

Century Synthetic Fiber Corporation

Consolidated financial statements

For the year ended 31 December 2019

Century Synthetic Fiber Corporation

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Century Synthetic Fiber Corporation

GENERAL INFORMATION

THE COMPANY

Century Synthetic Fiber Corporation ("the Company") is a shareholding company incorporated under the Law on Enterprise of Vietnam and currently operates based on the 17th Amended Enterprise Registration Certificate No. 0302018927 issued by the Department of Planning and Investment of Ho Chi Minh City on 18 April 2019.

The Company listed its shares on the Ho Chi Minh Stock Exchange with trading code STK in accordance with Decision No. 410/QĐ-SGDHCM issued by the Ho Chi Minh Stock Exchange on 10 September 2015.

The current principal activities of the Company during the year are to manufacture synthetic yarn and knitting.

The Company's registered head office is located at Lot B1-1 North West Cu Chi Industrial Zone, Cu Chi District, Ho Chi Minh City, Vietnam. In addition, the Company has Trang Bang Branch, located at Street No.8, Trang Bang Industrial Zone, Trang Bang District, Tay Ninh Province, and one representative office, located at 102-104-106 Bau Cat, Ward 14, Tan Binh District, Ho Chi Minh City, Vietnam.

BOARD OF DIRECTORS

Members of the Board of Directors during the year and at the date of this report are:

Mr Dang Trieu Hoa	Chairman
Mr Dang Huong Cuong	Member
Ms Dang My Linh	Member
Ms Cao Thi Que Anh	Member
Mr Chen Che Jen	Member
Mr Vo Quang Long	Member
Mr Nguyen Quoc Huong	Member

BOARD OF SUPERVISION

Members of the Board of Supervision during the year and at the date of this report are:

Mr Nguyen Tu Luc	Head
Ms Hoang Nu Mong Tuyen	Member
Ms Dinh Ngoc Hoa	Member

MANAGEMENT

Members of the Management during the year and at the date of this report are:

Mr Dang Trieu Hoa	General Director
Mr Nguyen Thai Hung	General Manager
Ms Nguyen Phuong Chi	Chief Strategic Officer
Mr Phan Nhu Bich	Chief Financial Officer

LEGAL REPRESENTATIVE

The legal representative of the Company during the year and at the date of this report is Mr Dang Trieu Hoa.

AUDITORS

The auditor of the Company is Ernst & Young Vietnam Limited.

Century Synthetic Fiber Corporation

REPORT OF MANAGEMENT

Management of Century Synthetic Fiber Corporation ("the Company") is pleased to present this report and the consolidated financial statements of the Company and its subsidiary ("the Group") for the year ended 31 December 2019.

MANAGEMENT'S RESPONSIBILITY IN RESPECT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Management is responsible for the consolidated financial statements of each financial year which give a true and fair view of the consolidated financial position of the Group and of the consolidated results of its operations and its consolidated cash flows for the year. In preparing those consolidated financial statements, management is required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the consolidated financial statements; and
- prepare the consolidated financial statements on the going concern basis unless it is inappropriate to presume that the Group will continue in business.

Management is responsible for ensuring that proper accounting records are kept which disclose, with reasonable accuracy at any time, the consolidated financial position of the Group and to ensure that the accounting records comply with the applied accounting system. It is also responsible for safeguarding the assets of the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Management confirmed that it has complied with the above requirements in preparing the accompanying consolidated financial statements.

STATEMENT BY MANAGEMENT

Management of the Company, does hereby state that, in its opinion, the accompanying consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2019 and of the results of its consolidated operations and its consolidated cash flows for the year then ended in accordance with Vietnamese Accounting Standards, Vietnamese Enterprise Accounting System and the statutory requirements relevant to preparation and presentation of the consolidated financial statements.

For and on behalf of management:



Dang Trieu Hoa
General Director

Ho Chi Minh City, Vietnam

10 March 2020

Reference: 60867230/21093828-HN

INDEPENDENT AUDITORS' REPORT

To: The Shareholders of Century Synthetic Fiber Corporation

We have audited the accompanying consolidated financial statements of Century Synthetic Fiber Corporation ("the Company") and its subsidiary (collectively referred to as "the Group") as prepared on 10 March 2020 and set out on pages 5 to 34, which comprise the consolidated balance sheet as at 31 December 2019, and the consolidated income statement and the consolidated cash flow statement for the year then ended and the notes thereto.

Management's responsibility

Management of the Group is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with Vietnamese Accounting Standards, Vietnamese Enterprise Accounting System and the statutory requirements relevant to the preparation and presentation of the consolidated financial statements, and for such internal control as management determines is necessary to enable the preparation and presentation of the consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with Vietnamese Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

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

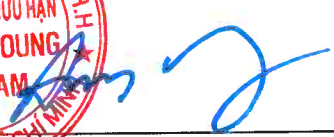
We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements give a true and fair view, in all material respects, of the consolidated financial position of the Group as at 31 December 2019, and of the results of its consolidated operation and its consolidated cash flows for the year then ended in accordance with the Vietnamese Accounting Standards, Vietnamese Enterprises Accounting System and the statutory requirements relevant to preparation and presentation of the consolidated financial statements.

Ernst & Young Vietnam Limited




Duong Le Anthony
Deputy General Director
Audit Practicing Registration Certificate
No. 2223-2018-004-1



Tu Thai Son
Auditor
Audit Practicing Registration Certificate
No. 1543-2018-004-1

Ho Chi Minh City, Vietnam

10 March 2020

CONSOLIDATED BALANCE SHEET
as at 31 December 2019

VND

Code	ASSETS	Notes	Ending balance	Beginning balance
100	A. CURRENT ASSETS		879,671,740,019	804,312,305,352
110	I. Cash and cash equivalents	4	150,025,727,572	153,072,426,650
111	1. Cash		14,025,727,572	20,572,426,650
112	2. Cash equivalents		136,000,000,000	132,500,000,000
120	II. Short-term investment		80,000,000,000	45,000,000,000
123	1. Held-to-maturity investment	5	80,000,000,000	45,000,000,000
130	III. Current accounts receivable		98,415,173,904	65,396,857,542
131	1. Short-term trade receivables	6	94,290,868,321	58,695,785,076
132	2. Short-term advances to suppliers	7	2,446,151,451	5,137,275,770
136	3. Other short-term receivables	8	1,678,154,132	1,563,796,696
140	IV. Inventories		524,957,682,859	509,769,177,869
141	1. Inventories	9	539,301,164,894	541,173,285,220
149	2. Provision for obsolete inventories	9	(14,343,482,035)	(31,404,107,351)
150	V. Other current assets		26,273,155,684	31,073,843,291
151	1. Short-term prepaid expenses	14	7,684,573,766	7,246,898,222
152	2. Value-added tax deductible	17	18,502,698,844	23,552,370,973
153	3. Tax and other receivables from the State	17	85,883,074	274,574,096
200	B. NON-CURRENT ASSETS		1,191,601,316,113	1,315,122,067,286
220	I. Fixed assets		1,048,021,294,256	1,178,792,442,927
221	1. Tangible fixed assets	10	1,047,700,238,196	1,178,357,295,893
222	Cost		2,055,787,018,466	2,049,933,670,971
223	Accumulated depreciation		(1,008,086,780,270)	(871,576,375,078)
227	2. Intangible assets	11	321,056,060	435,147,034
228	Cost		14,385,298,205	14,385,298,205
229	Accumulated amortisation		(14,064,242,145)	(13,950,151,171)
240	II. Long-term asset in progress		1,276,183,372	1,662,483,372
242	1. Construction in progress	12	1,276,183,372	1,662,483,372
250	III. Long-term investment		1,697,845,959	1,884,588,394
252	1. Investment in an associate	13	1,697,845,959	1,884,588,394
260	IV. Other long-term assets		140,605,992,526	132,782,552,593
261	1. Long-term prepaid expenses	14	135,294,053,341	125,163,320,649
262	2. Deferred tax assets	27.3	5,311,939,185	7,619,231,944
270	TOTAL ASSETS		2,071,273,056,132	2,119,434,372,638

CONSOLIDATED BALANCE SHEET (continued)
as at 31 December 2019

VND

Code	RESOURCES	Notes	Ending balance	Beginning balance
300	C. LIABILITIES		988,153,508,712	1,210,381,370,769
310	I. Current liabilities		823,668,989,301	862,133,399,464
311	1. Short-term trade payables	15	228,826,462,237	331,972,930,617
312	2. Short-term advances from customers	16	38,904,567,735	29,144,341,774
313	3. Statutory obligations	17	2,011,823,443	34,120,205,203
314	4. Payables to employees		28,186,498,161	25,979,917,686
315	5. Short-term accrued expenses	18	7,245,093,814	7,079,641,862
319	6. Other short-term payables	19	5,310,529,163	5,179,574,379
320	7. Short-term loans	20	510,474,231,598	426,713,696,161
322	8. Bonus and welfare funds		2,709,783,150	1,943,091,782
330	II. Non-current liabilities		164,484,519,411	348,247,971,305
338	1. Long-term loans	20	164,112,248,703	347,818,799,805
342	2. Long-term provision		372,270,708	429,171,500
400	D. OWNERS' EQUITY		1,083,119,547,420	909,053,001,869
410	I. Capital	21.1	1,083,119,547,420	909,053,001,869
411	1. Share capital		707,269,440,000	599,377,980,000
411a	- Shares with voting rights		707,269,440,000	599,377,980,000
412	2. Share premium		35,093,198,872	35,297,435,379
418	3. Investment and development fund		1,219,011,000	1,219,011,000
421	4. Undistributed earnings		339,537,897,548	273,158,575,490
421a	- Undistributed earnings by the end of prior years		125,114,499,490	94,806,345,221
421b	- Undistributed earnings of current year		214,423,398,058	178,352,230,269
440	TOTAL LIABILITIES AND OWNERS' EQUITY		2,071,773,456,432	2,119,434,372,638

Preparer
Phan Thanh Phu

Chief Accountant
Phan Nhu Bich

General Director
Dang Trieu Hoa

10 March 2020

CONSOLIDATED INCOME STATEMENT
for the year ended 31 December 2019

VND

Code	ITEMS	Notes	Current year	Previous year
01	1. Revenue from sale of goods	22.1	2,231,825,707,808	2,408,319,231,223
02	2. Deductions	22.1	(2,841,084,145)	(615,863,551)
10	3. Net revenue from sale of goods	22.1	2,228,984,623,663	2,407,703,367,672
11	4. Cost of goods sold		(1,874,854,239,562)	(2,072,793,297,772)
20	5. Gross profit from sale of goods		354,130,384,101	334,910,069,900
21	6. Finance income	22.2	14,278,599,770	11,092,734,188
22	7. Finance expenses	23	(35,205,005,009)	(53,407,737,370)
23	In which: Interest expenses		(30,714,160,176)	(29,036,662,759)
24	8. Shares of loss in an associate	13	(186,742,435)	(502,211,606)
25	9. Selling expenses	24	(26,906,231,821)	(33,513,908,086)
26	10. General and administrative expenses	25	(57,920,605,533)	(56,234,808,411)
30	11. Operating profit		248,190,399,073	202,344,138,615
31	12. Other income		1,540,510,469	1,352,482,359
32	13. Other expenses		3,189,245,097	(4,427,719,810)
40	14. Other profit (loss)		4,729,755,566	(3,075,237,451)
50	15. Accounting profit before tax		252,920,154,639	199,268,901,164
51	16. Current corporate income tax expense	27.1	(36,189,463,822)	(25,265,371,167)
52	17. Deferred tax income (expense)	27.3	(2,307,292,759)	4,348,700,272
60	18. Net profit after tax		214,423,398,058	178,352,230,269
61	19. Net profit after tax attributable to shareholders of the parent		214,423,398,058	178,352,230,269
70	20. Basic earnings per share	29	3,163	2,781
71	21. Diluted earnings per share	29	3,163	2,781

Preparer
Phan Thanh Phu

Chief Accountant
Phan Nhu Bich

General Director
Dang Trieu Hoa



10 March 2020

CONSOLIDATED CASH FLOW STATEMENT
for the year ended 31 December 2019


VND

Code	ITEMS	Notes	Current year	Previous year
	I. CASH FLOWS FROM OPERATING ACTIVITIES			
01	Accounting profit before tax		252,920,154,639	199,268,901,164
	<i>Adjustments for:</i>			
02	Depreciation and amortisation	10, 11	136,956,773,221	143,017,657,234
03	(Reversal of provisions)/provisions		(16,873,882,881)	28,998,545,421
04	Foreign exchange (gain) loss arising from revaluation of monetary accounts denominated in foreign currency		(1,829,474,182)	7,038,326,662
05	Profits from investing activities		(5,228,390,815)	(7,284,600,630)
06	Interest expense	23	30,714,160,176	29,036,662,759
08	Operating profit before changes in working capital		396,659,340,158	400,075,492,610
09	Increase in receivables		(25,835,856,560)	(4,642,679,985)
10	Decrease (increase) in inventories		1,872,120,326	(139,388,409,335)
11	(Decrease) increase in payables		(113,829,560,167)	35,863,163,497
12	Increase in prepaid expenses		(10,568,408,236)	(1,526,177,386)
13	Interest paid		(30,144,364,731)	(28,976,003,536)
14	Corporate income tax paid	17	(48,064,095,345)	(13,548,589,783)
15	Other cash inflows from operating activities		2,049,281,161	657,643,325
16	Other cash outflows for operating activities		(1,282,589,793)	(445,975,343)
20	Net cash from operating activities		170,855,866,813	248,068,464,064
	II. CASH FLOWS FROM INVESTING ACTIVITIES			
21	Purchase and construction of fixed assets		(9,772,090,921)	(100,298,662,279)
22	Proceeds from disposals of fixed assets and other long-term assets		260,000,000	50,000,000
23	Loans to other entities and payments for purchase of debt instruments of other entities		(35,000,000,000)	(45,000,000,000)
26	Collection from investment in another entity		-	24,663,600,000
27	Interest received		9,316,332,985	7,567,344,698
30	Net cash used in investing activities		(35,195,757,936)	(113,017,717,581)
	III. CASH FLOWS FROM FINANCING ACTIVITIES			
31	Capital contribution and issuance of shares	21.1	65,733,563,493	-
33	Drawdown of borrowings		1,045,014,508,520	1,376,905,717,790
34	Repayment of borrowings		(1,143,446,901,580)	(1,427,323,460,551)
36	Dividends paid	21.2	(106,009,143,674)	(48,237,928,680)
40	Net cash used in financing activities		(138,707,973,241)	(98,655,671,441)


CONSOLIDATED CASH FLOW STATEMENT (continued)
for the year ended 31 December 2019

VND

Code	ITEMS	Notes	Current year	Previous year
50	Net (decrease) increase in cash and cash equivalents for the year		(3,047,864,364)	36,395,075,042
60	Cash and cash equivalents at the beginning of the year		153,072,426,650	116,615,724,965
61	Impact of exchange rate fluctuation		1,165,286	61,626,643
70	Cash and cash equivalents at end of the year	4	150,025,727,572	153,072,426,650


Preparer
Phan Thanh Phu


Chief Accountant
Phan Nhu Bich


General Director
Dang Trieu Hoa



10 March 2020

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
as at and for the year ended 31 December 2019

1. CORPORATE INFORMATION

Century Synthetic Fiber Corporation ("the Company") is a shareholding company incorporated under the Law on Enterprise of Vietnam and currently operates based on the 16th Amended Enterprise Registration Certificate No. 0302018927 issued by the Department of Planning and Investment of Ho Chi Minh City on 9 August 2017.

The Company listed its shares on the Ho Chi Minh Stock Exchange with trading code STK in accordance with Decision No. 410/QĐ-SGDHCM issued by the Ho Chi Minh Stock Exchange on 10 September 2015.

The current principal activities of the Company during the year are to manufacture synthetic yarn and knitting.

The Company's registered head office is located at Lot B1-1 North West Cu Chi Industrial Zone, Cu Chi District, Ho Chi Minh City, Vietnam. In addition, the Company has Trang Bang Branch, located at Street No.8, Trang Bang Industrial Zone, Trang Bang District, Tay Ninh Province, and one representative office, located at 102-104-106 Bau Cat, Ward 14, Tan Binh District, Ho Chi Minh City, Vietnam.

The number employees of the Company and its subsidiary ("the Group") as at 31 December 2019 was 963 (31 December 2018: 1,027).

Corporate structure

As at 31 December 2019, the Company has a subsidiary as follows:

Unitex Limited Liability Company formerly is a shareholding company established in Vietnam pursuant to the Investment Certificate No. 452033000336 issued by the Management Board of Tay Ninh Economic Zone on 29 June 2015 and Enterprise Registration Certificate No. 3901206611 issued by Department of Planning and Investment of Tay Ninh Province on 29 June 2015, and the amended ERCs.

The principal activities per Investment Certificate of Unitex are to manufacture fibers and fabrics. The registered head office of Unitex is located at A17.1, C1 Street, Thanh Thanh Cong Industrial Zone, An Hoa Commune, Trang Bang District, Tay Ninh Province, Vietnam. Currently, Unitex is in pre-operation progress.

As at 31 December 2019, the Company holds 100% ownership and voting rights at Unitex.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
as at and for the year ended 31 December 2019

2. BASIS OF PREPARATION

2.1 Accounting standards and system

The consolidated financial statements of the Company and its subsidiary ("the Group") expressed in Vietnam dong ("VND") are prepared in accordance with the Vietnamese Enterprise Accounting System and other Vietnamese Accounting Standards issued by the Ministry of Finance as per:

- Decision No. 149/2001/QĐ-BTC dated 31 December 2001 on the Issuance and Promulgation of Four Vietnamese Accounting Standards (Series 1);
- Decision No. 165/2002/QĐ-BTC dated 31 December 2002 on the Issuance and Promulgation of Six Vietnamese Accounting Standards (Series 2);
- Decision No. 234/2003/QĐ-BTC dated 30 December 2003 on the Issuance and Promulgation of Six Vietnamese Accounting Standards (Series 3);
- Decision No. 12/2005/QĐ-BTC dated 15 February 2005 on the Issuance and Promulgation of Six Vietnamese Accounting Standards (Series 4); and
- Decision No. 100/2005/QĐ-BTC dated 28 December 2005 on the Issuance and Promulgation of Four Vietnamese Accounting Standards (Series 5).

Accordingly, the accompanying consolidated financial statements, including their utilisation are not designed for those who are not informed about Vietnam's accounting principles, procedures and practices and furthermore are not intended to present the financial position and results of operations and cash flows in accordance with accounting principles and practices generally accepted in countries other than Vietnam.

2.2 Applied accounting documentation system

The Group's applied accounting documentation system is the General Journal system.

2.3 Fiscal year

The Group's fiscal year applicable for the preparation of its consolidated financial statements starts on 1 January and ends on 31 December.

2.4 Accounting currency

The consolidated financial statements are prepared in VND which is also the Company's accounting currency.

2.5 Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiary for the year ended 31 December 2019.

Subsidiary is fully consolidated from the date of acquisition, being the date on which the Group obtains control, and continued to be consolidated until the date that such control ceases.

The financial statements of subsidiary are prepared for the same reporting year as the Company, using consistent accounting policies.

All intra-company balances, income and expenses and unrealised gains or losses resulting from intra-company transactions are eliminated in full.

Impact of change in the ownership interest of a subsidiary, without a loss of control, is recorded in undistributed earnings.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
as at and for the year ended 31 December 2019

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

3.1 *Cash and cash equivalents*

Cash and cash equivalents comprise cash on hand, cash in banks and short-term, highly liquid investments with an original maturity of less than three months that are readily convertible into known amounts of cash and that are subject to an insignificant risk of changes in value.

3.2 *Inventories*

Inventories are stated at the lower of cost incurred in bringing each product to its present location and condition, and net realisable value.

Net realisable value represents the estimated selling price in the ordinary course of business less the estimated costs to complete and the estimated costs necessary to make the sale.

The perpetual method is used to record inventories, which are valued as follows:

Raw materials	- cost of purchase on a weighted average basis.
Finished goods	- cost of direct materials and labour plus attributable manufacturing overheads based on the normal operating capacity on a weighted average basis.

Provision for obsolete inventories

An inventory provision is created for the estimated loss arising due to the impairment of value (through diminution, damage, obsolescence, etc.) of raw materials, finished goods owned by the Group, based on appropriate evidence of impairment available at the balance sheet date.

Increases or decreases to the provision balance are recorded into the cost of goods sold account in the consolidated income statement.

3.3 *Receivables*

Receivables are presented in the consolidated financial statements at the carrying amounts due from customers and other debtors, along with the provision for doubtful debts.

The provision for doubtful debts represents amounts of outstanding receivables at the balance sheet date which are doubtful of being recovered. Increases or decreases to the provision balance are recorded as general and administration expense in the consolidated income statement.

3.4 *Tangible fixed assets*

Tangible fixed assets are stated at cost less accumulated depreciation.

The cost of a tangible fixed asset comprises its purchase price and any directly attributable costs of bringing the tangible fixed asset to working condition for its intended use.

Expenditures for additions, improvements and renewals are added to the carrying amount of the assets and expenditures for maintenance and repairs are charged to the consolidated income statement as incurred.

When tangible fixed assets are sold or retired, gain or loss resulting from their disposal (the difference between the net disposal proceeds and the carrying amount) is included in the consolidated income statement.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
as at and for the year ended 31 December 2019

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.5 Intangible assets

Intangible assets are stated at cost less accumulated amortisation.

The cost of an intangible asset comprises its purchase price and any directly attributable costs of preparing the intangible asset for its intended use.

Expenditures for additions, improvements are added to the carrying amount of the assets and other expenditures are charged to the consolidated income statement as incurred.

When intangible assets are sold or retired, gain or loss resulting from their disposal (the difference between the net disposal proceeds and the carrying amount) is included in the consolidated income statement.

3.6 Depreciation and amortisation

Depreciation of tangible fixed assets and amortisation of intangible assets are calculated on a straight-line basis over the estimated useful life of each asset as follows:

Buildings, structures	4 - 25 years
Machinery and equipment	2 - 15 years
Means of transportation	4 - 10 years
Office equipment	3 - 5 years
Computer software	4 - 5 years

3.7 Borrowing cost

Borrowing costs consist of interest and other costs that the Group incurs in connection with the borrowing of funds.

Borrowing costs are recorded as expense during the year in which they are incurred, except to the extent that they are capitalized as explained in the following paragraph.

Borrowing costs that are directly attributable to the acquisition, construction or production of an asset that necessarily take a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of the respective asset.

3.8 Prepaid expenses

Prepaid expenses are reported as short-term or long-term prepaid expenses on the consolidated balance sheet and amortised over the year for which the amounts are paid or the year in which economic benefits are generated in relation to these expenses.

The following types of expenses are recorded as long-term prepaid expense and are amortised to the consolidated income statement:

- ▶ Prepaid rental; and
- ▶ Tools and consumables with large value issued into production and can be used for more than one year.

Prepaid land rental

The prepaid land rental represents the unamortised balance of advance payment made in accordance with the lease contract signed with Cidico Corporation on 3 July 2000 for a period of 50 years and Tay Ninh Industrial Park Infrastructure Development Joint Stock Company on 21 July 2009 for a period of 45 years, and on 31 October 2017 to 14 July 2053.

Such prepaid rental is recognised as a long-term prepaid expense for allocation to the consolidated income statement over the remaining lease year according to Circular 45/2013/TT-BTC issued by the Ministry of Finance on 25 April 2013.

3.9 Construction in process

Construction in progress represents costs that are directly attributable to the acquisition, construction to produce an asset in the course of construction at the balance sheet date.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
as at and for the year ended 31 December 2019

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.10 Business combinations and goodwill

Business combinations are accounted for using the purchase method. The cost of a business combination is measured as the fair value of assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange plus any costs directly attributable to the business combination. Identifiable assets and liabilities and contingent liabilities assumed in a business combination are measured initially at fair values at the date of business combination.

3.11 Investments

Investment in an associate

Investment in an associate over which the Group has significant influence are carried at cost.

Distributions from accumulated net profits of an associate arising subsequent to the date of acquisition are recognised in the consolidated income statement. Distributions from sources other than from such profits are considered a recovery of investment and are deducted to the cost of the investment.

Provision for diminution in value of an investment

Provision of the investment is made when there are reliable evidences of the diminution in value of those investments at the balance sheet date.

Increases or decreases to the provision balance are recorded as finance expense in the consolidated income statement.

Held-to-maturity investments

Held-to-maturity investments are stated at their acquisition costs. After initial recognition, held-to-maturity investments are measured at recoverable amount. Any impairment loss incurred is recognised as finance expenses in the consolidated income statements and deducted against the value of such investments.

3.12 Payables and accruals

Payables and accruals are recognised for amounts to be paid in the future for goods and services received, whether or not billed to the Group.

3.13 Accrual for severance pay

The severance pay to employee is accrued at the end of each reporting period for all employees who have been in service for more than 12 months up to the consolidated balance sheet date at the rate of one-half of the average monthly salary for each year of service up to 31 December 2008 in accordance with the Labour Code and related implementing guidance. The average monthly salary used in this calculation will be revised at the end of each reporting year following the average monthly salary of the 6-month period up to the reporting date. Increase or decrease to the accrued amount other than actual payment to employees will be taken to the consolidated income statement.

This accrued severance pay is used to settle the termination allowance to be paid to employee upon termination of their labour contract following Article 48 of the Labour Code.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
as at and for the year ended 31 December 2019

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.14 Foreign currency transactions

The Group applies guidance of Circular 53/2016/TT-BTC dated 21 March 2016 amending and supplementing some articles of Circular 200/2014/TT-BTC dated 22 December 2014 to record foreign currency transactions.

Transactions in currencies other than the Group's accounting currency are recorded at the exchange rate that approximates the average of buying and selling transfer exchange rates announced by the commercial bank where the Group most frequently conducts its transactions ("the average transfer exchange rate"). This approximate exchange rate does not exceed +/- 1% of the average transfer exchange rate. The average transfer exchange rate is determined daily based on the average of daily buying transfer rates and selling transfer rates of the commercial bank.

At the end of the year, balances of monetary items denominated in foreign currencies are translated at the transfer exchange rate announced by the commercial bank where the Group most frequently conducts its transactions. This transfer exchange rate is the buying transfer exchange rate of the commercial bank.

All foreign exchange differences incurred are taken to the consolidated income statement.

3.15 Appropriation of net profit

Net profit after tax is available for appropriation to shareholders after approval in the shareholders' meeting, and after making appropriation to reserve funds in accordance with the Company's Charter and Vietnam's regulatory requirements.

The Group maintains the following reserve funds which are appropriated from the Group's net profit as proposed by the Board of Directors and subject to approval by shareholders at the annual general meeting.

Investment and development fund

This fund is set aside for use in the Group's expansion of its operation or of in-depth investment.

Bonus and welfare fund

This fund is set aside for the purpose of pecuniary rewarding and encouraging, common benefits and improvement of the employees' benefits and presented as a liability on the consolidated balance sheet.

3.16 Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received or receivable, excluding trade discount, rebate and sales return. The following specific recognition criteria must also be met before revenue is recognised:

Sale of goods

Revenue is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer, usually upon the delivery of the goods.

Interest

Revenue is recognised as the interest accrues unless collectability is in doubt.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
as at and for the year ended 31 December 2019

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.17 Taxation

Current income tax

Current income tax assets and liabilities for the current and prior years are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted as at the balance sheet date.

Current income tax is charged or credited to the consolidated income statement, except when it relates to items recognised directly to equity, in which case the current income tax is also dealt with in equity.

Current income tax assets and liabilities are offset when there is a legally enforceable right for the Group to offset current income tax assets against current income tax liabilities and when the Group intend to settle its current income tax assets and liabilities on a net basis.

Deferred tax

Deferred tax is provided using the liability method on temporary differences at the consolidated balance sheet date between the tax base of assets and liabilities and their carrying amount for financial reporting purposes.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- ▶ where the deferred tax liability arises from the initial recognition of an asset or liability in a transaction which at the time of the related transaction affects neither the accounting profit nor taxable profit or loss; and
- ▶ in respect of taxable temporarily differences associated with investments in subsidiaries and associates, and interests in joint ventures where timing of the reversal of the temporary difference can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, carried forward unused tax credit and unused tax losses, to the extent that it is probable that taxable profit will be available against which deductible temporary differences, carried forward unused tax credit and unused tax losses can be utilised, except:

- ▶ where the deferred tax asset in respect of deductible temporary difference which arises from the initial recognition of an asset or liability which at the time of the related transaction, affects neither the accounting profit nor taxable profit or loss; and
- ▶ in respect of deductible temporarily differences associated with investments in subsidiaries, associates, and interests in joint ventures, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Previously unrecognised deferred tax assets are re-assessed at each balance sheet date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax assets to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period when the asset is realised or the liability is settled based on tax rates and tax laws that have been enacted at the balance sheet date.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
as at and for the year ended 31 December 2019

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.17 Taxation (continued)

Deferred tax (continued)

Deferred tax is charged or credited to the consolidated income statement, except when it relates to items recognised directly to equity, in which case the deferred tax is also dealt with in the equity account.

Deferred tax assets and liabilities are offset when there is a legally enforceable right for the Group to off-set current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority on:

- ▶ either the same taxable entity; or
- ▶ when the Group intends either settle current tax liabilities and assets on a net basis or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

3.18 Earnings per share

Basic earnings per share amounts are calculated by dividing net profit (loss) after tax for the year attributable to ordinary shareholders of the Company (after adjusting for interest on the convertible preference shares) by the weighted average number of ordinary shares outstanding during the year.

Diluted earnings per share amounts are calculated by dividing the net profit after tax attributable to ordinary equity holders of the Company by the weighted average number of ordinary shares outstanding during the year plus the weighted average number of ordinary shares that would be issued on conversion of all the dilutive potential ordinary shares into ordinary shares.

3.19 Segment information

The Group's principal activities are to manufacture synthetic yarn and knitting. In addition, these activities are mainly taking place within Vietnam. Therefore, the Group's risks and returns are not impacted by the Group's products that the Group is manufacturing or the locations where the Group is trading. As a result, the Group's management is of the view that there is only one segment for business and geography and therefore presentation of segmental information is not required.

3.20 Related parties

Parties are considered to be related parties of the Group if one party has the ability to control the other party or exercise significant influence over the other party in making financial and operating decisions, or when the Group and other party are under common control or under common significant influence. Related parties can be enterprise or individual, including close members of the family of any such individual.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
as at and for the year ended 31 December 2019

4. CASH AND CASH EQUIVALENTS

	VND	
	Ending balance	Beginning balance
Cash on hand	52,452,397	286,520,068
Cash in banks	13,973,275,175	20,285,906,582
Cash equivalents (*)	136,000,000,000	132,500,000,000
TOTAL	150,025,727,572	153,072,426,650

(*) Cash equivalents represent short-term deposits at commercial banks with original maturity of less than three (3) months and earn interest at the applicable rate.

5. HELD-TO-MATURITY INVESTMENTS

Held-to-maturity investments represent long-term deposits at commercial banks with original maturity of three (3) months or more and earn interest at the applicable rate.

6. SHORT-TERM TRADE RECEIVABLES

	VND	
	Ending balance	Beginning balance
Trade receivables from customers	92,627,651,711	57,067,512,272
- Y.R.C Textile Co., Ltd	17,714,088,690	-
- Formosa Taffeta Dong Nai Company Limited	14,923,517,117	25,524,664,217
- Gain Lucky Vietnam Limited	8,485,120,800	8,888,941,108
- Formosa Taffeta Viet Nam Co., Ltd.	7,928,546,879	11,775,055,458
- Chori Co., Ltd	7,497,839,217	469,534,274
- Coats Phong Phu Company Limited	7,398,270,000	707,256,000
- Far Eastern Polytex (Viet Nam) Limited	4,268,161,127	6,537,251,261
- Others	24,412,107,881	3,164,809,954
Trade receivables from related parties (Note 28)	1,663,216,610	1,628,272,804
TOTAL	94,290,868,321	58,695,785,076

7. SHORT-TERM ADVANCES TO SUPPLIERS

	VND	
	Ending balance	Beginning balance
Oerlikon Barmag Zweigniederlassung	589,407,693	1,076,772,110
New Taiwan Filters Corp	-	2,388,597,150
Others	1,856,743,758	1,671,906,510
TOTAL	2,446,151,451	5,137,275,770

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
as at and for the year ended 31 December 2019

8. OTHER SHORT-TERM RECEIVABLES

	VND	
	Ending balance	Beginning balance
Social insurance	1,221,397,593	1,066,067,138
Others	456,756,539	497,729,558
TOTAL	1,678,154,132	1,563,796,696

9. INVENTORIES

	VND			
	Ending balance		Beginning balance	
	Cost	Provision	Cost	Provision
Finished goods	322,026,575,272	(10,179,057,241)	337,108,080,072	(26,667,659,161)
Raw materials	179,478,522,412	(4,164,424,794)	161,164,425,068	(4,736,448,190)
Goods in transit	37,796,067,210	-	42,900,780,080	-
TOTAL	539,301,164,894	(14,343,482,035)	541,173,285,220	(31,404,107,351)

Detail of movements of provision for obsolete inventories:

	VND	
	Current year	Previous year
Beginning balance	(31,404,107,351)	(2,405,561,930)
Add: Provision made during the year	(15,402,074,607)	(28,998,545,421)
Less: Reversal of provision made during the year	32,462,699,923	-
Ending balance	<u>(14,343,482,035)</u>	<u>(31,404,107,351)</u>

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
as at and for the year ended 31 December 2019

10. TANGIBLE FIXED ASSETS

	Buildings, structures	Machinery and equipment	Motor vehicles	Office equipment	VND
Cost:					
Beginning balance	302,962,145,912	1,558,717,636,119	183,462,162,860	4,791,726,080	2,049,933,670,971
Newly purchase	1,646,480,546	3,332,628,465	336,888,440	-	5,315,997,451
Transfer from construction in progress	-	4,842,393,470	-	-	4,842,393,470
Disposal	-	(3,332,628,465)	(972,414,961)	-	(4,305,043,426)
Ending balance	304,608,626,458	1,563,560,029,589	182,826,636,339	4,791,726,080	2,055,787,018,466
<i>In which:</i>					
Fully depreciated	83,900,367,044	137,306,365,911	19,558,017,762	286,355,981	241,051,106,698
Accumulated depreciation:					
Beginning balance	(121,003,991,503)	(657,588,120,982)	(89,300,556,658)	(3,683,705,935)	(871,576,375,078)
Depreciation for the year	(10,578,674,139)	(106,183,842,553)	(19,362,586,903)	(717,578,652)	(136,842,682,247)
Disposal	-	-	332,277,055	-	332,277,055
Ending balance	(131,582,665,642)	(763,771,963,535)	(108,330,866,506)	(4,401,284,587)	(1,008,086,780,270)
Net carrying amount:					
Beginning balance	181,958,154,409	901,129,515,137	94,161,606,202	1,108,020,145	1,178,357,295,893
Ending balance	173,025,960,816	799,788,066,054	74,495,769,833	390,441,493	1,047,700,238,196
<i>In which:</i>					
Pledged as loan security (Note 20.2)	115,470,232,805	603,890,715,697	121,424,361,767	4,505,371,271	845,290,681,540

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
as at and for the year ended 31 December 2019

11. INTANGIBLE ASSETS

	VND
	<i>Computer software</i>
Cost:	
Beginning and ending balances	<u>14,385,298,205</u>
<i>In which:</i>	
<i>Fully amortised</i>	<u>13,834,916,387</u>
Accumulated amortisation:	
Beginning balance	(13,950,151,171)
Amortisation for the year	<u>(114,090,974)</u>
Ending balance	<u>(14,064,242,145)</u>
Net carrying amount:	
Beginning balance	<u>435,147,034</u>
Ending balance	<u>321,056,060</u>

12. CONSTRUCTION IN PROGRESS

		VND
	<i>Ending balance</i>	<i>Beginning balance</i>
Machinery and equipment	255,522,372	255,522,372
Unitex factory project	-	692,800,000
Others	<u>1,020,661,000</u>	<u>714,161,000</u>
TOTAL	<u>1,276,183,372</u>	<u>1,662,483,372</u>

13. INVESTMENT IN AN ASSOCIATE

	<u>Ending balance</u>		<u>Beginning balance</u>	
	<i>% of</i>		<i>% of</i>	
	<i>interest</i>	<i>Cost</i>	<i>interest</i>	<i>Cost</i>
		VND		VND
E.DYE Vietnam Joint Stock Company	35.44	<u>2,386,800,000</u>	35.44	<u>2,386,800,000</u>
TOTAL		<u>2,386,800,000</u>		<u>2,386,800,000</u>

E.DYE Vietnam Joint Stock Company ("E.DYE") is a shareholding company established in Vietnam pursuant to the Enterprise Registration Certificate No. 0314352362 issued by the Department of Planning and Investment of Ho Chi Minh City on 17 April 2017. The principal activities per Investment Registration Certificate ("IRC") of E.DYE are to import, export, and distribute goods. The registered head office of E.DYE is located at No. 102-104-106, Bau Cat Street, Ward 14, Tan Binh District, Ho Chi Minh City, Vietnam.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
as at and for the year ended 31 December 2019

13. INVESTMENT IN AN ASSOCIATE (continued)

Detail of the investment in an associate is as follows:

VND
E.DYE Vietnam
Joint Stock Company

Cost of investment:

Beginning and ending balances	2,386,800,000
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Accumulated share in post-acquisition loss of the associate:

Beginning balance	(502,211,606)
Share in post-acquisition loss of the associate for the year	(186,742,435)
Ending balance	(688,954,041)

Net carrying amount:

Beginning balance	1,884,588,394
Ending balance	1,697,845,959

As at 31 December 2019, the Company is in the process of recovering the investment in E.DYE in accordance with BOD's Resolution No. 15-2019/NQHDQT/TK and 16-2019/NQHDQT/TK dated 19 June 2019.

14. PREPAID EXPENSES

	Ending balance	Beginning balance
Short-term	7,684,573,766	7,246,898,222
Tools and supplies	5,764,297,394	5,935,758,152
Car rental	1,644,860,512	340,000,000
Others	275,415,860	971,140,070
Long-term	135,294,053,341	125,163,320,649
Land rental (land use rights) (*)	116,122,079,350	117,079,269,307
Tools and supplies	18,778,727,849	6,298,401,384
Others	393,246,142	1,785,649,958
TOTAL	142,978,627,107	132,410,218,871

(*) As disclosed in Note 20.2, the Group has pledged the land use rights to secure the bank loan facilities.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
as at and for the year ended 31 December 2019

15. SHORT-TERM TRADE PAYABLES

	VND	
	Ending balance	Beginning balance
Tainan Spinning Co., Ltd.	143,907,844,735	227,122,876,440
Unifi Textile (Suzhou) Co., Ltd.	32,058,075,500	46,734,000,000
Chori Co., Ltd	14,467,661,640	12,983,416,000
Thai Toray Synthetics Co., Ltd.	12,361,568,256	-
Other suppliers	26,031,312,106	45,132,638,177
TOTAL	228,826,462,237	331,972,930,617

16. SHORT-TERM ADVANCE FROM CUSTOMERS

	VND	
	Ending balance	Beginning balance
Advances from other parties	38,904,567,735	29,025,011,686
<i>Treasure Star International Limited</i>	11,576,002,964	9,090,907,079
<i>Nam Phuong Textile and Dyeing Company Limited</i>	10,132,537,779	4,433,232,651
<i>Long Ni International Trading Co., Ltd</i>	719,403,994	-
<i>Jatec Co., Ltd.</i>	-	5,092,796,500
<i>Others</i>	16,476,622,998	10,408,075,456
Advances from a related party (Note 28)	-	119,330,088
TOTAL	38,904,567,735	29,144,341,774

17. STATUTORY OBLIGATIONS

	VND			
	Beginning balance	Payable for the year	Payment/net-off in the year	Ending balance
Payables				
Corporate income tax	13,836,351,224	36,189,463,822	(48,312,650,965)	1,713,164,081
Import and export duties	13,527,642,243	17,882,207,643	(31,367,092,287)	42,757,599
Personal income tax	308,992,910	5,359,550,042	(5,412,641,189)	255,901,763
Value-added tax	6,427,739,989	831,155,288,324	(837,583,028,313)	-
Other	19,478,837	2,323,552,265	(2,343,031,102)	-
TOTAL	34,120,205,203	892,910,062,096	(925,018,443,856)	2,011,823,443

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
as at and for the year ended 31 December 2019

17. STATUTORY OBLIGATIONS (continued)

	<i>Beginning balance</i>	<i>Receivable for the year</i>	<i>Net-off in the year</i>	<i>VND Ending balance</i>
Receivables				
Value-added tax deductible	23,552,370,973	779,470,929,108	(784,520,601,237)	18,502,698,844
Corporate income tax	248,555,620	-	(248,555,620)	-
Other	26,018,476	85,883,074	(26,018,476)	85,883,074
TOTAL	23,826,945,069	779,556,812,182	(784,795,175,333)	18,588,581,918

18. SHORT-TERM ACCRUED EXPENSES

	<i>Ending balance</i>	<i>VND Beginning balance</i>
Utility expenses	3,486,222,748	3,078,386,834
Sales commission	2,660,074,708	1,853,557,723
Interest expense	988,796,358	2,032,697,305
Others	110,000,000	115,000,000
TOTAL	7,245,093,814	7,079,641,862

19. SHORT-TERM OTHER PAYABLES

	<i>Ending balance</i>	<i>VND Beginning balance</i>
Dividends	126,789,090	58,535,865
Social insurance	3,337,350,476	3,027,530,711
Others	1,846,389,597	2,093,507,803
TOTAL	5,310,529,163	5,179,574,379

Century Synthetic Fiber Corporation

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
as at and for the year ended 31 December 2019

20. LOANS

	Beginning balance	Movement during the year		Foreign exchange difference	Ending balance
		Increase	Decrease		
Short-term					
Loans from banks (Note 20.1)	280,515,587,992	1,045,014,508,520	(962,860,280,546)	(1,217,144,056)	361,452,671,910
Current portion of long-term loans (Note 20.2)	146,198,108,169	183,503,923,073	(180,586,621,034)	(93,850,520)	149,021,559,688
	426,713,696,161	1,228,518,431,593	(1,143,446,901,580)	(1,310,994,576)	510,474,231,598
Long-term					
Loans from banks (Note 20.2)	347,818,799,805	-	(183,503,923,073)	(202,628,029)	164,112,248,703
TOTAL	774,532,495,966	1,228,518,431,593	(1,326,950,824,653)	(1,513,622,605)	674,586,480,301

VND

Ending balance

Foreign exchange difference

Movement during the year

Increase

Decrease

Foreign exchange difference

Ending balance

VND

20.1 Short-term loans from banks

The Group obtained the unsecured loans from banks for the purpose of financing its working capital requirements which bear interest rates from 2.98% to 4.00% per annum (on foreign currency). Details are as follows:

Banks	Ending balance		Original amount		Term and maturity date
	VND	USD	VND	USD	
Joint Stock Commercial Bank for Foreign Trade of Vietnam	198,511,837,200	8,582,440	8,582,440		From 29 January 2020 to 29 May 2020
Vietnam Export Import Commercial Joint Stock Bank	65,680,873,200	2,839,640	2,839,640		From 30 January 2020 to 27 May 2020
CTBC Bank Company Limited	88,007,961,510	3,804,927	3,804,927		From 10 March 2020 to 28 May 2020
Orient Commercial Joint Stock Bank	9,252,000,000	400,000	400,000		1 May 2020
TOTAL	361,452,671,910	15,627,007	15,627,007		

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
as at and for the year ended 31 December 2019

20. LOANS (continued)

20.2 Long-term loans from banks

Long-term loans from banks bear interest rates from 2.29% to 5.20% per annum (on foreign currency). Details are as follows:

Banks	Ending balance		Original amount	Term and maturity date	Description of collateral
	VND	USD			
Vietnam Commercial Joint Stock Export Import Bank	199,545,563,161	8,627,132		From 20 Jan 2020 to 20 October 2021	Assets funded by loans including prepaid land rental (Note 14) and imported machinery and equipment (Note 10) at Trang Bang project, Tay Ninh
CTBC Bank Co., Ltd	113,588,245,230	4,910,862		From 5 Jan 2020 to 5 December 2022	Assets funded by loans including all imported machinery and equipment (Note 10) (Trang Bang project - 4 th and 5 th stage)
TOTAL	313,133,808,391	13,537,994			
<i>In which:</i>					
Current portion	149,021,559,688				
Long-term loans	164,112,248,703				

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
as at and for the year ended 31 December 2019

21. OWNERS' EQUITY

21.1 Increases and decreases in owners' equity

	Share capital	Share premium	Investment and development fund	Undistributed earnings	Total
					VND
Previous year:					
Beginning balance	599,377,980,000	35,297,435,379	1,219,011,000	142,756,583,621	778,651,010,000
Net profit for the year	-	-	-	178,352,230,269	178,352,230,269
Dividend declared	-	-	-	(47,950,238,400)	(47,950,238,400)
Ending balance	599,377,980,000	35,297,435,379	1,219,011,000	273,158,575,490	909,053,001,869
Current year:					
Beginning balance	599,377,980,000	35,297,435,379	1,219,011,000	273,158,575,490	909,053,001,869
Capital increase (*)	107,891,460,000	(204,236,507)	-	(41,953,660,000)	65,733,563,493
Net profit for the year	-	-	-	214,423,398,058	214,423,398,058
Dividend declared (**)	-	-	-	(106,090,416,000)	(106,090,416,000)
Ending balance	707,269,440,000	35,093,198,872	1,219,011,000	339,537,897,548	1,083,119,547,420

(*) As at 10 April 2019, the Company successfully issued 4,195,366 shares to pay dividends for 2017 according to General Shareholder Meeting No. 01-2018/NQ-DHDCD/TK dated 17 April 2018, and Resolution of Board of Directors No. 08-2019/NQHDQT/TK dated 7 January 2019.

As at 10 April 2019, the Company successfully issued 5,993,780 shares to existing shareholders according to General Shareholder Meeting No. 03-2018/NQ-DHDCD/TK dated 17 April 2018, and Resolution of Board of Directors No. 04-2018/NQHDQT/TK, 13-2018/NQHDQT/TK và 14-2018/NQHDQT/TK dated 22 August 2018.

As at 10 April 2019, the Company successfully issued 600,000 shares to employees under ESOP according to General Shareholder Meeting No. 01-2018/NQ-DHDCD/TK dated 17 April 2018, and Resolution of Board of Directors No. 04-2019/NQHDQT/TK dated 7 January 2019.

As at 18 April 2019, the Company obtained the 17th Amended Enterprise Registration Certificate issued by the Department of Planning and Investment of Ho Chi Minh City, approving on the share capital increase to VND 707,269,440,000.

(**) The Resolutions of Annual Shareholder Meeting dated 2 April 2019, and of Board of Directors No. 13-2019/NQHDQT dated 29 May 2019 approved the dividend by cash of 15% par value of share (VND 1,500/share).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
as at and for the year ended 31 December 2019

21. OWNERS' EQUITY (continued)

21.2 Capital transactions with owners and distribution of dividends, profits

	VND	
	Current year	Previous year
Issued share capital		
Beginning balance	599,377,980,000	599,377,980,000
Share issuance	107,891,460,000	-
Ending balance	707,269,440,000	599,377,980,000
Dividends declared	(106,090,416,000)	(47,950,238,400)
Dividend paid in cash	(106,009,143,674)	(48,237,928,680)
Stock dividend	(41,953,660,000)	-

21.3 Shares

	Ending balance		Beginning balance	
	Quantity	Amount (VND)	Quantity	Amount (VND)
Authorized shares	70,726,944	707,269,440,000	59,937,798	599,377,980,000
Issued shares				
Issued and paid-up shares	70,726,944	707,269,440,000	59,937,798	599,377,980,000
Ordinary shares	70,726,944	707,269,440,000	59,937,798	599,377,980,000
Shares in circulation				
Ordinary shares	70,726,944	707,269,440,000	59,937,798	599,377,980,000

22. REVENUES

22.1 Revenue from sale of goods

	VND	
	Current year	Previous year
Gross revenue	2,231,825,707,808	2,408,319,231,223
Less:		
Trade discount	(764,230,502)	(5,614,560)
Sales returns	(2,076,853,643)	(610,248,991)
Net revenue	2,228,984,623,663	2,407,703,367,672

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
as at and for the year ended 31 December 2019

22. REVENUES (continued)

22.2 Finance income

	VND	
	Current year	Previous year
Interest income	8,941,157,186	7,900,963,682
Foreign exchange gains	5,337,442,584	3,191,770,506
TOTAL	14,278,599,770	11,092,734,188

23. FINANCE EXPENSES

	VND	
	Current year	Previous year
Interest expense	30,714,160,176	29,036,662,759
Foreign exchange losses	4,490,844,833	24,371,074,611
TOTAL	35,205,005,009	53,407,737,370

24. SELLING EXPENSES

	VND	
	Current year	Previous year
Transportation expense	12,084,996,155	17,140,619,021
Letter of credit (L/C) and documentary fee	6,947,349,102	8,632,350,141
Commission fee	4,575,738,209	5,146,879,241
Others	3,298,148,355	2,594,059,683
TOTAL	26,906,231,821	33,513,908,086

25. GENERAL AND ADMINISTRATION EXPENSES

	VND	
	Current year	Previous year
Labour costs	26,527,207,472	28,816,407,362
Expenses for external services	12,310,256,871	12,100,894,347
Stationery and other tools costs	8,102,156,780	5,066,773,515
Depreciation and amortisation expenses (Notes 10 and 11)	2,165,473,870	3,416,801,592
Other expenses	8,815,510,540	6,833,931,595
TOTAL	57,920,605,533	56,234,808,411

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
as at and for the year ended 31 December 2019

26. PRODUCTION AND OPERATING COSTS

		VND
	Current year	Previous year
Raw materials	1,353,106,128,093	1,528,342,410,706
Expenses for external services	276,729,700,158	285,345,126,623
Depreciation and amortisation expenses (Notes 10 and 11)	136,956,773,221	143,017,657,234
Labour costs	133,247,271,009	146,511,203,483
Other expenses	59,641,204,435	59,325,616,223
TOTAL	<u>1,959,681,076,916</u>	<u>2,162,542,014,269</u>

27. CORPORATE INCOME TAX

Corporation income tax ("CIT") applied for the Group are as below:

- For Cu Chi Operation, the applicable statutory corporate income tax ("CIT") rate is 20% of taxable profit.
- For Trang Bang Branch, CIT is applied according to each product type. In particular:
Income from FDY and DTY products from the year 2015 onwards is exempted for four years (2016 - 2019), and is subject to 50% deduction in the nine following years (2020 - 2028). The applicable rate is 20%.
Income from POY products at stage 3 is exempted for two years (2016 - 2017), and is subject to 50% deduction in the four following years (2018 - 2021). The applicable rate is 20%.
- For Unitex, the applicable statutory CIT rate is 20% of taxable profit. Unitex is entitled to an exemption from CIT for two (2) years commencing from the first year which a taxable profit is earned, and a 50% reduction for the following four (4) years.

The tax returns filed by the Group are subject to examination by the tax authorities. Therefore, the application of tax laws and regulations is susceptible to varying interpretations, the amounts reported in the financial statements could change at a later date upon final determination by the tax authorities.

27.1 CIT expenses

		VND
	Current year	Previous year
Current tax expense	22,984,249,920	24,299,230,212
Adjustment for under accrual of CIT from prior years	13,205,213,902	966,140,955
Deferred tax expense (income)	2,307,292,759	(4,348,700,272)
TOTAL	<u>38,496,756,581</u>	<u>20,916,670,895</u>

The current CIT payable is based on taxable profit for the current year. The taxable profit of the Group for the year differs from the accounting profit before tax as reported in the consolidated income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are not taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted by the consolidated balance sheet date.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
as at and for the year ended 31 December 2019

27. CORPORATE INCOME TAX (continued)

27.2 Current CIT

Reconciliation between CIT expense and the accounting profit before tax multiplied by CIT rate is presented below:

	VND	
	Current year	Previous year
Accounting profit before tax	252,920,154,639	199,268,901,164
At the applicable CIT rate for the Group	50,584,030,928	39,853,780,233
<i>Adjustments:</i>		
Non-deductible expenses	1,348,237,810	286,303,797
Tax incentive at Trang Bang branch	(23,683,089,306)	(22,368,209,105)
Adjustment for under accrual of tax from prior years	13,205,213,902	966,140,955
Unrealised (profit) loss	(2,957,636,753)	2,178,655,015
CIT expense	38,496,756,581	20,916,670,895

27.3 Deferred tax

The followings are the deferred tax assets recognised by the Group, and the movements thereon, during the current and previous year:

	VND			
	Consolidated balance sheet		Consolidated income statement	
	Ending balance	Beginning balance	Current year	Previous year
Deferred tax assets				
Accrued expenses	555,577,715	362,412,806	193,164,909	(39,463,703)
Accrued salaries and bonus	3,828,333,066	3,443,358,935	384,974,131	1,137,057,276
Accrual for severance pay	74,454,142	69,150,200	5,303,942	(4,844,050)
Provision for obsolete inventory	832,884,959	1,009,306,806	(176,421,847)	528,194,420
Provision for import duties	-	2,733,745,103	(2,733,745,103)	2,733,745,103
Foreign exchange arising from revaluation of monetary accounts denominated in foreign currency	20,689,303	1,258,094	19,431,209	(5,988,774)
	5,311,939,185	7,619,231,944		
Net deferred tax (charge) credit to consolidated income statement			(2,307,292,759)	4,348,700,272

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
as at and for the year ended 31 December 2019

28. TRANSACTIONS WITH RELATED PARTIES

Significant transactions with related parties in current year and prior year were as follows:

Related parties	Relationship	Transactions	VND	
			Current year	Previous year
E.DYE Vietnam Joint Stock Company	Associate	Capital withdrawal	-	24,663,600,000
P.A.N Asia Co., Ltd	Related party due to a BOD member of the Group investing therein	Sale of goods	18,383,946,860	30,213,644,533
Liantex Corp	Related party due to a BOD member of the Group investing therein	Sale of goods	17,877,581,900	12,427,881,727
Hung Loi Service Trading Investment Company Limited	Related party due to family member of a BOD member of the Group investing therein	Sale of goods	8,655,709,290	21,005,627,131

Amounts due from and due to related parties at the balance sheet date were as follows:

VND				
Related parties	Relationship	Transaction	Ending balance	Beginning balance
Short-term trade receivable (Note 6)				
P.A.N Asia Co., Ltd	Related party due to a BOD member of the Group investing therein	Sale of goods	1,307,646,387	1,628,272,804
Hung Loi Service Trading Investment Company Limited	Related party due to family member of a BOD member of the Group investing therein	Sale of goods	355,526,818	-
Liantex Corp	Related party due to a BOD member of the Group investing therein	Sale of goods	43,405	-
			1,663,216,610	1,628,272,804
Other short-term advance to suppliers (Note 16)				
Liantex Corp	Related party due to a BOD member of the Group investing therein	Advance	-	119,330,088

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
as at and for the year ended 31 December 2019

28. TRANSACTIONS WITH RELATED PARTIES (continued)

Details of remuneration of the management, Board of Directors, and Board of Supervision during the year are as below:

		VND
	<i>Current year</i>	<i>Previous year</i>
Management	3,971,493,802	3,802,428,850
Board of Directors	540,000,000	540,000,000
Board of Supervision	144,000,000	144,000,000
TOTAL	<u>4,655,493,802</u>	<u>4,486,428,850</u>

29. EARNINGS PER SHARE

The following reflects the income and share data used in the basic and diluted earnings per share computations:

		VND
	<i>Current year</i>	<i>Previous year (as restated)</i>
Net profit after tax attributable to ordinary equity holders adjusted for the effect of dilution	214,423,398,058	178,352,230,269
Weighted average number of ordinary shares for basic earnings per share (*)	67,800,573	64,133,164
Earnings per share (par value of VND 10,000/share)		
- Basic	3,163	2,781
- Diluted	3,163	2,781

(*) The weighted average number of ordinary shares in the current year has been adjusted for the additional of 4,195,366 shares to pay dividends for 2017, 5,993,780 shares to existing shareholders, and 600,000 shares to employees (Note 21.1).

The weighted average number of ordinary shares in the previous year has been adjusted for the additional of 4,195,366 shares issued as stock dividend to the existing shareholders from undistributed earnings.

There have been no dilutive ordinary shares during the year and the date of completion of these financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
as at and for the year ended 31 December 2019

30. OPERATING LEASE COMMITMENT

The Group leases assets under operating lease arrangements. The lease commitment as at 31 December 2019 under the operating lease agreements is as follows:


	VND	
	<i>Ending balance</i>	<i>Beginning balance</i>
Less than 1 year	113,470,000	231,960,000
From 1 to 5 years	1,362,000,000	1,362,000,000
More than 5 years	9,902,875,000	10,243,375,000
TOTAL	<u>11,378,345,000</u>	<u>11,837,335,000</u>

31. OFF BALANCE SHEET ITEM

	<i>Ending balance</i>	<i>Beginning balance</i>
Foreign currency:		
United States Dollar (USD)	<u>167,437</u>	<u>568,969</u>

32. EVENTS AFTER THE CONSOLIDATED BALANCE SHEET DATE

There is no matter or circumstance that has arisen since the consolidated balance date that requires adjustment or disclosure in the consolidated financial statements of the Group.


Preparer
Phan Thanh Phu


Chief Accountant
Phan Nhu Bich


General Director
Dang Trieu Hoa

10 March 2020