,661	92,737,816,769	92,737,816,769
	<b>192,534,125,451</b>	<b>192,534,125,451</b>	<b>123,070,416,717</b>	<b>123,070,416,717</b>
<b>Payable to related parties (Note 39)</b>				
Song Hong Apparel Limited	-	-	164,454,587	164,454,587
	<b>192,534,125,451</b>	<b>192,534,125,451</b>	<b>123,234,871,304</b>	<b>123,234,871,304</b>



## 17. Short-term advances from customers

	31 December 2024	31 December 2023
	VND	VND
Song Hong Beddings Co., Ltd	-	5,000,427,403
Missy Fashion Apprael Limited	-	741,690,969
Sae-A Trading Co., Ltd	8,275,973,712	-
Others	6,570,749,475	8,023,975,153
	14,846,723,187	13,766,093,525

## 18. Taxes and amounts receivable from/payable to the State Budget

	31 December 2024		During the year	31 December 2023
	Amount	Increase	Decrease	Amount
	VND	VND	VND	VND
<b>Receivables</b>				
Personal income tax	23,942,386	587,503,038	208,272,593	403,172,831
Import tax	5,717,213,104	4,978,955,347	4,109,190,587	6,586,977,864
	5,741,155,490	5,566,458,385	4,317,463,180	6,990,150,695
<b>Payables</b>				
Value added tax	2,581,444,481	44,708,794,477	43,989,557,282	1,862,207,286
Value added tax on imported goods	496,650,652	9,562,085,618	9,317,230,833	251,795,867
Personal income tax	412,092,160	8,072,497,957	7,727,362,974	66,957,177
Corporate income tax	80,068,305,910	101,402,572,818	60,295,860,604	38,961,593,696
Other taxes	10,085,997,907	14,071,454,663	11,512,260,046	7,526,803,290
	93,644,491,110	177,817,405,533	132,842,271,739	48,669,357,316

## 19. Payables to employees

	31 December 2024	31 December 2023
	VND	VND
Salary payables to employees	169,800,924,128	132,826,273,869
Provision for salary payables	200,699,869,463	194,000,000,000
Bonus payables	203,092,788,933	173,404,868,958
	573,593,582,524	500,231,142,827

## 20. Short-term accrued expense

	31 December 2024	31 December 2023
	VND	VND
Labour protection costs	39,367,748,255	29,217,777,087
Shift meal fees	46,523,797,646	2,272,863,225
Accrual of sales commission and sales bonus	9,451,692,740	18,758,158,897
Others	7,343,003,719	6,731,498,981
	102,686,242,360	56,980,298,190

## 21. Other short-term payables

	31 December 2024	31 December 2023
	VND	VND
Trade union fees	1,953,599,860	1,807,363,360
Social insurance	217,331,095	586,543,162
Other payables to related parties (Note 39)	736,916,170	416,134,382
Dividend payables	536,295,300	523,755,300
Others	2,693,925,173	1,593,118,355
	6,138,067,598	4,926,914,559

## 22. Provision for short-term liabilities

Movements in provision for major repair of fixed assets during the year were as follows:

	Year ended	Year ended
	31 December 2024	31 December 2023
	VND	VND
Opening balance	15,000,000,000	30,047,162,305
Increase during the year	26,655,429,900	15,003,290,000
Utilisation during the year	(22,113,038,996)	(30,050,452,305)
Closing balance	19,542,390,904	15,000,000,000

## 23. Bonus and welfare fund

	Year ended	Year ended
	31 December 2024	31 December 2023
	VND	VND
Opening balance	45,827,112,435	35,773,621,629
Increase during the year	-	18,744,490,806
Utilisation during the year	(1,352,000,000)	(8,691,000,000)
Closing balance	44,475,112,435	45,827,112,435



## 24. Borrowings

	31 December 2024		During the year		31 December 2023	
	Amount	Afford to pay	Increase	Decrease	Exchange rate	Afford to pay
	VND	VND	VND	VND	VND	VND
<b>Short-term borrowings</b>						
VND and USD loans – BIDV - Nam Dinh Branch (i)	270,262,801,184	270,262,801,184	1,485,300,356,430	(1,328,237,564,643)	(6,829,063,223)	120,028,062,620
VND loans – Military Bank - Nam Dinh Branch (ii)	16,240,264,558	16,240,264,558	190,288,353,553	(253,879,837,511)	-	79,831,748,516
VND and USD loans – Vietcombank – Nam Dinh Branch (iii)	490,168,781,697	490,168,781,697	2,103,555,983,982	(1,899,869,990,165)	(16,442,068,486)	302,924,846,356
	776,671,847,439	776,671,847,439	3,779,144,693,975	(3,481,987,392,319)	(23,271,111,709)	502,785,657,492
<b>Current portion of long-term borrowings</b>						
VND loans – Vietcombank – Nam Dinh Branch (iii)	36,000,000,000	36,000,000,000	36,000,000,000	(24,000,000,000)	-	24,000,000,000
	812,671,847,439	812,671,847,439	3,815,144,693,975	(3,505,987,392,319)	(23,271,111,709)	526,785,657,492
<b>Long-term borrowings</b>						
VND loans – Vietcombank - Nam Dinh Branch (iv)	271,913,036,728	271,913,036,728	-	(35,000,000,000)	-	307,913,036,728
VND loans – BIDV - Nam Dinh Branch (v)	335,610,228,642	335,610,228,642	335,610,228,642	-	-	-
	607,523,265,370	607,523,265,370	335,610,228,642	(35,000,000,000)	-	307,913,036,728
	1,420,195,112,809	1,420,195,112,809	4,150,754,922,617	(3,541,987,392,319)	(23,271,111,709)	834,688,694,220

- (i) Borrowings from Bank for Investment and Development of Vietnam ("BIDV") - Nam Dinh Branch under Credit Limit Agreement No. 01/2024/232413/HDTD with credit limit of VND600 billion and with the purpose of supplementing working capital, guarantee, opening L/C. Credit limit period is until 31 May 2025. Collaterals of the borrowings are all assets of the borrower, the third parties who engage under Separate mortgage contracts signed with the Bank at any time (if any), currently includes: headquarters and works on the land of Song Hong 1 production zone; machinery and equipment HD01/2004; machinery and equipment for export garment production line Song Hong 3; factories and works on the land of Song Hong 3 production zone; factories and works on the land of Song Hong 9 production area. These loans bear interest from 3.2%/per annum.
- (ii) Borrowings from Military Commercial Joint Stock Bank ("Military Bank") - Nam Dinh Branch under Credit Limit Agreement No. 181999.23.775.2224835.TD dated 10 May 2024 with the credit limit of USD10 million (inclusive of the loan's principals limit, L/C limit, guarantee limit and discount limit) with the purpose of supplementing working capital for manufacturing and processing textile and garment products for export. Collaterals of the borrowings are specified in the Security Contracts signed between the Bank and the Company or a third party. These loans bear interest at the rates from 4.0% to 5.0% per annum.
- (iii) Borrowings from Foreign Trade of Vietnam Joint Stock Bank ("Vietcombank") - Nam Dinh Branch under the Credit Limited Agreement No.01/2024/VCB.NDI/8653913/CTD dated 11 January 2024 with the credit limit of VND600 billion. The loan's purpose is to supplement working capital for manufacturing activities. Guarantee measures are specified under Article 4 of the Credit Limit Agreement, includes: Land use rights in the Song Hong 8 area in My Trung industrial park, My Loc, Nam Dinh; property attached to the land of the Song Hong 8 area; machinery and equipment in Song Hong 8 area; deposit contract of VND35 billion; inventory at Song Hong 4, Song Hong 7, Song Hong 8 and Song Hong 10; assets attached to the land of Song Hong 7 factory, Hai Phuong commune, Hai Hau district, Nam Dinh;

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## Song Hong Garment Joint Stock Company and its subsidiaries

Land use right at 228 Tran Hung Dao, Tran Hung Dao ward, Nam Dinh City. These loans are disbursed in USD and bear interest at the rates from 3.2% to 3.5% per annum.

- (iv) Borrowings from Foreign Trade of Vietnam Joint Stock Bank ("Vietcombank") - Nam Dinh Branch under Credit Limit Agreement No. 01/2021/VCB.NDI/16750081/CTD dated 26 July 2021 with the credit limit of VND400 billion. With the purpose of using loan capital to serve the items of the Subsidiary's Nghia Phong factory construction project. Guarantee measures are specified in Article 3 of the Credit Agreement. These loans are disbursed in VND and USD, bearing a fixed interest rate of 7.5% per annum for the first 2 years and a floating interest rate for the following years (from 26 July 2023). The loan is secured by all construction works, machinery and equipment, production lines, vehicles, factory equipment systems and other assets attached to land formed in the future under the project. "Construction of export garment production zone" of Song Hong Garment Joint Stock Company - Nghia Hung.
- (v) Borrowings from Bank for Investment and Development of Vietnam ("BIDV") - Nam Dinh Branch under Credit Limit Agreement No. 01/2024/19291270/HDTTC dated 15 March 2024 with the credit limit of VND450 billion. With the purpose of using loan capital to serve the items of the Subsidiary's Xuan Truong factory construction project. Guarantee measures are specified in Article 3 of the Credit Agreement. These loans are disbursed in VND, bearing a fixed interest rate of 6.6% per annum for the first 32.4 months and a floating interest rate for the following years. The loan is secured by all construction works, machinery and equipment, production lines, vehicles, factory equipment systems and other assets attached to land formed in the future under the project. "Construction of export garment production zone" of Song Hong Garment Joint Stock Company - Xuan Truong.

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## 25. Owners' equity

	Share capital	Investment and development fund	Other owners' funds	Other shareholders' capital	Capital expenditure fund	Retained earnings	Non-controlling interest	Total
	VND	VND	VND	VND	VND	VND	VND	VND
Balance, 1 January 2023	750,141,000,000	183,792,535,504	1,972,416,636	-	71,000,000	673,327,847,678	109,746,118,009	1,719,050,917,827
Distribution of bonus and welfare fund	-	-	-	-	-	(18,744,490,806)	-	(18,744,490,806)
Transfer to investment and development fund	-	2,043,416,636	(1,972,416,636)	-	(71,000,000)	-	-	-
Dividend distribution by cash	-	-	-	-	-	(187,535,250,000)	-	(187,535,250,000)
Net profit during the year	-	-	-	-	-	244,549,614,845	695,767,656	245,245,382,501
Capital contribution in subsidiaries	-	-	-	-	-	-	49,000,000,000	49,000,000,000
Increase due to business combination	-	-	-	-	-	-	3,920,000,000	3,920,000,000
Other adjustment	-	-	-	-	-	(1,181,896,536)	-	(1,181,896,536)
Balance, 31 December 2023	750,141,000,000	185,835,952,140	-	-	-	710,415,825,181	163,361,885,665	1,809,754,662,986
Balance, 1 January 2024	750,141,000,000	185,835,952,140	-	-	-	710,415,825,181	163,361,885,665	1,809,754,662,986
Shares issued for dividend distribution	-	-	-	7,650,000,000	-	(7,650,000,000)	-	-
Dividend distribution by cash (i)	-	-	-	-	-	(262,549,350,000)	-	(262,549,350,000)
Capital contribution in subsidiaries	-	-	-	-	-	-	66,150,000,000	66,150,000,000
Net profit during the year	-	-	-	-	-	412,522,765,304	29,967,284,818	442,490,050,122
Other adjustment	-	-	-	-	-	(312,280,300)	-	(312,280,300)
Balance, 31 December 2024	750,141,000,000	185,835,952,140	-	7,650,000,000	-	852,426,960,185	259,479,170,483	2,055,533,082,808

(i) Dividend paid in cash to existing shareholders in accordance with the Board of Management's Resolution No. 95/2024/NQ/HDQT/MSH dated 13 November 2024.

## 26. Share capital

## Details of share capital

	31 December 2024		31 December 2023	
	VND	%	VND	%
Mr. Bui Duc Thinh	179,341,200,000	23.91%	179,341,200,000	23.91%
Mr. Bui Viet Quang	85,125,600,000	11.35%	85,125,600,000	11.35%
Ms. Bui Thu Ha	57,947,400,000	7.72%	57,947,400,000	7.72%
Ms. Pham Thi Song Ngan	37,002,250,000	4.93%	55,502,250,000	7.40%
FPT Securities Joint Stock Company	95,920,700,000	12.79%	95,920,700,000	12.79%
Other shareholders	294,803,850,000	39.30%	276,303,850,000	36.83%
	750,141,000,000	100%	750,141,000,000	100%

## Capital transactions with owners and distributions of dividends and profit

	Year ended 31 December 2024	Year ended 31 December 2023
	VND	VND
Contributed capital		
Opening balance	750,141,000,000	750,141,000,000
Increase during the year	-	-
Closing balance	750,141,000,000	750,141,000,000
Dividend declared	262,549,350,000	187,535,250,000

## Issued shares

	31 December 2024	31 December 2023
	Number of shares	Number of shares
Number of shares registered	75,014,100	75,014,100
Number of shares issued	75,014,100	75,014,100
- Ordinary shares	75,014,100	75,014,100
Number of existing shares in circulation	75,014,100	75,014,100
- Ordinary shares	75,014,100	75,014,100

All ordinary shares have par value of VND10,000 per share. Each share is entitled to one vote at shareholders meetings of the Company. Shareholders are entitled to receive dividends as announced from time to time. All ordinary shares are ranked equally with regard to the Company's residual assets. In respect of shares bought back by the Company, all rights are suspended until those shares are reissued.

## 27. Earnings per share

Basic earnings per share is calculated by dividing the net profit attributable to shareholders and deduct the welfare and reward fund by the weighted average number of ordinary shares outstanding during the year, excluding ordinary shares repurchased by the Company and held as treasury shares:

	Year ended 31 December 2024	Year ended 31 December 2023
	VND	VND
Profit after tax	412,522,765,304	244,549,614,845
Profit after tax to calculate earnings per share	412,522,765,304	244,549,614,845
Weighted average number of issued ordinary shares	75,014,100	75,014,100
Earnings per share (VND/share)	5,499	3,260



## 28. Off-balance sheet items

Cash and cash equivalent at 31 December, included foreign currencies other than VND, as follows:

	31 December 2024	31 December 2023
In original foreign currencies:		
- Euro ("EUR")	284	5,910
- United States Dollars (USD)	7,559,404	4,594,456

## 29. Revenue

	Year ended 31 December 2024	Year ended 31 December 2023
	VND	VND
Sales of goods sold	4,429,542,921,920	3,819,901,065,546
Sales of processing service	850,860,233,274	722,016,360,809
	5,280,403,155,194	4,541,917,426,355

## 30. Cost of goods sold

	Year ended 31 December 2024	Year ended 31 December 2023
	VND	VND
Costs of goods sold	3,765,755,344,456	3,287,910,218,068
Costs of processing service	685,139,629,989	690,014,984,396
	4,450,894,974,445	3,977,925,202,464

## 31. Income from financial activities

	Year ended 31 December 2024	Year ended 31 December 2023
	VND	VND
Interest income	117,372,675,489	119,222,117,382
Foreign exchange gains	93,347,802,676	72,235,070,354
	210,720,478,165	191,457,187,736

## 32. Expenses from financial activities

	Year ended 31 December 2024	Year ended 31 December 2023
	VND	VND
Interest expenses	53,363,361,515	44,582,381,746
Foreign exchange losses	31,357,082,729	28,322,439,931
	84,720,444,244	72,904,821,677

## 33. Selling expenses

	Year ended 31 December 2024	Year ended 31 December 2023
	VND	VND
Material costs	4,943,825,835	4,948,385,470
Depreciation and amortization expenses	2,951,950,962	2,806,295,544
Labour costs	5,576,168,963	4,692,334,149
Outside services costs	117,534,598,676	129,319,694,982
Others	5,706,730,171	5,929,487,340
	136,713,274,607	147,696,197,485

## 34. General and administrative expenses

	Year ended 31 December 2024	Year ended 31 December 2023
	VND	VND
Material costs	3,023,987,008	2,561,167,573
Depreciation and amortization expenses	21,972,868,255	20,385,059,892
Labour costs	145,751,695,919	137,905,233,759
Outside services costs	47,162,829,915	39,461,729,110
Others	34,540,952,402	29,413,520,160
	252,452,333,499	229,726,710,494

## 35. Other expenses

	Year ended 31 December 2024	Year ended 31 December 2023
	VND	VND
Defective goods expenses	15,959,289,807	2,308,613,109
Penalty expenses	45,527,899	1,771,602,612
Others	2,969,901,373	-
	18,974,719,079	4,080,215,721

## 36. Production and operation costs by elements

	Year ended 31 December 2024	Year ended 31 December 2023
	VND	VND
Raw materials	2,246,244,789,692	1,931,024,930,139
Labour costs	1,861,130,500,776	1,678,770,465,943
Depreciation and amortization expenses	126,959,728,817	134,734,306,328
Outside service costs	369,904,199,788	272,116,143,318
Others	102,002,944,491	78,443,781,429
	4,706,242,163,564	4,095,089,627,157

## 37. Corporate income tax

## The parent company

The Company has obligation to pay the government corporate income tax ("CIT") at the standard tax rate ("standard CIT rate") of taxable income.

## Subsidiaries

The subsidiaries include Song Hong Garment Joint Stock Company - Nghia Hung and Song Hong Garment Joint Stock Company - Xuan Truong have an obligation to pay the Government corporate income tax ("CIT") as prevailing regulations at CIT rate of 20% on taxable income. Subsidiaries are exempted from CIT for two (2) years from the first year of generating a taxable income and a 50% reduction of CIT payable in the four (4) following years.

Song Hong BSS Logistics Joint Stock Company and Sunshine Line Agencies Vietnam Company Limited, a subsidiary, has obligation to pay the Government CIT at the standard rate of 20% on taxable income.



CIT expenses have been calculated as below:

	Year ended 31 December 2024 VND	Year ended 31 December 2023 VND
Accounting profit before tax	543,807,597,472	306,583,213,152
Adjustments:		
Non-deductible expenses	4,979,988,073	3,920,959,444
Unrealised foreign exchange (gain)/loss	(7,229,929,966)	2,187,854,247
Unrealized foreign exchange loss of the previous year realised during this year	(2,187,854,247)	(9,609,458,618)
Taxable income for exported goods that have been completed for custom procedures but not yet been eligible for revenue recognition	15,197,120,796	800,636,616
Taxable income for exported goods that was completed for custom procedures in the previous year	(800,636,616)	-
Loss in joint venture	6,316,423,844	-
Adjustment for non-deductible interest expenses	-	9,259,896,136
Non-deductible interest expenses carrying forward	(14,430,376,455)	-
Adjustment for consolidation purposes	(68,219,178)	(136,438,356)
Estimated taxable income	545,584,113,723	313,006,662,621
Tax losses carried forward of subsidiaries	(30,724,542,895)	(12,413,074,235)
Taxable income	514,859,570,828	300,593,588,386
In which:		
Losses of subsidiaries during the year	-	(6,095,564,872)
Taxable income subject to CIT at the rate of 10%	16,543,668,153	-
Taxable income subject to CIT at the rate of 20%	498,315,902,675	306,689,153,258
CIT expenses at the rate of 10%	1,654,366,815	-
CIT expenses at the rate of 20%	99,663,180,535	61,337,830,651
Total CIT expenses for the year	101,317,547,350	61,337,830,651

#### Subsidiary's tax loss

The subsidiary's tax loss can be carried forward to be offset against taxable income within a maximum of 5 years from the time the loss arose. The actual total loss that can be carried forward to future years depends on the results of tax audits by local tax authorities. Tax losses used to calculate offset against taxable income for the following years are calculated as below:

Year incurred	Status of tax review	Tax loss VND	Utilised VND	Expired VND	Tax losses carried forward VND	Year of Expiration VND
2019	Outstanding	44,508,139	(44,508,139)	-	-	2024
2020	Outstanding	24,337,617	(24,337,617)	-	-	2025
2021	Finalised	1,245,265	(1,245,265)	-	-	2026
2022	Finalised	62,186,463,326	(30,654,451,875)	-	31,532,011,451	2027
2023	Outstanding	6,095,564,872	-	-	6,095,564,872	2028
		68,352,119,219	(30,724,542,896)	-	37,627,576,323	

Non-deductible interest expenses from previous periods used to offset taxable income for subsequent years are as follow:

Year	Non-deductible interest expense cumulatively VND	Utilised VND	Non-deductible interest expense carried forward VND	Year of Expiration VND
2022	14,626,571,198	(14,430,376,455)	196,194,744	2027
2023	9,259,896,136	-	9,259,896,136	2028
	23,886,467,334	(14,430,376,455)	9,456,090,880	

The Company and subsidiaries do not recognize a deferred tax asset in the accompanying financial statements for the foregoing taxable losses and interest expenses because of the likelihood that subsidiaries will have sufficient taxable income to utilize the said deductible loss is uncertain. In addition, the deferred taxes have not been recorded in the consolidated balance sheet as at 31 December 2024 because the Company and its subsidiaries have no significant temporary differences as at 31 December 2024

#### 38. Supplementary note on non-cash transactions to consolidated statement of cash flows

	Year ended 31 December 2024 VND	Year ended 31 December 2023 VND
Purchases of fixed assets and construction in progress on credit	40,453,005,743	1,393,510,419

#### 39. Related party transaction and balances

Details of the key related parties and relationship are given as below:

No	Related party	Relationship
1	Song Hong Apparel Co., Ltd	Related party
2	Golden Avenue Apparel Manufacturing	Joint venture
3	Mr. Bui Duc Thinh	Chairman
4	Mr. Bui Viet Quang	Member of Board of Management/General Director
5	Mr. Nguyen Mah Tuong	Member of Board of Management/Deputy General Director
6	Mrs. Le Thi Hong Yen	Member of Board of Management
7	Mr. Bernard Szeto W.K	Former Member of Board of Management
8	Mr. Dinh Trang Thi	Member of Board of Management
9	Mrs. Nguyen Thi Hanh	Member of Board of Management
10	Mrs. Bui Thu Ha	Member of Board of Management

During the year, the following transactions with related parties were recognised:

Related party	Nature of transactions	Year ended 31 December 2024 VND	Year ended 31 December 2023 VND
Song Hong Garment Co., Ltd	Purchases of raw materials and service fees	13,071,114,952	16,026,752,010
Golden Avenue Apparel Manufacturing	Capital contribution	40,776,838,387	-
	Employees' salary paid on behalf by the Company	1,657,721,280	-
	Interest on late capital contribution payable	2,849,903,613	-
	Other expenses paid on behalf by the Company	455,266,163	-

At 31 December, the following balances were outstanding with related parties:

Related party	Other receivables (Note 10) VND	31 December 2024 Other payables (Note 21) VND
Song Hong Garment Co., Ltd	6,005,214,36	-
Golden Avenue Apparel Manufacturing	-	736,916,170



Related party	31 December 2023	
	Trade payables	Other payables
	(Note 16)	(Note 21)
	VND	VND
Song Hong Garment Co., Ltd	164,454,587	416,134,382

#### 40. Boards of Management and Directors' remuneration

During the year, members of the Boards of Management and Directors received total remuneration as follows:

Name	Position	Year ended	Year ended
		31 December 2024	31 December 2023
		VND	VND
Bui Duc Thinh	Chairman	1,539,761,290	1,304,437,458
Bui Viet Quang	General Director/Member of BOM	2,207,518,428	1,604,041,478
Le Thi Hong Yen	Member of BOM	1,810,992,285	1,273,518,067
Nguyen Manh Tuong	Deputy General Director/Member of BOM	1,859,101,144	1,391,082,785
		7,417,373,147	5,573,079,788

#### 41. Commitments

##### Operating leases

As at 31 December, the Company and its subsidiaries are committed under non-cancellable operating lease agreements in the following amounts:

	31 December 2024	31 December 2023
	VND	VND
Within one (1) year	5,825,207,735	5,478,829,077
Within two to five years	21,460,849,340	18,860,875,340
More than 5 years	79,655,337,022	83,811,918,337
	106,941,394,097	108,151,622,754

##### Capital expenditures commitment

During the year, Song Hong Garment Joint Stock Company – Xuan Truong ("Xuan Truong"), a subsidiary signed contracts with contractors to carry out the construction works of Xuan Truong factory construction project, with total contract value of approximately VND510.7 billion (included VAT). At the date of this report, Xuan Truong has paid to contractors related to these construction contracts the amounts of approximately VND150.6 billion.

#### 42. Risk management objectives and policies

The Group is exposed to various risks in relation to financial instruments. The Group's financial assets and liabilities by category are summarised in Note 4.23. The main types of risks are market risk, credit risk and liquidity risk.

The Group's risk management focuses on actively securing the Group's short to medium-term cash flows by minimising the exposure to financial markets. Long-term financial investments are managed to generate lasting returns.

The most significant financial risks to which the Group is exposed are described below.

##### 42.1 Market risk

The Company and its subsidiaries are exposed to market risk through its use of financial instruments and specifically to currency risk, interest rate risk and certain other price risks, which result from both its operating and investing activities.

##### Foreign currency sensitivity

Most of the Group's transactions are carried out in Vietnamese Dong ("VND"). Exposures to currency exchange rates arise from the Group's overseas sales and purchases; in addition, the Group has balances of cash in banks and borrowings which are primarily denominated in United States Dollars ("USD").

Foreign currency denominated financial assets and liabilities, translated into VND at the closing rate, are as follows.

	31 December 2024	31 December 2023
	VND equivalent	VND equivalent
	USD	USD
Financial assets	1,130,607,538,400	675,440,703,589
Financial liabilities	(824,585,127,612)	(632,660,136,188)
<b>Short-term exposure</b>	<b>306,022,410,788</b>	<b>42,780,567,401</b>

The following table illustrates the sensitivity of the net result for the year and equity in regards to the Company's financial assets and financial liabilities and the USD/VND exchange rate.

It assumes +/- 4.8 change of the USD/VND exchange rate for the year ended at 31 December 2024 (year ended 31 December 2023: +/-2.9%), which has been determined based on the average market volatility in exchange rates in the previous 12 months. The sensitivity analysis is based on the Company and its subsidiaries' foreign currency financial instruments held at each balance sheet date and also takes into account forward exchange contracts that offset effects from changes in currency exchange rates.

If the USD had strengthened against the VND by 4.8% (2023: 2.9%) then this would have had the following impact:

	Year ended	Year ended
	31 December 2024	31 December 2023
	VND	VND
Net result for the year	11,784,674,314	987,330,411
Equity	11,784,674,314	987,330,411

If the USD had weakened against the VND by 4.8% (2023: 2.9%) then this would have had the following impact:

	Year ended	Year ended
	31 December 2024	31 December 2023
	VND	VND
Net result for the year	(11,784,674,314)	(987,330,411)
Equity	(11,784,674,314)	(987,330,411)

Exposures to foreign exchange rates vary during the year depending on the volume of overseas transactions. Nonetheless, the analysis above is considered to be representative of the Company and its subsidiaries' exposure to currency risk.

##### Interest rate sensitivity

Interest rate risk is the risk that the fair value (fair value interest rates risk) or future cash flows (cash flow interest rates risks) of a financial instrument will fluctuate because of changes in market interest rates. Fair value interest rates risk arising from financial instruments carried fixed interest rates which are measured at fair value. As 31 December 2024, the Company and its subsidiaries' borrowings with fixed interest rates amounts to VND812,671,847,439 and borrowings carrying floating interest rates amounts to VND607,523,265,370. However, the adjustment in interest rate for such borrowings during the year is immaterial. The Company and its subsidiaries does not have any financial instruments that require measurement at fair value. Therefore, a change in interest rate risk does not impact the Company and its subsidiaries' consolidated financial statements in relation to fair value of the financial instruments.



## 42.2 Credit risk

The Group's exposure to credit risk is limited to the carrying amount of the financial assets recognised at the balance sheet date, as summarised below:

	31 December 2024	31 December 2023
	VND	VND
<b>Classes of financial assets - carrying amounts</b>		
Held-to-maturity investments	653,102,618,812	970,784,740,090
Cash and cash equivalents	886,350,410,790	455,323,804,538
Trade and other receivables - net	1,056,122,480,058	611,710,211,846
	<b>2,595,575,509,660</b>	<b>2,037,818,756,474</b>

The Company and its subsidiaries continuously monitors defaults of customers and other counterparties, identified either individually or by the Company and its subsidiaries, and incorporate this information into its credit risk controls. The Company's policy is to deal only with creditworthy counterparties.

The Company's management considers that all the above financial assets that are not impaired for each of the reporting dates under review are of good credit quality except for the amounts provided for doubtful debts.

## 42.3 Liquidity risk

The Company and its subsidiaries manage its liquidity needs by carefully monitoring scheduled debt servicing payments for long-term financial liabilities as well as cash-outflows due in day-to-day business. Liquidity needs are monitored in various time bands.

The Company and its subsidiaries maintain cash and marketable securities to meet its liquidity requirements for up to 30-day periods.

As at 31 December, the Company and its subsidiaries's liabilities have contractual maturities which are summarised below:

	Current		Non-current
	Within 1 year	1 to 5 years	Over 5 years
	VND	VND	VND
<b>31 December 2024</b>			
Borrowings and financial lease liabilities	812,671,847,439	607,523,265,370	-
Trade payables	192,534,125,451	-	-
Other short-term financial liabilities	746,435,395,821	-	-
	<b>1,751,641,368,711</b>	<b>607,523,265,370</b>	-
<b>31 December 2023</b>			
Borrowings and financial lease liabilities	526,785,657,492	307,913,036,728	-
Trade payables	123,234,871,304	-	-
Other short-term financial liabilities	622,965,468,011	-	-
	<b>1,272,985,996,807</b>	<b>307,913,036,728</b>	-

## 43. Financial assets and financial liabilities

Information financial assets and financial liabilities and their book values are presented below:

	31 December 2024	31 December 2023
	Carrying amount	Carrying amount
	VND	VND
<b>Financial assets</b>		
Loan and receivables		
Cash and cash equivalents	886,350,410,790	455,323,804,538
Trade and other receivables - net	1,056,122,480,058	611,710,211,846
Held-to-maturity investments	653,102,618,812	970,784,740,090
	<b>2,595,575,509,660</b>	<b>2,037,818,756,474</b>

	31 December 2024	31 December 2023
	Carrying amount	Carrying amount
	VND	VND
<b>Financial liabilities</b>		
Other financial liabilities		
Trade accounts payable	192,534,125,451	123,234,871,304
Other financial liabilities	746,435,395,821	622,965,468,011
Borrowings and financial lease liabilities	1,420,195,112,809	834,698,694,220
	<b>2,359,164,634,081</b>	<b>1,580,899,033,535</b>

The Company and its subsidiaries has not assessed fair value of its financial assets and liabilities as at the balance sheet date since there is no comprehensive guidance on determination of their fair values under Circular No 210/2009/TT-BTC issued by the Ministry of Finance on 6 November 2009 or Vietnamese Accounting Standards and Vietnamese Accounting Systems for Enterprises.

## 44. Comparative figures

The consolidated financial statements for the current year cover the year ended 31 December 2024. The corresponding amounts in the consolidated balance sheet, consolidated statements of income and cash flows and related notes to the consolidated financial statements are carried forward from the consolidated financial statements as at 31 December 2023 and for the year then ended which were audited.

## 45. Subsequent event

No significant events have occurred since the reporting date which would impact on the consolidated financial position of the Company and its subsidiaries as disclosed in the Consolidated Balance Sheet as at 31 December 2024 or on the result of its consolidated operation and its consolidated cash flows for the year then ended.

## 46. Authorisation for issuance of consolidated financial statements

The consolidated financial statements were approved by the Chairman and Board of Directors and authorised for issue.

Nam Dinh, Vietnam

29 March 2025



Bui Duc Thinh  
Chairman

Vu Thi Tuyet Mai  
Preparer/Chief Accountant









**SONG HONG GARMENT JOINT STOCK COMPANY**

Nam Định, date    month 04 year 2025

**LEGAL REPRESENTATIVE**

**CHAIRMAN OF THE BOARD OF DIRECTORS**



**Bui Duc Thinh**