

NORTHERN TEXTILE AND GARMENT
CORPORATION (VNC)

HANOI TEXTILE AND GARMENT
JOINT STOCK CORPORATION



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(Draft)

SOCIALIST REPUBLIC OF VIETNAM
Independence - Freedom - Happiness

Ninh Binh, April ..., 2026

REPORT ON THE ACTIVITIES OF THE BOARD OF DIRECTORS IN 2025 AND DIRECTIONS FOR ACTIVITIES IN 2026

I. STATUS OF THE BOARD OF DIRECTORS' ACTIVITIES IN 2025

1. Overall operational situation of the Corporation in 2025

The textile industry operates in a volatile consumer market, with declining raw material prices leading to pressure to lower selling prices. By maintaining stable product quality and effectively implementing cost-saving solutions, the Corporation has upheld product quality standards and ensured its reputation with customers.

The restructuring of the Ninh Binh Branch into a single-tier model has strengthened decentralization and delegation of authority, creating a clear transformation in proactive management and coordination among units, contributing effectively to the overall work of the entire textile industry.

Garment industry: proactively monitoring market developments and analyzing data from the Garment Department of the Vietnam Textile and Garment Group to orient production plans in accordance with production capacity, actual conditions, and worker skills. Production organization is flexibly adjusted according to equipment and labor skills, contributing to improved operational efficiency.

Production management has seen positive changes, with factories proactively reviewing and reorganizing their workforce towards a leaner structure, reducing indirect labor, and restructuring their management team to suit the new situation; in particular, the Nghe An Branch transformed its operating model from November 1, 2025, and has initially achieved positive results.

The basic product quality meets customer requirements, and the quality management system continues to be improved and operates stably. At the same time, the Corporation is stepping up investment in factory renovation, upgrading infrastructure and working conditions, contributing to meeting evaluation standards and improving the working environment at garment factories.

Textile, towel and other related industries :

Knitting: In 2025, Hanosimex Knitting Joint Stock Company will continue its commercial business, leasing out its entire factory and machinery and equipment. The company has reduced losses and improved efficiency.

Weaving towels: In 2025, Ha Dong Hanosimex Textile Joint Stock Company had a fairly good production and business performance with orders at full capacity. It optimized production capacity and reduced production costs, proactively negotiating with partners to secure the most suitable orders and prices. The company continued to increase its domestic orders.

- Install and effectively utilize newly invested equipment (Tumble dryer; 4 air-blown weaving machines; 1 joining machine). Increase productivity and product quality, and reduce the number of machine operators.

2. Activities of the Board of Directors

In 2025, the Board of Directors implemented numerous innovations in strategic corporate governance and management, organizing, supervising, and directing production and business activities flexibly through weekly and monthly reports, extraordinary and regular Board meetings, thematic meetings, and meetings with the Corporation's business sectors.

The Board of Directors has held 9 meetings, issued 10 resolutions and several decisions. The Board of Directors has provided direction and guidance to the General Corporation's Executive Body.

Board of Directors meetings

No.	Board Member	Number of meetings attended	Proportion	Reasons for not attending
1	Cao Huu Hieu	9/9	100%	
2	Ho Le Hung	4/4	100%	<i>Dismissal effective April 25, 2025</i>
3	Nguyen Ngoc Cach	4/4	100%	<i>Dismissal effective April 25, 2025</i>
4	Nguyen Tri Son	9/9	100%	
5	Nguyen Ba Khanh Tung	5/5	100%	<i>Appointment effective April 25, 2025</i>
6	Hoang Thuy Oanh	4/4	100%	<i>Dismissal effective April 25, 2025</i>

At the Board of Directors' meetings, the following instructions were given to the General Corporation's Executive Body:

- Organizational and Human Resource Management: In 2025, the Corporation will implement a transformation of its organizational model towards a leaner, more flexible structure and increased decentralization and delegation of authority. The two branches in Ninh Binh and Nghe An will be restructured synchronously, establishing a new operating mechanism with clear roles, responsibilities, and accountability, thereby enhancing the efficiency and sustainability of the system.

The Board of Directors and the General Director have strengthened empowerment, ensuring that leaders at all levels have sufficient authority and tools to proactively manage production and business operations within their assigned scopes. Simultaneously, 2025 marks a shift in personnel management as the Corporation boldly appoints young executives to key positions, creating momentum for innovation and succession for the next phase of development.

Changes to the capital representatives and board members should be made to better reflect the current situation and to effectively supervise production and business operations amidst a volatile global economy and challenging domestic conditions. Through the capital representatives, strategic direction can be established, production and business plans developed, and member units restructured to ensure alignment with the overall objectives of the Corporation.

- Business Operations Management: The organizational restructuring has fostered proactiveness within the units, improved the efficiency of marketing, customer service, and production management; shortened work processing times, improved labor productivity, and gradually increased efficiency in the factories.

- Financial management: Cost management and analysis are implemented synchronously; assets are utilized to their maximum potential, inefficient assets are liquidated promptly for reinvestment; capital and cash flow management are improved, ensuring stability for production, business operations, and investment.

- Quality Management & Improvement: Industry leaders are committed to improving quality and implementing improvement solutions; investment in technological innovation, equipment, and the working environment is accelerated, contributing to enhanced customer reputation and employee engagement.

- Risk management and compliance: Risk management, particularly in finance, accounts receivable, and inventory, is tightly controlled; compliance with laws and standards is rigorously implemented, shifting from a passive to a transparent approach, building trust with regulatory authorities, customers, and employees.

- **Policies and regulations for employees:** ensuring timely payment of salaries and bonuses; improving policies to increase employee income. Coordinating with the Trade Union to organize activities that care for the health, material well-being, and spiritual lives of employees, fostering unity and solidarity among workers in production and business, and ensuring labor stability to meet production requirements.

- **Investment activities:** focusing on implementing investment projects aimed at improving production capacity and management efficiency, with the Hanosimex multi-purpose building project being prioritized and progressing according to schedule.

Investment in the garment and textile industry is prioritized towards automation, productivity optimization, and improved production and working conditions for workers.

3. Monitoring activities of the Executive Agency

- Implement a detailed assignment of tasks to each member of the Board of Directors, strengthening the responsibilities, authority, and obligations of the Board members – the General Director – in the working relationship between the Board of Directors and the Executive Body.

- At the quarterly meetings, the General Director presented detailed reports, analyses, and assessments of the overall production and business situation of the entire Corporation and its subsidiaries. The Board of Directors directed the Executive Agency to implement several solutions to address shortcomings, boost production, and improve the business efficiency of the Corporation and its member units.

4. Key performance indicators for 2025

No.	Target	Unit	2025		
			Plan	Perform	Plan 2025/ Implemented 2025
1	Registered capital	Million dong	205.000	205.000	100%
2	Consolidated revenue	Million dong	1.192.100	1.242.773	104,3%
	<i>In which, the parent company is:</i>	<i>Million dong</i>	<i>948.100</i>	<i>973.734</i>	<i>102,7%</i>
3	Consolidated after-tax profit		9.000	17.027	189,2%
	<i>In which, the parent company is:</i>	<i>Million dong</i>	<i>1.500</i>	<i>4.362</i>	<i>290,8%</i>

II. ACTIVITY PLAN OF THE BOARD OF DIRECTORS FOR 2026.

1. Orientation for 2026

The Board of Directors has set the key objective for 2026 as: *"Optimizing productivity – Diversifying markets – Increasing product value in a sustainable manner "*.

Key business performance indicators for 2026:

No.	Target	Unit	Plan 2026
1	Consolidated revenue	Million dong	1.270.000
	<i>In which, the parent company is:</i>	<i>Million dong</i>	<i>1.002.000</i>
2	Consolidated after-tax profit		20.000
	<i>In which, the parent company is:</i>	<i>Million dong</i>	<i>10.000</i>

❖ Textile industry:

Maintain a strong position in traditional markets, prioritizing the development of niche market segments and high value-added yarn lines. Aim to increase equipment efficiency to $\geq 2\%$ and tightly control consumption rates.

❖ Garment industry:

Promote market development, build a stable customer base, and expand FOB orders; diversify markets to reduce dependence. Increase investment in equipment and stabilize human resources to meet expansion needs. Ensure sufficient orders for both factories, increase productivity by $\geq 15\%$, and expand by adding 4 production lines (Nghi Loc Garment Factory: 2 lines; Nam Dan Garment Factory: 2 lines) from July 2026.

❖ Textile Industry :

Maximize equipment capacity based on the Japan-domestic market axis. Focus on in-depth investment to enhance competitiveness in terms of quality.

❖ Fashion Industry:

Focus on managing existing inventory and preventing new orders; develop orders for uniforms and workwear to increase revenue and profit.

2. Solution

The key solutions are:

❖ Regarding market and production management

- **Textile industry:** Develop a balanced export-domestic market, proactively leveraging exchange rate fluctuations and global order shifts. Restructure customer and product portfolios based on demand data, seasonality, and factory capacity, thereby stabilizing production plans, extending order lifecycles, and mitigating

technological changes. Simultaneously, develop value-added yarn lines, optimize raw materials, and improve supply chain efficiency to enhance sustainable competitiveness.

- **Garment Industry:** Building a diversified market base, reducing dependence on a single customer and market, and gradually shifting towards high value-added production methods. Closely linking marketing efforts with cost control and production capacity to ensure efficiency from the order placement stage. Simultaneously, promoting digitalization, automation, and improving production and logistics infrastructure to enhance productivity, responsiveness, and transparency in long-term operations.

- **Towel Textile Industry:** Consolidate key markets while expanding to new customers and the domestic market, creating a stable consumption foundation. Manage pricing policies flexibly according to market conditions to optimize production and efficiency. Focus on improving product quality, effectively utilizing invested equipment, and controlling costs, aiming for stable growth and increased added value in the long term.

- **Fashion Industry:** Restructuring operations towards a leaner structure, tight control over inventory and cash flow, and minimizing the risk of inventory accumulation. Focusing on shifting to product lines with stable and high repeat demand such as uniforms, workwear, and corporate gifts, while gradually expanding suitable sales channels.

❖ ***Regarding finances :***

- Financial management should be proactive and secure, ensuring a balance between operating cash flow , investment, and debt obligations. The capital structure should be flexible, optimizing capital costs and aligning with the production cycle.

- Proactively manage interest rate and exchange rate risks through forecasting and selecting borrowing currencies, combined with the use of appropriate hedging tools.

- Strengthening cost control and improving the quality of management reporting and financial analysis are crucial for supporting timely operations and enhancing capital efficiency.

❖ ***Regarding investment activities:***

- Focus on implementing investment projects aimed at improving production capacity, automation, and infrastructure, with a key focus on continuing construction of the Hanosimex Multi-Purpose Building project (19,300 m² of business floor space), expected to be completed in Q2/2027, with a total investment of VND 298 billion.

- For manufacturing industries, investment focuses on automation, digitalization of management, and upgrading production infrastructure: the garment

industry prioritizes automated equipment, warehouse renovation, and the implementation of management software; the yarn industry promotes investment in energy-saving equipment and automated production lines to improve productivity, reduce costs, and minimize reliance on labor.

- At the subsidiaries, investment focuses on expanding production equipment capacity and modernizing technology, contributing to increased output, product quality, and enhanced competitiveness of the entire system.

❖ ***Regarding organization and human resources:***

- Training on the use and operation of newly invested machinery and equipment; in-depth training for senior and middle-level management and planning staff.

- Innovate the motivational mechanism through individual and team rewards linked to profit results. Implement specific and transparent policies through KPI targets and monthly evaluations to motivate employees.

**O/B. BOARD OF DIRECTORS
CHAIRPERSON**

Cao Huu Hieu

