

Century Synthetic Fiber Corporation

Separate financial statements

For the year ended 31 December 2020



Century Synthetic Fiber Corporation

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Century Synthetic Fiber Corporation

GENERAL INFORMATION

THE COMPANY

Century Synthetic Fiber Corporation ("the Company") is a shareholding company incorporated under the Law on Enterprise of Vietnam and currently operates based on the 19th Amended Enterprise Registration Certificate No. 0302018927 issued by the Department of Planning and Investment of Ho Chi Minh City on 10 August 2020.

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

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

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

BOARD OF DIRECTORS

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

Ms Dang My Linh	Chairman	assigned on 14 February 2020
	Member	resigned on 13 February 2020
Mr Dang Trieu Hoa	Vice Chairman	assigned on 14 February 2020
	Chairman	resigned on 13 February 2020
Mr Dang Huong Cuong	Member	
Ms Cao Thi Que Anh	Member	
Mr Chen Che Jen	Member	
Mr Vo Quang Long	Member	
Mr Nguyen Quoc Huong	Member	

BOARD OF SUPERVISION

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

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

Century Synthetic Fiber Corporation

GENERAL INFORMATION (continued)

MANAGEMENT

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

Mr Dang Trieu Hoa	General Director	
Mr Nguyen Thai Hung	General Manager	resigned on 1 July 2020
Ms Nguyen Phuong Chi	Chief Strategic Officer	
Mr Phan Nhu Bich	Chief Financial Officer	

LEGAL REPRESENTATIVE

The legal representative of the Company during the year and at the date of this report are:

Mr Dang Trieu Hoa	to 13 February 2020
	from 22 June 2020 to now
Ms Dang My Linh	from 14 February 2020
	to 21 June 2020

AUDITORS

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

REPORT OF MANAGEMENT

MANAGEMENT'S RESPONSIBILITY IN RESPECT OF THE SEPARATE FINANCIAL STATEMENTS

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

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

STATEMENT BY MANAGEMENT

The Company has a subsidiary as disclosed in the separate financial statements. The Company prepared these separate financial statements to meet the prevailing requirements in relation to disclosure of information, specifically the Circular 155/2015/TT-BTC on disclosure of information on the securities market. In addition, as required by these regulations, the Company has also prepared the consolidated financial statements of the Company and its subsidiary ("the Group") for the year ended 31 December 2020 dated 22 March 2021.

For and on behalf of management: *Nich*

Dang Trieu Hoa
General Director

Ho Chi Minh City, Vietnam

22 March 2021

Reference: 60867230/22006453

INDEPENDENT AUDITORS' REPORT

To: The Shareholders of Century Synthetic Fiber Corporation

We have audited the accompanying separate financial statements of Century Synthetic Fiber Corporation ("the Company") as prepared on 22 March 2021 and set out on pages 6 to 34, which comprise the separate balance sheet as at 31 December 2020, and the separate income statement and the separate cash flow statement for the year then ended and the notes thereto.

Management's responsibility

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

Auditors' responsibility

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

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

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


Opinion

In our opinion, the separate financial statements give a true and fair view, in all material respects, of the separate financial position of the Company as at 31 December 2020, and of the results of its separate operation and its separate cash flows for the year then ended in accordance with the Vietnamese Accounting Standards, Vietnamese Enterprises Accounting System and the statutory requirements relevant to the preparation and presentation of the separate financial statements.

Ernst & Young Vietnam Limited



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



Dang Minh Tai
Auditor
Audit Practicing Registration Certificate
No. 2815-2019-004-1

Ho Chi Minh City, Vietnam

22 March 2021

SEPARATE BALANCE SHEET
as at 31 December 2020


VND


Code	ASSETS	Notes	Ending balance	Beginning balance
100	A. CURRENT ASSETS		630,089,321,364	876,390,241,675
110	I. Cash and cash equivalents	5	95,080,564,018	149,989,599,793
111	1. Cash		30,080,564,018	13,989,599,793
112	2. Cash equivalents		65,000,000,000	136,000,000,000
120	II. Short-term investment		26,000,000,000	80,000,000,000
123	1. Held-to-maturity investments	6	26,000,000,000	80,000,000,000
130	III. Current accounts receivable		102,308,876,103	103,046,290,685
131	1. Short-term trade receivables	7.1	92,809,238,635	94,290,868,321
132	2. Short-term advances to suppliers	7.2	3,217,507,951	2,446,151,451
136	3. Other short-term receivables	8	6,282,129,517	6,309,270,913
140	IV. Inventories	10	400,542,739,062	524,957,682,859
141	1. Inventories		425,066,824,955	539,301,164,894
149	2. Provision for obsolete inventories		(24,524,085,893)	(14,343,482,035)
150	V. Other current assets		6,157,142,181	18,396,668,338
151	1. Short-term prepaid expenses	15	5,737,949,327	7,684,573,766
152	2. Value-added tax deductible	18	295,389,563	10,626,211,498
153	3. Tax and other receivables from the State	18	123,803,291	85,883,074
200	B. NON-CURRENT ASSETS		1,071,656,550,626	1,193,566,171,578
210	I. Long-term receivable		11,279,690,982	-
215	1. Long-term loan receivable	9	11,279,690,982	-
220	II. Fixed assets		913,921,743,038	1,048,021,294,256
221	1. Tangible fixed assets	11	913,710,763,342	1,047,700,238,196
222	Cost		2,054,740,200,284	2,055,787,018,466
223	Accumulated depreciation		(1,141,029,436,942)	(1,008,086,780,270)
227	2. Intangible assets	12	210,979,696	321,056,060
228	Cost		14,385,298,205	14,385,298,205
229	Accumulated amortisation		(14,174,318,509)	(14,064,242,145)
240	III. Long-term asset in progress		564,242,372	1,276,183,372
242	1. Construction in progress	13	564,242,372	1,276,183,372
250	IV. Long-term investments	14	87,290,534,018	81,697,845,959
251	1. Investment in a subsidiary	14.1	80,000,000,000	80,000,000,000
252	2. Investment in an associate	14.2	2,386,800,000	2,386,800,000
253	3. Investment in other entity	14.3	6,097,134,018	-
254	4. Provision for diminution in value of long-term investments	14.2	(1,193,400,000)	(688,954,041)
260	V. Other long-term assets		58,600,340,216	62,570,847,991
261	1. Long-term prepaid expenses	15	53,032,897,253	57,258,908,806
262	2. Deferred tax assets	28.3	5,567,442,963	5,311,939,185
270	TOTAL ASSETS		1,701,745,871,990	2,069,956,413,253


SEPARATE BALANCE SHEET (continued)
as at 31 December 2020

VND

Code	RESOURCES	Notes	Ending balance	Beginning balance
300	C. LIABILITIES		619,228,945,805	986,785,068,712
310	I. Current liabilities		567,213,946,996	822,300,549,301
311	1. Short-term trade payables	16	260,198,622,160	227,458,022,237
312	2. Short-term advances from customers	17	43,677,430,203	38,904,567,735
313	3. Statutory obligations	18	4,881,465,992	2,011,823,443
314	4. Payables to employees		20,994,484,171	28,186,498,161
315	5. Short-term accrued expenses	19	5,142,883,544	7,245,093,814
319	6. Other short-term payables	20	6,173,815,761	5,310,529,163
320	7. Short-term loans	21	222,563,222,915	510,474,231,598
322	8. Bonus and welfare funds		3,582,022,250	2,709,783,150
330	II. Non-current liabilities		52,014,998,809	164,484,519,411
338	1. Long-term loans	21	51,678,081,226	164,112,248,703
342	2. Long-term provision		336,917,583	372,270,708
400	D. OWNERS' EQUITY		1,082,516,926,185	1,083,171,344,541
410	I. Capital	22.1	1,082,516,926,185	1,083,171,344,541
411	1. Share capital		707,269,440,000	707,269,440,000
411a	- Shares with voting rights		707,269,440,000	707,269,440,000
412	2. Share premium		35,093,198,872	35,093,198,872
413	3. Treasury share		(42,410,550,000)	-
418	4. Investment and development fund		1,219,011,000	1,219,011,000
421	5. Undistributed earnings		381,345,826,313	339,589,694,669
421a	- Undistributed earnings by the end of prior years		237,311,753,669	125,151,985,656
421b	- Undistributed earnings of current year		144,034,072,644	214,437,709,013
440	TOTAL LIABILITIES AND OWNERS' EQUITY		1,701,745,871,990	2,069,956,413,253


Preparer
Phan Thanh Phu


Chief Accountant
Phan Nhu Bich


General Director
Dang Trieu Hoa





22 March 2021


SEPARATE INCOME STATEMENT
for the year ended 31 December 2020

VND

Code	ITEMS	Notes	Current year	Previous year
01	1. Revenue from sale of goods	23.1	1,767,404,091,979	2,231,825,707,808
02	2. Deductions	23.1	(1,737,753,340)	(2,841,084,145)
10	3. Net revenue from sale of goods	23.1	1,765,666,338,639	2,228,984,623,663
11	4. Cost of goods sold		(1,510,394,847,210)	(1,874,854,239,562)
20	5. Gross profit from sale of goods		255,271,491,429	354,130,384,101
21	6. Finance income	23.2	11,470,303,555	14,278,487,998
22	7. Finance expenses	24	(22,142,279,747)	(35,391,747,444)
23	In which: Interest expense		(16,392,410,718)	(30,714,160,176)
25	8. Selling expenses	25	(23,679,420,379)	(26,906,231,821)
26	9. General and administrative expenses	26	(57,210,437,807)	(57,906,182,806)
30	10. Operating profit		163,709,657,051	248,204,710,028
31	11. Other income		1,122,471,621	1,540,510,469
32	12. Other expenses		(669,476,686)	3,189,245,097
40	13. Other profit		452,994,935	4,729,755,566
50	14. Accounting profit before tax		164,162,651,986	252,934,465,594
51	15. Current corporate income tax expense	28.1	(20,384,083,120)	(36,189,463,822)
52	16. Deferred tax income (expense)	28.3	255,503,778	(2,307,292,759)
60	17. Net profit after tax		144,034,072,644	214,437,709,013


Preparer
Phan Thanh Phu


Chief Accountant
Phan Nhu Bich


General Director
Dang Trieu Hoa



22 March 2021

SEPARATE CASH FLOW STATEMENT (continued)
for the year ended 31 December 2020


VND


Code	ITEMS	Notes	Current year	Previous year
	I. CASH FLOWS FROM OPERATING ACTIVITIES			
01	Accounting profit before tax		164,162,651,986	252,934,465,594
	<i>Adjustments for:</i>			
02	Depreciation and amortisation	11, 12	133,576,172,429	136,956,773,221
03	Provisions (reversal of provisions)		10,685,049,817	(16,873,882,881)
04	Foreign exchange gain arising from revaluation of monetary accounts denominated in foreign currency		(3,366,341,263)	(1,829,474,182)
05	Profits from investing activities		(3,995,989,805)	(5,228,279,043)
06	Interest expense	24	16,392,410,718	30,714,160,176
08	Operating profit before changes in working capital		317,453,953,882	396,673,762,885
09	Decrease (increase) in receivables		10,714,359,986	(23,775,765,287)
10	Decrease in inventories		114,234,339,939	1,872,120,326
11	Increase (decrease) in payables		31,529,028,469	(115,198,000,167)
12	Decrease (increase) in prepaid expenses		6,172,635,992	(10,568,408,236)
13	Interest paid		(17,221,086,787)	(30,144,364,731)
14	Corporate income tax paid	18	(17,552,647,197)	(48,064,095,345)
15	Other cash inflows from operating activities		2,442,339,682	2,049,281,161
16	Other cash outflows for operating activities		(1,570,100,582)	(1,282,589,793)
20	Net cash from operating activities		446,202,823,384	171,561,940,813
	II. CASH FLOWS FROM INVESTING ACTIVITIES			
21	Purchase and construction of fixed assets		-	(10,464,890,921)
22	Proceeds from disposals of fixed assets and other long-term assets		207,272,727	260,000,000
23	Bank term deposit, loan to other entity		(11,279,690,982)	(35,000,000,000)
24	Collection of bank term deposit		54,000,000,000	-
25	Payments for investments in another entity		(6,097,134,018)	-
27	Interest received		4,312,029,200	9,316,221,213
30	Net cash from (used in) investing activities		41,142,476,927	(35,888,669,708)
	III. CASH FLOWS FROM FINANCING ACTIVITIES			
31	Drawdown of issued share		-	65,733,563,493
32	Capital redemption		(42,410,550,000)	-
33	Drawdown of borrowings	21	725,560,629,230	1,045,014,508,520
34	Repayment of borrowings	21	(1,123,451,073,930)	(1,143,446,901,580)
36	Dividends paid	22.2	(102,209,474,025)	(106,009,143,674)
40	Net cash used in financing activities		(542,510,468,725)	(138,707,973,241)


SEPARATE CASH FLOW STATEMENT (continued)
for the year ended 31 December 2020

VND

Code	ITEMS	Notes	Current year	Previous year
50	Net decrease in cash and cash equivalents for the year		(55,165,168,414)	(3,034,702,136)
60	Cash and cash equivalents at the beginning of the year		149,989,599,793	153,023,136,643
61	Impact of exchange rate fluctuation		256,132,639	1,165,286
70	Cash and cash equivalents at end of the year	5	95,080,564,018	149,989,599,793


 Preparer
Phan Thanh Phu


 Chief Accountant
Phan Nhu Bich


 General Director
Dang Trieu Hoa


22 March 2021

NOTES TO THE SEPARATE FINANCIAL STATEMENTS
as at 31 December 2020 and for the year then ended

1. CORPORATE INFORMATION

Century Synthetic Fiber Corporation ("the Company") is a shareholding company incorporated under the Law on Enterprise of Vietnam and currently operates based on the 19th Amended Enterprise Registration Certificate No. 0302018927 issued by the Department of Planning and Investment of Ho Chi Minh City on 10 August 2020.

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

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

The Company's normal course of business cycle is 12 months.

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

The number of the Company's employees as at 31 December 2020 was 1,031 (31 December 2019: 963).

2. BASIS OF PREPARATION

2.1 Purpose of preparing the separate financial statements

The Company has its subsidiary as disclosed in Note 14.1. The Company prepared these separate financial statements to meet the prevailing requirements in relation to disclosure of information, specifically the Circular 155/2015/TT-BTC on disclosure of information on the securities market. In addition, as required by these regulations, the Company has also prepared the consolidated financial statements of the Company and its subsidiary for the year ended 31 December 2020 dated 22 March 2021.

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

2.2 Accounting standards and system

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

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

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

NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)
as at 31 December 2020 and for the year then ended

2. BASIS OF PREPARATION (continued)

2.3 Applied accounting documentation system

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

2.4 Fiscal year

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

2.5 Accounting currency

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

3.1 Cash and cash equivalents

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

3.2 Inventories

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

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

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

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

Provision for obsolete inventories

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

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

3.3 Receivables

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

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

NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)
as at 31 December 2020 and for the year then ended

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.4 Tangible fixed assets

Tangible fixed assets are stated at cost less accumulated depreciation.

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

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

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

3.5 Intangible assets

Intangible assets are stated at cost less accumulated amortisation.

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

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

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

3.6 Depreciation and amortisation

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

Buildings, structures	5 - 25 years
Machinery and equipment	5 - 15 years
Means of transportation	2 - 10 years
Office equipment	3 - 6 years
Computer software	4 - 5 years

3.7 Borrowing cost

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

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

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

3.8 Prepaid expenses

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

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

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

NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)
as at 31 December 2020 and for the year then ended

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.8 Prepaid expenses (continued)

Prepaid land rental

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

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

3.9 Construction in process

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

3.10 Investments

Investments in a subsidiary

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

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

Investment in an associate

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

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

Investments in other entities

Investments in other entities are stated at their acquisition costs.

Provision for diminution in value of an investment

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

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

Held-to-maturity investments

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

3.11 Payables and accruals

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

NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)
as at 31 December 2020 and for the year then ended**3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)****3.12 Accrual for severance pay**

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

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

3.13 Foreign currency transactions

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

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

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

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

3.14 Appropriation of net profit

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

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

Investment and development fund

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

Bonus and welfare fund

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

NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)
as at 31 December 2020 and for the year then ended

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.15 Revenue recognition

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

Sale of goods

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

Interest

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

3.16 Taxation

Current income tax

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

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

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

Deferred tax

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

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

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

NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)
as at 31 December 2020 and for the year then ended

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.16 Taxation (continued)

Deferred tax (continued)

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

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

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

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

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

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

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

3.17 Related parties

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

NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)
as at 31 December 2020 and for the year then ended

4. SIGNIFICANT EVENT DURING THE YEAR

Covid-19 pandemic

The Covid-19 pandemic is resulting in an economic slowdown and adversely impacting most businesses and industries. This situation may bring uncertainties and have an impact on the environment in which the Company operates. The Company's management has continuously monitored ongoing developments and assessed the financial impact in respects of the valuation of assets, provisions and contingent liabilities, and has used estimates and judgement in respect of various issues as the situation has evolved, using the best information obtained up to the date of this financial statements.

5. CASH AND CASH EQUIVALENTS

	VND	
	Ending balance	Beginning balance
Cash on hand	51,924,445	52,452,397
Cash in banks	30,028,639,573	13,937,147,396
Cash equivalents (*)	65,000,000,000	136,000,000,000
TOTAL	95,080,564,018	149,989,599,793

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

6. HELD-TO-MATURITY INVESTMENTS

Held-to-maturity investments represent bank deposits at commercial banks with original maturity of more than three (3) months but less than one (1) year and earn interest at the market rate.

7. SHORT-TERM TRADE RECEIVABLES AND ADVANCES TO SUPPLIERS

7.1 Short-term trade receivables

	VND	
	Ending balance	Beginning balance
Trade receivables from customers	92,441,137,090	92,627,651,711
- Far Eastern Polytex (Viet Nam) Limited	13,335,741,492	4,268,161,127
- Formosa Taffeta Dong Nai Co., Ltd	12,564,727,014	14,923,517,117
- Formosa Taffeta Viet Nam Co., Ltd.	12,362,512,657	7,928,546,879
- Gain Lucky Vietnam Limited	11,863,660,108	8,485,120,800
- Y.R.C Textile Co., Ltd	10,733,737,699	17,714,088,690
- Others	31,580,758,120	39,308,217,098
Trade receivables from a related party (Note 29)	368,101,545	1,663,216,610
TOTAL	92,809,238,635	94,290,868,321

NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)
as at 31 December 2020 and for the year then ended

7. SHORT-TERM TRADE RECEIVABLES AND ADVANCES TO SUPPLIERS (continued)

7.2 Short-term advances to suppliers

	VND	
	Ending balance	Beginning balance
Oerlikon Barmag Zweigniederlassung	1,252,864,321	589,407,693
Changzhou Jason Internation Trade	610,915,500	-
Others	1,353,728,130	1,856,743,758
TOTAL	3,217,507,951	2,446,151,451

8. OTHER SHORT-TERM RECEIVABLES

	VND	
	Ending balance	Beginning balance
Payment on behalf	4,620,788,781	4,631,116,781
Social insurance	1,149,777,307	1,221,397,593
Other receivables	511,563,429	456,756,539
TOTAL	6,282,129,517	6,309,270,913
<i>In which:</i>		
<i>Due from a related party (Note 29)</i>	4,620,788,781	4,631,116,781
<i>Due from other parties</i>	1,661,340,736	1,678,154,132

9. LONG-TERM LOAN RECEIVABLES

Long-term loan receivables represent loan to Dintsun Vietnam Company Limited ("Dintsun") under the Capital Contribution Agreement No DTVN – 2019001 dated 12 December 2019 to raise the capital for Soc Trang Industrial Zone Project and earn no interest.

10. INVENTORIES

	VND			
	Ending balance		Beginning balance	
	Cost	Provision	Cost	Provision
Finished goods	249,567,912,347	(20,926,659,793)	322,026,575,272	(10,179,057,241)
Raw materials	152,646,033,124	(3,597,426,100)	179,478,522,412	(4,164,424,794)
Goods in transit	22,852,879,484	-	37,796,067,210	-
TOTAL	425,066,824,955	(24,524,085,893)	539,301,164,894	(14,343,482,035)

Detail of movements of provision for obsolete inventories:

	VND	
	Current year	Previous year
Beginning balance	(14,343,482,035)	(31,404,107,351)
Add: Provision made during the year	(10,747,602,552)	(15,402,074,607)
Less: Revert provision made during the year	566,998,694	32,462,699,923
Ending balance	(24,524,085,893)	(14,343,482,035)

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NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)
as at 31 December 2020 and for the year then ended

11. TANGIBLE FIXED ASSETS

	Buildings, structures	Machinery and equipment	Motor vehicles	Office equipment	VND Total
Cost:					
Beginning balance	304,608,626,458	1,563,560,029,589	182,826,636,339	4,791,726,080	2,055,787,018,466
Disposal	-	-	(1,046,818,182)	-	(1,046,818,182)
Ending balance	304,608,626,458	1,563,560,029,589	181,779,818,157	4,791,726,080	2,054,740,200,284
<i>In which:</i>					
Fully depreciated	83,900,367,044	137,306,365,911	21,121,654,126	286,355,981	242,614,743,062
Accumulated depreciation:					
Beginning balance	(131,582,665,642)	(763,771,963,535)	(108,330,866,506)	(4,401,284,587)	(1,008,086,780,270)
Depreciation for the year	(9,925,013,266)	(104,361,519,232)	(19,071,123,567)	(108,440,000)	(133,466,096,065)
Disposal	-	-	523,439,393	-	523,439,393
Ending balance	(141,507,678,908)	(868,133,482,767)	(126,878,550,680)	(4,509,724,587)	(1,141,029,436,942)
Net carrying amount:					
Beginning balance	173,025,960,816	799,788,066,054	74,495,769,833	390,441,493	1,047,700,238,196
Ending balance	163,100,947,550	695,426,546,822	54,901,267,477	282,001,493	913,710,763,342
<i>In which:</i>					
Pledged as loan security (Note 21.2)	93,908,250,469	271,025,466,189	45,959,761,415	88,000,000	410,981,478,073

NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)
as at 31 December 2020 and for the year then ended

12. INTANGIBLE ASSETS

	VND
	<i>Computer software</i>
Cost:	
Beginning and ending balances	<u>14,385,298,205</u>
<i>In which:</i>	
<i>Fully amortised</i>	<u>13,834,916,387</u>
Accumulated amortisation:	
Beginning balance	(14,064,242,145)
Amortisation for the year	<u>(110,076,364)</u>
Ending balance	<u>(14,174,318,509)</u>
Net carrying amount:	
Beginning balance	<u>321,056,060</u>
Ending balance	<u>210,979,696</u>

13. CONSTRUCTION IN PROGRESS

	VND	VND
	<i>Ending balance</i>	<i>Beginning balance</i>
Machinery and equipment	255,522,372	255,522,372
Others	<u>308,720,000</u>	<u>1,020,661,000</u>
TOTAL	<u>564,242,372</u>	<u>1,276,183,372</u>

14. LONG-TERM INVESTMENTS

	VND		VND	
	<i>Ending balance</i>		<i>Beginning balance</i>	
	<i>Cost</i>	<i>Provision</i>	<i>Cost</i>	<i>Provision</i>
Investment in a subsidiary (Note 14.1)	80,000,000,000	-	80,000,000,000	-
Investment in an associate (Note 14.2)	2,386,800,000	(1,193,400,000)	2,386,800,000	(688,954,041)
Investment in associate (Note 14.3)	<u>6,097,134,018</u>	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL	<u>88,483,934,018</u>	<u>(1,193,400,000)</u>	<u>82,386,800,000</u>	<u>(688,954,041)</u>

NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)
as at 31 December 2020 and for the year then ended

14. LONG-TERM INVESTMENTS (continued)

14.1 Investment in subsidiary

	<u>Ending balance</u>		<u>Beginning balance</u>	
	<i>% of</i>		<i>% of</i>	
	<i>interest</i>	<i>Cost</i>	<i>interest</i>	<i>Cost</i>
		<i>VND</i>		<i>VND</i>
Unitex Corporation	100	<u>80,000,000,000</u>	100	<u>80,000,000,000</u>

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

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

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

14.2 Investment in an associate

	<u>Ending balance</u>		<u>Beginning balance</u>	
	<i>% of</i>		<i>% of</i>	
	<i>interest</i>	<i>Cost</i>	<i>interest</i>	<i>Cost</i>
		<i>VND</i>		<i>VND</i>
E.DYE Vietnam Joint Stock Company	36	<u>2,386,800,000</u>	36	<u>2,386,800,000</u>

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

As at 31 December 2020, the Company is in the process of recovering the investment in E.DYE in accordance with BOD's Resolution No. 15-2019/NQHDQT/TK and 16-2019/NQHDQT/TK dated 19 June 2019.

NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)
as at 31 December 2020 and for the year then ended

14. LONG-TERM INVESTMENTS (continued)

14.3 Investment in another entity

	<u>Ending balance</u>		<u>Beginning balance</u>	
	<u>% of</u>		<u>% of</u>	
	<u>interest</u>	<u>Cost</u>	<u>interest</u>	<u>Cost</u>
		<u>VND</u>		<u>VND</u>
Dintsun Vietnam Company Limited	5	6,097,134,018	-	-

Dintsun Vietnam Company Limited ("Dintsun") is a limited company established pursuant to the Enterprise Registration Certificate ("ERC") No. 2200764052 issued by the Department of Planning and Investment of Ho Chi Minh City on 29 May 2019. The principal activities per Investment Registration Certificate of Dintsun is to invest in business infrastructure. The registered head office of Dintsun is located at Xay Da B Hamlet, Ho Dac Kien Commune, Chau Thanh District, Soc Trang Province, Vietnam.

15. PREPAID EXPENSES

	<u>VND</u>	
	<u>Ending balance</u>	<u>Beginning balance</u>
Short-term	5,737,949,327	7,684,573,766
Tools and supplies in used	3,529,685,356	5,764,297,394
Car rental	1,740,029,437	1,644,860,512
Others	468,234,534	275,415,860
Long-term	53,032,897,253	57,258,908,806
Land rental (land use rights) (*)	37,352,833,085	38,086,934,815
Tools and supplies in used	15,648,479,102	18,778,727,849
Others	31,585,066	393,246,142
TOTAL	58,770,846,580	64,943,482,572

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

16. SHORT-TERM TRADE PAYABLES

	<u>VND</u>	
	<u>Ending balance</u>	<u>Beginning balance</u>
Tainan Spinning Co., Ltd	100,793,520,100	143,907,844,735
Unifi Textile (Suzhou) Co., Ltd	63,377,632,350	30,689,635,500
Chori Co., Ltd	39,194,833,440	14,467,661,640
Pt. Indo-Rama Synthetics TBK	19,117,870,000	9,976,172,544
Others	37,714,766,270	28,416,707,818
TOTAL	260,198,622,160	227,458,022,237

NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)
as at 31 December 2020 and for the year then ended

17. SHORT-TERM ADVANCES FROM CUSTOMERS

	VND	
	<i>Ending balance</i>	<i>Beginning balance</i>
Lear Corporation - Kenansville	13,053,879,216	-
Global Dyeing Co., Ltd	11,209,107,360	-
Nam Phuong Textile and Dyeing Co., Ltd	3,781,339,848	10,132,537,779
Treasure Star International Limited	3,344,845,959	11,576,002,964
Others	12,288,257,820	17,196,026,992
TOTAL	43,677,430,203	38,904,567,735

18. STATUTORY OBLIGATIONS

	VND			
	<i>Beginning balance</i>	<i>Increase in the year</i>	<i>Decrease in the year</i>	<i>Ending balance</i>
Payables				
Corporate income tax	1,713,164,081	20,384,083,120	(17,552,647,197)	4,544,600,004
Personal income tax	255,901,763	5,784,749,294	(5,789,525,187)	251,125,870
Value-added tax	-	48,316,420,363	(48,230,680,245)	85,740,118
Import and export duties	42,757,599	1,061,548,407	(1,104,306,006)	-
Foreign Contractor Tax	-	23,874,527	(23,874,527)	-
TOTAL	2,011,823,443	75,570,675,711	(72,701,033,162)	4,881,465,992
Receivables				
Value-added tax deductible	10,626,211,498	94,457,845,320	(104,788,667,255)	295,389,563
Others	85,883,074	6,776,063,478	(6,738,143,261)	123,803,291
TOTAL	10,712,094,572	101,233,908,798	(111,526,810,516)	419,192,854

19. SHORT-TERM ACCRUED EXPENSES

	VND	
	<i>Ending balance</i>	<i>Beginning balance</i>
Utility expenses	3,064,460,161	3,486,222,748
Sales commission	1,759,156,676	2,660,074,708
Interest expense	238,727,919	988,796,358
Others	80,538,788	110,000,000
TOTAL	5,142,883,544	7,245,093,814

NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)
as at 31 December 2020 and for the year then ended

20. OTHER SHORT-TERM PAYABLES

	VND	
	<i>Ending balance</i>	<i>Beginning balance</i>
Social insurance	3,092,177,775	3,337,350,476
Dividends	195,256,065	126,789,090
Others	2,886,381,921	1,846,389,597
TOTAL	6,173,815,761	5,310,529,163

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NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)
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21. LOANS

	Beginning balance	Movement during the year		Reclassification	Foreign exchange difference	VND Ending balance
		Increase	Decrease			
Short-term						
Loans from banks (Note 21.1)	361,452,671,910	725,560,629,230	(917,667,191,402)	-	(1,801,901,088)	167,544,208,650
Current portion of long-term loans (Note 21.2)	149,021,559,688	-	(205,783,882,528)	112,434,167,477	(652,830,372)	55,019,014,265
	510,474,231,598	725,560,629,230	(1,123,451,073,930)	112,434,167,477	(2,454,731,460)	222,563,222,915
Long-term						
Loans from banks (Note 21.2)	164,112,248,703	-	-	(112,434,167,477)	-	51,678,081,226
TOTAL	674,586,480,301	725,560,629,230	(1,123,451,073,930)	-	(2,454,731,460)	274,241,304,141

21.1 Short-term loans from banks

The Company obtained the unsecured loans from banks for the purpose of financing its working capital requirements which bear interest rates from 1.74% to 3.00% per annum (foreign currency). Details are as follows:

Banks	Ending balance VND	Original amount USD	Term and maturity date
Orient Commercial Joint Stock Bank	88,348,045,500	3,839,550	From 10 January to 24 June 2021
CTBC Bank Co., Ltd	47,782,566,000	2,076,600	From 1 April to 4 May 2021
Woori Bank Vietnam Limited – Sai Gon Branch	31,413,597,150	1,365,215	7 July 2021
TOTAL	167,544,208,650	7,281,365	

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NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued) as at 31 December 2020 and for the year then ended

21. LOANS (continued)

21.2 Long-term loans from banks

Long-term loans from banks bear interest rates from 1.9% to 4.0% per annum (on foreign currency). Details of the long-term loans from banks are as follows:

Banks	Ending balance		Original amount	Term and maturity date	Description of collateral
	VND	USD			
Vietnam Commercial Joint Stock Export Import Bank	69,056,196,885	3,001,139		From 20 January 2021 to 20 April 2022	Assets funded by loans including prepaid land rental (Note 14) and imported machinery and equipment (Note 10) at Trang Bang project, Tay Ninh
CTBC Bank Co., Ltd	37,640,898,606	1,635,849		From 16 March 2021 to 5 December 2022	Assets funded by loans including all imported machinery and equipment (Note 10) (Trang Bang project - 4 th and 5 th stage)
TOTAL	106,697,095,491	4,636,988			
<i>In which:</i>					
Current portion	55,019,014,265				
Long-term loans	51,678,081,226				

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NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)
as at 31 December 2020 and for the year then ended

22. OWNERS' EQUITY

22.1 Increases and decreases in owners' equity

	Share capital	Share premium	Treasury shares	Investment and development fund	Undistributed earnings	Total
						VND
Previous year:						
Beginning balance	599,377,980,000	35,297,435,379	-	1,219,011,000	273,196,061,656	909,090,488,035
Capital increase	107,891,460,000	(204,236,507)	-	-	(41,953,660,000)	65,733,563,493
Net profit for the year	-	-	-	-	214,437,709,013	214,437,709,013
Dividend declared	-	-	-	-	(106,090,416,000)	(106,090,416,000)
Ending balance	707,269,440,000	35,093,198,872	-	1,219,011,000	339,589,694,669	1,083,171,344,541
Current year:						
Beginning balance	707,269,440,000	35,093,198,872	-	1,219,011,000	339,589,694,669	1,083,171,344,541
Purchase of treasury shares	-	-	(42,410,550,000)	-	-	(42,410,550,000)
Net profit for the year	-	-	-	-	144,034,072,644	144,034,072,644
Dividend declared (*)	-	-	-	-	(102,277,941,000)	(102,277,941,000)
Ending balance	707,269,440,000	35,093,198,872	(42,410,550,000)	1,219,011,000	381,345,826,313	1,082,516,926,185

(*) The Resolutions of Annual Shareholder Meeting dated 22 June 2020, and of Board of Directors No. 09-2020/NQHDQT/TK dated 1 July 2020 approved the dividend by cash of 15% par value of share (VND 1,500/share).

NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)
as at 31 December 2020 and for the year then ended

22. OWNERS' EQUITY (continued)

22.2 Capital transactions with owners and distribution of dividends, profits

	VND	
	Current year	Previous year
Issued share capital		
Beginning balance	707,269,440,000	599,377,980,000
Share issuance	-	107,891,460,000
Ending balance	<u>707,269,440,000</u>	<u>707,269,440,000</u>
Dividends declared	(102,277,941,000)	(106,090,416,000)
Dividend paid in cash	(102,209,474,025)	(106,009,143,674)
Stock dividend	-	(41,953,660,000)

22.3 Shares

	Ending balance		Beginning balance	
	Quantity	Amount (VND)	Quantity	Amount (VND)
Authorized shares	70,726,944	707,269,440,000	70,726,944	707,269,440,000
Issued shares				
Issued and paid-up shares	70,726,944	707,269,440,000	70,726,944	707,269,440,000
Ordinary shares	70,726,944	707,269,440,000	70,726,944	707,269,440,000
Treasury shares				
Ordinary shares	(2,541,650)	(42,410,550,000)	-	-
Shares in circulation				
Ordinary shares	68,185,294	664,858,890,000	70,726,944	707,269,440,000

Par value of outstanding shares: 10,000 VND per share.

23. REVENUES

23.1 Revenue from sale of goods

	VND	
	Current year	Previous year
Gross revenue	1,767,404,091,979	2,231,825,707,808
Less:		
Sales returns	(1,353,692,169)	(764,230,502)
Trade discount	(384,061,171)	(2,076,853,643)
Net revenue	<u>1,765,666,338,639</u>	<u>2,228,984,623,663</u>

NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)
as at 31 December 2020 and for the year then ended**23. REVENUES (continued)****23.2 Finance income**

	VND	
	<i>Current year</i>	<i>Previous year</i>
Interest income	4,312,095,867	8,941,045,414
Foreign exchange gains	5,890,347,831	4,331,873,703
Unrealised foreign exchange gains	1,267,859,857	1,005,568,881
TOTAL	11,470,303,555	14,278,487,998

24. FINANCE EXPENSES

	VND	
	<i>Current year</i>	<i>Previous year</i>
Interest expense	16,392,410,718	30,714,160,176
Foreign exchange losses	5,245,423,070	4,490,844,833
Provision for diminution in value of long-term investments	504,445,959	186,742,435
TOTAL	22,142,279,747	35,391,747,444

25. SELLING EXPENSES

	VND	
	<i>Current year</i>	<i>Previous year</i>
Transportation expense	7,941,574,982	12,084,996,155
Letter of credit (L/C) and documentary fee	7,663,485,108	6,947,349,102
Commission fee	3,175,722,341	4,575,738,209
Other expenses	4,898,637,948	3,298,148,355
TOTAL	23,679,420,379	26,906,231,821

26. GENERAL AND ADMINISTRATION EXPENSES

	VND	
	<i>Current year</i>	<i>Previous year</i>
Labour costs	27,690,996,727	26,527,207,472
Expenses for external services	10,014,117,469	12,298,834,144
Stationery and other tools costs	9,252,765,927	8,102,156,780
Depreciation and amortisation expenses	1,814,399,292	2,165,473,870
Other expenses	8,438,158,392	8,812,510,540
TOTAL	57,210,437,807	57,906,182,806

NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)
as at 31 December 2020 and for the year then ended

27. PRODUCTION AND OPERATING COSTS

	VND	
	<i>Current year</i>	<i>Previous year</i>
Raw materials	1,051,554,154,248	1,353,106,128,093
Expenses for external services	233,558,115,107	276,729,700,158
Depreciation and amortisation (Notes 11 and 12)	133,576,172,429	136,956,773,221
Labour costs	124,868,261,515	133,247,271,009
Other expenses	47,728,002,097	59,626,781,708
TOTAL	1,591,284,705,396	1,959,666,654,189

28. CORPORATE INCOME TAX

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

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

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

28.1 CIT expense

	VND	
	<i>Current year</i>	<i>Previous year</i>
Current tax expense	16,793,155,624	22,984,249,920
Adjustment for under accrual of CIT from prior years	3,590,927,496	13,205,213,902
Deferred tax (income) expense	(255,503,778)	2,307,292,759
TOTAL	20,128,579,342	38,496,756,581

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

NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)
as at 31 December 2020 and for the year then ended

28. CORPORATE INCOME TAX (continued)

28.2 Current CIT

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

	VND	
	Current year	Previous year
Accounting profit before tax	164,162,651,986	252,934,465,594
At the applicable CIT rate for the Company	32,832,530,397	50,586,893,119
<i>Adjustments:</i>		
Non-deductible expenses	1,353,113,586	1,348,237,810
Tax incentive at Trang Bang branch	(16,842,664,035)	(23,683,089,306)
Adjustment for under accrual of tax from prior years	3,590,927,496	13,205,213,902
Unrealised profit	(805,328,102)	(2,960,498,944)
CIT expense	20,128,579,342	38,496,756,581

28.3 Deferred tax

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

	VND			
	Separate balance sheet		Separate income statement	
	Ending balance	Beginning balance	Current year	Previous year
Deferred tax assets				
Accrued salaries and bonus	2,368,139,814	3,828,333,066	(1,460,193,252)	384,974,131
Tax loss carry forward	1,736,575,132	-	1,736,575,132	-
Provision for obsolete inventory	719,485,220	832,884,959	(113,399,739)	(176,421,847)
Accrued expenses	415,431,336	555,577,715	(140,146,379)	193,164,909
Provision for diminution in value of long-term investments	238,680,000	-	238,680,000	-
Accrual for severance pay	67,383,517	74,454,142	(7,070,625)	5,303,942
Provision for import duties	-	-	-	(2,733,745,103)
Foreign exchange arising from revaluation of monetary accounts denominated in foreign currency	21,747,944	20,689,303	1,058,641	19,431,209
	5,567,442,963	5,311,939,185		
Net deferred tax credit (charge) to separate income statement			255,503,778	(2,307,292,759)

NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)
as at 31 December 2020 and for the year then ended

29. TRANSACTIONS WITH RELATED PARTIES

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

<i>Related parties</i>	<i>Relationship</i>	<i>Transactions</i>	<i>VND</i>	
			<i>Current year</i>	<i>Previous year</i>
Hung Loi Service Trading Investment Company Limited	Related party due to family member of a BOD member of the Company investing therein	Sale of goods	59,814,773,065	8,655,709,290
P.A.N Asia Co., Ltd	Related party due to a BOD member of the Company investing therein	Sale of goods	8,822,791,669	18,383,946,860
Liantex Co., Ltd.	Related party due to a BOD member of the Company investing therein	Sale of goods	-	17,877,581,900

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

			VND	
<i>Related parties</i>	<i>Relationship</i>	<i>Transaction</i>	<i>Ending balance</i>	<i>Beginning balance</i>
Short-term trade receivables (Note 6)				
Hung Loi Service Trading Investment Company Limited	Related party due to family member of a BOD member of the Group investing therein	Sale of goods	368,101,545	355,526,818
P.A.N Asia Co., Ltd	Related party due to a BOD member of the Company investing therein	Sales of goods	-	1,307,646,387
Liantex Corp	Related party due to a BOD member of the Group investing therein	Sale of goods	-	43,405
			368,101,545	1,663,216,610
Other short-term receivables (Note 8)				
Unitex Limited Liability Company	Subsidiary	Payment on behalf	4,620,788,781	4,631,116,781

NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)
as at 31 December 2020 and for the year then ended

29. TRANSACTIONS WITH RELATED PARTIES (continued)

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

	VND	
	<i>Current year</i>	<i>Previous year</i>
Management	2,451,939,965	3,971,493,802
Board of Directors	924,000,000	540,000,000
Board of Supervision	240,000,000	144,000,000
TOTAL	3,615,939,965	4,655,493,802

30. OPERATING LEASE COMMITMENT

The Company leases assets under operating lease arrangements. The lease commitment as at the balance sheet date under the operating lease agreements is as follows:

	VND	
	<i>Ending balance</i>	<i>Beginning balance</i>
Less than 1 year	340,500,000	113,470,000
From 1 to 5 years	1,362,000,000	1,362,000,000
More than 5 years	9,335,345,000	9,902,875,000
TOTAL	11,037,845,000	11,378,345,000

31. OFF BALANCE SHEET ITEM

	<i>Ending balance</i>	<i>Beginning balance</i>
Major foreign currency:		
United States Dollar (USD)	317,258	167,437

32. EVENTS AFTER THE BALANCE SHEET DATE

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



Preparer
Phan Thanh Phu



Chief Accountant
Phan Nhu Bich



General Director
Dang Trieu Hoa

22 March 2021