

Century Synthetic Fiber Corporation

Separate financial statements

For the year ended 31 December 2019

Century Synthetic Fiber Corporation

CONTENTS

	<i>Pages</i>
General information	1
Report of management	2
Independent auditors' report	3 - 4
Separate balance sheet	5 - 6
Separate income statement	7
Separate cash flow statement	8 - 9
Notes to the separate financial statements	10 - 32

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/QD-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

GENERAL INFORMATION

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

MANAGEMENT'S RESPONSIBILITY IN RESPECT OF THE SEPARATE FINANCIAL STATEMENTS

Management is responsible for the separate financial statements of each financial year which give a true and fair view of the separate financial position of the Company and of the separate results of its separate operations and its separate cash flows for the year. In preparing those separate 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 separate financial statements; and
- prepare the separate financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

Management is responsible for ensuring that proper accounting records are kept which disclose, with reasonable accuracy at any time, the separate financial position of the Company and to ensure that the accounting records comply with the applied accounting system. It is also responsible for safeguarding the assets of the Company 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 separate financial statements.

STATEMENT BY MANAGEMENT

Management of the Company, does hereby state that, in its opinion, the accompanying separate financial statements give a true and fair view of the separate financial position of the Company as at 31 December 2019 and of the separate results of its operations and its separate 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 separate financial statements.

The Company has a subsidiary as disclosed in the separate financial statements. The Company prepared these separate financial statements to meet the prevailing requirements in relation to disclosure of information, specifically the Circular 155/2015/TT-BTC on disclosure of information on the securities market. In addition, as required by these regulations, the Company has also prepared the consolidated financial statements of the Company and its subsidiary for the year ended 31 December 2019 dated 10 March 2020.

Users of the separate financial statements should read them together with the said consolidated financial statements in order to obtain full information on the consolidated financial position, consolidated results of operations and consolidated cash flows of the Company and its subsidiary.

For and on behalf of management:



Dang Trieu Hoa
General Director

Ho Chi Minh City, Vietnam

10 March 2020

Reference: 60867230/21093828

INDEPENDENT AUDITORS' REPORT

To: The Shareholders of Century Synthetic Fiber Corporation

We have audited the accompanying separate financial statements of Century Synthetic Fiber Corporation ("the Company") as prepared on 10 March 2020 and set out on pages 5 to 32, which comprise the separate balance sheet as at 31 December 2019, and the separate income statement and the separate cash flow statement for the year then ended and the notes thereto.

Management's responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the separate financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the separate financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the separate financial statements 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 Company'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 separate 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 separate financial statements give a true and fair view, in all material respects, of the separate financial position of the Company as at 31 December 2019, and of the results of its separate operation and its separate 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 separate 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

SEPARATE BALANCE SHEET
as at 31 December 2019


VND


Code	ASSETS	Notes	Ending balance	Beginning balance
100	A. CURRENT ASSETS		876,390,241,675	803,077,736,053
110	I. Cash and cash equivalents	4	149,989,599,793	153,023,136,643
111	1. Cash		13,989,599,793	20,523,136,643
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		103,046,290,685	72,086,923,323
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	6,309,270,913	8,253,862,477
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		18,396,668,338	23,198,498,218
151	1. Short-term prepaid expenses	14	7,684,573,766	7,246,898,222
152	2. Value-added tax deductible	17	10,626,211,498	15,677,025,900
153	3. Tax and other receivables from the State	17	85,883,074	274,574,096
200	B. NON-CURRENT ASSETS		1,193,566,171,578	1,316,394,122,751
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	969,683,372
242	1. Construction in progress	12	1,276,183,372	969,683,372
250	III. Long-term investments	13	81,697,845,959	81,884,588,394
251	1. Investment in a subsidiary	13.1	80,000,000,000	80,000,000,000
252	2. Investment in an associate	13.2	2,386,800,000	2,386,800,000
254	3. Provision for diminution in value of long-term investments		(688,954,041)	(502,211,606)
260	IV. Other long-term assets		62,570,847,991	54,747,408,058
261	1. Long-term prepaid expenses	14	57,258,908,806	47,128,176,114
262	2. Deferred tax assets	27.3	5,311,939,185	7,619,231,944
270	TOTAL ASSETS		2,069,956,413,253	2,119,471,858,804


SEPARATE BALANCE SHEET (continued)
as at 31 December 2019

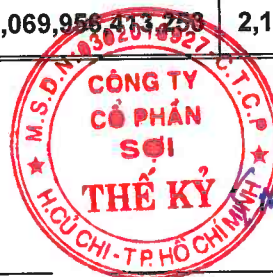
VND

Code	RESOURCES	Notes	Ending balance	Beginning balance
300	C. LIABILITIES		986,785,068,712	1,210,381,370,769
310	I. Current liabilities		822,300,549,301	862,133,399,464
311	4. Short-term trade payables	15	227,458,022,237	331,972,930,617
312	2. Short-term advances from customers		38,904,567,735	29,144,341,774
313	3. Statutory obligations	16	2,011,823,443	34,120,205,203
314	4. Payables to employees	17	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		1,083,171,344,541	909,090,488,035
410	I. Capital	21.1	1,083,171,344,541	909,090,488,035
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		339,589,694,669	273,196,061,656
421a	- Undistributed earnings by the end of prior years		125,151,985,656	94,825,378,461
421b	- Undistributed earnings of current year		214,437,709,013	178,370,683,195
440	TOTAL LIABILITIES AND OWNERS' EQUITY		2,069,956,413,258	2,119,471,858,804


Preparer
Phan Thanh Phu


Chief Accountant
Phan Nhu Bich


General Director
Dang Trieu Hoa

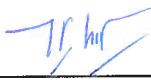



10 March 2020


SEPARATE 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	14,278,487,998	11,092,577,114
22	7. Finance expenses	23	(35,391,747,444)	(53,909,948,976)
23	<i>In which: Interest expense</i>		(30,714,160,176)	(29,036,662,759)
25	8. Selling expenses	24	(26,906,231,821)	(33,495,298,086)
26	9. General and administrative expenses	25	(57,906,182,806)	(56,234,808,411)
30	10. Operating profit		248,204,710,028	202,362,591,541
31	11. Other income		1,540,510,469	1,352,482,359
32	12. Other expenses		3,189,245,097	(4,427,719,810)
40	13. Other profit (loss)		4,729,755,566	(3,075,237,451)
50	14. Accounting profit before tax		252,934,465,594	199,287,354,090
51	15. Current corporate income tax expense	27.1	(36,189,463,822)	(25,265,371,167)
52	16. Deferred tax (expense) income	27.3	(2,307,292,759)	4,348,700,272
60	17. Net profit after tax		214,437,709,013	178,370,683,195


Preparer
Phan Thanh Phu


Chief Accountant
Phan Nhu Bich


General Director
Dang Trieu Hoa

10 March 2020

SEPARATE 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		252,934,465,594	199,287,354,090
	<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)	29,500,757,027
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		(5,228,279,043)	(7,786,812,236)
06	Interest expense	23	30,714,160,176	29,036,662,759
08	Operating profit before changes in working capital		396,673,762,885	400,093,945,536
09	Increase in receivables		(23,775,765,287)	(4,641,503,985)
10	Decrease (increase) in inventories		1,872,120,326	(139,388,409,335)
11	(Decrease) increase in payables		(115,198,000,167)	49,826,856,298
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		171,561,940,813	262,051,785,791
	II. CASH FLOWS FROM INVESTING ACTIVITIES			
21	Purchase and construction of fixed assets		(10,464,890,921)	(114,262,355,080)
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		9,316,221,213	7,567,344,698
30	Net cash used in investing activities		(35,888,669,708)	(126,981,410,382)
	III. CASH FLOWS FROM FINANCING ACTIVITIES			
31	Drawdown of issued share and capital	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)


SEPARATE 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		(3,034,702,136)	36,414,703,968
60	Cash and cash equivalents at the beginning of the year		153,023,136,643	116,546,806,032
61	Impact of exchange rate fluctuation		1,165,286	61,626,643
70	Cash and cash equivalents at end of the year	4	149,989,599,793	153,023,136,643


Preparer
Phan Thanh Phu


Chief Accountant
Phan Nhu Bich


General Director
Dang Trieu Hoa



10 March 2020

NOTES TO THE SEPARATE 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 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/QD-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 of the Company' employees as at 31 December 2019 was 963 (31 December 2018: 1,027).

2. BASIS OF PREPARATION

2.1 *Purpose of preparing the separate financial statements*

The Company has its subsidiary as disclosed in Note 12.1. The Company prepared these separate financial statements to meet the prevailing requirements in relation to disclosure of information, specifically the Circular 155/2015/TT-BTC on disclosure of information on the securities market. In addition, as required by these regulations, the Company has also prepared the consolidated financial statements of the Company and its subsidiary for the year ended 31 December 2019 dated 16 March 2020.

Users of the separate financial statements should read them together with the said consolidated financial statements in order to obtain full information on the consolidated financial position, consolidated results of operations and consolidated cash flows of the Company and its subsidiary.

2.2 *Accounting standards and system*

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

Accordingly, the accompanying separate 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.

NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)
as at and for the year ended 31 December 2019**2. BASIS OF PREPARATION (continued)****2.3 Applied accounting documentation system**

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

2.4 Fiscal year

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

2.5 Accounting currency

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

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 Company, 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 separate income statement.

3.3 Receivables

Receivables are presented in the separate 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 separate income statement.

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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 separate 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 separate income statement.

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 separate 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 separate 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 an entity 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 separate 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.

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.8 Prepaid expenses (continued)

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 separate income statement over the remaining lease period 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.

3.10 Investments

Investments in a subsidiary

Investments in a subsidiary over which the Company has control are carried at cost.

Distributions from accumulated net profits of the subsidiary arising subsequent to the date of acquisition are recognised in the separate 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.

Investment in an associate

Investment in an associate over which the Company 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 separate 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 separate 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 separate income statements and deducted against the value of such investments.

3.11 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 Company.

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.12 Accrual for severance pay

The severance pay to employee is accrued at the end of each reporting year for all employees who have been in service for more than 12 months up to the 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 separate 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.

3.13 Foreign currency transactions

The Company 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 Company'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 Company 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 Company 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 separate income statement.

3.14 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 Company maintains the following reserve funds which are appropriated from the Company'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 Company'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 separate balance sheet.

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.15 Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company 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.

3.16 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 separate 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 Company to offset current income tax assets against current income tax liabilities and when the Company 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.

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.16 Taxation (continued)

Deferred tax (continued)

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.

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.

3.17 Related parties

Parties are considered to be related parties of the Company 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 Company 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 SEPARATE FINANCIAL STATEMENTS (continued)
as at and for the year ended 31 December 2019

4. CASH AND CASH EQUIVALENTS

	VND	
	<i>Ending balance</i>	<i>Beginning balance</i>
Cash on hand	52,452,397	286,520,068
Cash in banks	13,937,147,396	20,236,616,575
Cash equivalents (*)	<u>136,000,000,000</u>	<u>132,500,000,000</u>
TOTAL	<u>149,989,599,793</u>	<u>153,023,136,643</u>

(*) 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 INVESTMENT

Held-to-maturity investment 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	
	<i>Ending balance</i>	<i>Beginning balance</i>
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 a related party (Note 28)	<u>1,663,216,610</u>	<u>1,628,272,804</u>
TOTAL	<u>94,290,868,321</u>	<u>58,695,785,076</u>

7. SHORT-TERM ADVANCE TO SUPPLIERS

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

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

8. OTHER SHORT-TERM RECEIVABLES

	VND	
	<i>Ending balance</i>	<i>Beginning balance</i>
Payment on behalf	4,631,116,781	6,690,065,781
Social insurance	1,221,397,593	1,066,067,138
Other receivables	456,756,539	497,729,558
TOTAL	6,309,270,913	8,253,862,477
<i>In which:</i>		
<i>Due from a related party (Note 28)</i>	4,631,116,781	6,690,065,781
<i>Due from other parties</i>	1,678,154,132	1,563,796,696

9. INVENTORIES

	VND			
	<i>Ending balance</i>		<i>Beginning balance</i>	
	<i>Cost</i>	<i>Provision</i>	<i>Cost</i>	<i>Provision</i>
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	
	<i>Current year</i>	<i>Previous year</i>
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: Revert provision made during the year	32,462,699,923	-
Ending balance	(14,343,482,035)	(31,404,107,351)

Century Synthetic Fiber Corporation

B09-DN

NOTES TO THE SEPARATE 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 Total
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 SEPARATE 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>	13,834,916,387
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
Others	<u>1,020,661,000</u>	<u>714,161,000</u>
TOTAL	<u>1,276,183,372</u>	<u>969,683,372</u>

13. LONG-TERM FINANCIAL INVESTMENTS

	VND			
	<u><i>Ending balance</i></u>		<u><i>Beginning balance</i></u>	
	<i>Cost</i>	<i>Provision</i>	<i>Cost</i>	<i>Provision</i>
Investment in a subsidiary (<i>Note 13.1</i>)	80,000,000,000	-	80,000,000,000	-
Investment in an associate (<i>Note 13.2</i>)	<u>2,386,800,000</u>	<u>(688,954,041)</u>	<u>2,386,800,000</u>	<u>(502,211,606)</u>
TOTAL	<u>82,386,800,000</u>	<u>(688,954,041)</u>	<u>82,386,800,000</u>	<u>(502,211,606)</u>

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

13. LONG-TERM FINANCIAL INVESTMENT (continued)

13.1 Investment in subsidiary

	<u>Ending balance</u>		<u>Beginning balance</u>	
	<i>% of interest</i>	<i>Cost VND</i>	<i>% of interest</i>	<i>Cost VND</i>
Unitex Limited Liability Company	100	<u>80,000,000,000</u>	100	<u>80,000,000,000</u>
TOTAL		<u>80,000,000,000</u>		<u>80,000,000,000</u>

Unitex Limited Liability Company ("Unitex") 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 Cong Industrial Zone, An Hoa Commune, Trang Bang District, Tay Ninh Province, Vietnam.

As at balance sheet date, the Company holds 100% ownership and voting rights at Unitex.

13.2 Investment in an associate

	<u>Ending balance</u>		<u>Beginning balance</u>	
	<i>% of interest</i>	<i>Cost VND</i>	<i>% of interest</i>	<i>Cost VND</i>
E.DYE Vietnam Joint Stock Company	35.44	<u>2,386,800,000</u>	35.44	<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 ("ERC") 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 of E.DYE are import, export, and distribution of 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.

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.

NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)
as at and for the year ended 31 December 2019**14. PREPAID EXPENSES**

	VND	
	<i>Ending balance</i>	<i>Beginning balance</i>
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	57,258,908,806	47,128,176,114
Land rental (land use rights) (*)	38,086,934,815	39,044,124,772
Tools and supplies	18,778,727,849	6,298,401,384
Others	393,246,142	1,785,649,958
TOTAL	<u>64,943,482,572</u>	<u>54,375,074,336</u>

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

15. SHORT-TERM TRADE PAYABLES

	VND	
	<i>Ending balance</i>	<i>Beginning balance</i>
Tainan Spinning Co., Ltd	143,907,844,735	227,122,876,440
Unifi Textile (Suzhou) Co., Ltd	30,689,635,500	46,734,000,000
Chori Co., Ltd	14,467,661,640	12,983,416,000
Thai Toray Synthetics Co., Ltd	12,361,568,256	-
Others	26,031,312,106	45,132,638,177
TOTAL	<u>227,458,022,237</u>	<u>331,972,930,617</u>

16. SHORT-TERM ADVANCE FROM CUSTOMERS

	VND	
	<i>Ending balance</i>	<i>Beginning balance</i>
Advances from customers	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 Co., Ltd</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	<u>38,904,567,735</u>	<u>29,144,341,774</u>

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

17. STATUTORY OBLIGATIONS

	<i>Beginning balance</i>	<i>Payable for the year</i>	<i>Payment/net-off in the year</i>	<i>VND Ending balance</i>
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)	-
Others	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
	<i>Beginning balance</i>	<i>Receivable for the year</i>	<i>Net-off in the year</i>	<i>Ending balance</i>
Receivables				
Value-added tax deductible	15,677,025,900	779,469,786,835	(784,520,601,237)	10,626,211,498
Corporate income tax	248,555,620	-	(248,555,620)	-
Others	26,018,476	85,883,074	(26,018,476)	85,883,074
TOTAL	15,951,599,996	779,555,669,909	(784,795,175,333)	10,712,094,572

18. SHORT-TERM ACCRUED EXPENSES

	<i>VND</i>	
	<i>Ending balance</i>	<i>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>VND</i>	
	<i>Ending balance</i>	<i>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

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

20. LOANS

	Beginning balance	Movement during the year		Foreign exchange difference	VND 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
	<u>426,713,696,161</u>	<u>1,228,518,431,593</u>	<u>(1,143,446,901,580)</u>	<u>(1,310,994,576)</u>	<u>510,474,231,598</u>
Long-term					
Loans from banks (Note 20.2)	347,818,799,805	-	(183,503,923,073)	(202,628,029)	164,112,248,703
TOTAL	<u>774,532,495,966</u>	<u>1,228,518,431,593</u>	<u>(1,326,950,824,653)</u>	<u>(1,513,622,605)</u>	<u>674,586,480,301</u>

20.1 Short-term loans from banks

The Company obtained the unsecured loans from banks for the purpose of financing its working capital requirements which bear interest rates from 2.98% to 4.0% (foreign currency). Details are as follows:

Banks	Ending balance		Original amount	Term and maturity date
	VND	USD		
Vietnam Technology and Commercial Joint Stock Bank	198,511,837,200	8,582,440		From 29 January 2020 to 29 May 2020
CTBC Bank Co., Ltd	88,007,961,510	3,804,927		From 16 March 2020 to 28 May 2020
Vietnam Commercial Joint Stock Export Import Bank	65,680,873,200	2,839,640		From 30 January 2020 to 27 May 2020
Orient Commercial Joint Stock Bank	9,252,000,000	400,000		01 May 2020
TOTAL	<u>361,452,671,910</u>	<u>15,627,007</u>		

Century Synthetic Fiber Corporation

B09-DN

NOTES TO THE SEPARATE 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 5.2% (on foreign currency). Details of the long-term loans from banks 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 January 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 05 January 2020 to 05 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				

Century Synthetic Fiber Corporation

NOTES TO THE SEPARATE 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
Previous year:					VND
Beginning balance	599,377,980,000	35,297,435,379	1,219,011,000	142,775,616,861	778,670,043,240
Net profit for the year	-	-	-	178,370,683,195	178,370,683,195
Dividend declared	-	-	-	(47,950,238,400)	(47,950,238,400)
Ending balance	599,377,980,000	35,297,435,379	1,219,011,000	273,196,061,656	909,090,488,035
Current year:					
Beginning balance	599,377,980,000	35,297,435,379	1,219,011,000	273,196,061,656	909,090,488,035
Capital increase (*)	107,891,460,000	(204,236,507)	-	(41,953,660,000)	65,733,563,493
Net profit for the year	-	-	-	214,437,709,013	214,437,709,013
Dividend declared (**)	-	-	-	(106,090,416,000)	(106,090,416,000)
Ending balance	707,269,440,000	35,093,198,872	1,219,011,000	339,589,694,669	1,083,171,344,541

(*) 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 SEPARATE 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	<u>707,269,440,000</u>	<u>599,377,980,000</u>
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:		
Sales returns	(2,076,853,643)	(610,248,991)
Trade discount	(764,230,502)	(5,614,560)
Net revenue	<u>2,228,984,623,663</u>	<u>2,407,703,367,672</u>

NOTES TO THE SEPARATE 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	8,941,045,414	7,900,806,608
Foreign exchange gains	5,337,442,584	3,191,770,506
TOTAL	14,278,487,998	11,092,577,114

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
Provision for diminution in value of long-term investments	186,742,435	502,211,606
TOTAL	35,391,747,444	53,909,948,976

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
Other expenses	3,298,148,355	2,575,449,683
TOTAL	26,906,231,821	33,495,298,086

25. GENERAL AND ADMINISTRATION EXPENSES

	VND	
	Current year	Previous year
Labour costs	26,527,207,472	28,816,407,362
Expenses for external services	12,298,834,144	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	8,812,510,540	6,833,931,595
TOTAL	57,906,182,806	56,234,808,411

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

26. PRODUCTION AND OPERATING COSTS

	VND	
	<i>Current year</i>	<i>Previous year</i>
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 (Notes 10 and 11)	136,956,773,221	143,017,657,234
Labour costs	133,247,271,009	146,511,203,483
Other expenses	59,626,781,708	59,307,006,223
TOTAL	<u>1,959,666,654,189</u>	<u>2,162,523,404,269</u>

27. CORPORATE INCOME TAX

Corporation income tax ("CIT") applied for the Company 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%.

The tax returns filed by the Company 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 expense

	VND	
	<i>Current year</i>	<i>Previous year</i>
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 Company for the year differs from the accounting profit before tax as reported in the separate 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 Company's liability for current tax is calculated using tax rates that have been enacted by the balance sheet date.

NOTES TO THE SEPARATE 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	252,934,465,594	199,287,354,090
At the applicable CIT rate for the Company	50,586,893,119	39,857,470,818
<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	(2,960,498,944)	2,174,964,430
CIT expense	38,496,756,581	20,916,670,895

27.3 Deferred tax

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

	VND			
	<u>Separate balance sheet</u>		<u>Separate income statement</u>	
	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 separate income statement			(2,307,292,759)	4,348,700,272

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

28. TRANSACTIONS WITH RELATED PARTIES

Significant transactions with related parties during the year were as follows:

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

Amount due from related parties at the balance sheet date were as follows:

<i>Related parties</i>	<i>Relationship</i>	<i>Transaction</i>	<i>VND</i>	
			<i>Ending balance</i>	<i>Beginning balance</i>
<i>Trade receivables (Note 6)</i>				
P.A.N Asia Co., Ltd	Related party due to a BOD member of the Company investing therein	Sales 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
<i>Other short-term receivables (Note 8)</i>				
Unitex Limited Liability Company	Subsidiary	Payment on behalf	4,631,116,781	6,690,065,781
<i>Short-term advances from customers (Note 16)</i>				
Liantex	Related party due to a BOD member of the Company investing therein	Advance	-	119,330,088

NOTES TO THE SEPARATE 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. OPERATING LEASE COMMITMENT

The Company 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>


30. 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>

31. EVENTS AFTER THE BALANCE SHEET DATE

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


Preparer
Phan Thanh Phu


Chief Accountant
Phan Nhu Bich


General Director
Dang Trieu Hoa



10 March 2020