

Số : 266/CBTT-HT

Đà Nẵng, ngày 10 tháng 05 năm 2024

## CÔNG BỐ THÔNG TIN

Kính gửi: - Ủy ban Chứng khoán Nhà nước  
- Sở Giao dịch Chứng khoán TP Hồ Chí Minh

- Tên tổ chức : **Tổng công ty cổ phần Dệt May Hòa Thọ**
  - Mã chứng khoán: HTG
  - Trụ sở chính: 36 Ông Ích Đường, Quận Cẩm Lệ, TP Đà Nẵng
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  - Chức vụ: Tổng giám đốc – Người đại diện pháp luật
- Nội dung thông tin công bố:  
Tổng công ty cổ phần dệt may Hòa Thọ (HTG) xin công bố thông tin Báo cáo thường niên năm 2023 – bản Tiếng Anh.
- Thông tin này đã được công bố trên trang thông tin điện tử của công ty vào ngày 10/05/2024 tại đường dẫn: <https://hoatho.com.vn/quan-he-co-dong/thong-tin-co-dong/2024-2>.

Chúng tôi xin cam kết các thông tin công bố trên đây là đúng sự thật và hoàn toàn chịu trách nhiệm trước pháp luật về nội dung các thông tin đã công bố.

Tài liệu đính kèm:

- Báo cáo thường niên năm 2023- bản Tiếng Anh

Đại diện tổ chức

NGƯỜI ĐẠI DIỆN PHÁP LUẬT



TỔNG GIÁM ĐỐC

Nguyễn Văn Hải



# ANNUAL REPORT 2023



## CHAIRMAN'S MESSAGE

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Dear Shareholders, Investors, and Partners of Hoa Tho Textile - Garment Joint Stock Corporation,

The year 2023 continued to be a challenging year for the global economy and Vietnam in particular. The unpredictable fluctuations in the global economic and geopolitical environment have posed significant challenges to Vietnam's export activities, including the textile industry. With most of our revenue coming from export markets, particularly the United States and Europe, the shortage of orders from foreign partners has significantly impacted our company's production and business situation.

However, under the close direction of the leadership of Vietnam National Textile & Garment Group, the support and cooperation from our esteemed partners, the backing from our shareholders, and particularly the determination of our management team and all employees, Hoa Tho Textile - Garment Joint Stock Corporation has overcome these difficulties and achieved the production and business targets set for 2023. This result once again affirms the cautious yet correct steps the company has taken on its path to sustainable development.

Looking ahead to 2024, the textile industry shows signs of recovery, yet many challenges and difficulties still loom. To ensure business effectiveness and create sustainable value for our shareholders, partners, employees, and the community, Hoa Tho Textile - Garment Joint Stock Corporation will continue to focus on deep investment in upgrading machinery and equipment, enhancing research and innovation, undergoing digital transformation, and implementing flexible management solutions to adapt well to the volatile business environment and meet increasingly high standards of customers and markets.

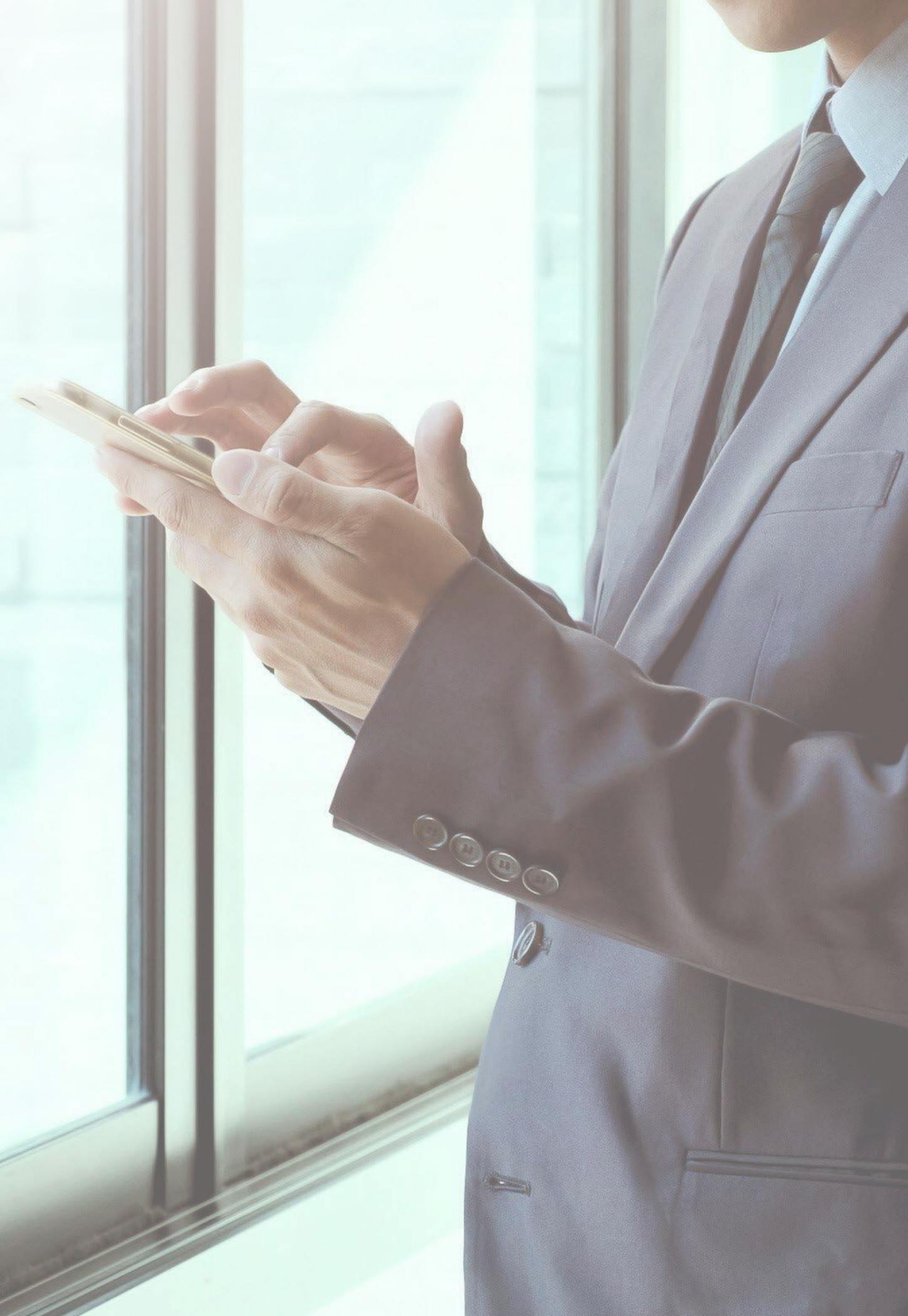
With a correct strategic direction, specific goals, and solid internal strength, supported by both domestic and international partners, and with the dedicated attention of the leadership of the Vietnam National Textile & Garment Group, Hoa Tho Textile - Garment Joint Stock Corporation is confident and determined to achieve the production and business targets for 2024.

On behalf of the company's leadership, I would like to express my gratitude to all our shareholders, partners, customers, and all employees for your support and partnership throughout the past. We hope to continue receiving your trust and cooperation on the sustainable development journey of Hoa Tho Textile - Garment.

Sincerely,

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**Chairman of the Board of Directors  
Nguyen Duc Tri**





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# GENERAL INFORMATION



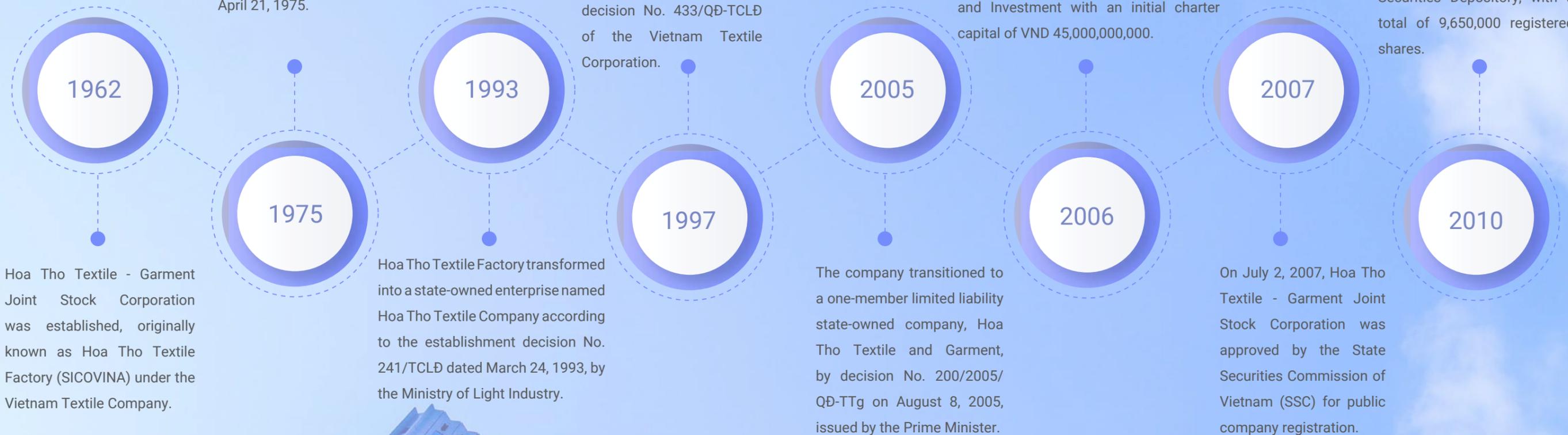
- Trading Name: HOA THO TEXTILE - GARMENT JOINT STOCK CORPORATION
- English Name: HOA THO TEXTILE – GARMENT JOINT STOCK CORPORATION
- Securities Code: HTG
- Chartered Capital: 360,027,080,000 VND
- Address: No. 36 Ong Ich Khiem Street, Hoa Tho Dong Ward, Cam Le District, Da Nang City
- Telephone: (+84) 2363 846 290
- Fax: (+84) 2363 846 216
- Website: [www.hoatho.com.vn](http://www.hoatho.com.vn)
- Email: [office@hoatho.com.vn](mailto:office@hoatho.com.vn)
- Business Registration Certificate No.: 0400101556 issued by the Da Nang City Department of Planning and Investment for the first time on January 30, 2007, with the 24th amendment registered on June 19, 2023.

When Da Nang City was liberated, Hoa Tho Textile Factory was taken over by the government and resumed operations on April 21, 1975.

The company was renamed Hoa Tho Textile and Garment Company according to decision No. 433/QĐ-TCLĐ of the Vietnam Textile Corporation.

Successfully organized an initial public offering at Hoa Tho Textile and Garment, a state-owned limited liability company, with a total of 900,000 shares sold and an average sale price of VND 12,249 per share. On November 15, 2006, the company transitioned to a joint-stock company named Hoa Tho Textile - Garment Joint Stock Corporation under the business registration certificate No. 3203001300 issued on January 30, 2007, by the Da Nang Department of Planning and Investment with an initial charter capital of VND 45,000,000,000.

The company received the Securities Registration Certificate No. 171/2010/GCNCP-VSD from the Vietnam Securities Depository, with a total of 9,650,000 registered shares.



Based on the resolution of the annual general shareholders' meeting, a plan was approved to issue shares for the management and employees who have significantly contributed to the development of Hoa Tho Textile and Garment Joint Stock Company. The company successfully sold 750,000 shares, increasing the charter capital to VND 157,500,000,000.

On February 23, 2017, the company completed a capital increase to VND 225,000,000,000. In June 2017, the company officially registered to trade on the UPCOM exchange under the trading name HTG. Hoa Tho Textile and Garment Joint Stock Company is a member unit of the Vietnam National Textile & Garment Group (Vinatex) and the Vietnam Textile and Apparel Association (Vitas), which is part of the Ministry of Industry and Trade.

According to the resolution of the annual general shareholders' meeting, which approved the issuance plan for managerial staff who have made significant contributions to the development of Hoa Tho Textile and Garment Joint Stock Company, the company successfully sold 1,125,000 shares, increasing its charter capital to VND 236,250,000,000.

According to the 2023 annual general meeting resolution No. 19/NQ-DHĐCĐ on April 15, 2023, the company successfully issued 5,999,633 shares, raising the charter capital to VND 360,027,080,000. Notably, in early November 2023, the company officially listed its shares on the Ho Chi Minh City Stock Exchange, showcasing the brand's credibility and the transparency of its financial and corporate governance.

2011

2016

2019

2022

2015

2017

2021

2023

The Chairman of the SSC issued Registration Certificate number 81/UBCK-GCN for Hoa Tho Textile and Garment Joint Stock Company, approving the registration for public offering of shares, increasing the charter capital to VND 150,000,000,000.

Following a plan to issue shares for managerial staff who contributed significantly to the company's development, 787,500 shares were successfully sold, increasing the charter capital to VND 165,375,000,000. The company filed and received the Public Offering Securities Registration Certificate No. 83/GCN-UBCKNN on December 19, 2016.

The company added retail food in specialized stores to its business activities.

According to the 2022 annual general meeting resolution regarding dividend payment through stock issuance, the company successfully issued 6,378,750 shares, increasing the charter capital to VND 300,030,750,000.



Hoa Tho Textile and Garment Joint Stock Company has been certified as a National Brand Enterprise for the period 2022-2024.



Hoa Tho Textile and Garment Joint Stock Company achieved the title of reputable export enterprise in 2023.



Hoa Tho Textile and Garment Joint Stock Company received the Certificate of Outstanding Enterprise for Textile Workers in 2023.



Hoa Tho Textile and Garment Joint Stock Company achieved the Certificate of Outstanding Enterprise for its Employees in 2023.



Hoa Tho Textile and Garment Joint Stock Company was awarded the Top 10 Certificate for Efficient Energy Use Enterprises in Da Nang City in 2023.



Hoa Tho Textile and Garment Joint Stock Company attained the priority enterprise certification in 2023.



Commendation to Hoa Tho Textile and Garment Joint Stock Company for outstanding achievements in the Youth Entrepreneurship Movement in Da Nang City in 2023.



Excellence Flag: Hoa Tho Textile and Garment Joint Stock Corporation was awarded the flag for Excellent Unit among the workers and civil servants group in the youth and children's movement activities in 2023.



Certificate of Commendation to Hoa Tho Textile and Garment Joint Stock Company for its excellent achievements in the nationwide Fire Prevention and Fighting Movement in 2023.

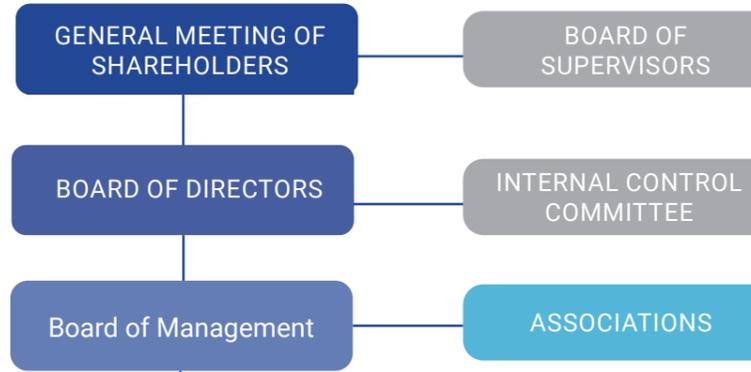


Excellence Flag: Hoa Tho Textile and Garment Joint Stock Corporation was awarded the flag for Excellent Unit in the workers and civil servants movement and trade union activities in 2023.



**BOARD OF ADVISORS:**

- Recruitment
- Salary
- Emulation
- Discipline
- Liquidation
- Science Technology
- Labour protection
- Conciliation



**1** General Meeting of Shareholders (GMS): This is the highest decision-making body of the corporation, consisting of all shareholders with voting rights.

**2** Board of Directors (BOD): This is the managing body of the corporation, with full authority to make decisions on behalf of the corporation regarding all matters related to its purposes and interests, except for those within the jurisdiction of the General Shareholders' Meeting.

**3** Board of Management (BOM): This body manages the daily operations of the corporation and is accountable to the Board of Directors for the execution of assigned rights and duties.

**4** Board of Supervisors (BOS): This body performs the task of monitoring on behalf of the shareholders, overseeing all business, administrative, and operational activities of the corporation.



#### Subsidiaries, associated companies:

| No. | Unit  | Ownership Ratio | Voting Ratio of the Parent Company |
|-----|---|-----------------|------------------------------------|
| I   | The subsidiaries  |                 |                                    |
| 1   | Hoa Tho Fashion Joint Stock Company                                     | 76.88%          |                                    |
| 2   | Hoa Tho Garment Joint Stock Company - Hoi An                            | 54.18%          |                                    |
| 3   | Hoa Tho Garment Joint Stock Company - Duy Xuyen                         | 81.73%          |                                    |
| 4   | Hoa Tho Yarn Joint Stock Company - Thang Binh                           | 74.49%          |                                    |
| 5   | Hoa Tho Mechanical Construction Single Member Limited Liability Company | 100%            |                                    |
| II  | The associated companies  |                 |                                    |
| 1   | Hoa Tho Garment Joint Stock Company - Quang Nam                         | 30.61%          |                                    |
| 2   | Hoa Tho Garment Joint Stock Company - Phu Ninh                          | 20.00%          |                                    |

### BUSINESS LINES



- » Domestic Market: Hoa Tho has a primary distribution network concentrated in major cities such as Hanoi, Da Nang, and Ho Chi Minh City.
- » International Market: The company offers a diverse range of products like suits, trousers, jackets, and protective clothing that meet high standards and are well-received in stringent markets like the USA, Europe, Japan, and South Korea.

### LOCATIONS OF BUSINESS



- » Manufacturing and Trading, Import and Export of Garments, Fabrics, Yarns, Sewing Threads, Equipment, Raw and Auxiliary Materials, and Textile Industry Components: Engages in the production and sale of textile and garment products, including the import and export of these goods.
- » Manufacturing and Trading of Mechanical Products: Produces and sells mechanical products, possibly including tools and equipment used in the textile manufacturing process.
- » Leasing of Fixed Assets and Machinery: Provides leasing services for fixed assets and equipment, likely to support operations in various sectors.
- » Real Estate Business, Land Use Rights owned by the owner, users, or leased: Engages in real estate activities, including buying, selling, and leasing land and properties.
- » Processing of Steel Frame Structures, Manufacturing, Installation of Air Systems, Pressure Systems: Involves the fabrication and installation of specific structural and mechanical components.
- » Transportation-related Service Activities: Includes logistics, agency services, cargo handling, customs procedures, and transportation of goods by sea, rail, road, and air both domestically and internationally.
- » Information Technology Services and Other Computer-related Services: Provides IT and computer-related services, enhancing operational efficiency and supporting other business areas.





### MID-AND LONG-TERM DEVELOPMENT STRATEGY

- » Market Information and Contingency Planning: Continuously updating market information and developing contingency plans to respond promptly to market fluctuations due to global political and security situations.
- » European Market Expansion: Expanding into the European market, improving the product research and development center to anticipate trade agreements that Vietnam has signed and participated in.
- » Domestic Fashion Market Development: Enhancing the domestic fashion market, particularly through e-commerce activities, to achieve a breakthrough in the domestic fashion industry.
- » Building and perfecting factories to advanced standards, aiming for smart factory and green production standards in both the Yarn and Fabric sectors, standardizing production and quality management systems according to regulations.
- » Promote digitalization and the comprehensive application of information technology in all activities of the company.
- » Continuing to invest in rooftop solar energy systems to serve production and improve efficiency, focusing on environmental protection measures, using renewable energy, and efficiently utilizing energy and water sources to ensure sustainable development criteria.
- » Research investment in machinery and equipment towards high automation to save labor, maximize the potential of automated equipment, avoid waste, and ensure the best efficiency post-investment.
- » Focusing on training and developing human resources for the OEM and moving towards actual ODM capabilities to enhance competitive capacity.
- » Continually performing well in environmental tasks, fire prevention, security, explosion prevention, food safety, and occupational safety to ensure the smooth operation of the company's business activities.



### MAIN OBJECTIVES OF THE COMPANY

- » The operational vision of Hoa Tho Textile and Garment Joint Stock Company sets the goal of ceaseless innovation, construction, and development of core products, while diversifying the product portfolio to meet the increasingly high demands of customers.
- » Continuously improving business efficiency remains a top priority, aiming to maximize profits for the company's shareholders. The focus is on key areas within the textile industry, continuing to mobilize and use capital efficiently.
- » The corporation emphasizes market research and exploitation, leveraging every opportunity to enhance customer service quality and increase competitive capabilities.
- » There is a strong emphasis on investing in scientific research and information technology applications, along with modern, automated machinery and equipment to manage production costs effectively and develop human resources.
- » Enhancing financial management, maximizing profits, and providing tangible benefits to shareholders. Strengthening the supervisory roles of the Board of Directors, the Board of Supervisors, and the internal audit team is also a focus.
- » Pursuing social responsibility goals and environmental protection through green production, environmental management, and labor management according to international standards. This contributes to making Hoa Tho one of the leading textile enterprises not only in Southeast Asia.





## OBJECTIVES FOR ENVIRONMENT, COMMUNITY, AND SOCIETY

Hoa Tho Textile - Garment Joint Stock Corporation is committed to ensuring the interests of shareholders, employees, and customers by maintaining stable business operations, creating employment opportunities, and providing stable income for workers.

Concentrating on the material and spiritual life of employees, implementing good welfare regimes for staff, coordinating with unions to promote motivational movements in production labor, and maintaining welfare programs for employees.

Committing to providing the safest working conditions, allowing employees to feel secure at work and fully utilize their capabilities. The goal is to ensure high efficiency and increase labor productivity through the creation of a healthy, civilized, and advanced work environment.

Facilitating the activities of political and social organizations at the company, such as the Party, the Union, and the Youth League.

Always aiming towards the community and social welfare, emphasizing humanistic values as a core cultural value of the company, supporting staff in difficult situations, and contributing to those in need in remote and disadvantaged areas.

HTG firmly adheres to and acts according to legal regulations, particularly in environmental issues, ensuring that all company production activities comply with legal standards and norms.



## VISION AND MISSION

As a pioneering and sustainably developing enterprise in the Textile industry, Hoa Tho aims to be a reliable partner in the global supply chain, utilizing digital technology as a foundation for excellent connectivity and operations.



## SLOGAN

Harmonizing with the era - Enduring with humanity.



## BUSINESS PHILOSOPHY

- The right people are the most valuable asset of the corporation.
- Real value is created for customers.
- Contributing to the development of the country, the living environment, and meeting the expectations of shareholders.



## DEVELOPMENT DIRECTION

Pioneering in business solutions, continuously innovating to partner with leading customers and stakeholders in the global textile industry.

## ECONOMIC RISKS

In 2023, global economies continued to experience significant negative impacts due to macroeconomic instabilities such as sustained high inflation, tightening monetary policies, the conflict between Russia and Ukraine, food security, natural disasters, and the prolonged El Nino phenomenon. In Vietnam, with a firm commitment to economic recovery and development, the macroeconomic environment remained stable with inflation under control; monetary and fiscal policies were proactively, flexibly, and effectively managed. According to the General Statistics Office, Vietnam's Gross Domestic Product (GDP) in 2023 increased by 5.05% compared to the previous year, which is higher than the growth rates of 2020 and 2021—years affected by the COVID-19 pandemic. Specifically, the fourth quarter saw a growth of 6.72% compared to the same period last year, while the first quarter grew by 3.41%, the second by 4.25%, and the third by 5.47%.

According to the General Department of Customs, from January 1, 2023, to December 15, 2023, the total export value of Vietnam reached \$337.62 billion, a decrease of 5.2% compared to the same period in 2022, equivalent to a reduction of \$18.47 billion. Of this, the textile sector decreased by \$4.29 billion, down 11.9%, ranking it second among the sectors with the largest declines. The United States remains the largest market, accounting for over 40% of the Vietnamese textile industry's market share, followed by Japan, the EU, South Korea, China, and others. Overall, all these markets recorded a decrease in export turnover due to diminished demand. Facing a situation where consumer demand has not shown signs of recovery due to persistent spending barriers, the business situation of companies in the Vietnamese textile manufacturing sector in general, and Hoa Tho in particular, has not yet been able to return to growth.

## INTEREST RATE RISK

In 2023, the State Bank of Vietnam (SBV) implemented several interest rate cuts to stimulate domestic economic recovery. By the end of 2023, the 12-month deposit rates of commercial banks were all below 6%, with major banks setting rates around 5%-5.25%, lower than during the 2020-2021 period (the COVID-19 pandemic). However, forecasts by many organizations suggest that the Federal Reserve (FED) is likely to increase rates by an additional 0.25%, raising the target interest rate to 5.5% - 5.75% in May 2024 to continue controlling inflation before starting a rate-cutting cycle in the latter half of 2024. In this context, the SBV may change its current stance on loose monetary policy, potentially leading to increased borrowing costs for businesses. For a company like Hoa Tho, which has a relatively high debt-to-capital ratio (over 65%), fluctuations in interest rates will significantly impact the financial health of the corporation.

This situation presents a significant challenge for businesses in general and the corporation in particular. In response to these difficulties, Hoa Tho always has plans to save on financial costs and stabilize its production and business operations.

## EXCHANGE RATE RISK

The textile industry is regarded as one of the key export sectors, playing a significant role in the Vietnamese economy. Hoa Tho operates in this sector, with the majority of its revenue coming from export activities (accounting for 90% of total revenue), making the exchange rate a crucial factor affecting the company's operations. The company's raw materials are primarily imported from China and India, while the finished products are exported to the United States, Europe, Japan, Canada, and other countries. Thus, fluctuations in exchange rates can impact both the costs and revenues of the corporation. The main currencies in the company's revenue structure include the USD, CNY, JPY, EUR, etc.

At the end of 2023, the US Dollar Index (DXY) stood at 101.38, marking a decrease of about 2%. Predictions from global economic institutions indicate that the Federal Reserve (FED) may have ended its monetary tightening cycle and could soon move to cut interest rates, leading to a forecasted depreciation of the USD in the future. This decline could negatively affect HTG's export revenue streams, as the American market accounts for more than 50% of Hoa Tho's export turnover.

Meanwhile, a Bloomberg survey suggests that the Chinese Yuan might appreciate for the first time in three years in 2024. This potential appreciation could continue to affect Hoa Tho's profitability from the cost side, as the main raw materials for production are imported primarily from China.

In the context of a complex international market with unpredictable fluctuations, the State Bank of Vietnam (SBV) has made efforts to stabilize the exchange rate despite strong international market volatility, contributing to the stabilization of the foreign exchange market, macroeconomic stability, and inflation control. With the goal of expanding its export market share, the corporation always has specific financial policies in place to mitigate the risks caused by exchange rate fluctuations.





### LEGAL RISKS

The political, legal, and national policy environment significantly influences the stability and development capabilities of the overall economy and the textile industry in particular. Hoa Tho Corporation operates in Vietnam and is governed by Vietnamese legal regulations such as the Enterprise Law, Accounting Law, Labor Law, etc. Additionally, the corporation must adhere to policies, circulars, and decrees related to customs duties and import-export activities. Moreover, being listed on the Ho Chi Minh City Stock Exchange (HOSE), the corporation is also subject to the regulations of the Vietnamese stock market. With laws and legal policies continuously being updated to match the economy, Hoa Tho proactively keeps itself updated and thoroughly researches laws and policies to both enhance its legal risk prevention effectiveness in business activities and maintain efficient operations.



### HUMAN RESOURCE RISKS

In Vietnam's market, the textile industry plays a crucial role and employs a significant labor force. Companies within the industry continuously compete in terms of productivity and product quality, making labor management a significant challenge for Hoa Tho Corporation. Labor costs constitute a large portion of the corporation's total expenses, and training a skilled worker takes about 3-6 months. During this period, the company incurs training costs and costs due to product damages caused by unskilled workers. Hence, personnel turnover represents a risk for the corporation. Despite facing difficulties related to the labor force, the corporation has strived to maintain employment, income for all employees, and maintain reasonable remuneration, bonuses, and benefits policies to attract and retain workers, ensuring a strong labor force to effectively support production.

### COMPETITIVE RISKS

The Vietnamese textile industry constantly faces strong competition in raw materials from countries that export at lower prices, such as China, India, Indonesia, and Cambodia. Moreover, over the past year, Bangladesh has quickly ascended to become the second-largest textile exporting country in the world, surpassing Vietnam primarily due to cost issues, especially in the current challenging economic climate. Specifically, the minimum wage in Bangladesh is currently \$75 per month, while in Vietnam and China, it is \$199 and \$300 per month, respectively. However, according to an analysis by GlobalData, a UK-based consultancy and analytics firm, despite the advantages that Bangladeshi manufacturers currently have, Vietnam continues to rank higher in terms of product quality, labor productivity, and delivery times.

Furthermore, deep engagement in global trade agreements such as the CPTPP, EVFTA, and RCEP presents an opportunity for the domestic textile manufacturing sector to continuously upgrade, improve, and create opportunities for Vietnamese textile exports to expand their market share globally.

To capitalize on this opportunity and maintain competitive capabilities, textile enterprises in general, and Hoa Tho in particular, need to continually improve productivity, implement advanced techniques and technologies in production and business, enhance human resource management, and ensure sustainable market development to minimize production costs and enhance competitive capacity.



### MATERIAL RISKS

For Hoa Tho Corporation, ensuring a steady supply of raw materials is crucial, especially for cotton, fibers, and fabrics. However, the domestic supply of these materials does not meet the required quantity and quality, necessitating imports from abroad.

For the sewing segment, fabric constitutes the largest proportion of materials (80%), mainly imported from China, accounting for 89% of total imports. For the yarn segment, cotton and PE fiber cover a significant portion of the production costs, which also need to be imported. Notably, cotton prices are highly volatile and greatly affect the corporation's profitability.

According to the General Department of Customs, over the course of 2023, Vietnam imported more than 1.3 million tons of cotton, a decrease of 6.8% compared to 2022, totaling over \$2.8 billion. This value represents a significant decrease of 29.7% compared to 2022. The reason for this sharp decrease in value is due to the drop in cotton prices in 2023, which fell to an average of \$2,117 per ton, while the average price in 2022 was \$2,807 per ton. Although the input cost of cotton is trending downward, logistics costs remain high due to impacts from the conflict between Hamas and Israel, rising oil prices due to OPEC's voluntary production cuts, and persistent high inflation in most global economies.

Additionally, importing fabrics mainly from China poses challenges for Hoa Tho to benefit from Free Trade Agreements (FTAs), as current FTAs like EVFTA or CPTPP require that production materials originate from Vietnam or a member country of the agreement.

To enhance its competitive capacity in the future, the corporation is focusing on improving control over the quality and cost of raw materials to meet product quality, optimize the supply chain, and minimize risks associated with imported materials.



### ENVIRONMENTAL RISKS

The textile industry plays a crucial role in meeting human clothing needs and generating employment, but it also carries the downside of significant environmental pollution. Production in this sector requires substantial consumption of water, energy, and chemicals during the fiber production process, increasing the risk of environmental pollution.

Aware of the importance of environmental protection, Hoa Tho Corporation places special emphasis on using materials and energy efficiently. The corporation has invested in solar energy systems and utilizes renewable energy sources, minimizing waste in production. Additionally, to reduce environmental pollution risks, the corporation consistently implements environmental responsibility measures such as adopting green manufacturing practices, complying with environmental regulations, and proposing solutions for wastewater treatment and other environmental issues.



### OTHER RISKS

Beyond the aforementioned risks, Hoa Tho Corporation also faces uncontrollable risks such as epidemics, natural disasters, fires, and explosions. Therefore, the corporation always maintains a policy of monitoring and capturing timely information to implement effective defense measures, while ensuring smooth operations of the business.

The corporation maintains a continuous database of information about the surrounding environmental conditions and develops flexible response scenarios for any potential emergencies. This approach helps the corporation to make swift and effective decisions, while best protecting its employees, assets, and overall business operations.

# 2

## ORGANIZATION AND HUMAN RESOURCE



## LIST OF BOARD OF DIRECTORS

| No. | Full name            | Position                                 | Ownership percentage of shares as of December 31, 2023 |
|-----|----------------------|--|--|
| 1   | Mr. Nguyen Duc Tri   | Chairman of the Board                    | 3.12%  |
| 2   | Mr. Nguyen Van Hai   | Board Member and General Director        | 0.39%  |
| 3   | Mr. Nguyen Ngoc Binh | Board Member and Deputy General Director | 0.76%  |
| 4   | Ms. Tran Tuong Anh   | Board Member and Deputy General Director | 0.66%  |
| 5   | Mr. Le Quoc An       | Independent Board Member                 | 0.08%  |

## Mr. Nguyen Duc Tri

## Position

Chairman of the Board

## Career Timeline

- March 1990 - April 1994 Specialist at Tam Ky General Trading Company, Quang Nam - Da Nang
- May 1994 - March 1997 Deputy Manager of Import-Export Department, Vinatex Danang Branch.
- April 1997 - May 2001 Manager of Import-Export Department, Vinatex Danang Branch
- May 2001 - July 2001 Assistant to the General Director, Hoa Tho Textile Company
- August 2001 - December 2005 Executive Director, Hoa Tho Textile Company
- January 2006 - December 2010 Deputy General Director, Hoa Tho Textile Company, now known as Hoa Tho Textile - Garment Joint Stock Corporation
- April 2010 Deputy Secretary of the Party Committee, Hoa Tho Textile - Garment Joint Stock Corporation.
- March 2010 - Present Chairman of the Board, Hoa Tho Garment Joint Stock Company - Quang Nam.
- January 2011 - July 2020 General Director, Hoa Tho Textile - Garment Joint Stock Corporation
- April 2015 - Present Secretary of the Party Committee, Hoa Tho Textile - Garment Joint Stock Corporation
- June 2017 - July 31, 2020 Chairman and General Director, Hoa Tho Textile - Garment Joint Stock Corporation
- January 1, 2019 - December 31, 2019 Executive Director, Vietnam Textile Group
- January 1, 2020 - Present Deputy General Director, Vietnam Textile Group
- May 28, 2020 - Present Chairman of the Board, Hue Textile Garment Joint Stock Company
- August 1, 2020 - Present Chairman of the Board, Hoa Tho Textile - Garment Joint Stock Corporation.



**HÒA CÙNG THỜI ĐẠI, THỌ VỚI NHÂN VĂN**

**Mr. Nguyen Van Hai**

|                           |  |
|---------------------------|--|
| <b>Position</b>           | Board Member and General Director  |
| <b>Career Timeline</b>    |  |
| • 1992 – 2000             | Head of the Automatic Embroidery Workshop at Vintex Company, Da Nang   |
| • 2001 – 2005             | Director of Garment Factory 1 – Hoa Tho Textile Company  |
| • 2006 – February 2007    | Board Member and Director of Hoa Tho Garment Factory 1 – Hoa Tho Textile - Garment Joint Stock Corporation   |
| • March 2007 – April 2009 | Executive Director of the Corporation and Director of Hoa Tho Garment Company - Dong Ha  |
| • May 2009 – 2013         | Executive Director of the Corporation and Director of Garment Factory 1, Veston Research and Improvement Department at Hoa Tho Textile - Garment Joint Stock Corporation |
| • 2014 – August 2020      | Deputy Permanent General Director, Member of the Party Committee Executive Board of Hoa Tho Textile - Garment Joint Stock Corporation                                    |
| • June 2020 - Present     | Board Member of Hoa Tho Textile - Garment Joint Stock Corporation  |
| • August 2020 - Present   | Board Member and General Director of Hoa Tho Textile - Garment Joint Stock Corporation   |

**Ms. Tran Tuong Anh**

|                           |   |
|---------------------------|---|
| <b>Position</b>           | Board Member and Deputy General Director  |
| <b>Career Timeline</b>    |   |
| • July 1994 – August 2017 | Employee in the Administrative Organization Department, Deputy Head of Labor Organization, Deputy Head of Administrative Personnel, Chief of Office at Hoa Tho Textile - Garment Joint Stock Corporation. |
| January 2011 – June 2014  | Executive Director of Hoa Tho Textile - Garment Joint Stock Corporation   |
| July 2014 - Present       | Deputy General Director of Hoa Tho Textile - Garment Joint Stock Corporation  |
| • May 2014 – April 2022   | Chairman of the Board of Directors at Hoa Tho Fashion Joint Stock Company   |
| • April 2015 - Present    | Member of the Standing Committee of the Party Committee of Hoa Tho Textile - Garment Joint Stock Corporation  |
| • April 2016 - Present    | Board Member and Deputy General Director of Hoa Tho Textile - Garment Joint Stock Corporation   |

**Mr. Nguyen Ngoc Binh**

|                           |  |
|---------------------------|--|
| <b>Position</b>           | Board Member and Deputy General Director   |
| <b>Career Timeline</b>    |  |
| • 1999 - 2000             | Import-Export Officer at Garment Factory 1 - Hoa Tho Textile Company   |
| • 2001 - 2002             | Import-Export Officer at the Textile Export-Import Business Department - Hoa Tho Textile Company             |
| • 2003 - 2004             | Deputy Head of Textile Export-Import Business Department at Hoa Tho Textile Company                          |
| • 2005 - 2007             | Deputy Head of Import-Export Yarn Business Department at Hoa Tho Textile Company                             |
| • 2008 - 2011             | Deputy Director of Hoa Tho Yarn Company at Hoa Tho Textile - Garment Joint Stock Corporation                 |
| • 2012 – 2013             | Head of Yarn Business Department at Hoa Tho Textile - Garment Joint Stock Corporation                        |
| • 2013 - 2014             | Executive Director and Head of Yarn Business Department at Hoa Tho Textile - Garment Joint Stock Corporation |
| • July 2014 - Present     | Deputy General Director of Hoa Tho Textile - Garment Joint Stock Corporation                                 |
| • June 2017 - Present     | Board Member and Deputy General Director of Hoa Tho Textile - Garment Joint Stock Corporation                |
| • March 2015 - Present    | Chairman of the Board of Directors of Hoa Tho Thang Binh Yarn Joint Stock Company                            |
| • November 2015 - Present | Chairman of the Members' Council of Hoa Tho Mechanical Construction Single Member Limited Liability Company  |
| • June 2022 - Present     | Board Member of Viet Thang Corporation - Joint Stock Company   |
| • April 2023 - Present    | Board Member of Hue Textile Garment Joint Stock Company  |

**Mr. Le Quoc An**

|                        |   |
|------------------------|---|
| <b>Position</b>        | Independent Board Member  |
| <b>Career Timeline</b> |   |
| • 1972 – 1975          | Specialist at the National Economic Development Fund                  |
| • 1975 – 1998          | General Director of Viet Thang Textile Company                        |
| • 1998 – 2010          | Chairman of the Board of Members of Vietnam Textile and Garment Group |
| • 2010 - Present       | Retired under the pension scheme                                      |
| • June 2017 - Present  | Board Member of Hoa Tho Textile - Garment Joint Stock Corporation.    |

## LIST OF BOARD OF SUPERVISORS

| No. | Full name                | Position   | Ownership percentage of shares as of December 31, 2023 |
|-----|--------------------------|--|--|
| 1   | Ms. Nguyen Thi Kim Khanh | Head of the Board of Supervisors                             | 0.22%  |
| 2   | Mr. Nguyen Thanh Son     | Member of the Board of Supervisors                           | 0.33%  |
| 3   | Mr. Vu Ngoc Tu           | Member of the Board of Supervisors<br>(until April 14, 2023) | -  |
| 4   | Mr. Hoang Duy Khanh      | Member of the Board of Supervisors<br>(from April 15, 2023)  | -  |

**Ms. Nguyen Thi Kim Khanh**

**Position** Head of the Board of Supervisors

**Career Timeline**

- 2002 - 2007 Accountant at Thai Duong Private Enterprise
- 2007 - 2007 Accountant at Nhan Luat Steel Investment and Business Joint Stock Company
- 2007 - 2013 Accountant in the Finance and Accounting Department of Hoa Tho Textile - Garment Joint Stock Corporation
- 2013 - 2019 Deputy Head of the Finance and Accounting Department of Hoa Tho Textile - Garment Joint Stock Corporation
- 2019 - Present Head of the Internal Board of Supervisors of Hoa Tho Textile - Garment Joint Stock Corporation, Head of the Board of Supervisors of Hoa Tho Textile - Garment Joint Stock Corporation
- September 2013 - Present Head of the Board of Supervisors at Hoa Tho Garment Joint Stock Company, Duy Xuyen

**Mr. Hoang Duy Khanh**

**Position** Member of the Board of Supervisors

**Career Timeline**

- June 2013 – Present Financial and Accounting Specialist at Vietnam Textile and Garment Group
- April 2023 – Present Member of the Board of Supervisors at Hoa Tho Textile - Garment Joint Stock Corporation

**Mr. Nguyen Thanh Son**

**Position** Member of the Board of Supervisors

**Career Timeline**

- February 1990 – July 1998 Maintenance Worker 3-4, Yarn Factory, Hoa Tho Textile Plant
- August 1998 – December 1999 Permanent Member of the Party Committee, Secretary of the Ho Chi Minh Communist Youth Union, Deputy Director of Garment Factory 1, Hoa Tho Textile Company
- January 2000 – February 2002 Director of Garment Factory 2, Secretary of the Ho Chi Minh Communist Youth Union at Hoa Tho Textile Corporation
- March 2002 – December 2002 Deputy of Labor Management, Secretary of the Ho Chi Minh Communist Youth Union at Hoa Tho Textile Corporation
- January 2003 – April 2007 Permanent Member of the Party Committee, Permanent Member of Emulation and Commendation, Secretary of the Ho Chi Minh Communist Youth Union, Committee Member of the Union at Hoa Tho Textile Corporation
- May 2007 – April 2015 Permanent Member of the Party Committee, Permanent Member of Emulation and Commendation, Committee Member of the Union at Hoa Tho Textile Joint Stock Corporation.
- May 2015 – October 2017 Deputy Secretary of the Party Committee, Permanent Member of Emulation and Commendation, Committee Member of the Union at Hoa Tho Textile Joint Stock Corporation
- June 2017 – Present Member of the Board of Supervisors at Hoa Tho Textile Joint Stock Corporation
- November 2017 – Present Deputy Secretary of the Party Committee, Member of the Board of Supervisors, Chairman of the Union at Hoa Tho Textile Joint Stock Corporation

## LIST OF BOARD OF MANAGEMENT

| No. | Full name                 | Position                | Ownership percentage of shares as of December 31, 2023 |
|-----|---------------------------|-------------------------|--|
| 1   | Mr. Nguyen Van Hai        | General Director        | 0.39%  |
| 2   | Ms. Tran Tuong Anh        | Deputy General Director | 0.66%  |
| 3   | Mr. Nguyen Ngoc Binh      | Deputy General Director | 0.76%  |
| 4   | Ms. Hoang Thuy Oanh       | Deputy General Director | 0.52%  |
| 5   | Ms. Tran Thi Hoa Chau     | Deputy General Director | 0.33%  |
| 6   | Mr. Pham Ngoc Trung       | Executive Director      | 0.39%  |
| 7   | Mr. Phan Quang Long       | Executive Director      | 0.39%  |
| 8   | Mr. Nguyen Van Cuong      | Executive Director      | 0.27%  |
| 9   | Mr. Nguyen Phuoc Hoang    | Executive Director      | 0.15%  |
| 10  | Ms. Nguyen Thi Minh Hang  | Executive Director      | 0.12%  |
| 11  | Ms. Nguyen Thi Thu Trang  | Executive Director      | 0.06%  |
| 12  | Ms. Nguyen Thi Tuong Long | Chief Accountant        | 0.15%  |

## BIOGRAPHY OF THE BOARD OF MANAGEMENT

Biography of Mr. Nguyen Van Hai, Ms. Tran Tuong Anh, Mr. Nguyen Ngoc Binh: please refer to the biography of the Board of Directors



## Ms. Hoang Thuy Oanh

| Position                     | Deputy General Director   |
|------------------------------|---|
| <b>Career Timeline</b>       |   |
| • December 2000 – March 2002 | Import-Export Specialist at Vinatex Danang Branch   |
| • April 2002 – April 2004    | Officer in the Import-Export Business Department, Hoa Tho Textile Corporation                 |
| • May 2004 – July 2009       | Deputy Head of the Import-Export Business Department, Hoa Tho Textile Joint Stock Corporation |
| • August 2009 – May 2014     | Head of the Garment Business Department, Hoa Tho Textile Joint Stock Corporation              |
| • January 2011 – June 2014   | Executive Director, Hoa Tho Textile Joint Stock Corporation                                   |
| • July 2014 - Present        | Deputy General Director, Hoa Tho Textile Joint Stock Corporation                              |
| • August 2020 - Present      | Board Member, Hoa Tho Garment Joint Stock Company - Duy Xuyen                                 |
| • April 2023 - Present       | Board Member, Hanoi Textile and Garment Joint Stock Corporation                               |

## Ms. Tran Thi Hoa Chau

| Position                        | Deputy General Director   |
|---------------------------------|---|
| <b>Career Timeline</b>          |   |
| • April 2003 – November 2007    | Staff Member, Garment Business Department, Hoa Tho Textile and Garment Joint Stock Corporation                          |
| • December 2007 – February 2009 | Team Leader, Garment Business Department, Hoa Tho Textile and Garment Joint Stock Corporation                           |
| • March 2009 – April 2013       | Deputy Manager, Garment Business Department, Hoa Tho Textile and Garment Joint Stock Corporation                        |
| • May 2013 – May 2015           | Manager, Garment Business Department 2, Hoa Tho Textile and Garment Joint Stock Corporation                             |
| • June 2015 – July 2020         | Executive Director and Manager, Garment Business Department 2, Hoa Tho Textile and Garment Joint Stock Corporation      |
| • August 2020 – April 2022      | Deputy General Director and Manager, Garment Business Department 2, Hoa Tho Textile and Garment Joint Stock Corporation |
| • May 2022 – Present            | Deputy General Director and Manager, Garment Business Department 1, Hoa Tho Textile and Garment Joint Stock Corporation |
| • May 2017 – Present            | Chairman of the Board of Directors, Hoa Tho Hoi An Garment Joint Stock Company  |

**Mr. Pham Ngoc Trung**

|                             |  |
|-----------------------------|--|
| <b>Position</b>             | Executive Director   |
| <b>Career Timeline</b>      |  |
| • 2000 – 2007               | In charge of planning at Factory 2, Hoa Tho Textile and Garment Joint Stock Corporation                        |
| • 2008 – 2009               | Deputy Director of Factory 2, Hoa Tho Textile and Garment Joint Stock Corporation                              |
| • 2010 – August 2014        | Director of Hoa Tho Veston Factory, Hoa Tho Textile and Garment Joint Stock Corporation                        |
| • August 2014 – Present     | Executive Director and Director of Hoa Tho Veston Factory, Hoa Tho Textile and Garment Joint Stock Corporation |
| • August 2015 - August 2020 | Chairman of the Board of Directors, Hoa Tho Garment Joint Stock Company - Duy Xuyen                            |
| • August 2014 – March 2016  | Chairman of the Board of Directors, Hoa Tho Garment Joint Stock Company - Phu Ninh                             |
| • April 2016 – August 2016  | Chairman of the Board of Directors and Director, Hoa Tho Garment Joint Stock Company - Phu Ninh                |
| • September 2016 – Present  | Chairman of the Board of Directors, Hoa Tho Garment Joint Stock Company - Phu Ninh                             |

**Mr. Nguyen Phuoc Hoang**

|                                |  |
|--------------------------------|--|
| <b>Position</b>                | Executive Director   |
| <b>Career Timeline</b>         |  |
| • July 1996 – April 1999       | Worker at Hoa Tho Yarn Factory, Hoa Tho Textile and Garment Company                                  |
| • May 1999 – September 2004    | Production Shift Leader at Hoa Tho Yarn Factory, Hoa Tho Textile and Garment Joint Stock Corporation |
| • October 2004 – February 2013 | Labor Supervisor at Hoa Tho Yarn Factory, Hoa Tho Textile and Garment Joint Stock Corporation        |
| • April 2013 - March 2016      | Deputy Director of Hoa Tho Yarn Factory 2, Hoa Tho Textile and Garment Joint Stock Corporation       |
| • April 2016 – Present         | Director of Hoa Tho Yarn Factory 2, Hoa Tho Textile and Garment Joint Stock Corporation              |
| • August 2020 – Present:       | Executive Director of Hoa Tho Textile and Garment Joint Stock Corporation                            |

**Mr. Phan Quang Long**

|                           |   |
|---------------------------|---|
| <b>Position</b>           | Executive Director  |
| <b>Career Timeline</b>    |   |
| • June 1993 – 1995        | Planning officer for wages at Dien Ban Garment Enterprise   |
| • 1995 – 2002             | Materials officer at Dien Ban Garment Enterprise  |
| • 2002 – 2013             | In charge of planning at Hoa Tho Garment Company - Dien Ban   |
| • 2013 – May 2014         | Deputy Director of Hoa Tho Garment Company - Dien Ban   |
| • June 2014 – Present     | Director of Hoa Tho Garment Company - Dien Ban  |
| • August 2015 – July 2017 | Chairman of the Board of Directors, Hiep Duc Garment Joint Stock Company  |
| • January 2016 – Present  | Executive Director of Hoa Tho Textile and Garment Joint Stock Corporation, also serving as Director of Hoa Tho Garment Company - Dien Ban |

**Mr. Nguyen Van Cuong**

|                                 |  |
|---------------------------------|--|
| <b>Position</b>                 | Executive Director in Charge of Finance  |
| <b>Career Timeline</b>          |  |
| • December 1984 – December 1987 | Accountant of MB Dien Quang Cooperative, Dien Ban, Quang Nam   |
| • January 1988 – December 1997  | Planning and accounting at Dien Ban Garment Enterprise   |
| • January 1988 – September 2003 | Chief Accountant at Quang Nam Garment Company  |
| • September 2003 – August 2011  | Specialist, Deputy Head of Finance and Accounting Department, Head of Finance and Accounting Department at Hoa Tho Textile and Garment Joint Stock Corporation |
| • August 2011 – December 2019   | Chief Accountant of Hoa Tho Textile and Garment Joint Stock Corporation  |
| • April 2014 – Present          | Head of the Board of Supervisors, Hoa Tho Garment Joint Stock Company Quang Nam  |
| • January 2020 – Present        | Executive Director of Finance, Person in Charge of Administration at Hoa Tho Textile and Garment Joint Stock Corporation                                       |
| • January 2020 – Present        | Board Member of Hoa Tho Yarn Joint Stock Company Thang Binh  |
| • November 2020 – Present       | Board Member of Hoa Tho Garment Joint Stock Company Duy Xuyen  |
| • May 2022 – Present            | Chairman of the Board of Directors, Hoa Tho Fashion Joint Stock Company  |



**Ms. Nguyen Thi Thu Trang**

**Position** Executive Director

**Career Timeline**

- September 2007 Office Specialist, Hoa Tho Textile and Garment Joint Stock Corporation
- August 2012 Specialist in Charge of Social Responsibility – Office of Hoa Tho Textile and Garment Joint Stock Corporation
- January 2014 Deputy Office Manager, Hoa Tho Textile and Garment Joint Stock Corporation
- August 2017 - Present Office Manager, Hoa Tho Textile and Garment Joint Stock Corporation
- August 2022 - Present Secretary of the Party Cell at the Office, Hoa Tho Textile and Garment Joint Stock Corporation
- From April 6, 2023 - Present Executive Director and Office Manager, Hoa Tho Textile and Garment Joint Stock Corporation

**Ms. Nguyen Thi Minh Hang**

**Position** Executive Director

**Career Timeline**

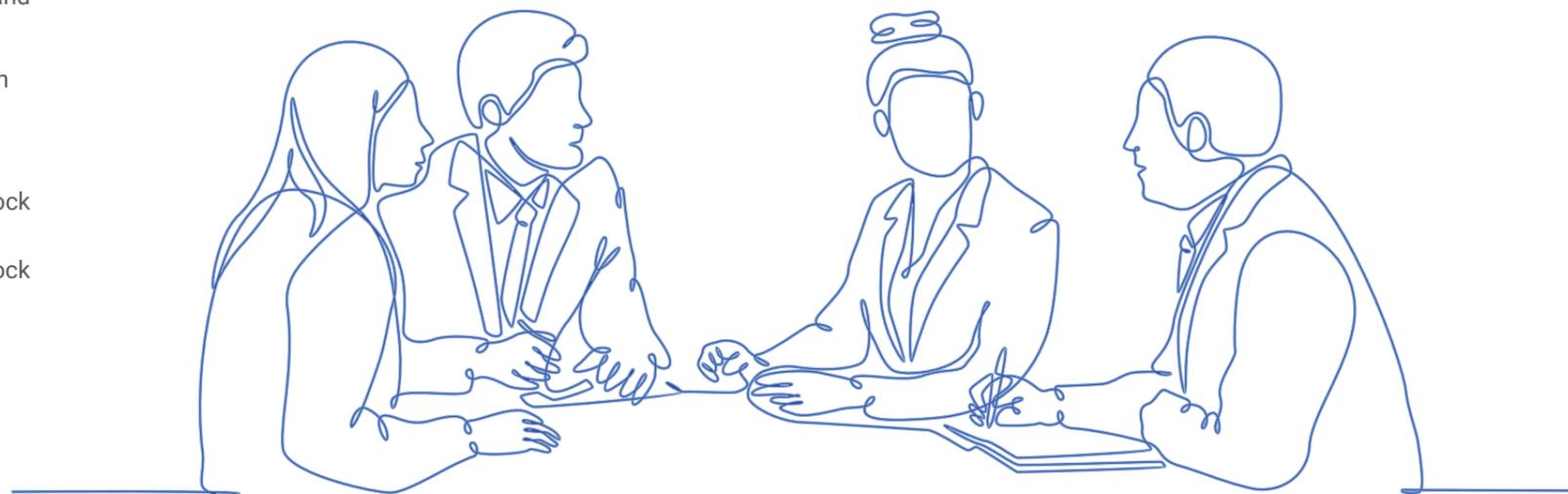
- May 2012 - June 2013 Business staff, Export-Import Garment Business Department, Hoa Tho Textile and Garment Joint Stock Corporation
- June 2013 - August 2014 Team leader, Garment Business Department 1, Hoa Tho Textile and Garment Joint Stock Corporation
- August 2014 - December 2017 Deputy Head of Garment Business Department 1, Hoa Tho Textile and Garment Joint Stock Corporation
- January 2018 - April 2023 Head of Garment Business Department 5, Hoa Tho Textile and Garment Joint Stock Corporation
- April 2023 - Present Executive Director, Hoa Tho Textile and Garment Joint Stock Corporation

**Ms. Nguyen Thi Tuong Long**

**Position** Chief Accountant

**Career Timeline**

- October 2005 – December 2013 Accountant at Hoa Tho Textile and Garment Joint Stock Corporation
- January 2014 – June 2020 Deputy Manager of Finance and Accounting at Hoa Tho Textile and Garment Joint Stock Corporation
- July 2020 - Present Chief Accountant at Hoa Tho Textile and Garment Joint Stock Corporation
- June 2017 - Present Head of the Board of Supervisors at Hoa Tho Fashion Joint Stock Company
- April 2022 - Present Member of the Board of Directors at Hoa Tho Hoi An Garment Joint Stock Company





Average income of employees over the years

| No. | Year | Unit                     | Average Income |
|-----|------|--------------------------|----------------|
| 1   | 2020 | Million VND/person/month | 7.40           |
| 2   | 2021 | Million VND/person/month | 8.78           |
| 3   | 2022 | Million VND/person/month | 9.96           |
| 4   | 2023 | Million VND/person/month | 9.66           |

The company and the trade union work closely together to care for the material and spiritual life of the employees, creating unity and consensus among the workforce in business operations. Thanks to these caring policies, the company's labor force remains stable, ensuring the achievement of business production targets for 2023 and beyond.

As of December 31, 2023, the total workforce is:

| No.   | Criteria                         | Quantity      | Proportion  |
|---|----------------------------------|---------------|-------------|
| <b>I Classification by gender</b>                   |                                  |               |             |
| 1   | Male                             | 2,564         | 25.30%      |
| 2   | Female                           | 7,569         | 74.70%      |
| <b>II Classification by qualification</b>           |                                  |               |             |
| 1   | University, Post-graduate        | 459           | 4.53%       |
| 2   | College, Vocational              | 591           | 5.83%       |
| 3   | Basic and Technical Workers      | 301           | 2.97%       |
| 4   | General Labor Qualification      | 8,782         | 86.67%      |
| <b>III Classification according to Labor Nature</b> |                                  |               |             |
| 1   | Direct Labor                     | 6,967         | 68.76%      |
| 2   | Indirect Labor                   | 3,166         | 31.24%      |
| <b>IV According to Contract Duration</b>            |                                  |               |             |
| 1   | Short-term contract under 1 year | -             | 0.00%       |
| 2   | Fixed-term contract 1 to 3 years | 10            | 0.10%       |
| 3   | Indefinite term contract         | 10,123        | 99.90%      |
| <b>V According to Management Level</b>              |                                  |               |             |
| 1   | High-level Management            | 12            | 0.12%       |
| 2   | Mid-level Management             | 30            | 0.30%       |
| 3   | Branch-level Management          | 38            | 0.38%       |
| 4   | Specialists, Employees           | 10,053        | 99.21%      |
| <b>VI According to Age</b>                          |                                  |               |             |
| 1   | Ages 18 to 25                    | 1,114         | 10.99%      |
| 2   | Ages 26 to 35                    | 4,226         | 41.71%      |
| 3   | Ages 36 to 45                    | 3,745         | 36.96%      |
| 4   | Over 45                          | 1,048         | 10.34%      |
| <b>Total</b>  |                                  | <b>10,133</b> | <b>100%</b> |

The Corporation is deeply aware of the importance of human resources for the survival and development of the business. The Corporation has taken every opportunity to create a positive working environment, ensuring full conditions for employees and focusing on improving the quality of mental life and working environment. The Corporation regularly captures the sentiments and aspirations of employees to have reasonable support policies for them. The training and recruitment work is maintained with high quality, helping to enhance the capacity and quality of the workforce increasingly strong. Therefore, employees can rest assured and firmly attach to the Corporation, accompanying in the development and success of the Company.

#### SALARY AND BONUS POLICIES

- The process of paying salaries to employees is based on the overall business production results of the unit and the individual contribution of each employee. Applying the principle of paying salaries by coefficient, contracted salary, and product-based salary based on business production efficiency, ensuring fairness and encouraging positive contributions. Ensuring full and timely payment of salaries to employees, additional payment of the 13th month salary and Tet bonuses. In addition, the Corporation pays additional bonuses during New Year's Day, April 30, May 1, National Day holidays, seniority bonuses, Tet envelopes, etc.

- Policies to commend and reward excellent groups and individuals to motivate employees with good achievements, creativity, and high productivity.

- Ensuring the livelihood of the staff and workers in the Corporation to work with peace of mind, meeting the basic living standards of employees.

#### PROJECTED SALARY AND BONUS POLICIES FOR EMPLOYEES IN 2024

- Continue to maintain the regime of salary, bonuses, benefits, training, and promotion for employees. Increase salary by 6 – 10% compared to 2023, depending on the business production situation to issue policies to take care of the life of employees better and better.

#### WELFARE POLICIES

- Organize domestic and international tourism activities for the staff and workers of the Corporation.
- Organize cultural and sports activities: cooking competitions, folk festival competitions, soccer, etc., to create a positive atmosphere and cohesion among staff and workers.
- Proactively propose a plan for human resource development to ensure the search, selection, training, and nurturing of high-quality and capable senior management personnel.
- Participate in 24/24 risk insurance for all employees and health insurance for key personnel, cancer screening for female workers, and organize regular health check-ups for employees at Da Nang General Hospital.
- Fully implement the regulations of the Labor Code, Social Insurance Law such as: contributing 100% to social insurance, health insurance, and unemployment insurance for employees.
- Support tourism, annual vacation for staff and workers, organize training of high-quality human resources.
- Invest, equip facilities to ensure a green, clean, beautiful working environment. Build and develop corporate culture so that employees feel secure working and attached to the enterprise.
- Support employees in difficult circumstances, bereavement, families with children in daycare, business expenses, support for commuting.

#### RECRUITMENT AND TRAINING POLICY

The Corporation recruits new staff according to an established process to ensure that new employees have the necessary qualifications, skills, and experience for the position they are being recruited for, and possess good moral character, with a desire to commit long-term to the Corporation.

HTG always considers human resources as the most valuable asset. To survive and develop, high-quality human resources are a prerequisite and top priority of the Company. With the goal of enhancing the quality of high-quality human resources, the Company provides opportunities for employees to actively participate in courses to improve personnel quality such as: Young talent, Director, Aigle, Soft skills, Maintenance, Customs procedures, ...



# 3 OPERATIONS IN THE YEAR



## SITUATION OF PRODUCTION AND BUSINESS OPERATIONS

| No. | Indicator                                       | Unit        | Implementation 2022 | Implementation 2023 | Implementation 2023/2022 |
|-----|---|-------------|---------------------|---------------------|--------------------------|
| 1   | Net revenue                                     | Million VND | 5,178,538           | 4,700,210           | 90.76%                   |
| 2   | Cost of Sales                                   | Million VND | 4,564,510           | 4,268,076           | 93.51%                   |
| 3   | Financial Income                                | Million VND | 97,315              | 84,155              | 86.48%                   |
| 4   | Financial, Selling, and Administrative Expenses | Million VND | 360,686             | 311,846             | 86.46%                   |
| 5   | Profit from business activities                 | Million VND | 352,160             | 206,842             | 58.74%                   |
| 6   | Other profits                                   | Million VND | 5,093               | 3,969               | 77.93%                   |
| 7   | Profit before tax                               | Million VND | 357,252             | 210,811             | 59.01%                   |
| 8   | Profit after tax                                | Million VND | 284,986             | 169,873             | 59.61%                   |

In 2023, the global economy faced numerous difficulties and challenges, with most countries recording lower economic growth than expected, primarily due to a decrease in overall demand. The textile industry was no exception, being affected by the global economic situation. With revenue primarily from sales and processing of textile goods (accounting for over 99%), and 90% of output products exported, the company faced an unfavorable business environment over the past year.

Specifically, net revenue fell by 9.24% compared to 2022, while the cost of sales only decreased by 6.49%. The reason is due to the increase in the cost of fabric inputs from China and energy prices for production activities. As a result, gross profit recorded a decrease of 29.62% compared to last year. Financial income also saw a decrease of 13.52% compared to the same period, thereby failing to improve the company's profit, with net profit from business activities significantly dropping by 41.26% compared to last year, amounting to 206,842 million VND.

## Profit before tax



210,811  
million VND

## Net revenue



4,700,210  
million VND

## CONSOLIDATED NET REVENUE STRUCTURE

Unit: Million VND

| Category         | 2022                |                | 2023                |                |
|------------------|---------------------|----------------|---------------------|----------------|
|                  | Value (million VND) | Proportion (%) | Value (million VND) | Proportion (%) |
| Textile Industry | 3,972,083           | 76.70%         | 3,772,753           | 80.27%         |
| Yarn Industry    | 1,206,455           | 23.30%         | 927,457             | 19.73%         |
| <b>Total</b>     | <b>5,178,538</b>    | <b>100%</b>    | <b>4,700,210</b>    | <b>100%</b>    |

## GROSS PROFIT STRUCTURE

Unit: Million VND

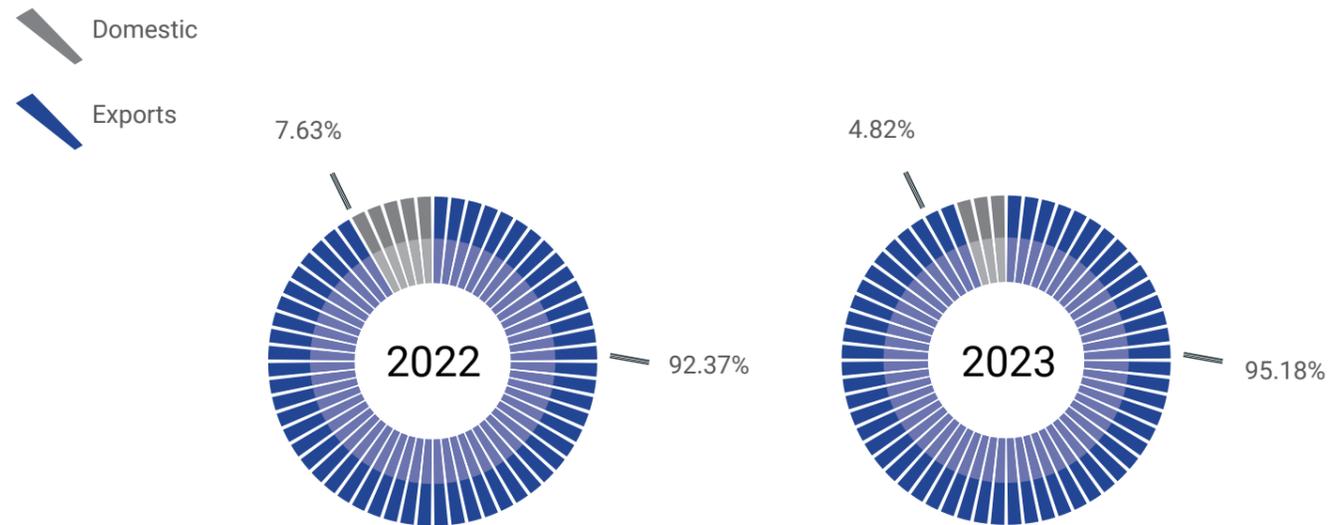
| Category         | 2022                |                | 2023                |                |
|------------------|---------------------|----------------|---------------------|----------------|
|                  | Value (million VND) | Proportion (%) | Value (million VND) | Proportion (%) |
| Textile Industry | 498,203             | 81.14%         | 417,750             | 96.67%         |
| Yarn Industry    | 115,824             | 18.86%         | 14,384              | 3.33%          |
| <b>Total</b>     | <b>614,027</b>      | <b>100%</b>    | <b>432,134</b>      | <b>100%</b>    |



EXPORT SITUATION

Unit: Million VND

| Category         | 2022                |                | 2023                |                |
|------------------|---------------------|----------------|---------------------|----------------|
|                  | Value (million VND) | Proportion (%) | Value (million VND) | Proportion (%) |
| <b>Exports</b>   | <b>4,783,420</b>    | <b>92.37%</b>  | <b>4,473,679</b>    | <b>95.18%</b>  |
| Textile Industry | 3,776,102           | 78.94%         | 3,631,055           | 81.16%         |
| Yarn Industry    | 1,007,318           | 21.06%         | 842,624             | 18.84%         |
| <b>Domestic</b>  | <b>395,118</b>      | <b>7.63%</b>   | <b>226,531</b>      | <b>4.82%</b>   |
| Textile Industry | 195,982             | 49.60%         | 141,698             | 62.55%         |
| Yarn Industry    | 199,136             | 50.40%         | 84,833              | 37.45%         |
| <b>Total</b>     | <b>5,178,538</b>    | <b>100%</b>    | <b>4,700,210</b>    | <b>100%</b>    |



In 2023, the world saw a slow recovery of economies as geopolitical tensions continued to fragment trade and inflation remained high in key apparel export markets such as the USA and Europe, leading to a significant decline in purchasing power. This had a negative impact on the overall business operations of the Corporation, affecting both export and domestic markets. Export revenue continued to play a dominant role in the Corporation's revenue structure, with its proportion increasing from 92.37% to 95.18%. Meanwhile, the proportion of domestic revenue decreased from 7.63% to 4.82%. Although the Corporation aimed to increase revenue from the domestic market, this goal still faced many challenges. Revenue for both the textile and yarn segments of the Corporation decreased compared to the same period last year.

According to information from the Vietnam Textile and Apparel Association (VITAS), textile and garment export turnover in 2023 reached about 40.3 billion USD, a decrease of 9.2% compared to 2022. Specifically, garment exports decreased by 3.1 billion USD (down 8.9%). However, the Corporation's garment export revenue only decreased by 3.84%. With revenue mainly coming from the garment segment, the Corporation experienced a lower rate of decline in garment export revenue than the overall economic downturn, showing that the Corporation's business operations were still very stable in a generally difficult environment. The gross profit structure of the Corporation also saw significant changes. In 2023, while the garment segment accounted for 80.27% of net revenue, it represented 96.67% of the gross profit structure. This was due to a significant drop in yarn prices following a supply shortage period, while a large inventory of high-cost cotton raw materials affected the profit margin of the Corporation's yarn segment.



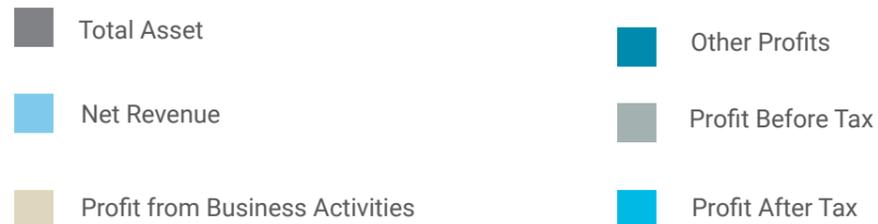
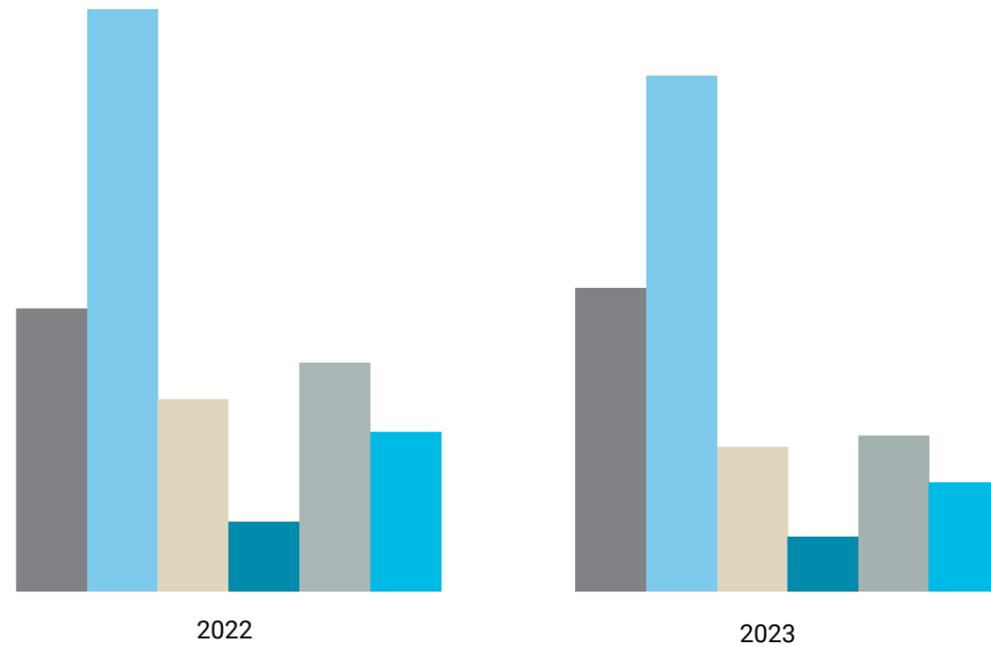
In 2023, the Corporation focused on investing in additional deep-dive equipment for the textile and yarn units, deploying renovation and repairs of infrastructure to meet the production and business needs of the units. The total investment for 2023 reached 102 billion VND, with a disbursement value of 94 billion VND.

| No. | Investment Project Name   | Completion Time | Total Investment (billion VND) | Contract Value (billion VND) | 2023 Performance Value (billion VND) | 2023 Disbursement Value (billion VND) | Notes |
|-----|---|-----------------|--------------------------------|------------------------------|--------------------------------------|---------------------------------------|-------|
| 1   | Deep Investment in the Textile Industry 2023  |                 |                                |                              |                                      |                                       |       |
|     | Phase 1   | April 2023      | 9.69                           | 9.69                         | 9.47                                 | 9.47                                  |       |
|     | Phase 2   | June 2023       | 8.72                           | 8.72                         | 8.28                                 | 8.28                                  |       |
|     | Phase 3   | December 2023   | 40                             | 40                           | 35.38                                | 25.89                                 |       |
|     | Investment in Used Automatic Fabric Spreading Equipment                               | August 2023     | 2.4                            | 2.4                          | 2.4                                  | 2.4                                   |       |
| 2   | Investment Project to Improve Harmonic Waves at the Corporation                       | 2024            | 5.5                            | 5.5                          | 5.35                                 | 1.65                                  |       |
| 3   | Deep Investment Project to Supplement Equipment for the Yarn Industry                 | 2023 - 2024     | 18                             | 2.7                          | 2.7                                  | 0                                     |       |
| 4   | Investment in Construction of Trieu Phong Garment Factory – Phase 3                   | 2022-2024       | 96                             | 3.2                          | 3.2                                  | 0.35                                  |       |
| 5   | Investment in Solar Power System on Corporate Roofs                                   | 2023 -2024      | 40                             | 0.4                          | 0.4                                  | 0                                     |       |
| 6   | Investment in Total Renovation and Additional Equipment at Quang Ngai Garment Factory | 2023 -2024      | 57                             | 0.14                         | 0.14                                 | 0                                     |       |
|     | Carryover Projects from 2022  |                 |                                |                              |                                      |                                       |       |
| 1   | Deep Investment in the Textile Industry Phase 4 – 2022                                | Q1/2023         | 9.57                           | 9.57                         | 9.14                                 | 9.14                                  |       |
| 2   | Textile Industry Deep Investment - Phase 2 2022                                       | 2022            |                                |                              |                                      | 5.79                                  |       |
| 3   | Textile Industry Deep Investment - Phase 3 2022                                       | 2022            |                                |                              |                                      | 9.36                                  |       |
| 4   | TP Project - Phase 2  | 2022            |                                |                              |                                      | 1.11                                  |       |
| 5   | Yarn Industry Deep Investment - 2020  | 2022            |                                |                              |                                      | 1.33                                  |       |



## FINANCIAL SITUATION

| No. | Indicator                       | Unit        | 2022      | 2023      | 2023/2022 % | % Increase/Decrease |
|-----|---------------------------------|-------------|-----------|-----------|-------------|---------------------|
| 1   | Total Asset                     | Million VND | 2,413,126 | 2,507,721 | 103.92%     | 3.92%               |
| 2   | Net Revenue                     | Million VND | 5,178,538 | 4,700,210 | 90.76%      | -9.24%              |
| 3   | Profit from Business Activities | Million VND | 352,160   | 206,842   | 58.74%      | -41.26%             |
| 4   | Other Profits                   | Million VND | 5,093     | 3,969     | 77.93%      | -22.07%             |
| 5   | Profit Before Tax               | Million VND | 357,252   | 210,811   | 59.01%      | -40.99%             |
| 6   | Profit After Tax                | Million VND | 284,986   | 169,873   | 59.61%      | -40.39%             |
| 7   | EPS                             | Dong        | 7,146     | 4,444     | 62.19%      | -37.81%             |



## MAJOR FINANCIAL INDICATORS

| No. | Indicator   | Unit  | 2022    | 2023    |
|-----|---|-------|---------|---------|
| I   | Solvency Ratio                                    |       |         |         |
| -   | Current Ratio                                     | times | 1.31    | 1.22    |
| -   | Quick Ratio                                       | times | 0.57    | 0.69    |
| II  | Capital structure Ratio                           |       |         |         |
| -   | Debt/Total assets Ratio                           | %     | 62.64%  | 66.63%  |
| -   | Debt/Ower's Equity Ratio                          | %     | 167.70% | 199.68% |
| III | Operation capability Ratio                        |       |         |         |
| -   | Inventory Turnover                                | times | 5.16    | 5.09    |
| -   | Total Asset Turnover                              | times | 2.18    | 1.91    |
| IV  | Profitability Ratio                               |       |         |         |
| -   | Profit After Tax/Net Revenue Ratio                | %     | 5.50%   | 3.61%   |
| -   | Profit After Tax/Average Equity Ratio             | %     | 36.65%  | 19.55%  |
| -   | Profit After Tax/Total Assets Ratio               | %     | 11.99%  | 6.90%   |
| -   | Profit from Business Activities/Net Revenue Ratio | %     | 6.80%   | 4.40%   |

**SOLVENCY RATIO**

The Corporation's current ratio decreased from 1.31 to 1.22 times. The primary reason is the faster increase in short-term debt compared to the rise in short-term assets. Specifically, short-term borrowing increased by 21.11% from the previous year, equivalent to 112 billion VND. Last year, the Corporation took loans from Vietnam Joint Stock Commercial Bank for Foreign Trade totaling 600 billion VND, with a maximum term of 12 months. The purpose of this borrowing was to support legitimate credit needs for the Corporation's production and business activities. Meanwhile, short-term assets increased by 142 billion VND, mainly due to a rise in cash equivalents up to 190 billion VND.

The quick ratio increased from 0.57 to 0.69 times, as the Corporation reduced its inventory value by more than 178 billion VND, a decrease of 18.71%. The challenging business environment led the company to actively reduce inventory, thus improving the quick ratio and indicating that the Corporation's finances are healthy and capable of meeting its short-term obligations.



**OPERATIONAL CAPACITY RATIO**

During the year, the inventory turnover decreased from 5.16 to 5.09 turns, which is due to a 6.49% decrease in the cost of sales while average inventory only decreased by 5.15% compared to the previous year. The decrease in net revenue led to a corresponding decrease in the cost of sales, albeit at a lower rate than the decline in revenue. The total asset turnover decreased from 2.18 to 1.91 turns, due to a 9.24% decrease in net revenue for 2023, while the average total assets slightly increased by 3.51%.

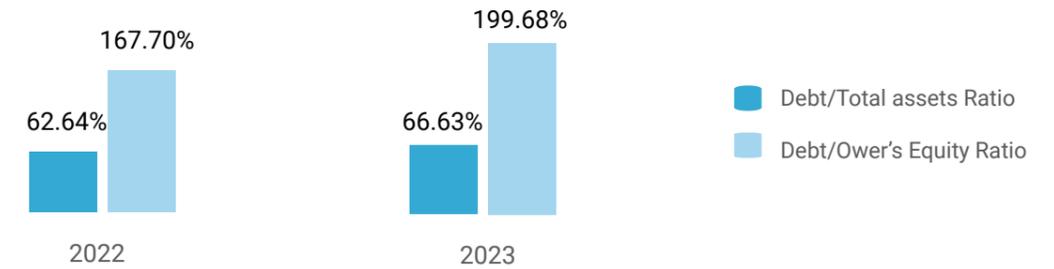
Overall, the impact of the global decline in purchasing power and the unfavorable export conditions has significantly affected the operational capacity of the Corporation.



**CAPITAL STRUCTURE RATIO**

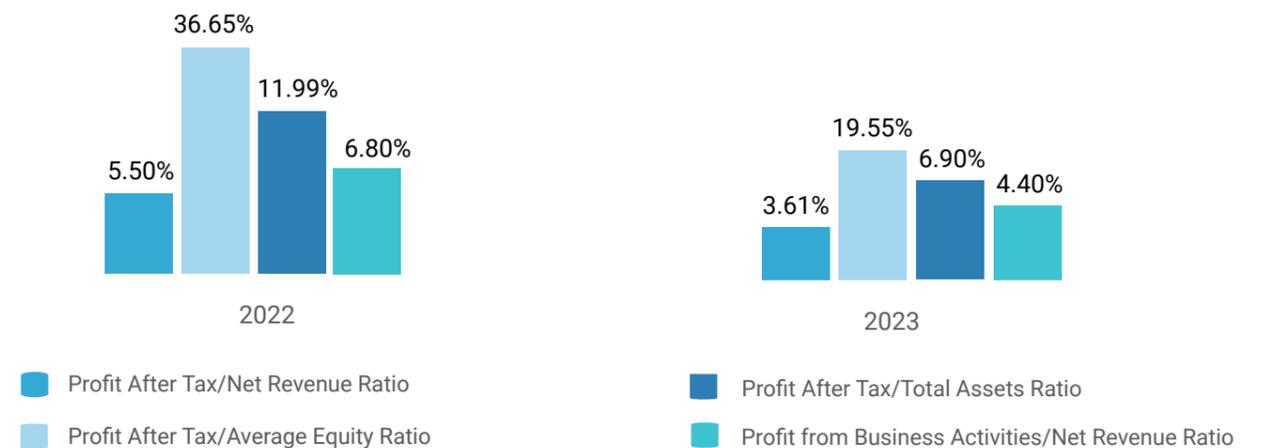
The financial indicators related to capital structure all increased compared to the same period last year. Specifically, the Debt to Total Assets ratio increased from 62.64% to 66.63%, and the Debt to Equity ratio increased from 167.70% to 199.68%. The rise in these ratios is due to a 10.53% increase in liabilities, while total assets only increased by 3.92% and equity decreased by 7.17%. The increase in liabilities was mainly due to additional short-term borrowing during the year to support production and business activities.

The Debt to Total Assets ratio of the Corporation over the past two years has been at a reasonable level, around 0.6, indicating that the Corporation is fully capable of managing its current debt obligations while effectively leveraging financial resources. The Debt to Equity ratio over the past two years has been greater than 1 but less than 2. As a manufacturing enterprise, the Corporation is effectively utilizing borrowed capital to generate profits and convert these profits into equity.



**PROFITABILITY RATIO**

Overall, the profitability ratios of the Corporation decreased compared to last year due to difficult business conditions. The negative impact caused significant decreases in profitability indicators. Profit after tax and profit from business activities decreased by 40.39% and 41.26%, respectively, much higher than the decline in net revenue (-9.24%), the decrease in equity (-7.17%), or the increase in average total assets (3.51%).



**Shares (as of December 31, 2023)**

Charter Capital: VND 360,027,080,000

Total Issued Shares: 36,002,708 shares

Par Value: VND 10,000

Number of shares: 36,002,708 shares

Treasury Shares: 0 shares

Number of floating shares: 36,002,708 shares



**CHANGE IN THE OWNER'S EQUITY:** In 2023, Hoa Tho increased the owner's equity from VND 300,030,750,000 to VND 360,027,080,000.

**TRANSACTION OF TREASURY STOCKS:** In 2023, the company didn't conduct any treasury stock transactions.

**OTHER SECURITIES:** None

**SHAREHOLDERS STRUCTURE**

| No. | Category                   | Number of Shares  | Ownership Percentage / Capital (%) | Number of Shareholders | Shareholder Structure |              |
|-----|----------------------------|-------------------|------------------------------------|------------------------|-----------------------|--------------|
|     |                            |                   |                                    |                        | Institutional         | Individual   |
| 1   | <b>Major shareholders</b>  | <b>22,274,205</b> | <b>61.87%</b>                      | <b>1</b>               | <b>1</b>              | <b>0</b>     |
| 2   | <b>Company union</b>       | <b>424,629</b>    | <b>1.18%</b>                       | <b>2</b>               | <b>2</b>              | <b>0</b>     |
|     | <b>Other shareholders</b>  | <b>13,303,874</b> | <b>36.95%</b>                      | <b>2,814</b>           | <b>6</b>              | <b>2,808</b> |
| 3   | - Domestic                 | 13,294,507        | 36.92%                             | 2,807                  | 4                     | 2,803        |
|     | - Foreign                  | 9,367             | 0.03%                              | 7                      | 2                     | 5            |
|     | <b>TOTAL</b>               | <b>36,002,708</b> | <b>100%</b>                        | <b>2,817</b>           | <b>9</b>              | <b>2,808</b> |
|     | <b>In there:- Domestic</b> | <b>35,993,341</b> | <b>99.97%</b>                      | <b>2,810</b>           | <b>7</b>              | <b>2,803</b> |
|     | <b>- Foreign</b>           | <b>9,367</b>      | <b>0.03%</b>                       | <b>7</b>               | <b>2</b>              | <b>5</b>     |

**MAJOR SHAREHOLDERS (AS OF DECEMBER 31, 2023)**

| Name                                       | Number of Shares | Ownership Percentage / Capital (%) |
|--|------------------|------------------------------------|
| Vietnam National Textile and Garment Group | 22,274,205       | 61.87%                             |





4

**REPORTS OF  
THE BOARD OF  
MANAGEMENT**



| No. | Indicator                                       | Unit        | Implementation 2022 | Implementation 2023 | Implementation 2023/2022 |
|-----|---|-------------|---------------------|---------------------|--------------------------|
| 1   | Net revenue                                     | Million VND | 5,178,538           | 4,700,210           | 90.76%                   |
| 2   | Cost of Sales                                   | Million VND | 4,564,510           | 4,268,076           | 93.51%                   |
| 3   | Financial Income                                | Million VND | 97,315              | 84,155              | 86.48%                   |
| 4   | Financial, Selling, and Administrative Expenses | Million VND | 360,686             | 311,846             | 86.46%                   |
| 5   | Profit from business activities                 | Million VND | 352,160             | 206,842             | 58.74%                   |
| 6   | Other profits                                   | Million VND | 5,093               | 3,969               | 77.93%                   |
| 7   | Profit before tax                               | Million VND | 357,252             | 210,811             | 59.01%                   |
| 8   | Profit after tax                                | Million VND | 284,986             | 169,873             | 59.61%                   |

#### KEY FINANCIAL METRICS

- »»» Net Revenue reached 4,700 billion VND, which is 90.76% compared to 2022 and achieved 105% of the 2023 plan. In there:
  - Export Revenue from Textile Sector: 3,657 billion VND, equal to 95% compared to 2022.
  - Fashion Revenue: 88 billion VND, up 6% compared to 2022.
  - Revenue from Yarn Sector: 927 billion VND, equal to 77% compared to 2022.
  - Other Revenue: 28 billion VND.
- »»» Export Turnover: Achieved 262 million USD, which is 95% compared to 2022 and reached 116% of the 2023 plan. In there:
  - United States: 45%
  - Europe: 15%
  - Asia: 30% (including Japan at 21%)
  - Other markets: 10%
- »»» Main Products:
  - Various Types of Yarn: 16,430 tons.
  - Garments: 27 million products.
- »»» Average income: Reached 9.66 million VND per person per month, equal to 97% compared to 2022.
- »»» Separate Profit: Reached 220 billion VND, equal to 64% compared to 2022 and achieved 115% of the 2023 plan.
- »»» Consolidated Profit: Reached 211 billion VND, equal to 59% compared to 2022 and achieved 106% of the 2023 plan.
- »»» Depreciation for 2023: Reached 123 billion VND, equal to 97% compared to 2022.
- »»» Tax Contribution to the Consolidated Budget: Reached 170 billion VND, equal to 98% compared to 2022.

In 2023, the global economy faced numerous difficulties and challenges, with most economies around the world experiencing lower-than-expected growth rates. Under the general impact of the global economic situation, the textile industry also went through a challenging year in 2023. According to the General Department of Customs, from January 1, 2023, to December 15, 2023, the total value of textile and garment exports decreased by 11.9%, ranking it second among the industry groups with the most significant declines. The only bright spot was the export of yarn, which maintained a growth in volume despite the falling export prices due to global inflation, showing positive signs for the Vietnamese textile industry.

Despite the extremely challenging market conditions affecting the production and business efficiency of the Corporation compared to the same period in 2022, the determined leadership of the Vietnam Textile and Garment Group and the Corporation's Board of Directors, along with the commitment of the Leadership, the proactive flexibility and creativity of the units, and the solidarity and support of the entire workforce, enabled the Corporation to achieve the production and business targets set for 2023.





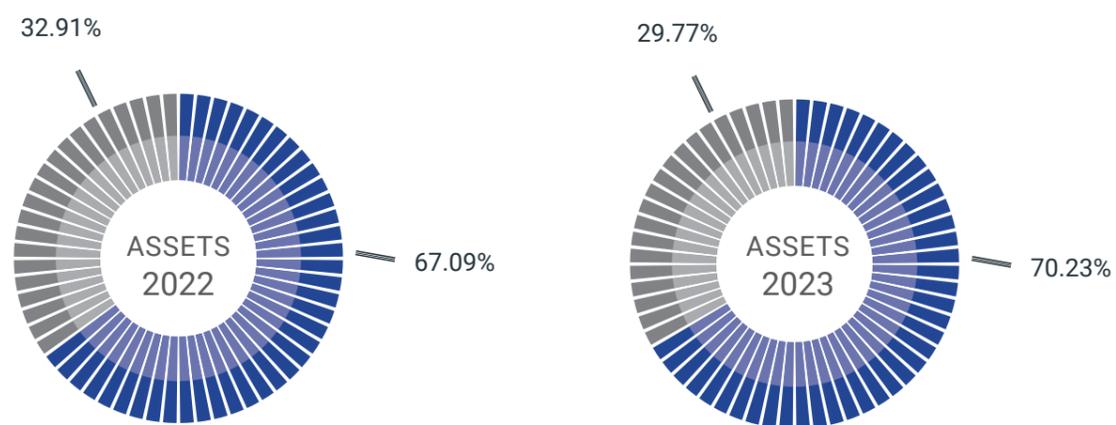
ASSETS

Unit: Million VND

| Indicator           | 2022             | 2023             | Implementation 2023/<br>Implementation 2022 | Proportion<br>2022 | Proportion<br>2023 |
|---------------------|------------------|------------------|---|--------------------|--------------------|
| Short-term Assets   | 1,619,067        | 1,761,376        | 108.79%                                     | 67.09%             | 70.24%             |
| Long-term Assets    | 794,059          | 746,345          | 93.99%                                      | 32.91%             | 29.76%             |
| <b>Total Assets</b> | <b>2,413,126</b> | <b>2,507,721</b> | <b>103.92%</b>                              | <b>100%</b>        | <b>100%</b>        |

In 2023, the total assets of the Corporation increased by 3.92% compared to the previous year. Specifically, short-term assets increased by 8.79%, reaching 1,761,376 million VND. Notably, cash and cash equivalents rose dramatically by 761.13% compared to 2022, with cash equivalents alone surging by 2717.46% to 197,222 million VND. Accounts receivable from customers also saw a rise of 7.03% as the Corporation extended the payment period for its customers amid challenging business conditions. Long-term assets saw a slight decline of 6% from the previous year, primarily due to an increase of 7.12% in the depreciation of tangible fixed assets. Regarding the asset structure in 2023, short-term assets increased from 67.09% to 70.24% of total assets, equivalent to an increase of 142,309 million VND. A major contributor to the short-term assets was inventory, which accounted for 43.49% of short-term assets..

Long-term Assets  
Short-term Assets



DEBT PAYABLE

Unit: Million VND

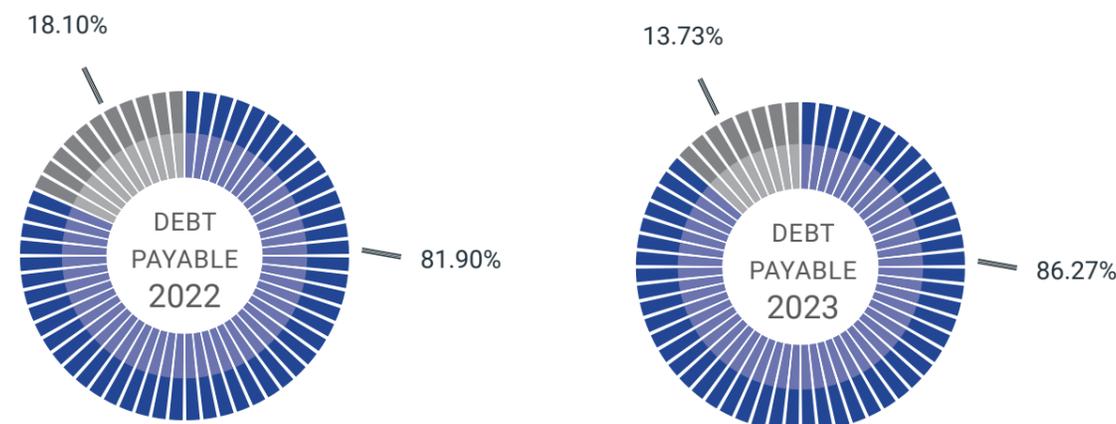
| Indicator         | 2022             | 2023             | Implementation 2023/<br>Implementation 2022 | Proportion<br>2022 | Proportion<br>2023 |
|-------------------|------------------|------------------|---|--------------------|--------------------|
| Short-term Debt   | 1,238,127        | 1,441,465        | 116.42%                                     | 81.90%             | 86.27%             |
| Long-term Debt    | 273,561          | 229,450          | 83.88%                                      | 18.10%             | 13.73%             |
| <b>Total Debt</b> | <b>1,511,688</b> | <b>1,670,915</b> | <b>110.53%</b>                              | <b>100%</b>        | <b>100%</b>        |

In 2023, the total debt of the Corporation increased by 10.53% compared to 2022, reaching 1,670,915 million VND. Within this, short-term debt continued to dominate the debt structure of the Corporation, accounting for 86.27%, or 1,441,465 million VND, an increase of 16.42% from the previous year. The rise in short-term debt primarily stemmed from three main categories: short-term borrowings, other payables, and payables to employees. Specifically, short-term borrowings increased by 112,003 million VND to 642,689 million VND, up 21.11% from last year, to finance the legitimate, reasonable, and valid credit needs serving the production and business activities of the Corporation. The other payables and payables to employees rose by 374.29% to 115,412 million VND and by 8.57% to 338,575 million VND, respectively.

Long-term debt of the Corporation decreased compared to the previous year, dropping from 273,561 million VND to 229,450 million VND. The primary reason for this decrease was the reduction in long-term borrowings by 42,194 million VND, bringing the proportion of long-term debt down to 13.73% of the total debt.

The shift towards a higher proportion of short-term debt and a reduced ratio of long-term debt in the debt structure in 2023 indicates flexibility in the capital structure of the Corporation. This adjustment suggests that the burden of interest expenses for the Corporation has been reduced. Generally, the debt structure in the textile industry companies often shows a very large proportion of short-term liabilities.

Long-term Debt  
Short-term Debt



**MANAGEMENT PRACTICE**

Continuously refined the business strategy aligned with the digital transformation of the Corporation for the 2021-2030 period to steer development in line with contemporary trends. Adhered strictly to legal regulations, corporate statutes, and internal procedures throughout operations, diligently implementing decisions and resolutions from the Shareholders' General Meeting and the Board of Directors.

**MARKET OPERATIONS**

- The Corporation is strategically restructuring its products and customer base across both the yarn and textile industries. This includes further expansion into the European market, capitalizing on the advantages offered by trade agreements such as the European Union-Vietnam Free Trade Agreement (EVFTA), the Korea-Vietnam Free Trade Agreement (KVFTA), the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP), and the Regional Comprehensive Economic Partnership (RCEP) that Vietnam has signed and joined.
- Textile Industry: Development and expansion into new markets through market research, customer needs assessment, and proposal of appropriate products. Establish policies to ensure customer benefits, aiming to maintain solid relationships. Tightly integrate business activities with production tasks to clearly understand market demands and adjust manufacturing accordingly.
- Yarn Industry: Adjust production flexibly to quickly respond to market fluctuations and customer demands, seize market opportunities through investment in market research and demand forecasting, and implement efficient production and sales.
- Regularly update market conditions and build contingency plans to timely respond to continuous market changes.
- Enhance the Research and Development Center of the Corporation to improve the effectiveness of market activities, anticipating trade agreements that Vietnam has signed and participated in.
- Focus on vigorously developing the domestic fashion market, enhance e-commerce activities to expand and achieve breakthrough developments for the Corporation's domestic fashion industry.

**PRODUCTION OPERATIONS**

- Construct and complete factories that meet actual standards, ensuring smart factory standards for both the yarn and textile industries. Focus on effectively and thoroughly implementing the standardization of production systems and quality management systems according to the established procedures and maintaining them to stabilize quality, increase productivity, and minimize risks.
- Strictly adhere to the production and quality management processes issued by the Corporation. Continuously improve customer service quality, proactively enhance productivity at factories, and improve the credibility of the Hoa Tho brand, serving as a basis for the business department to exploit orders and markets.
- Consolidate a modern production system and technical personnel capable of managing production effectively to make production most efficient, competitively priced, and create quality products that satisfy customers..

**DEVELOPMENT AND IT APPLICATION**

- Deeply integrate information technology into the operations of the Corporation to ensure readiness for digital transformation.
- Invest in solar energy systems to support production and contribute to environmentally friendly practices.
- Strengthen the investment in highly automated machinery and equipment to save on labor costs, fully utilize the capacity of automated equipment, avoid waste, and ensure the best effectiveness.



**HUMAN RESOURCE MANAGEMENT**

- Promptly issue various policies, procedures, and regulations to effectively manage human resources at the Corporation. Maintain good training and management practices, having collaborated with training centers to organize numerous courses to enhance the skills of the workforce.
- Always care for the material and spiritual lives of employees, fostering solidarity and unity among workers in business and production, and maintaining a strong system of social and environmental responsibility in line with new requirements and situations.
- Effectively conduct communication efforts to build and preserve the image, credibility, and brand of the Corporation. Communication must be clear and consistent, reaching every employee so that they understand, share, and commit to the Corporation.

**FINANCIAL OPERATIONS**

- Ensure funding for the production, business activities, and investment projects of the Corporation. The management accounting work is updated and reported regularly every month, with timely analysis of costs and production business efficiency.
- Further perfect the financial and accounting operations of the Corporation, enhance cash flow management, and effectively balance finances to properly manage the Corporation's financial indicators, ensuring a safe financial source to overcome the unpredictable developments of both global and domestic situations, ensuring sustainable development.
- Continue to leverage the effective use of long-term and short-term borrowed capital, ensuring cash flow balance to support the production and business activities and guarantee support for the employees.

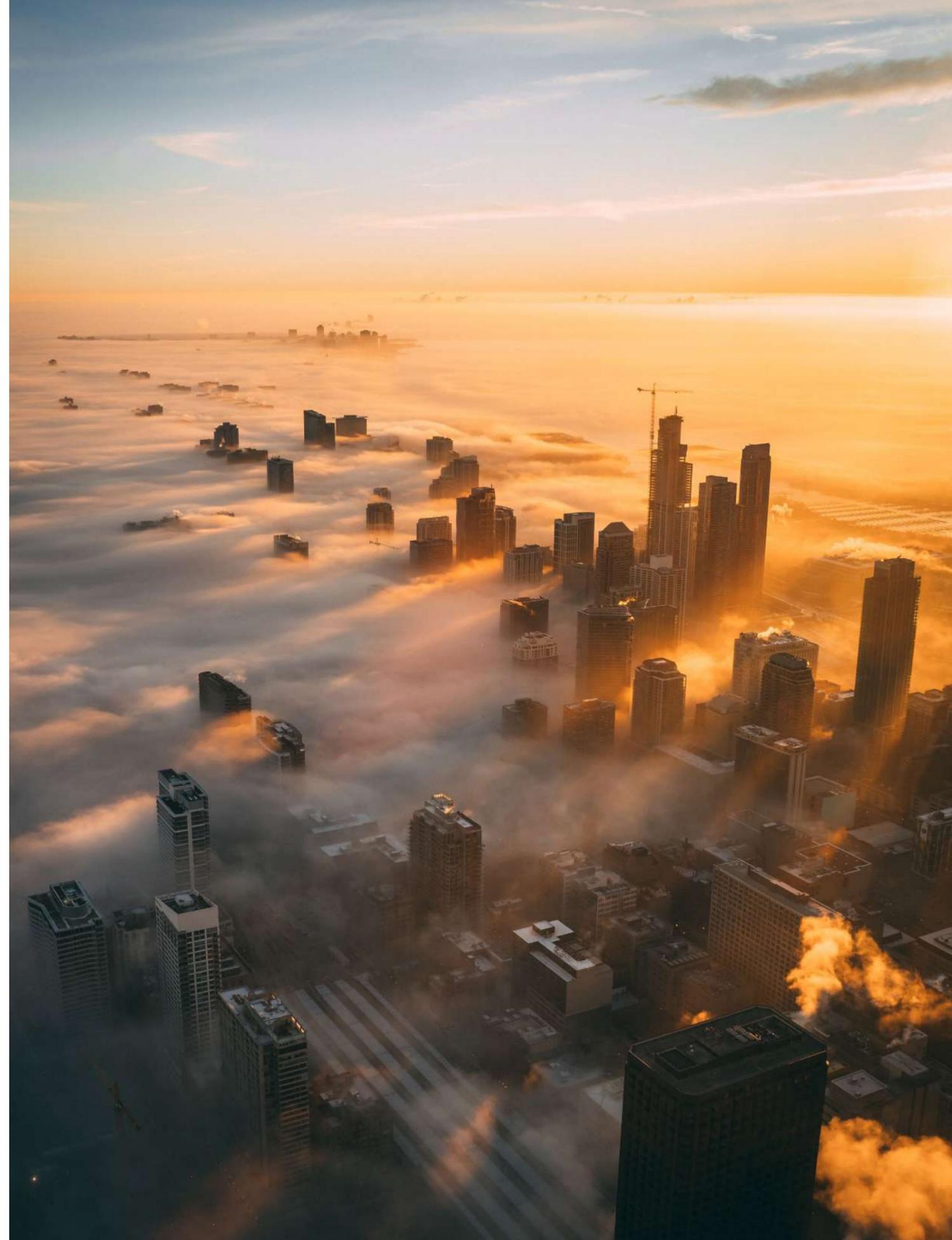
**OTHER OPERATIONS**

- Intensify risk management efforts and strengthen internal control activities to prevent and limit risks in production and business operations.
- Continuously build the Hoa Tho brand to greater heights, maintain and further enhance the corporate culture of Hoa Tho Textile and Garment Joint Stock Corporation, considering it as the core in the development process of the Corporation.
- Maintain the political security and safety order of the Corporation, ensuring fire prevention and firefighting activities are always secured, with no occurrences of fire or explosion. Regularly conduct inspections of fire prevention and firefighting activities at member units to promptly detect and address any potential risks.
- Continue to focus on environmental work, flood and storm prevention, and food safety for the Corporation.



| No. | Indicator         | Unit                               | Plan 2024 | % Plan /2023 |
|-----|-------------------|------------------------------------|-----------|--------------|
| 1   | Total Revenue     | Million VND                        | 4,500,000 | 95.66%       |
| 2   | Export Turnover   | Million USD                        | 247       | 94.27%       |
| 3   | Profit Before Tax | Million VND                        | 220,000   | 104.27%      |
| 4   | Average Income    | Increase 6% - 10% compared to 2023 |           |              |

- Continue to implement the Corporation's business strategy for the 2021 – 2030 period in line with the digital transformation strategy to meet the development of the era and adapt to new changes.
- Shift and focus investment resources on the domestic market through the development of the Merriman brand and Hoa Tho fashion.
- Continue to search for potential customers, expand markets, and maintain long-term cooperative relationships with clients.
- Properly exercise the powers of the Board of Directors as stipulated in the Corporation's Charter and the Business Law. Enhance the management activities of the Board of Directors, strengthen the connection between the Board and shareholders, and between the Board and the Board of Management.
- Intensify efforts to improve technology and engineering, focusing on automated, advanced, and modern machinery and equipment; manage quality and concentrate on training human resources to boost labor productivity.
- Restructure the Corporation's operational model towards a more modern, efficient, and suitable direction for its development.
- Actively manage cash flow, minimize financial risks, and develop financial strategies and solutions for business operations and employee support.
- Focus on innovation and invention to improve technology and save costs on energy, water, and replacement parts.
- Create conditions and provide the best policies to care for the lives of employees and protect the environment through various measures.





5

REPORT OF THE  
BOARD OF DIRECTORS

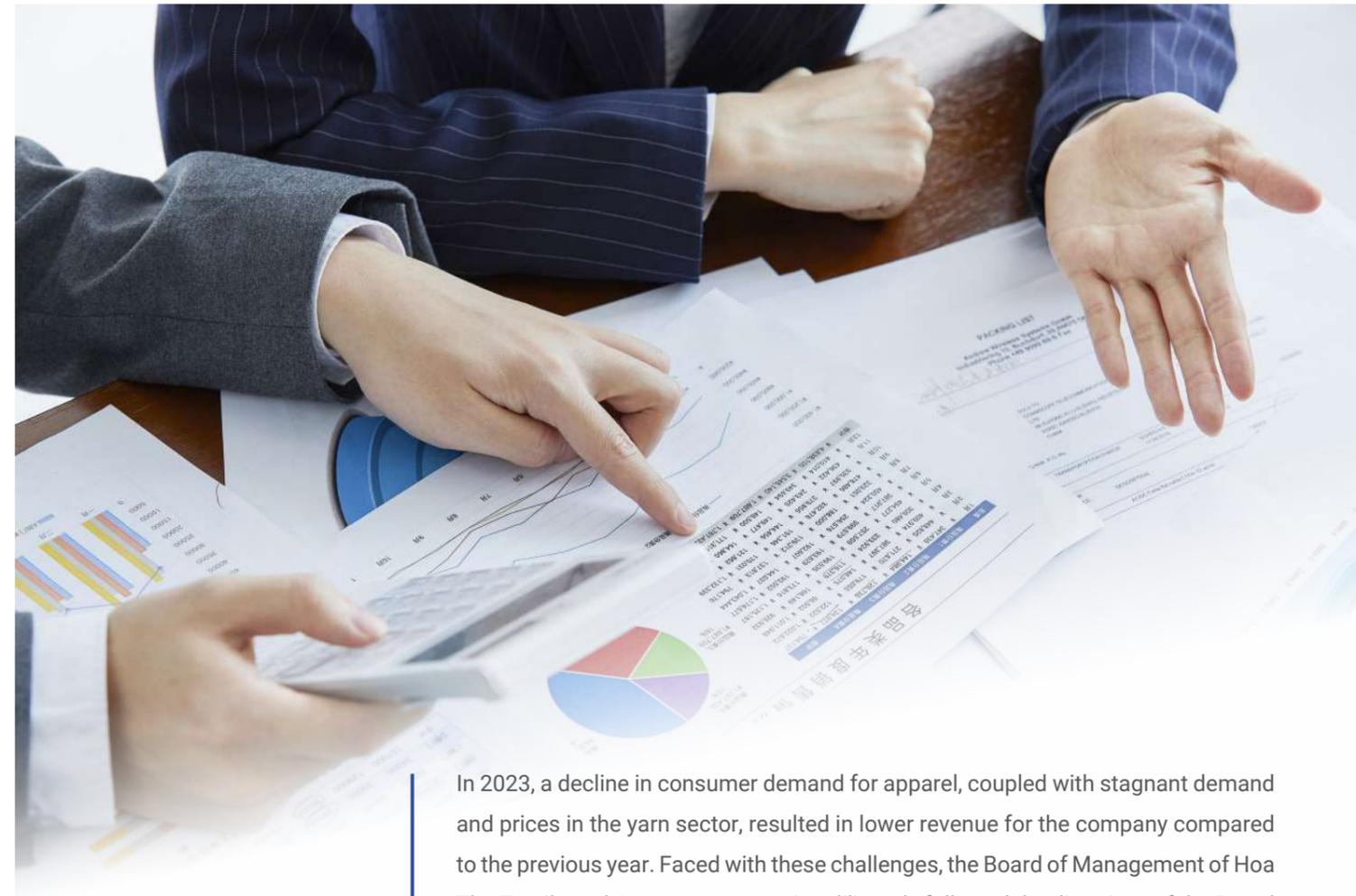


In 2023, the global textile industry experienced significant challenges due to a decline in global demand. Over the first 11 months, the export value of textiles and garments stood at \$30.43 billion, a decrease of 12.3% (equivalent to a reduction of \$4.25 billion) compared to the same period the previous year. Notably, exports decreased to three major markets: the United States, the European Union (EU-27), and South Korea, while there was a slight increase in exports to Japan. Specifically, exports to the USA were \$13.17 billion, down by 18.2%; to the EU-27 were \$3.54 billion, down by 13.8%; and to South Korea were \$2.82 billion, down by 7.6%. Conversely, exports to Japan slightly increased to \$3.71 billion, a growth of 0.3%.

Looking ahead to 2024, the difficulties facing the Vietnamese textile industry may continue due to adverse factors such as a potential global economic recession, widespread geopolitical crises, changing consumer behaviors, and price competition from rival countries.

Given this context, it is imperative that textile companies, including Hoa Tho, proceed with caution when planning their business and production strategies for 2024. They should explore opportunities in the American market, enhance productivity, and develop new product lines.

Furthermore, there is a need to leverage and capitalize on the support offered by Free Trade Agreements (FTAs) such as the EU-Vietnam Free Trade Agreement (EVFTA), the Regional Comprehensive Economic Partnership (RCEP), and the UK-Vietnam Free Trade Agreement (UKVFTA). These agreements provide significant opportunities for growth and market expansion.



In 2023, a decline in consumer demand for apparel, coupled with stagnant demand and prices in the yarn sector, resulted in lower revenue for the company compared to the previous year. Faced with these challenges, the Board of Management of Hoa Tho Textile and Garment Corporation diligently followed the directives of the Board of Directors and the Vietnam Textile and Garment Group. They were committed to balancing costs to ensure production continuity, job security, and the well-being of the workforce.

Proactively, the company implemented a series of measures to swiftly adapt to the new situation and stabilize its business operations. Consequently, the key performance indicators in the company's business activities were maintained at satisfactory levels, reflecting the effective management and operational strategies undertaken during a challenging year.

### ACTIVITIES OF THE INDEPENDENT BOARD MEMBER IN 2023

In 2023, the independent board member participated in 100% of the board meetings and made significant contributions to the company's governance. Additionally, the independent member also provided consultative and critical opinions before voting on matters within the board's authority, with a strong commitment to the rule of law.

The independent board member, deeply knowledgeable about the textile industry, greatly facilitated the contribution of opinions to the Board during the implementation of objectives and tasks assigned by the General Shareholders' Meeting. The independent board member carried out the rights and responsibilities assigned in accordance with relevant legal regulations, the Corporation's charter, and resolutions from the General Shareholders' Meeting. Throughout 2023, the independent board member successfully completed the following tasks:

- » Executed duties honestly and diligently to maximize the company's legal interests.
- » Remained loyal to the company and its shareholders; did not misuse company information or opportunities for personal gain or the benefit of others.
- » Gave a comprehensive perspective, covered the entire interests of the stakeholders, gave opinions, made decisions to enhance the effectiveness and feasibility of the decisions of the Board of Directors, improved the efficiency of the Company's business operations, and guaranteed the rights and interests of the company and its shareholders.
- » Other obligations under the law and the Corporation's charter The independent board member performed management functions through participation in the Board's discussion and decision-making process, while ensuring that such decisions were made fairly and reasonably.



### ASSESSMENT OF THE INDEPENDENT BOARD MEMBER OF THE BOARD'S ACTIVITIES

- The Board members are highly skilled professionals with extensive experience and reputable relations in the textile industry. They exhibit a continuous learning attitude and are open to feedback, which benefits the overall objectives of the corporation.
- In 2023, the Board of Directors fulfilled its roles and responsibilities as defined by the Corporate Law, the Corporation's charter, operating regulations of the Board of Directors and internal governance regulations. Each member diligently completed their assigned tasks. The Board closely monitored the Board of Management to ensure compliance with the resolutions of the 2023 General Shareholders' Meeting and the Board's resolutions, providing timely guidance and support to the management in implementing the company's business objectives.
- The Board held regular and extraordinary meetings, solicited written opinions from Board members to approve actions within their authority, addressed emergent issues, and resolved difficulties. The Board also led quarterly and annual review meetings to direct and strategize the Corporation's business activities and management. Furthermore, they coordinated effectively with the Board of Supervisors to oversee the Board of Management's handling of the Corporation's operations, finances, and investments.



- The Board of Directors will regularly organize meetings to review reports and proposals from the Board of Management and the Board of Supervisors, discuss and approve reports, projects, plans, and policies related to the Corporation's business operations.
- Extraordinary meetings will be convened to address emergent matters within the authority of the Board as stipulated in the Corporation's charter.
- The Board will develop directions and assign strategic tasks for the Corporation, deciding on projects and other matters within its jurisdiction as part of the business execution plan.

#### MARKET OUTLOOK

According to the Vietnam Textile and Apparel Association, despite a decline in 2023 with textile exports valued at \$30.43 billion, down 12.3% from the previous year, the industry saw breakthroughs in market and product diversification, exporting 36 types of goods to 104 territories. Notably, exports to the U.S., EU (27 countries), and South Korea declined, while exports to Japan slightly increased. For 2024, despite ongoing global economic recession and geopolitical crises potentially prolonging difficulties for Vietnam's textile sector, there is an optimistic projection for a gradual recovery. The industry aims for an export revenue of \$44 billion in 2024, up 9.2% from 2023.

Vietnam is actively participating and negotiating 19 free trade agreements (FTAs), with 16 already signed and implemented and three under negotiation, making it unique in having FTAs with all major global economic partners including the U.S., Japan, China, the EU, the UK, and Russia.

The newly approved development strategy for Vietnam's textile and footwear industries up to 2030, with a vision to 2035, is set to attract foreign investment into the yarn-textile-dyeing sector and leverage advantages from the FTAs to foster sustainable growth.

Economic forecasts for 2024 are optimistic about global economic improvement, particularly in the U.S. market which might experience up to three rate cuts amounting to 0.75%, potentially boosting consumer spending.

While competing countries face labor issues and armed conflicts, Vietnam is becoming a safe destination, potentially redirecting orders back to the country.

Domestically, the macroeconomic environment is expected to remain stable with a GDP growth projection higher than in 2023. However, the textile industry faces new challenges such as a 6% increase in the minimum wage from July 1, 2024, and potential continued increases in electricity prices after a 7% rise in 2023.



An aerial photograph of a coastal city, likely Cebu, Philippines, viewed from a high vantage point. The city is densely packed with buildings and is situated along a large bay. In the foreground, there is lush green forest. The sky is blue with some clouds. The number '6' is overlaid on the top left of the image.

6

**SUSTAINABLE  
DEVELOPMENT REPORT**

“

*Sustainable development is defined as development that meets the needs of the present without compromising the ability of future generations to meet their own needs. Thus, HTG is fully aware that the Corporation can only achieve sustainable development by harmoniously combining economic growth objectives with the execution of social responsibilities and environmental protection to ensure, enhance, and balance the interests of all stakeholders: shareholders and investors, customers, business partners, state management agencies, employees, and the community.*

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## **ECONOMIC GROWTH**

Hoa Tho Textile and Garment Corporation (HTG) recognizes the critical importance of aligning sustainable growth with economic growth through its core business activities. Therefore, HTG operates with the objective of maximizing profits in its production and business operations to foster the development of the corporation as well as to drive economic growth. Here are some specific strategies HTG implements

- » Commit to the timely and complete disclosure of information regarding its operations, enhancing transparency to build trust among shareholders and the community.
- » HTG is committed to ensuring employment for its workforce while creating conducive conditions for the economic development of the production sector.
- » Prioritizing the interests of shareholders, HTG ensures the annual dividend payments to deliver optimal profits and maintain shareholder satisfaction.
- » Continually improve Corporation's production capabilities and enhances product quality. The Corporation also focuses on customer service to expand its market share and attract potential customers.
- » Continue to strengthen and improve the quality of management at all levels, from executive management to operational teams, ensuring readiness for sustainable economic growth objectives.
- » The Leadership and all employees strive together to fulfill the tasks and plans set for the year, aiming to advance the development of the corporation and promote economic growth.



## ENVIRONMENTAL RESPONSIBILITY

HTG understands that the business is a small part of the economy and an active entity in society; therefore, its environmental responsibility extends beyond mere ethical duties or image concerns to real and intrinsic responsibilities. Thus, environmental responsibility is seen as the Corporation's duty to itself.

- » HTG commits to fully complying with all environmental protection laws, continuously implementing requirements for planning, preventative measures, and responses to environmental incidents as per legal regulations.
- » Regular inspections and the application of improved manufacturing processes are carried out to ensure full compliance with environmental standards for a cleaner and more beautiful environment.
- » The Corporation implements solutions to prevent and treat wastewater and addresses any environmental incidents. The Corporation manages the collection, transportation, and disposal of hazardous waste responsibly to protect the environment and public health.
- » Efficient use of resources, such as water and energy, is prioritized.
- » The Corporation guides and educates its employees and advises customers on the use of environmentally friendly and energy-saving products to enhance community awareness of environmental protection.



## CUSTOMER RESPONSIBILITY

HTG always aims for mutually beneficial outcomes and customer satisfaction.

- » Continuously improve service quality, always taking time to listen and acknowledge customer feedback to better meet their expectations and needs.
- » Consolidate technical capabilities and innovates through science and technology to enhance the quality of the Corporation's products and its competitive edge, thereby best fulfilling customer needs.
- » HTG is committed to providing high-quality, stable, and durable textile products.
- » Place customer prosperity at the forefront, understanding that the Corporation's success is directly linked to the satisfaction and prosperity of its customers.



## RESPONSIBILITY TO SHAREHOLDERS

Shareholders are the true owners of the Corporation, and thus, it is the Corporation's responsibility to generate profit and protect the reputation for those who have trusted and invested in the Corporation. In addition, potential investors also play a crucial role in the strategies for growth and expansion. Therefore, building trust with investors is vital for Hoa Tho's continued success and development:

- » HTG aims to rationalize dividend values to bring long-term benefits to its shareholders.
- » Ensure transparency in information, commit to providing fair and detailed information to maximize the benefits, and ensure fairness for all shareholders, including minority ones.
- » Commit that all the Corporation's activities will safeguard the interests and future value for shareholders.



## SOCIAL RESPONSIBILITY

HTG recognizes that the support and trust of the community and society are critical tasks that contribute to the sustainable development of the Corporation. Therefore, HTG is always ready to participate in community-oriented programs; contributing to support those in difficult circumstances, creating opportunities for families and individuals to advance in life, and sharing material and spiritual achievements with the local community. HTG carries out community and social activities such as contributing to charity funds; supporting the poor and children in difficult situations; and assisting and sharing with victims of Agent Orange, thereby sharing some of the difficulties with the community and society.





## RESPONSIBILITY TO EMPLOYEES

- The most important and core asset of Hoa Tho Textile and Garment Corporation (HTG) is its workforce. The income of the employees is a measure of the Corporation's development value, creating a professional work environment based on mutual respect. HTG consistently strives to gain the support, dedication, and long-term cooperation of its employees through care and by providing optimal working conditions. Hoa Tho endeavors to retain, attract, and enhance the capabilities of its workforce, especially those with experience and expertise, enabling the Corporation to maintain high and sustainable growth:
  - » Employees are entitled to leaves, holidays, and festivals as stipulated by state regulations.
  - » HTG creates a safe, green, clean, and beautiful working environment to ensure stable employment, taking care of both the material and spiritual lives of employees.
  - » The Corporation provides all necessary tools and safety equipment, adhering to safety standards and requirements in the workplace and during production.
  - » Salary and benefits policies are tailored to the capabilities of each employee, maintaining their work enthusiasm and retaining skilled individuals who are committed to the long-term success of the Corporation.
- » HTG ensures workplace safety, fire prevention, food safety, and disease prevention, offering training to prevent occupational diseases such as degenerative spine conditions, providing health care consultations, cancer screenings for workers, organizing celebratory events, and fostering sharing among employees



## RELATIONSHIPS WITH BUSINESS PARTNERS AND SUPPLIERS

Participating in the operations of Hoa Tho Textile and Garment Corporation (HTG) are business partners and suppliers who play a crucial role in the economic growth of the corporation. HTG actively maintains and nurtures these relationships through the following strategies:

- » Work together with partners to develop and produce the highest quality products for society.
- » HTG always maintains friendly and equitable relationships with both domestic and international partners, ensuring that interests are balanced for mutual development.
- » Encourage healthy competition based on intellectual capability, advancements in technology, and product quality.
- » HTG practices fairness in selecting suppliers based on their capability, reputation in cooperation, and proven experience.



## MANAGEMENT OF RAW MATERIAL SOURCES AND ENERGY CONSUMPTION STATUS IN 2023

### Management of raw material sources

#### Energy consumption status in 2023

| Fuel Type  | Quantity |        | Fuel Price |           | Purpose of Use                                      |
|------------|----------|--------|------------|-----------|---|
| Coal       | 6        | tons   | 5,055,634  | VND/ton   | Boiler heating                                      |
| Diesel     | 5,514    | liters | 18,606     | VND/liter | Equipment maintenance                               |
| Gasoline   | 178      | liters | 21,565     | VND/liter | Production (Forklifts, Firefighting, Grass cutting) |
| Gas        | 36,222   | kg     | 31,268     | VND/kg    | Cooking   |
| Firewood   | 16,087   | tons   | 1,326,324  | VND/ton   | Boiler heating                                      |
| Wood chips | 1,590    | tons   | 1,324,562  | VND/ton   | Boiler heating                                      |
| Rice husk  | 1,306    | tons   | 2,158,187  | VND/ton   | Boiler heating                                      |

#### Electricity consumption status in 2023

| Power Sources | Unit | Consumption | Value (VND)    |
|---------------|------|-------------|----------------|
| Utility Power | kWh  | 54,159,181  | 96,204,336,030 |
| Solar Power   | kWh  | 2,414,690   | 4,326,528,398  |

#### Water consumption status in 2023

| No.          | Water Sources | Unit      | Consumption    |
|--------------|---------------|-----------|----------------|
| 1            | Water used    | m3        | 370,510        |
| <b>Total</b> |               | <b>m3</b> | <b>370,510</b> |

#### Waste management and hazardous waste treatment

| No.          | Source of waste          | Unit      | Quantity         |
|--------------|--------------------------|-----------|------------------|
| 1            | Household waste          | Kg        | 302,977          |
| 2            | General industrial waste | Kg        | 1,020,040        |
| 3            | Hazardous waste          | Kg        | 754              |
| <b>Total</b> |                          | <b>Kg</b> | <b>1,323,771</b> |

#### Energy saving and efficiency goals for 2024

##### Energy Saving Solutions and Expected Results

| Energy Saving Solutions Implemented                            | Fuel Type   | Purpose of Solution   | Expected Outcome                                 | Expected Cost (Thousand VND) |
|--|-------------|---|--|------------------------------|
| Continue turning off electrical devices when not in use        | Electricity | Reduce electricity costs                                    | Save 30 million VND/year                         | 100 – 150                    |
| Continue to use air compressors alternately outside peak hours | Electricity | Reduce electricity consumption, ensure safety for equipment | Save 30,000 kWh/year<br>Save 45 million VND/year | 100 - 200                    |

#### Plan for replacement, upgrading, and supplementing technological equipment

| Equipment Name                  | Feature Description and Location Used | Installation Method            | Reason for New Installation, Upgrade, or Replacement | Commitment and Feasibility  |
|---------------------------------|---------------------------------------|--------------------------------|--|-----------------------------|
| TJFA 458A Rough Machine         | Rough machine section                 | Upgrade                        | Improve productivity and quality                     | Investment planned for 2024 |
| Ingersoll Rand Compressor       | Compressor center                     | New installation - Replacement | Enhance productivity, save electricity               | Investment planned for 2024 |
| 21C Tube Polishing Machine      | Tube polishing process                | Upgrade                        | Improve productivity and quality                     | Investment planned for 2024 |
| TJFA 458A Rough Machine         | Rough machine section                 | Upgrade                        | Improve productivity and quality                     | Investment planned for 2024 |
| LASKMI Bobbin and Brush Machine | Bobbin joining process                | New installation               | Enhance productivity and fiber quality               | Investment planned for 2024 |
| Jingya Filter System            | Bobbin joining process                | New installation               | Enhance productivity and fiber quality               | Investment planned for 2024 |
| TJFA458 Rough Machine           | Bobbin joining process                | Upgrade                        | Enhance productivity and fiber quality               | Investment planned for 2024 |
| 21C Tube Polishing Machine      | Tube machine process                  | Upgrade                        | Enhance productivity and fiber quality               | Investment planned for 2024 |



# CORPORATE GOVERNANCE



## BOARD OF DIRECTORS

| No. | Name             | Position                                    | Own shares of HTG<br>(December 31, 2023) |                      |
|-----|------------------|---|--|----------------------|
|     |                  |   | Number of Shares                         | Ownership Percentage |
| 1   | Nguyen Duc Tri   | Chairman of the Board                       | 1,123,185                                | 3.12%                |
| 2   | Nguyen Van Hai   | Board Member,<br>General Director           | 142,056                                  | 0.39%                |
| 3   | Nguyen Ngoc Binh | Board Member,<br>Deputy General<br>Director | 273,171                                  | 0.76%                |
| 4   | Tran Tuong Anh   | Board Member,<br>Deputy General<br>Director | 236,019                                  | 0.66%                |
| 5   | Le Quoc An       | Independent Board<br>Member                 | 30,480                                   | 0.08%                |



## 2023 BUSINESS PERFORMANCE RESULTS

By the end of 2023, the export activities of Vietnam's garment sector had not yet begun to recover, and businesses continued to face many challenges. Among these, weak demand from the U.S. market, which accounts for over 40% of Vietnam's total garment export turnover, hindered the recovery and growth of Vietnamese export businesses. Additionally, some suppliers are relocating their factories to countries with cheaper labor, particularly Bangladesh, creating competitive price pressures for Vietnamese enterprise orders.

Overcoming all these difficulties and challenges, under the close direction of the Leadership of the The Vietnam National Textile and Garment Group, the determination of the Leadership, and the efforts, understanding, and support of all staff, the Corporation successfully achieved the business production targets set for 2023.



## BOARD OF DIRECTORS ACTIVITIES IN 2023

According to the resolutions of the 2023 Annual General Meeting of Shareholders, the Board of Directors developed quarterly and annual activity plans and assigned specific tasks to each member for supervising and inspecting all aspects of the Corporation's business operations. Additionally, the Board directed the Board of Management to organize and implement the resolutions of the General Meeting of Shareholders and the Board of Directors. Quarterly, the Board held meetings to review the business operations for the period, identify completed tasks, and address areas needing improvement for the upcoming period. They developed plans and solutions for the next quarter to successfully achieve the targets set by the Annual General Meeting of Shareholders for 2023.

Besides regular meetings, the Board of Directors decided on major policy issues of the Corporation through written consultations.

## BOARD OF DIRECTORS MEETINGS

In 2023, the Board of Directors held 43 meetings, including 5 in-person meetings and 38 through written consultations. Both the in-person meetings and those conducted via written feedback complied with the legal regulations and the bylaws of the Corporation.

| No. | Board Member         | Number of Meetings Attended | Attendance Rate |
|-----|----------------------|-----------------------------|-----------------|
| 1   | Mr. Nguyen Duc Tri   | 43                          | 100%            |
| 2   | Mr. Nguyen Van Hai   | 43                          | 100%            |
| 3   | Mr. Le Quoc An       | 43                          | 100%            |
| 4   | Mr. Nguyen Ngoc Binh | 43                          | 100%            |
| 5   | Ms. Tran Tuong Anh   | 43                          | 100%            |





## RESOLUTIONS OF THE BOARD OF DIRECTORS

| STT | Resolution/<br>Decision number | Date issued       | Content  | Passage<br>rate |
|-----|--------------------------------|-------------------|--|-----------------|
| 1   | 01/NQ-HDQT                     | January 3, 2023   | Summary assessment of production and business activities in 2022 and implementation of planned tasks in 2023   | 100%            |
| 2   | 02/NQ-HDQT                     | January 10, 2023  | Adjusting Resolutions on in-depth investment in the Textile industry. Reason for adjustment: Change of investment location.  | 100%            |
| 3   | 03/NQ-HDQT                     | January 10, 2023  | Agree on loan policy from Da Nang City Development Investment Fund.  | 100%            |
| 4   | 04/NQ-HDQT                     | February 2, 2023  | Agree on the policy of implementing the Hoa Tho-Trieu Phong Garment Factory project Phase 3.   | 100%            |
| 5   | 05/NQ-HDQT                     | February 10, 2023 | Policy for in-depth investment in the Garment industry phase 1 - 2023. Total investment: less than 10% of total asset value in the most recent reviewed semi-annual report.  | 100%            |
| 6   | 06/NQ-HDQT                     | February 21, 2023 | Loan policy at commercial banks. Disbursement limit: less than 10% of total asset value in the most recent reviewed semi-annual report.                                      | 100%            |
| 7   | 07/NQ-HDQT                     | February 27, 2023 | Closing the list of shareholders attending the 2023 shareholders' meeting.   | 100%            |
| 8   | 08/NQ-HDQT                     | March 14, 2023    | Investment policy in Hai Van warehouse fire protection system. Total investment: less than 10% of total asset value in the most recent reviewed semi-annual report.          | 100%            |
| 9   | 09/NQ-HDQT                     | March 20, 2023    | Policy on organizational structure and staff appointment   | 100%            |
| 10  | 10/NQ-HDQT                     | March 20, 2023    | Policy to cancel or not implement the project to renovate the factory into a washing factory   | 100%            |
| 11  | 11/NQ-HDQT                     | March 27, 2023    | Policy to adjust the progress of in-depth investment projects in the garment industry in phase 1/2023.   | 100%            |
| 12  | 12/NQ-HDQT                     | April 11, 2023    | Policy to approve the content for the Union to buy back Esop shares of employees   | 100%            |
| 13  | 13/NQ - HDQT                   | April 11, 2023    | Policy for in-depth investment in the Garment industry, Phase 2 - 2023. Total investment: less than 10% of total asset value in the most recent reviewed semi-annual report. | 100%            |
| 14  | 14/NQ-HDQT                     | April 11, 2023    | Approval of documents of the 2023 Annual General Meeting of Shareholders   | 100%            |
| 15  | 15/NQ-HDQT                     | April 11, 2023    | Preliminary assessment of production and business activities in the first quarter of 2023  | 100%            |

| STT | Resolution/<br>Decision number | Date issued     | Content   | Passage<br>rate |
|-----|--------------------------------|-----------------|---|-----------------|
| 16  | 16/NQ-HDQT                     | April 18, 2023  | Implement a plan to issue shares to distribute dividends to shareholders in 2022.   | 100%            |
| 17  | 17/NQ-HDQT                     | April 25, 2023  | Investment policy in projects according to the 2023 investment plan. Total investment: less than 10% of total asset value in the most recent reviewed semi-annual report.   | 100%            |
| 18  | 18/NQ-HDQT                     | May 5, 2023     | Approve the remuneration of the Chairman of the Board of Directors and the salaries of the General Director, Deputy General Director and the Board of Management  | 100%            |
| 19  | 19/NQ-HDQT                     | May 8, 2023     | Through the profit distribution content of Hoa Tho Mechanical Company Limited   | 100%            |
| 20  | 20/NQ-HDQT                     | May 12, 2023    | Finalize the list of shareholders to pay dividends in 2022  | 100%            |
| 21  | 21/NQ-HDQT                     | May 8, 2023     | Through signing and implementing contracts with related parties. These are transactions performed regularly over the years, the transaction limit is less than 35% of the total asset value in the most recent reviewed semi-annual report. | 100%            |
| 22  | 22/NQ-HDQT                     | May 26, 2023    | Policy of investing in new trucks for Veston Hoa Tho Garment Factory. Total investment: less than 10% of total asset value in the most recent reviewed semi-annual report.  | 100%            |
| 23  | 23/NQ-HDQT                     | June 2, 2023    | Investment policy in projects according to the 2023 investment plan. Total investment: less than 10% of total asset value in the most recent reviewed semi-annual report.   | 100%            |
| 24  | 24/NQ-HDQT                     | June 8, 2023    | Through the method of determining the reference price on the first trading day of HTG   | 100%            |
| 25  | 25/NQ-HDQT                     | June 13, 2023   | Approval of amending the charter and adjusting the Business Registration Certificate  | 100%            |
| 26  | 26/NQ-HDQT                     | July 10, 2023   | Policy of investing in automatic cutting machines for Hoa Tho Dien Ban Garment Factory. Total investment: less than 10% of total asset value in the most recent reviewed semi-annual report.  | 100%            |
| 27  | 27/NQ-HDQT                     | July 10, 2023   | Preliminary assessment of production activities in the first 6 months of 2023   | 100%            |
| 28  | 28/NQ-HDQT                     | July 18, 2023   | Approve the implementation of the 3rd phase of in-depth investment project in the Garment industry in 2023. Total investment: less than 10% of total asset value in the most recent reviewed semi-annual report.                            | 100%            |
| 29  | 29/NQ-HDQT                     | August 2, 2023  | Policy of in-depth investment in the yarn industry in 2023. Total investment: less than 10% of total asset value in the most recent reviewed semi-annual report.  | 100%            |
| 30  | 30/NQ-HDQT                     | August 16, 2023 | Implementing Hoa Tho Trieu Phong Garment Factory project Phase 3. Total investment: less than 10% of total asset value in the most recent reviewed semi-annual report.  | 100%            |
| 31  | 31/NQ-HDQT                     | August 28, 2023 | Loan policy at commercial banks. Disbursement limit: less than 10% of total asset value in the most recent reviewed semi-annual report.   | 100%            |
| 32  | 32/NQ-HDQT                     | 08/09/2023      | Implementing rooftop solar power projects. Total investment: less than 10% of total asset value in the most recent reviewed semi-annual report.   | 100%            |



| STT | Resolution/<br>Decision number | Date issued        | Content  | Passage<br>rate |
|-----|--------------------------------|--------------------|--|-----------------|
| 33  | 33/NQ-HĐQT                     | September 29, 2023 | Extend the implementation progress of the strategic consulting project.  | 100%            |
| 34  | 34/NQ-HĐQT                     | October 20, 2023   | Preliminary assessment of production and business activities in the first 9 months of 2023   | 100%            |
| 35  | 36/NQ-HĐQT                     | October 30, 2023   | Approve the offering price on the first trading day on the Ho Chi Minh City Stock Exchange   | 100%            |
| 36  | 37/NQ-HĐQT                     | November 15, 2023  | Loan policy at commercial banks.<br>Disbursement limit: less than 10% of total asset value in the most recent reviewed semi-annual report.   | 100%            |
| 37  | 38/NQ-HĐQT                     | November 30, 2023  | Policy to adjust the progress of Hoa Tho Trieu Phong Garment Factory project.  | 100%            |
| 38  | 39/NQ-HĐQT                     | December 4, 2023   | Implement advance dividends in 2023 for Corporation shareholders. Advance rate: 25%/ charter capital.  | 100%            |
| 39  | 40/NQ-HĐQT                     | December 4, 2023   | Policy to adjust the implementation progress of investment projects.   | 100%            |
| 40  | 41/NQ-HĐQT                     | December 4, 2023   | Policy on implementing the project to renovate the cutting workshop of Veston Hoa Tho Garment Factory.<br>Total investment: less than 10% of total asset value in the most recent reviewed semi-annual report. | 100%            |
| 41  | 43/NQ-HĐQT                     | December 13, 2023  | Investment policy in sewing and yarn equipment projects in 2023.<br>Total investment: less than 10% of total asset value in the most recent reviewed semi-annual report.                                       | 100%            |
| 42  | 44/NQ-HĐQT                     | December 19, 2023  | Policy to buy new trucks for Hoa Tho Dien Ban Garment Factory.<br>Total investment: less than 10% of total asset value in the most recent reviewed semi-annual report.   | 100%            |



## BOARD OF SUPERVISORS

| No. | Member                   | Position          | Start/End Date<br>as Board of<br>Supervisors Member | Professional Qualification         |
|-----|--------------------------|-------------------|---|------------------------------------|
| 1   | Ms. Nguyen Thi Kim Khanh | Head of the Board | Since April 16, 2022                                | Bachelor in Accounting and Finance |
| 2   | Mr. Nguyen Thanh Son     | Member            | Since April 16, 2022                                | Engineer in Textile Technology     |
| 3   | Mr. Vu Ngoc Tu           | Member            | Until April 15, 2023 (No longer a member)           | Bachelor in International Finance  |
| 4   | Mr. Hoang Duy Khanh      | Member            | Since April 15, 2023                                | Bachelor in Finance and Banking    |

## BOARD OF SUPERVISORS MEETINGS

| No. | Member                   | Number of<br>Meetings<br>Attended | Attendance Rate | Voting Rate | Reason for Non-<br>Attendance              |
|-----|--------------------------|-----------------------------------|-----------------|-------------|--|
| 1   | Ms. Nguyen Thi Kim Khanh | 4                                 | 100%            | 100%        | -  |
| 2   | Mr. Nguyen Thanh Son     | 4                                 | 100%            | 100%        | -  |
| 3   | Mr. Vu Ngoc Tu           | 1                                 | 100%            | 100%        | Ceased to be a member as of April 15, 2023 |
| 4   | Mr. Hoang Duy Khanh      | 3                                 | 100%            | 100%        | Became a member as of April 15, 2023       |

**ACTIVITIES OF THE BOARD OF SUPERVISORS IN 2023**

The Board of Supervisors of Hoa Tho Textile Corporation comprises three members and operates based on their established regulations. In 2023, the Board of Supervisors carried out inspection and monitoring tasks across the Corporation, its subsidiaries, and affiliated units, assigning specific monitoring responsibilities to each member based on their expertise.

- Following the resolutions of the annual shareholders' meeting and the Board of Directors, the Board of Supervisors conducted oversight and evaluations of the Board's and the Board of Management's implementation of the resolutions passed at the 2023 shareholders' meeting
- Ensured the protection of legal interests for employees, balancing their interests with those of the shareholders and the Corporation.
- The Board of Supervisors supervised the internal control department's activities, regularly collaborated with them to review and implement regulations, assessed the effectiveness of the internal control system, and issued early warnings of potential risks to minimize risks for the Corporation.
- Reviewed the Corporation's business operations and financial statements for 2022, and reported on the monitoring results of the 2022 business activities to the annual shareholders' meeting in 2023.
- Conducted financial inspections for 2023, supervising the recording of accounts, and evaluated the accuracy, legality, and honesty of accounting, statistical work, and financial reporting. Reviewed the quarterly financial statements of 2023 to assess the fairness and accuracy of the financial data in accordance with current accounting standards and financial policies.
- Board of Supervisors members attended all Board meetings to stay informed about business operations, investment activities, and contributed opinions and recommendations to the Board and the Board of Management within their assigned responsibilities and authority.
- The Board of Supervisors held quarterly meetings with all members present, where they discussed the Board of Supervisors's evaluation reports on the Corporation's quarterly business operations in 2023 and the Board of Supervisors's report at the 2023 annual shareholders' meeting.



| No. | Content   | Meeting date     | Detailed content   | Result  |
|-----|-----------|------------------|--|---|
| 1   | Meeting 1 | March 1, 2023    | Reviewed the Corporation's business operations for the year 2022 presented at the 2023 General Meeting of Shareholders. Reviewed the Corporation's business operations for the first three months of 2023. | All three members strongly agreed on the contents |
| 2   | Meeting 2 | May 10, 2023     | Selected an independent auditing firm to audit the financial statements for the year 2023  | All three members strongly agreed on the contents |
| 3   | Meeting 3 | June 26, 2023    | Reviewed the Corporation's business operations for the first half of 2023.   | All three members strongly agreed on the contents |
| 4   | Meeting 4 | October 10, 2023 | Reviewed the Corporation's business operations for the first nine months of 2023   | All three members strongly agreed on the contents |

**ASSESSMENT OF THE BOARD OF DIRECTORS' ACTIVITIES**

In 2023, as the economy faced both recovery challenges and economic and political instabilities, the business operations of the Corporation were negatively impacted by factors such as high inflation, reduced selling prices, smaller orders, and fast deliveries. However, with the detailed guidance of the Board of Directors, Board of Management implemented various appropriate measures aligned with the reality of the Corporation, achieving results that exceeded the planned business operations targets set for 2023.

The Board of Directors held quarterly meetings as stipulated by the corporate charter. The Board of Supervisors assessed the Board of Directors' activities throughout the year to be in compliance with legal regulations, adhering properly to rules and operational protocols, and meeting the business and production needs of the Corporation.



### BOARD OF SUPERVISORS'S ASSESSMENT OF BUSINESS OPERATIONS AND FINANCIAL CONDITION

The Board of Supervisors highly praised the business results of the Corporation. Overall, despite the difficulties faced in 2023 which significantly impacted the Yarn industry, the financial situation remained stable and healthy. The liquidity ratios of the Corporation are at a safe level, ensuring the capability to meet short-term liabilities.

### RESULTS OF THE BOARD OF SUPERVISORS'S OVERSIGHT OF THE ACTIVITIES OF THE BOARD OF DIRECTORS, BOARD OF GENERAL DIRECTORS, AND COMPANY MANAGEMENT BOARD IN 2023

In 2023, the Vietnamese Textile and Garment industry and the Corporation, in particular, faced significant challenges that negatively impacted the effectiveness of the Corporation's business operations. Despite these challenges, the Board of Directors provided constant guidance, supervision, and support to the Board of Management across all activities of the Corporation, leading to the comprehensive fulfillment of the planned business objectives.

The Board of Management of the Corporation, united in spirit and with high consensus, implemented various measures suitable to the actual conditions of the Corporation's operations. These included enhancing product quality control, improving customer service quality, organizing production to maximize productivity, and ensuring a balanced capital supply for business operations and investments. As a result, production stability was maintained, employment was created, and income levels were preserved to retain the workforce.



### EVALUATION OF THE COORDINATION BETWEEN THE BOARD OF SUPERVISORS, BOARD OF DIRECTORS, BOARD OF MANAGEMENT, AND SHAREHOLDERS

Throughout 2023, the Board of Supervisors was regularly invited to participate in the Board of Directors' meetings and was actively involved in evaluating the operational and business performance of the Corporation. They provided recommendations to the Board of Directors and the Board of Management on issues that required attention. All recommendations from the Board of Supervisors were acknowledged and implemented.

The relationship between the Board of Supervisors, Board of Directors, Board of Management, and management staff was maintained as a collaborative and closely coordinated partnership, rooted in the principle of advancing the collective interests of the Corporation and its shareholders while strictly adhering to legal regulations, the Corporation's charter, and internal regulations.

The Board of Directors and Board of Management exercised their authority and responsibilities with a high sense of accountability. They regularly communicated to discuss solutions to challenges with a focus on the collective benefits for the Corporation, its shareholders, and its employees. Consequently, they effectively achieved a comprehensive fulfillment of the goals and tasks set forth by the Annual General Meeting of Shareholders for the year 2023.

### RECOMMENDATIONS AND OPERATIONAL DIRECTIONS FOR THE BOARD OF SUPERVISORS FOR 2024

In 2024, the Board of Supervisors will continue to focus on overseeing the activities of the Board of Directors and the Board of Management to ensure the implementation of planned activities in accordance with legal regulations, the corporate charter, and internal policies of the Corporation.

The Board of Supervisors recommends the following actions:

- Continue to prioritize market operations, exploit supply sources, and provide sufficient production capacity. Develop the yarn industry towards stability and efficiency. The textile industry should continue to maintain key customers, specialize in specific product lines, and improve production effectiveness linked to business efficiency.
- Concentrate on production innovations to increase productivity and improve customer service quality. Standardize the production system and quality management system to enhance product quality.
- Implement major investment projects, focusing on in-depth equipment investments to meet the flexible production requirements of the units, enhance digital transformation, and apply technology in production and management.
- Strengthen management of cash flows, inventories, and receivables to ensure sufficient working capital needs. Provide early warnings to maintain and further improve financial indicators and financial risk ratings, aiming to lead in financial criteria according to the group's rankings.
- Focus more on employee welfare and promote compliance with traffic safety among employees during the Lunar New Year and the spring festival of Giap Thin in 2024.
- Strengthen the role of internal control and risk management to identify and minimize negative impacts on the operational effectiveness of the Corporation.



## BOARD OF MANAGEMENT

| No. | Name and Position                                  | Date of Birth      | Degree  | Date Appointed to the Board of Management |
|-----|--|--------------------|---|---|
| 1   | Mr. Nguyen Van Hai<br>(General Director)           | December 12, 1965  | Master of Business Administration                 | August 1, 2020                            |
| 2   | Ms. Tran Tuong Anh<br>(Deputy General Director)    | April 4, 1968      | Bachelor of Business Administration               | July 21, 2014                             |
| 3   | Mr. Nguyen Ngoc Binh<br>(Deputy General Director)  | May 10, 1976       | Master of Business Administration                 | July 21, 2014                             |
| 4   | Ms. Hoang Thuy Oanh<br>(Deputy General Director)   | February 6, 1977   | Master of Business Administration                 | July 21, 2014                             |
| 5   | Ms. Tran Thi Hoa Chau<br>(Deputy General Director) | October 10, 1980   | Bachelor of Foreign Languages                     | August 1, 2020                            |
| 6   | Mr. Pham Ngoc Trung<br>(Executive Director)        | May 1, 1978        | Bachelor of Economics - Business Administration   | July 21, 2014                             |
| 7   | Mr. Phan Quang Long<br>(Executive Director)        | May 15, 1970       | Bachelor of Economics - Finance and Accounting    | January 2, 2016                           |
| 8   | Mr. Nguyen Phuoc Hoang<br>(Executive Director)     | October 29, 1969   | Bachelor of Economics                             | August 1, 2020                            |
| 9   | Mr. Nguyen Van Cuong<br>(Executive Director)       | January 24, 1966   | Bachelor of Accounting                            | January 1, 2020                           |
| 10  | Ms. Nguyen Thi Thu Trang<br>(Executive Director)   | September 19, 1985 | Master of Business Administration                 | April 6, 2023                             |
| 11  | Ms. Nguyen Thi Minh Hang<br>(Executive Director)   | December 11, 1989  | Bachelor of International Business Administration | April 6, 2023                             |

| Full Name                 | Date of Birth    | Degree                 | Appointment Date |
|---------------------------|------------------|------------------------|------------------|
| Ms. Nguyen Thi Tuong Long | January 21, 1983 | Bachelor of Accounting | July 1, 2020     |

## ACTIVITIES OF THE BOARD OF DIRECTORS TOWARDS THE BOARD OF MANAGEMENT

The Board of Directors (BOD) supervises the Board of Management through regular weekly and monthly plans to work directly with the production units and business departments to grasp the business operation situations. Supervision is also carried out through the activities of the Corporation's internal control department.

Following the supervision, the Board of Directors issued documents requiring the General Director to immediately implement solutions to address existing issues, boost production, and enhance the business efficiency of the member units. The Board of Directors highly appreciates the unity, responsible attitude, scientific working spirit, and high determination of the Board of Management of the Corporation, successfully fulfilling the strategic tasks and resolutions of the 2023 Annual General Meeting and resolutions set forth by the Board of Directors.



**TRANSACTIONS, REMUNERATIONS, AND BENEFITS OF THE BOARD OF DIRECTORS, BOARD OF MANAGEMENT, AND BOARD OF SUPERVISORS**

| No.                     | Member                        | Remuneration (VND) | Salary (VND)  | Bonus (VND) |
|-------------------------|-------------------------------|--------------------|---------------|-------------|
| I BOARD OF DIRECTORS    |                               |                    |               |             |
| 1                       | Chairman of the Board         | -                  | 2,062,572,055 | 611,111,111 |
| 2                       | Board Member 1                | 93,333,328         | -             | -           |
| 3                       | Board Member 2                | 93,333,328         | -             | -           |
| 4                       | Board Member 3                | 266,666,664        | -             | 66,666,667  |
| 5                       | Board Member 4                | 93,333,328         | -             | -           |
| II BOARD OF SUPERVISORS |                               |                    |               |             |
| 1                       | Head of Board of Supervisors  | -                  | 479,398,495   | 66,666,667  |
| 2                       | Board of Supervisors Member 1 | 39,999,998         | -             | -           |
| 3                       | Board of Supervisors Member 2 | 28,333,333         | -             | -           |
| 4                       | Board of Supervisors Member 3 | 11,666,666         | -             | -           |
| III BOARD OF MANAGEMENT |                               |                    |               |             |
| 1                       | General Director              | -                  | 1,643,867,557 | 466,666,667 |
| 2                       | Board of Management Member 1  | -                  | 1,137,771,066 | 311,111,111 |
| 3                       | Board of Management Member 2  | -                  | 1,138,257,570 | 311,111,111 |
| 4                       | Board of Management Member 3  | -                  | 1,137,269,175 | 311,111,111 |
| 5                       | Board of Management Member 4  | -                  | 1,021,926,903 | 311,111,111 |
| 6                       | Board of Management Member 5  | -                  | 797,547,153   | 258,109,259 |
| 7                       | Board of Management Member 6  | -                  | 851,503,467   | 233,333,333 |
| 8                       | Board of Management Member 7  | -                  | 938,348,953   | 233,333,333 |
| 9                       | Board of Management Member 8  | -                  | 813,852,849   | 233,333,333 |
| 10                      | Board of Management Member 9  | -                  | 699,267,831   | 66,666,667  |
| 11                      | Board of Management Member 10 | -                  | 711,855,334   | 66,666,667  |
| 12                      | Chief Accountant              | -                  | 801,626,951   | 133,333,333 |



**TRANSACTIONS, REMUNERATIONS, AND BENEFITS OF THE BOARD OF DIRECTORS, BOARD OF MANAGEMENT, AND BOARD OF SUPERVISORS**

| No. | The person performing the transaction                        | Position/<br>Relationship with<br>internal people | Number of shares owned at the beginning of the period |        | Number of shares owned at the end of the period |        | Reasons for increase or decrease    |
|-----|--|---|---|--------|---|--------|-------------------------------------|
|     |  |   | Number of shares                                      | Ratio  | Number of shares                                | Ratio  |                                     |
| 1   | Vietnam Textile Corporation                                  |   | 18,561,838  | 61.87% | 22,274,205                                      | 61.87% | Receive 2022 dividends in shares    |
| 2   | Union of Hoa Tho Textile and Garment Joint Stock Corporation |   | 333,306   | 1.11%  | 413,227   | 1.14%  | Receive 2022 dividends in shares    |
| 3   | Mr. Nguyen Duc Tri   | Insider   | 935,988   | 3.12%  | 1,123,185                                       | 3.12%  | Receive 2022 dividends in shares    |
| -   | Pham Thi My  | Wife  | 231,825   | 0.77%  | 278,190   | 0.77%  | Receive 2022 dividends in shares    |
| -   | Nguyen Pham My Duyen   | Daughter  | 25,000  | 0.08%  | 30,000  | 0.08%  | Receive 2022 dividends in shares    |
| -   | Nguyen Duc Thinh   | Son   | 25,000  | 0.08%  | 30,000  | 0.08%  | Receive 2022 dividends in shares    |
| 4   | Le Quoc An   |   | 25,400  | 0.08%  | 30,480  | 0.08%  | Receive 2022 dividends in shares    |
| 5   | Nguyen Van Hai   |   | 118,380   | 0.39%  | 142,056   | 0.39%  | Receive 2022 dividends in shares    |
| 6   | Tran Tuong Anh   |   | 196,683   | 0.66%  | 236,019   | 0.66%  | Receive 2022 dividends in shares    |
| -   | Tran Tuong   | Father  | 2,270   | 0.01%  | 2,724   | 0.01%  | Receive 2022 dividends in shares    |
| -   | Le Bao Ngoc  | Daughter  | 960   | 0.00%  | 1,152   | 0.00%  | Buy matching orders on the Exchange |
| -   | Cao Huu Duc  | Son-in-law  | 1,524   | 0.01%  | 1,828   | 0.01%  | Buy matching orders on the Exchange |
| 7   | Nguyen Ngoc Binh   |   | 227,643   | 0.76%  | 273,171   | 0.76%  | Receive 2022 dividends in shares    |
| 8   | Hoang Thuy Oanh  |   | 156,640   | 0.52%  | 187,968   | 0.52%  | Receive 2022 dividends in shares    |
| 9   | Tran Thi Hoa Chau  |   | 99,339  | 0.33%  | 119,206   | 0.33%  | Receive 2022 dividends in shares    |
| 10  | Phan Quang Long  |   | 116,833   | 0.39%  | 140,199   | 0.39%  | Receive 2022 dividends in shares    |
| -   | Phan Thi Phuong  | Older sister                                      | 5,580   | 0.02%  | 6,696   | 0.02%  | Receive 2022 dividends in shares    |
| 11  | Pham Ngoc Trung  |   | 115,525   | 0.39%  | 138,630   | 0.39%  | Receive 2022 dividends in shares    |
| 12  | Nguyen Phuoc Hoang   |   | 44,618  | 0.15%  | 53,541  | 0.15%  | Receive 2022 dividends in shares    |

**TRANSACTIONS, REMUNERATIONS, AND BENEFITS OF THE BOARD OF DIRECTORS, BOARD OF MANAGEMENT, AND BOARD OF SUPERVISORS**

| No. | The person performing the transaction | Position/ Relationship with internal people | Number of shares owned at the beginning of the period |       | Number of shares owned at the end of the period |       | Reasons for increase or decrease |
|-----|---------------------------------------|---|---|-------|---|-------|----------------------------------|
|     |                                       |   | Number of shares                                      | Ratio | Number of shares                                | Ratio |                                  |
| 13  | Nguyen Van Cuong                      |   | 79,662  | 0.27% | 9,594   | 0.27% | Receive 2022 dividends in shares |
| -   | Le Thi Bich Man                       | Wife  | 6,850   | 0.02% | 8,220   | 0.02% | Receive 2022 dividends in shares |
| -   | Nguyen Thi Hoang Nghia                | Sister-in-law                               | 21,479  | 0.07% | 25,774  | 0.07% | Receive 2022 dividends in shares |
| 14  | Nguyen Thi Thu Trang                  |   | 17,128  | 0.06% | 20,553  | 0.06% | Receive 2022 dividends in shares |
| 15  | Nguyen Thi Minh Hang                  |   | 36,211  | 0.12% | 43,453  | 0.12% | Receive 2022 dividends in shares |
| 16  | Nguyen Thi Tuong Long                 |   | 45,275  | 0.15% | 54,330  | 0.15% | Receive 2022 dividends in shares |
| 17  | Nguyen Thi Kim Khanh                  |   | 67,100  | 0.22% | 80,520  | 0.22% | Receive 2022 dividends in shares |
| 18  | Nguyen Thanh Son                      |   | 98,150  | 0.33% | 117,780   | 0.33% | Receive 2022 dividends in shares |

In the fiscal year ending December 31, 2023, economic transactions between Hoa Tho with internal people and related parties were presented in the 2023 Corporate Governance Report.

## TRANSACTIONS, REMUNERATIONS, AND BENEFITS OF THE BOARD OF DIRECTORS, BOARD OF MANAGEMENT, AND BOARD OF SUPERVISORS

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

| No. | Name of organization/ individual                | Relevant relationship with the company          | Time of transaction with the Company | Number of Resolutions/ Decisions passed by the General Meeting of Shareholders/Board of Directors... | Content, quantity, total transaction value  |
|-----|---|---|--------------------------------------|--|---|
| 1   | Vietnam Textile Corporation                     | Major shareholder – Parent company              | 2023                                 | Resolution No. 21/ NQ-HĐQT dated May 8, 2023   | - Property rental, sales agency,<br>- Re-lending transactions on ADB loans                            |
| 2   | Hoa Tho - Duy Xuyen Garment Joint Stock Company | Subsidiaries; Relevant organization of insiders | 2023                                 | Resolution No. 21/ NQ-HĐQT dated May 8, 2023   | Processing garments, renting assets, buying and selling goods, materials, and machinery and equipment |
| 3   | Hoa Tho Garment Joint Stock Company - Hoi An    | Subsidiaries; Relevant organization of insiders | 2023                                 | Resolution No. 21/ NQ-HĐQT dated May 8, 2023   | Processing garments, renting assets, buying and selling goods, materials, and machinery and equipment |
| 4   | Hoa Tho Mechanical Construction Company Limited | Subsidiaries; Relevant organization of insiders | 2023                                 | Resolution No. 21/ NQ-HĐQT dated May 8, 2023   | Mechanical processing, construction, trading of goods   |
| 5   | Hoa Tho - Thang Binh Fiber Joint Stock Company  | Subsidiaries; Relevant organization of insiders | 2023                                 | Resolution No. 21/ NQ-HĐQT dated May 8, 2023   | Buy and sell cotton, fiber and yarn; buying and selling goods, machinery and equipment                |
| 6   | Hoa Tho Fashion Joint Stock Company             | Subsidiaries; Relevant organization of insiders | 2023                                 | Resolution No. 21/ NQ-HĐQT dated May 8, 2023   | Sales agent, buying and selling goods   |
| 7   | Hoa Tho Garment Joint Stock Company - Phu Ninh  | Relevant organization of insiders               | 2023                                 | Resolution No. 21/ NQ-HĐQT dated May 8, 2023   | Processing garments, renting assets, buying and selling goods, materials, and machinery and equipment |
| 8   | Hoa Tho Garment Joint Stock Company - Quang Nam | Relevant organization of insiders               | 2023                                 | Resolution No. 21/ NQ-HĐQT dated May 8, 2023   | Processing garments, renting assets, buying and selling goods, materials, and machinery and equipment |
| 9   | Hue Textile and Garment Joint Stock Company     | Relevant organization of insiders               | 2023                                 | Resolution No. 21/ NQ-HĐQT dated May 8, 2023   | Sales agent, buying and selling goods   |

Transactions between the Company and the Company where related persons of members of the Board of Directors, members of the Board of Supervisors, Director (General Director) and other managers are members of the Board of Directors, Director (General Director) manage

| STT | Name of organization/ individual                 | Relevant relationship with the company  | Time of transaction with the Company | Number of Resolutions/ Decisions passed by the General Meeting of Shareholders/Board of Directors... | Content, quantity, total transaction value |
|-----|--|---|--------------------------------------|--|--|
| 1   | Thien Tin Production and Trading Company Limited | Ms. Pham Thi My, wife of Mr. Nguyen Duc Tri - Chairman of the Board of Directors is the Director of the Company | 2023                                 | Resolution No. 21/ NQ-HĐQT dated May 8, 2023   | Garment embroidery processing              |

## TRANSACTIONS, REMUNERATIONS, AND BENEFITS OF THE BOARD OF DIRECTORS, BOARD OF MANAGEMENT, AND BOARD OF SUPERVISORS

Transactions between the Company and the Company in which members of the Board of Directors, members of the Board of Supervisors, General Director and other managers have been and are founding members or members of the Board of Directors or General Director for a period of 03 years come back here.

| STT | Name of organization/individual                 | Relevant relationship with the company  | Time of transaction with the Company | Number of Resolutions/Decisions passed by the General Meeting of Shareholders/Board of Directors... | Content, quantity, total transaction value  |
|-----|---|---|--------------------------------------|---|---|
| 1   | Hoa Tho - Duy Xuyen Garment Joint Stock Company | Subsidiaries; Ms. Hoang Thuy Oanh - Deputy General Director and Mr. Nguyen Van Cuong, Executive Director are the Chairman and members of the Board of Directors of the Company; Ms. Nguyen Thi Kim Khanh - Head of the Board of Supervisors is currently the Head of the Company's Board of Supervisors | 2023                                 | Resolution No. 21/NQ-HDQT dated May 8, 2023   | Processing garments, renting assets, buying and selling goods, materials, and machinery and equipment |
| 2   | Hoa Tho Garment Joint Stock Company - Hoi An    | Subsidiaries; Ms. Tran Thi Hoa Chau - Deputy General Director and Nguyen Thi Tuong Long - Chief Accountant are currently the Chairman and members of the Board of Directors of the Company.   | 2023                                 | Resolution No. 21/NQ-HDQT dated May 8, 2023   | Processing garments, renting assets, buying and selling goods, materials, and machinery and equipment |
| 3   | Hoa Tho Mechanical Construction Company Limited | Subsidiaries; Mr. Nguyen Ngoc Binh, Member of the Board of Directors, Deputy General Director is Chairman of the Board of Members of the Company  | 2023                                 | Resolution No. 21/NQ-HDQT dated May 8, 2023   | Mechanical processing, construction, trading of goods   |
| 4   | Hoa Tho - Thang Binh Fiber Joint Stock Company  | Subsidiaries; Mr. Nguyen Ngoc Binh, Member of the Board of Directors, Deputy General Director and Mr. Nguyen Van Cuong, Executive Director are Chairman of the Board of Directors and Member of the Board of Directors of the Company.  | 2023                                 | Resolution No. 21/NQ-HDQT dated May 8, 2023   | Buy and sell cotton, fiber and yarn; buying and selling goods, machinery and equipment                |
| 5   | Hoa Tho Fashion Joint Stock Company             | Subsidiaries; Mr. Nguyen Van Cuong, Executive Director, is the Chairman of the Board of Directors and Ms. Nguyen Thi Tuong Long - Chief Accountant is the Head of the Company's Board of Supervisors.   | 2023                                 | Resolution No. 21/NQ-HDQT dated May 8, 2023   | Sales agent, buying and selling goods   |
| 6   | Hoa Tho Garment Joint Stock Company - Phu Ninh  | Associated Company; Mr. Pham Ngoc Trung - Executive Director is currently Chairman of the Board of Directors of the Company   | 2023                                 | Resolution No. 21/NQ-HDQT dated May 8, 2023   | Processing garments, renting assets, buying and selling goods, materials, and machinery and equipment |
| 7   | Hoa Tho Garment Joint Stock Company - Quang Nam | Associated Company; Mr. Nguyen Duc Tri - Chairman of the Board of Directors is the Chairman of the Board of Directors of the Company and Mr. Nguyen Van Cuong - Executive Director is the Head of the Company's Board of Supervisors.   | 2023                                 | Resolution No. 21/NQ-HDQT dated May 8, 2023   | Processing garments, renting assets, buying and selling goods, materials, and machinery and equipment |
| 8   | Hue Textile and Garment Joint Stock Company     | Mr. Nguyen Duc Tri, Chairman of the Board of Directors and Mr. Nguyen Ngoc Binh - Member of the Board of Directors are currently Chairman and Member of the Board of Directors of the Company   | 2023                                 | Resolution No. 21/NQ-HDQT dated May 8, 2023   | Sales agent, buying and selling goods   |

8

FINANCIAL  
STATEMENTS





**Hoa Tho Textile-Garment Joint Stock Corporation**

Consolidated Financial Statements for  
the year ended 31 December 2023



**Hoa Tho Textile-Garment Joint Stock Corporation  
Corporate Information**

**Enterprise Registration**

**Certificate No.** 0400101556 30 January 2007

The Enterprise Registration Certificate of the Corporation has been amended several times, the most recent of which is Enterprise Registration Certificate No. 0400101556 dated 19 June 2023. The Enterprise Registration Certificate was issued by the Da Nang Department of Planning and Investment.

|                            |                      |          |
|----------------------------|----------------------|----------|
| <b>Board of Management</b> | Mr. Nguyen Duc Tri   | Chairman |
|                            | Ms. Tran Tuong Anh   | Member   |
|                            | Mr. Nguyen Ngoc Binh | Member   |
|                            | Mr. Le Quoc An       | Member   |
|                            | Mr. Nguyen Van Hai   | Member   |

|                          |                          |  |
|--------------------------|--------------------------|--|
| <b>Supervisory Board</b> | Ms. Nguyen Thi Kim Khanh | Head of Board                          |
|                          | Mr. Nguyen Thanh Son     | Member                                 |
|                          | Mr. Hoang Duy Khanh      | Member<br><i>(from 15 April 2023)</i>  |
|                          | Mr. Vu Ngoc Tu           | Member<br><i>(until 14 April 2023)</i> |

|                           |                           |   |
|---------------------------|---------------------------|---|
| <b>Board of Directors</b> | Mr. Nguyen Van Hai        | General Director                                |
|                           | Ms. Hoang Thuy Oanh       | Deputy General Director                         |
|                           | Ms. Tran Tuong Anh        | Deputy General Director                         |
|                           | Mr. Nguyen Ngoc Binh      | Deputy General Director                         |
|                           | Ms. Tran Thi Hoa Chau     | Deputy General Director                         |
|                           | Mr. Phan Ngoc Trung       | Managing Director                               |
|                           | Mr. Phan Quang Long       | Managing Director                               |
|                           | Mr. Nguyen Phuoc Hoang    | Managing Director                               |
|                           | Mr. Nguyen Van Cuong      | Managing Director                               |
|                           | Ms. Nguyen Thi Minh Hang  | Managing Director<br><i>(from 6 April 2023)</i> |
|                           | Ms. Nguyen Thi Thu Trang  | Managing Director<br><i>(from 6 April 2023)</i> |
|                           | Ms. Nguyen Thi Tuong Long | Chief Accountant                                |

**Registered Office**  
36 Ong Ich Duong Street  
Hoa Tho Dong Ward, Cam Le District  
Da Nang City  
Vietnam

**Auditor**  
KPMG Limited  
Vietnam

## Hoa Tho Textile-Garment Joint Stock Corporation Statement of the Board of Directors

The Board of Directors of Hoa Tho Textile-Garment Joint Stock Corporation (“the Corporation”) presents this statement and the accompanying consolidated financial statements of the Corporation for the year ended 31 December 2023.

The Corporation’s Board of Directors is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with Vietnamese Accounting Standards, the Vietnamese Accounting System for Enterprises and the relevant statutory requirements applicable to financial reporting. In the opinion of the Board of Directors:

- (a) the consolidated financial statements set out on pages 5 to 57 give a true and fair view of the consolidated financial position of the Corporation as at 31 December 2023, and of its consolidated results of operations and consolidated cash flows for the year then ended in accordance with Vietnamese Accounting Standards, the Vietnamese Accounting System for Enterprises and the relevant statutory requirements applicable to financial reporting; and
- (b) at the date of this statement, there are no reasons to believe that the Corporation will not be able to pay its debts as and when they fall due.

The Board of Directors has, on the date of this statement, authorised the accompanying consolidated financial statements for issue.

On behalf of the Board of Directors



Nguyen Van Hai  
General Director

Da Nang, 6 March 2024



KPMG Limited  
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E6 Pham Hung Street, Me Tri Ward  
South Tu Liem District, Hanoi, Vietnam  
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### INDEPENDENT AUDITOR’S REPORT

#### To the Shareholders Hoa Tho Textile-Garment Joint Stock Corporation

We have audited the accompanying consolidated financial statements of Hoa Tho Textile-Garment Joint Stock Corporation (“the Corporation”), which comprise the consolidated balance sheet as at 31 December 2023, the consolidated statements of income and cash flows for the year then ended and the explanatory notes thereto which were authorised for issue by the Corporation’s Board of Directors on 6 March 2024, as set out on pages 5 to 57.

#### Management’s Responsibility

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

#### Auditor’s Responsibility

Our responsibility is to express an opinion on 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 of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor’s judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Corporation’s preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Corporation’s internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Corporation’s Board of Directors, as well as evaluating the overall presentation of the financial statements.

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

KPMG Limited, a Vietnamese one member limited liability company and a member firm of the KPMG global organization of independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee. All rights reserved.



### Auditors' Opinion

In our opinion, the consolidated financial statements give a true and fair view, in all material respects, of the consolidated financial position of Hoa Tho Textile-Garment Joint Stock Corporation as at 31 December 2023 and of its consolidated results of operations and its consolidated cash flows for the year then ended in accordance with Vietnamese Accounting Standards, the Vietnamese Accounting System for Enterprises and the relevant statutory requirements applicable to financial reporting.

### Emphasis of matter – comparative information

As described in Note 42 to the consolidated financial statements, comparative information as at 1 January 2023 and for the year ended 31 December 2022 have been restated in accordance with the audit results announced by the State Auditor of Vietnam in the Audit report on the financial statements, and relevant activities relating to the management and the use of State-owned capitals and assets for the year 2022 of Vietnam National Textile and Garment Group (the parent company of the Corporation) and the Announcement No. 126/TB-KTNN dated 2 February 2024 sent to Hoa Tho Textile-Garment Joint Stock Corporation. Our auditors' opinion is not modified in respect of this matter.

### KPMG Limited

Vietnam

Audit Report No. 23-04-00013-24-2



Truong Vinh Phuc  
Practicing Auditor Registration  
Certificate No. 1901-2023-007-1  
Deputy General Director

Hanoi, 6 March 2024

Truong Tuyet Mai  
Practicing Auditor Registration  
Certificate No.2594-2024-007-1



### Hoa Tho Textile-Garment Joint Stock Corporation Consolidated balance sheet as at 31 December 2023

Form B 01 – DN/HN

(Issued under Circular No. 202/2014/TT-BTC dated 22/12/2014 of the Ministry of Finance)

|  | Code       | Note      | 31/12/2023<br>VND        | 1/1/2023<br>VND<br>Restated |
|--|------------|-----------|--------------------------|-----------------------------|
| <b>ASSETS</b>  |            |           |                          |                             |
| <b>Current assets</b><br>(100 = 110 + 120 + 130 + 140 + 150) | <b>100</b> |           | <b>1,761,375,593,537</b> | <b>1,619,067,077,803</b>    |
| <b>Cash and cash equivalents</b>                             | <b>110</b> | <b>5</b>  | <b>210,985,575,944</b>   | <b>24,500,930,736</b>       |
| Cash   | 111        |           | 13,763,575,944           | 17,500,930,736              |
| Cash equivalents   | 112        |           | 197,222,000,000          | 7,000,000,000               |
| <b>Short-term financial investments</b>                      | <b>120</b> |           | <b>176,606,702,730</b>   | <b>139,255,000,000</b>      |
| Held-to-maturity investments                                 | 123        | 6(a)      | 176,606,702,730          | 139,255,000,000             |
| <b>Accounts receivable – short-term</b>                      | <b>130</b> |           | <b>538,886,472,472</b>   | <b>498,202,931,728</b>      |
| Accounts receivable from customers                           | 131        | 7         | 515,334,151,341          | 481,469,304,248             |
| Prepayments to suppliers                                     | 132        |           | 15,141,926,365           | 13,934,866,168              |
| Loans receivable   | 135        | 8(b)      | 2,342,860,000            | 2,751,260,000               |
| Other receivables  | 136        | 9(a)      | 11,777,524,112           | 5,757,490,658               |
| Allowance for doubtful debts                                 | 137        | 10        | (5,709,989,346)          | (5,709,989,346)             |
| <b>Inventories</b>   | <b>140</b> | <b>11</b> | <b>765,957,784,829</b>   | <b>912,622,775,247</b>      |
| Inventories  | 141        |           | 776,023,985,593          | 954,658,679,650             |
| Allowance for inventories                                    | 149        |           | (10,066,200,764)         | (42,035,904,403)            |
| <b>Other current assets</b>                                  | <b>150</b> |           | <b>68,939,057,562</b>    | <b>44,485,440,092</b>       |
| Short-term prepaid expenses                                  | 151        | 15(a)     | 13,000,500,880           | 9,527,827,412               |
| Deductible value added tax                                   | 152        |           | 52,278,789,960           | 34,953,346,976              |
| Taxes and others receivable from State Treasury              | 153        | 18(a)     | 3,659,766,722            | 4,265,704                   |

The accompanying notes are an integral part of these consolidated financial statements

**Hoa Tho Textile-Garment Joint Stock Corporation**  
**Consolidated balance sheet as at 31 December 2023 (continued)**

Form B 01 – DN/HN  
 (Issued under Circular No. 202/2014/TT-BTC  
 dated 22/12/2014 of the Ministry of Finance)

|   | Code       | Note  | 31/12/2023<br>VND        | 1/1/2023<br>VND<br>Restated |
|---|------------|-------|--------------------------|-----------------------------|
| <b>Long-term assets</b><br><b>(200 = 210 + 220 + 240 + 250 + 260)</b>       | <b>200</b> |       | <b>746,345,151,927</b>   | <b>794,059,324,512</b>      |
| <b>Accounts receivable – long-term</b>                                      | <b>210</b> |       | <b>5,698,452,545</b>     | <b>10,651,446,545</b>       |
| Loans receivable – long-term  | 215        | 8(b)  | 4,685,720,000            | 7,614,280,000               |
| Other long-term receivables   | 216        | 9(b)  | 1,012,732,545            | 3,037,166,545               |
| <b>Fixed assets</b>   | <b>220</b> |       | <b>665,744,250,468</b>   | <b>702,843,197,952</b>      |
| Tangible fixed assets   | 221        | 12    | 663,880,001,252          | 700,375,819,420             |
| Cost  | 222        |       | 2,039,265,934,388        | 1,984,326,610,724           |
| Accumulated depreciation  | 223        |       | (1,375,385,933,136)      | (1,283,950,791,304)         |
| Intangible fixed assets   | 227        | 13    | 1,864,249,216            | 2,467,378,532               |
| Cost  | 228        |       | 12,780,311,016           | 12,593,614,322              |
| Accumulated amortisation  | 229        |       | (10,916,061,800)         | (10,126,235,790)            |
| <b>Long-term work in progress</b>   | <b>240</b> |       | <b>921,944,983</b>       | <b>17,435,128,396</b>       |
| Construction in progress  | 242        | 14    | 921,944,983              | 17,435,128,396              |
| <b>Long-term financial investments</b>                                      | <b>250</b> |       | <b>26,116,541,850</b>    | <b>16,359,634,355</b>       |
| Investments in associates   | 252        | 6(b)  | 17,166,518,501           | 15,409,611,006              |
| Equity investments in other entities  | 253        | 6(b)  | 7,755,702,000            | 7,755,702,000               |
| Allowance for diminution in the value<br>of long-term financial investments | 254        | 6(b)  | (6,805,678,651)          | (6,805,678,651)             |
| Held-to-maturity investments  | 255        | 6(a)  | 8,000,000,000            | -                           |
| <b>Other long-term assets</b>   | <b>260</b> |       | <b>47,863,962,081</b>    | <b>46,769,917,264</b>       |
| Long-term prepaid expenses  | 261        | 15(b) | 45,561,989,804           | 41,043,750,562              |
| Deferred tax assets   | 262        | 16    | 2,301,972,277            | 5,726,166,702               |
| <b>TOTAL ASSETS (270 = 100 + 200)</b>                                       | <b>270</b> |       | <b>2,507,720,745,464</b> | <b>2,413,126,402,315</b>    |

**Hoa Tho Textile-Garment Joint Stock Corporation**  
**Consolidated balance sheet as at 31 December 2023 (continued)**

Form B 01 – DN/HN  
 (Issued under Circular No. 202/2014/TT-BTC  
 dated 22/12/2014 of the Ministry of Finance)

|  | Code       | Note      | 31/12/2023<br>VND        | 1/1/2023<br>VND<br>Restated |
|--|------------|-----------|--------------------------|-----------------------------|
| <b>RESOURCES</b>                                   |            |           |                          |                             |
| <b>LIABILITIES (300 = 310 + 330)</b>               | <b>300</b> |           | <b>1,670,914,709,684</b> | <b>1,511,687,829,377</b>    |
| <b>Current liabilities</b>                         | <b>310</b> |           | <b>1,441,464,680,083</b> | <b>1,238,126,539,172</b>    |
| Accounts payable to suppliers                      | 311        | 17        | 231,658,729,897          | 247,458,763,604             |
| Advances from customers                            | 312        |           | 10,310,976,519           | 13,225,730,141              |
| Taxes and others payable to State Treasury         | 313        | 18(b)     | 16,008,977,997           | 36,476,439,431              |
| Payables to employees                              | 314        |           | 338,575,244,295          | 311,860,046,804             |
| Accrued expenses                                   | 315        | 19        | 5,156,076,393            | 5,896,536,953               |
| Unearned revenue – short-term                      | 318        |           | 64,771,915               | -                           |
| Other short-term payables                          | 319        | 20        | 115,412,086,009          | 24,333,865,250              |
| Short-term borrowings                              | 320        | 21(a)     | 642,688,671,718          | 530,686,157,557             |
| Bonus and welfare fund                             | 322        | 22        | 81,589,145,340           | 68,188,999,432              |
| <b>Long-term liabilities</b>                       | <b>330</b> |           | <b>229,450,029,601</b>   | <b>273,561,290,205</b>      |
| Long-term advances from customers                  | 332        | 23        | 1,998,966,784            | 4,882,461,916               |
| Other long-term payables                           | 337        |           | 454,600,000              | -                           |
| Long-term borrowings                               | 338        | 21(b)     | 226,484,939,447          | 268,678,828,289             |
| Deferred tax liabilities                           | 341        | 16        | 511,523,370              | -                           |
| <b>EQUITY (400 = 410)</b>                          | <b>400</b> |           | <b>836,806,035,780</b>   | <b>901,438,572,938</b>      |
| <b>Owners' equity</b>                              | <b>410</b> | <b>24</b> | <b>836,806,035,780</b>   | <b>901,438,572,938</b>      |
| Share capital                                      | 411        | 25        | 360,027,080,000          | 300,030,750,000             |
| - Ordinary shares with voting rights               | 411a       |           | 360,027,080,000          | 300,030,750,000             |
| Other capital                                      | 414        |           | 3,300,280,000            | 1,752,940,000               |
| Investment and development fund                    | 418        | 26        | 206,579,950,294          | 178,026,784,321             |
| Retained profits                                   | 421        |           | 227,896,456,204          | 377,815,114,784             |
| - Retained profits brought forward                 | 421a       |           | 145,922,388,021          | 98,761,374,269              |
| - Retained profit for the current year             | 421b       |           | 81,974,068,183           | 279,053,740,515             |
| Non-controlling interest                           | 429        |           | 39,002,269,282           | 43,812,983,833              |
| <b>TOTAL RESOURCES</b><br><b>(440 = 300 + 400)</b> | <b>440</b> |           | <b>2,507,720,745,464</b> | <b>2,413,126,402,315</b>    |

6 March 2024

Prepared by:



Pham Anh Thao  
Accounting specialist

Approved by:



Nguyen Thi Tuong Long  
Chief Accountant




Nguyen Van Hai  
General Director

The accompanying notes are an integral part of these consolidated financial statements

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**Hoa Tho Textile-Garment Joint Stock Corporation**  
**Consolidated statement of income for the year ended 31 December 2023**

Form B 02 – DN/HN  
 (Issued under Circular No. 202/2014/TT-BTC  
 dated 22/12/2014 of the Ministry of Finance)

|   | Code      | Note      | 2023<br>VND              | 2022<br>VND<br>Restated  |
|---|-----------|-----------|--------------------------|--------------------------|
| Revenue from sales of goods and provision of services                             | 01        | 29        | 4,703,966,718,679        | 5,178,994,729,409        |
| Revenue deductions  | 02        | 29        | 3,757,144,627            | 456,833,533              |
| <b>Net revenue (10 = 01 - 02)</b>   | <b>10</b> | <b>29</b> | <b>4,700,209,574,052</b> | <b>5,178,537,895,876</b> |
| Cost of sales   | 11        | 30        | 4,268,076,376,832        | 4,564,510,426,208        |
| <b>Gross profit (20 = 10 - 11)</b>  | <b>20</b> |           | <b>432,133,197,220</b>   | <b>614,027,469,668</b>   |
| Financial income  | 21        | 31        | 84,155,373,745           | 97,314,884,450           |
| Financial expenses  | 22        | 32        | 69,386,809,704           | 81,115,346,231           |
| <i>In which: Interest expense</i>   | 23        |           | 38,519,684,807           | 24,700,898,629           |
| Share of profit in associates and jointly controlled entities                     | 24        |           | 2,399,707,495            | 1,503,088,717            |
| Selling expenses  | 25        | 33        | 84,105,696,267           | 127,250,606,534          |
| General and administration expenses   | 26        | 34        | 158,353,864,802          | 152,319,897,679          |
| <b>Net operating profit</b><br>{30 = 20 + (21 - 22) + 24 - (25 + 26)}             | <b>30</b> |           | <b>206,841,907,687</b>   | <b>352,159,592,391</b>   |
| Other income  | 31        | 35        | 10,280,757,806           | 6,435,880,836            |
| Other expenses  | 32        | 36        | 6,312,135,168            | 1,343,384,668            |
| <b>Results of other activities</b><br>(40 = 31 - 32)                              | <b>40</b> |           | <b>3,968,622,638</b>     | <b>5,092,496,168</b>     |
| <b>Accounting profit before tax</b><br>(50 = 30 + 40)                             | <b>50</b> |           | <b>210,810,530,325</b>   | <b>357,252,088,559</b>   |
| Income tax expense – current  | 51        | 38        | 37,001,410,572           | 77,992,134,643           |
| Income tax expense/(benefit)– deferred  | 52        | 38        | 3,935,717,795            | (5,726,166,702)          |
| <b>Net profit after tax (60 = 50 - 51 - 52)</b><br>(carried forward to next page) | <b>60</b> |           | <b>169,873,401,958</b>   | <b>284,986,120,618</b>   |

The accompanying notes are an integral part of these consolidated financial statements

**Hoa Tho Textile-Garment Joint Stock Corporation**  
**Consolidated statement of income for the year ended 31 December 2023 (continued)**

Form B 02 – DN/HN  
 (Issued under Circular No. 202/2014/TT-BTC  
 dated 22/12/2014 of the Ministry of Finance)

|  | Code | Note | 2023<br>VND     | 2022<br>VND<br>Restated |
|--|------|------|-----------------|-------------------------|
| Net profit after tax (60 = 50 - 51 - 52)<br>(brought forward from previous page) | 60   |      | 169,873,401,958 | 284,986,120,618         |
| Attributable to:   |      |      |                 |                         |
| Equity holders of the Company  | 61   |      | 171,980,838,183 | 279,053,740,515         |
| Non-controlling interest   | 62   |      | (2,107,436,225) | 5,932,380,103           |
| <b>Earnings per share</b>  |      |      |                 | <b>Restated</b>         |
| Basic earnings per share   | 70   | 39   | 4,444           | 7,146                   |

6 March 2024

Prepared by:



Pham Anh Thao  
Accounting specialist

Approved by:



Nguyen Thi Tuong Long  
Chief Accountant



Nguyen Van Hai  
General Director

The accompanying notes are an integral part of these consolidated financial statements

**Hoa Tho Textile-Garment Joint Stock Corporation**  
**Consolidated statement of cash flows for the year ended 31 December 2023**  
**(Indirect method)**

Form B 03 – DN/HN  
 (Issued under Circular No. 202/2014/TT-BTC  
 dated 22/12/2014 of the Ministry of Finance)

|  | Code      | Note  | 2023<br>VND              | 2022<br>VND<br>Restated  |
|--|-----------|-------|--------------------------|--------------------------|
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>  |           |       |                          |                          |
| <b>Profit before tax</b>   | <b>01</b> |       | <b>210,810,530,325</b>   | <b>357,252,088,559</b>   |
| <b>Adjustments for</b>   |           |       |                          |                          |
| Depreciation and amortisation  | 02        |       | 123,954,055,538          | 127,218,158,438          |
| Allowances and provisions  | 03        |       | (31,969,703,639)         | 39,920,401,596           |
| Exchange losses arising from revaluation of monetary items denominated in foreign currencies | 04        |       | 8,240,828,272            | 10,890,005,636           |
| Profits from investing activities  | 05        |       | (23,915,961,872)         | (16,544,012,338)         |
| Interest expense   | 06        |       | 38,519,684,807           | 24,700,898,629           |
| <b>Operating profit before changes in working capital</b>                                    | <b>08</b> |       | <b>325,639,433,431</b>   | <b>543,437,540,520</b>   |
| Change in receivables  | 09        |       | (49,577,640,322)         | 20,605,834,126           |
| Change in inventories  | 10        |       | 178,634,694,057          | (96,599,449,895)         |
| Change in payables and other liabilities   | 11        |       | 23,649,729,604           | (157,795,613,479)        |
| Change in prepaid expenses   | 12        |       | (8,078,523,162)          | (13,460,521,273)         |
|  |           |       | <b>470,267,693,608</b>   | <b>296,187,789,999</b>   |
| Interest paid  | 14        |       | (38,474,535,011)         | (24,653,480,570)         |
| Corporate income tax paid  | 15        | 18(b) | (57,973,657,094)         | (55,187,867,925)         |
| Other receipts from operating activities   | 16        |       | 32,639,419               | 381,616,911              |
| Other payments for operating activities  | 17        | 22    | (9,161,400,627)          | (12,480,734,299)         |
| <b>Net cash flows from operating activities</b>  | <b>20</b> |       | <b>364,690,740,295</b>   | <b>204,247,324,116</b>   |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>  |           |       |                          |                          |
| Payments for additions to fixed assets and other long-term assets                            | 21        |       | (94,998,377,573)         | (140,540,098,916)        |
| Proceeds from disposals of fixed assets and other long-term assets                           | 22        |       | 937,360,909              | 881,568,619              |
| Payments for granting loans, purchase of debt instruments of other entities                  | 23        |       | (271,534,478,495)        | (272,382,440,000)        |
| Receipts from collecting loans, sales of debt instruments of other entities                  | 24        |       | 229,519,735,765          | 244,199,100,000          |
| Receipts of interests and dividends  | 27        |       | 15,844,938,678           | 12,431,307,590           |
| <b>Net cash flows from investing activities</b>  | <b>30</b> |       | <b>(120,230,820,716)</b> | <b>(155,410,562,707)</b> |

The accompanying notes are an integral part of these consolidated financial statements

**Hoa Tho Textile-Garment Joint Stock Corporation**  
**Consolidated statement of cash flows for the year ended 31 December 2023**  
**(Indirect method - continued)**

Form B 03 – DN/HN  
 (Issued under Circular No. 202/2014/TT-BTC  
 dated 22/12/2014 of the Ministry of Finance)

|   | Code      | Note     | 2023<br>VND             | 2022<br>VND<br>Restated |
|---|-----------|----------|-------------------------|-------------------------|
| <b>CASH FLOWS FROM FINANCING ACTIVITIES</b>                                 |           |          |                         |                         |
| Proceeds from borrowings  | 33        |          | 3,725,391,182,603       | 3,955,451,541,865       |
| Payments to settle loan principals  | 34        |          | (3,663,012,509,094)     | (4,012,643,909,763)     |
| Payments of dividends   | 36        |          | (120,499,545,500)       | (26,027,744,000)        |
| <b>Net cash flows from financing activities</b>                             | <b>40</b> |          | <b>(58,120,871,991)</b> | <b>(83,220,111,898)</b> |
| <b>Net cash flows during the year (50 = 20 + 30 + 40)</b>                   | <b>50</b> |          | <b>186,339,047,588</b>  | <b>(34,383,350,489)</b> |
| <b>Cash and cash equivalents at the beginning of the year</b>               | <b>60</b> |          | <b>24,500,930,736</b>   | <b>58,586,417,754</b>   |
| <b>Effect of exchange rate fluctuations on cash and cash equivalents</b>    | <b>61</b> |          | <b>145,597,620</b>      | <b>297,863,471</b>      |
| <b>Cash and cash equivalents at the end of the year (70 = 50 + 60 + 61)</b> | <b>70</b> | <b>5</b> | <b>210,985,575,944</b>  | <b>24,500,930,736</b>   |

6 March 2024

Prepared by:



Pham Anh Thao  
Accounting specialist

Approved by:



Nguyen Thi Tuong Long  
Chief Accountant




Nguyen Van Hai  
General Director

The accompanying notes are an integral part of these consolidated financial statements

**Hoa Tho Textile-Garment Joint Stock Corporation**  
**Notes to the consolidated financial statements for the year ended 31 December 2023**

**Form B 09 – DN/HN**  
*(Issued under Circular No. 202/2014/TT-BTC dated 22/12/2014 of the Ministry of Finance)*

These notes form an integral part of and should be read in conjunction with the accompanying consolidated financial statements.

**1. Reporting entity**

**(a) Ownership structure**

Hoa Tho Textile-Garment Joint Stock Corporation (“the Corporation”) is incorporated as a joint stock company in Vietnam. The consolidated financial statements of the Corporation for the year ended 31 December 2023 comprise the Corporation and its subsidiaries and the interest in associates and jointly controlled entities.

**(b) Principal activities**

The principal activities of the Corporation and its subsidiaries are to produce, trade, import and export clothes, fabric, fibre, equipment, and raw materials for the garment and textile industry.

**(c) Normal operating cycle**

The normal operating cycle of the Corporation and its subsidiaries is generally within 12 months.

**Hoa Tho Textile-Garment Joint Stock Corporation**  
**Notes to the consolidated financial statements for the year ended 31 December 2023**  
**(continued)**

**Form B 09 – DN/HN**  
*(Issued under Circular No. 202/2014/TT-BTC dated 22/12/2014 of the Ministry of Finance)*

**(d) Corporation structure**

At 31 December 2023, The Corporation has subsidiaries and associates:

| No.                 |   | % of equity owned and % of voting rights |          |
|---------------------|---|--|----------|
|                     |   | 31/12/2023                               | 1/1/2023 |
| <b>Subsidiaries</b> |   |  |          |
| 1                   | Hoa Tho Fashion Joint Stock Company               | 76.88%                                   | 76.88%   |
| 2                   | Hoa Tho - Hoi An Garment Joint Stock Company      | 54.18%                                   | 54.18%   |
| 3                   | Hoa Tho - Duy Xuyen Garment Joint Stock Company   | 81.73%                                   | 81.73%   |
| 4                   | Hoa Tho - Thang Binh Spinning Joint Stock Company | 74.49%                                   | 74.49%   |
| 5                   | Hoa Tho Construction Mechanics Company Limited    | 100%                                     | 100%     |
| <b>Associates</b>   |   |  |          |
| 1                   | Hoa Tho - Quang Nam Garment Joint Stock Company   | 30.61%                                   | 30.61%   |
| 2                   | Hoa Tho - Phu Ninh Garment Joint Stock Company    | 20.00%                                   | 20.00%   |

As at 31 December 2023, the Corporation and its subsidiaries had 10,133 employees (1/1/2023: 10,339 employees).

**2. Basis of preparation**

**(a) Statement of compliance**

These consolidated financial statements have been prepared in accordance with Vietnamese Accounting Standards, the Vietnamese Accounting System for Enterprises and the relevant statutory requirements applicable to financial reporting.

**(b) Basis of measurement**

The consolidated financial statements, except for the consolidated statement of cash flows, are prepared on the accrual basis using the historical cost concept. The consolidated statement of cash flows is prepared using the indirect method.

**(c) Annual accounting period**

The annual accounting period of the Corporation is from 1 January to 31 December.

**(d) Accounting and presentation currency**

The Corporation’s accounting currency is Vietnam Dong (“VND”), which is also the currency used for consolidated financial statement presentation purpose. For the segment reporting, the amounts have been rounded to the nearest thousand described in Note 4.

### **3. Summary of significant accounting policies**

The following significant accounting policies have been adopted by the Corporation in the preparation of these consolidated financial statements.

#### **(a) Basis of consolidation**

##### **(i) Subsidiaries**

Subsidiaries are entities controlled by the Corporation. The financial statements of the subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

##### **(ii) Non-controlling interests**

Non-controlling interests (“NCI”) are measured at their proportionate share of the acquiree’s identifiable net assets at date of acquisition.

Changes in the Corporation’s interest in a subsidiary that do not result in a loss of control are accounted for as transactions with owners. The difference between the change in the Corporation’s share of net assets of the subsidiary and any consideration paid or received is recorded directly in retained profits under equity.

##### **(iii) Loss of control**

When the Corporation loses control over a subsidiary, it derecognizes the assets and liabilities of the subsidiary, and any related NCI and other components of equity. Any resulting gain or loss is recognised in the consolidated income statement. Any interest retained in the former subsidiary when control is lost is stated at the carrying amount of the retained investment in the separate financial statements adjusted for appropriate shares of changes in equity of the investee since the acquisition date, if significant influence in the investee is maintained, or otherwise stated at cost.

##### **(iv) Associates and jointly controlled entities (equity accounted investees)**

Associates are those entities in which the Corporation has significant influence, but not control, over the financial and operating policies. Associates and jointly controlled entities are accounted for using the equity method (equity accounted investees). They are initially recognised at cost, which includes transaction costs. Subsequent to initial recognition, the consolidated financial statements include the Corporation’s share of the profit or loss of the equity accounted investees, after adjustments to align the accounting policies with those of the Corporation, from the date that significant influence or joint control commences until the date that significant influence or joint control ceases. The carrying amount of investments in equity accounted investees is also adjusted for the alterations in the investor’s proportionate interest in the investees arising from changes in the investee’s equity that have not been included in the income statement (such as revaluation of fixed assets, or foreign exchange translation differences, etc.).

When the Corporation’s share of losses exceeds its interest in an equity accounted investee, the carrying amount of that interest (including any long-term investments) is reduced to nil and the recognition of further losses is discontinued except to the extent that the Corporation has an obligation or has made payments on behalf of the investee.

##### **(v) Transactions eliminated on consolidation**

Intra-group transactions, balances, and any unrealised income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements. Unrealised gains and losses arising from transactions with equity accounted investees are eliminated against the investment to the extent of the Group’s interest in the investee.

##### **(vi) Business combination**

Business combinations are accounted for using the acquisition method as at the acquisition date, which is the date on which control is transferred to the Corporation. Control exists when the Corporation has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, potential voting rights that presently are exercisable are taken into account.

Cost of a business combination (cost of the acquisition) is the aggregate amount of the fair values, at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued by the acquirer in the acquisition in exchange for control of the acquiree and any costs directly attributable to the business combination. Identifiable assets acquired, identifiable liabilities and contingent liabilities assumed in a business combination are recognised at fair value at the acquisition date.

#### **(b) Foreign currency transactions**

Transactions in currencies other than VND during the year have been translated into VND at actual rates of exchange ruling at the transaction dates.

Monetary assets and liabilities denominated in currencies other than VND are translated into VND at the account transfer buying rates and account transfer selling rates at the end of the annual accounting period quoted by the commercial bank where the Corporation most frequently conducts transactions.

All foreign exchange differences are recorded in the consolidated statement of income.

#### **(c) Cash and cash equivalents**

Cash comprises cash balances and call deposits. Cash equivalents are short-term highly liquid investments that are readily convertible to known amounts of cash, are subject to an insignificant risk of changes in value, and are held for the purpose of meeting short-term cash commitments rather than for investment or other purposes.

#### **(d) Investments**

##### **(i) Held-to-maturity investments**

Held-to-maturity investments are those that the Corporation’s management has the intention and ability to hold until maturity. Held-to-maturity investments include term deposits at bank. These investments are stated at costs less allowance for doubtful debts.

**(ii) Investments in equity instruments of other entities**

Investments in equity instruments of other entities are initially recognised at cost which include purchase price plus any directly attributable transaction costs. Subsequent to initial recognition, these investments are stated at cost less allowance for diminution in value. An allowance is made for diminution in investment value if the investee has suffered a loss which may cause the Corporation to lose its invested capital, unless there is evidence that the value of the investment has not been diminished. The allowance is reversed if the investee subsequently made a profit that offsets the previous loss for which the allowance had been made. An allowance is reversed only to the extent that the investment's carrying amount does not exceed the carrying amount that would have been determined if no allowance had been recognised.

**(e) Accounts receivable**

Trade and other receivables are stated at cost less allowance for doubtful debts.

**(f) Inventories**

Inventories are stated at the lower of cost and net realisable value. Cost is determined on a weighted average basis and includes all costs incurred in bringing the inventories to their present location and condition. Cost in the case of finished goods and work in progress includes raw materials, direct labour and attributable manufacturing overheads. Net realisable value is the estimated selling price of inventory items, less the estimated costs of completion and estimated costs to sell.

The Corporation and its subsidiaries apply the perpetual method of accounting for inventories.

**(g) Tangible fixed assets**

**(i) Cost**

Tangible fixed assets are stated at cost less accumulated depreciation. The initial cost of a tangible fixed asset comprises its purchase price, including import duties, non-refundable purchase taxes and any directly attributable costs of bringing the asset to its working condition for its intended use. Expenditure incurred after tangible fixed assets have been put into operation, such as repair, maintenance and overhaul cost, is charged to the consolidated statement of income in the year in which the cost is incurred. In situations where it can be clearly demonstrated that the expenditure has resulted in an increase in the future economic benefits expected to be obtained from the use of tangible fixed assets beyond their originally assessed standard of performance, the expenditure is capitalised as an additional cost of tangible fixed assets.

**(ii) 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:

|                            |               |
|----------------------------|---------------|
| ▪ buildings and structures | 10 - 25 years |
| ▪ machinery and equipment  | 5 - 15 years  |
| ▪ motor vehicles           | 5 - 10 years  |
| ▪ office equipment         | 3 - 5 years   |
| ▪ others                   | 2 - 5 years   |

**(h) Intangible fixed assets**

**Software**

Cost of acquiring of new software, which is not an integral part of the related hardware, is capitalised and treated as an intangible asset. Software is amortised on a straight-line basis over 3 to 5 years.

**(i) Construction in progress**

Construction in progress represents the costs of tangible and intangible fixed assets which have not been fully completed or installed. No depreciation is provided for construction in progress during the period of construction and installation.

**(j) Long-term prepaid expenses**

**(i) Prepaid land costs**

Prepaid land costs comprise prepaid land lease rentals, including those for which the Corporation and its subsidiaries obtained land use rights certificate but are not qualified as intangible fixed assets under prevailing laws and regulations, and other costs incurred in conjunction with securing the use of leased land. These costs are recognised in the consolidated statement of income on a straight-line basis over the term of the lease of 50 years.

**(ii) Tools and instruments**

Tools and instruments include assets held for use by the Corporation and its subsidiaries 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 under prevailing regulations. Cost of tools and instruments are amortised on a straight-line basis over a period ranging from 2 to 3 years.

**(iii) Other long-term prepaid expenses**

Other long-term prepaid expenses mainly comprise rental and asset improvement expenses. Other long-term prepaid expenses are initially stated at cost and are amortised on a straight-line basis over a period ranging from 2 to 10 years.

**(k) Trade and other payables**

Trade and other payables are stated at their cost.

**(l) Provisions**

Except for the provisions as defined in other notes, a provision is recognised if, as a result of a past event, the Corporation and its subsidiaries have a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

**(m) Share capital**

**Ordinary shares**

Ordinary shares are recognised at issuance price less incremental costs directly attributable to the issue of shares, net of tax effects. Such costs are recognized as a deduction from share premium.

**(n) Taxation**

Income tax on the unconsolidated profit or loss for the year comprises current and deferred tax. Income tax is recognised in the consolidated statement of income except to the extent that it relates to items recognised directly to equity, in which case it is recognised in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted at the end of the annual accounting period, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided using the balance sheet method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amounts of assets and liabilities using the tax rates enacted or substantively enacted at the end of the annual accounting period.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

**(o) Revenue and other incomes**

**(i) Goods sold**

Revenue from the sales 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 recovery of the consideration due or the possible return of goods. Revenue on sales of goods is recognised at the net amount after deducting sales discounts.

**(ii) Processing services**

Revenue from processing services is recognised in the consolidated statement of income when the goods have been processed and the significant risks and rewards of ownership have been transferred to the ordering party. No revenue is recognised if there are significant uncertainties regarding recovery of the consideration due.

**(iii) Interest income**

Interest income is recognised on a time proportion basis with reference to the principal outstanding and the applicable interest rate.

**(iv) Dividend income**

Dividend income is recognised when the right to receive dividend is established.

**(p) Leases**

**(i) Leased assets**

Assets held under lease contracts of which the Corporation and its subsidiaries, as lessee, does not assume substantially all the risks and rewards of ownership are classified as operating leases and are not recognised in the Corporation's consolidated balance sheet.

**(ii) Lease payments**

Payments made under operating leases are recognised in the consolidated statement of income on a straight-line basis over the term of the lease. Lease incentives received are recognised in the consolidated statement of income as an integral part of the total lease expense, over the term of the lease.

**(q) Borrowing costs**

Borrowing costs are recognised as an expense in the year in which they are incurred.

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**(r) Earnings per share**

Related the Corporation presents basic and diluted earnings per share (“EPS”) for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to the ordinary shareholders after deducting any amounts appropriated to bonus and welfare fund for the annual accounting period of the Corporation by the weighted average number of ordinary shares outstanding during the year. At reporting date and for the year then ended, the Corporation had no potential ordinary shares and therefore does not present diluted EPS.

**(s) Segment reporting**

A segment is a distinguishable component of the Corporation and its subsidiaries that is engaged either in providing related products or services (business segment), or in providing products or services within a particular economic environment (geographical segment), which is subject to risks and rewards that are different from those of other segments. The Corporation and its subsidiaries is believed to operate in the two business fields which are garment and yarn production.

Geographical segment of the Corporation and its subsidiaries is defined based on geographical locations of markets and customers of the Corporation and its subsidiaries. The Board of Directors consider the areas generating more than 10% of revenue as a segment need to be reported.

**(t) Related parties**

Parties are considered to be related to the Corporation and its subsidiaries 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, or where the Corporation and the other party are subject to common control or significant influence. Related parties may be individuals or corporate entities and include close family members of any individual considered to be a related party.

Related companies refer to the ultimate parent company and its subsidiaries and associates.

**(u) Comparative information**

Comparative information in these consolidated financial statements is presented as corresponding figures. Under this method, comparative information for the prior year is included as an integral part of the current year’s consolidated financial statements and is intended to be read only in relation to the amounts and other disclosures relating to the current year. Accordingly, the comparative information included in these consolidated financial statements is not intended to present the Corporation’s consolidated financial position, consolidated results of operation or consolidated cash flows for the prior year.

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**4. Segment Reporting**

**(a) Business segments**

The Corporation comprises the following business segments:

- Garment
- Yarn

|   | Garment       |               | Yarn        |               | Elimination   |               | Consolidated  |               |
|---|---------------|---------------|-------------|---------------|---------------|---------------|---------------|---------------|
|   | 2023          | 2022          | 2023        | 2022          | 2023          | 2022          | 2023          | 2022          |
|   | VND'000       | VND'000       | VND'000     | VND'000       | VND'000       | VND'000       | VND'000       | VND'000       |
|   |               | Restated      |             | Restated      |               |               | Restated      | Restated      |
| External revenue                        | 3,776,509,564 | 3,972,540,165 | 927,457,155 | 1,206,454,564 | -             | -             | 4,703,966,719 | 5,178,994,729 |
| Inter-segment revenue                   | 134,719,682   | 137,828,007   | 37,607,131  | 58,056,128    | (172,326,813) | (195,884,135) | -             | -             |
| Total segment revenue                   | 3,911,229,246 | 4,110,368,172 | 965,064,286 | 1,264,510,692 | (172,326,813) | (195,884,135) | 4,703,966,719 | 5,178,994,729 |
| Segment results                         | 417,750,504   | 498,202,929   | 14,382,693  | 115,824,541   | -             | -             | 432,133,197   | 614,027,470   |
| Financial income                        |               |               |             |               |               |               | 84,155,374    | 97,314,884    |
| Financial expense                       |               |               |             |               |               |               | 69,386,810    | 81,115,346    |
| Share of profit in associates           |               |               |             |               |               |               | 2,399,707     | 1,503,089     |
| Unallocated expenses                    |               |               |             |               |               |               | 242,459,560   | 279,570,504   |
| Unallocated results of other activities |               |               |             |               |               |               | 3,968,623     | 5,092,496     |
| Unallocated profit before tax           |               |               |             |               |               |               | 210,810,531   | 357,252,089   |
| Current income tax expense              |               |               |             |               |               |               | 37,001,411    | 77,992,135    |
| Income tax expense/(benefit) – deferred |               |               |             |               |               |               | 3,935,718     | (5,726,167)   |
| Net profit after tax                    |               |               |             |               |               |               | 169,873,402   | 284,986,121   |

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|   | Garment               |                                 | Yarn                  |                                 | Total                 |                                 |
|---|-----------------------|---------------------------------|-----------------------|---------------------------------|-----------------------|---------------------------------|
|   | 31/12/2023<br>VND'000 | 1/1/2023<br>VND'000<br>Restated | 31/12/2023<br>VND'000 | 1/1/2023<br>VND'000<br>Restated | 31/12/2023<br>VND'000 | 1/1/2023<br>VND'000<br>Restated |
| Segment assets                          | 1,535,831,184         | 1,628,780,325                   | 496,911,632           | 556,658,502                     | 2,032,742,816         | 2,185,438,827                   |
| Unallocated assets                      |                       |                                 |                       |                                 | 474,977,929           | 227,687,575                     |
| <b>Total assets</b>                     |                       |                                 |                       |                                 | <b>2,507,720,745</b>  | <b>2,413,126,402</b>            |
| Segment liabilities                     | 1,120,879,038         | 940,381,827                     | 297,682,115           | 295,337,031                     | 1,418,561,153         | 1,235,718,858                   |
| Unallocated liabilities                 |                       |                                 |                       |                                 | 252,353,557           | 275,968,971                     |
| <b>Total liabilities</b>                |                       |                                 |                       |                                 | <b>1,670,914,710</b>  | <b>1,511,687,829</b>            |
| Capital expenditure                     |                       |                                 |                       |                                 | 94,998,378            | 140,540,099                     |
| Depreciation of tangible fixed assets   |                       |                                 |                       |                                 | 123,076,619           | 126,342,117                     |
| Amortisation of intangible fixed assets |                       |                                 |                       |                                 | 789,826               | 788,431                         |

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**(b) Geographical segments**

The Corporation and its subsidiaries are located based on geographical area, location of customers as follows:

- China
- United States of America (“USA”)
- Japan
- The Africa
- Vietnam
- Sweden
- Other regions

|  | China         | USA         | Japan       | The Africa  | Vietnam     | Sweden      | Others      | Consolidated       |
|--|---------------|-------------|-------------|-------------|-------------|-------------|-------------|--------------------|
|  | VND'000       | VND'000     | VND'000     | VND'000     | VND'000     | VND'000     | VND'000     | VND'000            |
| <b>For the year ended 31 December 2023</b> |               |             |             |             |             |             |             |                    |
| Segment total revenue                      | 1,708,631,304 | 919,227,745 | 488,615,049 | 144,912,893 | 227,704,243 | 353,500,980 | 861,374,505 | 4,703,966,719      |
| Segment results                            | 125,556,275   | 117,124,768 | 42,179,626  | 5,178,795   | 72,036,667  | 24,212,638  | 45,844,428  | 432,133,197        |
| Unallocated income                         |               |             |             |             |             |             |             | 86,555,081         |
| Unallocated expenses                       |               |             |             |             |             |             |             | 311,846,370        |
| Results from operating activities          |               |             |             |             |             |             |             | 206,841,908        |
| Other income                               |               |             |             |             |             |             |             | 10,280,758         |
| Other expenses                             |               |             |             |             |             |             |             | 6,312,135          |
| Current income tax expense                 |               |             |             |             |             |             |             | 37,001,411         |
| Income tax expense – deferred              |               |             |             |             |             |             |             | 3,935,718          |
| <b>Net profit after tax</b>                |               |             |             |             |             |             |             | <b>169,873,402</b> |

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|                                   | China<br>VND'000<br>Restated | USA<br>VND'000 | Japan<br>VND'000<br>Restated | The Africa<br>VND'000 | Vietnam<br>VND'000<br>Restated | Sweden<br>VND'000 | Others<br>VND'000<br>Restated | Consolidated<br>VND'000<br>Restated |
|-----------------------------------|------------------------------|----------------|------------------------------|-----------------------|--------------------------------|-------------------|-------------------------------|-------------------------------------|
|                                   |                              |                |                              |                       |                                |                   |                               |                                     |
| Segment total revenue             | 1,555,570,038                | 996,923,631    | 520,990,868                  | 334,668,004           | 395,648,690                    | 497,262,986       | 877,930,512                   | 5,178,994,729                       |
| Segment results                   | 124,953,425                  | 129,297,701    | 48,934,309                   | 67,177,239            | 122,291,434                    | 34,422,628        | 86,950,734                    | 614,027,470                         |
| Unallocated income                |                              |                |                              |                       |                                |                   |                               | 98,817,972                          |
| Unallocated expenses              |                              |                |                              |                       |                                |                   |                               | 360,685,850                         |
| Results from operating activities |                              |                |                              |                       |                                |                   |                               | 352,159,592                         |
| Other income                      |                              |                |                              |                       |                                |                   |                               | 6,435,882                           |
| Other expenses                    |                              |                |                              |                       |                                |                   |                               | 1,343,385                           |
| Current income tax expense        |                              |                |                              |                       |                                |                   |                               | 77,992,135                          |
| Income tax benefit – deferred     |                              |                |                              |                       |                                |                   |                               | (5,726,167)                         |
| Net profit after tax              |                              |                |                              |                       |                                |                   |                               | 284,986,121                         |

During the years ended 31 December 2023 and 31 December 2022, most of the Corporation's segment assets were concentrated in only one geographical area which is Vietnam.

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5. Cash and cash equivalents

|                  | 31/12/2023<br>VND      | 1/1/2023<br>VND       |
|------------------|------------------------|-----------------------|
| Cash on hand     | 197,916,388            | 167,344,719           |
| Cash in banks    | 13,565,659,556         | 17,333,586,017        |
| Cash equivalents | 197,222,000,000        | 7,000,000,000         |
|                  | <u>210,985,575,944</u> | <u>24,500,930,736</u> |

As at 31 December 2023, cash equivalents included term deposits at banks with original terms not exceeding 3 months from the transaction dates. These deposits earned annual interest rates from 0.5% to 4.5% (1/1/2023: 6%).

6. Investments

(a) Held-to-maturity investments

|   | 31/12/2023      |                   | 1/1/2023        |                   |
|---|-----------------|-------------------|-----------------|-------------------|
|   | Cost<br>VND     | Fair value<br>VND | Cost<br>VND     | Fair value<br>VND |
| Held-to-maturity investments – short-term |                 |                   |                 |                   |
| ▪ Term deposits                           | 176,606,702,730 | 176,606,702,730   | 139,255,000,000 | 139,255,000,000   |
| Held-to-maturity investments – long-term  |                 |                   |                 |                   |
| ▪ Term deposits                           | 8,000,000,000   | (*)               | -               | -                 |

Held-to-maturity investments – short-term included bank deposits with original terms of more than 3 months and remaining terms to maturity of less than 12 months from the end of the annual accounting period and earned annual interest rates ranging from 4.8% to 9.5% (1/1/2023: from 4.9% to 11.2%).

Held-to-maturity investments – long-term included bank deposits with remaining terms to maturity of more than 12 months from the end of the annual accounting period and earned an annual interest rate of 5.3% (1/1/2023: Nil).

The fair value of held-to-maturity investments – short-term approximates their carrying amount due to the short-term nature of these investments. The fair value of these instruments is determined for disclosure purposes only.

As at 31 December 2023 term deposit contracts with a carrying amount of VND31,000 million (1/1/2023: VND43,000 million) were pledged with banks as security for short-term and long-term borrowings granted to the Corporation (Note 21).

(\*) The Corporation has not determined fair values of the held-to-maturity investments – long-term for disclosure in the consolidated financial statements because information about their market prices is not available and there is currently no guidance on determination of fair value using valuation techniques under the Vietnamese Accounting Standards or the Vietnamese Accounting System for enterprises. The fair values of these investments may differ from their carrying amounts.

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**(b) Equity investments in other entities**

|   | Address     | 31/12/2023       |                   |                    |                    | 1/1/2023                              |                  |                   |                    |                    |                                       |
|---|-------------|------------------|-------------------|--------------------|--------------------|---------------------------------------|------------------|-------------------|--------------------|--------------------|---------------------------------------|
|   |             | Number of shares | % of equity owned | % of voting rights | Carrying value VND | Allowance for diminution in value VND | Number of shares | % of equity owned | % of voting rights | Carrying value VND | Allowance for diminution in value VND |
| <b>Equity investments in:</b>                                   |             |                  |                   |                    |                    |                                       |                  |                   |                    |                    |                                       |
| <b>Associates</b>   |             |                  |                   |                    |                    |                                       |                  |                   |                    |                    |                                       |
| Hoa Tho – Quang Nam Garment Joint Stock Company                 | Quang Nam   | 642,800          | 30.61%            | 30.61%             | 15,724,135,353     | -                                     | 642,800          | 30.61%            | 30.61%             | 14,846,135,496     | -                                     |
| Hoa Tho – Phu Ninh Garment Joint Stock Company                  | Quang Nam   | 400,000          | 20.00%            | 20.00%             | 1,442,383,148      | -                                     | 400,000          | 20.00%            | 20.00%             | 563,475,510        | -                                     |
|   |             |                  |                   |                    | 17,166,518,501     | -                                     |                  |                   |                    | 15,409,611,006     | -                                     |
| <b>Other companies</b>  |             |                  |                   |                    |                    |                                       |                  |                   |                    |                    |                                       |
| The Central Cotton Joint Stock Company                          | Khanh Hoa   | 6,500            | 7.12%             | 7.12%              | 855,702,000        | (505,678,651)                         | 6,500            | 7.12%             | 7.12%              | 855,702,000        | (505,678,651)                         |
| Hoa Tho Quang Da Packaging Joint Stock Company                  | Quang Nam   | 60,000           | 10.91%            | 10.91%             | 600,000,000        | -                                     | 60,000           | 10.91%            | 10.91%             | 600,000,000        | -                                     |
| Ho Chi Minh City Textile Garment Commercial Joint Stock Company | Ho Chi Minh | 630,000          | 14.00%            | 14.00%             | 6,300,000,000      | (6,300,000,000)                       | 630,000          | 14.00%            | 14.00%             | 6,300,000,000      | (6,300,000,000)                       |
|   |             |                  |                   |                    | 7,755,702,000      | (6,805,678,651)                       |                  |                   |                    | 7,755,702,000      | (6,805,678,651)                       |
|   |             |                  |                   |                    | 24,922,220,501     | (6,805,678,651)                       |                  |                   |                    | 23,165,313,006     | (6,805,678,651)                       |

The Corporation has not determined fair values of these equity investments in other entities for disclosure in the consolidated financial statements because information about their market prices is not available and there is currently no guidance on determination of fair value using valuation techniques under Vietnamese Accounting Standards or the Vietnamese Accounting System for Enterprises. The fair values of these investments may differ from their carrying amounts.

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**7. Accounts receivable from customers**

**(a) Accounts receivable from customers detailed by significant customer**

|   | 31/12/2023<br>VND | 1/1/2023<br>VND<br>Restated |
|---|-------------------|-----------------------------|
| Motives International (Hong Kong) Limited | 227,158,560,082   | 139,903,797,596             |
| Haggar Clothing Co.                       | 86,827,098,602    | 91,560,398,308              |
| Other customers                           | 201,348,492,657   | 250,005,108,344             |
|   | 515,334,151,341   | 481,469,304,248             |

At 31 December 2023, accounts receivable from customers with a carrying value of VND36,904 million (1/1/2023: VND22,024 million) were pledged with banks as security for short-term borrowings granted to the Corporation and its subsidiaries (Note 21(a)).

**(b) Accounts receivable from customers who are related parties**

|  | 31/12/2023<br>VND | 1/1/2023<br>VND |
|--|-------------------|-----------------|
| <b>The parent company</b>                      |                   |                 |
| Vietnam National Textile and Garment Group     | 143,590,666       | 159,181,030     |
| <b>Associate</b>                               |                   |                 |
| Hoa Tho – Phu Ninh Garment Joint Stock Company | 41,610,032        | -               |
|  | 185,200,698       | 159,181,030     |

The trade related amounts due from related parties were unsecured, interest free and are due within 90 days from invoice date.

**Hoa Tho Textile-Garment Joint Stock Corporation**  
**Notes to the consolidated financial statements for the year ended 31 December 2023**  
(continued)

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**8. Loans receivable**

**(a) Loans receivable detailed by significant borrower**

|  | 31/12/2023<br>VND    | 1/1/2023<br>VND       |
|--|----------------------|-----------------------|
| <b>Related party – associate</b>                   |                      |                       |
| Hoa Tho – Phu Ninh Garment Joint Stock Company (*) | 7,028,580,000        | 9,371,440,000         |
| <b>Other parties</b>                               |                      |                       |
| Other short-term receivables                       | -                    | 994,100,000           |
|  | <u>7,028,580,000</u> | <u>10,365,540,000</u> |

(\*) This loan was unsecured, earned interest at 10.0% per annum and will be repaid according to the repayment schedule within 60 months from the first drawdown date of 25 January 2022.

**(b) Loans receivable classified by payment term**

|            | 31/12/2023<br>VND    | 1/1/2023<br>VND       |
|------------|----------------------|-----------------------|
| Short-term | 2,342,860,000        | 2,751,260,000         |
| Long-term  | 4,685,720,000        | 7,614,280,000         |
|            | <u>7,028,580,000</u> | <u>10,365,540,000</u> |

**Hoa Tho Textile-Garment Joint Stock Corporation**  
**Notes to the consolidated financial statements for the year ended 31 December 2023**  
(continued)

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**9. Other receivables**

**(a) Other short-term receivables comprised:**

|                               | 31/12/2023<br>VND     | 1/1/2023<br>VND<br>Restated |
|-------------------------------|-----------------------|-----------------------------|
| Accrued interest income       | 5,514,556,964         | 1,703,213,409               |
| Short-term deposits           | 1,479,481,000         | 104,481,000                 |
| Advances to employees         | 2,130,593,214         | 1,107,894,840               |
| Provisionally paid import tax | 339,838,279           | 1,207,210,507               |
| Others                        | 2,313,054,655         | 1,634,690,902               |
|                               | <u>11,777,524,112</u> | <u>5,757,490,658</u>        |

**(b) Other long-term receivables comprised:**

|                         | 31/12/2023<br>VND    | 1/1/2023<br>VND      |
|-------------------------|----------------------|----------------------|
| Long-term deposits      | -                    | 2,450,000,000        |
| Deposit for space lease | 1,012,732,545        | 587,166,545          |
|                         | <u>1,012,732,545</u> | <u>3,037,166,545</u> |

Hoa Tho Textile-Garment Joint Stock Corporation  
Notes to the consolidated financial statements for the year ended 31 December 2023 (continued)

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10. Bad and doubtful debts

|                                      | 31/12/2023                   |               | 1/1/2023        |                        |
|--------------------------------------|------------------------------|---------------|-----------------|------------------------|
|                                      | Overdue period               | Cost VND      | Allowance VND   | Recoverable amount VND |
| Overdue debts                        |                              |               |                 |                        |
| Duyen Dat Trading Services Co., Ltd. | Over 3 years                 | 5,709,989,346 | (5,709,989,346) | (5,709,989,346)        |
| Phu Tuong Garment Company Limited    | 2 years to less than 3 years | -             | -               | -                      |
|                                      |                              | 5,709,989,346 | (5,709,989,346) | 2,880,547,450          |
|                                      |                              |               |                 | 2,880,547,450          |
| <i>Of which:</i>                     |                              |               |                 |                        |
| Allowance for doubtful debts         |                              |               | (5,709,989,346) | (5,709,989,346)        |

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Hoa Tho Textile-Garment Joint Stock Corporation  
Notes to the consolidated financial statements for the year ended 31 December 2023  
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11. Inventories

|                         | 31/12/2023      |                  | 1/1/2023        |                  |
|-------------------------|-----------------|------------------|-----------------|------------------|
|                         | Cost VND        | Allowance VND    | Cost VND        | Allowance VND    |
| Goods in transit        | 121,656,620,675 | (1,043,278,429)  | 57,520,651,683  | (1,020,073,709)  |
| Raw materials           | 192,547,259,837 | (3,061,261,989)  | 293,527,557,391 | (27,315,695,061) |
| Tools and supplies      | 2,024,195,631   | -                | 508,599,016     | -                |
| Work in progress        | 336,696,888,370 | (3,130,624,852)  | 416,214,620,311 | (3,597,053,186)  |
| Finished goods          | 60,042,697,458  | (1,845,008,726)  | 54,011,314,325  | (9,657,502,024)  |
| Merchandise inventories | 6,283,260,703   | (951,562,364)    | 6,259,266,067   | (445,580,423)    |
| Goods on consignment    | 56,773,062,919  | (34,464,404)     | 126,616,670,857 | -                |
|                         | 776,023,985,593 | (10,066,200,764) | 954,658,679,650 | (42,035,904,403) |

Included in inventories at 31 December 2023 was VND153,439 million (1/1/2023: VND238,074 million) of goods in transit, raw materials, work in progress, finished goods and merchandise inventories carried at net realisable value.

As at 31 December 2023, inventories with a carrying value of VND683,795 million (1/1/2023: VND750,563 million) were pledged with banks as security for short-term borrowings granted to the Corporation and its subsidiaries (Note 21(a)).

Hoa Tho Textile-Garment Joint Stock Corporation  
Notes to the consolidated financial statements for the year ended 31 December 2023 (continued)

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12. Tangible fixed assets

| Cost                                   | Buildings and structures VND | Machinery and equipment VND | Motor vehicles VND | Office equipment VND | Others VND      | Total VND         |
|--|------------------------------|-----------------------------|--------------------|----------------------|-----------------|-------------------|
| Opening balance                        | 468,086,301,287              | 1,316,153,913,583           | 87,471,651,025     | 9,536,080,162        | 103,078,664,667 | 1,984,326,610,724 |
| Additions                              | 1,567,385,406                | 7,651,901,690               | 1,977,822,043      | 379,977,170          | 793,263,154     | 12,370,349,463    |
| Transfer from construction in progress | 128,964,082                  | 73,769,427,546              | 17,309,817         | -                    | 294,750,000     | 74,210,451,445    |
| Reclassification                       | (1,812,332,071)              | 2,080,913,143               | -                  | -                    | (268,581,072)   | -                 |
| Disposals                              | -                            | (28,676,541,904)            | (2,076,080,147)    | -                    | (888,855,193)   | (31,641,477,244)  |
| Closing balance                        | 467,970,318,704              | 1,370,979,614,058           | 87,390,702,738     | 9,916,057,332        | 103,009,241,556 | 2,039,265,934,388 |
| <b>Accumulated depreciation</b>        |                              |                             |                    |                      |                 |                   |
| Opening balance                        | 199,043,420,649              | 942,321,345,190             | 47,533,822,535     | 7,785,939,029        | 87,266,263,901  | 1,283,950,791,304 |
| Charge for the year                    | 24,262,809,037               | 83,695,455,481              | 8,537,075,260      | 647,552,909          | 5,933,726,389   | 123,076,619,076   |
| Reclassification                       | (1,923,627,517)              | 2,039,399,331               | -                  | -                    | (115,771,814)   | -                 |
| Disposals                              | -                            | (28,676,541,904)            | (2,076,080,147)    | -                    | (888,855,193)   | (31,641,477,244)  |
| Closing balance                        | 221,382,602,169              | 999,379,658,098             | 53,994,817,648     | 8,433,491,938        | 92,195,363,283  | 1,375,385,933,136 |
| <b>Net book value</b>                  |                              |                             |                    |                      |                 |                   |
| Opening balance                        | 269,042,880,638              | 373,832,568,393             | 39,937,828,490     | 1,750,141,133        | 15,812,400,766  | 700,375,819,420   |
| Closing balance                        | 246,587,716,535              | 371,599,955,960             | 33,395,885,090     | 1,482,565,394        | 10,813,878,273  | 663,880,001,252   |

Included in tangible fixed assets were assets costing VND867,239 million which were fully depreciated as at 31 December 2023 (1/1/2023: VND770,746 million), but which are still in active use.

At 31 December 2023, tangible fixed assets with a carrying value of VND368,633 million (1/1/2023: VND381,667 million) were pledged with banks as security for short-term and long-term borrowings granted to the Corporation and its subsidiaries (Note 21).



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Notes to the consolidated financial statements for the year ended 31 December 2023  
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13. Intangible fixed assets

|                                 | Software VND   |
|---------------------------------|----------------|
| <b>Cost</b>                     |                |
| Opening balance                 | 12,593,614,322 |
| Additions                       | 186,696,694    |
| Closing balance                 | 12,780,311,016 |
| <b>Accumulated amortisation</b> |                |
| Opening balance                 | 10,126,235,790 |
| Charge for the year             | 789,826,010    |
| Closing balance                 | 10,916,061,800 |
| <b>Net book value</b>           |                |
| Opening balance                 | 2,467,378,532  |
| Closing balance                 | 1,864,249,216  |

Included in intangible fixed assets were assets costing VND8,371 million which were fully amortised as at 31 December 2023 (1/1/2023: VND7,913 million), but which are still in use.

#### 14. Construction in progress

|                                   | 2023<br>VND      | 2022<br>VND<br>Restated |
|-----------------------------------|------------------|-------------------------|
| Opening balance                   | 17,435,128,396   | 14,352,120,576          |
| Additions during the year         | 57,697,268,032   | 126,391,204,924         |
| Transfer to tangible fixed assets | (74,210,451,445) | (123,308,197,104)       |
| Closing balance                   | 921,944,983      | 17,435,128,396          |

Major constructions in progress were as follows:

|  | 31/12/2023<br>VND | 1/1/2023<br>VND<br>Restated |
|--|-------------------|-----------------------------|
| Upgrading firefighting and prevention system | 511,049,236       | -                           |
| Trieu Phong Garment Factory – phase 3        | 293,540,191       | -                           |
| Spinning machines and equipment              | -                 | 13,367,742,196              |
| Others                                       | 117,355,556       | 4,067,386,200               |
|  | 921,944,983       | 17,435,128,396              |

#### 15. Prepaid expenses

##### (a) Short-term prepaid expenses

|                                   | 31/12/2023<br>VND | 1/1/2023<br>VND<br>Restated |
|-----------------------------------|-------------------|-----------------------------|
| Prepaid insurance expenses        | 3,227,281,381     | 3,071,969,024               |
| Tools and supplies                | 2,627,499,460     | 1,359,748,228               |
| Prepaid operating lease expenses  | 1,366,700,925     | 498,110,110                 |
| Other short-term prepaid expenses | 5,779,019,114     | 4,598,000,050               |
|                                   | 13,000,500,880    | 9,527,827,412               |

##### (b) Long-term prepaid expenses

|                           | Prepaid<br>land costs<br>VND | Tools<br>and supplies<br>VND | Others<br>VND   | Total<br>VND     |
|---------------------------|------------------------------|------------------------------|-----------------|------------------|
| Opening balance           | 3,840,258,372                | 14,748,232,145               | 22,455,260,045  | 41,043,750,562   |
| Additions                 | -                            | 16,674,590,568               | 7,715,952,918   | 24,390,543,486   |
| Amortisation for the year | (87,610,452)                 | (10,230,699,200)             | (9,534,547,597) | (19,852,857,249) |
| Disposals                 | -                            | (19,446,995)                 | -               | (19,446,995)     |
| Closing balance           | 3,752,647,920                | 21,172,676,518               | 20,636,665,366  | 45,561,989,804   |

#### 16. Deferred tax assets and liabilities

|  | Tax rate | 31/12/2023<br>VND | 1/1/2023<br>VND<br>Restated |
|--|----------|-------------------|-----------------------------|
| Deferred tax assets:                     |          |                   |                             |
| Allowance for inventories                | 20%      | 1,059,602,624     | 5,630,211,563               |
| Unearned revenue                         | 20%      | 1,009,566,289     | -                           |
| Allowance for inventories – subsidiaries | 5%       | -                 | 95,955,139                  |
| Others                                   | 20%      | 232,803,364       | -                           |
| Total deferred tax assets                |          | 2,301,972,277     | 5,726,166,702               |
| Deferred tax liabilities:                |          |                   |                             |
| Allowance for long-term investments      | 20%      | (511,523,370)     | -                           |
| Net deferred tax assets                  |          | 1,790,448,907     | 5,726,166,702               |

#### 17. Accounts payable to suppliers

##### (a) Accounts payable to suppliers detailed by significant suppliers

|                    | Cost and amount<br>within payment capacity |                 |
|--------------------|--|-----------------|
|                    | 31/12/2023<br>VND                          | 1/1/2023<br>VND |
| Hultafors Group AB | 18,705,524,789                             | 41,205,311,087  |
| Other suppliers    | 212,953,205,108                            | 206,253,452,517 |
|                    | 231,658,729,897                            | 247,458,763,604 |

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**(b) Accounts payable to suppliers who are related parties**

|  | 31/12/2023<br>VND     | 1/1/2023<br>VND       |
|--|-----------------------|-----------------------|
| <b>The parent company</b>  |                       |                       |
| Vietnam National Textile and Garment Group   | 5,387,148,375         | 5,023,685,489         |
| <b>Associate</b>   |                       |                       |
| Hoa Tho – Quang Nam Garment Joint Stock Company  | 7,600,436,555         | 18,462,790,590        |
| Hoa Tho – Phu Ninh Garment Joint Stock Company   | 906,163,602           | -                     |
| <b>Other related parties</b>   |                       |                       |
| Hue Textile Garment Joint Stock Company  | 5,026,026             | 7,859,651             |
| Thien Tin Trading Production Company Limited<br>– a company whose key management person is a close family member of a key management person of the Corporation | 69,698,988            | 161,737,569           |
|  | <u>13,968,473,546</u> | <u>23,656,073,299</u> |

The trade related amounts due to the related parties were unsecured, interest free and are payable within from 30 - 180 days from invoice date.

**18. Taxes and others receivable from/payable to State Treasury**

**(a) Taxes and others receivable from State Treasury**

|                           | 1/1/2023<br>VND  | Paid<br>VND          | Net-off<br>VND     | 31/12/2023<br>VND    |
|---------------------------|------------------|----------------------|--------------------|----------------------|
| Land rental               | -                | 3,659,766,722        | -                  | 3,659,766,722        |
| Non-agricultural land tax | 4,265,704        | -                    | (4,265,704)        | -                    |
|                           | <u>4,265,704</u> | <u>3,659,766,722</u> | <u>(4,265,704)</u> | <u>3,659,766,722</u> |

**Hoa Tho Textile-Garment Joint Stock Corporation**  
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**(b) Taxes and others payable to State Treasury**

|                          | 1/1/2023<br>VND       | Incurred<br>VND        | Paid/net-off<br>VND      | 31/12/2023<br>VND     |
|--------------------------|-----------------------|------------------------|--------------------------|-----------------------|
| Value added tax          | 3,766,804,205         | 132,176,348,896        | (131,247,551,570)        | 4,695,601,531         |
| Import tax               | 56,980,038            | 3,620,893,507          | (3,677,611,528)          | 262,017               |
| Corporate income tax (*) | 31,884,480,458        | 37,001,410,572         | (57,973,657,094)         | 10,912,233,936        |
| Personal income tax      | 768,174,730           | 9,088,440,745          | (9,455,878,496)          | 400,736,979           |
| Land tax                 | -                     | 6,206,733,710          | (6,206,733,710)          | -                     |
| Other taxes              | -                     | 1,238,163,767          | (1,238,020,233)          | 143,534               |
|                          | <u>36,476,439,431</u> | <u>189,331,991,197</u> | <u>(209,799,452,631)</u> | <u>16,008,977,997</u> |

(\*) Taxes and others payable to State Treasury as at 1 January 2023 have been restated according to the report of the State Audit of Vietnam on Corporate income tax (Note 42).

**19. Accrued expenses**

|                             | 31/12/2023<br>VND    | 1/1/2023<br>VND      |
|-----------------------------|----------------------|----------------------|
| Operating costs             | 1,930,053,738        | 4,670,621,801        |
| Interest expense            | 468,679,648          | 423,529,852          |
| Electricity and water costs | 2,207,788,650        | 136,727,464          |
| Others                      | 549,554,357          | 665,657,836          |
|                             | <u>5,156,076,393</u> | <u>5,896,536,953</u> |

**20. Other short-term payables**

|  | 31/12/2023<br>VND      | 1/1/2023<br>VND       |
|--|------------------------|-----------------------|
| Trade union fees                               | 17,781,619,769         | 15,626,312,053        |
| Advances from customers for payments on behalf | 936,449,270            | 2,506,906,124         |
| Dividend payables                              | 91,194,507,100         | 1,132,452,600         |
| Charity fund                                   | -                      | 832,771,781           |
| Others   | 5,499,509,870          | 4,235,422,692         |
|  | <u>115,412,086,009</u> | <u>24,333,865,250</u> |

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21. Borrowings

(a) Short-term borrowings

|  | Movements during the year   |                   |                     |   | 31/12/2023<br>Carrying amount<br>and amount within<br>repayment capacity<br>VND |
|--|---|-------------------|---------------------|---|---|
|  | 1/1/2023<br>Carrying amount and<br>amount within repayment<br>capacity<br>VND | Increase<br>VND   | Decrease<br>VND     | Unrealised foreign<br>exchange differences<br>VND |   |
| Short-term borrowings                          | 488,687,245,837   | 3,725,391,182,603 | (3,598,775,658,705) | 405,296,073                                       | 615,708,065,808   |
| Current portion of long-term<br>borrowings (b) | 41,998,911,720  | 36,561,488,243    | (51,748,343,722)    | 168,549,669                                       | 26,980,605,910  |
|  | 530,686,157,557   | 3,761,952,670,846 | (3,650,524,002,427) | 573,845,742                                       | 642,688,671,718   |

Terms and conditions of short-term borrowings were as follows:

|                                      | Currency | Annual<br>interest rate | 31/12/2023<br>VND | 1/1/2023<br>VND |
|--------------------------------------|----------|-------------------------|-------------------|-----------------|
| Bank borrowing 1 (i)                 | USD      | 1.5% - 3.2%             | 180,064,321,836   | 315,182,355,128 |
| Bank borrowing 2 (i)                 | USD      | 3.6%                    | 39,159,534,223    | -               |
| Bank borrowing 3 (i)                 | USD      | 1.7% - 3.2%             | 179,949,256,061   | 58,616,896,720  |
| Bank borrowing 4 (i)                 | USD      | 3.5% - 4.0%             | 55,133,854,140    | 48,375,285,693  |
| Bank borrowing 5 (i)                 | USD      | 3.6% - 3.8%             | 26,741,755,703    | 21,820,622,789  |
| Bank borrowing 6 (i)                 | USD      | 2.1% - 2.2%             | -                 | 44,392,085,507  |
| Bank borrowing 7 7 (i)               | VND      | 2.5% - 3.2%             | 79,409,343,845    | -               |
| Bank borrowing 7 8 (i)               | VND      | 2.5%                    | 55,000,000,000    | -               |
| Borrowing from Retirement Board (ii) | VND      | 9.0%                    | 250,000,000       | 300,000,000     |
|                                      |          |                         | 615,708,065,808   | 488,687,245,837 |

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- (i) These borrowings were secured over term deposit contracts (Note 6(a)), certain account receivables (Note 7), inventories (Note 11) and tangible fixed asset of the Corporation and its subsidiaries (Note 12).
- (ii) These borrowings were unsecured.
- (b) Long-term borrowings

|                                | 31/12/2023<br>VND | 1/1/2023<br>VND  |
|--------------------------------|-------------------|------------------|
| Long-term borrowings           | 253,465,545,357   | 310,677,740,009  |
| Repayable within twelve months | (26,980,605,910)  | (41,998,911,720) |
| Repayable after twelve months  | 226,484,939,447   | 268,678,828,289  |

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Terms and conditions of long-term borrowings were as follows:

|  | Currency | Annual interest rate | Year of maturity | 31/12/2023<br>VND | 1/1/2023<br>VND |
|--|----------|----------------------|------------------|-------------------|-----------------|
| Bank borrowing 1 (i)   | VND      | 4.3%                 | 2024             | 10,000,000,000    | 20,000,000,000  |
| Bank borrowing 2 (i)   | USD      | 8.25%                | 2025             | 30,016,931,310    | 77,131,077,962  |
| Environmental Protection Fund (i)                                    | VND      | 2.6%                 | 2025             | 2,790,000,000     | 4,030,000,000   |
| Vietnam National Textile and Garment Group – the parent company (ii) | USD      | SOFR + 0.7%          | 2039             | 210,658,614,047   | 209,516,662,047 |
|  |          |                      |                  | 253,465,545,357   | 310,677,740,009 |

(i) These borrowings were secured over term deposit contracts (Note 6(a)) and certain tangible fixed assets (Note 12) of the Corporation and the subsidiaries.

(ii) These were re-lent by Vietnam National Textile and Garment Group from the borrowings granted by Asia Development Bank (“ADB”) with a credit limit of USD9,042,587 and were secured over certain tangible fixed assets of the Corporation (Note 12).

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**Hoa Tho Textile-Garment Joint Stock Corporation**  
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**22. Bonus and welfare fund**

This fund is established by appropriating from retained profits as approved by shareholders at shareholders’ meeting. This fund is used to pay bonus and welfare to the employees of Corporation and the subsidiaries in accordance with the bonus and welfare policies of the Corporation and the subsidiaries. Movements of bonus and welfare fund during the year were as follows:

|                 | 2023<br>VND     | 2022<br>VND      |
|-----------------|-----------------|------------------|
| Opening balance | 68,188,999,432  | 69,175,100,458   |
| Appropriation   | 22,528,907,116  | 11,170,216,362   |
| Other additions | 32,639,419      | 381,616,911      |
| Utilisation     | (9,161,400,627) | (12,537,934,299) |
| Closing balance | 81,589,145,340  | 68,188,999,432   |

**23. Long-term advances from customers**

Long-term advances from customers from Motives International (Hong Kong) Limited (“Motives”) were used for the Corporation’s investment in production lines for manufacturing expansion to meet Motives’ demands. According to the agreement dated 25 April 2015 and the appendix dated 3 January 2022, these advances are gradually offset against the purchase amount Motives has to pay to the Corporation from 2017 to 2025.



**Changes in owners' equity**

|   | Share capital<br>VND | Other capital<br>VND | Investment and<br>development fund<br>VND | Retained profits<br>VND | Non-controlling<br>interests<br>VND | Total<br>VND      |
|---|----------------------|----------------------|---|-------------------------|-------------------------------------|-------------------|
| <b>Balance at 1 January 2022</b>  | 236,250,000,000      | 1,176,340,000        | 140,963,518,580                           | 234,646,810,143         | 40,761,999,959                      | 653,798,668,682   |
| Net profit for the year – as restated   | -                    | -                    | -   | 279,053,740,515         | 5,932,380,103                       | 284,986,120,618   |
| <i>Net profit for the year – as previously stated<br/>Restatement according to the State Audit<br/>report (Note 42)</i> | -                    | -                    | -   | 263,348,714,184         | 4,721,137,906                       | 268,069,852,090   |
| Appropriation to investment and<br>development fund   | -                    | -                    | 37,063,265,741                            | (37,063,265,741)        | -                                   | -                 |
| Dividends (Note 27)   | -                    | -                    | -   | (23,625,000,000)        | (2,551,000,000)                     | (26,176,000,000)  |
| Dividends by shares (Note 27)   | 63,780,750,000       | 576,600,000          | -   | (64,357,350,000)        | -                                   | -                 |
| Appropriation to bonus and welfare fund   | -                    | -                    | -   | (10,839,820,133)        | (330,396,229)                       | (11,170,216,362)  |
| <b>Balance at 1 January 2023</b>  | 300,030,750,000      | 1,752,940,000        | 178,026,784,321                           | 377,815,114,784         | 43,812,983,833                      | 901,438,572,938   |
| Net profit for the year   | -                    | -                    | -   | 171,980,838,183         | (2,107,436,225)                     | 169,873,401,958   |
| Appropriation to investment and<br>development fund   | -                    | -                    | 28,553,165,973                            | (28,553,165,973)        | -                                   | -                 |
| Dividends (Note 27)   | -                    | -                    | -   | (210,019,070,000)       | (1,957,962,000)                     | (211,977,032,000) |
| Dividends by shares (Note 27)   | 59,996,330,000       | 1,547,340,000        | -   | (61,543,670,000)        | -                                   | -                 |
| Appropriation to bonus and welfare fund   | -                    | -                    | -   | (21,783,590,790)        | (745,316,326)                       | (22,528,907,116)  |
| <b>Balance at 31 December 2023</b>  | 360,027,080,000      | 3,300,280,000        | 206,579,950,294                           | 227,896,456,204         | 39,002,269,282                      | 836,806,035,780   |



**Hoa Tho Textile-Garment Joint Stock Corporation**  
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**25. Share capital**

The Corporation's authorised and issued share capital are:

|                                 | 31/12/2023          |                 | 1/1/2023            |                 |
|---------------------------------|---------------------|-----------------|---------------------|-----------------|
|                                 | Number of<br>shares | VND             | Number of<br>shares | VND             |
| <b>Authorised share capital</b> | 36,002,708          | 360,027,080,000 | 30,003,075          | 300,030,750,000 |
| <b>Issued share capital</b>     |                     |                 |                     |                 |
| Ordinary shares                 | 36,002,708          | 360,027,080,000 | 30,003,075          | 300,030,750,000 |
| <b>Shares in circulation</b>    |                     |                 |                     |                 |
| Ordinary shares                 | 36,002,708          | 360,027,080,000 | 30,003,075          | 300,030,750,000 |

All ordinary shares have a par value of VND10,000. Each share is entitled to one vote at meetings of the Corporation. Shareholders are entitled to receive dividend as declared from time to time. All ordinary shares are ranked equally with regard to the Corporation's residual assets.

**Hoa Tho Textile-Garment Joint Stock Corporation**  
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Share capital issued and in circulation of shareholders is as follows:

|  | 31/12/2023       |                 | 1/1/2023         |        |
|--|------------------|-----------------|------------------|--------|
|  | Number of shares | VND             | Number of shares | %      |
| Vietnam National Textile and Garment Group | 22,274,205       | 222,742,050,000 | 18,561,838       | 61.87% |
| Other shareholders                         | 13,728,503       | 137,285,030,000 | 11,441,237       | 38.13% |
|  | 36,002,708       | 360,027,080,000 | 30,003,075       | 100%   |

The parent company, Vietnam National Textile and Garment Group, is incorporated in Vietnam.

Movements in share capital during the year were as follows:

|                                      | 2023             |                 | 2022             |                 |
|--------------------------------------|------------------|-----------------|------------------|-----------------|
|                                      | Number of shares | VND             | Number of shares | VND             |
| Balance at the beginning of the year | 30,003,075       | 300,030,750,000 | 23,625,000       | 236,250,000,000 |
| Payment of share dividends           | 5,999,633        | 59,996,330,000  | 6,378,075        | 63,780,750,000  |
| Balance at the end of the year       | 36,002,708       | 360,027,080,000 | 30,003,075       | 300,030,750,000 |

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**Hoa Tho Textile-Garment Joint Stock Corporation**  
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**26. Investment and development fund**

Investment and development fund was appropriated from retained profits in accordance with the resolution of General Meeting of Shareholders. This fund was established for the purpose of future business expansion.

**27. Dividends**

The General Meeting of Shareholders of the Corporation on 15 April 2023 resolved to distribute dividends in cash amounting to VND120,012 million (equivalent to a dividend rate of 40% of charter capital) and stock dividend amounting to VND59,996 million (equivalent to a dividend rate of 20% of charter capital) for 2023 (2022: VND23,625 million (equivalent to a dividend rate of 10% of charter capital) and stock dividend amounting to VND63,780 million (equivalent to a dividend rate of 27% of charter capital) for 2021).

On 4 December 2023, the Board of Management of the Corporation approved the advance payment of dividends to the shareholders amounting to VND90,007 million (equivalent to a dividend rate of 25% of charter capital) from the retained profits of 2023 (2022: Nil).

**28. Off balance sheet items**

**(a) Lease**

The future minimum lease payments under non-cancellable operating leases were:

|                          | 31/12/2023<br>VND      | 1/1/2023<br>VND        |
|--------------------------|------------------------|------------------------|
| Within one year          | 28,196,625,103         | 28,338,752,963         |
| Within two to five years | 108,411,419,265        | 108,822,921,969        |
| More than five years     | 182,337,480,838        | 163,613,513,729        |
|                          | <u>318,945,525,206</u> | <u>300,775,188,661</u> |

**(b) Foreign currency**

|     | 31/12/2023        |                | 1/1/2023          |                |
|-----|-------------------|----------------|-------------------|----------------|
|     | Original currency | VND equivalent | Original currency | VND equivalent |
| USD | 237,422           | 5,720,089,141  | 227,196           | 5,316,327,203  |

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**Hoa Tho Textile-Garment Joint Stock Corporation**  
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**(c) Capital expenditure commitments**

At the reporting date, the Corporation had the following outstanding investment projects approved but not provided for in the consolidated balance sheet:

|                             | 31/12/2023<br>VND      | 1/1/2023<br>VND       |
|-----------------------------|------------------------|-----------------------|
| Approved but not contracted | 176,940,000,000        | 43,100,000,000        |
| Approved and contracted     | 56,180,000,000         | 5,742,000,000         |
|                             | <u>233,120,000,000</u> | <u>48,842,000,000</u> |

**29. Revenue from sales of goods and provision of services**

Total revenue represents the gross value of goods sold and services rendered exclusive of value added tax.

Net revenue comprised:

|   | 2023<br>VND              | 2022<br>VND<br>Restated  |
|---|--------------------------|--------------------------|
| Total revenue                               |                          |                          |
| ▪ Revenue from sales and garment processing | 4,694,186,132,524        | 5,170,918,533,990        |
| ▪ Revenue from provision of other services  | 9,780,586,155            | 8,076,195,419            |
|   | <u>4,703,966,718,679</u> | <u>5,178,994,729,409</u> |
| Less revenue deductions                     |                          |                          |
| ▪ Sales discounts                           | (3,275,248,195)          | -                        |
| ▪ Sales returns                             | (411,270,139)            | (456,833,533)            |
| ▪ Sales allowance                           | (70,626,293)             | -                        |
|   | <u>(3,757,144,627)</u>   | <u>(456,833,533)</u>     |
| Net revenue                                 | <u>4,700,209,574,052</u> | <u>5,178,537,895,876</u> |

**Hoa Tho Textile-Garment Joint Stock Corporation**  
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**30. Cost of sales**

|   | 2023<br>VND              | 2022<br>VND<br>Restated  |
|---|--------------------------|--------------------------|
| Cost of goods and garment processing service      | 4,295,870,418,282        | 4,520,339,814,491        |
| Cost of other services                            | 4,175,662,189            | 3,045,754,426            |
| (Reversal)/provision of allowance for inventories | (31,969,703,639)         | 41,124,857,291           |
|   | <u>4,268,076,376,832</u> | <u>4,564,510,426,208</u> |

**31. Financial income**

|   | 2023<br>VND           | 2022<br>VND<br>Restated |
|---|-----------------------|-------------------------|
| Interest income from deposits, loans and advances | 20,410,893,468        | 13,966,520,999          |
| Dividends   | 168,000,000           | 168,000,000             |
| Realised foreign exchange gains                   | 63,558,113,953        | 83,157,458,319          |
| Other income                                      | 18,366,324            | 22,905,132              |
|   | <u>84,155,373,745</u> | <u>97,314,884,450</u>   |

**32. Financial expenses**

|  | 2023<br>VND           | 2022<br>VND           |
|--|-----------------------|-----------------------|
| Interest expense   | 38,519,684,807        | 24,700,898,629        |
| Realised foreign exchange losses   | 22,626,296,625        | 45,227,907,321        |
| Unrealised foreign exchange losses                                       | 8,240,828,272         | 10,890,005,636        |
| Allowance for diminution in the value of long-term financial investments | -                     | 296,534,645           |
|  | <u>69,386,809,704</u> | <u>81,115,346,231</u> |

**Hoa Tho Textile-Garment Joint Stock Corporation**  
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**33. Selling expenses**

|                       | 2023<br>VND           | 2022<br>VND<br>Restated |
|-----------------------|-----------------------|-------------------------|
| Staff costs           | 7,450,318,876         | 6,529,732,791           |
| Supplies and packages | 727,270,099           | 889,095,934             |
| Tools and equipment   | 357,982,822           | 1,371,907,662           |
| Depreciation charges  | 929,987,754           | 969,166,553             |
| Outside services      | 56,720,346,717        | 102,622,143,662         |
| Other expenses        | 17,919,789,999        | 14,868,559,932          |
|                       | <u>84,105,696,267</u> | <u>127,250,606,534</u>  |

**34. General and administration expenses**

|  | 2023<br>VND            | 2022<br>VND<br>Restated |
|--|------------------------|-------------------------|
| Staff costs                              | 83,273,524,891         | 75,980,195,111          |
| Depreciation charges                     | 10,874,778,161         | 9,922,454,527           |
| Taxes, fees and charges                  | 7,550,074,463          | 12,673,545,336          |
| Outside services                         | 29,912,428,071         | 27,556,257,273          |
| Reversal of allowance for doubtful debts | -                      | (1,440,273,725)         |
| Office equipment                         | 3,521,756,836          | 2,839,423,508           |
| Others                                   | 23,221,302,380         | 24,788,295,649          |
|  | <u>158,353,864,802</u> | <u>152,319,897,679</u>  |

**35. Other income**

|   | 2023<br>VND           | 2022<br>VND          |
|---|-----------------------|----------------------|
| Gain from disposals of fixed assets           | 937,360,909           | 906,402,622          |
| Penalties, compensations and rewards received | 8,149,661,036         | 2,497,702,339        |
| Others  | 1,193,735,861         | 3,031,775,875        |
|   | <u>10,280,757,806</u> | <u>6,435,880,836</u> |

**Hoa Tho Textile-Garment Joint Stock Corporation**  
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**36. Other expenses**

|   | 2023<br>VND          | 2022<br>VND          |
|---|----------------------|----------------------|
| Penalties on breach of contract and late payment of tax | 4,878,493,001        | 248,531,355          |
| Others  | 1,433,642,167        | 1,094,853,313        |
|   | <u>6,312,135,168</u> | <u>1,343,384,668</u> |

**37. Production and business costs by element**

|   | 2023<br>VND              | 2022<br>VND<br>Restated  |
|---|--------------------------|--------------------------|
| Raw material costs included in production costs | 2,371,039,795,168        | 2,708,023,164,937        |
| Staff costs                                     | 1,272,835,241,599        | 1,331,474,227,105        |
| Depreciation and amortisation                   | 123,954,055,538          | 127,218,158,438          |
| Allowance for doubtful debts                    | -                        | (1,440,273,725)          |
| Outside services and other expenses             | 580,415,634,787          | 773,039,414,472          |
|   | <u>4,328,244,731,092</u> | <u>5,340,013,998,687</u> |

**38. Income tax**

**(a) Recognised in the consolidated statement of income**

|   | 2023<br>VND           | 2022<br>VND<br>Restated |
|---|-----------------------|-------------------------|
| <b>Current tax expense</b>                        |                       |                         |
| Current year                                      | 36,344,432,271        | 77,966,243,765          |
| Under provision in prior years                    | 656,978,301           | 25,890,878              |
|   | <u>37,001,410,572</u> | <u>77,992,134,643</u>   |
| <b>Deferred tax expense/(benefit)</b>             |                       |                         |
| Origination and reversal of temporary differences | 3,935,717,795         | (5,726,166,702)         |
|   | <u>40,937,128,367</u> | <u>72,265,967,941</u>   |

**Hoa Tho Textile-Garment Joint Stock Corporation**  
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**(b) Reconciliation of effective tax rate**

|   | 2023<br>VND     | 2022<br>VND<br>Restated |
|---|-----------------|-------------------------|
| Accounting profit before tax                                  | 210,810,530,325 | 357,252,088,559         |
| Tax at the Corporation's tax rate                             | 42,162,106,065  | 71,450,417,712          |
| Tax incentives  | -               | (496,770,100)           |
| Effect of different tax rate applied in subsidiaries          | (227,844,693)   | (1,693,596,926)         |
| Non-deductible expenses                                       | 735,404,414     | 709,532,225             |
| Tax exempt income   | (513,541,499)   | (33,600,000)            |
| Effect of temporary differences not recognised in prior years | (4,416,284,964) | -                       |
| Unrecognised deferred tax assets                              | 3,304,791,243   | 2,759,235,745           |
| Tax losses utilised in subsidiaries                           | -               | (73,165,234)            |
| Under provision in prior years                                | 656,978,301     | 25,890,878              |
| Tax reduction (*)   | (764,480,500)   | (381,976,359)           |
|   | 40,937,128,367  | 72,265,967,941          |

(\*) The Corporation is entitled to tax reduction under Article 21 of Circular No. 78/2014/TT-BTC providing guidance on implementation of the Law on Corporation Income Tax. Accordingly, a production, construction or transportation enterprise that employs between 10 and 100 female laborers who account for more than 50% of its total regular employees, or regularly employs over 100 female laborers who account for more than 30% of its total regular employees, is entitled to a reduction of corporate income tax equivalent to the actual additional expenses for female laborers.

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**(c) Unrecognised deferred tax assets**

Deferred tax assets have not been recognised in respect of the following items:

|                                  | 31/12/2023                     |                  | 1/1/2023                       |                  |
|----------------------------------|--------------------------------|------------------|--------------------------------|------------------|
|                                  | Temporary<br>difference<br>VND | Tax value<br>VND | Temporary<br>difference<br>VND | Tax value<br>VND |
| Deductible temporary differences | 5,268,572,959                  | 1,053,714,592    | 23,994,419,752                 | 4,798,883,949    |
| Tax losses in subsidiaries       | 13,168,378,176                 | 2,633,675,636    | -                              | -                |
|                                  | 18,436,951,135                 | 3,687,390,228    | 23,994,419,752                 | 4,798,883,949    |

Deductible temporary differences include interest expenses allowed to be carried forward for deduction against future taxable profit in accordance with regulation in Decree 132/2020/ND-CP dated 5 November 2020. These deductible temporary differences expire in 2028.

The tax losses in subsidiaries expire in 2028.

Deferred tax assets have not been recognised in respect of tax losses in subsidiaries because it is not probable that future taxable profit will be available against which the subsidiaries can utilise the benefits therefrom.

**(d) Applicable tax rates**

**(i) For the Corporation**

Under the provisions of the current Income Tax Law, the Corporation has an obligation to pay the Government corporate income tax at the rate of 20% of taxable profits.

**(ii) For the subsidiaries**

Hoa Tho - Thang Binh Garment Joint Stock Company has an obligation to pay the Government income tax at the rate of 20% of taxable profits. The current income tax regulations allow this subsidiary to have corporation income tax at the rate of 10% for 15 years (from 2016 to 2030), be exempt from income tax for 4 years starting from the first year it generates a taxable profit (from 2018 to 2021) and entitled to a 50% reduction in CIT for the 9 succeeding years (2022 - 2030).

Other subsidiaries have an obligation to pay the Government income tax at the rate of 20%.

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**39. Basic earnings per share**

The calculation of basic earnings per share for the year ended 31 December 2023 was based on the profit attributable to ordinary shareholders and a weighted average number of ordinary shares outstanding at the time of reporting, calculated as follows:

**(a) Weighted average number of ordinary shares**

|   | 2023<br>(Shares) | 2022<br>(Shares)<br>Restated |
|---|------------------|------------------------------|
| Issued ordinary shares at the beginning of the year     | 30,003,075       | 23,625,000                   |
| Effect of payment of stock dividends (Note 27)          | 5,999,633        | 12,377,708                   |
|   | <hr/>            | <hr/>                        |
| Weighted average number of ordinary shares for the year | 36,002,708       | 36,002,708                   |

**(b) Basic earnings per share**

The calculation of basic earnings per share for the year ended 31 December 2023 was based on the profit attributable to ordinary shareholders after deducting the amounts appropriated to bonus and welfare fund for the annual accounting period and a weighted average number, calculated as follows:

|  | 2023             | 2022<br>Restated |
|--|------------------|------------------|
| Net profit for the year (VND)                                    | 171,980,838,183  | 279,053,740,515  |
| Appropriation to Bonus and welfare funds (VND) (*)               | (12,000,000,000) | (21,783,590,790) |
|  | <hr/>            | <hr/>            |
| Net profit attributable to ordinary shareholders (VND)           | 159,980,838,183  | 257,270,149,725  |
| Weighted average number of ordinary shares for the year (shares) | 36,002,708       | 36,002,708       |
|  | <hr/>            | <hr/>            |
| Basic earnings per share (VND/share)                             | 4,444            | 7,146            |

(\*) The estimated appropriation to bonus and welfare fund from net profit for the year ended 31 December 2023 is the estimation made by the Corporation's Board of Directors, based on the Corporation's operating results in 2023.

**Hoa Tho Textile-Garment Joint Stock Corporation**  
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**(c) Restatements of weighted average number of ordinary shares and basic earnings per share for the year ended 31 December 2022**

Weighted average number of ordinary shares and basic earnings per share for the year ended 31 December 2022 have been restated due to effects of payment of stock dividends (Note 27) in accordance with Item 24 of Vietnamese Accounting Standard No. 30 – Earnings per share and the actual appropriation of profit after tax to bonus and welfare fund (Note 22) as follows:

|   | Net profit<br>VND | Weighted average<br>number of<br>ordinary shares | Basic<br>earnings<br>per share<br>VND |
|---|-------------------|--|---------------------------------------|
| As previously reported  | 255,348,714,184   | 30,003,075                                       | 8,511                                 |
| Effect of restatements in accordance with results of the State Audit of Vietnam (Note 42) | 15,705,026,331    | -  | 523                                   |
| Effect of appropriation of profit after tax to bonus and welfare fund                     | (13,783,590,790)  | -  | (459)                                 |
| Effect of payment of stock dividends  | -                 | 5,999,633  | (1,429)                               |
|   | <hr/>             | <hr/>  | <hr/>                                 |
| As restated   | 257,270,149,725   | 36,002,708                                       | 7,146                                 |

**40. Significant transactions with related parties**

In addition to related party balances disclosed in other notes to the consolidated financial statements, the Corporation and its subsidiaries had the following significant transactions with related parties during the year:

|  | Transaction value |                |
|--|-------------------|----------------|
|  | 2023<br>VND       | 2022<br>VND    |
| <b>The Parent Company - Vietnam National Textile and Garment Group</b> |                   |                |
| Cash dividends   | 129,932,864,500   | 14,615,621,000 |
| Share dividends  | 37,123,670,000    | 39,462,170,000 |
| Sales of goods and services  | 2,004,546         | 9,827,268      |
| Purchase of goods and services   | 16,299,307,361    | 16,958,594,950 |
| Interest expense   | 14,617,579,970    | 6,454,974,769  |
| Purchase of fixed assets   | -                 | 32,600,000,000 |
| <b>Associates</b>  |                   |                |
| <b>Hoa Tho - Phu Ninh Garment Joint Stock Company</b>                  |                   |                |
| Sales of goods and services  | 2,904,263,006     | 2,216,473,534  |
| Purchase of goods and services   | 91,332,736,950    | 89,428,986,872 |
| Loans granted  | -                 | 9,371,440,000  |
| Receipt of loan principal repayment                                    | 2,342,860,000     | -              |
| Interest income from loans and advances                                | 922,611,235       | 642,135,599    |

**Hoa Tho Textile-Garment Joint Stock Corporation**  
**Notes to the consolidated financial statements for the year ended 31 December 2023**  
**(continued)**

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|  | Transaction value |                 |
|--|-------------------|-----------------|
|  | 2023<br>VND       | 2022<br>VND     |
| <b>Hoa Tho - Quang Nam Garment Joint Stock Company</b>   |                   |                 |
| Sales of goods and services  | 304,150,799       | 467,379,207     |
| Purchase of goods and services   | 77,762,963,938    | 108,394,147,998 |
| Dividends received through offsetting with liabilities   | 642,800,000       | 1,285,600,000   |
| <b>Other related parties</b>   |                   |                 |
| <b>Hue Textile Garment Joint Stock Company – subsidiary of the parent company</b>  |                   |                 |
| Sales of goods and services  | 123,639,057       | 166,334,472     |
| Purchase of goods and services   | 659,127,429       | 353,063,010     |
| <b>Thien Tin Trading Production Company Limited – company with key management personnel being a close family member of a key management personnel of the Corporation</b> |                   |                 |
| Sales of services  | 3,462,963         | -               |
| Purchase of services   | 5,780,600,060     | 5,036,827,928   |
| <b>Key management personnel compensation</b>   |                   |                 |
| <b>General Director</b>  |                   |                 |
| Salary and bonus   | 2,110,534,224     | 1,748,248,966   |
| <b>Other members of Board of Directors</b>   |                   |                 |
| Salary and bonus   | 12,518,447,621    | 10,409,920,957  |
| <b>Members of Supervisory Board</b>  |                   |                 |
| Salary, bonus and compensation   | 626,065,159       | 494,876,729     |
| <b>Chairman of Board of Management</b>   |                   |                 |
| Compensation and bonus   | 2,673,683,166     | 2,277,829,021   |
| <b>Member No.1 of Board of Management</b>  |                   |                 |
| Compensation   | 93,333,328        | 66,666,668      |
| <b>Member No.2 of Board of Management</b>  |                   |                 |
| Compensation   | 93,333,328        | 66,666,668      |
| <b>Member No. 3 of Board of Management</b>   |                   |                 |
| Compensation and bonus   | 333,333,331       | 322,222,219     |
| <b>Member No.4 of Board of Management</b>  |                   |                 |
| Compensation   | 93,333,328        | 66,666,668      |

**Hoa Tho Textile-Garment Joint Stock Corporation**  
**Notes to the consolidated financial statements for the year ended 31 December 2023**  
**(continued)**

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**41. Non-cash investing and financing activities**

|  | 2023<br>VND    | 2022<br>VND    |
|--|----------------|----------------|
| Payment of share dividends   | 59,996,330,000 | 64,357,350,000 |
| Dividends paid through offsetting with receivables                                   | 1,415,432,000  | -              |
| Interest income from loans and advances received through offsetting with liabilities | 922,611,235    | -              |
| Dividends received through offsetting with liabilities                               | 642,800,000    | 1,285,600,000  |

**42. Comparative information**

During the year, the Corporation has restated certain items in the separate financial statements for the year ended 31 December 2022 in accordance with the audit results announced by the State Auditor of Vietnam in the Audit report on the financial statements, and relevant activities relating to the management and the use of State-owned capitals and assets for the year 2022 of Vietnam National Textile and Garment Group (the parent company of the Corporation) and the Announcement No. 126/TB-KTNN dated 2 February 2024 sent to Hoa Tho Textile-Garment Joint Stock Corporation. These restatements are as follows:

- Increases in Accounts receivable from customers – short-term as at 31 December 2022 and Revenue from sales of goods and provision of services for the year then ended in respect to the export of processing goods, with an amount of VND34,008 million. Simultaneously, a decrease in Inventories as at 31 December 2022 and an increase in the corresponding Cost of sales for the year then ended with an amount of VND32,420 million.
- Increases in Other receivables – short-term as at 31 December 2022 and Financial income for the year then ended in respect to the accrued interest income receivable of term deposits, with an amount of VND1,703 million.
- Decreases in Allowance for doubtful debts as at 31 December 2022 and General and administration expenses for the year then ended with an amount of VND2,016 million.
- Decreases in Allowance for inventories as at 31 December 2022 and Cost of sales for the year then ended in respect to the inventory allowance for raw materials and goods in transit, with an amount of VND10,485 million.
- An increase in Short-term prepaid expenses as at 31 December 2022 and a decrease in Selling expenses for the year then ended to allocate transportation costs in respect to the goods issued for sale but not eligible for revenue recognition yet, with an amount of VND400 million.
- An increase in Construction in progress as at 31 December 2022 and a decrease in General and administration expenses for the year then ended in respect to the strategic development consulting expenses under the Corporation's strategic development project, with an amount of VND3,619 million.
- Increases in Taxes and others payable to State Treasury as at 31 December 2022 and Income tax expense – current for the year then ended because of the above restatements with an amount of VND1,548 million.
- Decreases in Deferred tax assets as at 31 December 2022 and Deferred tax benefit for the year then ended because of the decrease in inventory allowance of raw materials and goods in transit, with an amount of VND1,347 million.

**Hoa Tho Textile-Garment Joint Stock Corporation**  
Notes to the consolidated financial statements for the year ended 31 December 2023  
(continued)

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A comparison of the amounts previously reported and as restated is as follows:

**(a) Consolidated balance sheet**

|   | 1/1/2023<br>(As previously<br>reported)<br>VND | 1/1/2023<br>(Restatements of<br>State Auditor)<br>VND | 1/1/2023<br>(As restated)<br>VND |
|---|--|---|----------------------------------|
| Accounts receivable from customers            | 447,460,848,580                                | 34,008,455,668  | 481,469,304,248                  |
| Other receivables                             | 4,054,277,249                                  | 1,703,213,409   | 5,757,490,658                    |
| Allowance for doubtful debts                  | (7,726,372,561)                                | 2,016,383,215   | (5,709,989,346)                  |
| Inventories                                   | 987,079,062,487                                | (32,420,382,837)                                      | 954,658,679,650                  |
| Allowance for inventories                     | (52,521,090,080)                               | 10,485,185,677  | (42,035,904,403)                 |
| Short-term prepaid expenses                   | 9,128,137,752                                  | 399,689,660   | 9,527,827,412                    |
| Construction in progress                      | 13,816,482,196                                 | 3,618,646,200   | 17,435,128,396                   |
| Deferred tax assets                           | 7,073,502,669                                  | (1,347,335,967)                                       | 5,726,166,702                    |
| Taxes and others payable to<br>State Treasury | 34,928,852,934                                 | 1,547,586,497   | 36,476,439,431                   |
| Retained profits                              | 362,110,088,453                                | 15,705,026,331  | 377,815,114,784                  |
| Non-controlling interest                      | 42,601,741,636                                 | 1,211,242,197   | 43,812,983,833                   |

**(b) Consolidated statement of income**

|  | 2022<br>(As previously<br>reported)<br>VND | 2022<br>(Restatements of<br>State Auditor)<br>VND | 2022<br>(As restated)<br>VND |
|--|--|---|------------------------------|
| Revenue from sales of goods and<br>provision of services                     | 5,144,986,273,741                          | 34,008,455,668                                    | 5,178,994,729,409            |
| Cost of sales  | 4,542,575,229,048                          | 21,935,197,160                                    | 4,564,510,426,208            |
| Financial income   | 95,611,671,041                             | 1,703,213,409                                     | 97,314,884,450               |
| Selling expenses   | 127,650,296,194                            | (399,689,660)                                     | 127,250,606,534              |
| General and administration expenses  | 157,954,927,094                            | (5,635,029,415)                                   | 152,319,897,679              |
| Accounting profit before tax   | 337,440,897,567                            | 19,811,190,992                                    | 357,252,088,559              |
| Income tax expense – current   | 76,444,548,146                             | 1,547,586,497                                     | 77,992,134,643               |
| Income tax benefit – deferred  | (7,073,502,669)                            | 1,347,335,967                                     | (5,726,166,702)              |
| Net profit after tax   | 268,069,852,090                            | 16,916,268,528                                    | 284,986,120,618              |
| Net profit after tax attributable to<br>equity holders of the parent company | 263,348,714,184                            | 15,705,026,331                                    | 279,053,740,515              |
| Net profit after tax attributable to<br>non-controlling interest             | 4,721,137,906                              | 1,211,242,197                                     | 5,932,380,103                |

**Hoa Tho Textile-Garment Joint Stock Corporation**  
Notes to the consolidated financial statements for the year ended 31 December 2023  
(continued)

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**(c) Consolidated statement of cash flows**

|  | 2022<br>(As previously<br>reported)<br>VND | 2022<br>(Restatements of<br>State Auditor)<br>VND | 2022<br>(As restated)<br>VND |
|--|--|---|------------------------------|
| Accounting profit before tax   | 337,440,897,567                            | 19,811,190,992                                    | 357,252,088,559              |
| Allowances and provisions  | 52,421,970,488                             | (12,501,568,892)                                  | 39,920,401,596               |
| Profits from investing activities                                    | (14,840,798,929)                           | (1,703,213,409)                                   | (16,544,012,338)             |
| Change in receivables  | 54,614,289,794                             | (34,008,455,668)                                  | 20,605,834,126               |
| Change in inventories  | (129,019,832,732)                          | 32,420,382,837                                    | (96,599,449,895)             |
| Change in prepaid expenses   | (13,060,831,613)                           | (399,689,660)                                     | (13,460,521,273)             |
| Payments for additions to fixed assets<br>and other long-term assets | (136,921,452,716)                          | (3,618,646,200)                                   | (140,540,098,916)            |

Except for the restatements mentioned above, comparative information as at 1 January 2023 were derived from the balances and amounts reported in the Corporation's audited consolidated financial statements as at and for the year ended 31 December 2022.

6 March 2024

Prepared by:



Pham Anh Thao  
Accounting specialist

Approved by:



Nguyen Thi Tuong Long  
Chief Accountant



Nguyen Van Hai  
General Director



# ANNUAL REPORT

# 2023

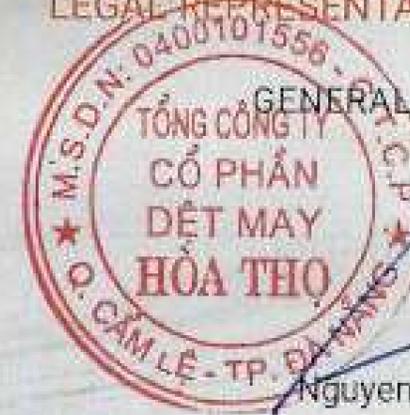
HOA THO TEXTILE – GARMENT JOINT STOCK CORPORATION



March 27, 2024

LEGAL REPRESENTATIVE CONFIRMATION

GENERAL DIRECTOR



Nguyen Van Hai



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