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FLEXIBLE LOAN POLICIES

ARE NEEDED TO MAINTAIN PRODUCTION



Mr. Le Tien Truong
Chairman of the Board of Directors
of Vinatex

In 2023, enterprises faced many challenges, leading to reduction in production and downsizing of business operation. Business efficiency also suffered a severe decline. In the first quarter of 2024, there are signs of recovery in the export market, including textile and garment products. Along with a decrease in bank interest rates, businesses are expected to increase their borrowing demand. However, many businesses struggle to access these loans and need measures to facilitate timely financial support for their production and business activities. To address this issue, Vietnam Textile and Fashion Magazine had a discussion with Mr. Le Tien Truong, Chairman of the Board of Directors of Vietnam National Textile and Garment Group (Vinatex).

**** What is your assessment of the current difficulties that textile and garment exporters face in accessing loans?****

First of all, the difficulty in accessing loans originates from the poor business performance in 2023 of the textile and garment enterprises, particularly yarn and weaving enterprises. Therefore, commercial banks, with regulated standards, will review loan request more strictly than in previous years.

However, we should also reconsider the situation in 2023. For the first time in 30 years, textile and garment exports decreased by over 10% compared to the previous year,

even during the COVID-19 pandemic or the economic crisis in Asia and the global economic crisis, the textile export has never decreased so drastically.

The decline of over 10% in export turnover resulted in job shortages, but more importantly, a global unit price decline led to very poor business performance of textile and garment companies in 2023 compared to previous years. Particularly for yarn enterprises, these difficulties have continued from July 2022 to the present and are clearly reflected in the financial reports of 2023. This is the main reason why yarn enterprises are finding difficult to access bank loans.

•How does the difficulty in accessing loans affect the operations of enterprises in the yarn industry, Mr. Chairman?

The global yarn industry experienced a downturn in 2023. Yarn manufacturers in China, Bangladesh, and other countries faced difficulties, not just in Vietnam, due to low demand. This is a unique situation for the yarn industry.

However, in the first quarter of 2024, we have seen a more positive outlook in the yarn market. While the industry is not yet profitable overall, the level of losses has decreased by 90% compared to the first quarter of 2023.

The market is recovering, demand is gradually increasing, and textile exports grow over 10% compared to the same period last year. This is the time to recover the losses from 2023. In order to recover, enterprises urgently need the cooperation and loan from credit institutions and banks to implement production.

As a result of the poor business performance in 2023, the credit funding trend for 2024 is expected to be lower than in 2023. Specifically for the yarn industry, credit in 2023 was also lower than in 2022, but due to low total demand in 2023, that low funding could still maintain normal production. However, in 2024, yarn manufacturers are only approved for a credit limit 20% lower than in 2023, so when the market warms up, enterprises fall into a shortage of working capital to import raw materials and organize production. If we do not accompany enterprises with specific policies at this time, especially for yarn enterprises, we will miss the recovery opportunity of the yarn industry. Yarn manufacturers, will naturally face compounded difficulties when production is narrowed down, and the opportunity recoup the losses of 2023 will be even further away.

• So, what solutions do we need to enable enterprises to access bank loans and simultaneously facilitate the credit flow of the entire economy, Mr. Chairman?

When we have identified 2023 as a particularly difficult year with unusual market movements that no one could have predicted, we also need flexible policies, especially at this time.

The lesson learned from 2020, when the COVID-19 pandemic emerged, many preferential credit policies and tax reductions from the Government were effective, helping enterprises overcome the difficulties, preventing bankruptcy, and offering a chance to recover. The year



2021 was a year of strong recovery for the textile and garment enterprises, a year with peak profits for the entire industry.

Because of many fluctuations and crises, the economy in 2022 and 2023 faced difficulties, and the textile industry also struggled. However, this does not mean the textile-garment market disappeared. Therefore, supporting businesses to overcome this difficult period in order to retain the industry, maintain jobs, and keep market share is necessary to create conditions and opportunities to recover.

With a scale of 10 million yarn spindles, the yarn industry in Vietnam is also a large-scale industry, among the top 5 in the world, currently employing 150,000 workers, with annual wage payments of about \$1 billion, electricity costs about \$500 million/year, and other expenses in Vietnam about \$600 million/year. If we do not timely recover the yarn industry, we will lose the ability to dominate the market. This is because countries around the world such as China, Bangladesh, India, and others are ready to fill the gap in yarn supply that Vietnam has lost.

Therefore, during this period, commercial banks, with the management of the Central Bank, should adopt a policy of supporting businesses by working closely with them to

analyze their individual situations. By this way, it can be seen that the Return on Sales and the number of orders of each company is improving better than last year. Instead of evaluating credit limits based on the poor business performance of 2023 and cutting them by 20-25%, banks should assess credit limits based on a company's potential for recovery and the profitability of individual orders. Currently, some banks have cut credit limits by 16-17%, while others have reduced 30-40%. This approach makes it very difficult for businesses to recover.

Similar with the Vietnam National Textile and Garment Group, we have efficient enterprises but also have units that only produce yarn products. As a result, they face more difficulties when the market fluctuates. Therefore, we hope to have a common credit package for the whole Group so that good enterprises can share with enterprises that are still in difficulties, thereby together taking advantage of business opportunities that are showing signs of recovery. This year, Vinatex forecasts that the minimum growth rate of the yarn industry will be around 10% compared to last year, which means that working capital will need to increase by at least 10% compared to last year, not be cut by 20% as announced at the beginning of 2024.

Thank you for your attention!

TO ALIGN CREDIT POLICY with ENTERPRISES

“ *The Government should allow state-owned banks to increase their charter capital and at the same time improve the efficiency of credit guarantee funds for SMEs.* ”



The Vietnamese economy is facing the paradox of low credit growth. Despite the significant amount of deposits, businesses still find it difficult to access loans. According to the State Bank of Vietnam (SBV), credit for the entire economy increased by 13.71% in 2023, but decreased by 0.6% at the end of January 2024 and by further 0.72% at the end of February 2024. In the first quarter of 2024, overall credit growth was 0.26%. Notably, only the real estate and securities saw credit growth.

There are many causes for this situation. *Firstly*, the low demand and absorption capacity of capital in the economy is as a result of business shrinking or ceasing operations under inflationary pressure, and high production and business costs. *Secondly*, customers fail to meet the lending conditions, especially small and medium-sized enterprises do not meet the lending conditions due to limitations in equity, financial capacity, corporate governance, lack of transparency in financial

information, and misuse of borrowed funds. *Thirdly*, the source of capital for growth is concentrated in bank credit, posing risks to the financial and monetary system. In addition, the ability to mobilize medium- and long-term capital of credit institutions is still low, bad debts tend to increase, lending procedures are still slow to be improved, the mechanism of collateral is lacking in flexibility, and businesses are still facing high borrowing costs.

To address this issue, there need to be comprehensive solutions from the Government, the SBV, and credit institutions. The Government should allow state-owned banks to increase their charter capital and at the same time improve the efficiency of credit guarantee funds for SMEs. The SBV needs to promptly amend and supplement regulations and governance in the direction of reducing interest rates, while also closely coordinating with the Ministry of Finance to synchronously manage fiscal and monetary policies. Monitoring global and domestic situations is essential for flexible monetary policy management. The SBV should direct credit institutions to:

Actively implement solutions to boost credit growth;

Continue to reduce costs and lower average lending rates;

Promote lending for living consumption needs;

Actively deploy banks-enterprises connection programs;

Continue to implement debt restructuring policies;

Leverage a pioneering and exemplary role for state-owned credit institutions;

Furthermore, it is necessary to coordinate with localities to implement solutions to improve the efficiency of credit guarantee funds for SMEs; implement the project to build 1 million social housing units; disburse the VND 120 trillion credit package. At the same time, review and evaluate the implementation results of credit limits to manage more effectively and regularly organize banks-enterprises connection conferences. □



Harmonizing the interests

OF SHAREHOLDERS, EMPLOYEES, AND SOCIETY

MR. CAO HUU HIEU
CEO of Vinatex

Vinatex and its member units are currently in the 2024 Annual General Meeting season. As of now, most of the companies have concluded their Meetings. Although the majority did not achieve their expected business results in 2023, they have all agreed to set ambitious plans for 2024, demonstrating their determination to seize the opportunities of 2024 - the pivotal year of the 2020-2025 term, in order to recover and regain losses in 2023.

THE RESIDUAL VALUE AFTER THE EFFORT TO "OVERCOME THE MARKET STORM"

We have discussed the difficulties of 2023 extensively. The challenges were identified quite early on, but these impacts still took the enterprises by surprise, leaving them unprepared for unprecedented situations.

Continuous instability from global geopolitical conflicts, the unresolved Russia-Ukraine tension followed by the war between Israel and Hamas, conflict in the Red Sea, etc, has plunged the global economy into a prolonged crisis. This resulted in a more than 10% decrease in global demand for textiles and garments compared to 2022, with significant drops

in purchasing power in major markets of Vietnam's textile and garment industry. Low demand combined with extremely fierce price competition, as Vietnam's interest rates are 2-3% higher than those of competing countries; the currencies of competitors depreciated significantly against the USD to boost exports, while the VND only depreciated by 5%. In addition, competition from China became increasingly intense as the Chinese government implemented numerous measures to support the textile-garment industry to recover after the pandemic.

In such a market situation, the global yarn industry has had a dismal year of losses. Vietnamese yarn enterprises' selling prices were not enough



to cover variable costs, and some companies have had to reduce production. The garment industry has seen a decrease in orders and prices of 30-50% compared to the previous year. Therefore, Vietnam's textile and garment export turnover in 2023 reached only \$39.6 billion, reduced by 11.3% compared to 2022 - this was the highest decline in 30 years of exporting, even during the Covid-19 pandemic or periods of regional or global economic crisis, textile and garment exports have never declined.

This Annual General Meeting Season is an opportunity for us to look back on the most challenging year in the Group's history. Besides the damages to efficiency, alongside our efforts to fulfill the business plan, Vinatex and its member units - as a leading group in Vietnam's textile-garment industry with over 60,000 employees - have always operated with a principle of balancing the interests between "employees, shareholders, and society." The most significant achievements of 2023 include:

Maintaining and stabilizing the workforce of nearly 62,000 people in Group 1 companies, reaching 97% compared to 2022, despite the difficult situation. To ensure employment for workers, and prioritize stabilizing the production force until the market recovers, businesses have to accept small orders with demanding technical requirements and tight delivery schedules at very low prices, reduce productivity, and not focus on efficiency. This demonstrates that Vinatex always prioritizes responsibility to society, and it is also an important strategy that enables the entire system to be ready to recover whenever favorable market signals emerge.

The interests of workers are also taken care of. The average income across the Group reached VND 9.45 million/person/month, equivalent to 97.6% compared to 2022 and 94.9% compared to the 2023 plan.

Although the business results did not meet the plan, enterprises in the system always prioritize the interests of the shareholders. Most units paid dividends equal to or higher than expected, only a few companies have lower dividend rates than planned business, mainly yarn companies with loss-making business results.

The difficult decisions of 2023 were all "brave" decisions of the managers with the highest positions the Chairmen/CEOs of the businesses. We cannot maintain the production force and the management team if there is no "bravery" from the business leaders.





LEVERAGING THE OPPORTUNITY OF 2024 - TO REGAIN WHAT WAS LOST

Although it is predicted that the difficult phase is not yet over, 2024 has shown positive signs from the market, stemming from more optimistic forecasts for global economic growth, with some central banks of major countries planning to cut interest rates by 0.75 to 1% from mid-2024. The domestic economic situation is also more favorable than in 2023, with Q1 GDP growing by 5.66% compared to the same period and higher than the growth rate of Q1 from 2020-2023; the total estimated export revenue reached \$178 billion, increased by 15.5% compared to the same period.

The textile and garment industry also sees some support factors as the textile and garment demand in 2024 is forecasted to reach \$717 billion, an increase of 5.6% compared to 2023; inventory levels of major brands have decreased compared to the same period; the implementation of some regulations related to green and sustainable production has slowed down due to the global economy not yet fully recovered. In addition, the Vietnamese textile and garment industry also has the potential to access better market opportunities, with less competitive pressure as competing countries have almost exhausted to continue depreciating their currencies to support exports and are unable to maintain their exchange rate

advantage as they did in 2022-2023. At the same time, Vietnam also has the opportunity to capture orders diverted from other countries due to political-social instability, tightening of forced labor regulations, etc.

These signs are also evident in the first four months of the year, with profuse garment orders, although the processing price is still at a low level; in the yarn industry, although the selling price is still unprofitable due to weak demand and large fluctuations in raw material prices, these have shown a clear improvement in efficiency. The export revenue of Vietnam's textile industry in Q1/2024 reached \$9.4 billion, grew 9.2% compared to the same period in 2023.

Thus, it can be predicted that market opportunities are approaching, as well as the usual pattern of forming growth waves after a prolonged downturn. We should not be overly optimistic but need thorough preparations to receive and take full advantages of the opportunities if these forecasts become reality.

In the spirit of seeking truth at the shareholders' meetings of member units, we should take a frank look at shortcomings and potential weaknesses to determine appropriate direction. These include:

Management practices are not flexible enough, not fully utilizing all resources to optimize efficiency as well as cope with the continuous fluctuations of the market.

Low ability to diversify products, mainly focusing on basic and traditional products.

Lack of proactive market activities, limiting the ability to expand the customer data.

Productivity and quality are not optimized and unstable.

Connection in the production chain within the Group's system is low.



DIRECTION AND ESSENTIAL SOLUTIONS

In order to control and improve the above shortcomings, the Group's Executive Board has identified several key solutions that the entire system needs to focus on implementing in 2024:

Effectively implementing the approved restructuring plan, reviewing inefficient investments, enhancing risk management, and thoroughly handling "hot spots".

Applying digital management across the whole system. Initially use the yarn management app for all yarn companies within the Group. Digital management will provide more flexibility in organizing production, meeting the continuous change requirements of customers, optimizing when producing small, fast-delivery orders

Strengthening product R&D work, collaborating with research units, and technology partners, focusing on specialized products requiring high techniques to build the core products of the Group. For the units, improving the diversified product's ability through research and application of technology, in-depth investment, and ensuring supervise to market requirements.

Enhancing the role of the Business Production Departments in market development, obtaining orders that bring high efficiency, and focusing on reasonable coordination according to the advantages of each unit.

Investing in key projects according to the approved strategy, in parallel with strengthening deep investment, prioritizing new technologies to increase productivity, reduce labor dependence, and reduce costs (electricity, energy...).

Having a policy of using each other's products among units in the Group, especially forming a closed production chain for some new specialty products like fire retardant fabrics, towels..., as a foundation for system-wide chain linkage in the future.

Practically competing in good production- high productivity, saving, improving the working environment for workers, enhancing the efficiency of production and business, meeting the increasingly high and diverse needs of customers. Ensuring employment, actively caring for the material and spiritual life of the workers...

HARMONIZED INTERESTS - SHARED RISKS

2024 is the sprint year - the pivotal year of the 2020-2025 plan period and also the foundation for the new 2025-2030 period. More than ever, Vinatex needs the understanding and cooperation of the units in the Group, all the employees and the shareholders.

It is necessary to share with employees the difficulties

that the enterprise is facing to have mutual agreements with the medium-and long-term development strategy with visible harmonious benefits. Only then will the employees be ready to shoulder the heavy tasks ahead, willing to reduce benefits in the short term to aim for long-term stability and sustainable development, ready to fully exploit the capabilities of individuals and the collective to get through this extremely important period.

For shareholders, we hope for trust in strategic decisions, support for short-term investment decisions, and sharing of the difficulties that Vinatex and its member units are striving to overcome, with the sole desire to ensure benefits for all parties: sustainable development of the enterprise - workers have a stable and increasingly improved living conditions - shareholders achieve optimal investment efficiency.

Vietnam Nation Textile and Garment Group believes that 2024 will create the momentum for enterprises to gradually overcome the prolonged difficult period, stabilize at a new level, ready for the development pace of the next stage. " Calamity is man's true touchstone "; the recent market wave can somehow be considered "positive" when it helped us detect and improve existing shortcomings, creating conditions for enterprises to mature and continue steadfastly on the challenging road ahead to achieve the strategic goals set out. □



Vinatex is steadfast IN THE GOAL OF MAINTAINING RESOURCES amidst market fluctuations



At the 2024 Annual General Meeting (AGM), Vinatex has developed key solutions and supplemented a number of important contents in the Vinatex restructuring project for the period 2021-2025, with a vision to 2030 to approve. This is considered a clear direction to help Vinatex identify business direction when the mainstream market no longer has much room for the development, while steadfastly maintaining resources against market risks.

OVERCOMING DIFFICULTIES, VINATEX COMPLETED THE 2023 BUSINESS PLAN

Mr. Cao Huu Hieu, General Director of Vinatex stated that 2023 was an unprecedentedly difficult year, with textile-garment export turnover decreasing by over 10% for the first time, and business efficiency on revenue being the lowest in the past 10 years. Unit prices of various products dropped by over 20%

while input costs surged. In the face of these challenges, implementing the Board of Directors' strategy, the Group's Executive Committee has vigorously implemented a number of synchronous solutions: (1) Market research focused on evaluating, selecting customers and developing new customers: member units actively searched for and developed new markets to balance and reduce dependence on mainstream markets; Organizing monthly market workshops

and regular seminars of the Yarn and Garment Manufacturing Teams to timely update information on the macroeconomy, textile and garment market, discuss appropriate business plans based on the actual context; (2) Innovating management platforms and digital transformation: Continued development and application of new management solutions to maximize the utilization of human resources across the Group to address issues beyond the capacity of a single enterprise, based on a centralized data platform and operating software systems being built and continuously improved for various fields, e.g. yarn production, finance and accounting, human resources management, etc. (3) Investment and development: Based on the recommendations of the Production and Business Departments and proposals from enterprises, the Group has continuously carried out in-depth investment and upgrading to ensure the automation, optimization to effectively

exploit the existing production capacity system, at the same time forming new investment directions to ensure balance and connection of the production system in each unit and between units within the Group; (4) HR development: Focusing on training specialized HR to ensure the requirement of management in the context of science and technology development and the market fluctuations; developing succession staff; attracting and recruiting young and capable staff; (5) Research and development: Implemented research on technology, machinery, and trial production of new items such as filament core yarn and new blended yarns to flexibly meet the changing market demands; developing new markets for products with special features such as fire retardant, puncture resistance, and waterproofing.

The Group's Board of Directors determines that in the short and medium term, the market will still contain many risks when

Vietnam's competitive advantages are weaker than other textile-garment manufacturing countries worldwide. In that context, in 2023, the Board of Directors of Vinatex organized 13 meetings, issued 22 Resolutions, and 4 Decisions with the following contents: (1) Strategy and investment: Developing Vinatex Restructuring Project for the period 2021-2025, with a vision to 2030; Approving investment projects at member units; Directing the divestment at units according to the approved restructuring project; Organizing the development of regulation system in the Group to ensure the operation of legal corridor. (2) Human Resources: Participating in development and implementation of internal training activities within Group; Coordinating with the Executive Board to organize the Human Resources Conference, human resource management program at the units. (3) Market, risk management: Updating,

analyzing, evaluating and forecasting the global textile and garment market; regulations on new trends affecting the industry and macroeconomic factors; Identifying, warning risks, monitoring business results and quarterly inventories of major fashion brands that are customers of enterprises within Group; Closely coordinating with the Group's Board of Supervisors to evaluate manufacturing activities and the capital representatives' activities at the units.

The Board of Directors' activities focus on a number of highlights: (1) Focusing on R&D, production of special and high-tech products, signing a cooperation agreement on manufacturing of fire-retardant fabrics with the Coats Group (UK) and will have the first export shipment to the US market in July 2024; Trial production of filament core yarn. (2) Market promotion and focusing on

high value added products and shifting to meet new demands, compensating for the decline of traditional products: Introducing Phong Phu towels into the US market, preparing to build a towel production chain in the North (Ha Dong Textile and Nam Dinh Textile); Shifting to the blended fibers production with a high recycled component to meet market demand: average of over 25% in the Vinatex system (over 50% at Phu Bai Yarn). (3) Extending the supply chain towards a closed-loop supply chain: Yarn to the weaving & dyeing - Viet Thang reached 70% of yarn through weaving, 35% in Nam Dinh; connecting the yarn sector with domestic manufacturers (especially FDI); consolidating the weaving - dyeing industry to increase the use of grey fabric. (4) Digital transformation to enhance management efficiency: Complete basic digitalization at the Group's Office and yarn sector; Cost management through digitalization data. (5) Taking human resources as the foundation for development: Phase 2 of the Young Talent program training; On demand training for management staff at key units: Viet Thang, Phong Phu, Phu Bai, Natexco.

With synchronous and effective solutions, Vinatex has completed and surpassed the targets set by AGM 2023. Specifically, consolidated revenue reached VND 17,612 billion, equivalent to 106.7% of the plan, with the separate financial result reaching VND 2,008 billion, equivalent to 105.7% of the plan; Consolidated profit reached

VND 538 billion, equivalent to 145.5% of the plan, with the separate financial result reaching VND 133 billion, equivalent to 102.9% of the plan.

Chairman of the Board of Directors of Vinatex, Mr. Le Tien Truong, shared that the common spirit of textile workers is always steadfast, united, brave, and creative in all situations. The efforts of the Group's Executive Committee and member units during recent time are highly commendable, because the decisions of the leaders are all crucial ones. The Board of Directors understands that the decisions of 2023 were all difficult. Most yarn and weaving enterprises had to sell below production cost. Without the bravery, passion for the job, and ultimate responsibility towards the enterprise they manage, just stopping production for 1-2 months would have made it impossible to achieve the business results of 2023. We need to maintain this spirit to overcome difficult periods and if any element is missing from the slogan "RESILIENT - BRAVE - UNITED - CREATIVE" it will also be an obstacle to achieve success.

DETERMINED TO ACHIEVE 5 KEY GOALS AND TASKS

The Vinatex leadership assessed that the market in 2024 is still full of uncertainties and unpredictable while signs of recovery from the market are not sustainable and risky. Therefore, Vinatex has set a target of consolidated revenue for 2024 of VND



17,900 billion, accounting for 101.63% of the same period, of which the revenue of the Holding Company is VND 2,070 billion, equivalent to 103.06% of the same period; Consolidated profit reached VND 550 billion, equivalent to 102.13% of the same period, profit of the Holding Company reached VND 150 billion, equivalent to 112.17% of the same period in 2023.

Setting out the missions throughout 2024, Mr Chairman clearly stated 5 key tasks including:

01 Closely following the Group's development orientations in the medium and long term;

02 Frankly recognizing the position in the supply chain;

03 Transparency of difficulties and development opportunities;

04 Thoroughly analyzing market information and competitors to direct and manage;

05 Innovation, creativity and flexibility in production to seize opportunities and adapt to the market.

At the same time, continue to implement 5 commitments including:

01 Implementing commitments and initiatives on environment, society and corporate governance (ESG);

02 Participating in the supply chain with a firm position, being a preferred partner of major manufacturers and distributors in the world;

03 Continuously forecasting the market and providing adaptation solutions;

04 Building the strategic goal within the Group of "One-stop destination for comprehensive textiles and fashion solution";

05 Training staff to meet new market and technology requirements

General Director Cao Huu Hieu stated that in 2024, the Vinatex Board of Directors' Office will also focus on implementing a number of key tasks and solutions to improve productivity and product quality; in-depth investment, technical innovation, and enhance production capacity based on

existing infrastructure; strengthening the capacity of the garment industry in design and marketing to increase the proportion of high-value export goods such as OEM/FOB in total revenue; continuing research and development programs for new products like fire-retardant fabric, filament core yarn, and yarn and fabric with special features; accelerating the operation and implementation of digital transformation; completing and updating the risk management handbook to prevent and provide timely operational solutions, limiting risks for the Group and its member units; continuously updating regulations and mandatory requirements on sustainable development and green production to proactively apply into the manufacturing; monitoring the compliance of units regarding environmental protection, occupational safety and health, and carbon emission management.

Regarding the challenges of Vinatex as a labor-intensive enterprise, Mr. Pham Van Son - General Director of the Department of General Affairs, Commission for the Management of State Capital at Enterprises, highly appreciated the management results of the Board of Directors and the Executive Board of Vinatex in 2023. The state capital at Vinatex, managed by SCIC, was preserved, and a dividend of 3% was distributed, which is a success when many businesses struggled with an unfavorable market. As a labor-intensive Group, with social security



responsibility for more than 62,000 direct employees of level 1 and over 150,000 employees of level 2, ensuring the living and income of employees with an average of nearly VND 9.5 million/person/month was one of the highlights of Vinatex in 2023.

"Many economic experts predict that 2024 and 2025 will still face many risks and unpredictable developments. Therefore, Vinatex needs to consolidate resources and build quick, efficient, and decisive policies to effectively implement the restructuring plan for the 2021-2025 period, orientation to 2030, and stabilize the living conditions and employment for employees through salary and income solutions. Most importantly, given the characteristic of the textile-garment industry where profits depend on labor productivity, this will be the guiding principle for Vinatex to propose to Government regarding the salary mechanisms for management staff and employees," Mr. Pham Van Son emphasized. □



GRADUALLY STABILIZING & and Regaining Growth Momentum

The 2024 Annual General Meeting Season faces many challenges in deciding business plans and directions for enterprises to overcome difficulties, stabilize, and return to the growth pace of the 2015-2020 period. The Board of Directors and the Executive Board have honestly assessed the company's position, outlined difficulties and opportunities transparently, and used objective data to identify limitations and recovery plans.

MAY 10 CORPORATION (MAY 10)

In 2023, total revenue reached VND 4,257 billion (grew 1.36% from the plan), EBIT was VND 123.43 billion (increased by 12.21% compared to the plan), and the employees' average income was VND 9.3 million /person/ month.

For 2024, the projected revenue is VND 4,250 billion, EBIT is VND 115 billion, a dividend of 15%, and the employees' average income is VND 9.5 million/person/month.

May 10 forecasts that there are many challenges due to various factors, including geopolitical instability and rising tensions in several regions, incomplete recovery of purchasing power in major markets, and persistent increases in input costs (electricity, oil, transportation), and labor costs. To achieve 2024 business plan, MAY 10 aims to enhance product quality, reduce costs, control risks, strengthen digital transformation, invest in key projects, and recruit highly skilled personnel.



VIETTIEN GARMENT CORPORATION

In 2023, revenue and EBIT increased by 7% and 6%, respectively, compared to 2022, with a projected dividend payout of 25%.

For 2024, the targeted revenue is VND 8,360 billion (a 3% decrease), EBIT is VND 200 billion (a 5% decrease), the employees' average income is 12 million VND/person/month (increase 4%), with a projected dividend payout of 20%.

In 2024, Viet Tien aims to operate a flexible production model, shifting from direct production to supply chain management.



HUNG YEN GARMENT CORPORATION - JSC

In 2023, despite many difficulties, revenue reached VND 690.5 billion (109% of the plan), EBIT was VND 84.6 billion (120.9% of the plan), and the employees' average income was VND 11 million/person/month.

For 2024, the planned revenue is 550 billion VND, EBIT is VND 55 billion, and the employees' average income is VND 11.5 million/person/month.

To cope with ongoing challenges, the company will focus on stabilizing traditional markets, developing new ones, investing in energy-saving equipment, and enhancing employee skills.



VIET THANG CORPORATION - JSC

In 2023, Viet Thang faced many challenges due to complex economic conditions. However, thanks to the determination of the leadership and the efforts of the employees, the company achieved revenue of VND 1,234 billion (102.8% of the plan), EBIT of VND 16.42 billion (50% of the plan), and average monthly income of VND 10.8 million per employee. The company plans to distribute a dividend of 10%.

For 2024, Viet Thang plans revenue of VND 1,250 billion (up 1.3%), EBIT of VND 37 billion (an increase of 125.6%), and an average income of 11.7 million VND/person/month (an increase of 2.4% from 2023).

At the 2024 Annual General Meeting, Viet Thang proposed a number of solutions to achieve the business plan:

- Ensuring job and employees' welfare
- Stabilizing the market and focusing on customers
- In-depth investment, energy-saving
- Training human resources and digital transformation
- Controlling cash flow and diversifying capital sources
- Enhancing new products research and expanding the export market

Speaking at the AGM, Mr. Le Tien Truong –Chairman of of Vinatex and Chairman of Vi, emphasized the importance of development strategy, in-depth investment, human resource training, and building corporate culture as well as transforming production model, diversifying markets and products, enhancing smart management, and applying technology.



HOA THO TEXTILE GARMENT CORPORATION - JSC

In 2023, revenue was VND 4,797 billion, export turnover reached VND 262 million, and the average employees' income was VND 9.8 million /person/month.

For 2024, Hoa Tho plans revenue of VND 4,500 billion, export turnover of USD 247 million, EBIT of VND 220 billion, and an average employees' income increase of 6-10% from 2023.

To achieve these results, Hoa Tho will focus on comprehensive solutions on market, investment, human resource management, financial management, risk management, and digital transformation.



HANOI TEXTILE GARMENT JOINT STOCK CORPORATION (HANOSIMEX)

In 2023, consolidated revenue was over VND 1.3 trillion (94.45% of the plan), and the average employees' income was nearly VND 8 million/person/month (93.72% of the plan).

For 2024, Hanosimex targets consolidated revenue of over VND 1.3 trillion, consolidated EBIT of VND 6.4 billion, and an average employees' income of VND 8.4 million/person/month.

Facing many challenges in 2024, Hanosimex needs drastic solutions and governance changes: restructuring member units, building a strong labour force, focusing on the market, stabilizing product quality, and improving employee income.



HUE TEXTILE-GARMENT JOINT STOCK COMPANY (HUEGATEX)

In 2023, revenue was VND 1,884 billion (98% of the plan), consolidated profit was VND 121.2 billion (101.2% of the plan), and the average employees' income was VND 8.9 million /person/month.

For 2024, Huegatex plans revenue of VND 1,920 billion (up 2%), profit of VND 110 billion (down 9.2%), and an average employees' income of VND 9 million/person/month.

According to Huegatex's leadership, the company will focus on increasing competitiveness, expanding markets, managing cash flow, improving organization, HR training, in-depth investment, researching and developing new products, and enhancing quality management.

In summary, Textile-Garment enterprises are striving to overcome difficulties, stabilize, and return to growth by developing detailed business plans, improving governance, saving costs, investing in technology, and enhancing competitiveness.





The Vinatex leadership generation of the 1990s-2000s made the right goal in setting the direction for the development of the textile and garment industry towards integration and export. The current leadership generation is inheriting the favorable conditions from the previous generation, promoting management capabilities, helping businesses achieve their goals, and overcoming prolonged economic crises and pandemics. The current generation of entrepreneurs and managers will continue to pursue Vinatex's strategic goal of becoming a one-stop provider of yarn, weaving, garment, and fashion products with international integration.

INHERITING TRADITION TO CONTINUE INNOVATION AND INTEGRATION

ASPIRATION FOR ADVANCEMENT

In the 2024 thematic study plan on "Studying and following Ho Chi Minh's ideology, ethics, and style in building Vietnamese culture, people, and corporate culture," the CPV Committee of National-level State-owned Enterprises' Group emphasized Political Bureau Resolution No. 41-NQ/TW on building and promoting the role of Vietnamese entrepreneurs in the new era. The goal is to build a strong, patriotic, socially responsible entrepreneurs who effectively participate in global value chains.

According to Mr. Le Tien Truong, Secretary of the Party Committee of Vinatex and Chairman of Board of Directors of Vinatex, entrepreneurs in the textile-garment industry play a crucial role in maintaining position in the supply chain and fulfilling social responsibilities. Vinatex is determined to preserve State investment, uphold business ethics, and ensure transparency in business activities to achieve the strategic goal of being a "one-stop destination for comprehensive textile and fashion solutions".

In 2023, business leaders' decisions required courage to ensure employment and financial stability in a difficult economy. These decisions were crucial in maintaining the current business lineup.

DISTINCTION, INHERITANCE, AND INNOVATION

Mr. Pham Minh Duc, General Director of Nam Dinh Garment JSC, believes that young leaders should harness their enthusiasm and learn from the previous generation to achieve success without incurring too much risk. Leaders need to set clear goals, connect the team, and support them in completing tasks to achieve the highest efficiency.

Ms. Nguyen To Trang, General Director of Vinatex Phu Hung, believes that inheriting the achievements of the previous generation is both an honor and a challenge to create breakthroughs and distinctions. The company needs to update new strategies, apply digital transformation, and develop internal training for sustainable development.

Ms. Nguyen Thi Thu Trang, CEO at Hoa Tho Textile-Garment Corporation, believes that young staff should utilize their youth, dare to think – dare to act, and learn from experienced staff. They need to be skillful in task delegation and management to achieve work efficiency. Previous generations should continue training and creating favorable environments for young staff to unleash their potential.

CPV Committee of National-level State-owned Enterprises' Group emphasizes the development of entrepreneurs with vision, intelligence, ethics, entrepreneurial spirit, and social responsibility. They encourage entrepreneurs to fully understand their roles and missions, inheriting and promoting national traditions, upholding patriotism, and following the Party's guidelines and the Government's policies and laws. This contributes to building and developing an independent, self-reliant, and internationally integrated economy, ensuring national defense and security. Entrepreneurs are encouraged to study and follow Ho Chi Minh's ideology and ethics and participate in patriotic emulation movements. □



The DEDICATED WEAVER



Ms. Nguyen Thi Kin Dung, a worker at Weaving Factory 2 of Viet Thang Corporation, has been dedicated to the textile-garment industry for 16 years, consistently striving to excel in her work and contributing to the company's development.

Born and raised in Ninh Binh, challenging family circumstances led her to leave school early and move the South of Vietnam for job. In 2008, she started working at Weaving Factory 2 of Viet Thang Corporation.

Throughout her career, Ms. Dung has always demonstrated a high sense of responsibility and adherence to company regulations. She frequently

“ Throughout her career, Ms. Dung has always demonstrated a high sense of responsibility and adherence to company regulations. She frequently checks the fabric to detect and promptly correct any defects. **”**

checks the fabric to detect and promptly correct any defects. As a result, she consistently leads in productivity and quality in the factory with the operation of over 20 Dobby weaving machines, and achieving an output of 902,108 meters and a quality rate of 99.98% in 2024. Additionally, she is always willing to assist her

colleagues in ensuring collective success. Moreover, she actively participates in Union activities and has won numerous awards.

Thanks to her achievements, she was recognized and awarded in 2023 as an exemplary worker model, following Ho Chi Minh's ideology, ethics, and style.

Despite her busy schedule, Ms. Dung still balances her roles as a wife and mother, managing both work and family responsibilities. She has received many accolades such as “Excellent Woman in Work and at Home” and “Emulation Soldier” from the grassroots level and the Vietnam Textile and Garment Trade Union. □



MS. TA THI YEN, DEPUTY HEAD OF THE DELEGATION WORK OFFICE, NATIONAL ASSEMBLY STANDING COMMITTEE

“ Focusing on effectively exploiting and developing renewable energy sources.

Promoting the circular economy to minimize waste generation.



MR. CHU DUC HOANG, CHIEF OF STAFF OF THE NATIONAL INNOVATION TECHNOLOGY FUND, MINISTRY OF SCIENCE AND TECHNOLOGY

“ Technological innovation plays a crucial role in developing the digital and green economy.

Vietnam is facing many challenges in developing the digital economy and green economy.



MS. LE THI THANH MINH, HEAD OF THE EUROPE OFFICE, DEPARTMENT OF EUROPE - AMERICA MARKET, MINISTRY OF INDUSTRY AND TRADE

“ High transportation costs, prolonged delivery time lead to changing in supply chains.



EXPERT'S VIEWS

MAY
2024



MR. NGUYEN BA HUNG, CHIEF ECONOMIST, ASIAN DEVELOPMENT BANK

“ Slowing growth has exposed danger in Vietnam's economy. For instance, there is a dependency on exporting FDI enterprises, an immature capital market, and an over-reliance on bank credit. Addressing these risks could lead to stronger growth for Vietnam.



MR. PHAM XUAN HONG, PRESIDENT OF HCMC TEXTILE AND GARMENT - EMBROIDERY ASSOCIATION

“ The garment consumption market remains unstable.

Labor shortage is a major challenge for the textile-garment industry.



MR. NGUYEN NGOC HOA, PRESIDENT OF HO CHI MINH CITY BUSINESS ASSOCIATION

“ Businesses in HCMC are mainly receiving short-term orders and facing pressure from lower prices and high technical barriers.

Enterprises making efforts not to miss orders, accepting lower profits, and finding ways to reduce costs.



MR. NGUYEN KHAC HIEU, DEPUTY HEAD OF EXPORT AND IMPORT MANAGEMENT DIVISION, HO CHI MINH CITY DEPARTMENT OF INDUSTRY AND TRADE

“ Most industries are showing good growth. This is showing signs of recovery in economy.



MR. TRAN NHU TUNG, VICE PRESIDENT OF VIETNAM TEXTILE AND GARMENT ASSOCIATION, CHAIRMAN OF THANH CONG TEXTILE - INVESTMENT - TRADING JOINT STOCK COMPANY

“ Textile and garment exports in early 2024 were better than in 2023.

Textile and garment companies have many orders with high costs and difficulty in raising prices.

Profits are affected by rising logistics costs.





SUSTAINABLE DEVELOPMENT

in Vietnam's textile-garment industry through expert perspectives

Ms. Katrien de Baere - Sustainable Development Consultant, KPMG Netherlands:

The EU's Carbon Border Adjustment Mechanism (CBAM) is part of the EU Green Deal, aiming to reduce greenhouse gas emissions by 55% by 2030. CBAM is a tax on the carbon emissions of products, encouraging manufacturers to green their production processes. Although CBAM has not yet been applied to textiles and garment, businesses need to monitor and manage their production processes to prepare for the future.

In 2024, the EU introduces Eco-design regulations in the textile-garment industry to limit textile and food waste in the Farm to Fork strategy. These regulations require products to be more environmentally friendly and cleaner production processes.

The European Commission (EC) is implementing the Extended Producer Responsibility (EPR) tool for the textile-garment industry, requiring producers to be responsible for the entire lifecycle of products and to contribute financially to waste management.

The European Union (EU) has also voted on a regulation that products not meeting standards will be seized in the EU market. Businesses need to cooperate and coordinate with their customers to meet product requirements.

Ms. Do Ha - Deputy General Director, ESG Advisory Leader, KPMG Vietnam and Cambodia:

The EU's sustainable and circular textile-garment strategy helps fulfill commitments to the European Green Deal and the Circular Economy Action Plan.

By 2030, textile-garment products in the EU will be sustainable, recyclable, free of harmful substances, and produced in compliance with social and environmental rights.

The strategy includes goals: Reuse and Repair Services; Recycled Fibers, Free of Harmful Substances; Fast Fashion is No Longer Trendy; Manufacturer Responsibility.

Regarding the Corporate Sustainability Reporting Directive (CSRD), it requires textile-garment companies to disclose non-financial information according to the European Sustainability Reporting Standards (ESRS), with specific standards to be announced in 2026.

Ms. Nguyen Thi Hoang Yen - Deputy Director, Supply Chain Advisory, KPMG Vietnam and Cambodia:

Building a sustainable supply chain is essential to meet market demands and promote a green industry. This requires companies to use environmental and social resources efficiently.

Steps to build a sustainable supply chain include: establishing a strategy, mapping the supply chain, identifying and minimizing risks, monitoring supplier performance, and strengthening supplier relationships.

Simultaneously, establishing a Sustainable Development Report is necessary to enhance transparency and trust. □





A story of **VIETNAMESE BROCADE** ON THE INTERNATIONAL FASHION RUNWAY

As one of the "Big 4" fashion weeks, London Fashion Week has always been attractive with its creative showcases. The Fall-Winter 2024 collection "Mountain Dreams" by La Pham, a sustainable fashion brand, has marked a new milestone by honoring the beauty of Vietnamese fashion through stories with the colors of Vietnamese ethnicity.

Designer Pham Ngoc Anh, the founder of La Pham, shared that La Pham brings stories of Vietnamese culture and nature through sustainable materials such as hemp, pineapple fibers, and brocade. La Pham's collection has been praised for its sustainability, prioritizing the use of local materials and cultural preservation.

To participate in international fashion events, designer Phạm Ngọc Anh recounted her journey from studying Chemistry Major in Switzerland to becoming a fashion designer. Although she did not study in fashion design formally, she was fortunate to develop an appreciation for art and beauty, and being traveled

to many places around the world, gaining diverse life experiences to incorporate into her creations.

In her journey to explore and preserve Vietnamese culture, La Pham collaborates with brocade artisans in highland villages, contributing to the preservation and development of Vietnam's traditional weaving craft.

La Pham's products not only focus on sustainability but also bring modern, youthful designs aligning with international fashion trends.

Each La Pham collection exemplifies the Vietnamese spirit and cultural essence, making a mark at international fashion runways such as London and Paris.



Finding a stable supply of high-quality natural materials is a significant challenge for La Pham. Due to the use of premium materials and handcrafted production processes, the product prices are relatively high compared to the market average.

In the future, the founder of La Pham will continue to develop

sustainable fashion that celebrate Vietnam traditional culture through new collections as well as inspiring young designers. Through these shows, people can take pride in Vietnamese fashion products and gain a new perspective on utilizing available domestic materials in creations. □





EXPORTING

Vietnamese fashion brands

Customers often think of office wear and men's fashion products when it comes to May 10. But with boldness and the right determination in developing new product lines which is luxury fashion brand exclusively for women – DeTHEIA, has brought unexpected achievement to May 10 .



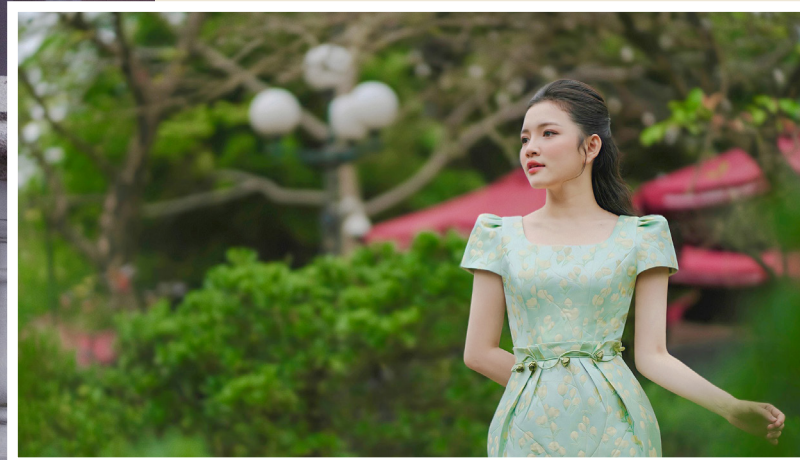
REACHING OUT TO THE WORLD

Mr Than Duc Viet – CEO of May10 stated that after nearly 2 years of presence in the market, through May 10's e-commerce channels and website, DeTHEIA products have been well-recognized internationally, particularly in the Middle East and Asia. "We have already exported a significant number of orders to the Middle East via e-commerce channels, and customers have positive feedbacks on the quality and design of products. This is a motivation for May 10 to continue expanding e-commerce distribution channels to the world's largest textile-garment export market, China" Mr. Viet emphasized.

A WELL-STRUCTURED INVESTMENT STRATEGY

May 10 focuses on sustainable development, diversifying distribution channels, applying technology, and collaborating with top international designers.





SUSTAINABLE DEVELOPMENT

May 10 uses environmentally friendly materials and advanced technology, aiming for "Green Factories, Green Production, Green Products." The success of May 10 is a evidence to the capabilities of Vietnamese people in building a world-class fashion brand.

The Vietnamese textile-garment market has great potential, but Vietnamese brands have not yet established their position in the international market. Moreover, the fashion market is becoming increasingly stringent with green standards and waste reduction requirements. As a result, May 10 focuses on sustainable brand development, diversifying distribution channels, and applying technology in business processes.

May 10 is a clear proof of the potential of the Vietnamese fashion industry, affirming competitive ability in the international market. □