

ANNUAL REPORT 2024

To:

- General Meeting of Shareholders;
- State Securities Commission;
- Hanoi Stock Exchange.

I. GENERAL INFORMATION

1. Overview Information

- Trading Name: Tu Hai Ha Nam Joint Stock Company
- Enterprise Registration Certificate No:0700519785, initially issued by the Department of Planning and Investment of Ha Nam Province on December 29, 2010; amended for the 9th time on January 18, 2025
- Charter Capital: VND 121.528.000.000 (One hundred twenty-one billion five hundred twenty-eight million VND)
- Owner's Investment Capital: VND 121.528.000.000 (One hundred twenty-one billion five hundred twenty-eight million VND)
- Address: Luong Trang Residential Group, Tan Liem Ward, Phu Ly City, Ha Nam Province, Vietnam
- Phone Number: 0226.221.0424 – 0915.046.851
- Website: tuhaijsc.vn
- Stock Code: THM
- Legal Representative: Mrs. Nguyen Thi Mai Huong – Director

Formation and Development Process

Tu Hai Ha Nam Joint Stock Company was officially registered under Enterprise Registration Certificate No. 0700519785 issued by the Business Registration Office – Department of Planning and Investment of Ha Nam Province on December 29, 2010. The company's main business activity is garment processing and import-export of textile products.

In 2014, Vietnam concluded Free Trade Agreement (FTA) negotiations with the Customs Union (Russia-Belarus-Kazakhstan) and with South Korea. The conclusion of these two agreements facilitated the export of Vietnamese goods to major markets such as Russia and South Korea. Agreements such as TPP, FTA, and RCEP are all considered

“new-generation” FTAs, contributing to the economic restructuring process, transforming the growth model, improving the business environment, facilitating trade, and providing high-quality inputs for the economy. These agreements helped Vietnam expand its export markets and promote exports to key markets such as the United States, the EU, Japan, and South Korea;....especially for major export products like textiles and garments. Seizing the opportunity and through dedicated efforts, reputation, and responsibility, Tu Hai gradually secured stable orders and loyal customers, becoming a reliable partner for international clients.

With an innovative spirit, Tu Hai has continuously upgraded its facilities, currently operating over 300 high-tech machines and equipment imported from Japan and Taiwan. The company employs nearly 500 skilled workers who continuously improve their expertise and productivity, staying updated with global fashion trends. Tu Hai's products have passed rigorous quality and standard inspections and are successfully exported to demanding markets such as South Korea, the EU, and the United States. The company has established partnerships with well-known brands such as Zara, Bershka, Pull&Bear, Robinson, Delaney, Hostal Chill Punta Rubia Uruguay, Baldwin, among others, with a production capacity of up to 3.000000 products per year. Tu Hai has become a reputable brand specializing in the production of high-end fashion products that meet international quality standards.

In 2020, in line with the development of products for various markets and the growing demands for technology and design innovation, the company recognized the urgent need to expand its scale to access the market more diversely and better satisfy customer expectations. By August 2020, after identifying development directions and analyzing both domestic and international markets—along with its accumulated experience in the industry—the company decided to increase its charter capital to VND 92,450,000,000 to scale up operations in response to market demand.

In 2023, the company conducted its Initial Public Offering (IPO) to convert from a limited liability company to a joint stock company. The successful offering raised the company's charter capital to VND 110.480.000.000, officially making it a public company. Subsequently, it registered for securities trading on the UPCOM exchange under the Vietnam Stock Exchange with the stock code THM.

The company is proud to contribute to the development of production and trade in the region, making a significant contribution to the State Budget of Ha Nam Province, and has been honored as one of the most promising enterprises in the province.

In 2024, the company issued additional shares to pay dividends, increasing its charter capital to VND 121.528.000.000, officially becoming a large-scale public company.

2. Business Sectors and Areas of Operating

a) Business Sectors

No.	Business Sectors	Industry code
1	Other retail sale in non-specialized stores	4719
2	Provision of catering services under non-regular contracts with customers	5621
3	Reservation services and related support services for tourism promotion and tour organization	7990
4	Manufacture of carpets, blankets, and mattresses	1393
5	Manufacture of made-up textile articles (except apparel)	1392
6	Other specialized wholesale not elsewhere classified <i>Details: Wholesale of cotton, silk, fibers, yarns, and textile materials and accessories</i>	4669
7	Manufacture of woven fabrics	1312
8	Finishing of textiles	1313
9	Wholesale of fabrics, ready-made garments, and footwear	4641
10	Wholesale of machinery, equipment, and other machine parts	4659
11	Retail sale of fabrics, wool, yarn, sewing thread, and other textiles in specialized stores	4751
12	Retail sale of fabrics, wool, yarn, sewing thread, and other textiles in specialized stores	4753
13	Retail sale of garments, footwear, leather and imitation leather goods in specialized stores	4771
14	Real estate business, including ownership, use rights, or lease of land and property	6810
15	Real estate consultancy, brokerage, real estate auctions, and land use rights auctions	6820
16	Other business support service activities not elsewhere classified <i>Details: Import and export of the company's business items</i>	8299
17	Wholesale of other household products	4649
18	Retail sale of other new goods in specialized stores	4773
19	Restaurants and mobile food service activities	5610
20	Beverage serving services	5630
21	Wholesale of beverages	4633
22	Travel agency activities	7911
23	Tour operation activities	7912

24	Short-term accommodation services	5510
25	Processing and preserving of aquatic products and seafood	1020
26	Inland water fishing	0312
27	Freight transport by road	4933
28	Wholesale of food products (Trading of fresh and processed seafood)	4632
29	Inland aquaculture	0322
30	Warehousing and storage of goods (Warehousing and storage in cold storage facilities, excluding bonded warehouses)	5210

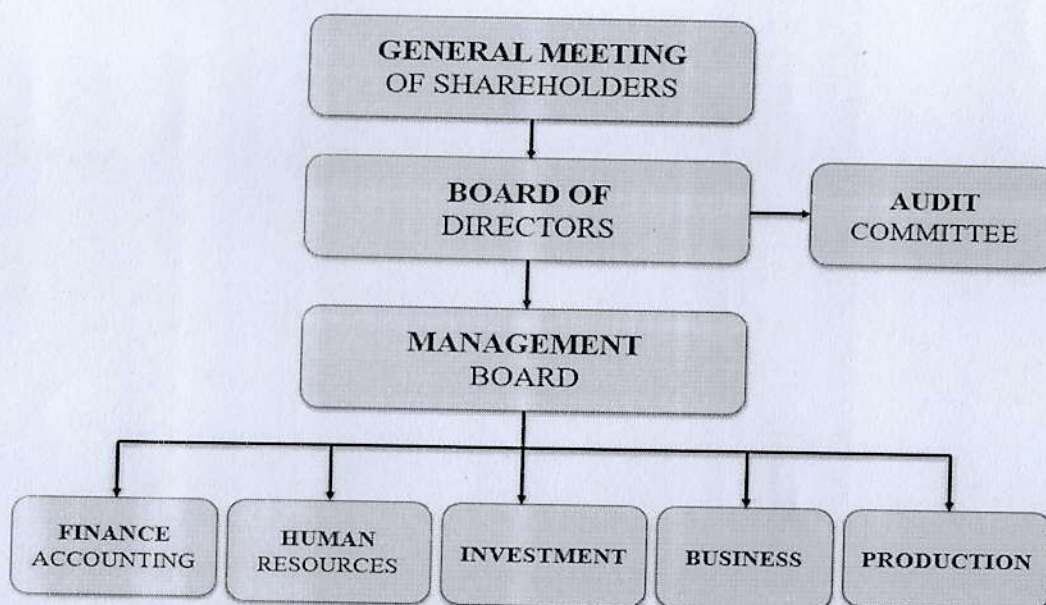
b) *Areas of operating*

- *The Company primarily operates in Ha Nam Province, where its headquarters and manufacturing facilities are located.*

3. Information on Governance Model, Business Organization, and Management Structure

Governance Model: The governance model follows the structure of a listed public company, which includes an Audit Committee.

Organizational Management Structure:



Subsidiaries and Affiliated companies:

The Company does not have any subsidiaries or affiliated companies.

4. Development Orientation

a. Overall Objectives

The company aims to raise and utilize capital efficiently, continuously organizing and expanding business activities in various fields to maximize profits, ensure the benefits of shareholders, create stable employment, improve the income and living standards of employees, fulfill tax obligations to the State Budget, and develop the company into a strong and sustainable entity.

b. Medium and Long-Term Development Strategy

The company's development strategy for the upcoming year will continue to focus on its core business of manufacturing and exporting garment products.

5. Risks

a. Economic risks

For a manufacturing and trading enterprise such as Tu Hai Ha Nam Joint Stock Company, which primarily operates in the garment sector, macroeconomic factors have a significant impact on the company. Fundamental factors such as economic growth rate, inflation index, interest rates, exchange rates, etc., are objective elements but directly affect the development of the manufacturing and service sectors. In recent years, the Government of Vietnam has been implementing various policies to support domestic enterprises, measures to boost the economy, reasonably allocate resources, and assist the economy in achieving significant growth compared to previous years as well as to other countries in the region.

❖ About economic growth:

Global GDP growth shows signs of recovery but remains below its potential. Organizations such as the OECD forecast global GDP growth in 2024 at approximately 3,2%, slightly higher than in 2023. In contrast to the global trend, Vietnam's GDP achieved an impressive growth rate of 7,09%, exceeding the Government's target of 6–6,5%; bringing the size of the economy to USD 476,3 billion. Regarding GDP utilization in Q4/2024, final consumption rose by 7,54% compared to the same period last year; gross capital formation increased by 7,98%; exports of goods and services grew by 11.35%; and imports of goods and services rose by 13,49%. In 2025, the IMF forecasts that Vietnam's economy will reach USD 506 billion, with an expected growth rate of 6,1%, outpacing other countries in the region.

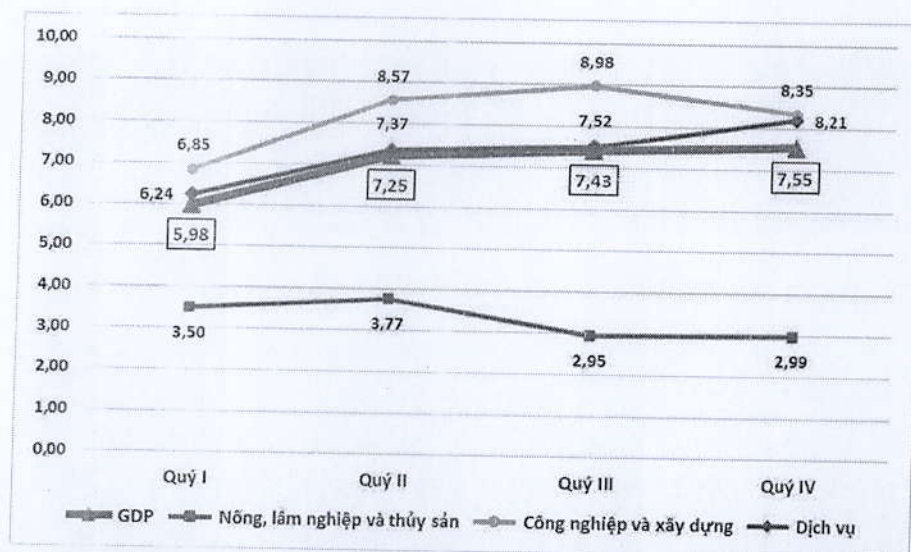


Figure: GDP Growth Rate and Value Added by Sector by Quarter in 2024 (%)

Source: General Statistics Office of Vietnam

About the inflation rate:

Fluctuations in inflation have both direct and indirect impacts on economic entities in general, and on the production activities of businesses in particular. Rising inflation risk leads to higher production and business costs, while product prices are affected by market demand. In addition, inflation risk influences the discount rate used for capital, thereby reducing the present value of future cash flows. Conversely, deflation also poses risks to businesses, as it is often accompanied by declining market demand and stagnation in overall economic spending. In 2024, inflation was kept under control at 3,6%, marking the tenth consecutive year it remained below 4%. This is considered an ideal level set by the government and is one of the positive highlights of Vietnam's economy in 2024. The average Consumer Price Index (CPI) in Q4/2024 increased by 2,87% compared to Q4/2023. For the whole year 2024, CPI rose by 3,63% year-on-year, achieving the target set by the National Assembly.

About trade balance:

Vietnam's total export turnover in 2024 continued to maintain positive growth amidst global economic risks and uncertainties. Preliminary export turnover for 2024 reached USD 405,53 billion, up 14,3% compared to the previous year. Among this, the textile and garment industry contributed over 10% of the national export turnover, reaching the expected USD 44 billion, an increase of 11,26%. The trade surplus was USD 19 billion, a rise of 6,93% compared to 2023, continuing to be a bright spot for

Vietnam's economy in 2024. Vietnam has climbed to the second position on the global textile and garment map, only behind China. It can be seen that the textile and garment sector has great potential for stable development in the coming years, with the government's goal of achieving textile and garment exports of USD 47–48 billion in 2025.

The textile and garment industry went through 2024 with various fluctuations. In the first half of 2024, the market, orders, and export prices remained at low levels compared to 2023 (small orders, stringent requirements, fast delivery times, and very low unit prices). However, in the second half of 2024, the situation improved as foreign investment into Vietnam increased by 9,4%, reaching USD 25,35 billion in 2024, helping the sector "escape crisis" and achieve a growth target of 11%. With abundant capital flowing into the market, Vietnam's economy is expected to show signs of positive growth in 2025. Countries that heavily invested in Vietnam's textile and garment industry include the United States, South Korea, China, and ASEAN markets. Notably, the U.S. investment remains in the leading position, with an estimated turnover of USD 16,71 billion, up 12,33% compared to 2023, accounting for 37,98% of total export turnover. With Vietnam's textile and garment sector still positioned in the labor-intensive and capital-intensive manufacturing segment, deflation could have a significant impact on the entire industry when there is a sharp decline in job orders. As a result, the company and other garment businesses will be affected.

About monetary policy:

The foreign exchange market and exchange rates are noted for stable low interest rates in 2024. The State Bank of Vietnam has proactively intervened in the foreign exchange market by selling when market sentiment turns unfavorable and buying when supply is abundant. Exchange rate management is carried out flexibly, closely following market supply and demand, macroeconomic balances, monetary policy goals, and the overall economic situation. In 2024, after 11 consecutive interest rate hikes since March 2022 and maintaining the record level of 5,25% - 5,5% since July 2023, on September 18, 2024, the U.S. Federal Reserve (Fed) reduced interest rates by 0,5 percentage points, bringing the federal funds rate down to 4,75%-5%. In the meeting on December 18, 2024, the Fed further lowered the interest rate by 0,25 percentage points to 4,25% - 4,5%. The Fed's rate cut helps narrow the interest rate differential between USD and VND, reducing pressure on the VND/USD exchange rate, while also enabling the State Bank of Vietnam to stabilize the foreign exchange market. This is a positive signal for production sectors in Vietnam, including the textile and garment industry, and Tu Hai Ha Nam is no exception, as many partners require raw materials to meet both quantity and quality requirements. Therefore, many inputs like fabrics and accessories must be

imported from foreign markets. As a result, fluctuations in the exchange rate between the Vietnamese VND and other foreign currencies strongly impact production costs and product pricing, affecting the company's business operations. To mitigate this issue, the company always has long-term production plans and stocks raw materials early to limit any abnormal exchange rate fluctuations.

Economic factors are objective elements that businesses cannot control, which affect the general business environment in Vietnam. However, Tu Hai Ha Nam has gradually grasped and fully understood the challenges posed by the economy, leveraging economic factors to transform challenges into opportunities for sustainable development. In addition to domestic economic factors, the company, as an exporter of garment products to various countries around the world, is also gradually mastering the global textile and garment industry shifts and is knowledgeable about free trade agreements to make the most efficient use of agreements such as the EVFTA and CPTPP.

b. Legal risks

Garment enterprises, such as Tu Hai Ha Nam Joint Stock Company, operating in the production and export of goods, are subject to the control and influence of various legal systems. Operating under the laws of Vietnam, the Company faces many risks due to the legal system's lack of cohesion and the presence of overlapping regulations. Any adjustments in the provisions of the Enterprise Law, Labor Law, Tax Law, Environmental Protection Law, and other regulations related to the Company's business activities can impact its operations and business results. Additionally, as the Company primarily exports textile and garment products, it must comply with international laws and foreign regulations, such as WTO regulations, international labor laws and standards, technical and product quality standards, etc.

In addition, by becoming a publicly traded company and registering its shares on the UPCOM exchange, the Company must also comply with the provisions of the Securities Law, legal documents on securities and the securities market, as well as other relevant legal regulations.

The legal system in Vietnam is still in the process of improvement, so laws and guiding documents may be adjusted to align with the development of the economy. Changes in the legal system and domestic policies can affect the Company's plans and business operations. To proactively anticipate, respond to, and help the Company prepare for legal policy changes, the Company has established a legal department and collaborated with consulting firms to ensure full compliance with regulations, avoid legal risks, and optimize the benefits of trade agreements.

c. Industry-Specific Risks in the Company's Business Operations

❖ Market Competition Risks

The market of Tu Hai Ha Nam is not only domestic but also international. The market competition risks that Tu Hai faces are not limited to domestic competitors. Intense price competition, due to the nature of the garment industry with low-profit margins, comes from domestic competitors (especially China, Bangladesh, India, Cambodia, etc.) who have low labor costs and large-scale production, putting pressure on price reduction. In addition, there is pressure from large competitors, strong brands, technical barriers, and international standards.

Competition risks in the export garment industry are continuous and multifaceted. To enhance its competitiveness, the company needs to improve product quality, upgrade production processes, diversify markets, and build its brand to compete with other businesses.

❖ Raw material risks

Currently, the Company mainly uses imported fabric as its raw material, due to custom orders from partners. The company may face supply chain disruptions if there is an increase in raw material prices or trade barriers. Dependence on international raw material sources also requires the company to prepare for risks such as price fluctuations and inconsistent raw material quality. However, with the plan to restructure its customer base, the company aims to have more control over its raw material sources and be able to manage its suppliers effectively.

❖ Human Resource Risks

The textile industry is one of the sectors with a high level of labor intensity in Vietnam, and as such, labor issues are one of the key concerns for Tu Hai Ha Nam Joint Stock Company. The garment industry relies heavily on manual labor but faces a shortage of skilled workers, high employee turnover rates, and frequent staff fluctuations due to average income levels, job pressure, and limited career advancement opportunities.

Labor-related risks are one of the major challenges for Tu Hai Ha Nam, directly affecting productivity, product quality, and the ability to meet export orders. To address this, the management team and leadership of Tu Hai Ha Nam have been working hard to improve compensation policies, foster a positive corporate culture, invest in employee training, and apply automation where appropriate to reduce dependence on manual labor.

❖ *Environment Risks*

Tu Hai Ha Nam Joint Stock Company special emphasis on the environmental impacts of each project (air pollution, noise, water sources) that could affect the ecological environment in surrounding areas or alter the economic, social, and human environment around the factory or production workshop. Therefore, every project of the company applies the most advanced standards in design and uses materials that cause minimal pollution in the production processes, and are also evaluated for environmental impact by reputable experts before implementation.

❖ *Legal Framework for the Textile and Garment Industry*

For textile companies like Tu Hai, in addition to the general legal frameworks applicable to businesses in the Vietnamese market, the company must also comply with specific requirements for the textile industry. On December 11, 2020, the Vietnam UK Free Trade Agreement (UKFTA) was signed, presenting both opportunities and challenges for the textile industry in general and Túr Hải in particular. Additionally, the Vietnam-European Union Free Trade Agreement (EVFTA) requires the industry to overcome many challenges, with the most significant being the rules of origin. This is because the textile industry in Vietnam has not yet been able to fully control the sourcing of materials that meet the standards for export to the EU.

The legal framework in Vietnam is increasingly being improved to facilitate deeper integration into the global economy. Therefore, to seize the opportunities in the near future, the company needs to seriously study, invest in, and prepare for the relevant legal aspects to ensure the highest efficiency in its production and business operations

d. Other risks

In addition to the aforementioned risks, the company also faces unpredictable risks such as natural disasters, epidemics, and geopolitical risks. Specifically, throughout 2024, the ongoing wars in Russia-Ukraine and Israel-Palestine have directly impacted the export of goods and import of raw materials for industries such as textile and garment manufacturing. Furthermore, the recurring natural disasters, including floods, fires, and explosions, have caused significant damage. A notable example is Super Typhoon Yagi, which hit in September 2024, causing severe losses in terms of lives, property, and overall operations of the company. Although these risks are rare, they require the company to always be proactive in preparing contingency plans, risk mitigation strategies, and purchasing insurance for employees and assets. The company also collaborates with relevant parties to raise awareness and develop the necessary skills to respond promptly and thoroughly to any unforeseen situations that may arise.

II. Business Performance During the Year

1. Production and Business Performance:

The year 2024 marked a positive turning point for Tu Hai Ha Nam Joint Stock Company, with both the number and value of orders increasing compared to 2023, resulting in revenue growth. However, the recruitment of additional personnel and rising costs during the year prevented the Company from achieving its after-tax profit target.

Indicators	Plan for 2024	Performance in 2024	Completion Rate (%)
Revenue (VND)	130.000.000.000	134.728.448.260	103,64%
Profit after tax(VND)	8.000.000.000	6.459.520.474	80,74%
Dividend (%)	10%	10%	100%

2. Organizational Structure and Human Resources

Full name	Position	Appointment/Termination
1) Board of Directors		
Nguyen Duc Te	Chairman of the Board of Directors – Non-Executive Member	Appointed on May 19, 2023
Nguyen Thi Mai Huong	Executive Member of the Board of Directors	Appointed on May 19, 2023
Trinh Cong Son	Independent Member of the Board of Directors	Appointed on May 19, 2023
2) Board of Management		
Nguyen Thi Mai Huong	Director	Appointment Date: 15/08/2016
3) Audit Committee		
Trinh Cong Son	Chairman of the Audit Committee	Appointment Date: 13/07/2023
Nguyen Duc Te	Member	Appointment Date: 13/07/2023
4) Chief Accountant		
Nguyen Thị Huong	Chief Accountant	Appointment Date: 05/01/2022
5) Person in charge of corporate governance		
Nguyen Viet Ha	Person in Charge of Corporate Governance	Appointment Date: 13/07/2023

Investment Situation and Project Implementation

a) **Major Investments:** In 2024, the Company did not make any significant investments.

b) **Subsidiaries and Affiliates:** The Company does not have any subsidiaries or affiliated companies.

3. Financial Situation

3.1. Financial Situation

No.	Indicator	Unit	2023	2024	Increase/Decrease (%)
1	Total assets	VND	174.683.578.972	175.598.773.756	0,52
	- Current assets	VND	77.951.662.694	86.967.820.758	11,57
	- Non-current assets	VND	96.731.916.278	88.630.952.998	-8,37
2	Net revenue	VND	79.651.182.951	134.728.448.260	69,15
3	Profit from business operations	VND	8.211.411.960	8.463.069.279	3,06
4	Other profit	VND	(2.283.405)	(242.472.158)	(10518,89)
5	Profit before tax	VND	8.209.128.555	8.220.597.121	0,14
6	Profit after tax	VND	6.486.662.625	6.459.520.474	(0,42)
7	Dividend Payout Ratio	%	0%	10%	100

3.2. Key financial indicators

No.	Indicator	Unit	2023	2024
1	Liquidity Ratios			
	- Current ratio (Current assets / Current liabilities)	Times	1,82	2,14
	- Quick ratio (Current assets - Inventory) / Current liabilities	Times	1,78	2,13
2	Capital Structure Ratios			
	- Debt to equity ratio (Debt / Equity)	Times	0,43	0,36
	- Debt to total assets ratio (Debt / Total assets)	Times	0,30	0,27
3	Performance Indicators			
	- Inventory turnover (Cost of goods sold / Average inventory)	Turns	15,96	97,14
	- Net revenue / Total assets	Turns	0,51	0,77
4	Profitability Ratios			
	- Net profit margin (Net profit after tax / Net revenue) (%)	%	8,14	4,79
	- Return on equity (Net profit after tax / Average equity)	%	5,89	4,24
	- Return on assets (Net profit after tax / Average total assets)	%	4,14	3,69
	- Operating profit margin (Operating profit / Revenue)	%	10,31	6,28

5. Shareholder Structure and Changes in Owner's Equity Investment

5.1. Stock

Security Name: Shares of Tu Hai Ha Nam Joint Stock Company

Security Type: Common Stock

Par Value: VND 10.000 per share

Stock code: THM

Stock Exchange: UPCOM

Total Number of Registered Shares for Trading: 12,152,800 shares

Number of Restricted Shares (as per legal regulations or the registering organization):

None

5.2. Shareholder Structure of the Company

Shareholder structure as of date 27/03/2024

No.	Category of shareholder	Quantity	Number of shares held	Ownership percentage (%)
I	State	144	12.152.800	100,00%
1	Organization	2	8.519.500	70,1%
2	Individual	142	3.633.300	29,9%
II	Foreign	0	0	0%
1	Organization	0	0	0%
2	Individual	0	0	0%
III	Treasury Shares	0	0	0%
Total		144	12.152.800	100,00%

5.3. List of Shareholders Holding More Than 5% of the Company's Charter Capital

List of shareholders holding more than 5% of the Company's charter capital as of December 31, 2024.

Shareholder Name	ID/Passport/Business Registration Certificate Number	Address	Number of Shares Held	Actual Ownership Percentage (%)
Appatex JSC	0700643479	Ca Street, Thanh Nguyen Commune, Thanh Liem District, Ha Nam Province	7.969.500	65,58%
Total			7.969.500	65,58%

5.4. *Changes in the Owner's Equity Investment*

In 2024, the Company issued shares to pay dividends at a rate of 10%. This share issuance increased the Company's charter capital by VND 11.048.000.000, from VND 110.480.000.000 to VND 121.528.000.000.

5.5. *Treasury Share Transactions*

The Company did not conduct any treasury share transactions.

5.6. *Other Securities*

The Company did not issue any other types of securities.

6. Company Report on Environmental and Social Impacts

6.1. *Environmental Impact: None.*

The Company ensures effective control over the water usage, wastewater, emissions, and dust generated during production. The cleanliness of warehouses and workshops is maintained to prevent any negative impact on the surrounding community and the environment.

6.2. *Raw Material Management:*

a) Total amount of raw materials used for the production and packaging of the organization's main products and services during the year: Sufficient to meet order fulfillment requirements.

The Company's inputs include materials and accessories for garment processing, with some raw materials imported from countries where the products are outsourced. In addition, the primary garment materials (such as fabric and thread) are sourced from Ha Nam Textile Company, which operates a factory in Chau Son Industrial Park, Phu Ly City, Ha Nam Province.

b) Report on the percentage of raw materials recycled or reused for the production of the organization's main products and services: The rate of recycling and reuse is low.

6.3. *Energy Consumption:*

a) Direct and Indirect Energy Consumption:

Electricity consumption in 2024: 716.955 kWh, equivalent to a total value of VND 1,87 billion.

b) Energy savings achieved through energy efficiency initiatives:

The Company has specific regulations on operating hours for electrical systems, conditions for using equipment, and guidelines for managing and using electrical devices efficiently to ensure energy savings and reduce electricity waste.

c) Reports on energy-saving initiatives (providing energy-efficient products and services or using renewable energy); report on the results of these initiatives: The Company has installed main switches for each group of electrical equipment, as well as individual switches for each device. This setup ensures that only the necessary equipment is operated for production and business activities, enabling strict energy management.

6.4. Water Consumption:

a) The Company utilizes clean water supplied by Thanh Dat Investment and Development Joint Stock Company

Water Supply and Usage Volume:

Water usage in 2024: 1,281 m³, with a total value of VND 20.63 million, calculated based on the unit price including VAT and Environmental Protection Fees.

b) Recycled and Reused Water Percentage and Total Volume: No statistics available at this time

6.5. Compliance with Environmental Protection Laws:

a) Number of violations penalized for non-compliance with environmental laws and regulations: None

b) Total amount of fines imposed for non-compliance with environmental laws and regulations: None

6.6. Labor-Related Policies

- a) Employee Headcount for 2024: As of December 31, 2024, the headcount is 484 employees; as of December 31, 2023, the headcount was 368 employees.
Average Salary for Employees in 2024: VND 12.345.772 per person.
- b) Labor Policies to Ensure Health, Safety, and Welfare of Employees People are always the key factor determining the success of any business. Therefore, the Company places human resources as a top priority and implements policies to attract skilled labor to key positions in its strategic planning.

❖ Working conditions:

Employees are provided with a stable and professional working environment, along with a compensation package that is commensurate with their qualifications and job

performance, including competitive salaries and bonuses. The workplace is well-structured, spacious, well-lit, clean, and equipped with modern facilities.

All employees are fully equipped with company uniforms, personal protective equipment, and hygiene tools necessary during the transportation of goods. They receive comprehensive training on the operation of machinery and equipment, safety measures, and quality control procedures for goods prior to warehousing and delivery.

Emergency signs are clearly displayed to promptly alert employees in case of any incident. On-site medical staff are available around the clock to ensure the safety and health of all workers. Additionally, employees have the right to organize and establish labor unions to safeguard their lawful rights and interests.

c) Recruitment policy

The Company's leadership places great emphasis on the organizational restructuring and realignment of the operational apparatus to ensure alignment with the actual business and production conditions. The appointment and rotation of management personnel are conducted transparently, prudently, and in accordance with established procedures.

The recruitment process is carried out in compliance with the officially issued Recruitment Policy. Candidates must meet the required standards regarding health, professional experience, and moral qualities, as defined for each specific position. The recruitment of new employees is also conducted publicly, with clearly defined selection criteria.

The Company employs seasonal workers in accordance with legal regulations, ensuring timely and proper salary payments, full protection of employee rights, and a strong sense of responsibility towards its workforce.

d) Attracting external labor

Through various media channels, employment service centers, job exchanges, job fairs, and recruitment announcements at universities, colleges, and vocational schools, the Company actively attracts workers across a wide range of fields, including technical workers, engineers, graduates in economics, foreign languages, accounting, and more — with priority given to candidates with relevant work experience.

e) Training policy

Employee training and development are always given high priority by the Company. This is particularly important as the Company has adopted and continues to implement advanced and modern production processes. As such, efforts to enhance the capabilities and professional qualifications of managers, specialists, and staff are conducted annually. These efforts include internal training programs as well as the nomination of employees to attend training courses both domestically and

internationally, with the aim of improving technical expertise and promoting professionalism in the workplace.

The Company also regularly coordinates with relevant authorities to organize training sessions on occupational safety, workplace hygiene, and fire prevention and control for all employees.

f) *Working time policy*

The Company operates on an 8-hour workday schedule from Monday to Saturday. Leave entitlements - including annual leave, public holidays, Tet holidays, sick leave, and maternity leave - are fully provided in accordance with the provisions of the Labor Code.

Overtime work is limited to no more than 4 hours per day, and employees have the right to refuse overtime work. In cases where employees wish to work overtime, prior registration and approval from their supervisor are required. A 2-hour lunch break is provided each day.

Overtime compensation is paid at 150% of the regular wage on weekdays and 200% on Sundays and public holidays.

g) *Salary and Bonus Policy During Operations*

- *Salary Policy:*

The company has established comprehensive regulations on salary and reward policies. Accordingly, employees are paid and rewarded based on their productivity, work quality, and overall performance. Monthly, quarterly, and yearly evaluations are conducted to determine salary adjustments and reward recognitions.

- *Bonus policy:*

To encourage and motivate employees to enhance their contributions and improve work productivity and quality, the Company conducts quarterly and annual evaluations to recognize outstanding individuals and teams. Timely commendations and rewards are given to those who have made significant contributions to the Company's development, as well as for initiatives that improve work efficiency

- *Insurance and Benefits:*

The Company fully complies with the provisions of the Labor Law and its internal labor regulations regarding the payment of social insurance, health insurance, and unemployment insurance for employees. The Company is committed to improving both the material and spiritual well-being of its workforce. In coordination with the Company's Trade Union, it implements comprehensive employee welfare policies, including support for illness, maternity, bereavement, and weddings, as well as organizing regular company trips and vacations for all staff.

III. Report and Evaluation by the Board of Directors (The Board of Directors provides a report and evaluation regarding all aspects of the company)

1. Assessment of production and business performance

Indicator	Plan for 2024	Performance in 2024	Completion rate (%)
Revenue (VND)	130.000.000.000	134.728.448.260	103,64%
Profit after tax (VND)	8.000.000.000	6.459.520.474	80,74%
Dividend (%)	5%	5%	100%

In 2024, Tu Hai Ha Nam Joint Stock Company operated effectively, achieving an increase in both the number and value of orders. Additionally, the company generated revenue from financial activities, contributing to an overall revenue that exceeded the planned target. However, the surge in orders also led to a corresponding rise in the cost of goods sold, financial expenses, labor costs, and selling expenses. Although total revenue experienced a significant increase, the company's post-tax profit grew only compared to the previous year and did not surpass the set target.

2. Asset status

a. Asset status

- At the beginning of 2024, the company's total assets amounted to **VND 174,683,578,972**.
- By the end of 2024, total assets had increased to **VND 175.598.773.756**. This represents an increase of **VND 915.194.784**, equivalent to a growth of 0,52%.
- As of the end of 2024, the company's asset structure remained primarily composed of short-term assets.

b. Liabilities status:

- As of the beginning of 2024, the company's total liabilities amounted to **VND 52.215.988.847**. By the end of 2024, total liabilities had decreased to **VND 46.671.663.157**, representing a reduction of 10,62%. This change was mainly attributed to an increase in long-term borrowings and certain short-term payables.

3. Improvements in organizational structure, policies, and management

With the expansion of the manufacturing plant, the search for additional sources of raw materials, improvements in management and organizational structures, shift scheduling, and production planning aligned with seasonal demands, the company continues to pursue its strategy of optimizing production and administrative costs.

4. Development plan in the future

- The company has affirmed that its core business sector remains the manufacturing of garments for export, which will continue to provide stability and profitability Tu Hai in the years to come.
- Efforts are being made to seek out and implement new contracts with partner companies, while also strengthening the company's brand and reputation to attract additons brands, with the goal of increasing revenue.
- Tu Hai is also proactively enhancing its supply of raw materials and accessories, and gradually shifting towards sample development in order to increase the profit value per product.

The company's business performance objectives for 2025 are as follows:

Unit: million VND

No.	Indicator	Unit	2023	2024
1	Revenue (VND)	134.728	150.000	111,34%
2	Profit after tax(VND)	6.459	9.000	139,34%
3	Profit after tax/ Net revenue (%)	4,79%	6%	125,26%

5. Explanation from the Board of Directors regarding the auditor's opinion: No comments as the auditor has provided an unqualified opinion

6. Report on the assessment of the company's environmental and social responsibilities

- Assessment regarding environmental indicators (water and energy consumption, emissions, etc.):* The company consistently manages and closely monitors the efficient use of energy and water resources. It also maintains strong environmental sanitation practices and actively works to protect water sources.
- Assessment regarding labor-related matters:* The company's staff and employees are well-trained individuals who demonstrate a strong sense of responsibility toward their assigned tasks. They are committed to their roles and express a genuine desire to stay with the company and contribute to its continued development.
- Assessment of the company's responsibility to the local community:* The company has provided high-quality products and services, complied fully with the laws of the State and actively participated in local movements, thereby contributing to the overall socio-economic development of the province.

IV. Board of Directors' evaluation of the company's operations (for joint-stock companies)

1. Board of Directors' evaluation of the company's operations in all aspects

The Board of Directors is very proud that the company operates and balances its activities well. Although it cannot yet be compared to other large companies in the garment industry such as Thanh Cong Investment and Trade Garment Joint Stock Company (stock code: TCM), TNG Investment and Trading Joint Stock Company (stock code: TNG), in terms of scale, Tu Hai is on the growth path thanks to investment in expanding production facilities and increasingly securing larger contracts. The management and operation of the company is still being carried out effectively, ensuring business performance regardless of challenging or favorable conditions.

2. Board of Directors' evaluation of the management board's performance

The Board of Directors has managed to maintain the operations of the Company during the difficult period faced by the industry; at the same time, they have made many efforts and taken proactive measures to minimize costs for the Company throughout the year.

Monthly meetings are held with leadership at all levels of the Company to assess performance, set directions, and come up with solutions for the following months, which has proven to be very positive and effective.

3. Plans and directions of the Board of Directors

In 2025, both the economy in general and the textile industry in particular are expected to continue experiencing a mix of challenges and opportunities. The Board of Directors is prepared to adapt flexibly to economic and political fluctuations both domestically and internationally, with the goal of continuing development. Therefore, the members have agreed on the following directions for 2025:

- Continue to research and implement plans to accelerate investment in expanding production facilities based on the existing foundation;
- Actively seek new partners and strive to increase orders and order values;
- Explore and acquire land and existing factories to scale up operations;
- Actively recruit and train to increase the workforce (with an expected total of 1,000 employees);
- Ensure that management and operations are conducted in compliance with regulations, ensuring transparency and accountability, and aim to transition from trading on the Upcom exchange to being listed on the HOSE stock exchange, as outlined in the resolutions of the 2024 Annual General Meeting.

V. Corporate governance

1. Structure, composition, and activities and list of the Board of Directors

a. Structure and composition of the Board of Directors

No	Board of Directors Member	Position	Voting Shareholding Percentage	Percentage of Other Securities Issued by the Company	Number of Board Member Positions or Management Positions at Other Companies
1	Nguyen Duc Te	Chairman of the Board of Directors	0%	0%	2
2	Nguyen Thi Mai Huong	Executive Member of the Board of Directors	0%	0%	1
3	Trinh Cong Son	Independent Member of the Board of Directors	0%	0%	1

b. Subcommittees under the Board of Directors: None.

c. Activities of the Board of Directors:

The management and supervision of the company's executive apparatus is still being carried out effectively and in compliance with legal regulations.

In 2024, the Board of Directors performed its functions and duties correctly, directing and managing the company's activities based on compliance with the provisions of the Law on Enterprises, the Law on Securities, the Company's Charter, and the implementation of matters approved in the resolutions of the Annual General Meeting.

Meetings of BODs:

No.	Number of Resolutions/Decisions	Date	Content	Approval Rate
1	03/2024/NQ-HĐQT	08/03/2024	Calling the Annual General Meeting of Shareholders for 2024	100%
2	04/2024/NQ-HĐQT	04/04/2024	Approval of the agenda for the Annual General Meeting of Shareholders for 2024	100%
3	105/2024/NQ-HĐQT	14/05/2024	Implementation of the plan to issue shares for dividend payment	100%
4	107/2024/NQ-HĐQT	01/07/2024	Adjustment of the timeline for implementing the share issuance plan for dividend payment	100%
5	207/2024/NQ-HĐQT	16/07/2024	Closing the shareholder list for dividend payment for 2023	100%
6	08/2024/NQ-HĐQT	20/08/2024	Amendment of business registration and company charter	100%
7	1610/2024/NQ-HĐQT	16/10/2024	Approval of the loan transaction with related parties	100%

d. Activities of the Independent Members of the Board of Directors. Activities of the Subcommittees within the Board of Directors:

The company does not have any subcommittees under the Board of Directors. The independent Board member, Mr. Trinh Cong Son, primarily participates fully in the activities of the Board of Directors and chairs the meetings, as well as oversees the work of the Audit Committee.

e. List of Board of Directors members with corporate governance training certification.

All members of the Board of Directors have participated in several training courses on corporate governance, studying, updating, and understanding the regulations on governance. They also ensure that the company's governance operations are correct, complete, and in compliance with legal regulations and the company's charter.

2. Audit committee

a. Members and structure of the Audit Committee

No	Board of Directors Member	Position	Voting Shareholding Percentage	Percentage of Other Securities Issued by the Company
1	Trinh Cong Son	Chairman of the Audit Committee	0%	0%
2	Nguyen Duc Te	Member of the Audit Committee	0%	0%

b. Activities of Audit Committee)

- The number of meetings held by the Audit Committee included 2 official meetings: the first in Q1 with the agenda "Review of the auditing process for the 2024 financial statements," which was approved 100%, and the second in Q4 with the agenda "Approval of the 2024 financial statement audit plan and the draft audit contract with Grant Thornton Vietnam Co., Ltd.," which was also approved 100%.
- The Audit Committee assigned tasks to members and coordinated efforts to oversee the accuracy of the company's financial reporting, supervise the audit team, and manage risks.
- The Committee organized regular and ad-hoc meetings to carry out its duties in line with its function, responsibilities, and the authority granted to it; always adhering to the company's Charter and Shareholders' General Meeting resolutions during the execution of its tasks.
- The Committee also maintained regular communication between its members as well as with the Board of Directors and Executive Board to ensure that the company's operations align with the interests of shareholders and comply with legal regulations.
- It also evaluated the company's financial statement auditor and proposed the next year's auditor to ensure the audit is accurate and completed on time.

3. Transactions, remuneration, and benefits of the Board of Directors, the Management Board, and the Audit Committee

a. Salary, bonus, remuneration, and benefits

- Remuneration paid to the Board of Directors and the Audit Committee in 2024: 0 VND.
- Salary of the CEO (Ms. Nguyen Thi Mai Huong): 162.950.481 VND

b. Insider trading transactions:

No.	Person performing the transaction	Relationship with insiders	Number of shares owned at the beginning of the period		Number of shares owned at the end of the period		Reason for increase or decrease (purchase, sale, conversion, bonus, etc.)
			Number of shares	Percentage	Number of shares	Percentage	
1	Appatex JSC	The organization where Mr. Te is the Chairman of the Board of Directors	9.245.000	83,68%	7.969.500	65,58	Sold 2,000,000 shares and received 724,500 shares as dividends.

c. *Transactions with Related Parties:* Detailed information has been disclosed in section VII.2 of the Report on Corporate Governance.

d. *Evaluation of Compliance with Corporate Governance Regulations:* The company has complied with legal regulations on corporate governance, especially the company's charter, the Enterprise Law, the Securities Law, and related legal documents.

VI. Financial statements

1. Auditor's Opinion

Unqualified opinion.

2. Audited Financial Report

Was issued by the auditing firm on March 31, 2025. The company signed and publicly disclosed the information on March 31, 2025, on the company's shareholder relations website (link: <https://tuhaijsc.vn/quan-he-co-dong/>).

Recipients:

- As addressed;
- Archive: office.

LEGAL REPRESENTATIVE
DIRECTOR



Nguyễn Thị Mai Hương