

**CENTURY SYNTHETIC FIBER CORPORATION**

**Head Office:**

**BI-1, Northwest Cu Chi Industrial Zone,  
Cu Chi District, Hochiminh City, Vietnam**

**Branch:**

**Road No. 8, Trang Bang Industrial Zone,  
Tay Ninh Province, Vietnam**

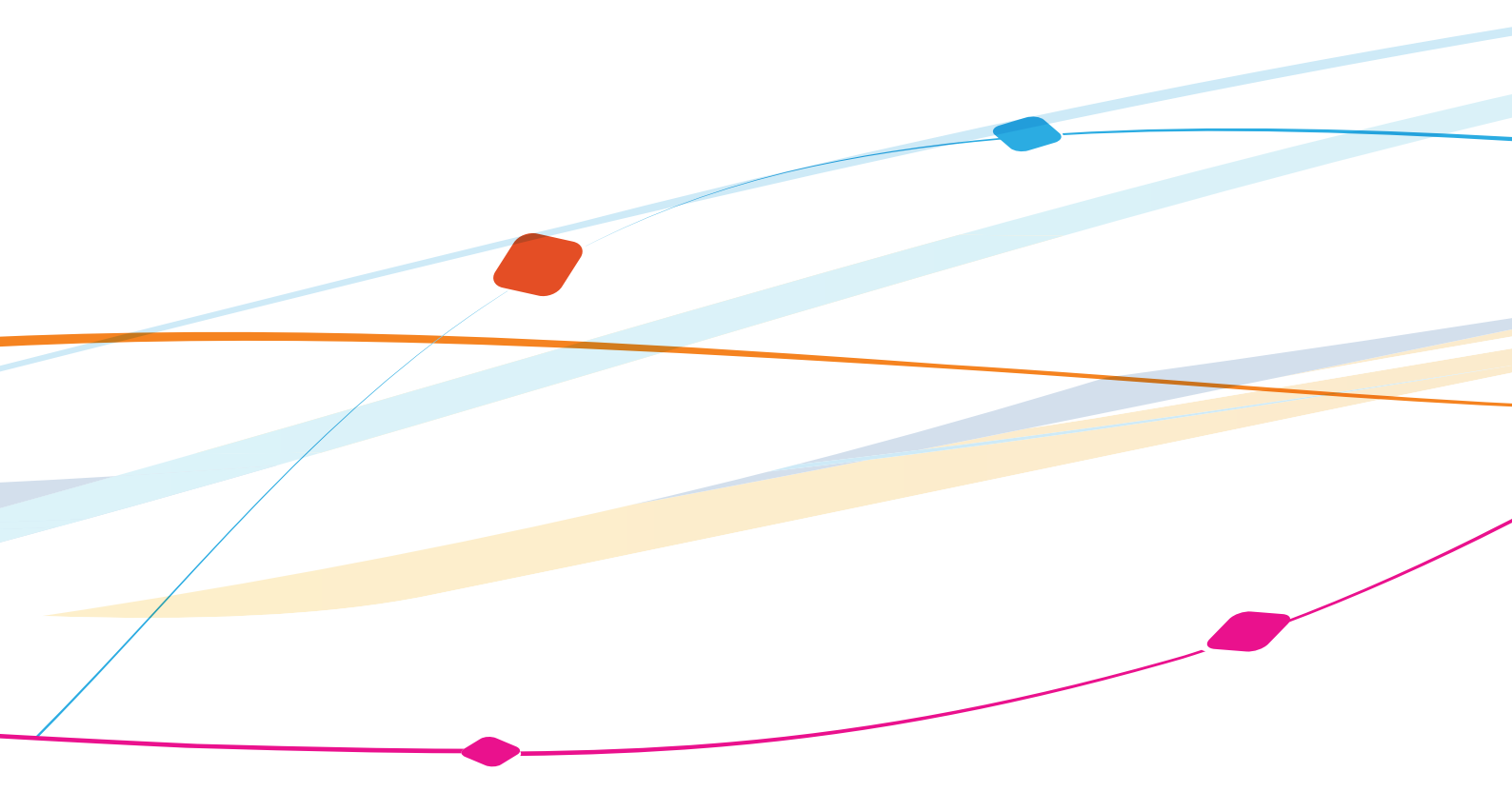
**Representative Office:**

**102-104-106 Bau cat street, Ward 14, Tan Binh District, Hochiminh City, Vietnam**

**Tel: (+84 8) 3790 7565 - (+84 66) 389 9537**

**Fax: (+84 8) 3790 7566 - (+84 66) 389 9536**

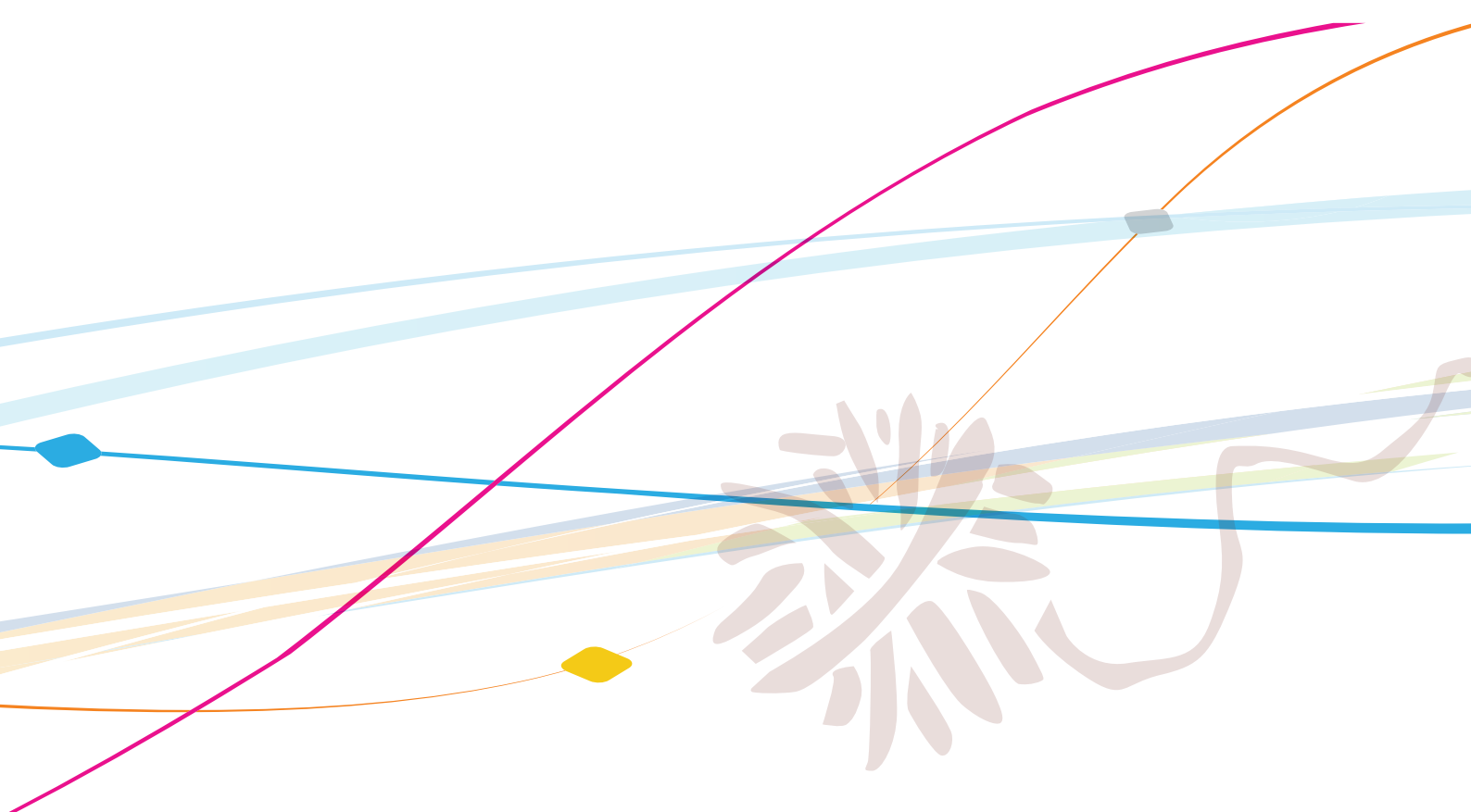
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CENTURY SYNTHETIC FIBER CORPORATION

# ANNUAL REPORT | 2014



**Century Synthetic Fiber Corporation**  
世紀纖維股份有限公司

# INTRODUCTION



**Company's name:** Century Synthetic Fiber Corporation

**Trading name:** Century Corp.

**Stock quote:** STK

**Headquarter:**

B1-1 North West Cu Chi Industrial Zone, Cu Chi District, Ho Chi Minh City

**Branch:**

Street 8, Trang Bang Industrial Zone, Trang Bang District, Tay Ninh Province

**Representative office:**

102-104-106 Bau Cat, Ward 14, Tan Binh District, Ho Chi Minh City

**Chartered Capital:** VND 423,053,360,000

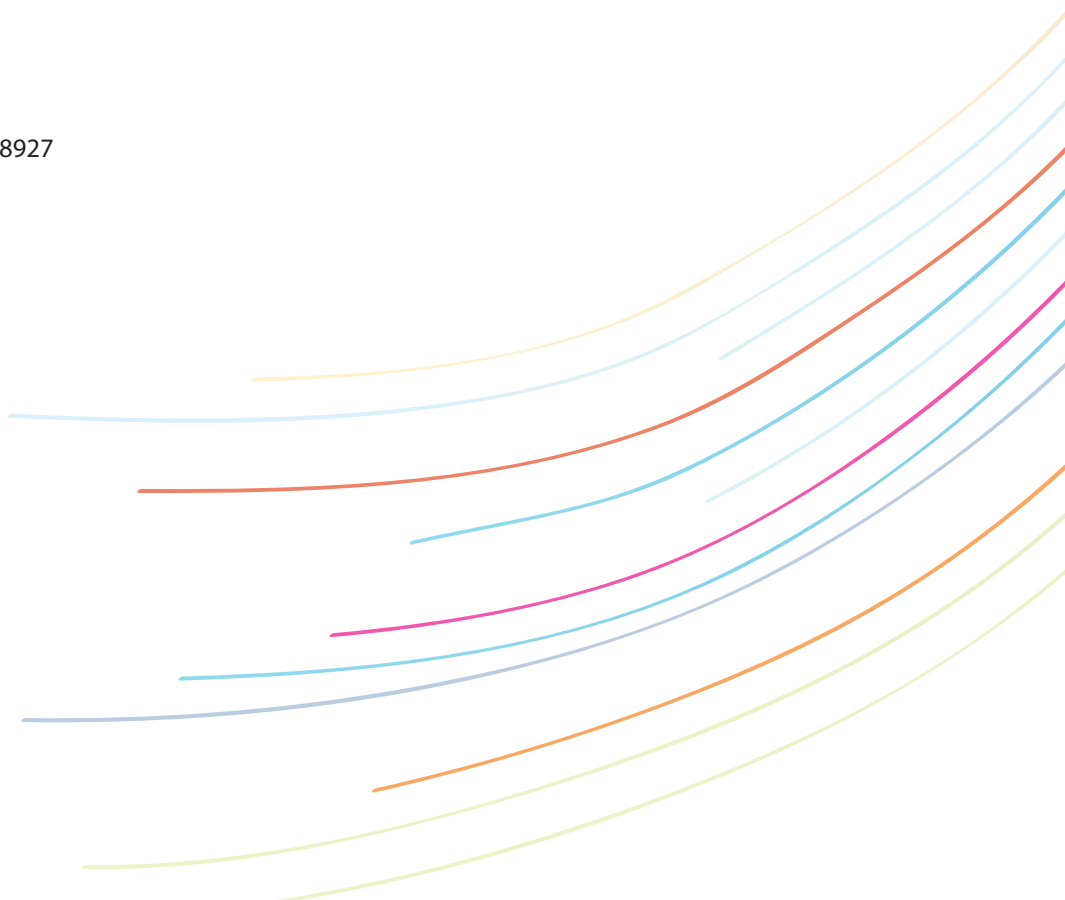
**Telephone:** + 84.8 3790 7565 / +84.66 389 9537

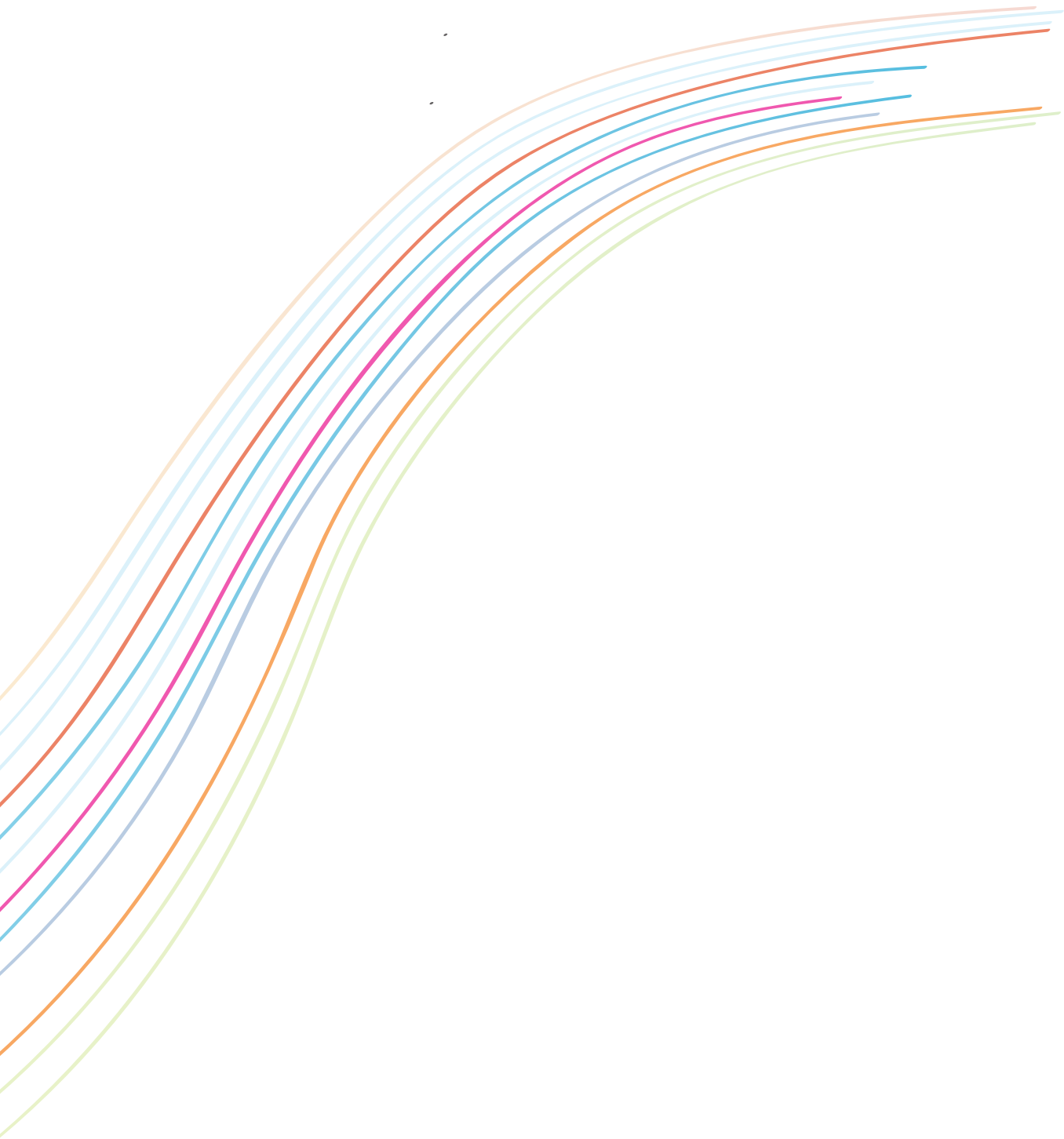
**Fax:** +84.8 3790 7566 / +84.66 389 9536

**Email:** csf@century.vn

**Website:** www.theky.vn

**Tax Registration Number:** 0302018927

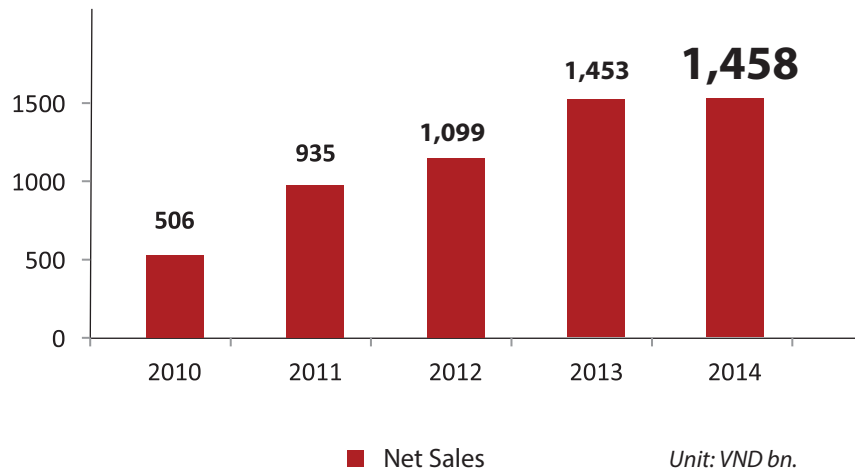




**2014 Net Sales:**  
Growth rate: 0.3% YoY

**VND1,458 bn.**

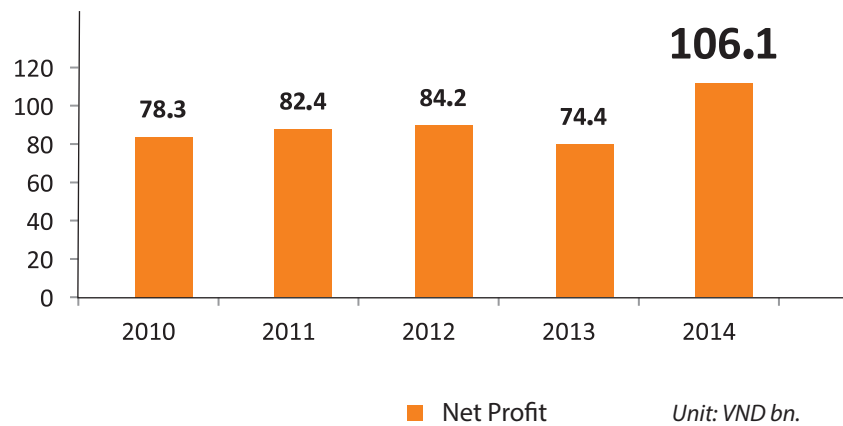
**CAGR: 30.32%**



**2014 Net Profit:**  
Growth rate: 42% YoY

**VND106.1 bn.**

**CAGR: 7.8%**



# FINANCIAL HIGHLIGHTS

## Balance sheet

Unit: VND bn.	2010	2011	2012	2013	2014
Current Assets	218	289	312	404	463
Non-current Assets	434	585	704	621	782
<b>Total Assets</b>	<b>652</b>	<b>874</b>	<b>1,016</b>	<b>1,025</b>	<b>1,245</b>
Short-term Liabilities	153	315	267	306	207
Long-term Liabilities	174	169	280	216	363
<b>Total Liabilities</b>	<b>327</b>	<b>484</b>	<b>547</b>	<b>522</b>	<b>570</b>
<b>Total Owner's equity</b>	<b>325</b>	<b>390</b>	<b>469</b>	<b>503</b>	<b>675</b>

## Income Statement

Unit: VND bn.	2010	2011	2012	2013	2014
<b>Net Sales</b>	<b>506</b>	<b>935</b>	<b>1,099</b>	<b>1,453</b>	<b>1,458</b>
Gross profit	118	178	174	177	213
Operating profit	84	107	97	95	135
Financial income	17	26	3	7	2
Financial expenses	(21)	(48)	(18)	(21)	(13)
Profit Before Tax	83	107	97	95	136
<b>Profit After Tax</b>	<b>78</b>	<b>83</b>	<b>84</b>	<b>74</b>	<b>106</b>

## Cash flow Statement

Unit: VND bn.	2010	2011	2012	2013	2014
<b>Profit Before Tax</b>	<b>83</b>	<b>107</b>	<b>97</b>	<b>95</b>	<b>136</b>
Depreciation	28	57	65	84	81
Operating profit	110	183	177	191	228
Net cash from Operating activities	38	187	52	125	172
Net cash from investing activities	(140)	(47)	(184)	0.4	(112)
Net cash from financing activities	62	(107)	87	(73)	13
Increase/decrease in net cash in year	(39)	33	(45)	51	72
<b>Cash and cash equivalents in the end</b>	<b>36</b>	<b>69</b>	<b>24</b>	<b>76</b>	<b>148</b>



## LETTER FROM THE CHAIRMAN

Dear valued shareholders and investors,

It is my pleasure to share with you the annual report for fiscal year 2014 of the Century Synthetic Fiber Corporation ("STK"). We hope that this report will provide you with useful information about STK in the past year and the Company's business strategies and plans in the coming years.

2014 was a challenging year for the yarn sector when the market price fluctuated erratically due to strong volatility of oil price and cotton price in the global market. In addition, slow economic growth in large garment consuming markets such as the EU, Japan and China also partly affected the market's demand and supply balance.

Nevertheless, the polyester filament subsector still maintained a good growth rate and has been gradually dominating the natural yarns, especially the cotton yarn. This confirms our correct strategic direction to focus on this subsector.

In 2014, STK achieved an impressive growth in net profit after tax, which rose by 42% as compared to 2013, beating the annual budget by 14%. This achievement was attributable to continuous efforts of the Company's management and staffs in improving operational efficiency, expanding customer network, strictly controlling costs, closely following the market movements and actively conducting the business.

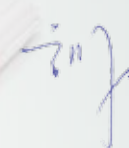
We expect that the Company's revenue and profit will increase substantially in 2015 and 2016 when Trang Bang factory phase 3 is put into operation.

The Company will maintain the above-mentioned strategic directions in the coming years. In addition, we will push up research and development for value-added products and explore expansion to other businesses, which can create synergy with the core business of yarn production in order to catch special opportunities of Vietnam's garment and textile sector. The trend of garment production relocation from China to Vietnam, caused by China's losing competitive advantage will bring extra-ordinary growth for Vietnam's textile, dyeing and garment sector. Furthermore, the free trade agreement signed between Vietnam and Japan ("EPA") and the imminent conclusion of free trade agreements with the EU ("EVFTA"), free trade agreement with Korea and the Trans-Pacific Pack ("TPP") will open a golden era for Vietnam's textile, dyeing and garment sector in the period 2015-2025.

In order to facilitate the Company's access to the capital markets and ensure its ability to raise capital to finance future projects, the Company plans to list its shares in Ho Chi Minh City Stock Exchanges in 2015.

We believe in the bright future of STK and wish to go along with you in the future. We will make continuous efforts to create sustainable value to our esteemed investors.

Chairman of the BOD



Dang Trieu Hoa







# ABBREVIATION

AGSM	Annual General Shareholders Meeting
BOD	The Board of Directors
CIT	Corporate Income Tax
DTY	Draw Textured Yarn
EAT	Earning After Tax
EBT	Earning Before Tax
EBIT	Earning Before Interest & Tax
EPA	Economic Partnership Agreement
EPS	Earning per share
ERP	Enterprise Resource Planning
EVFTA	Europe – Vietnam Free Trade Area
FDY	Fully Drawn Yarn
MD	Managing Director
POY	Partially Oriented Yarn
QC	Quality Control
ROA	Return on total assets
ROE	Return on total equity
ROS	Return on sales
SOP	Standard Operation Procedures
STK, CENTURY, Company	Century Synthetic Fiber Corporation
TPP	Trans-Pacific Partnership
VND	Vietnam Dong
USD	US Dollar

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# VISION - MISSION

## VISSION

To become a worldwide leading pioneer in the textile sector and developing into multi-business fields relevant with our core business.



## MISSION

We adopt an advanced and environmentally friendly technology and modern management system, build up professional team and positive innovation corporate culture to contribute to our society, bring new and green products/services to the community by saving natural resource, energy and protecting natural environment.





### OUR VALUES

**Serving customers**

We appreciate customers and always provide reasonable and profitable solutions to satisfy customers' requirements.

**Uniting ourselves**

Each of Century Synthetic Fiber Corporation (CSF) members always cooperate and support each other to achieve the Company's goals.

**Improving continuously**

We are never satisfied with the current achievements and longing for improvement in our performance, effectiveness and quality of life.

**Developing together**

CSF's development is aligned with the prosperity of our partners, our staffs and the community.



### OUR COMMITMENTS

We always appreciate our customers. We take responsibility and initiatives and cooperate with each other in carrying out the works.

# AWARDS & RANKING

2007

Certificate of Merit from the Ministry of Trade and Industry for "Excellent performance in 2007".

Mr. Dang Trieu Hoa, CEO was voted as "Outstanding Businessman 2007" by Vietnam Ministry of Industry and Trade.

2008

"Vietnam Trade Service Award – 2008" granted by the Ministry of Trade and Industry.

Certificate of Merit from the Ministry of Trade and Industry for "Excellent Performance in 2008".

"Consumer Protection Medal" granted by the Vietnam Trademark Magazine – The Vietnam Union of Scientific and Technological Associations in 2008.

Mr. Dang Trieu Hoa, CEO was voted as "Outstanding Entrepreneur 2008" by Vietnam Trademark Magazine - The Vietnam Union of Science & Technology Associations.

"Top Ten Businesses of the Garment and Textile sector in 2008" award by the Vietnam Trademark Magazine – The Vietnam Union of Scientific and Technological Associations in 2008.

"Top Hundred Trademark of Vietnam in 2008" award by the Vietnam Trademark Magazine – The Vietnam Union of Scientific and Technological Associations in 2008.

2005

Certificate of Merit from HCMC People's Committee for "Excellent performance in 2004".

Certificate of Merit from HEPZA in 2005 for "Outstanding achievements in investment and development of industrial zones".



**2010**

Certificate of Merit from HCMC Department of Labor, Invalids and Social Affairs in 2010 for "Outstanding achievements in social insurance and health insurance".

Certificate of Merit from the Ministry of Planning and Investment for "Outstanding achievements in attracting investment, development of the national economy in 2010".

**2009**

Certificate of Merit from HCMC People's Committee for "Excellent Performance in 2009".

"Vietnam Trade Service Award – 2009" granted by the Ministry of Trade and Industry.

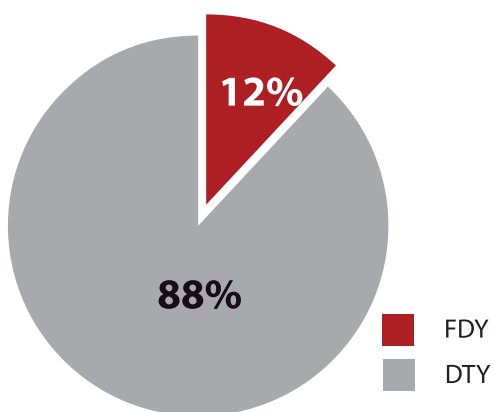
**2011**

Certificate of Merit from Vietnam Prime Minister in 2011 for "Outstanding achievements in attracting investment, development of industrial zones and contributing to HCMC's social economic development".

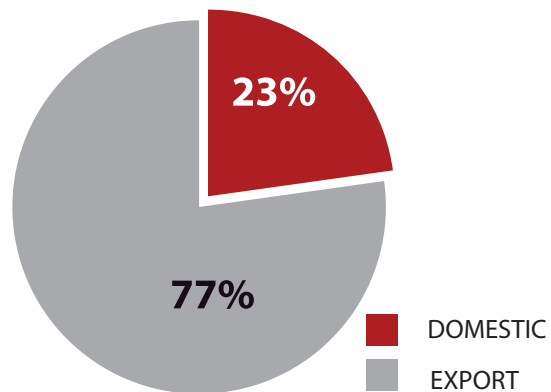
# GEORAPHIC SALES MIX



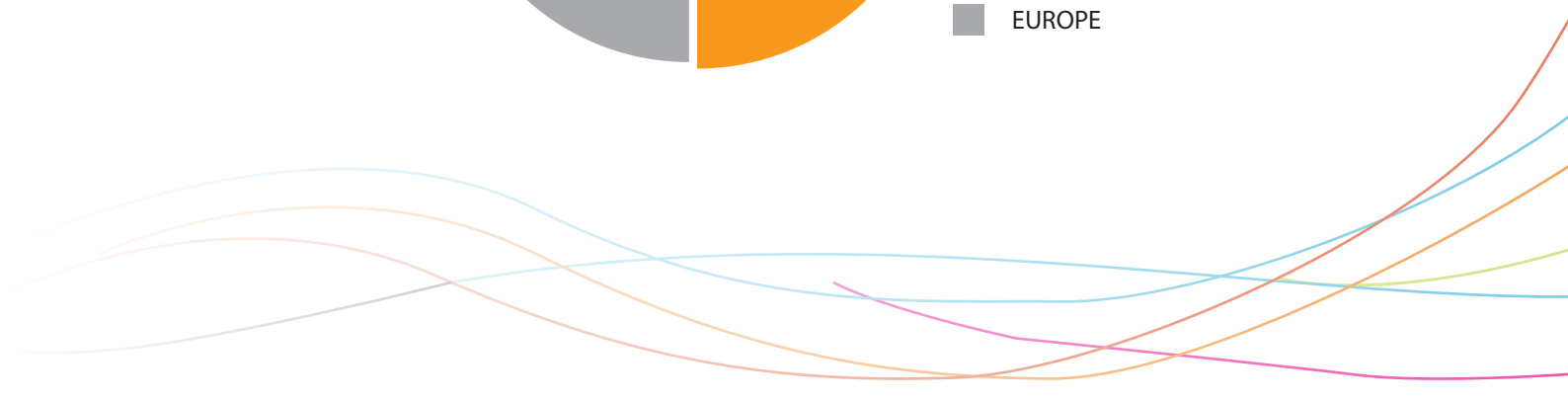
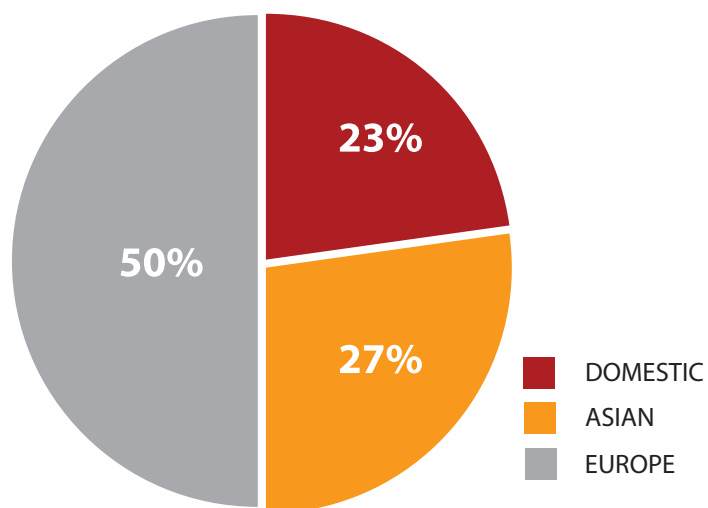
Sales by products



Sales by region



Sales by markets







# KEY MILESTONES

**2000**

STK was established on the 1st June 2000

**2005**

Converted into the Joint Stock Company and changed name

The head quarter and the factory was at North West Cu Chi Industrial Zone

**2000**

STK continued investment to double capacity

**2003**

Expanded the production capacity; received the ISO 9001:2000 Certification

**2007**

**2000**

STK was established on the 1st June 2000 as an enterprise specializing in production of DTY (Draw Textured Yarn) from imported POY (Partially Oriented Yarn). The initial designed capacity was 4,800 tons of DTY per year.

The head quarter and the factory of STK was located in a land of 16,800 sqm. at North West Cu Chi Industrial Zone, Cu Chi District, HCM City, Vietnam.

The factory was equipped with modern production lines imported from Barmag AG (Germany) for production of microfilament at various technical specifications.

**2003**

Foreseeing the strong increase in demand from the market as well as from the Company's customers, STK continued investment to double capacity to 9,600 tons of DTY per year.

**2005**

Converted into the Joint Stock Company and changed name.

On 11th April 2005, the Company was converted into a joint stock company and the name was changed to Century Synthetic Fiber Corporation. This strategic move enabled STK to diversify financing sources for its continuous expansion.

**2007**

Expanded the production capacity; received the ISO 9001:2000 Certification.

In October 2007, STK received the ISO 9001:2000 certification from AFNOR (the Association Francoise de Normalization). Currently, its production and management strictly follows the standards of ISO 9001:2000 and Japanese management systems of KAIZEN and 5S, which are implemented under the guide of Japanese experts.

The company continued investing in the advanced machinery to produce the high quality products and to raise the capacity by 1.5 times to 15,000 tons of DTY. The Company also invested in a POY plant (POY is the input material of DTY) with capacity of 12,000 tons per year and enhanced marketing and sales capacity to bring the Company's brand name to the world.

**2008**

Became the first Vietnamese company in Vietnam to produce microfilament yarn from polyester chips.

The Company completed the expansion and its production capacity rose to 15,000 tons of DTY per year.

A POY workshop was put into operation in order to improve the company's value chain and enhance its profitability. Self-production of POY was also aimed to reduce the Company's reliance on imported POY and especially the volatility of POY price and supply. The investment in POY workshop was a turning point in STK's development as with this move, STK became the first Vietnamese company making microfilament from imported polyester chips.

**2008**

Became the first Vietnamese company in Vietnam to produce microfilament yarn from polyester chips

The Company completed the expansion and its production capacity rose to 15,000 tons of DTY per year

**2008**

**2009 - 2010**

Started the construction of Trang Bang factory in Tay Ninh province

Became a public Company

**2011**

**2011 - 2013**

Continued expansion through establishment of a new factory in Trang Bang district, Tay Ninh province

STK has been implementing an expansion project for Trang Bang factory

**2014 - 2016**

**2009 - 2010**

Started the construction of Trang Bang factory in Tay Ninh province.

STK issued new shares for present shareholders and strategic investors, increasing Chartered capital to VND 180 billion. This capital mobilization was aimed to finance a new factory for POY, DTY and FDY in Trang Bang province. Construction of the new factory started on 28th Nov 2009 and it was put into the operation from 18th Jan 2011, adding an additional 11,000 tons of production capacity of DTY, POY per year.

**2011**

Became a public Company.

On 21st Feb 2011, STK officially became a public Company. This move showed Company's commitment to always bring maximum benefits to its shareholders and customers. The Company kept enhancing management capacity, transparency and complying with disclosure requirements.

**2011 - 2013**

Continued expansion through establishment of a new factory in Trang Bang district, Tay Ninh province. In January 2011, Trang Bang plant was officially operated, raising the Company's entire capacity to 37,000 tons of DTY and FDY and 29,500 tons of POY per year.

In order to improve operating efficiency and business administration, since January 2012, STK implemented and put into operation an EPR provided by SAP for the Company's entire operation.

**2014 - 2016**

With an aim to catch the opportunities brought by inevitable relocation of garment and textile production from China to Vietnam and incremental growth brought by the Trans Pacific Pack as well as to optimize the Company's production scale, STK has been implementing an expansion project for Trang Bang factory with an estimated capital expenditure of USD 33.9 million. The new factory will be equipped with automatic DTY machines, which use the state-of-art technology from Oerlikon Barmag, a leading European group.

The new factory will have annual capacity of 15,000 tons of POY and 15,000 tons of DTY, raising the Company's total annual capacity to 52,000 tons of DTY and FDY per year by 2016.



# HISTORY OF CHARTERED CAPITAL INCREASE

Unit: VND 1,000

Date	Type of shares issuance	Incremental Capital	Revised Chartered capital
<b>05/2005</b>	Incorporation: Initial charter capital contribution		50,000,000
<b>05/2007</b>	Contribution by founding shareholders; Staff	15,000,000	65,000,000
<b>09/2007</b>	Contribution by existing shareholders; Strategic shareholders	26,500,000	91,500,000
<b>01/2008</b>	Contribution by strategic shareholders	8,500,000	100,000,000
<b>12/2008</b>	Contribution by existing shareholders (Bonus shares: 12%)	12,000,000	112,000,000
<b>11/2009</b>	Contribution by existing shareholders (New shares issuance: 25%)	28,000,000	140,000,000
<b>01/2010</b>	Contribution by strategic shareholder (Private placement)	40,000,000	180,000,000
<b>09/2010</b>	Contribution by existing shareholders (Bonus shares: 10%)	17,326,400	197,326,400
<b>06~07/2011</b>	Contribution by existing shareholders (Stock dividend: 15%); Staff(ESOP 2010)	32,561,940	229,888,340
<b>05/2012</b>	Contribution by existing shareholders (Stock dividend: 20%)	45,026,570	274,914,910
<b>06/2013</b>	Contribution by existing shareholders (Bonus shares: 15%)	40,510,930	315,425,840
<b>06/2014</b>	Contribution by existing shareholders (Stock dividend: 15%) (Bonus shares: 10%)	77,627,520	393,053,360
<b>12/2014</b>	Capital raising from IPO	30,000,000	423,053,360



**BRIEF INFORMATION OF UNITEX CORPORATION**

**Chartered Capital:** VND 80 billion.

**Business Industry:**

To produce yarn, textile to take advantages of TPP and growth opportunity in yarn industry.

In May 2014, STK continued the expansion of Trang Bang Factory – the third phase with total CAPEX of USD 33.4 million.

2014

REP office at Ho Chi Minh City is established.  
STK also prepared documents for  
ment of Unitex Corporation.

2015

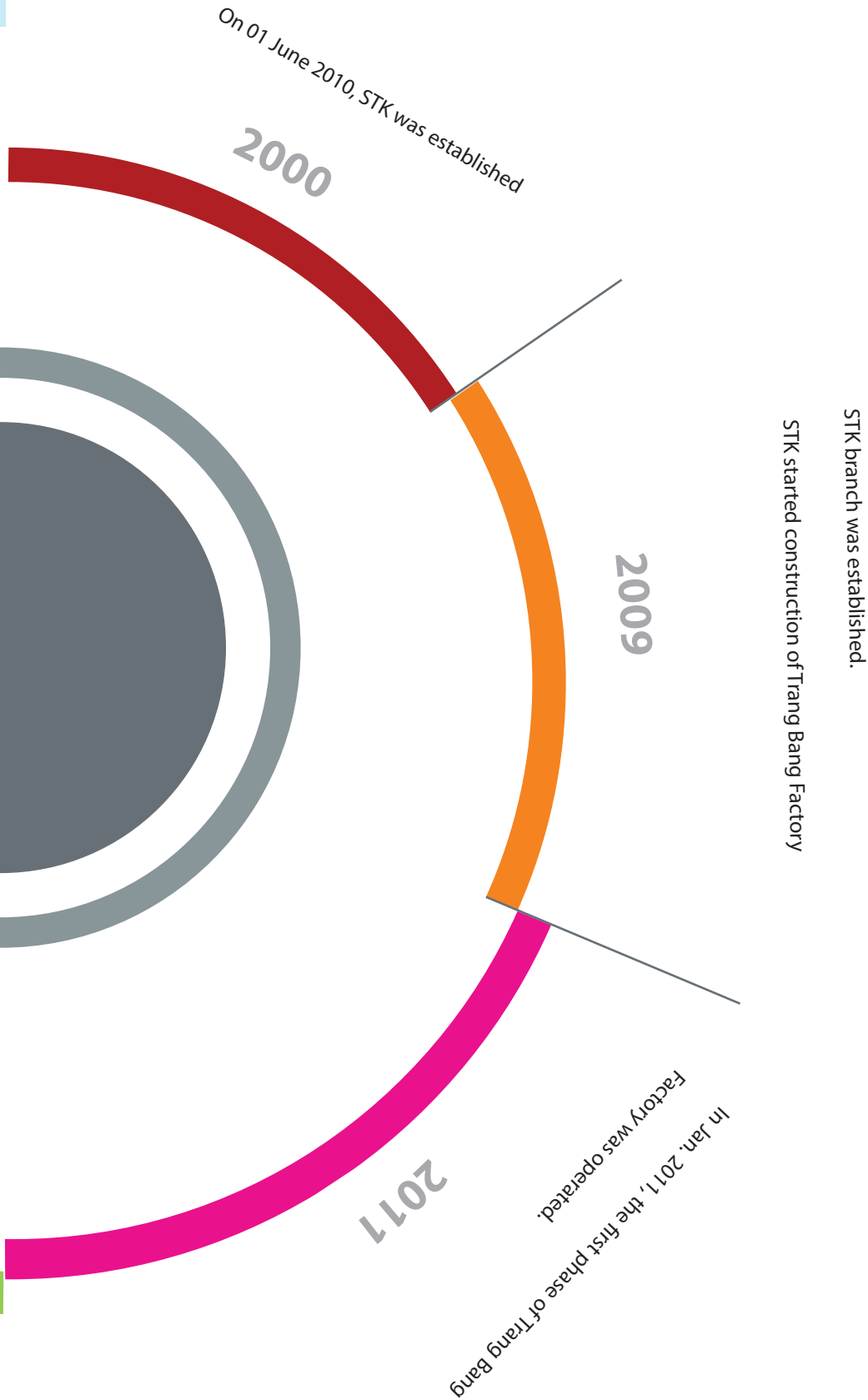
In Jun. 2012, the second phase of  
Trang Bang Factory was put into operation.

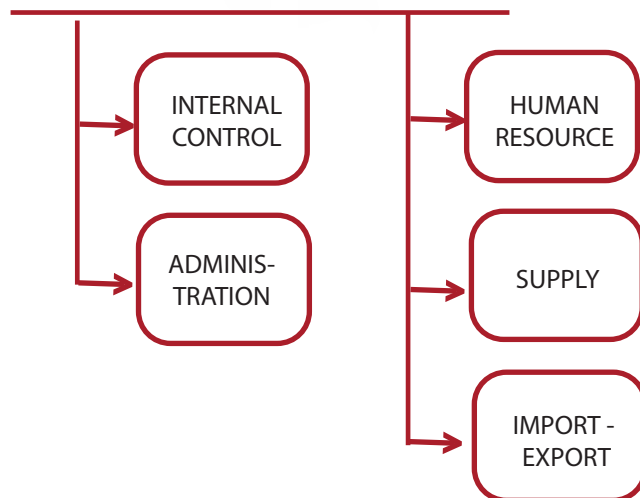
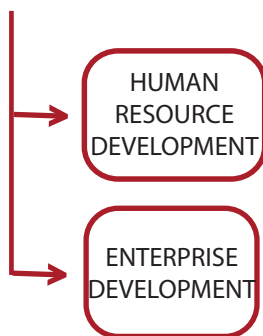
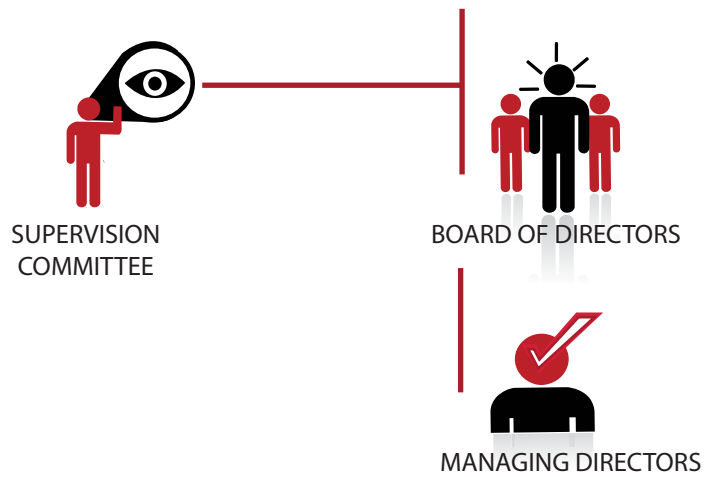
2012



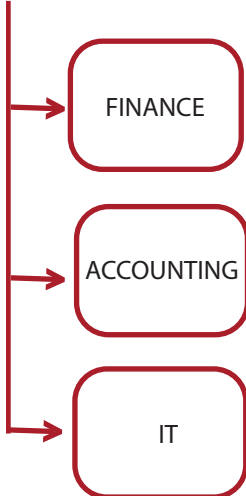
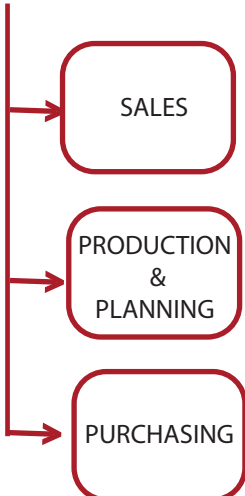
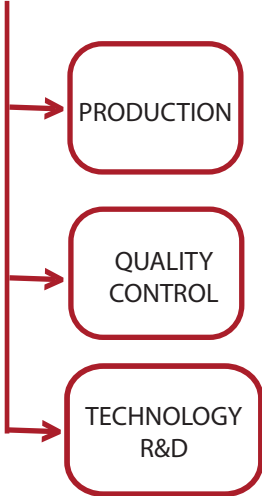
# HISTORY OF FORMATION

COMPANY, BRANCH, CORPORATION & REPRESENTATIVE OFFICE





# ORGANIZATION CHART





## BOARD OF DIRECTORS TENURE 2013 – 2018



**Mr. Dang Trieu Hoa**  
Chairman/Managing Director  
46 years old

Mr. Dang Trieu Hoa founded STK in 2000 and has been playing the important role in incorporation and development of STK. He has more than 20 years of experience in yarn and textile trading and manufacturing. He was the Director of Hoan A Trading & Services Co., Ltd and Viet Phu Trading & Services before setting up STK.

At the position of Chairman and Managing Director, Mr. Hoa played a crucial role in forming visions & missions for the Company. He received 2007 Outstanding Businessman Award from Vietnam's Ministry of Industry and Trade.



**Ms. Dang My Linh**  
Member of BOD  
43 years old

Ms. Dang My Linh is one of co-founders of STK. Currently, she is the General Director of Lien An Trading & Investment Joint Stock Company.

Before joining with STK, she had more than 10 years working experience at Worldtex Enterprise Co., Ltd. (Taiwan).



**Mr. Dang Huong Cuong**  
Member of BOD  
39 years old

Mr. Dang Huong Cuong is one of co-founders of STK. Currently, he is the Director of P.A.N Pacific Co., Ltd which is also in the yarn sector.



**Mr. Jean-Eric Jacquemin**  
Member of BOD,  
54 years old

Mr. Jean-Eric Jacquemin joined the BOD from December 2009 when Red River Holding became a strategic investor of CSF. He is the Director of Red River Holding and the CEO of its fund management company Jade River Management Limited. Mr. Jacquemin is also the Chairman of Temasia Capital Limited.

Prior to this, Mr. Jacquemin worked in the restructuring field as well as in Mergers and Acquisitions in the US, France and Vietnam.

Mr. Jacquemin resigned from STK's BOD membership from 26th Dec 2014 due to personal reasons and the BOD had approved Mr. Jacquemin's BOD membership resignation.



**Mr. Thai Tuan Chi**  
Member of BOD  
52 years old

Mr. Thai Tuan Chi has joined the BOD of STK since the time STK converted to the form of joint stock company in 2005.

He is the Founder/Chairman/Managing Director of Thai Tuan Group. He was Outstanding Businessman of Ho Chi Minh City and received third runner-up labor medal awarded by the Vietnam government, Certificate of Merit awarded by Prime Minister of Vietnam in honoring his business success from 2004 – 2008 and Vietnam Businessman Award in 2006.



**Mr. Lee Chien Kuan**  
Member of BOD  
53 years old

Mr. Lee Chien Kuan has joined the BOD of STK since 2008. He has many years experiences in textile and yarn business. He also contributed actively to production and business activities of STK.

*Changes in the Board of Directors:*

*Mr Jean-Eric Jacquemin has resigned from the BOD membership from 26th Dec 2014.*

# BOARD OF MANAGEMENT



**Mr. Dang Trieu Hoa**  
Chairman/Managing Director

**Year:** 1969

**Education:** Business Administration.

**Working experience:**

*06/2010 to present:*  
Chairman/Managing Director, STK.

*1995-2000:* Director, Hoan A Trading & Services Co., Ltd.

*1991-1995:* Director, Viet Phu Trading & Services Co., Ltd.

**Mr. Lu Yen Kun**  
Production Manager

**Year:** 1952

**Education:** Production Expert.

**Working experience:**

*11/2012 to present:* Production Manager, STK.

*10/2010 – 3/2012:* Deputy Director, Xianglu Petrochemicals Enterprise, China.

*2/2005 – 3/2009:* Deputy Director, Hangzhou XiangSheng Textile Ltd.

*11/2002 – 1/2004:* Director, Xianglu Petrochemicals Enterprise, China.

*4/1999 – 2/2000:* Senior Assistant, Tuntex Distinct Corporation, Tuntex Group, Taiwan.

**Ms. Nguyen Phuong Chi**  
Chief Strategic Officer (CSO)

**Year:** 1972

**Education:** Master of Applied Finance.

**Working experience:**

*01/2015 to present:* CSO, STK

*03/2008 – 12/2014:* Investment Advisory Manager, Tri Tin Consulting & Investment JSC.

*04/2005 – 02/2008:* Senior Project Manager, Openasia Consulting Ltd.

*10/2004 – 02/2005:* Business Development Officer, Mekong Private Sector Facility (“MPDF”).

*10/2002 – 10/2004:* Senior Financial Analyst, PricewaterhouseCoopers (Vietnam) Ltd.

*03/1997 – 03/2000:* Legal Assistant, Deacons Graham & James, Hanoi Branch.



**Ms. Tran Thi Trang Lien**  
Deputy CEO 1/ HR Director

**Year:** 1967

**Education:** Bachelor of Economics.

**Working experience:**

09/2009 to present: Head of Human Resources, STK.

05/2005 – 06/2009: Administration Director, EUROTEC Company.

04/1998 – 04/2005: CEO, ISAMMI Company.

04/1994 – 03/1998: Manager of Administration, Union Tourist Company – Rang Dong Hotel.

**Mr. Phan Nhu Bich**  
Deputy CFO/ Chief Accountant

**Year:** 1970

**Education:** Bachelor of Economics. Major: Audit/Accountant.

**Working experience:**

11/2010 to present: Chief Accountant, STK.

03/2004 – 03/2010: Controller/ Accountant, Thanh Cong Textile Garment & Investment Trading JSC.

1997 – 03/2004: Accountant, Binh Phuoc Electricity Company.

**Mr. Bui Tuong Hien**  
Deputy CEO 2/  
Head of Internal Control

**Year:** 1976

**Education:** Bachelor of Banking - Finance.

**Working experience:**

01/2010 to present: Head of Internal Control, STK.

07/2009 – 12/2019: Assistant to Managing Director, in charge of Finance, STK.

05/2008 - 06/2009: Assistant to CFO, RKW Group.

05/2007 – 4/2008: Head of Brokerage Department, Dai Viet Securities.  
1999 – 4/2007: Chief Accountant, Phuoc Tho Ltd.

1998: Salary Accountant, An Phuoc Paper Garment Export – Import Company.

1997: Accountant, Saigon Construction Company.

*Changes in Management team:*

The BOD approved the resignation of Deputy CEO for Mr. Huang Wei Ling since 08/08/2014.



# SUPERVISION COMMITTEE



**Mr. Nguyen Tu Luc**  
Chief Supervision Committee

**Year:** 1952

**Education:** Bachelor of Accounting.

**Working experience:**

1/2015 – present: Chief Accountant, Mai Hoang Vu Co. Ltd.

2007 - present: Chief Supervision Committee, STK.

2006 - present: Assistant to Managing Director, STK.

2000 - 2006: Chief Accountant, STK.

1984 - 2000: Chief Accountant, South Asia Shoes.

1979 - 1984: General Accountant, HCM Hotel, Chief Accountant of Saigon Hotel.

**Mr. Le Anh Tuan**  
Member of Supervision Committee

**Year:** 1951

**Education:** Master of Economics.

**Working experience:**

2013 - present: Member of Supervision Committee, STK.

1999 - 2012: Deputy Director, Ho Chi Minh City Export Processing and Industrial Zones Authority (HEPZA).

1998 - 1999: Officer, Human Resource Department, Ho Chi Minh Party.

**Ms. Nguyen Thi Ngoc Linh**  
Member of Supervision Committee

**Year:** 1976

**Education:** Bachelor of Banking – Finance, Master of Public Finance of Fulbright Programme – John Kennedy School of Government, Harvard University, U.S.

**Working experience:**

2007 - present: Member of Supervision Committee, STK.

2006 - 2014: Member of Supervision Committee, Incomfish, Phu Hoa Tan Water Supply JSC., Ben Thanh Water Supply JSC., Nha Be Water Supply JSC.

2004 - 2014: Director of Customer Services/Director, Ha Noi Branch of Dong A Securities Company.



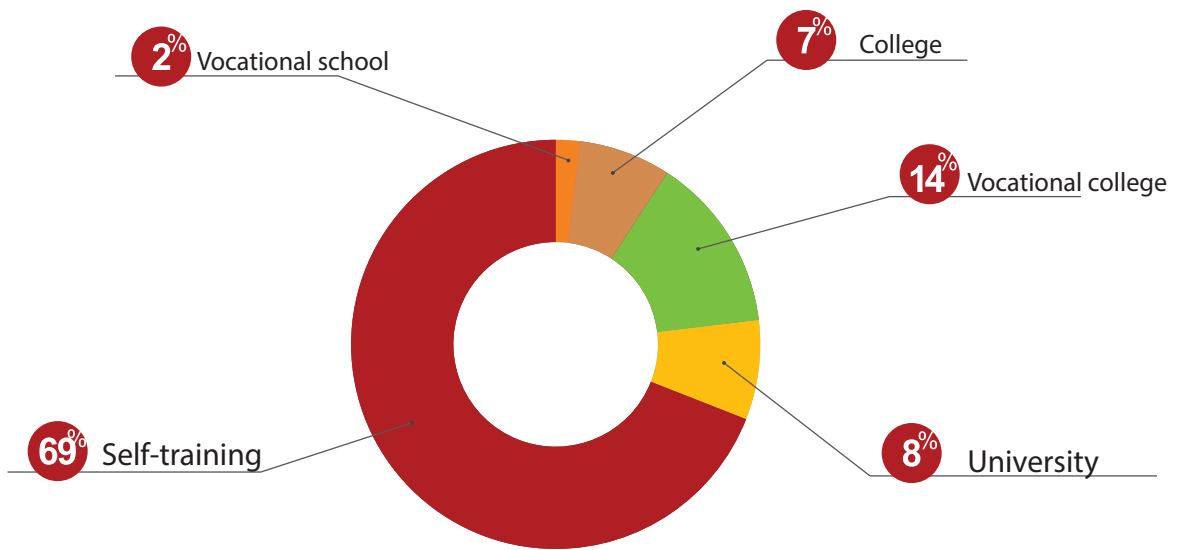
# HUMAN RESOURCE AND EMPLOYMENT POLICIES



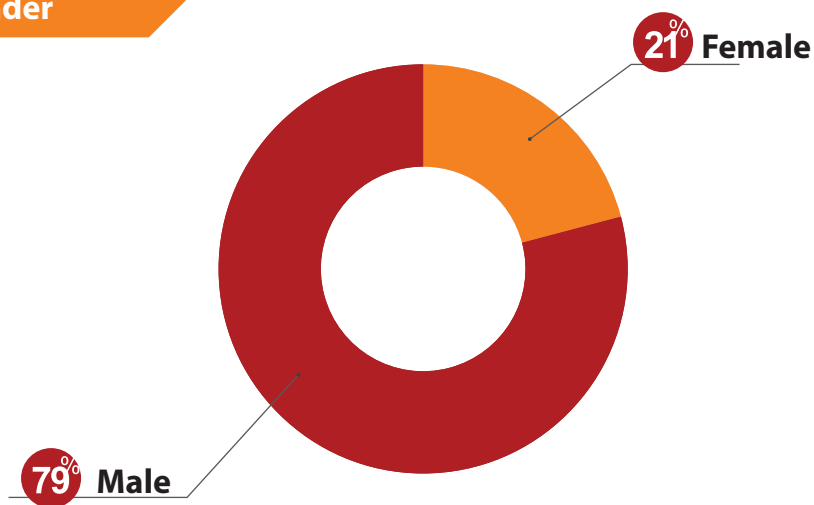
## 1. Employment Statistics

**675** Number of official employees  
as at 31 December 2014  
**persons**

### Qualifications



### Gender





## AVERAGE INCOMES

Classification	Actual average salary (2014)	Planned average salary (2014)
<b>Average income/ month</b>		
Managers		
- Senior Managers	90,351,627	90,858,745
- Middle Managers	21,212,429	21,598,960
- Supervisors	9,168,148	8,633,277
Officers	5,308,218	4,901,229
Workers	5,993,998	5,676,000

## 2. Employment Policies

Most of employees have employment contracts. Depending on type of jobs and profile of each employee, STK will determine whether term contract or permanent contract for the employee.

Official working time is 8 hours per day and 6 days per week. Office staffs work from 08:00 to 17:00, from Monday to Saturday. Due to nature of production (24 hours per day), the production staffs will work on Sunday, holidays, and Tet festival on 03 shifts. The workers will then have compensatory leaves on other days in week.

### Basic salary

Based on the prevailing minimum salary applicable for the region, STK will adjust the salary formula and scales in accordance with the regulations. The basic salary is used for calculation of social insurance payment.

### Actual salary

#### Office Staffs

Based on nature of each position, STK will determine the salary scales.

#### Production Staffs

Staffs will receive the salary, which is based on productivity. The productivity wages will be adjusted in accordance with STK's business performances from time to time.

### Bonus

According to the Company's salary and bonus policy, a staff will receive bonus on monthly basis if that individual achieves business target. There are different types of bonuses as follows:

- Performance bonus;
- Bonus for compliance with working rules;
- Extra performance bonus for production workers;
- Extra performance bonus for sales staffs;
- Extra performance bonus for purchasing staffs;
- Extra performance bonus of stevedoring/ warehouse/ forklift truck driver's positions;
- Bonus on national holidays.

Beside the monthly bonus as mentioned above, at the end of the year, STK will pay bonus to staffs:

- Tet holidays;
- Bonus on annual business performances.

### Insurance policies

The Company pays for social insurance, medical insurance, and unemployment insurance in accordance with the State's regulations. In addition, STK also buys the accident insurance 24/24 for all of staffs.

### Welfares

STK provides free accommodation for staffs, whose home is more than 30 kilometers away from the workplace. Besides that, STK also provide free shift meals; allowance for heavy and unsafe work; annual leave; medical check; and other allowances such as night shift, mobile bill and gasoline, etc.

Annually, STK provides gifts on Tet's holiday for all of staffs, gifts to staffs' children on international children's day, gifts to staff's children who achieve excellent academic results.

# STRATEGIC DIRECTION



## 1. The Business Environment

According to Statista.com, the globe's apparel trading revenue is expected to grow at an annual rate of 5% p.a. during the period 2012-2015 and will reach revenue of USD 2,100 billion by 2025. This will be the growth driver of the garment and textile sector in general and the yarn subsector in particular. However, the future growth rate of each subsector and country will be different.

In the yarn subsector, polyester filament is expected to grow faster than the other yarns thanks to its advantageous properties and competitive price<sup>1</sup>.

Vietnam's garment and textile sector is expected to grow by 13% during 2015 thank to:

- The relocation trend of garment production from developed countries (China) to developing countries;
- Favorable tariff treatment for Vietnam-originated products in key exporting markets thank to free trade agreements with Japan ("EPA"), the EU ("EVFTA"), Korea and the Trans-Pacific Pack ("TPP")<sup>2</sup>.

In Vietnam, the textile and dyeing subsector is expected to grow strongly to fill up the severe supply shortage<sup>3</sup>. The development of textile and dyeing subsector will push up the local demand for yarn since a garment products must be made from fabric originated in Vietnam (when exporting to the EU or Japan) or must be made from yarn originated in Vietnam (when exporting to the USA) in order to get favourable import tariff.

STK is benefited from its strategic position in the growing center thanks to the advantage of the polyester filament and Vietnam's in the global garment and textile sector.

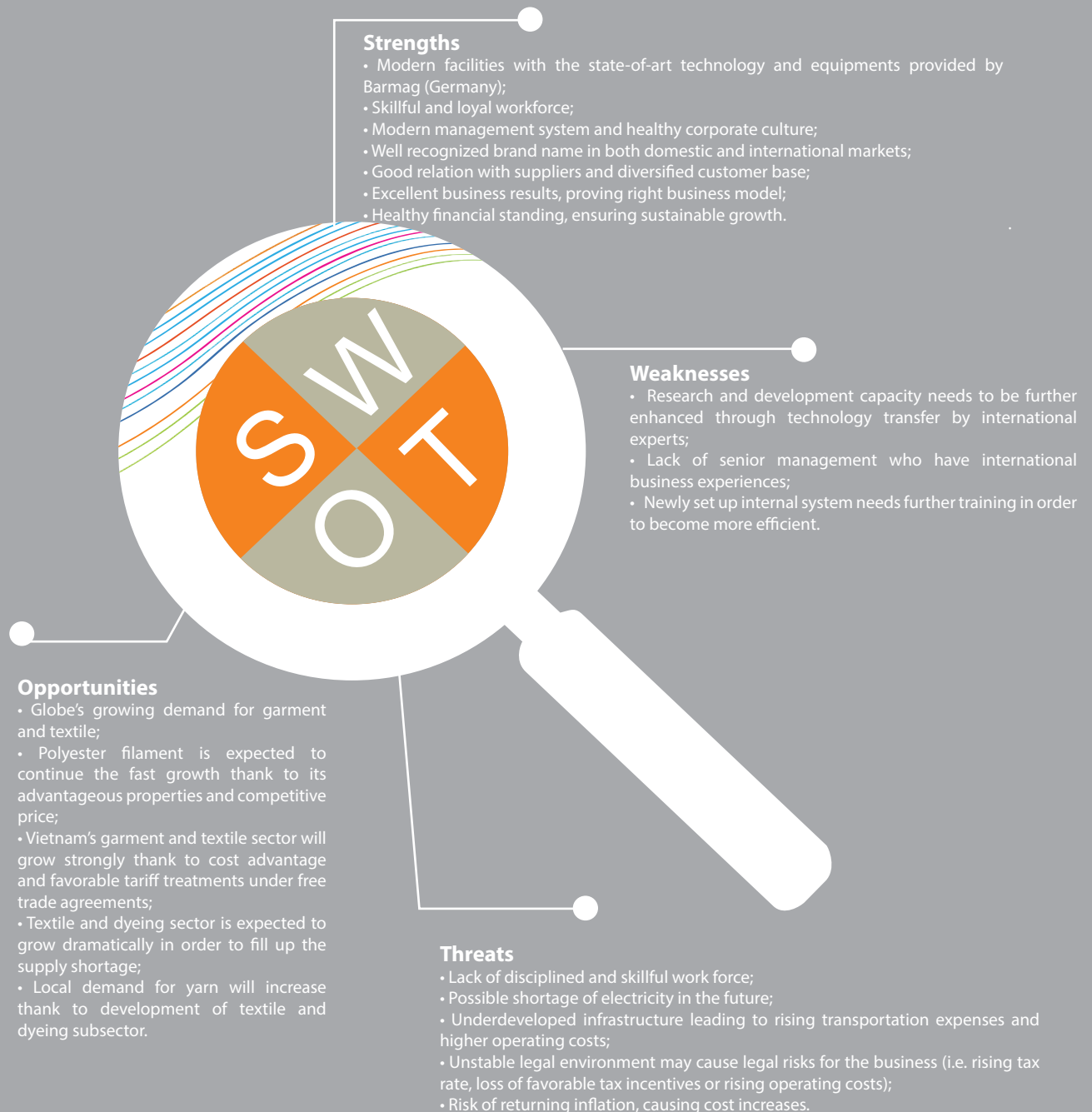
<sup>1</sup> During the period 2005-2013, polyester filament grown at an average rate of 8.6%/year, higher than the average growth rate of yarn sector of 2.9%/year, short staple of 3.7%/year and cotton of -0.75%/year.

<sup>2</sup> The import duty applied on Vietnam originated yarn, fabric and garment imported to the EU will reduce from 3.2%, 6.4% and 9.6% respectively to 0% after the EVFTA is concluded. The import duties on Vietnam originated garment imported to the USA will reduce from the current rate of 17.5% to 0% after conclusion of the TPP.

<sup>3</sup> Vietnam currently just produce 0.9 billion square meter of finished fabric while Vietnam needs at least 6.9 billion sqm in order to satisfy the local market and the export.



## 2. S.W.O.T ANALYSIS



## 3. Medium and long term strategic direction

- Continue to enhance operational efficiency of the yarn business, expand customer base, strictly control costs, closely monitor the market movement and actively conduct the business;
- Research and develop new value-added products for the yarn business;
- Explore for expansion to the textile and dyeing business in order to catch special opportunities of Vietnam's garment and textile sector and to create synergy with the core business of yarn;
- Continuously improve and enhance corporate governance and management model in order to bring STK to the same level with international leading companies.

# RISK MANAGEMENT

## 1. Economic risks:

Risk of economic crisis: Global economic crisis may affect demand for garment and textile products and hence affecting the Company's sales. In order to mitigate this risk, STK has been making efforts to diversify customer base, develop loyal customers, build up reputable brand name for good quality product and customer services, strictly control costs in orders to sustain sales during economic crisis.

Risk of competition: The relocation trend of garment and textile production from China to Vietnam together with the investment wave to catch the opportunities brought by TPP will lead to more competition in the yarn subsector. With the business model focusing on modern facilities, skillful and professional workforce and modern management system, STK believes that it will be able to maintain competitiveness in providing high quality products at competitive price.

## 2. Financial risks (market risk, credit risk)

Foreign exchange risk: polyester chip accounts for 75% - 80% of cost of goods sold and STK has to pay for this material importation in USD. In addition, STK's long-term loans are in USD denomination. However, the chance for STK to have foreign exchange risk (if VND depreciates against USD) is quite low since STK can maintain export sales at 70%-80% of total sales and it can use USD revenue stream for raw material purchase and debt repayment.

Price risk: fluctuation of prices in global market can affect STK's raw material purchasing price and selling prices of finished product. However, thank to its policies to diversify suppliers and customers as well as the price fixing mechanism between raw material purchase and sales of finished products, STK can maintain its target price gap between selling price and polyester chip price.

Interest rate risk: fluctuation of interest rates (USD and VND) can affect STK's financial expenses as the Company's loans in both VND and USD have variable interest rates. However, as STK maintains prudent borrowing policies and has abundant cash flows, it can repay loans when interest rates increase;

Credit risk: If a customer fails to fulfill its contracted obligation, it may cause financial loss to STK. However, in order to reduce credit risk, the Company requests most of its customers to make immediate payment on delivery and it only give credit terms for few traditional customers.

## 3. Operational risks

Risk of economic crisis: Global economic crisis may affect demand for garment and textile products and hence affecting the Company's sales. In order to mitigate this risk, STK has been making efforts to diversify customer base, develop loyal customers, build up reputable brand name for good quality product and customer services, strictly control costs in orders to sustain sales during economic crisis.

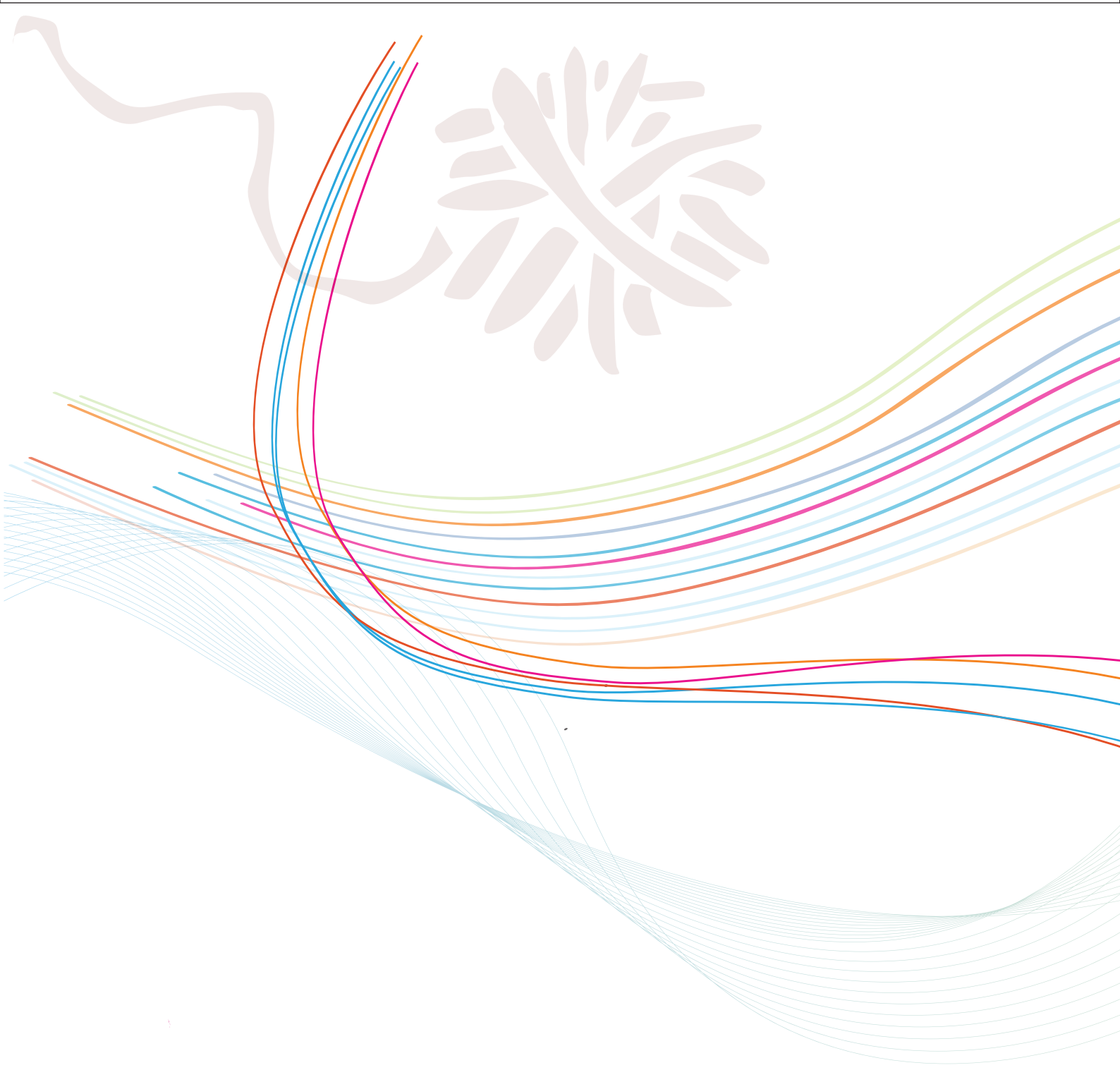
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# RISK MANAGEMENT

## 4. Legal risks

Changes in laws regarding to tax, customs, environmental protection and labor may cause increase in operating expenses. STK has set up a system to frequently monitor, update the information in order to have the best adaptation to these changes.







# REPORT



# BOARD OF MANAGEMENT REPORT

## 2014 BUSINESS PERFORMANCES

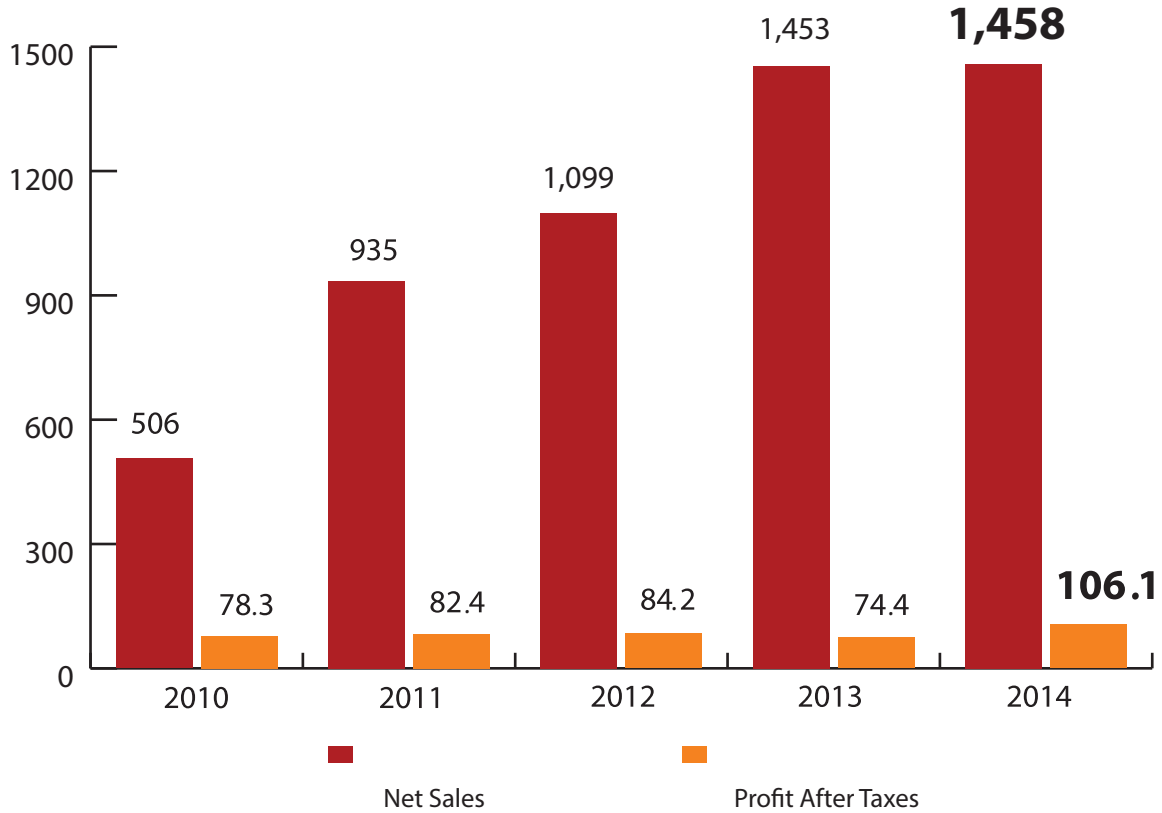
### PRODUCTION PERFORMANCE

	2010	2011	2012	2013	2014
Production capacity (tons/year)	15,000	26,000	37,000	37,000	37,000
Actual working days	335.80	299.30	288.35	328.5	345.74
Utilization rate (%)	92%	82% <sup>4</sup>	79% <sup>5</sup>	90%	94%
Actual production volume (tons)	10,706	17,833	23,080	30,375	32,442
Selling volumes (tons)	11,709	16,900	22,930	31,525	33,053

Note: To ensure that machines will be in good status so that products will meet the rigorous quality standards of Europe, the Company reserves time for maintenance. Therefore, calculation of utilization rate must exclude the time for maintenance. For annually primary maintenance, it took about 25 days per year and the actual working days was about 340 days/year (equivalent to utilization rate of 93%). For the secondary maintenance (POY: 3 years/time), the actual utilization rate may be lower than level of 93% due to longer maintenance time.

<sup>4,5</sup> Utilization rate was lower than the standard level because the factory of Trang Bang 1 and 2 were officially operated at the end of year. However, the incremental capacities were still included in calculation of total production capacity in year.

Unit: VND bn.



## SALES PERFORMANCE

### Sales Activities

Number of customers increased by

**21%**

Number of orders increased by

**37%**

### Sales Volume

#### Volume

reached to **33** thousand tons (achieving 97% of plan)

DTY: 29.2 thousand tons

FDY: 3.8 thousand tons

#### Net Sales

reached to VND **1,458** billion (achieving 92% of plan)

DTY: VND1,324 billion

FDY: VND134 billion

#### Profit After Taxes

reached to VND **106** billion (achieving 114% of plan)



MAJOR CUSTOMERS



ULTIMATE CUSTOMERS

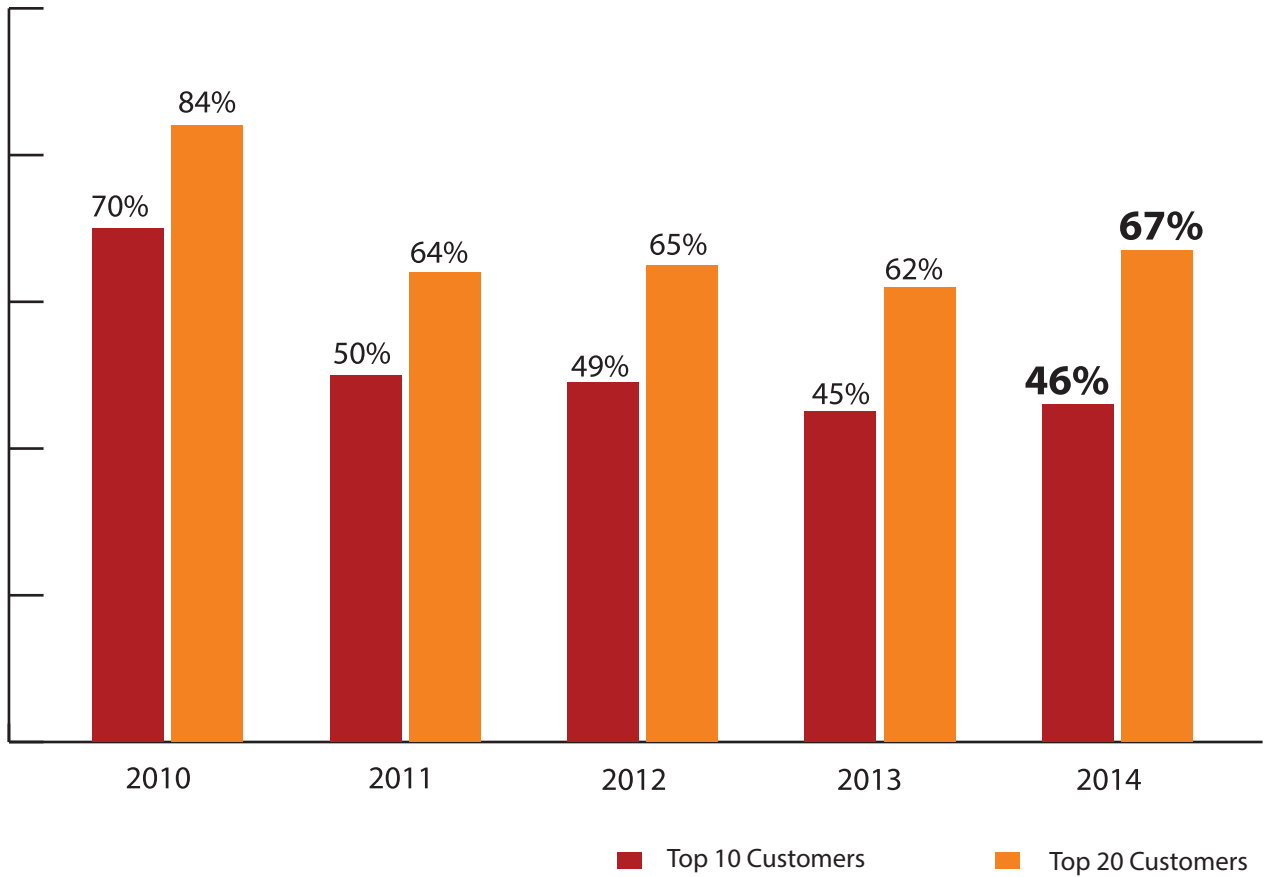


## MAJOR CUSTOMERS

Thanks to increasing production capacity and dynamic sales team, STK has a great potential to serve a large network of customers in expanding markets, including countries in TPP.

- + The Company continuously acquired new customers.
- + The Company receives repeating orders thanks for its product quality, which met the requirements of medium and high-end customers and excellent customer services.

### Sales Contribution by Top Customers



## INVESTMENT

Investment Project	CAPEX	Disbursement	
		2015	2016
	VND bn.		
Trang Bang Factory – the third phase	729	525	91(*)

(\*) year of project completion

### Progress of Trang Bang Factory – the third phase

2014 Disbursement: VND**113**bn.

#### Official Operation

50% of capacity (7,500 tons).

7/2015



Q1/2016

100% of capacity (15,000 tons)

Trang Bang Factory – the third phase

# PLAN FOR PROFIT DISTRIBUTION IN 2014

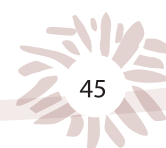
## Bonus, Welfare Fund

Year	Beginning balance	Provision	Expenditure	Ending balance
2010	186,284,408	4,700,686,009	4,013,463,946	873,506,471
2011	873,506,471	4,949,560,426	(1,644,902,207)	7,467,969,104
2012	7,467,969,104	4,800,000,000	4,490,362,674	7,777,606,430
2013	7,777,606,430	4,380,000,000	9,488,936,508	2,668,669,922

Note: Since the fiscal year 2014, after BOD issued the financial rules, STK has treated bonus and welfare fund as operating costs. Therefore, STK will not deduct this fund from Profit After Tax.

## Earning Distribution

KPIs	2014 Distributed rate	Amount in VND
Profit After Tax		106,106,922,222
2014 Dividend Payment	15% on par value (by cash)	63,458,004,000
Issuing bonus shares	10%/ Chartered Capital	
Undistributed income		42,648,988,222



# HIGHLIGHTED ACTIVITIES IN 2014

- Actively collected and updated customers' information in order to determine proper strategies to satisfy customers' requirements;
- Collected and updated rivals' information to determine competitive strategies (in term of product mix and pricing policies);
- Followed monthly orders of major customers in order to maintain stable order flows from these customers;
- Developed customer networks in width (acquiring new customers) and depth (selling new products to existing customers).

**01**  
SALES

- **Equipments:** Determined a detailed maintenance plans which enhanced quality of machines & equipments, ensured smooth operations, and therefore improved quality of products.
- **Material inputs:** Strictly controlled inputs by frequently updating quality standards and checking methods, actively sending feedbacks to suppliers, and eliminating weak suppliers.
- **Human resources:** Focused on training staffs through periodic training courses and skill improvements. Developed a training program for management candidates for Trang Bang Factory - the third phase.
- **Methods:** Finalized operating standards to each divisions; implemented Kaizen system; and analysed/ improved operations with the supports of Japanese experts.
- **Initiatives for technical improvements:**
  - + Stabilized quality of products (DTY, FDY) after power cuts;
  - + Enhanced quality of products (utster level and dyeing uniformity) to satisfy customer's demand;
  - + Increased production speed and reduced production costs.

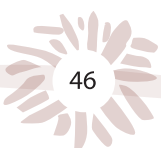
**02**  
PRODUCTION

- Strengthened quality control. Therefore, mistakes in production process were early detected and increased customer satisfaction.

**03**  
QUALITY  
CONTROL

- Regulated production activities of POY and DTY to minimise POY's inventories, and to ensure delivery schedule;
- Provided advance training for staffs to improve their understandings of machines' function (what machine is most efficient in making certain types of products) to rationalize the machine usage;
- Rationalized usage of machines (each of machines focused on certain products) to improve quality of products, to increase economic efficiency and to reduce production costs.

**04**  
PRODUCTION  
PLANNING



- Set the purchasing plans and negotiated the agreement with suppliers on quarterly basic (rather than on case by case basis) to have better buying prices and more favourable terms and conditions. Therefore, STK could reduce the costs of inputs;
- Expanded suppliers network to ensure the competitive prices, delivered conditions and quality of products & services. Therefore, STK could stabilize and reduce the costs of inputs;
- Sought for substitute products in domestic market with lower prices, while still meeting STK's quality standards.

05

PURCHASING

**Training:**

- Focused on training for workers to improve technical and working skills;
- Trained potential candidates for supervisor positions (shift leaders);
- Applied 5S - Kaizen to enhance management skills of supervisors, helping them to achieve KPIs of production/quality.

**Salary & Bonus Schemes:**

- Increased average salaries by 5% in 2014 to maintain the Company's leading position in labor market as compared to its peers and companies in the regions;
- Increased average basic salary by 15% in 2014;
- Since August 2014, STK applied extra bonus for workers participating in skill enhancement program.

06

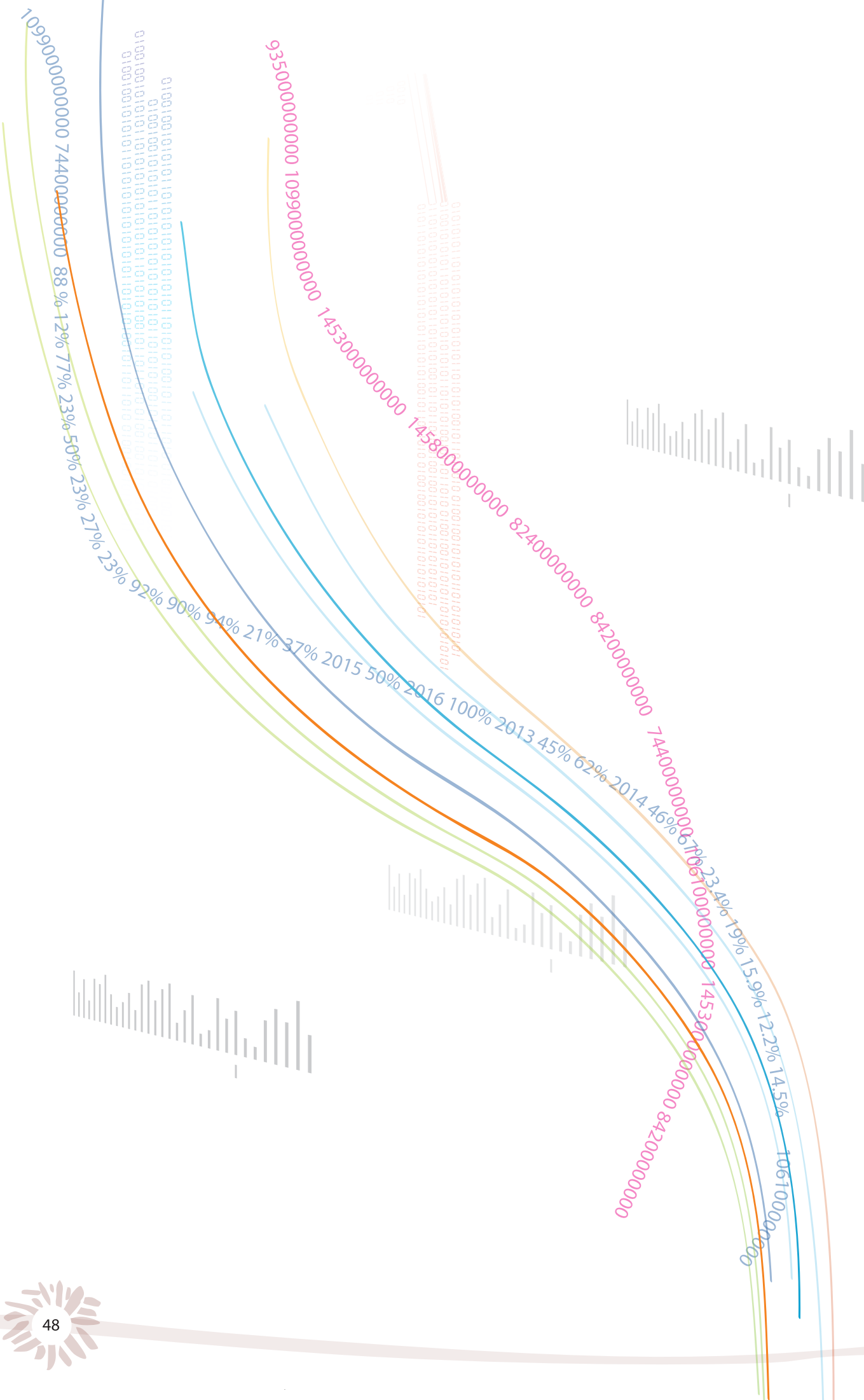
HUMAN  
RESOURCES

- Monitored the budget fulfilment of all divisions on bi-monthly basis to give early alerts on potential failure to achieve the monthly budget. Therefore, the divisions had a chance to make timely adjustment so that they can meet the annual budget;
- Strictly controlled cash flow so that the Company can flexibly repay banks and suppliers, hence reducing interest expenses, and improving profit;
- Expanded business relationships with financial institutions to have more competitive interest rate and service fees. Therefore, interest expenses and financial expenses were reduced.

07

FINANCE





# FINANCIAL ANALYSIS

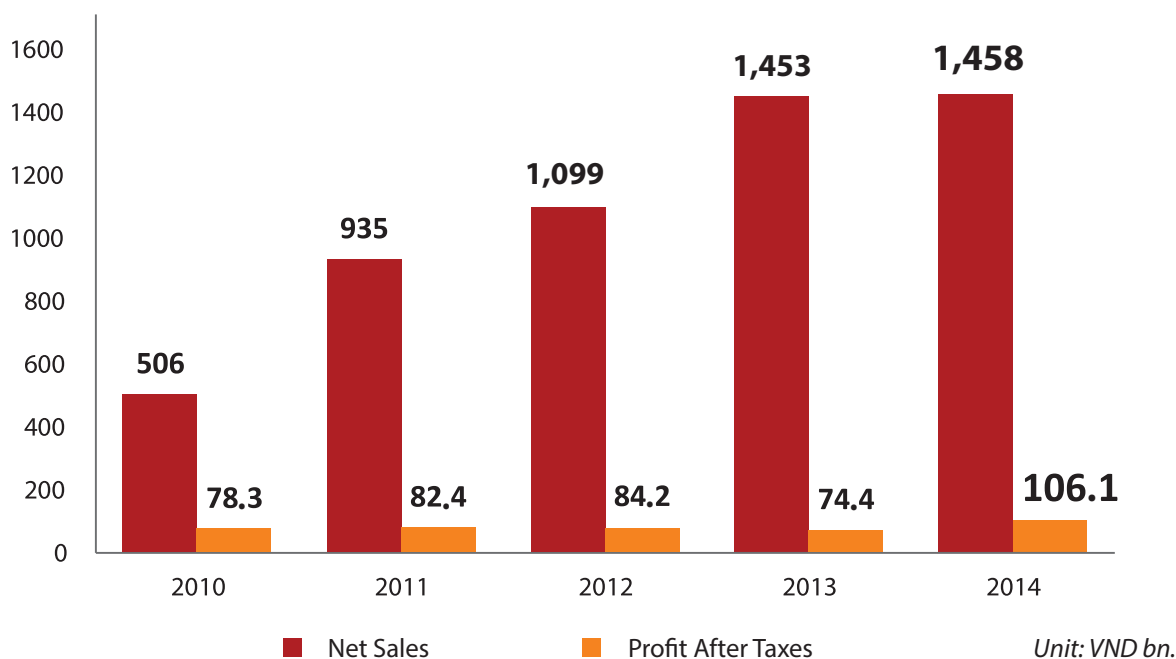
## 1. Business Efficiency Analysis

In fiscal year 2014, the sales volume increased by **5%** as compared to fiscal year 2013 because STK fully exploited FDY's production capacity. However, due to reduction in the selling prices in fiscal year 2014, the net sales slightly decreased by **0.3%** as compared to 2013.

Profitability improved as compared to last year because STK increased the proportion of finer products, which had higher profit margins. In addition, good price fixing mechanism also increased price gap as compared to fiscal year 2013 (an increase of **5.9%**).

Good control of SG&A expenses also increased profits in fiscal year 2014.

Thank to sharp decline of interest rate and large repayment of debts, the interest expenses fell to **45%** as compared to fiscal year 2013.

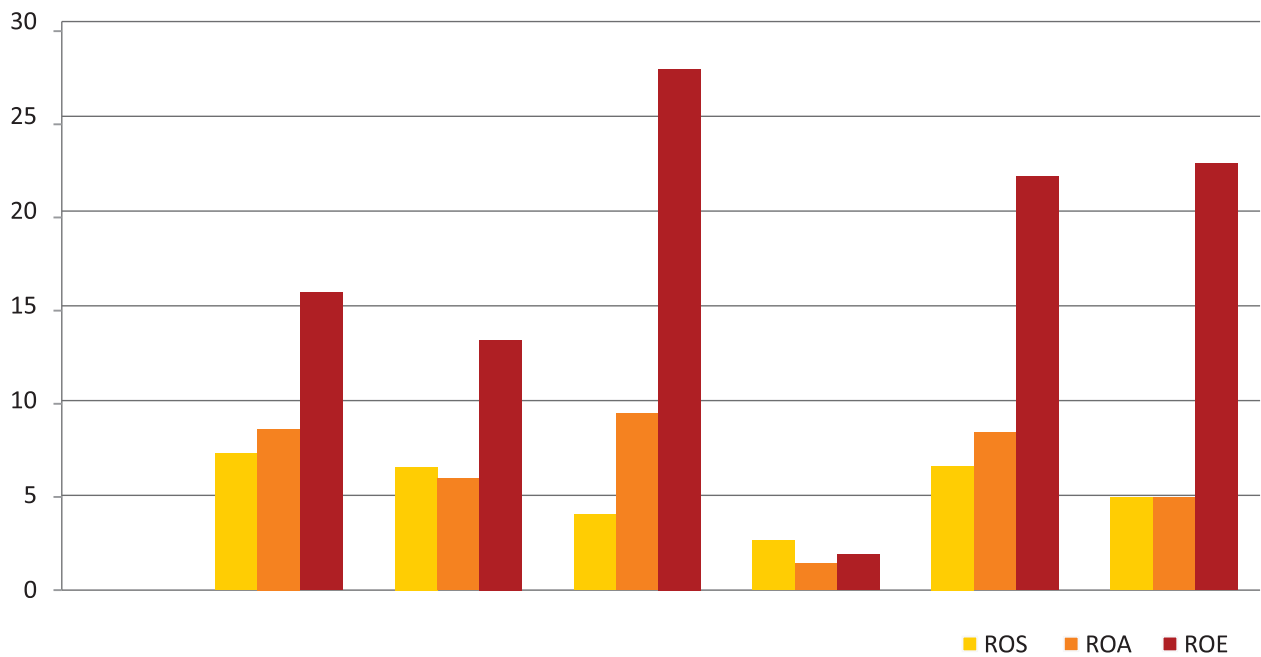


	2010	2011	2012	2013	2014
Gross profit margin	23.4%	19%	15.9%	12.2%	14.5%
Pretax profit margin	16.4%	11.4%	8.8%	6.5%	9.3%
Return of Sales (ROS)	15.4%	8.8%	7.7%	5.1%	7.3%
Return of Equity (ROE)	24.1%	21.1%	17.9%	14.8%	15.7%
Return on Asset (ROA)	12%	9.4%	8.3%	7.3%	8.5%

# FINANCIAL ANALYSIS

## 2. Comparison of listed textile and garment companies

Unit: percentage (%)



	STK	GIL	GMC	KMR	TCM	TNG
ROS	7.3%	6.5%	4%	2.6%	6.5%	4.9%
ROA	8.5%	5.9%	9.3%	1.4%	8.3%	4.9%
ROE	15.7%	13.2%	27.5%	1.9%	21.8%	22.5%
Revenue (VND bn.)	1,458	1,108	1,409	346	2,571	1,376
Net profit (VNDbn.)	106.1	51.9	60.4	8.8	168.4	53.2

### 3. DuPont Analysis

No.	Formula	2010	2011	2012	2013	2014	Note
1	EAT/EBT	94.3%	77.4%	87.0%	78.1%	78.0%	Tax burden
2	EBT/EBIT	95.1%	83.1%	86.2%	87.1%	83.6%	Interest burden
3	EBIT/Net Sales	17.3%	13.7%	10.2%	7.5%	9.9%	Operating profit margin
4	Margin [(1)x(2)x(3)]	15.4%	8.8%	7.7%	5.1%	7.3%	
5	Net Sales/ Total Assets	0.77	1.07	1.08	1.42	1.17	Sales to total assets ratio
6	ROA [(4)x(5)]	11.9%	9.4%	8.3%	7.3%	8.5%	Profitability on assets
7	Total Assets/ Total Equity	2.01	2.24	2.17	2.04	1.84	Financial leverage
8	ROE [(6)X(7)]	24.0%	21.1%	19.9%	14.8%	15.7%	Profitability on equity

Return on Equity (ROE) has improved in fiscal year 2014 due to reduction of interest expenses and higher profit margin. However, the improvement in ROE was somehow limited because STK reduced the financial leverage.

### 4. Operating Performance ratios

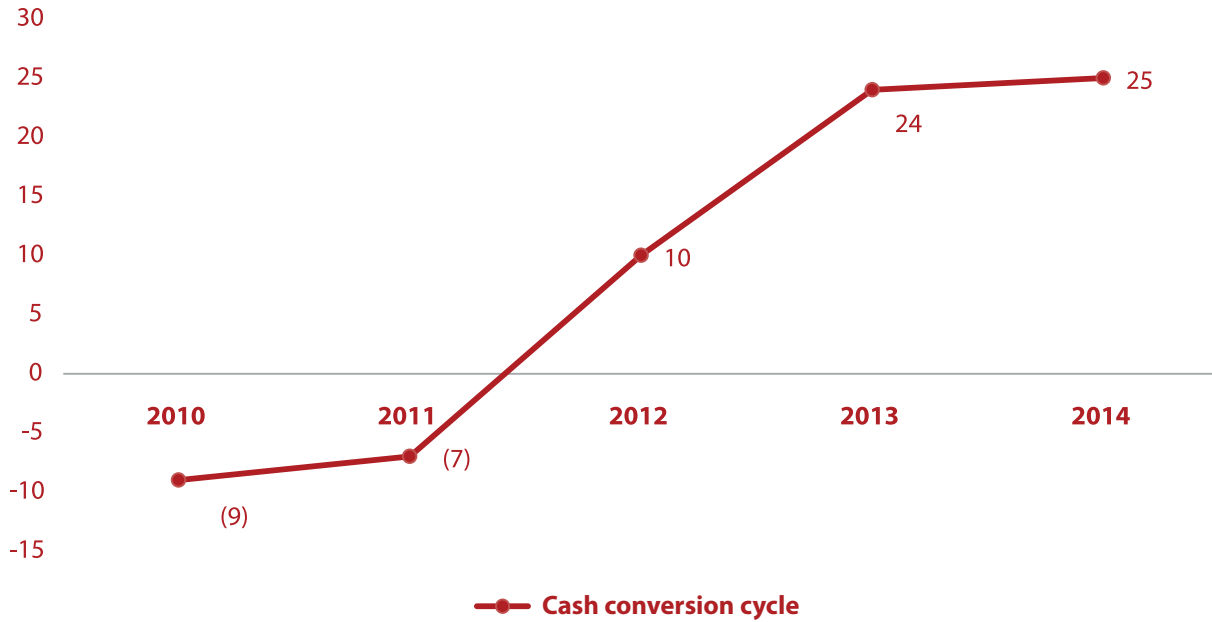
	2010	2011	2012	2013	2014
Average number of inventory days	47	52	67	58	57
Average number of receivable days	21	14	20	22	18
Average number of payable days	69	67	73	56	50
Cash conversion cycle	(9)	(7)	10	24	25

Number of inventory days reduced slightly from 58 days (2013) to 57 days (2014) thanks to good production planning.

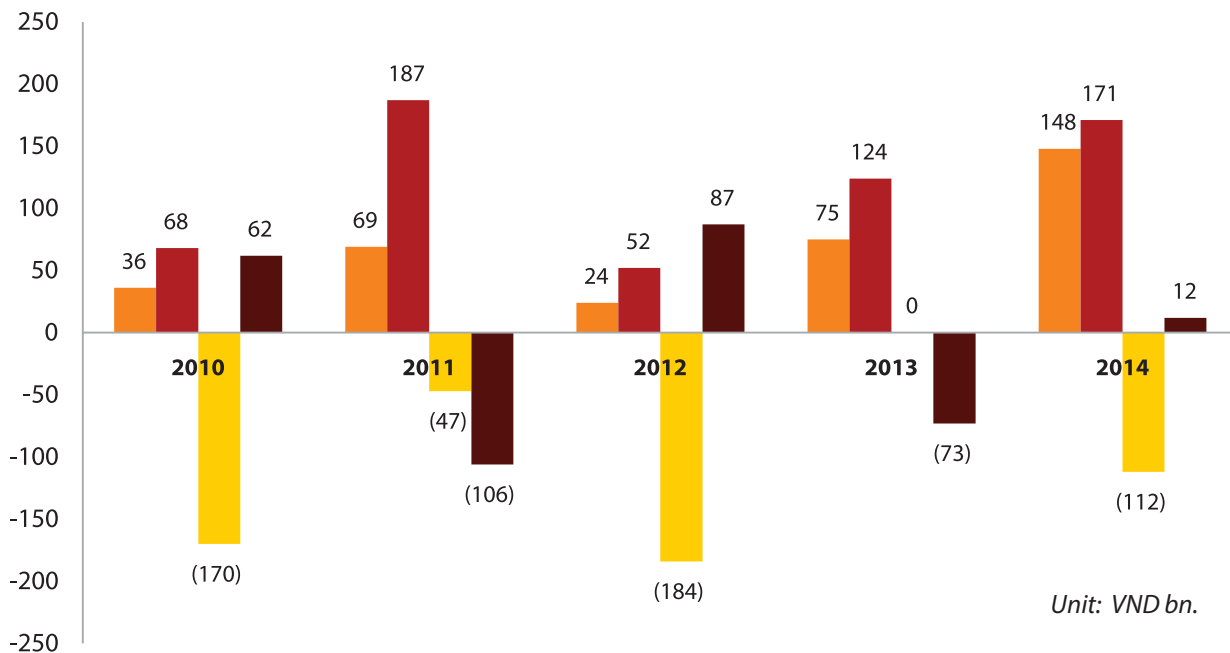
Number of receivable days declined from 22 days (2013) to 18 days (2014) due to tighten credit control on customers.

Although most of suppliers provided preferential credit term of 90 days, STK still used cash to pay back suppliers to avoid the deferred interest expenses. Thus, number of payable days decreased from 56 days (2013) to 50 days (2014).

# FINANCIAL ANALYSIS



## 5. Cash generating ability



- Cash and cash equivalents
- Net cash from operating activities
- Net cash from investing activities
- Net cash from financing activities

Thank to good control of account receivables & inventory, the net cash from operating activities increased by 38% from VND 124.5 billion (2013) to VND 171.5 billion (2014).

Although STK actively repaid debt in fiscal year 2014, net cash from financing activities were still positive thanks to IPO of new 3 million shares (raising VND 70 billion).

Thank to positive impacts of net cash from operating and financing activities, net cash flow in fiscal year 2014 increased by 40.6% from VND 51.5 billion (2013) to VND 72.4 billion (2014) despite the drawdown of Trang Bang Factory – the third phase.

	2010	2011	2012	2013	2014
Current ratio	1.45	0.92	1.17	1.32	2.23
Quick ratio	0.82	0.40	0.41	0.58	1.25

Thank to improvement of cash flow from operating activities and reduction of short-term debt, the current ratio increased from 1.32 times (2013) to 2.23 times (2014) while the quick ratio surged from 0.58 times (2013) to 1.25 times (2014).

## 6. Analysis of large fluctuations on income and expense items

	2010	2011	2012	2013	2014
<b>Net Sales</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>
Cost of goods sold	76.6%	81%	84%	87.6%	85.4%
<b>Gross profit</b>	<b>23.4%</b>	<b>19%</b>	<b>16%</b>	<b>12.4%</b>	<b>14.6%</b>
Financial activities income (not including interest from deposits)	0.3%	0.3%	0.3%	0.4%	0.2%
Financial charges (not including interests)	2.7%	3.1%	0.1%	0.5%	0.4%
Selling expenses	1.6%	2.1%	2.5%	2.3%	2.2%
G&A expenses	4.3%	3.2%	3.1%	2.3%	2.4%
Other income	-	-	-	-	0.1%
Other expenses	-	-	-	-	-
EBIT	17.7%	13.3%	10.3%	7.5%	9.9%
Interest income	-	-	-	-	-
Interest expense	1.3%	1.9%	1.5%	1%	0.5%
Profit Before Tax	16.4%	11.4%	8.8%	6.5%	9.3%
Corporate Income Tax	1%	2.6%	1.1%	1.4%	2.0%
Profit After Tax	15.4%	8.8%	7.7%	5.1%	7.3%

# FINANCIAL ANALYSIS

## 7. Debt paying ability

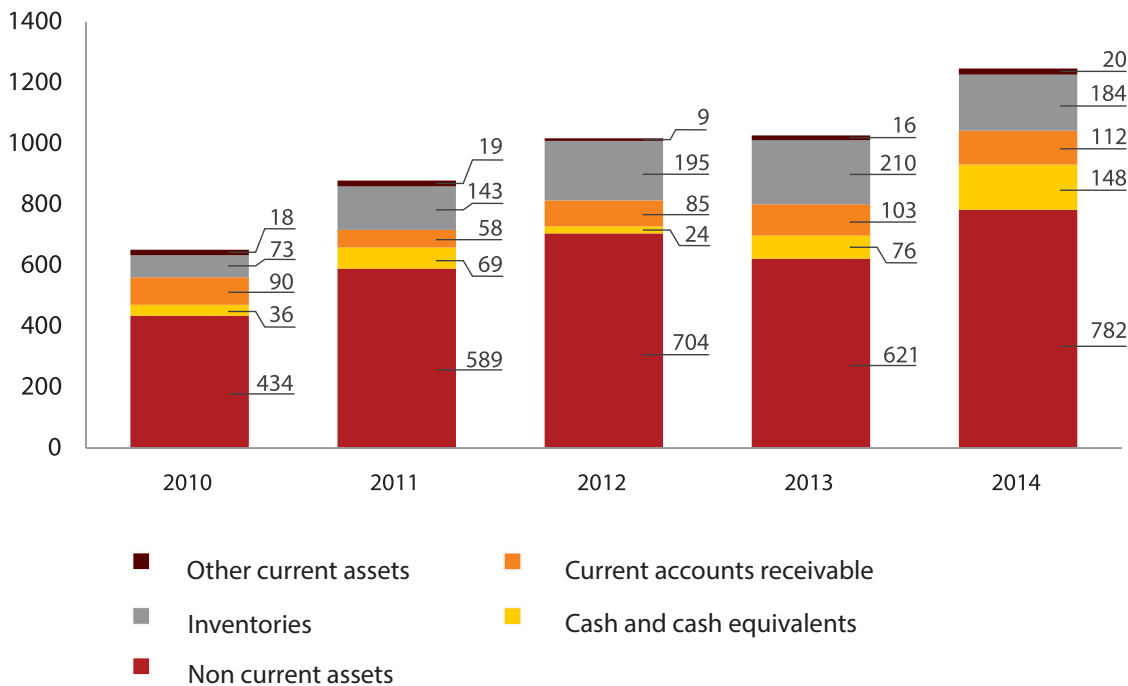
	2010	2011	2012	2013	2014
Debt-to-equity ratio	0.62	0.59	0.67	0.57	0.35
Interest coverage ratio	12.8	6.9	6.3	7.7	19.1

Debt-to-equity ratio declined from 0.57 times (2013) to 0.35 times (2014) due to active debt repayment.

Interest coverage ratio (EBIT/interest expense) increased more than two folds from 7.7 times (2013) to 19.1 times (2014) due to an increase of 42% in operating activities and a decline of 45% in interest expenses.

## 8. Analysis of assets structure

Unit: VND bn.



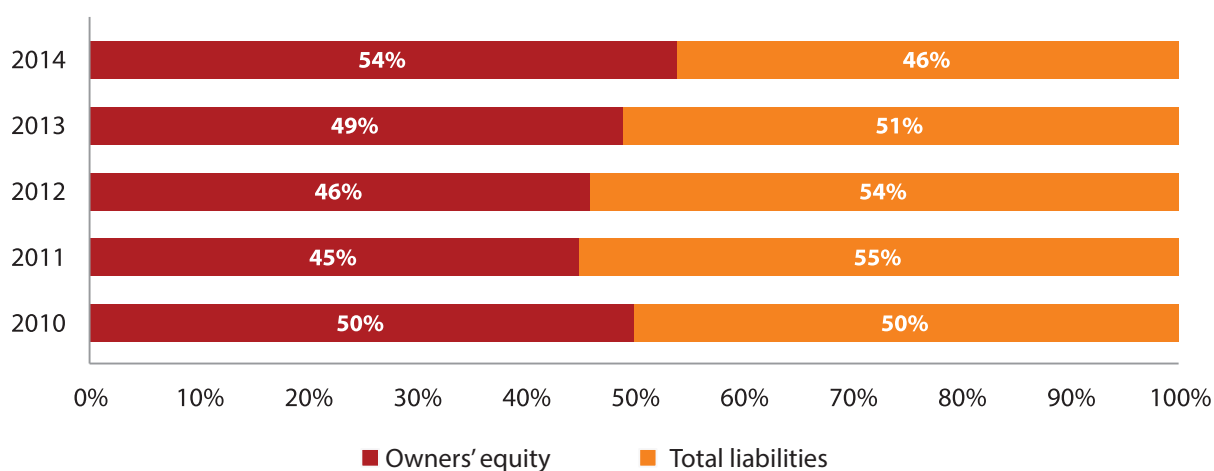
In fiscal year 2014, thank to increasing profits and successful issuance of 3 million shares, the cash and cash equivalents-to-total assets ratio increased from 7.4% (2013) to 11.9% (2014). However, the current asset-to-total asset ratio fell from 39.4% (2013) to 37.2% (2014) because of the reduction in proportion of accounts receivable and inventories to total assets.

Due increase in construction progress of Trang Bang Factory – the third phase, the size of non-current assets also increased by 25.8% to VND 781.5 bn. and the non-current assets-to-total assets ratio went up from 60.8% (2013) to 62.8% (2014).

	2010	2011	2012	2013	2014
<b>CURRENT ASSETS</b>					
Cash and cash equivalents	5.5%	7.9%	2.4%	7.4%	11.9%
Current accounts receivable	13.8%	6.6%	8.3%	9.9%	9.0%
Inventories	11.3%	16.4%	19.1%	20.5%	14.7%
Other current assets	2.8%	2.1%	0.9%	1.6%	1.6%
<b>CURRENT ASSETS</b>	<b>33.4%</b>	<b>33.0%</b>	<b>30.7%</b>	<b>39.4%</b>	<b>37.2%</b>
<b>NON CURRENT ASSETS</b>					
Long -term receivable	-	0.1%	0.1%	0.1%	-
Fixed assets	60.3%	61.4%	64.9%	56.3%	59.8%
Other long-term assets	6.3%	5.5%	4.3%	4.2%	3.0%
<b>NON CURRENT ASSETS</b>	<b>66.6%</b>	<b>67.0%</b>	<b>69.3%</b>	<b>60.6%</b>	<b>62.8%</b>
<b>TOTAL ASSETS</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>

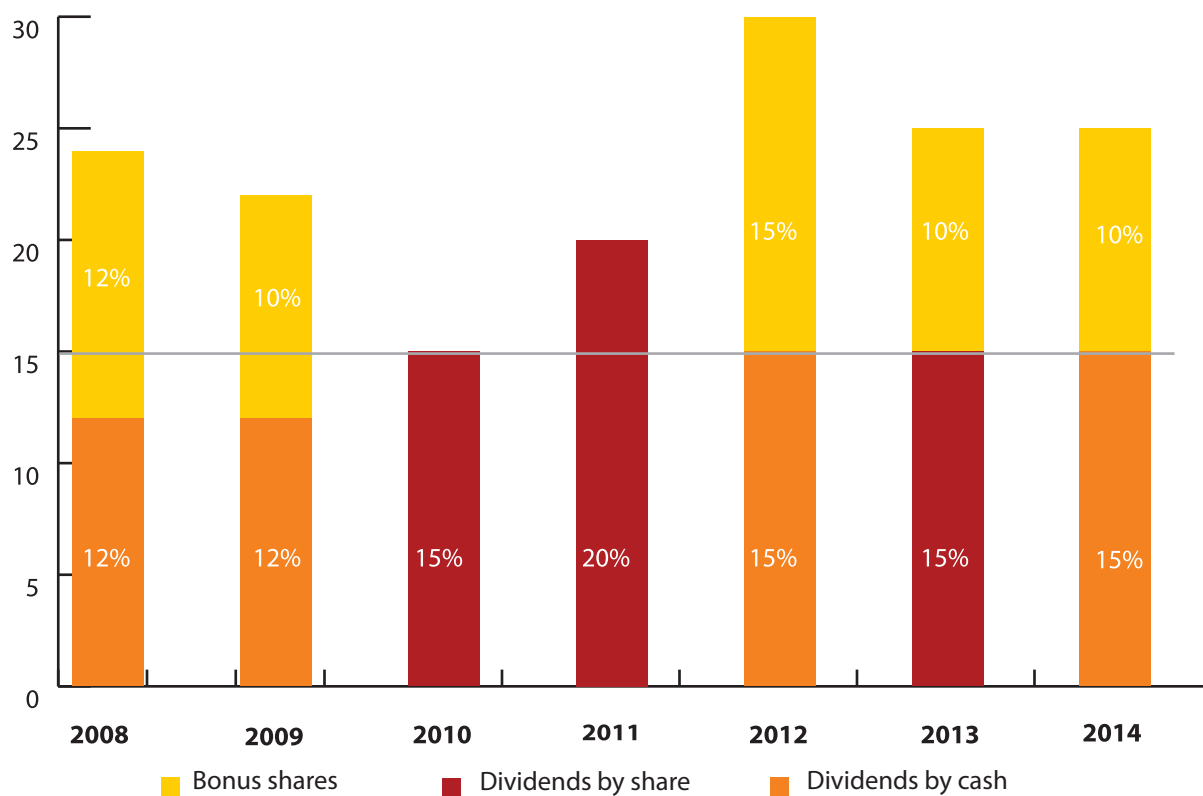
## 9. Analysis of capital structure

Thank to rising earnings and successful IPO of 3 million shares, the owners' equity increased sharply in fiscal year 2014. The equity-to-total assets ratio increased from 49% (2013) to 54% (2014). Meanwhile, STK actively repaid debt, leading to reduction of total liabilities-to-total assets ratio from 51% (2013) to 46% (2014).





# HISTORICAL DIVIDEND PAYMENTS



Note: Dividend was paid by previous year profit (dividend paid in 2014 was financed by profit of fiscal year 2013).

## STOCK OWNERSHIP OF INSIDE SHAREHOLDERS

S/N	Type of investors	Name and position	Stock ownership (05/02/2015)	Ownership proportion (*) (%)
1	<b>BOD &amp; Management</b>	Dang Trieu Hoa Chairman & CEO	5,881,419	14.07
2		Dang My Linh BOD member	3,608,251	8.63
3		Dang Huong Cuong BOD member	3,608,251	8.63
4		Thai Tuan Chi BOD Member	0	0
5		Lee Chien Kuan BOD Member	0	0
6		Jean-Eric Jacquemin BOD Member	0	0
1	<b>Supervision Committee</b>	Nguyen Tu Luc Chief Supervisor	22,656	0.05
2		Le Anh Tuan Member	50,312	0.12
3		Nguyen Thi Ngoc Linh Member	0	0
1	<b>Chief Accountant</b>	Phan Nhu Bich	8,625	0.02
<b>Total</b>			<b>13,179,514</b>	<b>31.52</b>

## STOCK TRANSACTIONS OF INSIDE SHAREHOLDERS IN 2014

S/N	Investors	Type of investors	Stock ownership as at 01/01/2014	Stock ownership as at 31/12/2014	Reason of change
1	Lee Chien Kuan	BOD member	378,245	0	Portfolio restructuring
2	Dang Trieu Hoa	Chairman, CEO	4,326,891	5,881,419	Investment
3	Huang Wei Ling	Deputy CEO	529,414	0	Portfolio restructuring

## STOCK TRANSACTION OF INSIDE SHAREHOLDERS' RELATED PARTIES IN 2014

S/N	Investors	Type of investors	Stock ownership as at 01/01/2014	Stock ownership as at 31/12/2014	Reason of change
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1	Red River Holding	Related organization of BOD member	7,942,935	0	Portfolio restructuring
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## STOCK TRANSACTION OF MAJOR SHAREHOLDERS IN 2014

S/N	Investors	Date of transaction	Type of investors	Stock ownership before transaction	Stock ownership after transaction	Reason of change
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1	Yeh Kuo-Hui	05/08/2014	Major shareholder	3,320,625	0	Portfolio restructuring
2	Huong Viet Investment Consultant Corporation	31/10/2014	Major shareholder	0	7,928,668	Investment

# OWNERSHIP STRUCTURE

## 1. Type of ownership

Type of investors	Restricted transfer	Free transfer	Total	Ownership proportion (*) (%)
<b>I. Inside shareholders</b>	<b>0</b>	<b>13,179,514</b>	<b>13,179,514</b>	<b>31.52</b>
1. BOD & Management	0	13,097,921	13,097,921	31.33
2. Supervision Committee	0	72,968	72,968	0.17
3. Chief Accountant	0	8,625	8,625	0.02
4. Authorized spoke person	0	0	0	0
<b>II. Treasury shares</b>	<b>0</b>	<b>491,234</b>	<b>491,234</b>	<b>0</b>
<b>III. Other shareholders</b>	<b>0</b>	<b>28,634,588</b>	<b>28,634,588</b>	<b>68.48</b>
1. Domestic	0	24,637,838	24,637,838	58.92
1.1 Individuals	0	15,192,682	15,192,682	36.33
1.2 Organizations	0	9,445,156	9,445,156	22.59
- In which: state-owned shareholders	0	0	0	0
2. Foreign	0	3,996,750	3,996,750	9.56
2.1 Individuals	0	0	0	0
2.2 Organizations	0	3,996,750	3,996,750	9.56
<b>Total</b>	<b>0</b>	<b>42,305,336</b>	<b>42,305,336</b>	<b>100</b>

(\*) Note: Ownership proportion is calculated on the 41,814,102 shares outstanding.

## 2. Ownership structure on 05/02/2015

### NUMBER OF SHAREHOLDERS

Type of investors	Individuals	Institutions	Total
<b>Foreign</b>		<b>3</b>	<b>3</b>
<b>Domestic</b>	<b>117</b>	<b>6</b>	<b>123</b>
BOD+Management	3		3
Supervision Committee	2		2
Chief Accountant	1		1
Staff	40		40
Other shareholders	71	6	77
Treasury shares			
<b>Total</b>	<b>117</b>	<b>9</b>	<b>126</b>

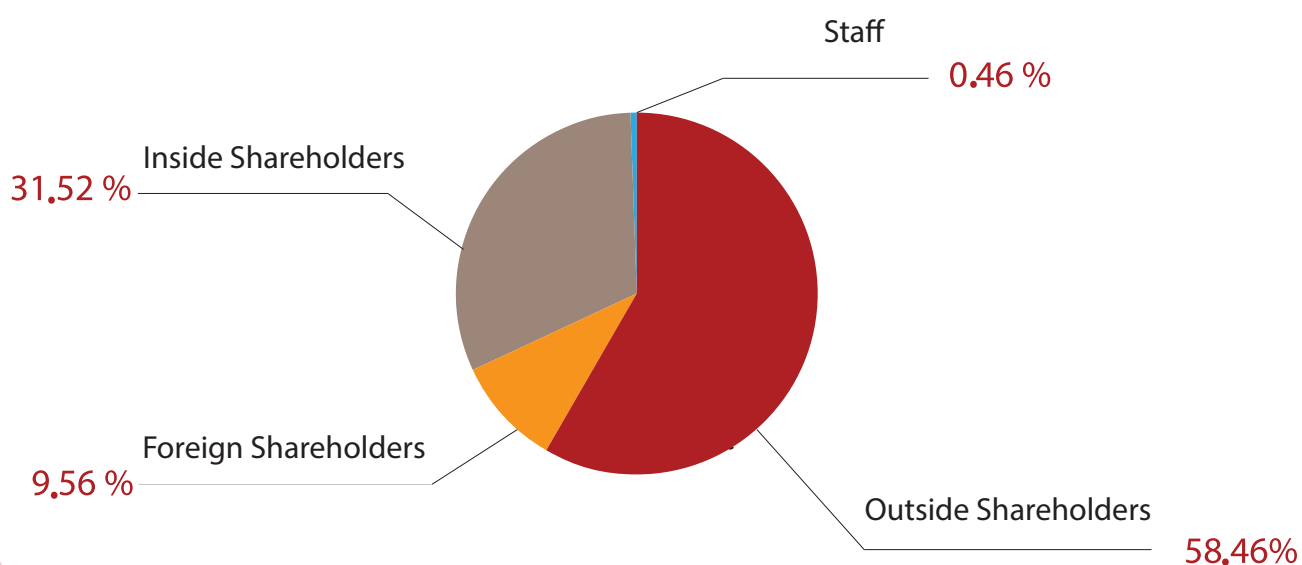
## NUMBER OF SHARES

Type of investors	Individuals	Institutions	Total
<b>Foreign</b>		<b>3,996,750</b>	<b>3,996,750</b>
<b>Domestic</b>	<b>28,372,196</b>	<b>9,936,390</b>	<b>38,308,586</b>
BOD+Management	13,097,921		13,097,921
Supervision Committee	72,968		72,968
Chief Accountant	8,625		8,625
Staff	190,925		190,925
Other shareholders	15,001,757	9,445,156	24,446,913
Treasury shares		491,234	491,234
<b>Total</b>	<b>28,372,196</b>	<b>13,933,140</b>	<b>42,305,336</b>

## OWNERSHIP PROPORTION

Shareholders	Individuals	Institutions	Total
<b>Foreign</b>		<b>9.56</b>	<b>9.56</b>
<b>Domestic</b>	<b>67.85</b>	<b>22.59</b>	<b>90.44</b>
BOD+Management	31.33		31.33
Supervision Committee	0.17		0.17
Chief Accountant	0.02		0.02
Staff	0.46		0.46
Other shareholders	35.87	22.59	58.46
Treasury shares			
<b>Total</b>	<b>67.85</b>	<b>32.15</b>	<b>100</b>

Note: Ownership proportion is calculated on the 41,814,102 shares outstanding.



### 3. Major shareholders who hold 5% or above of the company's Chartered capital

Shareholders	Type of shareholders	Nation	Number of shares	Ownership proportion (*)
Huong Viet Investment Consultant Corporation	Institution	Vietnam	7,928,668	18.96
Dang Trieu Hoa	Individual	Vietnam	5,881,419	14.07
Dang My Linh	Individual	Vietnam	3,608,251	8.63
Dang Huong Cuong	Individual	Vietnam	3,608,251	8.63
Vietnam Holding Limited	Institution	Cayman Islands	3,396,750	8.12
<b>Total</b>			<b>24,423,339</b>	<b>58.41</b>

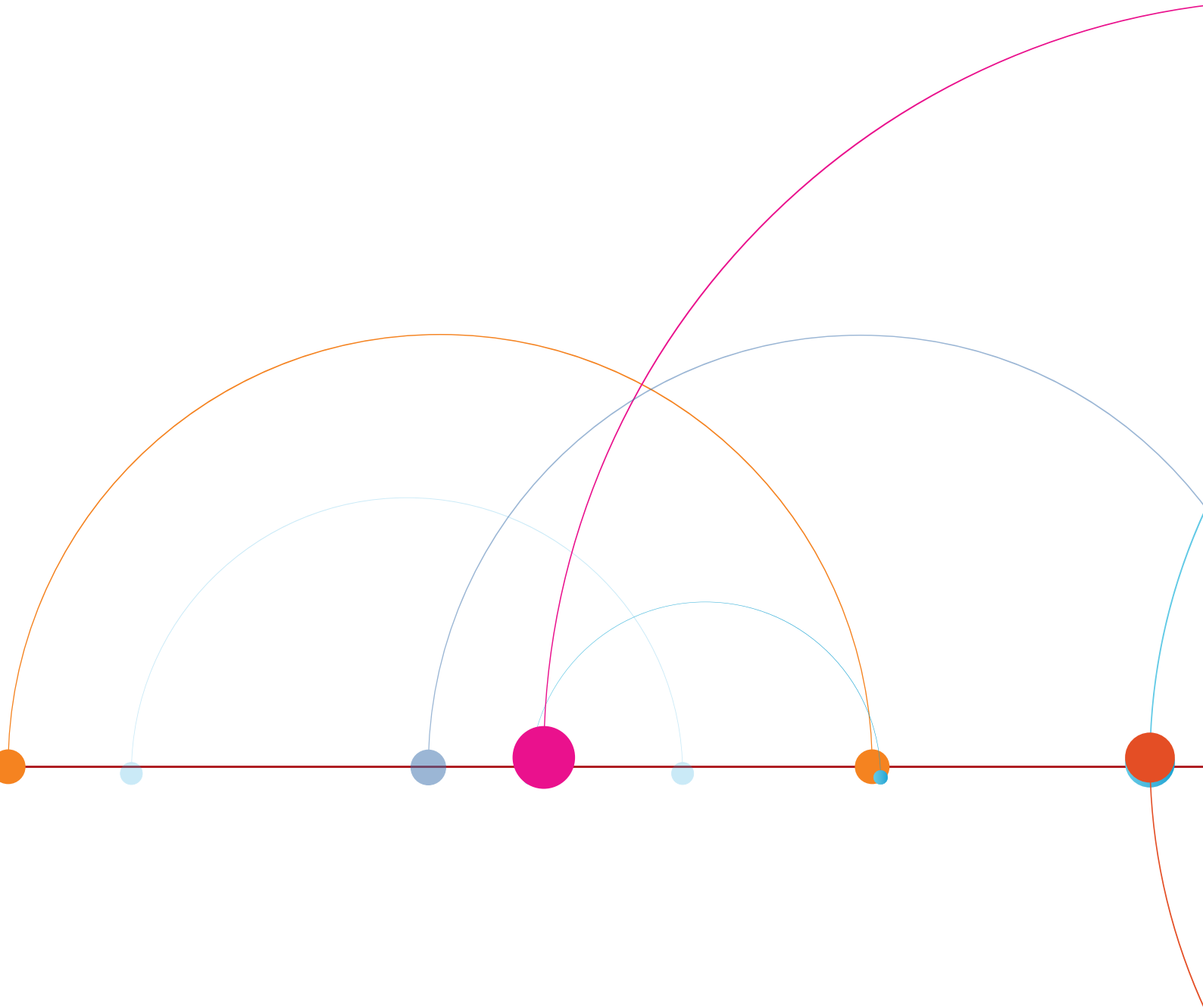
(\*)Note: Ownership proportion is calculated on the 41,814,102 shares outstanding.

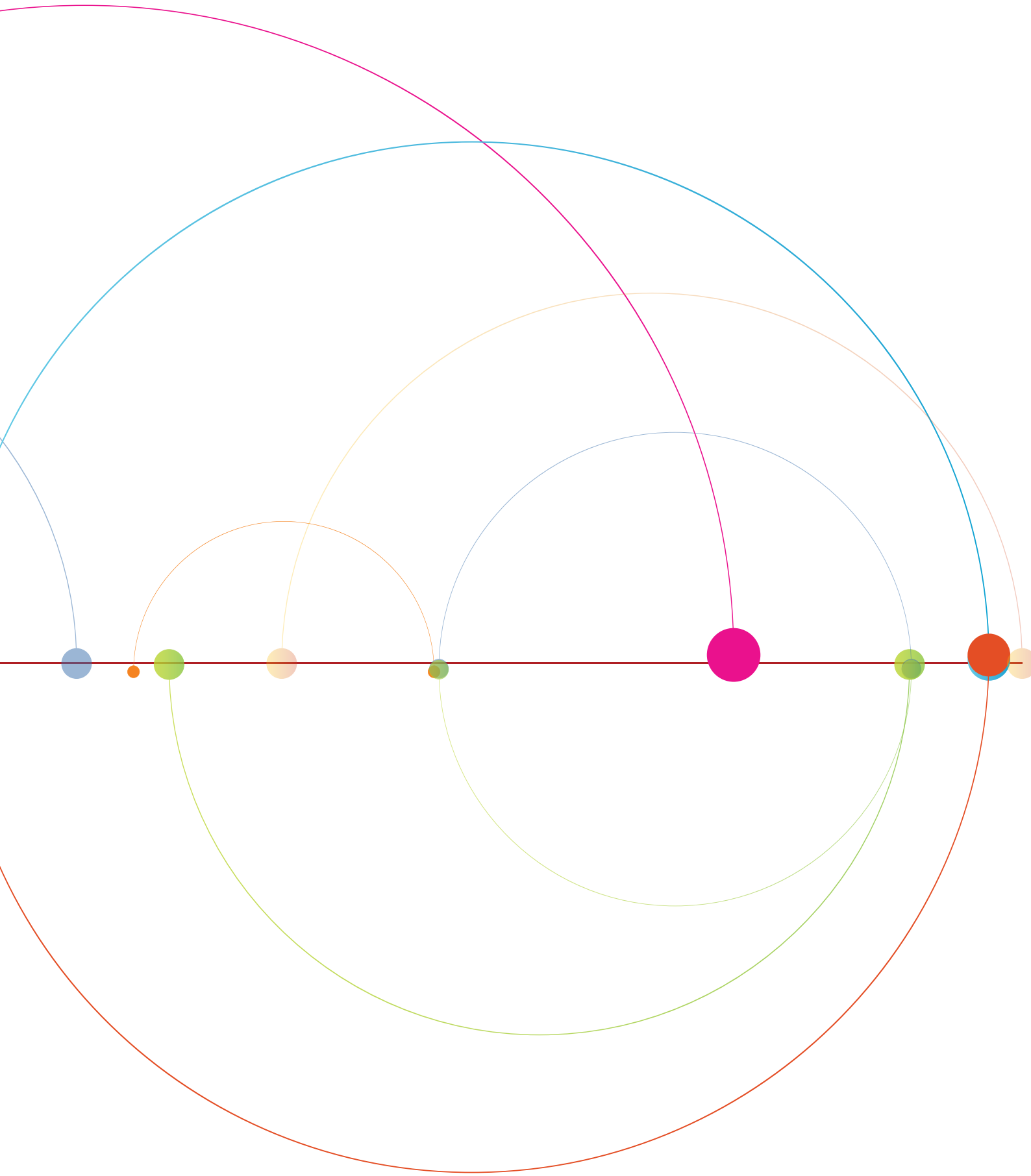
### 4. Trading treasury shares

STK did not execute any repurchases or sales of the treasury stocks in 2014.

- Number of treasury shares as at 01/01/2014: 491,234 shares
- Number of treasury shares as at 31/12/2014: 491,234 shares









# BUSINESS PLAN FOR 2015-2016

## 1. 2015-2016 Financial Projections

KPIs	2014	2015	2016
<b>Net Sales</b>	<b>1,458</b>	<b>1,695</b>	<b>1,978</b>
Growth %	0.3%	16%	17%
Cost of goods sold	1,245	1,424	1,662
Proportion %	85.3%	84%	84%
<b>Gross profits</b>	<b>213</b>	<b>270</b>	<b>316</b>
Growth %	20%	27%	17%
Financial expenses	12.5	24	29
Foreign exchange losses	3%	3%	3%
Selling expenses	31	45	49
Proportion %	2.1%	2.6%	2.5%
General and administration expenses	35	53	59
Proportion %	2.4%	3.1%	3.0%
Operating profit	135	172	208
<b>Profit before tax</b>	<b>136</b>	<b>149</b>	<b>179</b>
Growth %	43%	9.5%	20.1%
Corporate Income Tax	30.8	32.7	19 <sup>6</sup>
<b>Net profit after tax</b>	<b>106.1</b>	<b>116</b>	<b>160</b>
Growth %	42%	9%	38%
Earnings per share	2,725	2,744	3,125
Number of outstanding shares (million)	42.31	46.54	51.19

<sup>6</sup> Trang Bang Factory – the first, second, and third phase will receive the preferential corporate income tax in 2016. In details, CIT's Trang Bang Factory – the first phase will reduce by 50% in two years, CIT's Trang Bang Factory – the second phase will reduce by 50% in four years, and Trang Bang Factory – the third phase will be entitled to CIT rate of 0% in the first two years.

## 2. Notes to 2015 Budget

KPIs	2013	2014				2015	
		Plan	Performance	Performance/Plan 2014	Performance 2014/2013	Plan	Ratio
Volume (tons)	31,524	34,109	33,053	96.9%	5%	40,939	24%
Net Sales (VND billion)	1,453	1,579	1,458	92.2%	0.3%	1,695	16%
Profit before tax	95	119	136	115.1%	43%	149	9%
Net profit after tax	74	93	106	114.0%	42%	116	9%

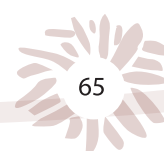
## 3. Assumptions underlying the 2015 Budget

### a. Sales

- Operates officially 50% of Trang Bang Factory – the third phase in July 2015;
- Increases proportion of finer products;
- The selling price reduces approximately 6% due to oil price shock.

### b. Profit

- The chip price reduces about 14% due to oil price shock;
- Depreciation costs increases by 32% due to operation of Trang Bang Factory – the third phase;
- The difference between raw material buying price and finished product selling price (price gap) is higher than fiscal year 2014, an increasing of 6% due to increasing proportion of high-end products;
- Electricity cost increases by 15%;
- Wage increases by 10% to enhance the Company's competitiveness in labor market;
- The interest rate of loans denominated in USD is 3%;
- The exchange rate of USD/VND depreciates by 3%;
- Corporate income tax (CIT) rate is 22%.



## 4. Highlighted activities in 2015

### SALES

01

Enhance quality of customer services (delivery on time and accurately in term of volume and product specification); improve quality of products and price competitiveness through effective production and cost cutting.

02

Continuously collect information of customers and competitors in order to develop proper strategies. Sales team will follow major customers to maintain stable orders.

03

Collect customers' information which produce special fabrics (anti UV, recycled, hollow, flame-proof materials, etc.), and then cooperate with R&D in order to develop yarns for the above mentioned fabrics.

### PRODUCTION

01

#### **Equipments:**

Upgrade some of DTY machines to ensure quality of products. A controlling system will be installed in Trang Bang Factory - the third phase.

02

#### **Inputs:**

Maintain strictly quality check system which can timely detect the substandard products.

03

#### **Human resources:**

Continuously focus on training staffs through periodic training courses and skill improvement program; Prepare the operation plan which will be used to set recruitment plan for Trang Bang Factory - the third phase.

04

#### **Method:**

- Identify key controlling areas for each level and finds relevant solutions;
- Frequently update SOPs and supervises compliance to SOPs;
- Implement "LEAN PRODUCTION" to eliminate inefficient activities. By applying this approach, STK can optimize production; eliminate waste time in production & delivery; save materials and reduce inventories.

05

#### **Initiatives for technical improvements:**

- Increase proportion of Grade A products and reduces the waste ratio;
- Reduce electricity usage and maintenance time in order to enhance capacity utilization rate;
- Enhance products quality (especially dyeing uniformity) for high-end customers;
- Improve the uniformity in term of uster level;
- Increase production speed and reduce production costs for all products.



## **QUALITY CONTROL**

Strengthen quality control in order to detect urgently mistakes in production and to increase customers' satisfaction.

## **PRODUCTION PLANNING**

Continue to train for staffs on machinery's functions to optimise utilization and rationalization.

Cooperate closely with sales team to maximise production capacity and to minimise the inventories.

## **PURCHASE**

Continue the division's activities in 2014.

Set up purchasing plan and negotiate the purchasing terms and conditions with suppliers on quarterly basis.

Expand network of suppliers to get competitive prices, terms and conditions.

Seek for substitute products in domestic market with lower prices, but still meet STK's quality standards.

## **HUMAN RESOURCES**

### **Training:**

Focus on training of grassroots managers (shift leaders) through internal training courses, skill enhancement program and sharing culture. Through these initiatives, the technical and management skills/knowledge of these persons will be improved and hence operational efficiency will be improved.

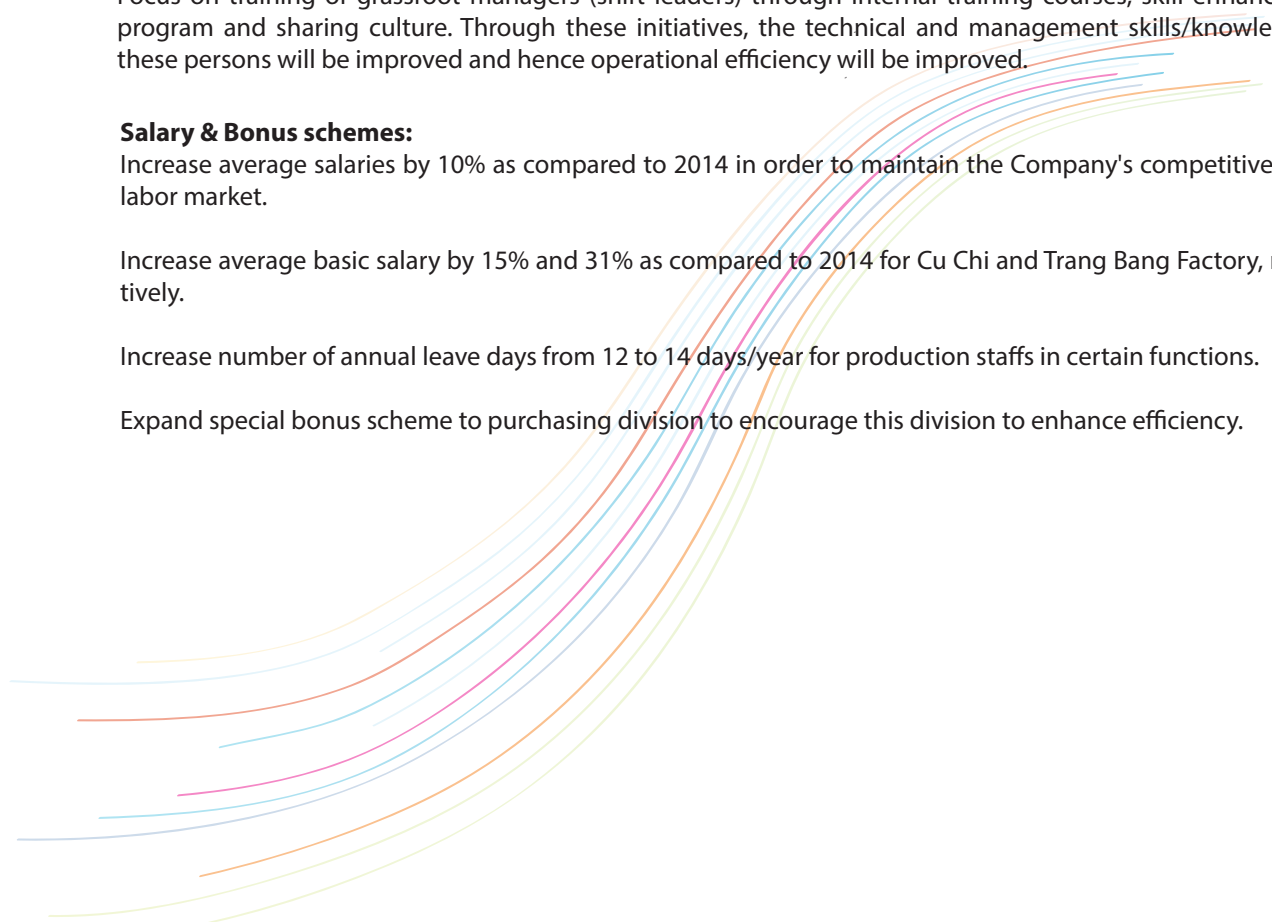
### **Salary & Bonus schemes:**

Increase average salaries by 10% as compared to 2014 in order to maintain the Company's competitiveness in labor market.

Increase average basic salary by 15% and 31% as compared to 2014 for Cu Chi and Trang Bang Factory, respectively.

Increase number of annual leave days from 12 to 14 days/year for production staffs in certain functions.

Expand special bonus scheme to purchasing division to encourage this division to enhance efficiency.



## **IT**

Apply "ISO 27000".

Get SAP maintaining services in order to detect risks and have urgent correction.

Integrate controlling systems of Trang Bang Factory to SAP system.

## **INVESTMENT**

Complete construction/installation and operates 50% of Trang Bang Factory - the third phase by July 2015.

Conduct feasibility study for Yarn/Knitting/Dyeing project.

## **CORPORATE GOVERNANCE**

Enhance operations of internal control and corporate governance.

Implement internal auditing.

## **5. 2015 Dividend policies**

STK aims to maintain minimum dividends at the rate of **15%**/ par value.

Depending on business performance, STK will decide to pay bonus shares for shareholders.

Dividend payment in cash or in share will be determined based on principle that gives priority for reinvestment.





## 6. Investment Plan

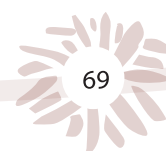
Based on forecasted growth in demand for yarn, the BOD proposes to AGSM to approve Trang Bang Factory – the fourth phase.

Investment Project	CAPEX VND bn.	Progress	
		2016	2017
Trang Bang Factory – the fourth phase	274	Q2/2016 STK install machineries	Q1/2017 STK officially operate

## Expected Capacity

<b>POY</b>	<b>DTY</b>
<b>6,000</b>	<b>3,000</b>
<b>tons/year</b>	<b>tons/year</b>
<b>FDY</b>	
<b>4,000</b>	
<b>tons/year</b>	

The project will be financed by retained earnings and fund raising (medium-term loan from bank and/or issuing new shares).



# THE BOD REPORT

## 1. The BOD's evaluation of the Company's activities

The Company, in general, has fulfilled the business plan 2014. It generated revenue of VND 1,458 billion, fulfilling 92.2% of the annual budget and slightly increasing by 0.3% as compared with last year. The 2014 pre-tax profit was VND 136 billion, surpassing the budget by 14% and rising 42% year-on-year.



## 2. Report on change in chartered capital in the fiscal year 2014

### 2.1 Issuing new shares to pay 2013 stock dividend and bonus shares.

On 26 March 2014, the AGSM passed Resolution No. 04-2014/NQ-ĐHĐCĐ/TK, which approved the new share issuance as follows:

Number of issued shares: 31,542,584 shares.

Number of new shares to be issued: 7,885,646 shares, in which:

Issued 4,731,388 shares to pay 2013 stock dividend at 15% of par value (equivalent to VND 47,313,880,000);

Issued 3,154,258 bonus shares at 10% of par value (equivalent to VND 31,542,580,000).

On 07 April 2014, when the Company lodged dossiers to submit to State Securities Commission (SSC), it was holding 491,234 treasury shares.

On 21 April 2014, the Company received a guideline from SSC that the treasury shares should be excluded from the payment of dividend shares and bonus shares.

The BOD would like to report to shareholders the result of share issuance, which was completed on 02 June 2014 as follows:

Number of issued shares: 31,542,584 shares, in which:

Shares outstanding: 31,051,350 shares.

Treasury shares: 491,234 shares.

The result of issuance:

Newly-issued shares: 7,762,752 shares, in which:

To pay 2013 stock dividend: 4,657,656 shares.

To increase share capital from undistributed earnings:  
3,105,096 shares.

Number of shareholders to receive new shares: 96.

Settlement of odd shares: number of new shares to be issued as above-mentioned would be rounded down. The odd shares occurred (if any) will be cancelled.

Total number of issued shares as at 02 June 2014: 39,305,336 shares, in which:

Shares outstanding: 38,814,102.

Treasury shares: 491,234.

Post-issuance, the Chartered capital of the Company increased to VND 393,053,360,000.





## 2.2 Initial public offering

On 24/12/2014, the Company finished the sales of 3 million shares to the public through a public auction conducted at Hochiminh Stock Exchange (HOSE).

The issued shares before IPO: 39,305,336 shares.

IPO result:

Number of distributed shares: 3,000,000 shares, which accounted for 100% of the authorized shares.

Total proceeds from the IPO: VND 72,372,060,000.

Total cost (inclusive VAT): VND 2,345,155,530.

Total net proceeds: VND 70,026,904,470.

Total number of issued shares as at 24/12/2014: 42,305,336 shares, in which:

Shares outstanding: 41,814,102 shares.

Treasury shares: 491,234 shares.

The post-IPO chartered capital of the company was VND 423,053,360,000.

## 3. Report on salary, bonus and remuneration of the BOD, Supervision Committee and the Management Team

### 3.1 Remuneration of the BOD 2014

Working days to fulfill the tasks of the BOD: 15 days;

Remuneration of one working day/ one person: VND 6,000,000;

Remuneration of each Board member: VND 90 million/ one person/ per annum;

Total remuneration of the BOD: VND 540 million.

### 3.2 Remuneration of the Supervision Committee 2014

Working days to fulfill the tasks of the Supervisory tasks: 08 days;

Remuneration of one working day/ one person: VND 3,375,000;

Remuneration of each Committee member: VND 27 million/ one person/ per annum;

Total remuneration of the Supervision Committee: VND 81 million.

### 3.3 Salary and bonus of the Board of Management

Total after-tax income from salary and bonus of the CEO in 2014 was VND 1,068,351,848.

## 4. Report on the compliance to the requirement that the Supervision Committee which must have at least 01 accountant in its composition.

According to the Company's Charter: "Members of the Supervision Committee should not be a member in the Company's Accounting & Financing Department or member or staff of independent auditing company who are auditing the Company. **The Supervision Committee must have at least one (01) member working as an accountant or an auditor**".

In October 2014, STK submitted the 3-million-share IPO dossiers to State Securities Commission (“SSC”). At that time, **the Supervision Committee did not have any member working as an accountant or an auditor**. In order to get IPO license, Century committed with SSC that the Company would supplement a supervisory candidate who works as an accountant or an auditor. This supplement would be passed by shareholders in 2015 AGSM.

On 08/01/2015, Mr. Nguyen Tu Luc – Chief Supervisor of STK announced that he was assigned position as Chief Accountant, Manager of Finance Department of Mai Hoang Vu Limited Company.

At present, the current composition of Supervision Committee meets the requirement of STK’s Charter and the commitment of STK to SSC.

## 5. The BOD evaluates the Board of Management’s activities

The BOD have monitored and supervised the Board of Management regarding their execution of the shareholders’ and the Board’s resolutions in 2014 as follow:

### Supervisory mechanism:

The BOD have discussed, questioned and monitored the Board of Management regarding their performing strategies and goals set by shareholders through quarterly Board meetings. They have also discussed and given guidance to the CEO directly or through written resolutions to address any arisen issues in order to achieve targets set by shareholders.

The BOD has closely coordinated with the Supervision Committee in overseeing the Company’s activities. The BOD and the CEO seriously took into consideration every comments of the Supervision Committee when they made decisions.

Following the regular and irregular meetings, the BOD would make resolutions to pass business plan of the coming quarters to set targets for the CEO to perform.

**Supervisory outcome:** the CEO and the Management Team have achieved plan and targets set by shareholders.

**Business result:** Although STK did not achieve budgeted revenue, it outperformed targeted profit. Since customers shifted to use more finer yarn than forecasted budget, the Company shifted to produce more volume of finer yarn in order to meet market demand and enhance competitiveness. As a result, sales volume and revenue declined while value-add and profit increased.

**Investment project:** Trang Bang – Phase 3 was implemented in accordance with schedule and approved capital expenditures.

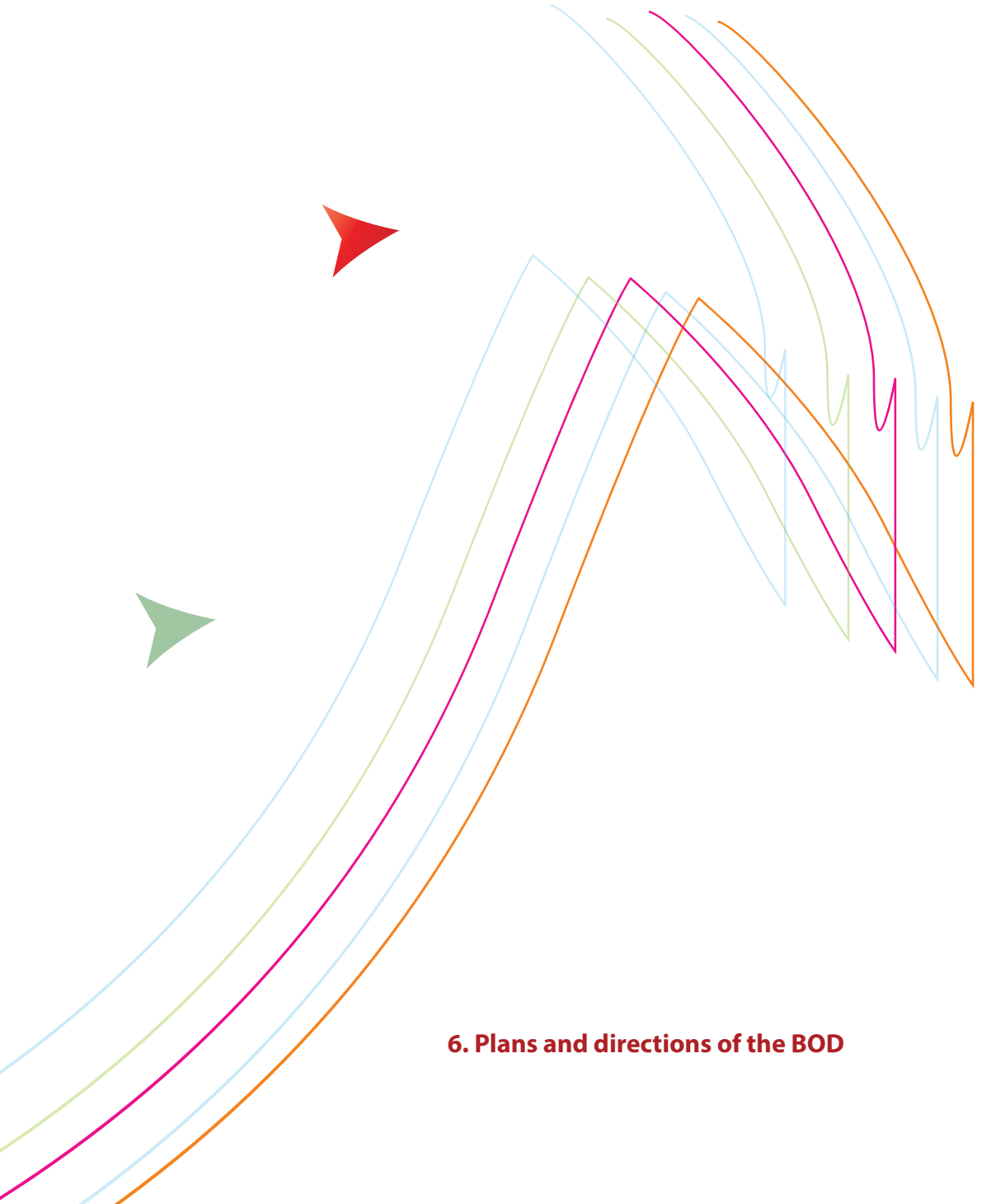
**Equity raising:** STK successfully made initial public offering (IPO) to sell 3 million shares through an auction conducted on Hochiminh Stock Exchange in 12/2014. The proceeds raised from the IPO was VND 72 billion, which exceeded target by 34%. In addition, STK has obtained medium-term loan of USD 24 million to finance for Trang Bang – Phase 3.

**Corporate governance:** Apart from choosing independent auditing companies and revising the Company’s Charter, the CEO has also focused on training succession management, establishing risk controlling mechanism and internal audit system.

### Conclusion:

The BOD evaluated that the CEO and the Management Team has outstandingly fulfilled its assigned tasks in 2014; moreover, they strictly complied with regulations stipulated in the Company’s Charter and laws while conducting business.



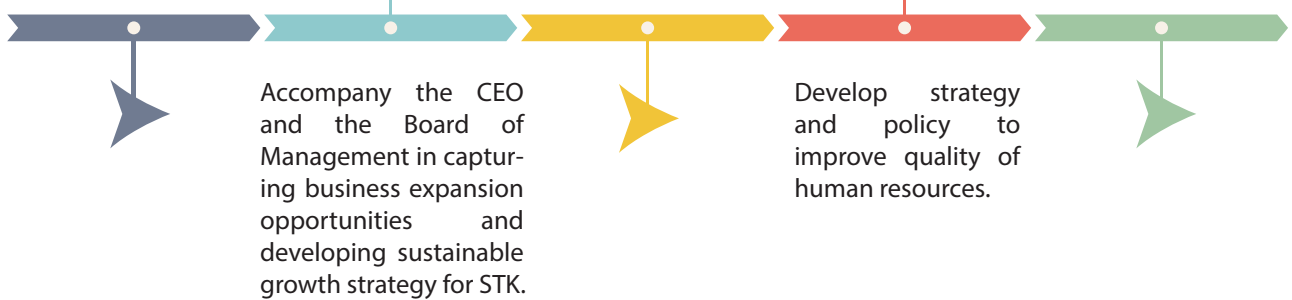


## 6. Plans and directions of the BOD

Continue to monitor and give guidance to the CEO and the Board of Management in order to achieve 2015 business plan.

Enhance internal controlling activities and corporate governance. To carry out internal audit function.

Establish the BOD's committees (growth strategy, risk control, personnel, salary and remuneration).



# SUPERVISION COMMITTEE REPORT



## 1. Report of Supervision Committee in 2014 – the second year of tenure II from 2013 to 2018

According to the Company's Charter, the Supervision Committee meet at least 3 times each year to assign its individual members to conduct the following tasks the following:

- Supervision on the business and financial activities;
- Assessment of the Company's implementation of Annual Shareholders' resolutions;
- Supervision on the activities of BOD and the Board of Management;
- Assessment of the coordination between BOD and the Board of Management;
- Making recommendations to the BOD for the next few years.

Particularly in 2014, the Supervision Committee organized the following meetings:

- Meeting 1: developed action plan for the tenure of 2013 – 2018 and made assignments for each member;
- Meeting 2: Evaluated the Company's performance in the first 6 months;
- Meeting 3: Evaluated the Company's performance in first 11 months, made estimation for whole year 2014 results and reviewed 2015 business plan, monitored progress of Trang Bang Factory – the third phase progress.



### Supervision on the activities of The BOD and Board of Management

Members of the Supervision Committee attended all the meetings of BOD to comprehend the business activities, investment situation and to make recommendations;

The Supervision Committee monitored the budget fulfillment and implementation of the AGSM's resolutions;

The Supervision Committee randomly checked the compliance to rules and charter and reasonability of business decisions/activities;

The Supervision Committee regularly coordinated with the Internal Control in supervising and checking the Company's operation. Hence timely identified/prevent mistakes and gradually improved the rules/regulations.

Supervision Committee continued to focus on risks management through review the Company's rules and processes in accordance with the prevailing Corporate Law and the Company's Charter and hence contributed ideas to process improvement to prevent potential risks.

## 2. Business and financial performances

### Business performance

KPIs	2014 Budget	2014 Performance	Performance vs. Budget	
(a)	(1)	(2)	(3) = (2) - (1)	2/1
1. DTY, FDY sales volume (Kg)	34,109,766	33,053,806	(1,055,960)	97%
2. Net sales revenue	1,579,496,000,000	1,457,517,160,473	(121,978,839,527)	92%
3. Pre-tax profit	93,137,000,000	106,106,992,222	12,969,992,222	114%

### Financial performance

No.	ITEMs	2010	2011	2012	2013	2014
1	Current Assets/ Total Assets	656	874	1,016	1,025	1,025
2	Owner's Equity	329	390	469	503	503
3	Net revenue from sale of goods	505	934	1,099	1,453	1,453
4	Profit before tax	83	106	96	95	95
5	Profit after tax	78	82	84	74	74
6	EPS	4,343	3,279	2,710	2,396	2,396
	Unit: VND					
7	ROS	17.3%	13.7%	10.2%	7.5%	7.5%
8	ROA	11.9%	9.4%	8.3%	7.3%	7.3%
9	ROE	24.0%	21.1%	19.9%	14.8%	14.8%

### 3. Assessment on fulfillment of AGSM resolutions

#### AGSM's Resolutions

Trang Bang Factory – the third phase: By 31 December 2014, STK already concluded agreements for construction and equipment purchase for value of VND717 billion, equal to 98% of total investment;

Auditor for fiscal year 2014: Selected Ernst & Young to be the independent auditor for the fiscal year 2014;

The distribution of profit of 2013: Management team had distributed from profit after tax:

- Bonus and welfare fund (6% profit after tax): VND 4,380,000,000;
- Dividend for 2013 fiscal year by share (15% of chartered capital): VND 47,313,880,000;
- Retained earnings: VND22,706,557,644.

2013 fiscal year dividend payment: already paid in 2014:

- 15% dividend in share;
- 10% bonus shares .

Issued 3 million shares at VND24,124/share on 9 December 2014.

#### BOD Resolutions

The BOD passed resolution to sell 491,234 treasury shares to STK's employees at price of VND15,000/shares. This resolution is being implemented;

STK is preparing to conclude a land lease contract with Thanh Thanh Cong Industrial Zone to reserve clean land for future project (either yarn, textile or dyeing). A new company will be set up by June 2015 to sign land lease contract with Thanh Thanh Cong Industrial Zone. STK is conducting feasibility study and finding partners for the textile and dyeing project;

STK is implementing the listing plan.

### 4. Remuneration for Supervision Committee

#### Expenses of Supervision Committee

Total remuneration for Supervision Committee in the year 2014 was VND 81,000,000.



# CORPORATE GOVERNANCE

## THE CHANGES OF BOARD MEMBERS HOLDING TENURE 2013 - 2018

S/N	Board member	Position	Appointment	Change
1	Dang Trieu Hoa	Chairman & CEO	28/03/2013	
2	Dang My Linh	Member	28/03/2013	
3	Dang Huong Cuong	Member	28/03/2013	
4	Jean-Eric Jacquemin	Member	28/03/2013	Dismissed on 26/12/2014
5	Lee Chien Kuan	Member	28/03/2013	
6	Thai Tuan Chi	Member	28/03/2013	
7	Cao Thi Que Anh	Member		Appointed on 12/01/2015

## THE BOD MEETINGS

In 2014, the BOD organized 19 periodical and extra-ordinary Board meetings to discuss, review and pass proposed issues, which belong to function, responsibility and power of the Board.

S/N	Board member	Position	Number of meetings attended	Attendance rate	Reason
1	Dang Trieu Hoa	Chairman & CEO	19/19	100%	
2	Dang My Linh	Member	19/19	100%	
3	Dang Huong Cuong	Member	19/19	100%	
4	Jean-Eric Jacquemin	Member	17/19	89%	Unavailable due to other business engagement. Resigned on 26/12/2014.
5	Lee Chien Kuan	Member	19/19	89%	
6	Thai Tuan Chi	Member	17/19	89%	Unavailable due to other business engagement

## THE AGENDA OF THE BOD MEETINGS IN 2014

Date of meeting	The detailed content
<b>Quarter 1</b>	
22/01/2014	<p>Passed 2013 performance result and 2014 Business plan.            Passed 2014 Budget and the Trang Bang – Phase 3 investment project.            Passed the proposal on 2013 dividend payment and the fiscal year 2014 dividend policy.            Passed the record date, date and venue for AGSM.</p>
26/02/2014	<p>Passed the proposal on listing the Company's stock in Hochiminh City Stock Exchange in 2014-2015.</p>
10/03/2014	<p>Passed the Annual report, the Board report, and the Management Team's report regarding 2013 performance, which will be submitted to shareholders for approval.            Passed all the Board Proposal and draft Resolutions that will be submitted to shareholders for approval in the coming AGSM dated 26/03/2014.</p>
<b>Quarter 2</b>	
24/04/2014	<p>Passed the Quarter 1/2014 performance and the business plan of the last 09 months in 2014.            Passed the underwriting contract regarding initial public offering (IPO) of 3 million shares.            Passed the revised number of issued shares (exclusive 491,234 treasury stock which are not entitled to receive dividend) in order to pay 2013 stock dividend and bonus shares to shareholders, particularly as follows:</p> <ul style="list-style-type: none"> <li>• Issued shares to pay the 2013 stock dividend: 4,657,703 shares.</li> <li>• Issued bonus shares: 3,105,135 shares.</li> </ul>
13/05/2014	<p>Passed the record date to finalize shareholders list in order to pay 2013 stock dividend and bonus shares as follows:</p> <ul style="list-style-type: none"> <li>• The record date: at 16pm on 30/05/2014.</li> <li>• Date of delivery of new shares: on 02/06/2014.</li> </ul>
09/06/2014	<p>Passed the shares issuance result in order to revise the business certificate as follows:</p> <ul style="list-style-type: none"> <li>• Issued shares to pay the 2013 stock dividend (15%) : 4,657,656 shares.</li> <li>• Issued bonus shares (10%) : 3,105,096 shares.</li> </ul>
10/07/2014	<p>Passed the revision of clause 1 &amp; 2, Article 5 in the Charter as follows:</p> <ul style="list-style-type: none"> <li>• Chartered capital of the Company: VND 393,053,360,000.</li> <li>• Total of shares: 39,305,336.</li> </ul>
14/07/2014	<p>Passed the proposal to request a credit line from Eximbank-HCMC Branch for Trang Bang Branch.            Passed the proposal to request a credit line from Eximbank-HCMC Branch for the Company.</p>
06/08/2014	<p>Passed the performance result of 1H2014 and agreed on 2H2014 business plan.            Passed the resignation of Mr. Huang Wei Ling from position as Deputy CEO.            Passed the underwriting contract for making IPO of 3 million shares and the IPO timeline.            Passed the policy and direction to invest in textile/dying project.            Passed the proposal to request a credit line from VietinBank - HCMC Branch for the Company.</p>

Date of meeting	The detailed content
08/08/2014	<p>Passed the proposal to request a credit line from Vietcombank - HCMC Branch for the Company.</p> <p>Passed the proposal to request a credit line Dong A Bank – Transaction Office No. 1 for the Company.</p>
13/08/2014	<p>Passed the Feasibility report regarding the usage of 3-million-share IPO proceeds to invest in the yarn production project in Trang Bang – Phase 3.</p>
15/08/2014	<p>Passed the IPO dossiers to submit to SSC.</p>
<b>Quarter 3</b>	
09/09/2014	<p>Passed the proposal to request a short-term credit line from Eximbank-HCMC Branch for the Company and Trang Bang Branch.</p> <p>Passed the proposal to request a credit line from Shinhan Vietnam - HCMC Branch for the Company.</p>
10/09/2014	<p>Passed the proposal to request a credit line from Chinatrust for the Company.</p>
<b>Quarter 4</b>	
07/10/2014	<p>Passed the usage of the 3-million-share IPO proceeds and the underwriting contract.</p> <p>Agreed on selection of HOSE to act as a bidding organizer to sell the Company's shares through auction.</p>
16/10/2014	<p>Passed the proposal to request a credit line from ANZ for the Company.</p>
06/11/2014	<p>Passed the first 9M2014 business result and the last 3M2014 business plan.</p> <p>Passed the IPO timeline to sell 3 million shares through auction on HOSE.</p>
24/12/2014	<p>Passed the 3-million-share IPO result.</p> <p>Passed the revision of Article 5 in the Charter as follows:</p> <ul style="list-style-type: none"> <li>• Chartered capital of the Company: VND 423,053,360,000.</li> <li>• Total of shares: 42,305,336.</li> </ul>
26/12/2014	<p>Passed the resignation of Mr. Jean-Eric Jacquemin from position as the BOD member from 26/12/2014. The BOD would report to shareholders for approval in the coming AGSM. Currently, the BOD temporarily comprises of 5 members.</p> <p>The BOD would prepare for temporarily appointment of a new BOD member to fill in the vacancy and such nomination would be submitted to shareholders for approval in the coming AGSM.</p>

## BOD'S ACTIVITIES IN SUPERVISING THE MANAGEMENT TEAM

Passed significant decisions relating to the Company's operation and directed CEO to organize the AGSM, to issue new shares and execute the IPO project.

The BOD gave guidance and monitored the Management Team to assure that they would implement the BOD's resolutions and shareholders' resolutions in accordance with relevant regulations.

## AGENDA OF SUPERVISION COMMITTEES'S MEETINGS IN 2014

Date	Agenda	Detail	Result
28 Mar 2014	Meeting 1: "Development of action plan of SC in the second year of 2013 – 2018 tenure and members' assignments. Discussion once meeting schedule".	Members' assignments: <ul style="list-style-type: none"> <li>• Mr. Nguyen Tu Luc (Head of Supervision): financial and investment management.</li> <li>• Mr. Le Anh Tuan: production and business activities.</li> <li>• Mrs. Nguyen Thi Ngoc Linh: investor's relation, welfare policy.</li> </ul> Discuss about SC meeting schedule: 3 times/year.	Member's assignments: 3/3 agreed.  Supervision Committees's meeting schedule: 3/3 agreed.
08 Aug 2014	Meeting 2: "Evaluation of performance in first 6 months of 2014e".	First 6 months performance: <ul style="list-style-type: none"> <li>• Sales Volume: 16,206,623 kg;</li> <li>• Net revenue: VND 722,701,000,000;</li> <li>• Profit after tax: VND 52,784,000,000.</li> </ul>	Opinion regarding the first 6 months performance: 3/3 agreed.
12 Dec 2014	Meeting 3: "Evaluation of performance in the first 11 months and 2015 Business plan"; Progress of Trang Bang Factory – the third phase; Other suggestions of the BOD.	First 11 months performance, whole year 2014 estimated results: <ul style="list-style-type: none"> <li>- First 11 months performance: <ul style="list-style-type: none"> <li>• Sales volume: 30,311,643 kg;</li> <li>• Net revenue: VND 1,345,275,000,000;</li> <li>• Profit after tax: VND 100,844,000,000.</li> </ul> </li> <li>- Whole year 2014 estimated results: <ul style="list-style-type: none"> <li>• Sales volume: 32,911,643 kg;</li> <li>• Net revenue: VND 1,451,875,000,000 ;</li> <li>• Profit after tax: VND 106,538,000,000.</li> </ul> </li> <li>- 2015 business target: <ul style="list-style-type: none"> <li>• Sales volume: 42,658,160 kg;</li> <li>• Revenue: VND 1,846,079,000,000;</li> <li>• Profit after tax: VND 115,266,000,000.</li> </ul> </li> </ul> <ul style="list-style-type: none"> <li>- Progress of Trang Bang Factory – the third phase: until 31 Dec 2014, CSF have signed contracts regarding construction and equipments purchase for total value of USD 33,370,627 (98% budget).</li> <li>- BOD suggestions.</li> </ul>	Opinion regarding first 11 months performance, whole year 2014 estimated results: 3/3 agreed.  Opinion regarding 2015 business target: 3/3 agreed.  Opinion regarding progress of Trang Bang Factory – the third phase: 3/3 agreed.  Opinion regarding BOD's other suggestions: 3/3 agreed.

## PREVENTION OF INTEREST CONFLICT AND TRANSACTION WITH RELATED PARTIES

### 1. Prevention of interest conflict

Members of the BOD, Supervision Committee, Board of Management, and other managers ("Managers") must comply with the Article 33 of STK's charter regarding transparency and avoid the interest conflict as follows:

1. Managers should not take advantages of company's opportunities for their-self interests. In addition, they should not take advantages of company's information for their-self interests or other organizations.

2. Managers have obligations to disclose to BOD all benefits, which they can get from other economic institutions, transactions or other individuals and which may conflict to company's interest.

3. The Company should not offer loans or guarantee to Managers and their related persons or related institutions in which the Managers have financial interests, unless the loans or the guarantees were approved by the general shareholder meeting.

4. A contract or transaction between the Company and one or several Managers, their related persons or institutions, will be valid in the following circumstances:

a. For the contract, which have value of being lower than 20% of total asset in recent financial statements, the key points of that transaction, relationships, and interests, which relate to Managers or member of the BOD, were reported to the BOD or its Committees. In addition, the transaction was approved by majority of the BOD members, who have no relevant interests.

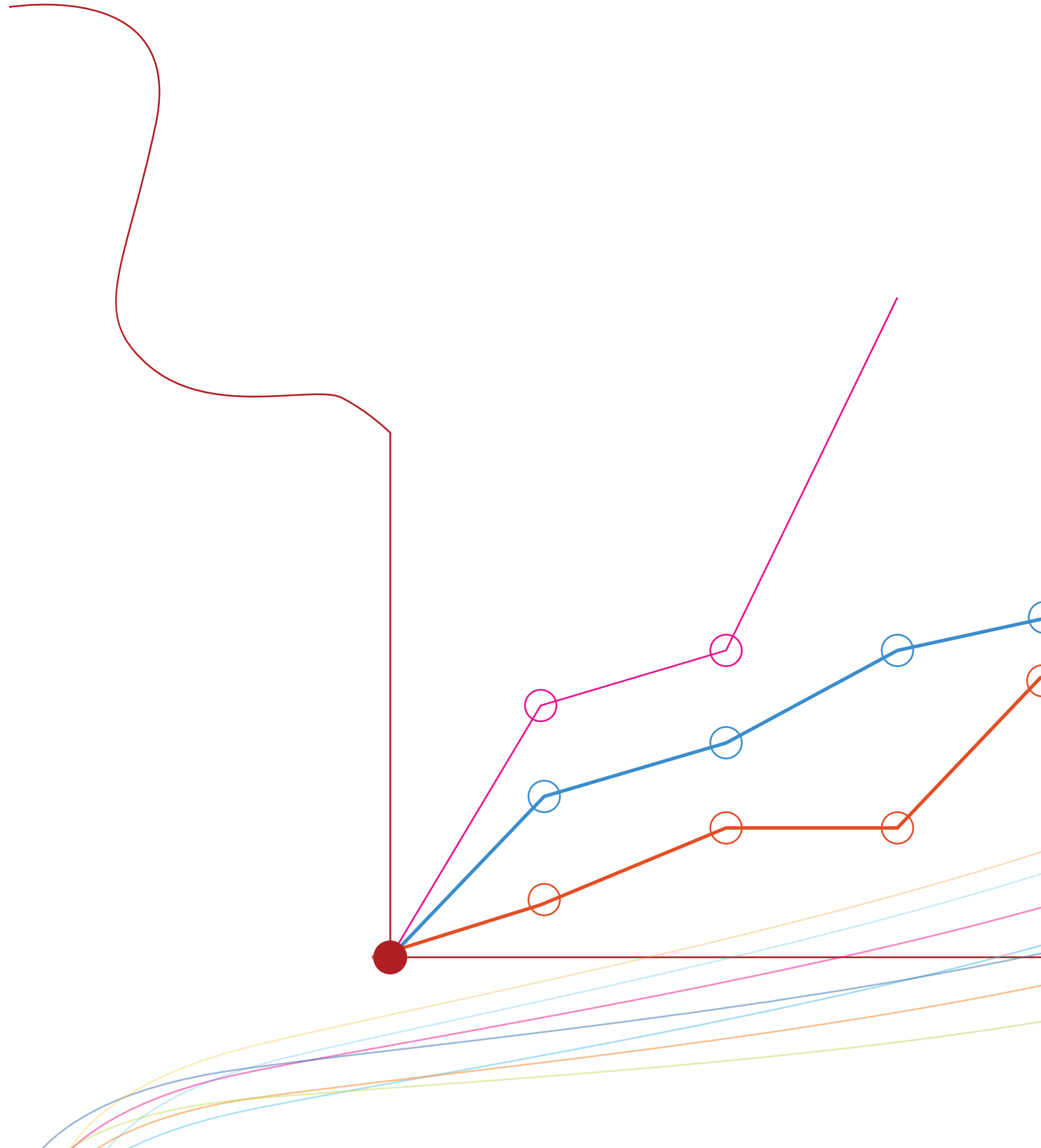
b. For the contract which has value of being 20% higher than total asset in recent financial statements, the key points, relationships, and interests relating to Managers, were disclosed to and approved by shareholders who have no relevant interest.

c. Such a contract or transaction, which was considered by independent consultant as being fair and reasonable in all aspects in term of shareholders' interests or it was approved by the BOD, or shareholders.

## 2. Transactions with related parties

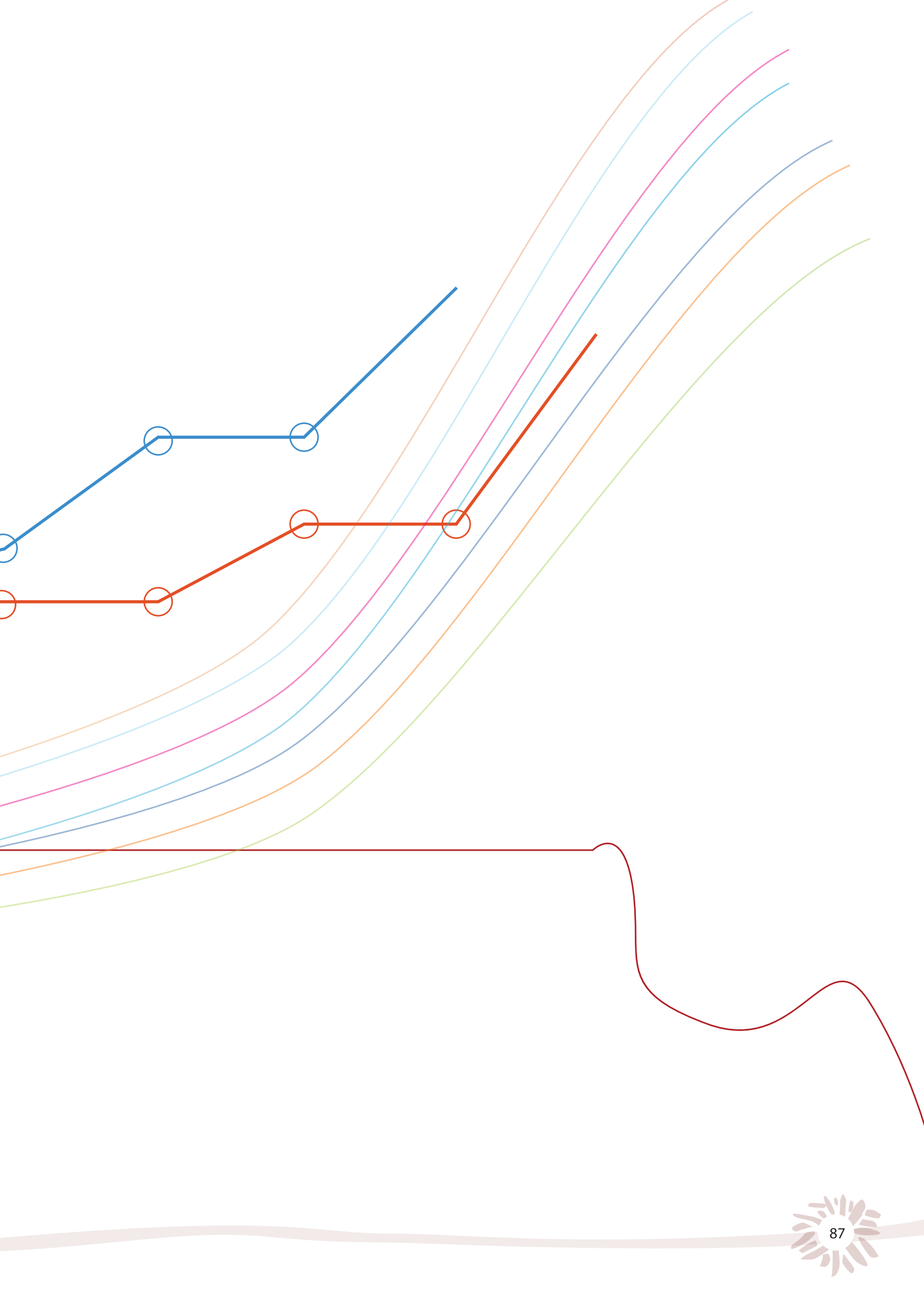
Related Parties	Relationship	Type	Value by VND
P.A.N Pacific Co., Ltd	Related party	Sales of goods	7,345,661,934
Lien An Trading & Investment JSC.	Related party	Sales of goods	6,370,556,492

*Note: the BOD passed resolutions to approve these transactions.*



# FINANCIAL STATEMENTS

31 December 2014







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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 pursuant to the Business Registration Certificate (“BRC”) No. 4103003288 issued by the Department of Planning and Investment of Ho Chi Minh City on 11 April 2005 and the following amended BRC:

Amended BRC No.	Date
4103003288 – 1st	24 May 2007
4103003288 – 2nd	12 September 2007
4103003288 – 3rd	6 August 2008
4103003288 – 4th	14 March 2009
4103003288 – 5th	12 November 2009
0302018927 – 6th	13 January 2010
0302018927 – 7th	8 October 2010
0302018927 – 8th	19 October 2011
0302018927 – 9th	6 July 2012
0302018927 – 10th	19 July 2013
0302018927 – 11th	10 July 2014
0302018927 – 12th	25 July 2014
0302018927 – 13th	14 January 2015

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The Company has a branch incorporated pursuant to Investment Certificate No. 45211000130 issued by the Board of Management of Tay Ninh Economic Zone on 26 June 2009 and the following amended Investment Certificates:

Amended Investment Certificate No.	Date
45211000130 – 1st	17 August 2009
45211000130 – 2nd	27 May 2010
45211000130 – 3rd	11 June 2010
45211000130 – 4th	15 April 2011
45211000130 – 5th	14 January 2014
45211000130 – 6th	27 October 2014

The current principal activities of the Company and its branch are to manufacture synthetic yarn and knitting.

The Company’s registered head office is located at North West Cu Chi Industrial Zone, Cu Chi District, Ho Chi Minh City, Vietnam and its branch is located at Trang Bang Industrial Zone, Trang Bang District, Tay Ninh Province, 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	
Mr Lee Chien Kuan	Member	
Mr Thai Tuan Chi	Member	
Mr Jean-Eric Jacquemin	Member	Resigned on 26 December 2014
Ms Cao Thi Que Anh	Member	Appointed on 12 January 2015

## 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 of the Board of Supervision
Ms Nguyen Thi Ngoc Linh	Member
Mr Le Anh Tuan	Member

## MANAGEMENT

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

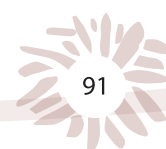
Mr Dang Trieu Hoa	General Director	
Mr Huang Wei Ling	Deputy General Director	Resigned on 8 August 2014

## 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 its report and the financial statements of the Company for the year ended 31 December 2014.

### MANAGEMENT’S RESPONSIBILITY IN RESPECT OF THE FINANCIAL STATEMENTS

Management is responsible for the financial statements of each financial year which give a true and fair view of the financial position of the Company and of the results of its operations and its cash flows for the year. In preparing those 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 financial statements; and
- prepare the 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 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 financial statements.

### STATEMENT BY MANAGEMENT

Management does hereby state that, in its opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at 31 December 2014 and of the results of its operations and its 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 financial statements.

For and on behalf of management:



Dang Trieu Hoa  
General Director

2 March 2015

Reference: 60867230/16997588

## INDEPENDENT AUDITORS' REPORT

### To: The Shareholders of Century Synthetic Fiber Corporation

We have audited the accompanying financial statements of Century Synthetic Fiber Corporation ("the Company") as prepared on 2 March 2015 and set out on pages 6 to 34, which comprise the balance sheet as at 31 December 2014, and the income statement and cash flow statement for the year then ended and the notes thereto.

### Management's responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the 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 entity'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 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 financial statements give a true and fair view, in all material respects, of the financial position of the Company as at 31 December 2014, and of the results of its operations and its 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 financial statements.

ERNST & YOUNG VIETNAM LIMITED



**Le Thi Tuyet Mai**  
Deputy General Director  
Audit Practicing Registration Certificate  
No. 1575-2014-004-1  
Ho Chi Minh City, Vietnam  
2 March 2015



**Ngo Hong Son**  
Auditor  
Audit Practicing Registration Certificate  
No. 2211-2014-004-1  
Ho Chi Minh City, Vietnam  
2 March 2015

# CENTURY SYNTHETIC FIBER CORPORATION

## BALANCE SHEET

as at 31 December 2014

B01 - DN

VND

Code	ASSETS	Notes	Ending balance	Beginning balance
<b>100</b>	<b>A. CURRENT ASSETS</b>		<b>463,417,444,832</b>	<b>404,294,358,625</b>
<b>110</b>	<b>I. Cash and cash equivalents</b>		<b>148,163,520,136</b>	<b>75,562,455,154</b>
111	1. Cash	4	20,298,520,136	19,562,455,154
112	2. Cash equivalents		127,865,000,000	56,000,000,000
<b>130</b>	<b>II. Current accounts receivable</b>		<b>111,723,137,946</b>	<b>102,610,110,331</b>
131	1. Trade receivables	5.1	49,526,060,005	94,102,791,586
132	2. Advances to suppliers	5.2	60,711,348,389	6,497,190,493
135	3. Other receivables		1,485,729,552	2,010,128,252
<b>140</b>	<b>III. Inventories</b>	<b>6</b>	<b>183,506,950,504</b>	<b>210,311,803,168</b>
141	1. Inventories		184,045,418,879	210,311,803,168
149	2. Provision for obsolete inventories		(538,468,375)	-
<b>150</b>	<b>IV. Other current assets</b>		<b>20,023,836,246</b>	<b>15,809,989,972</b>
151	1. Short-term prepaid expenses		6,213,378,919	1,635,144,357
152	2. Value-added tax deductible		13,526,399,862	9,476,242,004
154	3. Tax and other receivables from the State		-	415,017,074
158	4. Other current assets		284,057,465	4,283,586,537
<b>200</b>	<b>B. NON-CURRENT ASSETS</b>		<b>781,535,198,363</b>	<b>621,176,784,110</b>
<b>210</b>	<b>I. Long-term receivable</b>		-	500,000,000
218	1. Other long-term receivable		-	500,000,000
<b>220</b>	<b>II. Fixed assets</b>		<b>744,113,484,659</b>	<b>577,642,203,873</b>
221	1. Tangible fixed assets		492,328,571,397	480,236,428,350
222	Cost	7	874,191,340,581	748,498,005,938
223	Accumulated depreciation		(381,862,769,184)	(268,261,577,588)
224	2. Finance leases		-	86,668,534,591
225	Cost	8	-	122,355,578,248
226	Accumulated depreciation		-	(35,687,043,657)
227	3. Intangible assets		6,466,047,720	8,965,479,674
228	Cost	9	13,834,916,387	13,594,039,674
229	Accumulated amortisation	10	(7,368,868,667)	(4,628,560,000)
230	4. Construction in progress		245,318,865,542	1,771,761,258
<b>260</b>	<b>III. Other long-term assets</b>		<b>37,421,713,704</b>	<b>43,034,580,237</b>
261	1. Long-term prepaid expenses	11	35,522,710,260	36,717,669,411
262	2. Deferred tax assets	21.2	1,899,003,444	1,057,910,826
268	3. Other long-term assets		-	5,259,000,000
<b>270</b>	<b>TOTAL ASSETS</b>		<b>1,244,952,643,195</b>	<b>1,025,471,142,735</b>

<b>Code</b>	<b>RESOURCES</b>	<b>Notes</b>	<b>Ending balance</b>	<b>Beginning balance</b>
<b>300</b>	<b>A. LIABILITIES</b>		<b>570,135,332,123</b>	<b>522,407,728,355</b>
310	i. Current liabilities		207,533,888,644	306,047,497,556
311	1. Short-term loans and debts	12	25,927,315,002	71,091,246,144
312	2. Trade payables	13.1	143,401,284,862	202,035,732,451
313	3. Advances from customers	13.2	6,993,191,400	5,310,643,377
314	4. Statutory obligations	14	7,954,297,693	13,102,356,638
315	5. Payables to employees		10,845,779,461	4,414,071,427
316	6. Accrued expenses	15	7,013,230,059	4,966,056,295
319	7. Other payables		3,477,398,912	2,458,721,302
323	8. Bonus and welfare fund		1,921,391,255	2,668,669,922
<b>330</b>	<b>ii. Non-current liabilities</b>		<b>362,601,443,479</b>	<b>216,360,230,799</b>
331	1. Long-term trade payables	13.3	155,183,680,160	-
333	2. Other long-term liabilities		311,921,959	353,326,959
334	3. Long-term loans and debts	16	207,105,841,360	216,006,903,840
<b>400</b>	<b>B. OWNERS' EQUITY</b>		<b>674,817,311,072</b>	<b>503,063,414,380</b>
410	i. <b>Capital</b>	<b>17.1</b>	<b>674,817,311,072</b>	<b>503,063,414,380</b>
411	1. Share capital		423,053,360,000	315,425,840,000
412	2. Share premium		40,026,904,470	-
414	3. Treasury shares		(11,826,900,000)	(11,826,900,000)
418	4. Financial reserve fund		1,219,011,000	1,219,011,000
420	5. Undistributed earnings		222,344,935,602	198,245,463,380
<b>440</b>	<b>TOTAL LIABILITIES AND OWNERS' EQUITY</b>		<b>1,244,952,643,195</b>	<b>1,025,471,142,735</b>

## OFF BALANCE SHEET ITEM

<b>ITEM</b>	<b>Ending balance</b>	<b>Beginning balance</b>
Foreign currency: United States Dollar (USD)	855.484	692.819

Preparer  
Le Thi Mong Tuyen

Chief Accountant  
Phan Nhu Bich

General Director  
Dang Trieu Hoa





# CENTURY SYNTHETIC FIBER CORPORATION

## INCOME STATEMENT

for the year ended 31 December 2014

B02-DN

VND

Code	ITEMS	Notes	Ending balance	Beginning balance
01	1. Revenue from sale of goods	18.1	1,457,929,229,273	1,454,452,384,377
02	2. Deductions	18.1	(412,068,800)	(1,405,012,430)
10	3. Net revenue from sale of goods	18.1	1,457,517,160,473	1,453,047,371,947
11	4. Cost of goods sold		(1,244,748,364,250)	(1,275,819,719,271)
20	5. Gross profit from sales of goods		212,768,796,223	177,227,652,676
21	6. Financial income	18.2	2,125,649,412	7,090,533,409
22	7. Financial expenses	19	(12,542,188,393)	(21,065,807,619)
23	In which: Interest expense		(7,583,538,770)	(13,858,879,159)
24	8. Selling expenses		(31,645,142,564)	(34,306,328,995)
25	9. General and administration expenses		(35,290,327,400)	(33,520,287,799)
30	10. Operating profit		135,416,787,278	95,425,761,672
31	11. Other income		844,878,635	471,455,166
32	12. Other expenses		(97,424,148)	(656,598,197)
40	13. Other profit (loss)		747,454,487	(185,143,031)
50	14. Profit before tax		136,164,241,765	95,240,618,641
51	15. Current corporate income tax expense	21.1	(30,898,342,161)	(21,031,287,129)
52	16. Deferred tax income	21.2	841,092,618	191,106,132
60	17. Net profit after tax		106,106,992,222	74,400,437,644
70	18. Earnings per share	23		
-	Basic		2,725	1,917
-	Diluted		2,725	1,917



Preparer  
Le Thi Mong Tuyen



Chief Accountant  
Phan Nhu Bich



CÔNG TY  
CÓ PHẦN  
SỢI  
THỂ KỶ  
CỤC QUẢN LÝ CÔNG TY CỔ PHẦN

General Director  
Dang Trieu Hoa

2 March 2015

# CENTURY SYNTHETIC FIBER CORPORATION

## CASH FLOW STATEMENT

for the year ended 31 December 2014

B03-DN

VND

<b>Code</b>	<b>ITEMS</b>	<b>Notes</b>	<b>Current year</b>	<b>Previous year</b>
	<b>I. CASH FLOWS FROM OPERATING ACTIVITIES</b>			
<b>01</b>	<b>Profit before tax</b>		<b>136,164,241,765</b>	<b>95,240,618,641</b>
	Adjustments for:			
02	Depreciation and amortisation		81,048,824,606	84,446,111,259
03	Provision		538,468,375	-
04	Unrealised foreign exchange losses	19	3,101,124,321	-
05	Profits from investing activities		(879,269,334)	(2,863,411,515)
06	Interest expense	19	7,583,538,770	13,858,879,159
<b>08</b>	<b>Operating profit before changes in working capital</b>		<b>227,556,928,503</b>	<b>190,682,197,544</b>
09	Decrease (increase) in receivables		32,728,967,456	(19,927,923,036)
10	Decrease (increase) in inventories		26,266,384,289	(15,560,164,523)
11	(Decrease) increase in payables		(73,606,922,392)	6,049,701,759
12	(Increase) decrease in prepaid expenses		(2,926,766,321)	450,920,852
13	Interest paid		(7,560,359,902)	(13,446,033,699)
14	Corporate income tax paid	21.1	(34,976,515,619)	(20,335,410,327)
15	Other cash inflows from operating activities		208,339,278,655	115,331,797,649
16	Other cash outflows from operating activities		(204,259,904,127)	(118,737,682,564)
<b>20</b>	<b>Net cash from operating activities</b>		<b>171,561,090,542</b>	<b>124,507,403,655</b>
	<b>II. CASH FLOWS FROM INVESTING ACTIVITIES</b>			
21	Purchase and construction of fixed assets		(112,693,964,450)	(2,483,443,489)
22	Proceeds from disposals of fixed assets		116,000,000	-
27	Interest received	18.2	763,269,334	2,863,411,515
<b>30</b>	<b>Net cash (used in) from investing activities</b>		<b>(111,814,695,116)</b>	<b>379,968,026</b>



CENTURY SYNTHETIC FIBER CORPORATION

**CASH FLOW STATEMENT** (CONTINUED)

for the year ended 31 December 2014

B03-DN

VND

<b>Code</b>	<b>ITEMS</b>	<b>Notes</b>	<b>Current year</b>	<b>Previous year</b>
	<b>III. CASH FLOWS FROM FINANCING ACTIVITIES</b>			
31	Capital contribution and issuance of shares	17.1	70,026,904,470	-
32	Capital redemption	17.1	-	(73,280,000)
33	Drawdown of borrowings		137,704,306,866	165,713,331,250
34	Repayment of borrowings		(175,482,586,944)	(131,813,308,000)
35	Payment of finance lease liabilities		(19,633,277,448)	(66,739,116,386)
36	Dividends paid		-	(40,511,377,500)
<b>40</b>	<b>Net cash from (used in) financing activities</b>		<b>12,615,346,944</b>	<b>(73,423,750,636)</b>
<b>50</b>	<b>Net increase in cash and cash equivalents</b>		<b>72,361,742,370</b>	<b>51,463,621,045</b>
<b>60</b>	<b>Cash and cash equivalents at beginning of year</b>		<b>75,562,455,154</b>	<b>24,098,834,109</b>
<b>61</b>	<b>Impact of exchange rate fluctuation</b>	<b>4</b>	<b>239,322,612</b>	<b>-</b>
<b>70</b>	<b>Cash and cash equivalents at end of year</b>		<b>148,163,520,136</b>	<b>75,562,455,154</b>

Preparer  
Le Thi Mong Tuyen

Chief Accountant  
Phan Nhu Bich

CÔNG TY  
CỔ PHẦN  
SỢI  
THÉ KÝ  
C. H. M. S. D. N: 0302018927 - C. T. C. P.  
C. H. M. S. D. N: 0302018927 - C. T. C. P.

General Director  
Dang Trieu Hoa

2 March 2015

**1. CORPORATE INFORMATION**

Century Synthetic Fiber Corporation ("the Company") is a shareholding company incorporated under the Law on Enterprise of Vietnam pursuant to the Registration Certificate ("BRC") No. 4103003288 issued by the Department of Planning and Investment of Ho Chi Minh City on 11 April 2005 and the following amended BRC:

Amended BRC No.	Date
4103003288 – 1st	24 May 2007
4103003288 – 2nd	12 September 2007
4103003288 – 3rd	6 August 2008
4103003288 – 4th	14 March 2009
4103003288 – 5th	12 November 2009
0302018927 – 6th	13 January 2010
0302018927 – 7th	8 October 2010
0302018927 – 8th	19 October 2011
0302018927 – 9th	6 July 2012
0302018927 – 10th	19 July 2013
0302018927 – 11th	10 July 2014
0302018927 – 12th	25 July 2014
0302018927 – 13th	14 January 2015

The Company has a branch incorporated pursuant to Investment Certificate No. 45211000130 issued by the Board of Management of Tay Ninh Economic Zone on 26 June 2009 and the following amended Investment Certificates:

Amended Investment Certificate No.	Date
45211000130 – 1st	17 August 2009
45211000130 – 2nd	27 May 2010
45211000130 – 3rd	11 June 2010
45211000130 – 4th	15 April 2011
45211000130 – 5th	14 January 2014
45211000130 – 6th	27 October 2014

The current principal activities of the Company and its branch are to manufacture synthetic yarn and knitting.

The Company's registered head office is located at North West Cu Chi Industrial Zone, Cu Chi District, Ho Chi Minh City, Vietnam and its branch is located at Trang Bang Industrial Zone, Trang Bang District, Tay Ninh Province, Vietnam.

The number of the Company's employees as at 31 December 2014 was 733 (31 December 2013: 720).

**2. BASIS OF PREPARATION****2.1 Accounting standards and system**

The financial statements of the Company, expressed in Vietnam dong ("VND"), are prepared in accordance with Vietnamese Enterprise Accounting System and Vietnamese Accounting Standards ("VAS") 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 balance sheet, income statement, cash flow statement and related notes, 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 Company's applied accounting documentation system is the General Journal system.

**2.3 Fiscal year**

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

**2.4 Accounting currency**

The 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 (through diminution, damage, obsolescence, etc.) of raw materials, finished goods, and other inventories owned by the Company, based on appropriate evidence of impairment available at the balance sheet date.

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

**3.3 Receivables**

Receivables are presented in the 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 the estimated loss due to non-collection of receivables that were outstanding at the balance sheet date. Increases and decreases to the provision balance are recorded as general and administration expense in the income statement.

### 3.4 Fixed assets

Tangible fixed assets and intangible assets are stated at cost less accumulated depreciation/amortisation. The cost of a fixed asset comprises its purchase price and any directly attributable costs of bringing the fixed asset to working condition for its intended use. Expenditures for additions, improvements and renewals are capitalised and expenditures for maintenance and repairs are charged to the income statement as incurred.

When fixed assets are sold or retired, their cost and accumulated depreciation/amortisation are removed from the balance sheet and any gain or loss resulting from their disposal is included in the income statement.

### 3.5 Leased assets

The determination of whether an arrangement is, or contains a lease is based on the substance of the arrangement at inception date and requires an assessment of whether the fulfilment of the arrangement is dependent on the use of a specific asset and the arrangement conveys a right to use the asset.

A lease is classified as a finance lease whenever the terms of the lease transfer substantially all the risks and rewards of ownership of the asset to the lessee. All other leases are classified as operating leases.

Assets held under finance leases are capitalised in the balance sheet at the inception of the lease at the fair value of the leased assets or, if lower, at the net present value of the minimum lease payments. The principal amount included in future lease payments under finance leases are recorded as a liability. The interest amounts included in lease payments are charged to the income statement over the lease term to achieve a constant rate on interest on the remaining balance of the finance lease liability.

Capitalised financial leased assets are depreciated using straight-line basis over the shorter of the estimated useful lives of the asset and the lease term, if there is no reasonable certainty that the Company will obtain ownership by the end of the lease term.

Rentals under operating leases are charged to the income statement on a straight-line basis over the lease term.

### 3.6 Depreciation and amortisation

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

Buildings and 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 Prepaid expenses

Prepaid expenses are reported as short-term or long-term prepaid expenses on the 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.

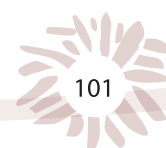
The prepaid land rental represents the unamortised balance of advance payment made in accordance with the lease contract signed with Cidico Corporation on 3 July 2000 for a year of 50 years and Tay Ninh Industrial Park Infrastructure Development JSC on 21 July 2009 for a year of 45 years. Such prepaid rental is recognised as a long-term prepaid expense for allocation to the income statement over the remaining lease period according to Circular 45/2013/TT-BTC issued by the Ministry of Finance on 25 April 2013, guiding the regime of management, use and depreciation of fixed assets.

### 3.8 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.

### 3.9 Accrual for severance pay

The severance pay to employee is accrued at the end of each reporting year for all employees who have more than 12 months in service up to 31 December 2008 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, the Law on Social Insurance and related implementing guidance. Commencing 1 January 2009, 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. Any increase to the accrued amount will be taken to the 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.

### 3.10 Foreign currency transactions

Transactions in currencies other than the Company's reporting currency of VND are recorded at the exchange rates ruling at the date of the transaction. At the end of the year, monetary assets and liabilities denominated in foreign currencies are translated at buying exchange rate announced by the commercial bank where the Company maintains bank accounts at the balance sheet date. All realised and unrealised foreign exchange differences are taken to the income statement.

### 3.11 Appropriation of net profit

Net profit after tax (excluding unrealised exchange gains as at the balance sheet date) 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.

#### *Financial reserve fund*

This fund is set aside to protect the Company's normal operations from business risks or losses, or to prepare for unforeseen losses or damages for objective reasons and force majeure, such as fire, economic and financial turmoil of the country or elsewhere.

#### *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 balance sheet.

### 3.12 Earnings per share

Basic earnings per share amount are calculated by dividing net profit for the year attributable to ordinary shareholders of the Company 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.

### 3.13 Treasury shares

Own equity instruments which are reacquired (treasury shares) are recognised at cost and deducted from equity. No gain or loss is recognised in profit or loss upon purchase, sale, issue or cancellation of the Company's own equity instruments.

### 3.14 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 (taking into account the effective yield on the asset) unless collectability is in doubt.

### 3.15 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 income statement, except when it relates to items recognised directly to equity, in which case the deferred 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 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 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.

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 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.

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 year 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 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 Company to set off current tax assets against current income tax liabilities and when they relate to income taxes levied by the same taxation authority on either the same taxable entity or when the Company intends either settle current income tax liabilities and assets on a net basis or to realise the assets and settle the liabilities simultaneously, in each future year in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

**3.16 Financial instruments**

*Financial instruments – initial recognition and presentation*

**Financial assets**

Financial assets within the scope of Circular No. 210/2009/TT-BTC dated 6 November 2009 issued by the Ministry of Finance providing guidance for the adoption in Vietnam of the International Financial Reporting Standards on presentation and disclosures of financial instruments (“Circular 210”) are classified, for disclosures in the notes to the financial statements, as financial assets at fair value through profit or loss, loans and receivables or available-for-sale financial assets as appropriate. The Company determines the classification of its financial assets at initial recognition

All financial assets are recognised initially at cost. The Company’s financial assets include cash and short-term deposits, trade and other receivables.

**Financial liabilities**

Financial liabilities within the scope of Circular 210 are classified, for disclosures in the notes to the financial statements, as financial liabilities at fair value through profit or loss or financial liabilities measured at amortised cost as appropriate. The Company determines the classification of its financial liabilities at initial recognition.

All financial liabilities are recognised initially at cost. The Company’s financial liabilities include trade and other payables, and loans.

*Financial instruments – subsequent re-measurement*

There is currently no guidance in Circular 210 in relation to subsequent re-measurement of financial instruments. Accordingly, the financial instruments are subsequently re-measured at cost.

*Offsetting of financial instruments*

Financial assets and financial liabilities are offset and the net amount reported in the income balance sheet if, and only if, there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.



as at and for the year ended 31 December 2014

**4. CASH AND CASH EQUIVALENTS**

VND

	<i>Ending balance</i>	<i>Beginning balance</i>
Cash on hand	36,853,724	48,528,807
Cash in banks	20,261,666,412	19,513,926,347
Cash equivalents (*)	127,865,000,000	56,000,000,000
<b>TOTAL</b>	<b>148,163,520,136</b>	<b>75,562,455,154</b>

(\*) Cash equivalents represent short-term bank deposits with maturity of less than one month and earn the applicable deposit interests.



## 5. TRADE RECEIVABLES AND ADVANCES TO SUPPLIERS

### 5.1 Short-term trade receivables

VND

	<i>Ending balance</i>	<i>Beginning balance</i>
Due from other parties	48,522,183,372	93,088,227,929
Due from a related party (Note 22)	1,003,876,633	1,014,563,657
<b>TOTAL</b>	<b>49,526,060,005</b>	<b>94,102,791,586</b>

### 5.2 Advances to suppliers

VND

	<i>Ending balance</i>	<i>Beginning balance</i>
Advances to other parties	60,711,348,389	6,497,190,493

## 6. INVENTORIES

VND

	<i>Ending balance</i>	<i>Beginning balance</i>
Finished goods	97,814,484,052	94,978,469,307
Raw materials	55,975,288,762	62,431,029,368
Goods in transit	30,255,646,065	52,902,304,493
<b>TOTAL</b>	<b>184,045,418,879</b>	<b>210,311,803,168</b>
Provision for obsolete inventories	(538,468,375)	-
<b>NET</b>	<b>183,506,950,504</b>	<b>210,311,803,168</b>



**7. TANGIBLE FIXED ASSETS**

	Buildings and structures	Machinery and equipment	Motor vehicles	Office equipment	Total
<b>Cost:</b>					
Beginning balance	150,598,256,568	537,557,132,895	60,176,407,797	166,208,678	748,498,005,938
New purchase	-	-	724,090,909	120,146,130	844,237,039
Transfer from construction in progress	-	1,078,796,446	1,809,090,910	-	2,887,887,356
Transfer from financial lease (Note 8)	-	122,355,578,248	-	-	122,355,578,248
Disposal	-	-	(394,368,000)	-	(394,368,000)
Ending balance	150,598,256,568	660,991,507,589	62,315,221,616	286,354,808	874,191,340,581
<i>In which:</i>					
<i>Fully depreciated</i>	12,311,542,400	59,965,666,167	2,657,197,475	129,348,192	75,063,754,234
<b>Accumulated depreciation:</b>					
Beginning balance	54,043,191,734	194,183,812,013	19,883,109,358	151,464,483	268,261,577,588
Depreciation for the year	12,315,815,406	48,840,381,827	6,944,643,549	11,376,968	68,112,217,750
Transfer from finance lease	-	45,883,341,846	-	-	45,883,341,846
Disposal	-	-	(394,368,000)	-	(394,368,000)
Ending balance	66,359,007,140	288,907,535,686	26,433,384,907	162,841,451	381,862,769,184
<b>Net carrying amount:</b>					
Beginning balance	96,555,064,834	343,373,320,882	40,293,298,439	14,744,195	480,236,428,350
Ending balance	84,239,249,428	372,083,971,903	35,881,836,709	123,513,357	492,328,571,397
<i>In which:</i>					
<i>Pledged as loan security</i>	63,000,682,905	306,630,412,323	34,171,288,640	-	403,802,383,868
(Note 16.1)					

**8. FINANCE LEASES**

VND

**Machinery and equipment**

<b>Cost:</b>	
Beginning balance	122,355,578,248
Transfer to tangible fixed assets	(122,355,578,248)
Ending balance	-

**Accumulated depreciation:**

Beginning balance	35,687,043,657
Depreciation for the year	10,196,298,189
Transfer to tangible fixed assets	(45,883,341,846)
Ending balance	-

**Net carrying amount:**

Beginning balance	86,668,534,591
Ending balance	-

**9. INTANGIBLE FIXED ASSETS**

VND

**Computer software**

<b>Cost:</b>	
Beginning balance	13,594,039,674
New purchase	240,876,713
Ending balance	13,834,916,387
<i>In which:</i>	
Fully amortised	113,300,000

**Accumulated amortisation:**

Beginning balance	4,628,560,000
Amortisation for the year	2,740,308,667
Ending balance	7,368,868,667

**Net carrying amount:**

Beginning balance	8,965,479,674
Ending balance	6,466,047,720

**10. CONSTRUCTION IN PROGRESS**

Construction in progress as at 31 December 2014 represents the construction cost and machinery under installation of phase 2 and phase 3 at the Company's Trang Bang branch.

**11. LONG-TERM PREPAID EXPENSES**

VND

	<b>Ending balance</b>	<b>Beginning balance</b>
Land rental (land use rights) (*)	28,948,319,116	29,772,544,513
Others	6,574,391,144	6,945,124,898
<b>TOTAL</b>	<b>35,522,710,260</b>	<b>36,717,669,411</b>

(\*) As disclosed in Note 16.1, the Company has pledged the land use rights to secure the bank loan facilities.

**12. SHORT-TERM LOANS AND DEBTS**

VND

	<b>Ending balance</b>	<b>Beginning balance</b>
Short-term loans	25,927,315,002	41,634,451,200
Current portion of long-term loans	-	29,456,794,944
<b>TOTAL</b>	<b>25,927,315,002</b>	<b>71,091,246,144</b>

The Company obtained the unsecured loans from Vietnam Export and Import Commercial Joint Stock Bank for the purpose of financing its working capital requirements. Details are as follows:

Contract No. 201403515

Ending balance 25,927,315,002  
VNDOriginal amount 1,213,542  
USDTerm and maturity date  
From 22 October 2014 to 30 April 2015Interest rate 1.8%  
(p.a)

**13. TRADE PAYABLES AND ADVANCES FROM CUSTOMERS****13.1 Short-term trade payables**

VND

	<i>Ending balance</i>	<i>Beginning balance</i>
Due to other parties	143,401,284,862	202,035,732,451

**13.2 Advances from customers**

VND

	<i>Ending balance</i>	<i>Beginning balance</i>
Advances from other parties	6,993,191,400	5,310,643,377

**13.3 Long-term trade payables**

It represents the value of imported machinery and equipment for business expansion at Trang Bang branch – Phase 3 which is financed by long-term loans from bank.

**14. STATUTORY OBLIGATIONS**

VND

	<i>Ending balance</i>	<i>Beginning balance</i>
Corporate income tax (Note 21.1)	5,294,170,014	9,372,343,472
Import and export duties	2,529,151,028	3,500,125,020
Personal income tax	117,671,051	160,358,850
Value-added tax	-	47,518,956
Other	13,305,600	22,010,340
<b>TOTAL</b>	<b>7,954,297,693</b>	<b>13,102,356,638</b>

**15. ACCRUED EXPENSES**

VND

	<i>Ending balance</i>	<i>Beginning balance</i>
Sales commission	3,124,592,045	1,472,819,441
Utility expenses	2,322,269,055	2,254,506,912
Interest expense	436,024,328	412,845,460
Professional services fee	240,220,166	195,526,151
Others	890,124,465	630,358,331
<b>TOTAL</b>	<b>7,013,230,059</b>	<b>4,966,056,295</b>

**16. LONG-TERM LOANS AND DEBTS**

VND

	<i>Ending balance</i>	<i>Beginning balance</i>
Loans from banks	207,105,841,360	209,001,537,192
Finance lease	-	36,462,161,592
<b>TOTAL</b>	<b>207,105,841,360</b>	<b>245,463,698,784</b>
<i>In which:</i>		
<i>Current portion</i>	-	29,456,794,944
<i>Non-current portion</i>	207,105,841,360	216,006,903,840

Details of the long-term loans from banks are as follows:

	Ending balance VND	Original amount USD	Term and maturity date	Interest rate (p.a)	Description of collateral
<b>Dong A Joint Stock Commercial Bank</b>					
H.0217-13	106,817,088,360	4,996,122	From 1 March 2012 to 1 March 2019	3.00%	Assets funded by loans including imported machinery and equipment (stage 2). Total assets value is USD 12,100,000.
H.1022-14	7,460,000,000	351,638	From 15 October 2014 to 15 October 2019	2.69%	Land use rights to be obtained in Thanh Thanh Cong Industrial Zone funded by loans.
<b>Vietnam Export and Import Joint Stock Commercial Bank</b>					
200908121	42,730,068,000	1,998,600	From 20 July 2012 to 20 April 2018	3.00%	Assets funded by loans including land use right, building and structures, and machineries at Trang Bang, Tay Ninh Province.
201403738	50,098,685,000	1,998,600	From 28 January 2017 to 28 October 2021	3.00%	
<b>TOTAL</b>	<b>207,105,841,360</b>	<b>9,689,610</b>			

## 17. OWNERS' EQUITY

### 17.1 Increases and decreases in owners' equity

VND

	Share capital	Share premium	Treasury shares	Financial reserve fund	Undistributed earnings	Total
<b>Previous year:</b>						
Beginning balance	274,914,910,000	274,914,910,000	(11,753,620,000)	1,219,011,000	164,721,832,436	469,247,634,236
Increase in capital	40,510,930,000	40,510,930,000	-	-	(365,429,200)	-
Treasury shares	-	-	(73,280,000)	-	-	(73,280,000)
Net profit for the year	-	-	-	-	74,400,437,644	74,400,437,644
Dividend paid	-	-	-	-	(40,511,377,500)	(40,511,377,500)
<b>Ending balance</b>	<b>315,425,840,000</b>	<b>315,425,840,000</b>	<b>(11,826,900,000)</b>	<b>1,219,011,000</b>	<b>198,245,463,380</b>	<b>503,063,414,380</b>
<b>Current year:</b>						
Beginning balance	315,425,840,000	315,425,840,000	(11,826,900,000)	1,219,011,000	198,245,463,380	503,063,414,380
Issuance of shares (**)	30,000,000,000	30,000,000,000	-	-	-	70,026,904,470
Increase in capital (*)	31,050,960,000	31,050,960,000	-	-	(31,050,960,000)	-
Profit appropriation	-	-	-	-	(4,380,000,000)	(4,380,000,000)
Net profit for the year	-	-	-	-	106,106,992,222	106,106,992,222
Share dividend (*)	46,576,560,000	46,576,560,000	-	-	(46,576,560,000)	-
<b>Ending balance</b>	<b>423,053,360,000</b>	<b>423,053,360,000</b>	<b>(11,826,900,000)</b>	<b>1,219,011,000</b>	<b>222,344,935,602</b>	<b>674,817,311,072</b>

**17.2 Capital transactions with owners and distribution of dividends, profits**

	VND	
	Current year	Previous year
<b>Issued share capital</b>		
Beginning balance	315,425,840,000	274,914,910,000
Share issuance	107,627,520,000	40,510,930,000
Ending balance	423,053,360,000	315,425,840,000
<b>Dividends declared and paid</b>	<b>(46,576,560,000)</b>	<b>(40,511,377,500)</b>

**17.3 Shares**

	Ending balance		Beginning balance		VND
	Quantity	Amount	Quantity	Amount	
<b>Authorized shares</b>	42,305,336	423,053,360,000	31,542,584	315,425,840,000	
<b>Issued shares</b>					
Issued and paid-up shares	42,305,336	423,053,360,000	31,542,584	315,425,840,000	
Ordinary shares	42,305,336	423,053,360,000	31,542,584	315,425,840,000	
<b>Treasury shares</b>					
Held by the Company	(491,234)	(4,912,340,000)	(491,234)	(4,912,340,000)	
Ordinary shares	(491,234)	(4,912,340,000)	(491,234)	(4,912,340,000)	
<b>Shares in circulation</b>					
Ordinary shares	41,814,102	418,141,020,000	31,051,350	310,513,500,000	

(\*) On 26 March 2014, the Company's shareholders approved at the Annual General Meeting to pay share dividends at 15% (equivalent to 4,657,656 shares) and issue new shares of 3,105,096 shares at 10% (equivalent to 3,105,096 shares) of charter capital to increase share capital from undistributed earnings. The Company issued 7,762,752 shares at par value of VND 10,000/share or equivalent to VND 77,627,520,000 to its existing shareholders on 30 May 2014. This increase was approved by the Department of Planning and Investment of Ho Chi Minh City through issuance of the amended Business Certificate on 25 July 2014.

(\*\*) On 17 December 2014, the Company made initial public offering of 3,000,000 shares. This issuance was executed under the Resolution of Annual Shareholders Meeting No. 04-2014/NQ-DHDCD/TK dated 26 March 2014 and approved by the State Securities Commission ("SSC") through the Share Issuance Certificate No. 92/GCN-UBCK on 31 October 2014. The result of issuance has been reported to the SSC on 24 December 2014. As at 31 December 2014, the share capital of the Company increased to VND 423,053,360,000 which was approved by the Department of Planning and Investment of Ho Chi Minh City as per amended Business Certificate dated on 14 January 2015.



## CENTURY SYNTHETIC FIBER CORPORATION

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)** B09 - DN

as at and for the year ended 31 December 2014

**18. REVENUES****18.1 Revenue from sale of goods**

VND

	Current year	Previous year
<b>Gross revenue</b>	<b>1,457,929,229,273</b>	<b>1,454,452,384,377</b>
Less:		
Sales returns	(412,068,800)	(1,405,012,430)
<b>Net revenue</b>	<b>1,457,517,160,473</b>	<b>1,453,047,371,947</b>

**18.2 Financial income**

VND

	Current year	Previous year
Realised foreign exchange gains	1,362,380,078	4,226,625,113
Interest income	763,269,334	2,863,411,515
Others	-	496,781
<b>TOTAL</b>	<b>2,125,649,412</b>	<b>7,090,533,409</b>

**19. FINANCIAL EXPENSES**

VND

	Current year	Previous year
Interest expense	7,583,538,770	13,858,879,159
Unrealised foreign exchange losses	3,101,124,321	-
Realised foreign exchange losses	1,857,525,302	7,206,928,460
<b>TOTAL</b>	<b>12,542,188,393</b>	<b>21,065,807,619</b>

**20. PRODUCTION AND OPERATING COSTS**

VND

	Current year	Previous year
Raw materials	961,014,354,207	1,031,279,242,985
Labour costs	67,584,487,809	55,497,512,326
Depreciation and amortisation (Notes 7, 8 and 9)	81,048,824,606	84,446,111,259
Expenses for external services	194,477,621,343	153,131,381,851
Other expenses	7,558,546,249	19,292,087,644
<b>TOTAL</b>	<b>1,311,683,834,214</b>	<b>1,343,646,336,065</b>

## 21. REVENUES

The statutory corporate income tax ("CIT") rate applicable to the Company is 22% (2013: 25%) of taxable profits. The tax returns filed by the Company are subject to examination by the tax authorities. As 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.

### 21.1 Current tax

VND

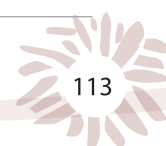
	Current year	Previous year
Current tax expense	30,898,342,161	21,031,287,129
	(841,092,618)	(191,106,132)
<b>TOTAL</b>	<b>30,057,249,543</b>	<b>20,840,180,997</b>

The current tax payable is based on taxable profit for the current year. The taxable profit of the Company for the year differs from the profit as reported in the 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.

A reconciliation between the profit before tax and taxable profit is presented below:

VND

	Current year	Previous year
<b>Profit before tax</b>	<b>136,164,241,765</b>	<b>95,240,618,641</b>
<i>Adjustments:</i>		
Difference in recognition of exported revenue	415,565,922	-
Change in provision for obsolete inventories	538,468,375	-
Change in accrual for commission expenses	1,635,399,473	(265,467,064)
Change in accrual for severance pay	(41,405,000)	(18,728,958)
Change in accrual for annual leave	515,254,022	-
Unrealised profit recorded by Branch	1,260,413,108	1,625,662,822
Unrealised foreign exchange gain	(500,547,635)	-
Non-deductible expenses	1,360,122,655	1,364,161,690
<b>Estimated current taxable profit</b>	<b>141,347,512,685</b>	<b>97,946,247,131</b>
<b>Estimated current CIT</b>	<b>31,096,452,791</b>	<b>20,432,007,976</b>
(Over) under CIT accrual for previous year	(198,110,630)	599,279,153
	30,898,342,161	21,031,287,129
CIT payable at beginning of year	9,372,343,472	8,676,466,670
CIT paid during the year	(34,976,515,619)	(20,335,410,327)
<b>CIT payable at end of year</b>	<b>5,294,170,014</b>	<b>9,372,343,472</b>



# CENTURY SYNTHETIC FIBER CORPORATION

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) B09 - DN

as at and for the year ended 31 December 2014

### 21.2 Deferred tax

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

	Balance sheet		Income statement		VND
	Ending balance	Beginning balance	Current year	Previous year	
<b>Deferred tax assets</b>					
Unrealised profit	933,449,502	656,158,618	277,290,884	316,939,529	
Accrual for expenses	683,808,161	324,020,277	359,787,884	(110,551,349)	
Accrual for annual leave	113,355,884	-	113,355,884		
Accrual for severance pay	68,622,831	77,731,931	(9,109,100)	(15,282,048)	
Provision for obsolete inventory	118,463,043	-	118,463,043		
Difference in recognition of exported revenue	91,424,503	-	91,424,503		-
Unrealised foreign exchange gain	(110,120,480)	-	(110,120,480)		-
	<b>1,899,003,444</b>	<b>1,057,910,826</b>			
<b>Net deferred tax credit to income statement</b>			<b>841,092,618</b>	<b>191,106,132</b>	

### 22. TRANSACTIONS WITH RELATED PARTIES

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

Related parties	Relationship	Transactions	Amounts	VND
P.A.N Asia Limited Company	Related party	Sale of goods	7,345,661,934	
LIANTEX Co., Ltd.	Related party	Sale of goods	6,370,556,492	

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

	Current year	Previous year	VND
Salaries and related expenses	2,154,309,109	3,512,215,702	

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

	Relationship	Transaction	Receivable	VND
<b>Trade receivable</b> (Note 5.1)				
P.A.N Asia Limited Company	Related party	Sale of goods	1,003,876,633	

## 23. EARNINGS PER SHARE

	VND	
	Current year	Previous year
Net profit after tax for the year	106,106,992,222	74,400,437,644
Weighted average number of ordinary shares during the year	38,937,390	38,820,346
<b>Earnings per share</b> (par value of VND 10,000/share)	<b>2,725</b>	<b>1,917</b>

The weighted average number of ordinary shares takes into account the treasury shares, issued share and the share dividend used during the year.

The weighted average number of shares for the year ended 31 December 2013 was adjusted to reflect the 7,762,752 shares issued during the year from undistributed earnings (Note 17.1).

There have been no other transactions involving ordinary shares or potential ordinary shares between the reporting date and the date of completion of these financial statements.

## 24. COMMITMENTS

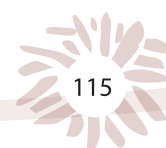
### Operating lease commitment

The Company leases assets under operating lease arrangements. The minimum lease commitment as at 31 December 2014 under the operating lease agreements is as follows:

	VND	
	Ending balance	Beginning balance
Less than 1 year	941,631,080	386,220,960
From 1 to 5 years	2,019,807,040	1,931,104,800
More than 5 years	16,469,480,859	16,827,215,288
<b>TOTAL</b>	<b>19,430,918,979</b>	<b>19,144,541,048</b>

### Capital commitments

At 31 December 2014, the Company had outstanding commitments of VND 472,439,001,571 (31 December 2013: VND 915,497,924) principally relating to construction for its branch at Trang Bang, Tay Ninh Province, Vietnam.



**25. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES**

The Company's principal financial liabilities comprise loans and borrowings, trade payables and other payables. The main purpose of these financial liabilities is to finance the Company's operations. The Company has loan, trade and other receivables, and cash and short-term deposits that arise directly from its operations. The Company does not hold or issue derivative financial instruments.

The Company is exposed to market risk, credit risk and liquidity risk.

Management reviews and agrees policies for managing each of these risks which are summarised below.

**Market risk**

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market prices comprise four types of risk: interest rate risk, currency risk, commodity price risk and other price risk, such as equity price risk. Financial instruments affected by market risk include loans and borrowings, deposits, trade receivables and payables.

The sensitivity analyses in the following sections relate to the position as at 31 December 2014 and 31 December 2013.

**Interest rate risk**

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's exposure to market risk for changes in interest rate relates primarily to the Company's deposits at banks and loans.

A sensitivity analysis is not performed for interest rate risk as the Company's exposure to interest-rate risk is minimal at reporting date.

**Foreign currency risk**

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Company's exposure to the risk of changes in foreign exchange rates relates primarily to the Company's operating activities (when revenue or expense is denominated in a different currency from the Company's accounting currency).

**Foreign currency sensitivity**

The following table demonstrates the sensitivity to a reasonably possible change in the USD, EUR exchange rate, with all other variables held constant, of the Company's profit before tax.

	Change in exchange rate	Effect on profit before tax
VND		
Current year		
USD	+2%	(5,220,026,850)
EUR	+10%	(64,219,848)
USD		
	-2%	5,220,026,850
EUR	-10%	64,219,848
Previous year		
USD	+2%	(9,237,509,575)
USD	-2%	9,237,509,575

**Credit risk**

Credit risk is the risk that counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Company is exposed to credit risk from its operating activities (primarily for trade receivables) and from its financing activities, including deposits with banks.

**Trade receivables**

Customer credit risk is managed by the Company based on its established policy, procedures and control relating to customer credit risk management. Outstanding customer receivables are regularly monitored and any shipments to major customers are generally covered by letters of credit. The Company seeks to maintain strict control over its outstanding receivables. In view of the aforementioned and the fact that the Company's trade receivables relate to a large number of diversified customers, there is no significant concentration of credit risk.

### Bank deposits

The Company's bank balances are mainly maintained with well-known banks in Vietnam. Credit risk from balances with banks is managed by the Company's treasury department in accordance with the Company's policy. The Company's maximum exposure to credit risk for the components of the balance sheet at each reporting dates are the carrying amounts as illustrated in Note 4. The Company evaluates the concentration of credit risk in respect to bank deposit as low.

### Liquidity risk

The liquidity risk is the risk that the Company will encounter difficulty in meeting financial obligation due to shortage of funds. The Company's exposure to liquidity risk arises primarily from mismatches of maturities of financial assets and liabilities.

The Company monitors its liquidity risk by maintaining a level of cash and cash equivalents and bank loans deemed adequate by management to finance the Company's operations and to mitigate the effects of fluctuations in cash flows.

The table below summarises the maturity profile of the Company's financial liabilities:

VND

	Less than 1 year	From 1 to 5 years	Total
<b>Ending balance</b>			
Loans and debts	25,927,315,002	207,105,841,360	233,033,156,362
Trade payables	143,401,284,862	155,183,680,160	298,584,965,022
Other payables and accrued expenses	10,490,628,971	-	10,490,628,971
	<b>179,819,228,835</b>	<b>362,289,521,520</b>	<b>542,108,750,355</b>
<b>Beginning balance</b>			
Loans and debts	71,091,246,144	216,006,903,840	287,098,149,984
Trade payables	202,035,732,451	-	202,035,732,451
Other payables and accrued expenses	7,424,777,597	-	7,424,777,597
	<b>280,551,756,192</b>	<b>216,006,903,840</b>	<b>496,558,660,032</b>

The Company assessed the concentration of risk with respect to refinancing its debt and concluded it to be low. Access to sources of funding is sufficiently available and debt maturing within 12 months can be rolled over with existing lenders.

### Collateral

The Company has pledged part of its tangible fixed assets in order to fulfil the collateral requirements for the long-term loan obtained from banks (Note 17.1). As at 31 December 2014 and 31 December 2013, the net carrying values of the fixed assets pledged were VND 403,802,383,868 and VND 480,221,684,155, respectively. There are no other significant terms and conditions associated with the use of collateral.

The Company did not hold any collateral at 31 December 2014 and 31 December 2013.



# CENTURY SYNTHETIC FIBER CORPORATION

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

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as at and for the year ended 31 December 2014

### 26. FINANCIAL ASSETS AND FINANCIAL LIABILITIES

Set out below is a comparison by class of the carrying amounts and fair values of the Company's financial instruments that are carried in the financial statements.

	Carrying amount		Fair value		VNĐ
	Ending balance	Beginning balance	31 December 2014	31 December 2013	
<b>Financial assets</b>					
Trade receivables	48,522,183,372	93,088,227,929	48,522,183,372	93,088,227,929	
Receivable from related party	1,003,876,633	1,014,563,657	1,003,876,633	1,014,563,657	
Other receivables	1,485,729,552	2,010,128,252	1,485,729,552	2,010,128,252	
Other financial assets	284,057,465	10,042,586,537	284,057,465	10,042,586,537	
Cash and cash equivalents	148,163,520,136	75,562,455,154	148,163,520,136	75,562,455,154	
<b>Total</b>	<b>199,459,367,158</b>	<b>181,717,961,529</b>	<b>199,459,367,158</b>	<b>181,717,961,529</b>	
<b>Financial liabilities</b>					
Loans and borrowings	233,033,156,362	287,098,149,984	233,033,156,362	287,098,149,984	
Trade payables	298,584,965,022	202,035,732,451	298,584,965,022	202,035,732,451	
Other current liabilities	10,490,628,971	7,424,777,597	10,490,628,971	7,424,777,597	
<b>Total</b>	<b>542,108,750,355</b>	<b>496,558,660,032</b>	<b>542,108,750,355</b>	<b>496,558,660,032</b>	


The fair values of the financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. The fair values of the financial assets and liabilities had not yet been formally assessed and determined as at 31 December 2014 and 31 December 2013. However, it is management's assessment that the fair values of these financial assets and liabilities are approximately the same as their carrying values as at balance sheet date.

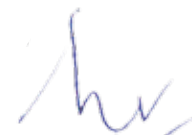
### 27. SEGMENT INFORMATION

The Company's main activities are to manufacture synthetic yarn and knitting and its revenue is mainly from these activities. In addition, the Company's operation and branch which are generating revenue are located in Vietnam. Therefore, the Company's management believes presentation of segment information is not required.

### 28. EVENTS AFTER THE BALANCE SHEET DATE

There has not been any matter or circumstance that has arisen since the balance date that has affected or may significantly affect the operations of the Company, the results of those operations or the state of affairs of the Company.

  
Preparer  
Le Thi Mong Tuyen

  
Chief Accountant  
Phan Nhu Bich

  
General Director  
Dang Trieu Hoa

2 March 2015

