

Socialist Republic of Vietnam
Independence – Freedom – Happiness

ANNUAL REPORT

2024

Public Company Name: **HUU NGHI GARMENT JOINT STOCK COMPANY**

I. General information:

1. General information:

_ Trading name: **HUU NGHI GARMENT JOINT STOCK COMPANY**

– Certificate of business registration No: **0302641539**

– Charter capital: **237,789,000,000 VND**

– Owner's capital: **237,789,000,000 VND**

– Address: 636-638 Nguyen Duy, Xom Cui Ward, District 8, Ho Chi Minh City.

– Telephone: 028-38554176 ; 028-38553415

– Fax: 028-38553476

– Website: www.hugamex.vn

– Stock code: **HNI**

– Incorporation and development process:

– Formation and development process:

Huu Nghi Garment Joint Stock Company is a state-owned enterprise converted into a joint stock company according to Decision No. 211/QĐ-TTg dated March 21, 2002 of the Prime Minister.

12th Change Registration Form day 18 month 02 year 2025 issued by the Department of Planning and Investment of Ho Chi Minh City.

2. Lines and locations of the business:

– Lines of the business: Garment products

Location of business: Export to markets such as USA, Japan....

3. Information about governance model, business organization and management apparatus:

– Governance model:

The company operates under the model of a joint stock company in accordance with the provisions of the Enterprise Law and related legal regulations:

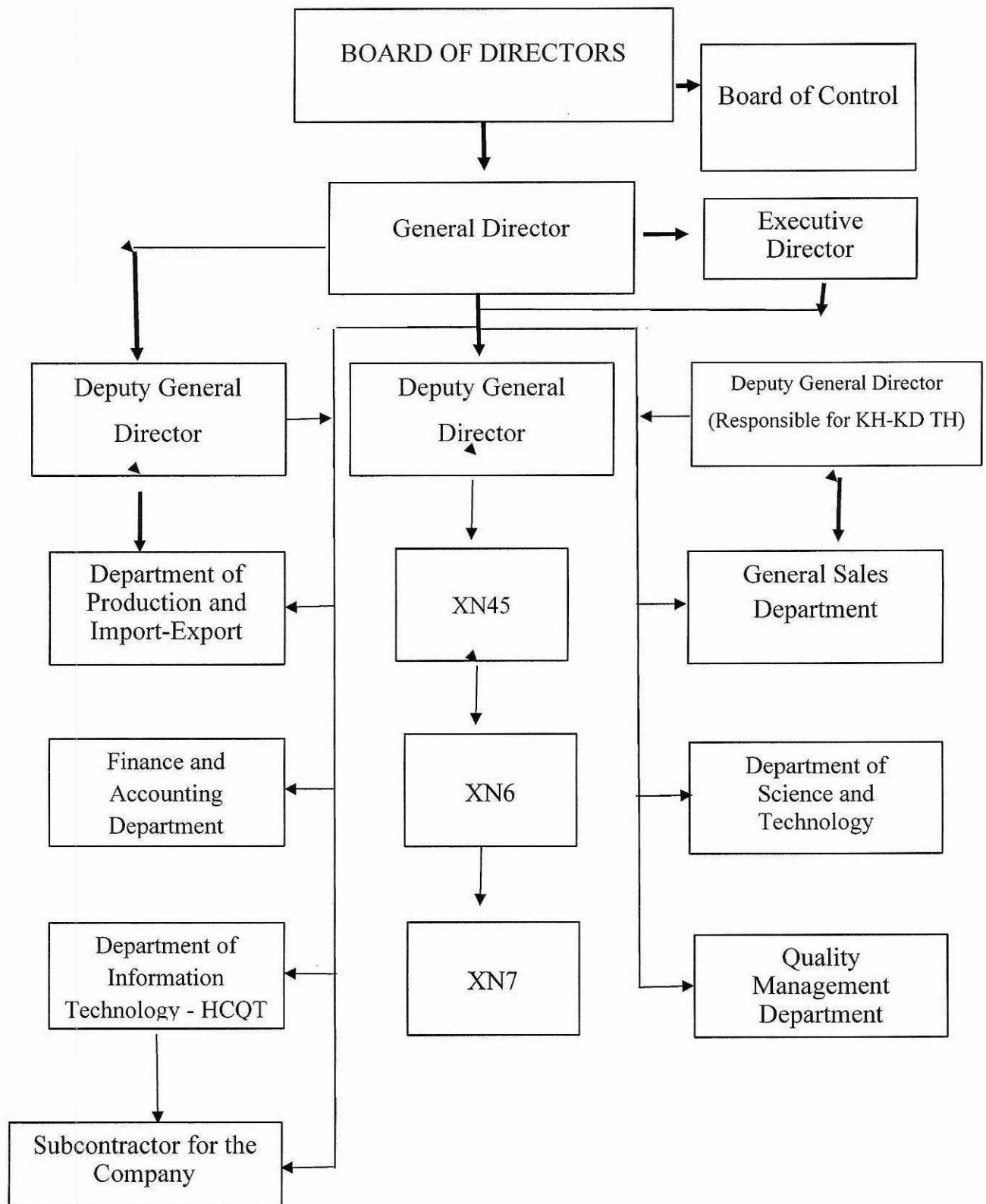
+ General meeting of shareholders: includes all shareholders with voting rights, is the highest decision-making body of the Company.

+ Board of Directors: Is the Company's management body, with full authority on behalf of the Company to decide all matters related to the Company's purposes and interests, except for matters under the authority of the General Meeting of Shareholders.

+ Board of Directors: Is the body that manages the daily operations of the Company and is responsible to the Board of Directors for the implementation of assigned rights and duties.

+ Board of Supervisors: Performs the task of controlling all business activities, administrative and operational activities of the company on behalf of shareholders.

Management structure:



- Subsidiaries, associated companies: Do not have.

4. **Development orientations:**

- Main objectives of the Company:

- + Maintain traditional customers and seek new markets and new customers to ensure enough goods for the production enterprise to meet the expansion capacity of both Long An and Sa Dec localities.

- + Diversify garment products to increase profits with products with high profit margins.

- + Focus on managing product quality, production costs, improving fast delivery times, reducing energy

- Development strategies in medium and long term:

- + Project to renovate Garment Factory 6, Workshop 56 in Dong Thap province: Construction and installation contractor; winning bidder: Tuan Ngoc Technical Trading Service Co., Ltd.

- Project value (including VAT): 80.33 billion dong

- + Investment in machinery and equipment of all kinds: 16.56 billion dong

- + 29-seat car: 2.4 billion

_Corporate objectives with regard to Corporate environment, society and community Sustainability:

- + Build a professional working environment. Ensure environmental work, conduct Higg Index assessments of environmental indicators.

- + Social responsibility assessment according to SLCP international standards.

- + Plant trees, clean environmental wastewater system.

- + Actively promote vaccination and spraying medicine to prevent dengue fever. In addition, organize periodic health check-ups for workers twice a year.

5. Risks:

_Risk management objectives: Always Assess and prioritize risks. Minimize risks to avoid unnecessary damage, and have more time to plan to prevent risks before they occur.

_Market risk: Dependent on foreign markets; adverse exchange rate fluctuations;

_Human resource risk: Recruiting workers in the garment industry, especially in inner-city areas, is increasingly difficult due to the decrease in labor supply and the trend of workers returning to the provinces to work closer to their families. Labor costs have tended to increase in recent years, reducing the competitiveness of the Company in particular and Vietnamese textile and garment enterprises in general.

II Yearly Operations:

1. Situation of production and business operations:

- Implementation status compared to plan: Year 2024

	Unit	<u>Plan</u>	<u>Perform</u>	<u>HTKH ratio</u>
+ Export turnover:	1,000 USD	37,800	47,346	125.25 %
+ Net revenue:	Tr.đ	917,910	1,182,125	128.78 %
+ Profit before tax:	Tr.đ	40,000	133,742	334.36 %

2. Organization and Human resources:

– List of Executive Board:

a/ General Director:

Full name: Ha Van Duet

Gender: Male

Date of birth: 08-06-1954

Place of birth: Thai Binh

ID card: 034054014355

Nationality: Vietnam

Permanent address: No. 11, Street 22, Him Lam Residential Area 6A, Binh Hung Ward, Binh Chanh District, Ho Chi Minh City

Qualification: University degree in Finance and Accounting

Work process:

+ From 2003 to present: General Director of Huu Nghi Garment Joint Stock Company

Number of shares owned by individuals: 2,618,174 shares, proportion 11.01% charter capital

b/ Deputy General Director:

Full name: Ha Van Long

Gender: Male

Date of birth: 21-02-1971

Place of birth: Thai Binh

ID card: 034071008490

Nationality: Vietnam

Permanent address: No. 67, Street 12, Residential Area 3, Bui Minh Truc, Ward 5, District 8, HCMC

Qualification: University degree in Business Administration

Work process:

+ From 2011 to present: Deputy General Director of Huu Nghi Garment Joint Stock Company

Number of shares owned by individuals 1.217.772 shares, proportion 5.12% charter capital

c/ Deputy General Director:

Full name: Pham Duc Ha

Gender: Male

Date of birth: 30/12/1971

Place of birth: Thai Binh

ID card/passport: 034071009367

Nationality: Vietnam

Permanent address: 710/15 Luy Ban Bich, Tan Thanh Ward, Tan Phu District, HCM

Qualification: University

Work process:

+ 2004: Deputy Head of Science and Technology - Import and Export Department

+ 2011: Head of Business Planning - Import-Export Department

+ 2014: CEO

+ From April 2021: Deputy General Director of Huu Nghi Garment Joint Stock Company

Number of shares owned by individuals 204,324 shares, proportion 0.86% charter capital

d/ Deputy General Director:

Full name: Ha Van Nghia

Gender: Male

Date of birth: 5/12/1980

Place of birth: Ho Chi Minh City

CCCD/passport: 034080005959

Nationality: Vietnam

Permanent address: No. 11, Street 22, Him Lam Residential Area 6A, Binh Hung Ward, Binh Chanh District, Ho Chi Minh City

Qualification: University

Work process:

+ 2010: Deputy Head of Business Planning - Import-Export

+ 2012: Head of General Sales Department

+ 2014: CEO.

+ From April 2021: Deputy General Director of Huu Nghi Garment Joint Stock Company

+ From April 23, 2023: Member of the Board of Directors

Number of shares owned by individuals 1,293,468 shares, proportion 5.44% charter capital

e/ Managing Director:

Full name: Ha Hai Ninh

Gender: Male

Date of birth: 22/10/1985

Place of birth: Ho Chi Minh City

CCCD/passport: 079085028601

Nationality: Vietnam

Permanent address: No. 11, Street 22, Him Lam Residential Area 6A, Binh Hung Ward, Binh Chanh District, Ho Chi Minh City

Qualification: University

Work process:

+ 2011: Staff of Finance - Accounting Department

+ 2014: Deputy Head of Finance - Accounting Department

+ From August 2024: CEO of Huu Nghi Garment Joint Stock Company

Number of shares owned by individuals 492,648 shares, proportion 2.07% charter capital

f/ Head of Finance and Accounting Department:

Full name: Vu Thi Ngat

Gender: Female

Date of birth: November 12, 1958

Place of birth: Hai Duong

CCCD/passport: 030158012684

Nationality: Vietnam

Permanent address: 28B/6 Duong Ba Trac, Ward 2, District 8, HCM

Qualification: Bachelor of Finance and Accounting

Work process:

+ 1995: Accountant at Huu Nghi Garment and Printing Company

+ 2004: Chief Accountant of Kiu Chi Friendship Joint Venture Company

+ 2007: Deputy Accounting Manager Huu Nghi Garment Joint Stock Company

+ 2007 to present: Head of TC KT Department Huu Nghi Garment Joint Stock Company

Number of shares owned personal ownership 252,816 shares, proportion 1.06% charter capital

– Number of staff. Summary of policies and changes in policies for employees.

+ Number of employees (as of December 31, 2024): 2,521 labor.

+ Policies for employees:

Sign contracts with employees according to the Labor Law and implement policies in accordance with the law and the agreement signed between the employer and employee representatives.

Take care of employees such as: wedding, funeral, holidays; support for housing rental, living allowance, 13th month salary bonus, Tet gifts and other welfare regimes.

3. Investment activities, project implementation:

a/ Major investments:

Continue the project of renovating and expanding the factory - Dong Thap phase 3. Successfully bid for the construction of workshop 56.

b/ Subsidiaries, associated companies: *Do not have*

4. Financial situation:

a- *Financial situation:*

Unit: VND

Financial Figure	Year 2024	Year 2023	% Increase Decrease
Total assets	758,725,727,595	649,681,496,210	116.78
Net revenue	1,182,125,636,807	869,534,864,259	135.95
Profit from operating activities	90,040,182,699	90,040,182,699	100.00
Other profits	2,709,602,496	1,536,680,712	176.33
Profit before tax	133,742,192,575	91,576,863,411	146.04
Profit after tax	105,903,870,569	73,473,859,086	144.14
Payout ratio	22.45	32.36	69.38

– *Other figures:* Do not have

b- *Major financial benchmarks:*

Financial Figure	Year 2024	Year 2023	Note
1, Solvency ratio			

+ Current ratio:			
Short term Asset/Short term debt	2.24	2.27	
+ Quick ratio:			
<u>Short term Asset - Inventories</u> Short Term Debt	2.0	1.95	
2, Capital structure Ratio			
+ Debt/Total assets ratio	36.46	35.35	
+ Debt/Owners' Equity ratio	57.39	54.69	
3, Operation capability Ratio			
+ Inventory turnover:			
Cost of goods sold/Average inventory	182.34	119.15	
Net revenue/ Total Assets	1.56	1.34	
4, Target on Profitability			
+ Profit after tax/ Net revenue Ratio	8.96	8.45	
+ Pprofit after tax/ total capital Ratio	21.97	17.49	
+ Profit after tax/ Total assets Ratio	13.96	11.31	
+ Operating profit/ Net revenue Ratio	7.62	10.35	

5. Shareholders structure, change in the owner's equity :

a/ Shares :

Face value 10,000 VND

STT	Share	2024	2023
1	Total shares	23,778,900	23,778,900
2	Number of shares sold to the public	23,778,900	23,778,900
3	Common stock	23,778,900	23,778,900
4	Outstanding shares	23,777,800	23,777,800

b/ Shareholders structure:

Financial Figure	year/Year2024	Percentage
* Total shares	23,778,900	100.00
* Major shareholders from 5% or more	13,435,660	56.50
Small shareholders under 5%	10,342,140	43.49
* Individual shareholders	16,822,108	70.74
Institutional shareholders	6,955,692	29.25
* Domestic shareholders	23,599,400	99.25
Foreign shareholders	578,400	0.75
* Treasury stock	1,100	0.00

Maximum foreign ownership is 0%

c/ Change in the owner's equity:

Constant

d/ Transaction of treasury stocks: constant

e/ Other securities: Not available.

6. Environment-Social-Governance (ESG) Report of the Company

6.1. Environmental impact:

-Total direct and indirect GHG emissions: None

-Measures and initiatives to reduce GHG emissions: None

6.2. Management of raw materials:

a) The total amount of raw materials used for the manufacture and packaging of the products as well as services of the organization during the year.

Quantity of main raw materials used in production in year 2024: 8,691,660 yards

Quantity of raw materials used in production in year 2024: 108,578,612 pieces/set: buttons, zippers, threads...etc.

b) The percentage of materials recycled to produce products and services of the organization:

Do not have

6.3. Energy consumption:

a) Energy consumption - directly and indirectly:

Annual electricity consumption 2024 To be: 5,081,094 kw

DO oil year 2024: 165,600 liters

b) Energy savings through initiatives of efficient using energy:

Use part of solar energy.

c) The report on energy saving initiatives (providing products and services to save energy or use renewable energy); report on the results of these initiatives:

Collect solar power money from selling electricity to the State in 2016.2024: 200,344,000 VND

6.4. Water consumption (water consumption of business activities in the year):

a) Water supply and amount of water used.

Use tap water at annual consumption 2024 is: 46,389 m3

b) Percentage and total volume of water recycled and reused.

Do not have

6.5. Compliance with the law on environmental protection:

a) Number of times the company is fined for failing to comply with laws and regulations on environment.

Do not have

b) The total amount to be fined for failing to comply with laws and regulations on the environment.

Do not have

6.6. Policies related to employees:

a) Number of employees, average wages of workers:

Number of employees: 2,521 people, average salary: 8.9 million copper

b) Labor policies to ensure health, safety and welfare of workers:

The company conducts health check-ups for employees twice a year.

Regular fire prevention training for workers

Paying for sick visits, funerals, encouraging workers, and supporting children under 6 years old

c) Employee training:

- The average number of training hours per year, according to the staff and classified staff

Annually organize company-wide occupational safety training, averaging 2 hours per person.

Fire prevention training for employees every quarter.

6.7. Report on responsibility for local community.

Contributions to support local holidays, kitchens, the poor, disabled, and disadvantaged:
421,000,000 VND

III - Report and assessment of the Board of Management:

1. Assessment of operating results:

- The company completed and exceeded its targets. 2024:

+ Export turnover reached 125.25% compared to plan

+ Net revenue reached 128.78% compared to plan

+ Profit before tax reached 334.4% compared to plan.

- The progress the company has achieved:

+ Profit paid to the budget increases steadily every year

+ Annual dividends are distributed to shareholders.

+ The company has implemented well the welfare policies and regimes, ensuring income and retaining employees. During the year, the company also did not have any labor disputes or strikes.

2. Financial Situation:

a) Assets:

STT	Target	Year 2024	Year 2023
1	Asset structure		
	- Long-term assets/Total assets	18.28%	19.84%
	- Current assets/Total assets	81.72%	80.16%
2	Capital structure		
	- Liabilities/Total capital	36.46%	35.35%
	- Owner's equity/Total	63.54%	64.65%

b) Liabilities:

- Current debts, major changes of debts:

Year 2024 The company has no long-term debt.

- The exchange rate difference is unstable but does not affect the company's production and business results.

3.Improvements in organizational structure, policies, management:

Restructuring the management apparatus and changing the form of salary payment in manufacturing industries to improve labor efficiency.

4.Development plans in the future:

Goals for the year 2025:

+ Revenue: 952,000 millionD

+ Profit: 40,000tr d

IV - Assessments of the Board of Management on the Company's operations:

1.Assessments of the Board of Management on the Company's operations:

- The textile industry in general and Huu Nghi Garment Joint Stock Company in particular have gone through 2024 with many ups and downs.2024 stable supply of goods, despite the market and orders, export prices are still low, orders are small, requirements are strict, delivery time is fast,The labor situation is unstable but does not affect the company's production and business situation.

-Hard:

+ Trade wars between countries, epidemics.

+ Raw materials depend on China for unstable supply,high inflation, shortage of labor in quantity and skilled labor.

+ Garment processing prices do not increase while input costs increase from 10 to 15%.

In difficult conditions, under the leadership of the Company's Party Committee, Board of Directors and Executive Board, the Company has performed well the task of stabilizing production and business capacity and gradually developing sustainably.

2.Assessment of Board of Directors on Board of Management' performance:

The Board of Directors highly appreciates the management of the Board of Directors for the development of the Company. Despite difficult conditions, the Company still maintains its production capacity to complete the plan set forth by the General Meeting of Shareholders as well as the resolutions of the Board of Directors.

3.Plans, orientations of the Board of Directors:

The main activities of the Board of Directors are to organize and propose resolutions from time to time in accordance with the resolutions of the Annual General Meeting of Shareholders.

Regularly monitor production, business and market developments to direct the Executive Board to implement.

V Corporate governance:

1.Board of Directors:

a) Members and structure of the Board of Directors:

Term 2023-2027

No.	Full name	Position at the Company	Number of shares owned	Other Company Position	Note
1	Ha Van Duyet	Chairman of the Board General Director	2,618,174	Are not	
2	Ha Van Long	Board Member Deputy General Manager	1,217,772	Are not	
3	Ha Van Nghia	Board Member Deputy General Manager	1,293,468	Are not	
4	Le Mac Thuan	Board Member	3,861,990	Representative of Vietnam Textile and Garment Group - Deputy General Director; Chairman of the Board of Directors and General Director - Vinatex Investment and Development Joint Stock Company	
5	Vu Thi Thuy Duong	Board Member	2,378,000	Representative of Vietnam Textile and Garment Group - Deputy Head of Finance and Accounting Department	

b) The committees of the Board of Directors:Do not have

c) Activities of the Board of Directors:

The Board of Directors performs its functions and duties in compliance with the provisions of law, the Company's Charter and the Resolutions of the General Meeting of Shareholders. The Board of Directors passes decisions by direct voting at meetings.

During the year2024,The Board of Directors meets at least once a quarter. Specifically, the Board of Directors' decisions through the Minutes are as follows:

No.	Resolution/Decision No.	Date	Content
1	No. 06.2024\BBHDQT	20/2/2024	<ul style="list-style-type: none"> - Report on production and business results in 2023. - Bonus for CEO and Board of Directors 2% of pre-tax profit according to plan and 8% of pre-tax profit exceeding plan.
2	No. 07\NQHDQT.2024	27/02/2024	<ul style="list-style-type: none"> - Approval of the plan to organize the 2024 Annual General Meeting of Shareholders. - Through the last registration date to exercise the right to attend the congress 3/25/24. - Approved the time to hold the 2024 Annual General Meeting of Shareholders, expected on April 21, 2024. - Through the venue: 6th Floor - Windsor Plaza Hotel 18 An Duong Vuong Ward 3, District 5, HCMC.
3	No. 08.2024\BBHDQT	06/03/2024	<ul style="list-style-type: none"> - Report on production and business results in 2023. - Deploying the construction of the next phase of workshop 56, Enterprise 6.
4	No. 09.2024\BBHDQT	04/08/2024	<ul style="list-style-type: none"> - Report on production and business performance in 2023. - Project plan report for workshop 56, Enterprise 6 - Profit distribution plan for 2023 - Remuneration expenses, activities of the board of directors and the board of supervisors in 2023. - Activities of the Board of Directors and the Board of Supervisors - Through the report of the Board of Supervisors. - Select an auditor for 2023.
5	No. 10\NQHDQT	04/08/2024	<ul style="list-style-type: none"> - Through loans at Joint Stock Commercial Bank for Foreign Trade of Vietnam, Saigon Branch.
6	No. 11.2024\NQHDQT	05/22/2024	<ul style="list-style-type: none"> - The Board of Directors agreed to pay cash dividends in 2023 at a rate of 15% x charter capital (VND 1,500/share). The last registration date to receive dividends is June 12, 2024 and payment is June 27, 2024.
7	No. 12.2024\NQHDQT	05/28/2024	<ul style="list-style-type: none"> - Approval of the Project Adjustment Plan Report "Investment in production expansion at Factory 6-Sadec". - Approved Phase 3 Investment to build workshop 56 and increase total project investment capital.

8	No. 13.2024\NQHĐQT	07/17/2024	<ul style="list-style-type: none"> - Select Nhan Tam Viet Auditing Company Limited for 2024 audit.
9	No. 14.2024\NQHĐQT	10/31/2024	<ul style="list-style-type: none"> - Report on production and business performance for the first 9 months of 2024. - Report on production and business performance in the fourth quarter of 2024. - Project report of factory 5-6, Enterprise 6. - Activities of the Board of Directors and the Board of Supervisors.

d) Activities of independent members of the Board of Directors:

Participate in Board of Directors activities only through Board of Directors meetings.

e) List of members of the Board of Directors possessing certificates on corporate governance. List of members of the Board of Directors participating in corporate governance training programs in the year

Do not have.

2. Board of Supervisors:

a) Members and structure of the Board of Supervisors:

No	Full name	Position at the Company	Number of shares owned	Other Company Position	Note
1	Duong Thanh Tung	Head of Control Board -Deputy Head of Import-Export Department	1,000,938	Are not	
2	Nguyen Thi Hang Nga	Board of Supervisors	595,604	Are not	
3	Vu Thi Nu	Board of Supervisors	713,400	- Representative of State capital - Vietnam Textile and Garment Group. Specialist of Risk Management Board	

b) Activities of the Board of Supervisors: The Board of Supervisors meets regularly.

No	Report	Day	Content
1	Audit Report of the Board of Supervisors	25/03/2024	-Audited report review 2023
2	Audit Report of the Board of Supervisors	05/02/2024	-Evaluation of business performance in the first quarter of 2024.

