

ANNUAL REPORT 2020

ANNUAL REPORT 2020 | Century Synthetic Fiber Corporation

CENTURY SYNTHETIC FIBER CORPORATION

Headquarter

B1-1 North West Cu Chi Industrial Zone, Cu Chi District, Ho Chi Minh City
Telephone: +84.8 3790 7565 | Fax: +84.8 3790 7566

Branch

Street 8, Trang Bang Industrial Zone, Trang Bang District, Tay Ninh Province
Telephone: +84.66 389 9537 | Fax: +84.66 389 9536

Representative office

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

2022

**SUCCESSFUL
UPHILL CLIMB**

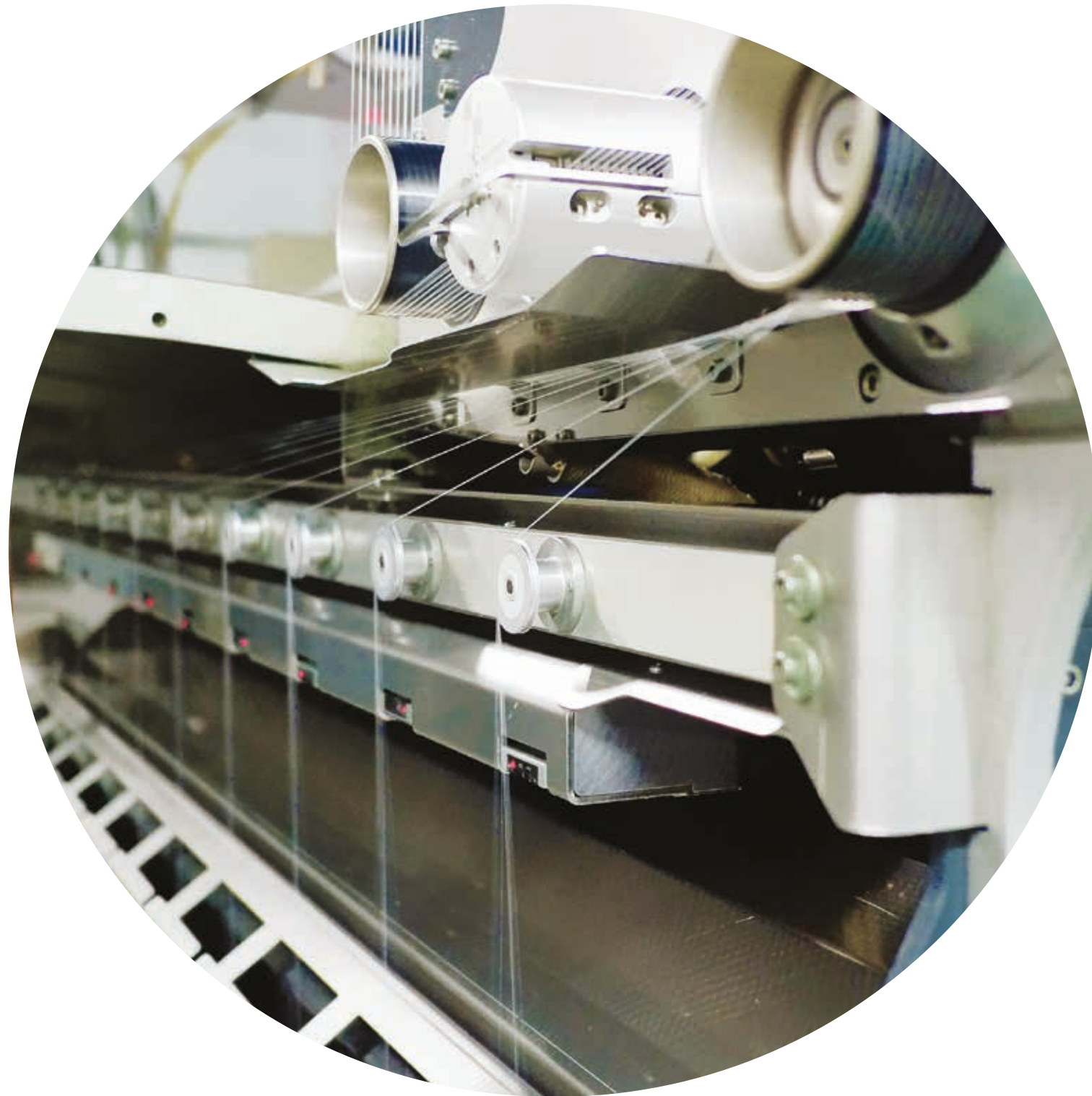


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ABOUT THE REPORT

Title: **SUCCESSFUL UPHILL CLIMB**

The year 2020 marks the 20th anniversary of Century's establishment and developments. Despite the unfavorable market conditions due to unexpected factors, the Company still affirms its ability to overcome adversity and recover remarkably at the end of 2020. With certain achievements, Century would relentlessly pursue the set targets and sustainably develop further.

Components of the report

- ▣ Annual Report
- ▣ Corporate Governance Report
- ▣ Sustainable Development Report
- ▣ Audited Consolidated Financial Statements
- ▣ IFRS Audited Financial Statements

The applied standards in the report

- Circular 96/2020/TT-BTC
- Vietnam accounting standards
- ASEAN corporate governance scorecards
- ISO standards
- GRS certificate, Oekotex-100.

Assurance responsibilities of information accuracy and integrity

- The financial data is consistent with the independent audited financial reports by E&Y Ltd.
- Data on global and Vietnam's industry comes from Customs departments of the relevant markets; published reports on macro economy-industry.¹
- Data of the Company's operations.
- BOD and BOS reports are in line with FY2020 Corporate Governance Report.
- Shareholder information is provided by Vietnam depository department.

Scope of the report

The fiscal year is from January 1st, 2020 to December 31st, 2020.

¹ <https://www.worldbank.org/en/publication/global-economic-prospects>
<https://www.mckinsey.com/industries/retail/our-insights/state-of-fashion>
<https://store.textileexchange.org/product/2020-preferred-fiber-materials-report/>

ABOUT CENTURY

Trading name

Century Corp.

Stock code

CENTURY (HSX)

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

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Chartered Capital

VND 707,269,440,000

Tax Registration Number

0302018927



HIGHLIGHTS



RECYCLED YARN'S CONTRIBUTION ON NET REVENUE was **44%**

NUMBER OF CONSUMER USED PET BOTTLES THAT WERE INDIRECTLY RECYCLED BY CENTURY **2.06** billion

OWNER'S EQUITY
~VND **707**

PRODUCTION CAPACITY
60,000 tons/year



2020 Listed Companies Award held by HOSE

Ranked in Top **05** for the Best Corporate Governance of middle-cap companies.

Ranked in Top **05** for the Best Sustainability Report (for the 5th consecutive year) and bestowed the **Most Trusted Sustainability Report Award**



Corporate Social Index 100 Award: Top 100 Vietnam Sustainable Companies

Ranked in Top **100** Vietnam Sustainable Companies (for the 5th consecutive year)

CHAIRPERSON'S MESSAGE

Dear esteemed shareholders and investors,

First of all, it is an honor to greet you as the newly elected Chair Person of the Board of Directors and to share with you the Annual report for fiscal year 2020 of Century Synthetic Fiber Corporation. I hope that the report will provide useful information on STK's operation in the passing year as well as the Company's vision and business strategy in the coming years.

The year 2020 alone was remarkable in humanity's modern history with the Covid 19 pandemic outspreading worldwide and infecting millions of people in its way. In order to limit the outspread of the pandemic, many countries have opted to use social distancing measures, leading to a dramatic upheaval in many people's daily livelihoods: adults either worked from home or had lost their jobs entirely, students stayed home or did school online from home, service and retails premises had all been shut down. Consequently, international trade has dramatically declined and global supply chains has significant disruption - leading to a rise in unemployment. With that being said, it also wise to point out that the global textile and garment industry, especially Vietnam in particular, were impacted severely. However, thanks to the successful containment of the pandemic in Vietnam compared to other garment exporting rival countries such as China and India, Vietnam is in the fortunate position to better manage the decrease in garment export revenue witnessed in dominant big markets such as the US and Japan.¹

Due to difficulties in sales during Quarter 2 and Quarter 3 of 2020 when leading apparel consuming markets such as the US, EU and Japan were stuck dealing with the harsh realities of the pandemic, STK's revenue and profit of 2020 declined by 20.8% and 33.1%, respectively, as compared to 2019.

Although the business performance in 2020 have not been as expected but the ability to maintain positive growth in revenue and profit focus on the recycled yarn sector alongside with the successful development of yarn for use in automotive textile segment in 2020 perfectly highlights the effectiveness of STK's strategic direction in the previous year alone. Last but not least, such achievements can only be attributed to STK's management team and staffs' outstanding efforts.

The company will maintain its direction in sustainability developments in the coming years with strategic focus on environmentally friendly products-such as recycled yarn, dope dyed yarns and also functional yarn. Also, to keep up with the growing demand on yarn due to an increasing number of garment orders being relocation to Vietnam, STK will implement projects that will sharply expand its capacity in the next few years.

Additionally, in the year of 2020, STK has made remarkable and critical changes in its corporate management structure in an effort to streamline its corporate governance by segregating the two positions of the Chair Person of the Board of Directors and the Managing Director. Besides that, the company will also continuously improve corporate governance by strengthening the interests of all parties involved.

With the entire STK staffs' exceptional efforts alongside the continued solid support from the shareholders and investors, I believed that STK will maintain the sustainable growth in the coming years.

¹ According to statistics of OTEXA, Vietnam's textile and garment export revenue in 2020 to the US market declined by 7.2% while China's export to this market reduced by 30.6%. Similarly, according to JP e-state, Vietnam's garment export revenue to Japan fell by 10.37% while the export from China to this market downed by 17.9%.



With the entire STK staffs' exceptional efforts alongside the continued solid support from the shareholders and investors, I believed that STK will maintain the sustainable growth in the coming years.



DANG MY LINH
Chairperson



MANAGING DIRECTOR'S MESSAGE

**DANG
TRIEU HOA**
Managing Director



In 2020, the portion of recycled yarn was lifted to **44%** in total revenue, indirectly contribution to recycle of **708 million** of consumer used PET bottles, contributing to reduction of the plastic wastes on the Earth, simultaneously positioning the Company as an eco-friendly material supplier.

Dear valued shareholders and investors,

The year 2020 closed with many losses and sadness caused by Covid 19 pandemic but the crisis could not make us fall. Instead, with determination and acumen, the mankind can find our way to overcome difficulties and continue development.

Recovery of the global garment and textile industry in general and Vietnam garment and textile sector in particular in Quarter 4-2020 is a perfect example for the above-mentioned capability. After sharp reduction in Quarter 2 and Quarter 3 - 2020 as result of social distancing measure in the US, EU and Japan in order to contain COVID 19 pandemic, the leading brand names such as Nike, Adidas, H&M, Inditex, etc. has pushed development of e.commerce, enhanced their supply chain and developed environmentally friendly products that meet consumers' demand in order to achieve growth.

In the context of severe market condition, STK has been continuously enhancing its operation in order to reduce production cost while maintaining outstanding product quality and ability to cater customer order quickly. In addition, the Company continued developing new products, expanding customer network, acquiring new markets and actively approaching branded customers to become a reliable supplier in their supply chain. Besides, STK has vigorously pushed sales of recycled yarn. In 2020, the portion of recycled yarn was lifted to 44% in total revenue, indirectly contribution to recycle of 708 million of consumer used PET bottles, contributing to reduction of the plastic wastes on the Earth, simultaneously positioning the Company as an eco-friendly material supplier.

As result of these efforts, while revenue and net profit of virgin yarn declined in 2020, revenue and profit of recycled yarn rose 0.05% and 3% respectively as compared to 2019.

In 2021, the market will not fully recover due to rolling outbreak of the pandemic in big markets. Nevertheless, we still believe in the growth prospect of Vietnam garment and textile industry in general and STK in particular in the coming years. The tariff advantages of Vietnam thanks to the FTAs between Japan, Korea, the Comprehensive and Progressive Agreement for Trans-Pacific Partnership ("CPTPP") and the EU Vietnam Free Trade Agreement ("EVFTA") will attract more garment and textile orders to Vietnam. In that circumstances, CENTURY would continue to concentrate on product and customer-centric strategies, seize the market opportunities to expand the customer network, diversify products with different functions, strengthen the supply chain from materials to finished products, in order to gain new accomplishments in 2021.

The company will implement some capacity expansion projects in the following years to meet growing demand of existing customers. STK will also raise the portion of recycled yarn in total revenue, implement solar rooftop projects in order to meet expectation of brand-name customers and end-buyers. The Company will be steadfast in carrying out environment protection policies, boosting the sustainable production and consumption.

We hope that with the guidance of the Board of Directors and shareholders' support, the Company will reap the set objectives and bring more interest to shareholders, employees and the community.

KEY MILESTONES

2000

Established first factory at Cu Chi District

Established on 01/06/2000.

Main product: DTY

Initial designed capacity: 4,800 tons of DTY per year.

2008

Completed fully-integrated chain

Completed the expansion up to 14,500 tons of POY per year & 15,000 tons of DTY per year.

2005

Converted into JSC.-A strategic reform

Converted into a JSC. and the name was changed to Century Synthetic Fiber Corp.

2011

Developed new product FDY

Raised the Company's entire capacity to 37,000 tons of DTY and FDY and 29,500 tons of POY per year

2015

Officially listed on HOSE, successfully develop "Recycled yarn".

Raising the total capacity to 52,000 tons of DTY and FDY per year.

2016

Began to produce Recycled yarn

Expanding Trang Bang factory in phase 4, raising total capacity of company to 60,000 tons of DTY and FDY per year.

2017

Taking advantage from markets, harvesting success

Raising total capacity to 63,300 tons per year.

2019

Consistently achieving targets

Net Profit increased by 20% y-o-y.

Announcing the route of increasing the recycled yarn's portion

2020

Remarkable recovery after the pandemic

Fulfilling the revised profit target for year 2020

The strategic product Recycled yarn maintained at high profit margin.

Implementation of rooftop solar energy project

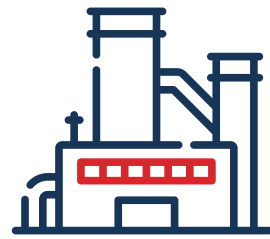
INDUSTRY AND BUSINESS AREAS

SCOPE OF BUSINESS

CENTURY manufactures and trades polyester filament yarns, including DTY and FDY.
 CENTURY's products are used to make sport clothes, sport shoes, swimming suits, polyester bags, curtains, car seat covers, medical bandages.

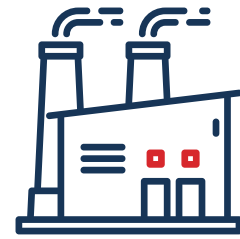
PRODUCTION CAPACITY

The company has two factories located in Cu Chi and Trang Bang on a total area of 68,000 m².



Cu Chi Factory
 Established in 2000

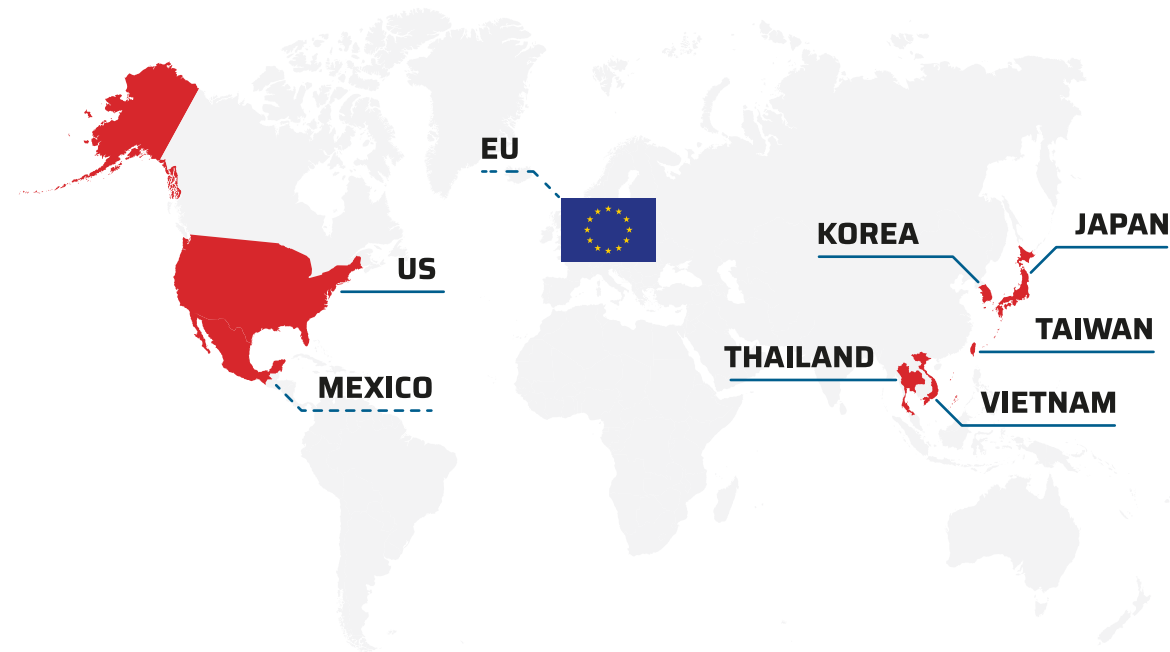
Total maximum capacity: **20,000 tons/annum**



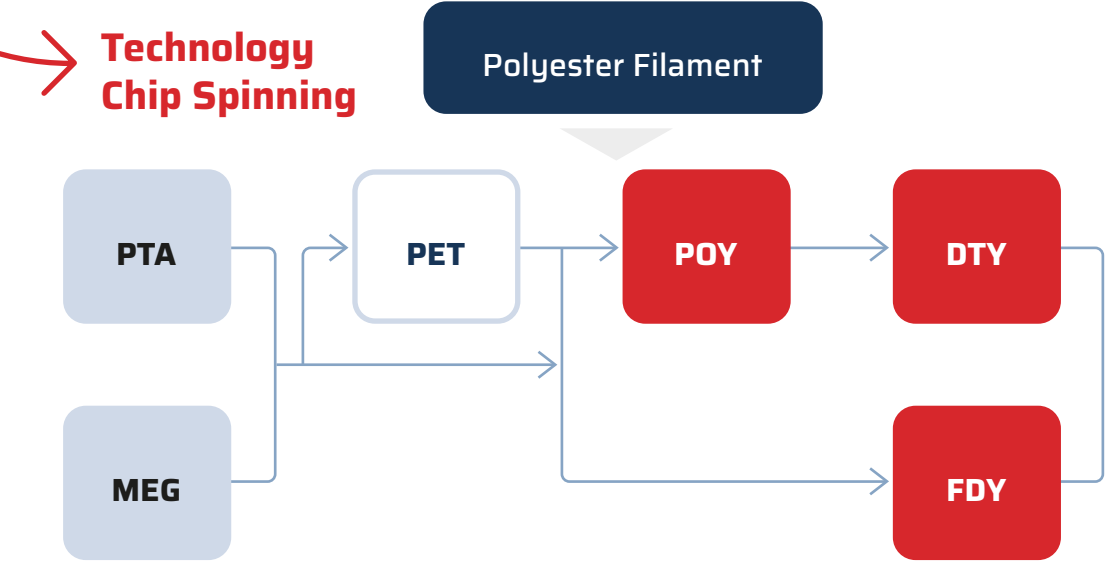
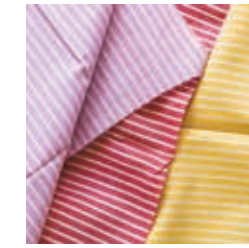
Trang Bang Factory
 Established in 2010

Total maximum capacity: **43,000 tons/annum**

GLOBAL PRESENCE



VALUE CREATION PROCESS

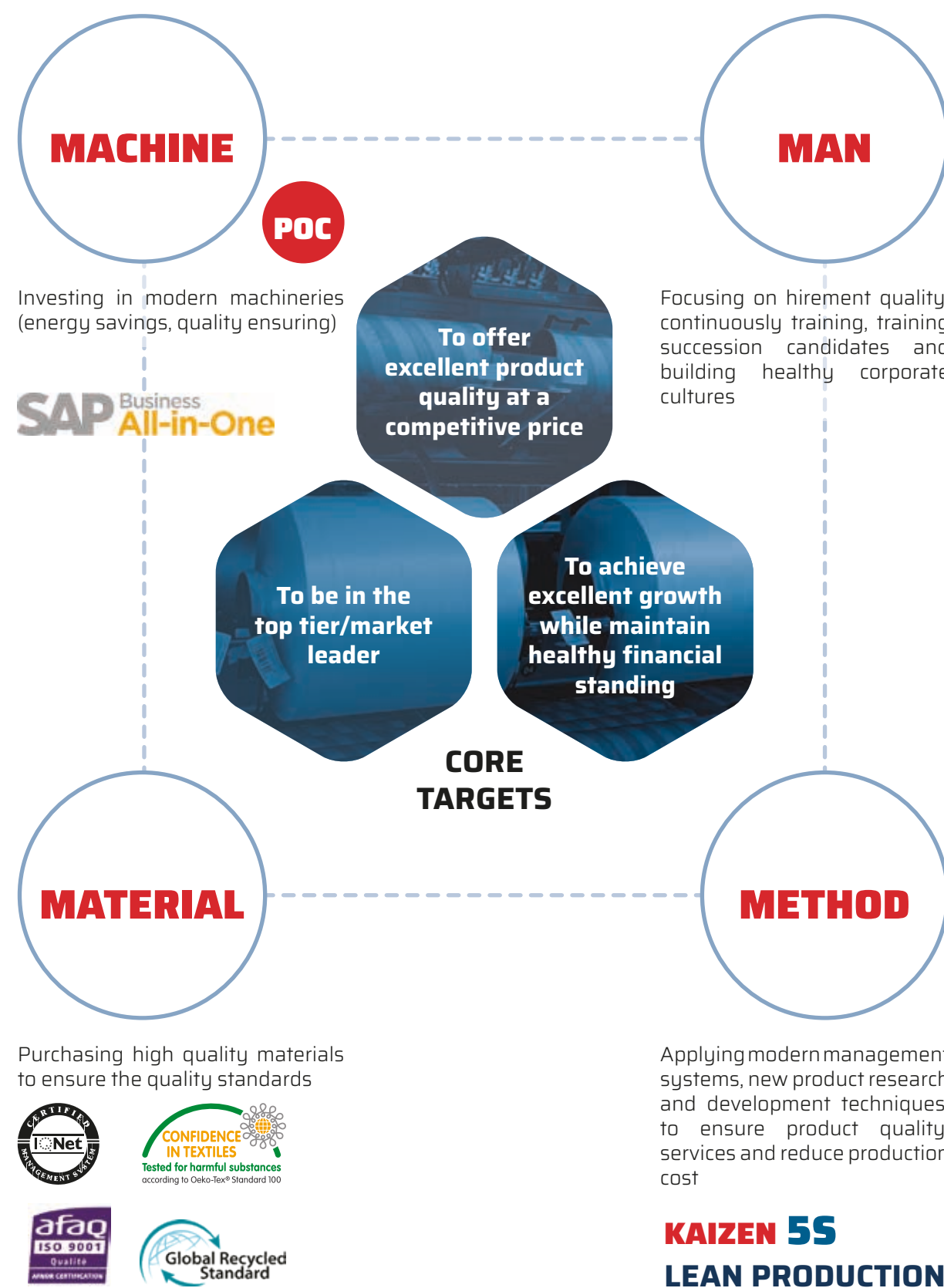


DTY: Drawn Textured Yarn



FDY: Fully Textured Yarn

BUSINESS MODEL



MARKET POSITION & GROWTH DRIVERS

MARKET POSITION

Century is one of seven companies making polyester filament in Vietnam. Though Century is ranked in Top 04 in terms of capacity, Century is one of the leading high-quality brand -names in the sector.

With the vision to pioneer in the textile sector and become a global leader in the sector, Century has been leading in domestic market and expanding internationally, providing the best quality products and services and meeting the utmost stringent requirement of customers.

GROWTH DRIVERS

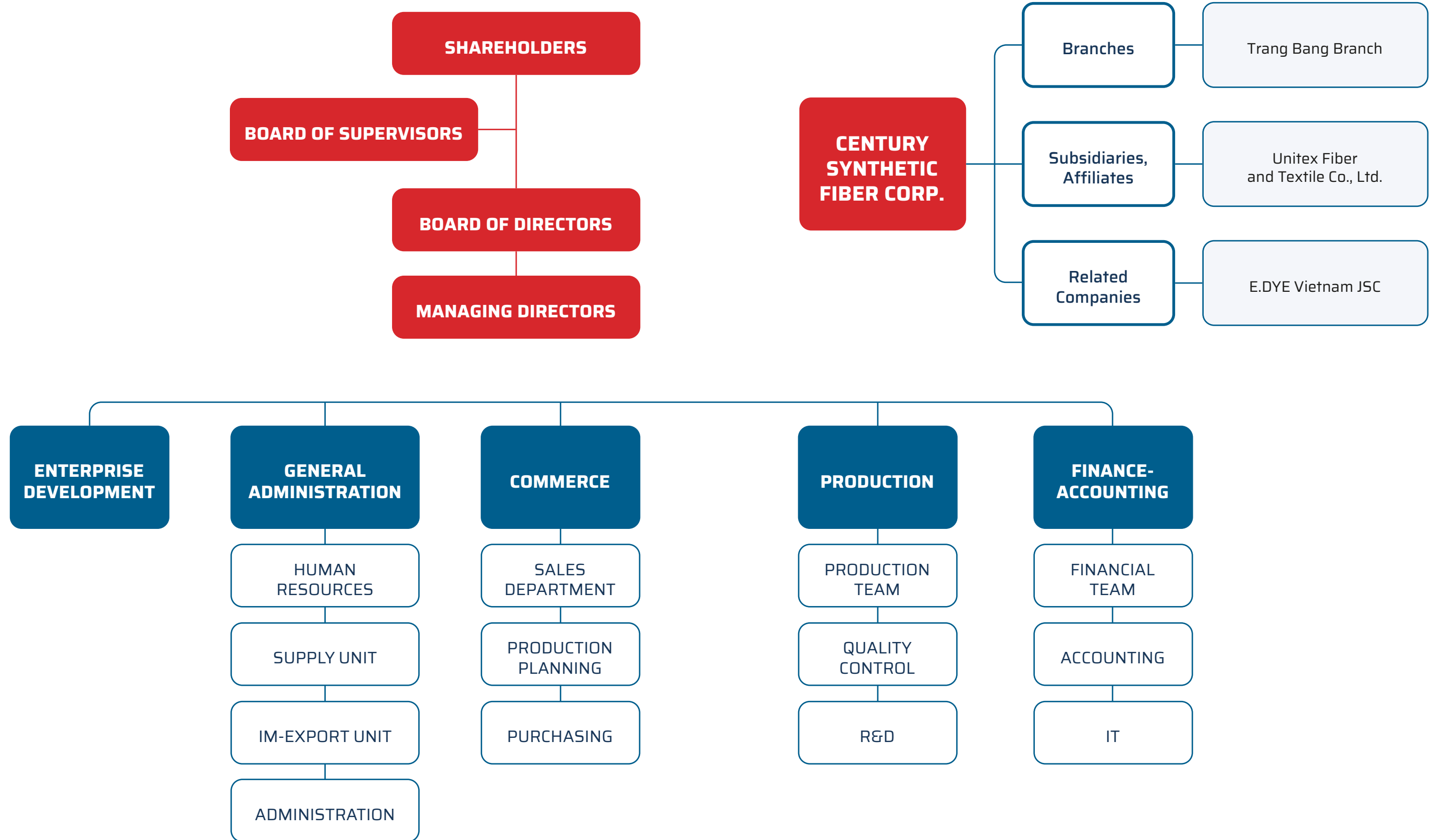
- ▶ **Production resources**
Large capacity factory, modern machineries, cutting-edge technology.
- ▶ **Intangible assets and intellectual property**
Integrated ERP system (SAP-All in one) for management of all core processes sales-production, financial-accounting, procurement, logistics, HR.
Local and international customer network; Intergration into value chains of brand-name companies
- ▶ **Financial resources**
Strong financial standing, stable cashflow, low debt/equity ratio.
- ▶ **Corporate governance**
Gradual improvement in the corporate governance thank to application of modern management software and and international best practices.

Internal factors

External factors

- ▶ **Social factors**
Opportunities from sustainable development trend and demographic changes such as age and gender distribution, etc...
- ▶ **Environmental factors**
Opportunities from environmental protection tendency, global warming combat and green evolutions in the sector.

ORGANIZATION CHART



Please refer to section *Corporate governance model*, page 110.

SUBSIDIARIES - AFFILIATES

SUBSIDIARIES		AFFILIATES
<p>UNITEX FIBER AND TEXTILE CO., LTD</p> <p>Charter capital: VND80 billion</p> <p>Address: Lot A17.1 C1, Thanh Thanh Industrial Zone, An Hoa Commune, Trang Bang District, Tay Ninh Province</p> <p>Business: Production of synthetic fibers (Not yet in operation)</p>	<p>CENTURY'S OWNERSHIP</p> <p>100%</p>	<p>E.DYE VIETNAM JSC</p> <p>Charter capital: VND27.05 billion</p> <p>Address: 102-104-106 Bau Cat, Ward 14, Tan Binh District, HCM city</p> <p>Business: Export, import, retail and wholesales distribution (Not yet in operation)</p>

Performance of Subsidiary company

At present, Unitex has not yet commenced operation, therefore it only recognizes the project development costs.

KPIs	2020 Actual (VND)	±%, y-o-y
Revenue from financial activities	13.394.358	11883,64%
Profit after tax	898.449	-106,28%
Current assets	85.938.330.109	-0,01%
Long-term assets	0	
Liabilities	5.989.228.781	-0,17%
Owner's equity	79.949.101.328	0,00%
Total assets	85.938.330.109	-0,01%

Performance of Affiliated company

E.DYE Vietnam has not yet commenced operation. Therefore it only recorded the establishment costs.

KPIs	2020 Actual (VND)	±%, y-o-y
Revenue from financial activities	5.155.041	0,20%
Profit after tax	-504.691.981	-4,22%
Current assets	7.129.245.733	-0,02%
Long-term assets	8.711.104	-29,43%
Liabilities	2.851.035.063	21,24%
Owner's equity	4.286.921.774	-10,53%
Total assets	7.137.956.837	-0,07%

BUSINESS PHILOSOPHY

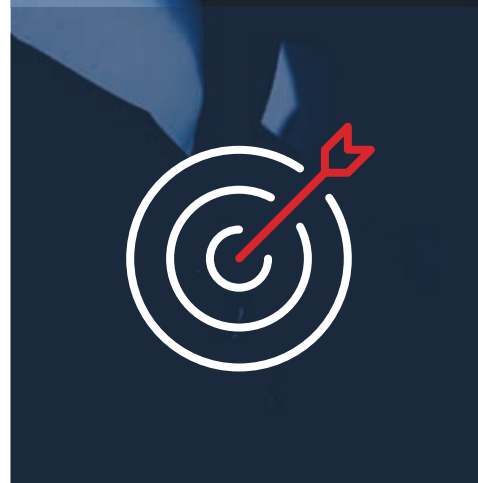
Vision

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 Comittments

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



Our Values

Serving customers

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

- ▣ Serving customers the high quality products with reasonable prices;
- ▣ Eco-friendly products;
- ▣ Globally standardized production process; materials with clear origins.

Uniting ourselves

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

- ▴ Close-knit engagement with stakeholders;
- ▴ Using the resources to bring the highest values to stakeholders;



Improving continuously

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

- Researching and developing new products and markets in order to enhance the economic efficiency;
- Applying improving methods in management of production cost-profit and internal risks of the Company;

Developing together

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

- Sharing benefits with stakeholders: shareholders, employees such as dividend issuance, share offering with preferential prices;
- Contributing to the community developments.

BUSINESS PHILOSOPHY (continued)

Creating sustainable values to stakeholders



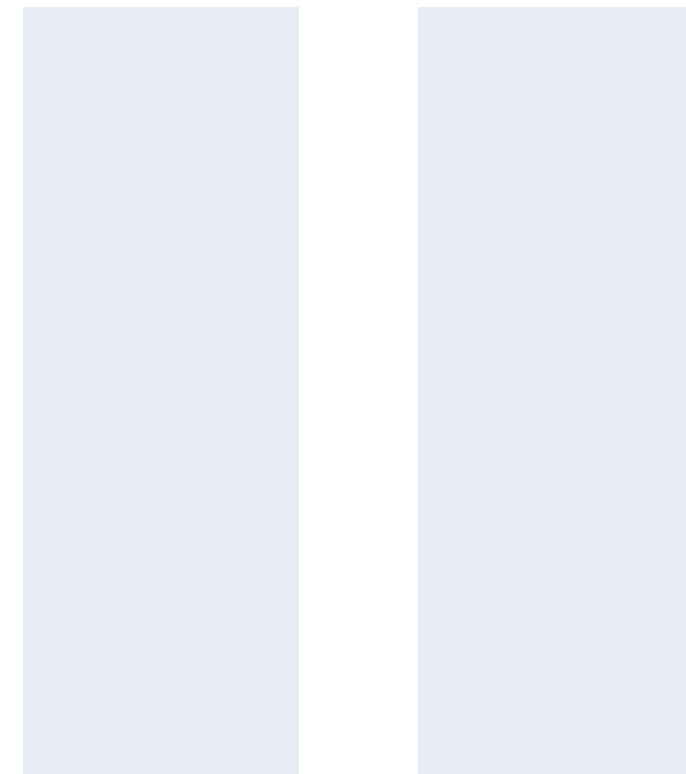
Stakeholders	Approaches for interaction and feedback	Scope of consultation and expectation of stakeholders	STK's actions to meet the expectation from stakeholders
Shareholders	<ul style="list-style-type: none"> > Via General Meetings of Shareholders. > Direct meetings with investors. > The Company's seminars and factory visit programs. > Shareholder survey in writing, phone calls and emails. > IR newsletter, Investor day, Analysts meetings. 	<ul style="list-style-type: none"> > Transparent information to shareholders. > Protection of investor interests. > Good corporate governance. > The Company's orientations for sustainable development. > Effective use of investment capital. > The Company's attention to social issues, environment and community. > Dividends payment to investors. > The remuneration of BOD, BOS and BOM. > The enterprise's value. > The stock liquidity and investment opportunities. 	<ul style="list-style-type: none"> > The net sales revenue reached VND1,765 billion; the profit after tax reached VND144,4 billion, surpassing by 11% as compared to the set target. > Developing further markets: the US market > Raising the recycled yarn proportion in the total sales revenue to 44.7%. > Developing different products having special functions and being eco-friendly. > Adhering to regulations on information disclosure. > Assigning the person in charge of corporate governance. > Committing to pay minimum dividend rate of 15% on par value/year. > 15% cash dividend payment to shareholders in fiscal year 2018. > Diversifying information providing channels

Creating sustainable values to stakeholders *(continued)*

Stakeholders	Approaches for interaction and feedback	Scope of consultation and expectation of stakeholders	STK's actions to meet the expectation from stakeholders
Customers	<ul style="list-style-type: none"> > Direct exchange information with customers. > Meetings, company visits by customers. > Customers survey and questionnaires. > The Company's website > Seminar, industry association forum. > Email, phone calls. 	<ul style="list-style-type: none"> > Company's operation is stable, safe and reliable. > High quality of products and services. > Competitive prices. > Attractive terms of contract. > Outstanding customer services. > Good technical and operational capacity. > Professionalism in providing services. > High value added products. > Safe products which do not contain toxic substances. 	<ul style="list-style-type: none"> > Researching and developing premium finer yarns. > Ensuring the Company's product quality, building up the trust of customers. > Strengthening professional knowledge of the Company's sale team and quality management team. > Recruiting experienced experts to support the Company's activities. > Recruiting additional members to domestic and export sales teams. > Enhancing the customers service quality. > The Company is certified by the SGS organization to be free of toxic substances using in production (REACH 168). > The Company is certified with OEKO -TEX 100 standard, proving that the Company's product does not contain toxic substances harming to customer's health. > Obtaining GRS certificate (Global Recycle Standard). > The Company was highly appreciated by its domestic and international customers.
Employees	<ul style="list-style-type: none"> > Weekly vision and mission program. > Monday meetings. > Periodical dialogue with employees. > At the Employee Benefit Conference. > Direct communication with management level. > Direct communication with Human Resource department. > Collective negotiation meeting. 	<ul style="list-style-type: none"> > Safe working environment, good occupational health. > Ensuring health-safety in working environment. > Balancing between working and personal life. > High salary, bonus, welfare policy. > Opportunity to be trained, to improve skills. > Opportunity to be promoted. > Broad vision of leaders. > Fairness and democracy. > No discriminations. 	<ul style="list-style-type: none"> > Improves the policies on compensation, welfare, training, promotion as well as work environment for employees. > Increase salary for the Company's employee averagely of 7% per year depending on specific positions. > The number of people promoted to higher positions was 15 people. > The Board of Directors of the Company commits on democratic rights, the right to fair treatment and respect for employees. > Ensuring that the lowest average income of the Company's employees is higher than the average income of relevant industry. > Implementing the 5S mechanism. > Ensuring the hygiene, safe working environment and health protection of employees of the Company. > Adhering the corporate social responsibility. > Organizing annual health check for the Company's employees, the Company organized the annual health check for employees.

Creating sustainable values to stakeholders *(continued)*

Stakeholders	Approaches for interaction and feedback	Scope of consultation and expectation of stakeholders	STK's actions to meet the expectation from stakeholders
Suppliers	<ul style="list-style-type: none"> > Direct meetings and exchanging information. > Factory visits. > Communication through emails, phone calls. > Collecting the information through surveys. 	<ul style="list-style-type: none"> > Prestige, long-term cooperation. > Cooperation whereby both parties are benefited and can mutually develop. > To set up stable value chain. 	<ul style="list-style-type: none"> > Enhancing the quality of products and bring benefit for both parties. > Ensuring equality and fair competition in selecting suppliers. > Frequent evaluation of suppliers to ensure effective cooperation. > Negotiating and offering solutions to improve the relationship between the Company and suppliers. > Ensuring the minimum benefits of both parties.
The Government	<ul style="list-style-type: none"> > The Company makes frequent contacts with the authorities (HEPZA, TANIZA) via meetings, response to inspection, reporting, and exchanges of administrative documents. 	<ul style="list-style-type: none"> > Compliance with policies and regulations. > Obtaining necessary certificates and permits as prescribed. > Supporting for community development. > Deploying and supporting the government's policies. 	<ul style="list-style-type: none"> > Complying with government policies and regulations. > No breach or non-compliance violations. > Preparing and submitting reports to HEPZA and TANIZA regarding the Company's operation, safety-environment- health protection. > Supporting and implementing the government's policies. > Making full tax payment. > Supporting local development.
Banks	<ul style="list-style-type: none"> > Through meetings and company visits. > Through phone calls and emails. 	<ul style="list-style-type: none"> > The Company is sustainable and prestigious. > Transparency in corporate governance. > Professional financial management system. > Long term alliance and co-development. 	<ul style="list-style-type: none"> > Improving the Company's corporate governance. > Making full and timely repayment of loan principals and interest payment. > Regularly monitoring implementation of credit contracts with banks.
Local Community	<ul style="list-style-type: none"> > Via meetings, exchanging correspondents with local association, and participating in social activities. 	<ul style="list-style-type: none"> > To be responsible, to share and to join hand to develop local community > Support local community to improve the quality of life through income improvement > Improve quality and enhance the local community infrastructure system 	<ul style="list-style-type: none"> > Enhancing the annual average income of local labors. > Raising funds to support for the Company's employee's children. > Giving scholarships to local colleges. > Contributing to development of the local economy. > Facilitating urbanization.
Industrial Association (VCOSA)	<ul style="list-style-type: none"> > Via forums, dialogues, exchanging correspondences and emails between the Company and the Industrial association. 	<ul style="list-style-type: none"> > To become an active member, sharing information and contributing to the industry's development. 	<ul style="list-style-type: none"> > The Company is always available to cooperate with the Association and other industrial peers.



DEVELOPMENT STRATEGIES

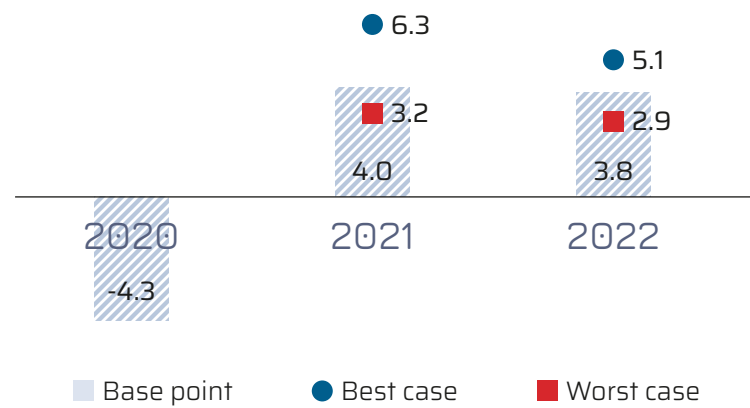
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Emerging trends in textile and yarn industry during the period 2021-2022	39
Medium-Long term development strategies	40

BUSINESS AND INDUSTRY CIRCUMSTANCE OVERVIEW

BUSINESS CIRCUMSTANCES IN 2020 AND FORECASTED OUTLOOK IN 2021

	2020E vs. 2019	2021F vs 2020E
Global trade	-9.0%	+5.0%
Global GDP	-4.3%	+4.0%
<i>In which:</i>		
- the U.S	-3.6%	+3.5%
- EU	-7.4%	+3.6%
- Japan	-5.3%	+2.5%
- China	+2.0%	+7.9%

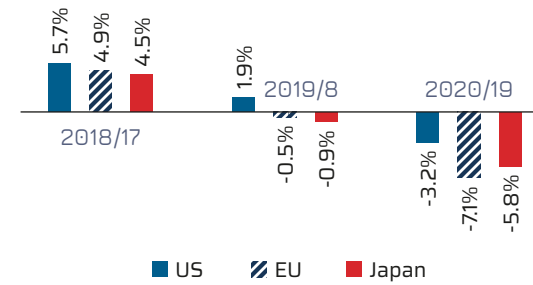
Global growth rate forecast 2021-2022 (%)



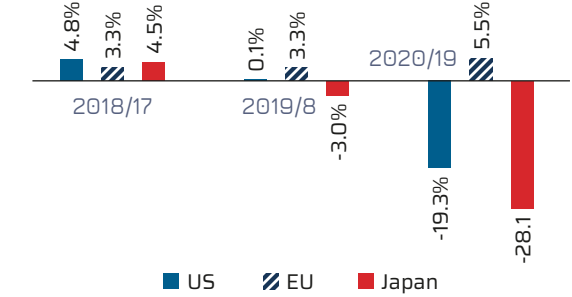
Source: Global economic prospects Jan-2021 - World Bank

INDUSTRY CONTEXTS IN 2020

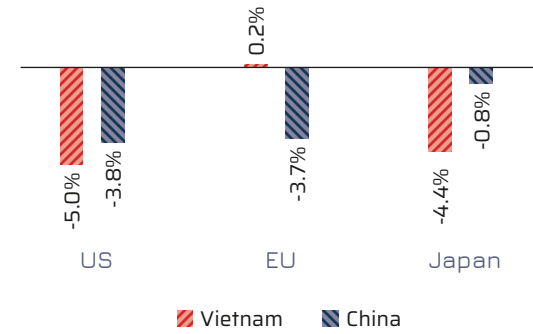
Growth rate of textile import volumes of key markets in 2020



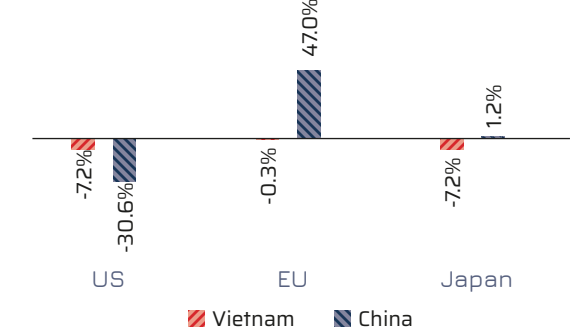
Growth rate of textile import values of key markets in 2020



Growth rate of textile export volumes of Vietnam versus China in 2020 compared to 2019

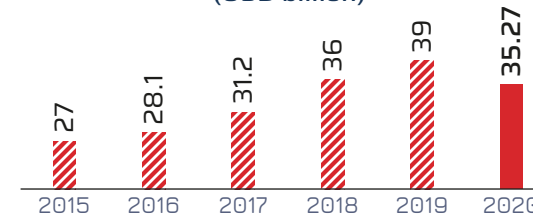


Growth rate of textile export values of Vietnam versus China in 2020 compared to 2019



Source: OTEXA, EUROPA, JP e-stat

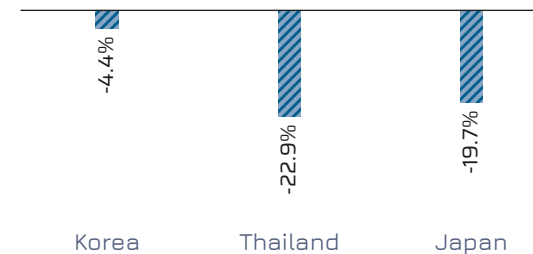
Vietnam textile and garment export turnover (USD billion)



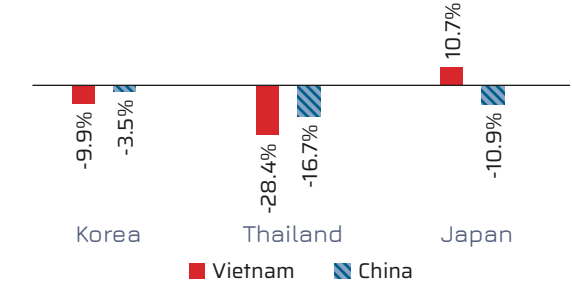
Source: Vietnam Cotton and Spinning Association

Vietnam textile and garment total export turnover is estimated to reach USD35.27 billion, a decrease of 9.29% as compared to the previous year 2019.

Growth rate of polyester filament import volumes of key markets in 2020



Growth rate of polyester filament import volumes of Vietnam versus China in 2020



Source: Thailand, Korea, Japan customs departments

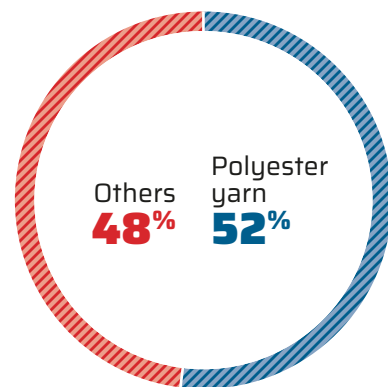
BUSINESS AND INDUSTRY CIRCUMSTANCE OVERVIEW

(continued)

RECYCLED YARN PROSPECTS

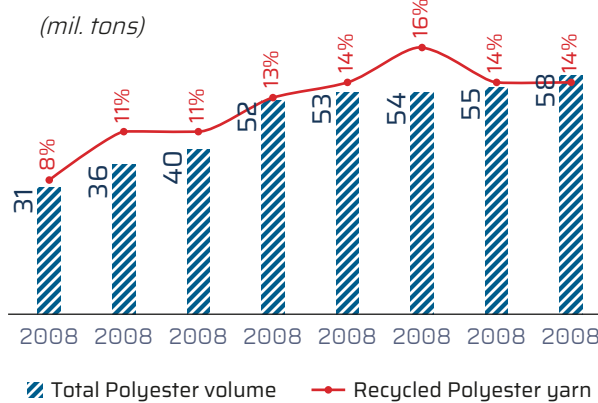
The global volume of Recycled yarn (supply source)

Total volume of fibers in 2019



Total volume
111 mil. tons

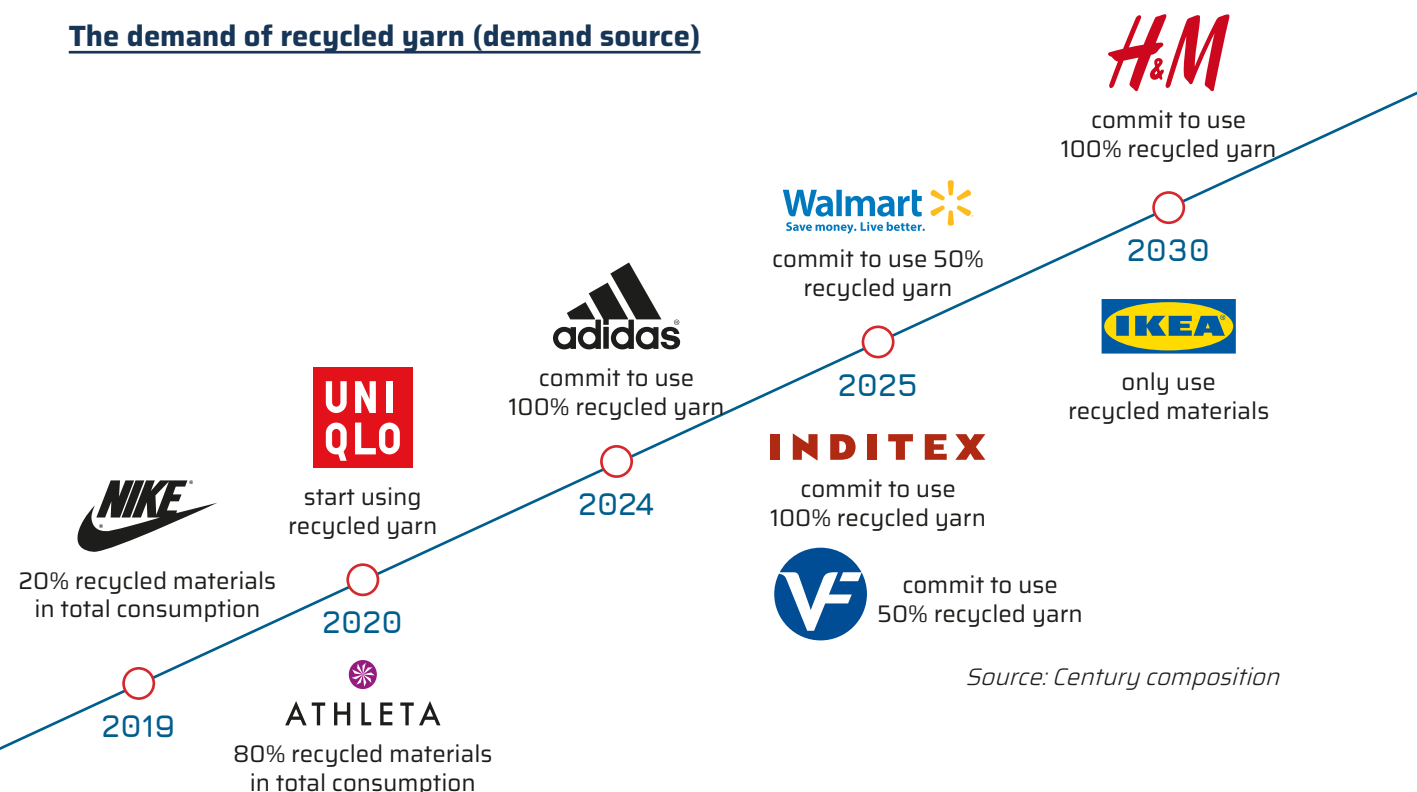
Recycled Polyester yarn's contributions*



Source: Textile Exchange 2020

* The proportion had comprised of recycled polyester filament yarn and recycled staple yarn, in which the proportion of recycled polyester filament yarn is insignificant.

The demand of recycled yarn (demand source)



Source: Century composition

EMERGING TRENDS IN TEXTILE AND YARN INDUSTRY DURING THE PERIOD 2021-2022

The massive outbreak and long-lasting impact of Covid 19 pandemic has accelerated and exacerbated the recession in global economy in general and textile industry in particular which was initially forecasted to happen during the period 2020-2022. The pandemic created a huge shock to global economy which leads to drastic change in the textile industry's supply chain and consumer behaviors.

Declining demand	Changing strategic direction	Shifting consumer behavior
<p>During the last year, the global fashion industry experienced falling demand due to shutdown of traditional retail outlets, rising unemployment, emerging trend of work from home and declining disposable income.</p> <p>Sales reduction in EU is estimated to be the highest (at the rate of 22-35%), following by US (at 17-32%) and China (7-20%).</p> <p>As most of forecasts are inclined to the scenario of continuous recession and slow recovery, change in demand and supply balance will continue to fluctuate frequently and suddenly.</p>	<p>The world leading fashion brandnames are following 2 main trends:</p> <ul style="list-style-type: none"> > To reduce inventory to minimize risks; > To push online sales; <p>To achieve these objectives, they have to restructure their supply chains in a way that focuses on availability and proximity of material sources in order to shorten the lead time and production time</p>	<ul style="list-style-type: none"> > Fast fashion sales is falling rapidly as consumers tend to save their spending and just by necessary, durable and environmentally friendly products; > Office fashion will recover very slowly due to the working from home trend; > Sportswear and active wear will recover faster than to working from home trend and consumers' growing awareness of healthcare and growing use of bicycles instead of public transportation mode; > The trend to use environmentally friendly products which use recycled materials or limit air and water pollution; > In addition, consumers also pay attention to fashion brands' ESG commitment (responsibility toward employees), environmental protection (using renewable energy, etc.)

MEDIUM-LONG TERM DEVELOPMENT STRATEGIES

S.W.O.T ANALYSIS

- Focus on core business;
- Early catching trend approach;
- State of art equipment, skillful, experienced and loyal work force;
- Healthy and transparent financial standing;
- High quality product and services which are highly appreciated by customers.
- Transparent corporate governance, applying international best practices.



- △ Insufficiency of high and middle management who have managerial and technical experience to manage and train lower managerial officers;
- △ Highly susceptible to demand volatility due to the nature of industry

- ▷ Polyester fiber in general and polyester filament in particular will continue to dominate the fiber and yarn industry; rising trend of using eco-friendly materials;
- ▷ Opportunities generated by free trade agreements;
- ▷ Due to the Covid-19 impacts, domestic sales has great growth potentials, including local exports.
- ▷ High-quality sport-wear segment is forecasted to experience stronger recovery than other segments and has growth potentials due to the shift of customer behaviors.



- The risks of economic recession and the deficit of demands would affect the Company's operations.
- The social distancing due to the pandemics would reduce the factory utilization rate, leading an increase in the Company's expenditures.
- The risk of imposed anti-dumping duties of export markets;

ANALYSIS OF OPPORTUNITIES AND CHALLENGES DURING THE PERIOD 2020-2021

Based on the context of global and domestic industry and the industry's new trends, STK determined the following opportunities and challenges in short, medium and long-term as follows:

Opportunities created by trends	Opportunities for STK	STK's action plan
Demand for polyester filament and especially demand for yarn used in high-end sport wear segment is forecasted to strongly grow despite the prolonged Covid 19 pandemic.	<ul style="list-style-type: none"> Abilities of international fashion companies to swiftly move from traditional to digital sales channel can help the Company to stabilize sales volume. Sport exercise at home or individual exercise such as running, cycling, swimming are preferred by consumers. As many cities in the US encourage the use of environmentally friendly transportation mode such as bicycles, demand for high stretch and water proof sport wear is expected to soar. 	<ul style="list-style-type: none"> The portion of recycled d yarn in total revenue reached 44% in 2020 (higher than the ratio of 35% in 2019). This ratio is forecasted to reach 50% in 2021. The Company will further develop customer network related to supply chains for sportswear, automotive textile and medical supply. More than 70% of STK's revenue was from the world's 30 largest fashion brand-names (Nike, Adidas, Target, Puma, Uniqlo...).
Relocation of orders for garment supply to Vietnam to exploit favourable tariff treatments under FTA will push for demand of yarn in domestic market.	<ul style="list-style-type: none"> The Company has well established domestic sales network and close relationship with vendors in the supply chains for global brand-name companies. Vietnam's conclusion of FTAs such as EVFTA, CPTPP, UKVNFTA as well as its ability to successfully contain the pandemic will help attracting more orders from brand-name companies, indirectly pushing demand for yarn in local market. 	<ul style="list-style-type: none"> In 2020, the portion of domestic sales in total revenue was 60%.

Challenges created by trends	Challenges to STK	STK's action plan
The risk from global market recession and fall in demand can negatively impact the Company's performance.	<ul style="list-style-type: none"> The possibility for market recovery is low. Instead, it will be more likely for slow recovery or even prolonged recession. While the sport-wear segment has higher growth potential as compared to other product segments, it will take time to return to the previous level before the pandemic. Demand for apparel in general will decline as result of higher unemployment rate, reduction in disposable income. Supply chain disruption (regarding raw material, containers, etc.) may negatively affect the Company's raw material procurement 	<ul style="list-style-type: none"> The Company will diversify markets and customers. The Company will develop new products and expand customer network The Company will enhance operational efficiency in order to improve profit margin, reduce production costs. The Company will manage price gap carefully in order to maintain profitability. The Company will adopt remuneration policies which will give certain income to employees who are temporarily layoff as result of temporary shutdown of factories.
The pandemic may continue to spread in the community	<ul style="list-style-type: none"> Risk that employee(s) may be infected with the virus, causing the factories to be shutdown temporarily, increasing operating expenses, reducing number of working hours of the employees and/or creating instability of the human resources. 	

STRATEGIES WHICH ALIGN WITH SUSTAINABILITY DEVELOPMENT OBJECTIVE IN SHORT-MEDIUM-LONG TERM

Core objectives

- > To rise to market leading group
- > To provide good quality products at competitive price.
- > To obtain high growth while maintaining healthy financial standing.

Medium-long term strategies

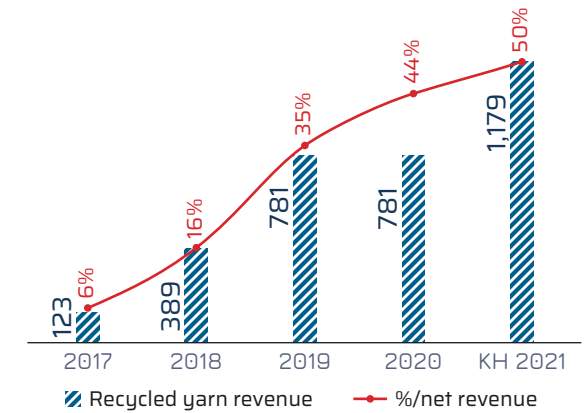
- > To expand the Company's capacity and market shares in both global and domestic markets and to integrate with supply chains of global brand-name companies.
- > To strengthen the Company's competitiveness.
 - To enhance the capacity of human resource in term of technological knowledge and management skills.
 - To research and develop new products with high technical specification.
 - To improve customer services.
 - To maximize profitability.
- > To maximize value for the Company and its related parties.



Short-term strategies - strategic solutions for fiscal year 2021

Focus on environmentally friendly products such as recycled yarn, special functional yarn

Being aware of the importance to align the Company's business activities with sustainability development objectives in the context of global warming, STK has been developing environmentally friendly products and limiting impacts to the environment.



Acquiring market share in the supply chain for global brand-name companies

- > Given the trend of order relocation to Vietnam, STK will continue expand customer network in both domestic and international markets and gain market share in supply chains for global companies in footwear, sportswear, medical supply and automotive textile.
- > To integrate into the supply chains of global brand-name companies.



Cost savings in production

- > To enhance operating efficiency for the Company and to stabilize revenue and profit, STK in short-term will minimize operating costs of factories.
- > To strengthen production team and enhance capacity of workers.
- > To establish and streamline procedures to eliminate errors in production and minimize substandard products.
- > To launch technology platform for production management and quality control
- > To adopt measures for electricity and water saving and install solar rooftop systems.



To enhance R&D and management capacity

- > To hire experienced experts in yarn sector to train and transfer technical and managerial knowledge to STK's management team.

**STRATEGIES WHICH ALIGN WITH SUSTAINABILITY DEVELOPMENT
OBJECTIVE IN SHORT-MEDIUM-LONG TERM** *(continued)*

**Alignment of Strategic direction to sustainability development objectives
regarding environment, social and community**

**SUSTAINABILITY DEVELOPMENT -
MEDIUM-LONG-TERM OBJECTIVES
PERIOD 2021-2025**

- › The Company will continue to expand capacity by establishing new factories in order to achieve economies of scale.
- › To focus on development of micro filament and special functional yarn to meet customers' demand and to maximize the Company's profitability.
- › To raise the portion of environmentally friendly products in total revenue.
- › To raise the portion of recycled yarn in total revenue from 44.7% (2020) to 100% (2025)
- › To participate in yarn-textile-garment alliance to strengthen position in brandnames' supply chains.
- › To continuously improve management procedures, enhance capacity of employees, improve product quality, reduce production costs and increase profitability.



**SUSTAINABILITY DEVELOPMENT -
SHORT-TERM OBJECTIVES
PERIOD 2021-2022**

- › To expand capacity with new investment projects.
- › To complete installment and put into operation solar rooftop systems at Trang Bang and Cu Chi factories.
- › To push sales and marketing for recycled yarn and to enhance quality of product
- › To raise the portion of recycled yarn in total revenue to 55.1% in 2021
- › To develop new functional products such as recycled plus quick dry, CD, soft package, AAA grade products.
- › To develop new functionality for dope dyed yarn and environmentally friendly product.
- › To fully comply with standards such as REACH 168, OEKO-TEX 100, GRS and brandnames' standards regarding to product safety.
- › To diversify customer network and reduce risks of reliance in few customers.



BOARD OF MANAGEMENT REPORT

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INTRODUCTION OF THE BOARD OF MANAGEMENT (“BOM”)

Mr. **DANG TRIEU HOA**
Managing Director



Year: 1969
Education: Business Administration
Working experience:

06/2010 to present Chairman/Managing Director, CENTURY.
1995 - 2000 Director, Hoan A Trading & Services Co., Ltd.
1991 - 1995 Director, Viet Phu Trading & Services Co., Ltd.

% STK's ownership: **13.78%**

Changes in the BOM's members in 2020:
Mr. Nguyen Thai Hung resigned his position as the General Administration Director since 1st July 2020.



Mdm. **NGUYEN PHUONG CHI**
Chief Strategic Officer

Year: 1972
Education: Master of Applied Finance
Working experience:

01/2015 to present CSO, CENTURY
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.

% STK's ownership: **0.01%**



Mr. **PHAN NHU BICH**
Deputy CFO/ Chief Accountant

Year: 1970
Education: MBA
Working experience:

11/2010 to present Chief Accountant, CENTURY.
03/2004 - 03/2010 Controller/ Accountant, Thanh Cong Textile Garment & Investment Trading JSC.
1997 - 03/2004 Accountant, Binh Phuoc Electricity Company.

% STK's ownership: **0.14%**

ASSESSMENTS OF THE COMPANY'S BUSINESS PERFORMANCE IN 2020

GENERAL ASSESSMENT OF THE COMPANY'S BOM

KPIs (VND billion)	2020 Actual	As compared to Actual 2019	As compared to 2020 Budget ¹
Sales revenue	1,766	-20.8%	98.2%
Profit before tax	164.5	-35.0%	112.6%
Profit after tax	144.4	-32.7%	110.7%

Achievements

△ Thanks to the change of product sales mix and flexible sales policy to respond to unexpected market fluctuations, despite falling of sales volume and sales revenue, the profit before and after tax still recorded surpass as compared to 2020 budget. The proportion of recycled yarn on the total sales revenue reached 44%, exceeding the set target of 35%.

- △ The financial standing is well-managed, low debt/equity ratio.
- △ Continuously developing customer network including domestic and local export.
- △ Participating into the textile and garment supply chains of prime brand names

Areas for improvement

- Continuing production quality enhancement, waste cutting in production processes

¹ 2020 business plan was revised in accordance with the 2020 AGSM Resolution dated June 22nd 2020



ASSESSMENT OF THE FUNCTIONAL DEPARTMENTS' PERFORMANCE

Improvements on organization and administrative policies

Sales performance

Markets:

- > Developed U.S. market: sales revenue of this market increased from 0.8% (2019) to 2.6% (2020).
- > Number of new customers in 2020: 64 customers
- > Developed new customers supplying to top brands such as Decathlon, Zara.

Products:

- > Increased recycled yarn portion, further developed dope dyed yarn and other special yarns.

Quality Control:

- > Quality is certified in accordance with global certificates of GRS, Oekotex-100.

Supportive activities

Energy:

- > Applying measures to upgrade production efficiency, reducing energy consumption as compared to 2019 by 6%. Number of voltage spike incidents is lower by 50% as compared to 2019.

Accounting and Finance:

- > Ensuring the compliance in operating system (SAP), perfecting corporate governance processes.
- > Upgrading the report quality (budget report, financial report, managerial report...) and analysis updates, assisting the Company's BOM in making decisions timely.

Procurements department:

- > Expanding further 50 suppliers as compared to 2019. In addition, the division also promulgated anti-corruption regulation and executed saving-cost measures in Company.

Production performance

- > The quality standard is strengthened and maintained
- > Producing AAA quality product to supply to automotive textile segment.
- > The customer complaint ratio is lower as compared to 2019.
- > Assigning more skillful executives for production section

Human Resource:

- > The staff turnover ratio after probation period is improved (23% in 2019 and 21.6% in 2020).
- > The employment average income increased by 7% as compared to previous same period.

Administrative affairs:

- > Monitoring waste water leakage at Company;
- > Strict monitoring fire protection and raising the awareness for Company's employees;
- > Improving meals quality to Company employees;

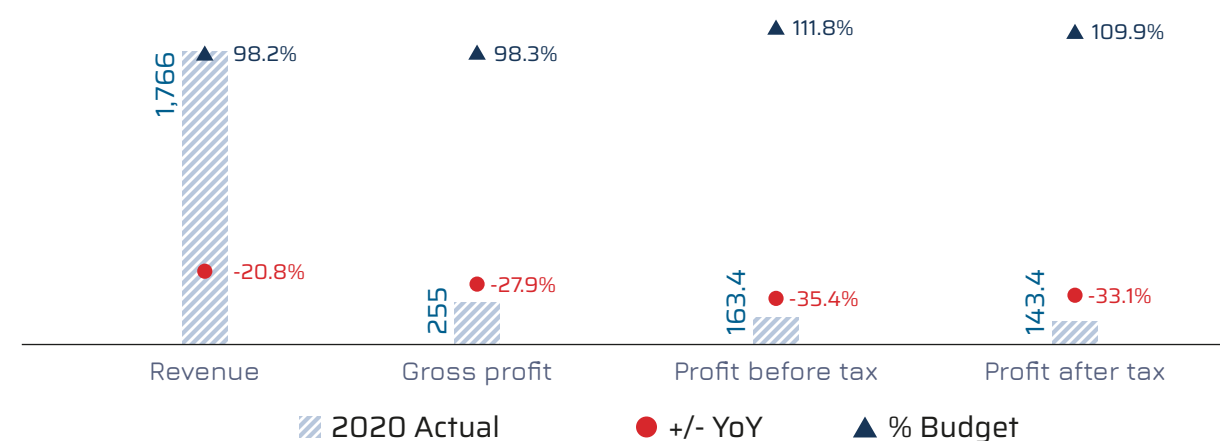
Warehouse:

- > Modernizing the warehouse with software application;
- > Improving inventory release procedure of the Company;

IT:

- > Completing the Company's data storage system;
- > Increasing security against virus intrusion; Enhancing user's awareness;

2020 BUSINESS PERFORMANCE



Year-on-Year comparison (2020 vs. 2019)

Net sales revenue in 2020 declined by 20.8% as compared to previous same period, due to:

- › Sales volume decreased by 12.5% in which virgin yarn fell by 18% and recycled yarn fell by 4%.
- › Average selling price declined by 9.5% in which, virgin yarn selling fell by 16.8%, recycled yarn fell by 3.6%;
- › Although the Company's sales volume decreased, Cu Chi factory still recorded directly depreciation cost into cost of goods sold during its temporary shut-down in Q2&Q3.2020 as an impact from Covid pandemic, resulting the gross profit reducing of 27.9%.

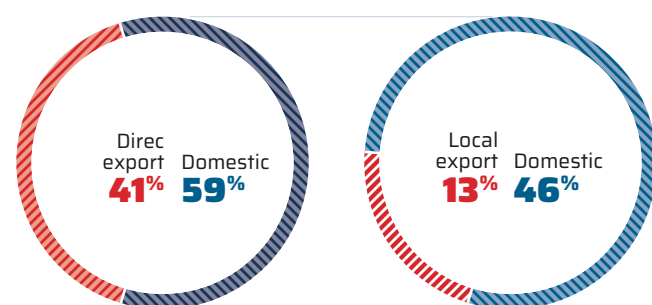
As results, the profit before and after tax declined by 35% and 32.7% respectively.

Budget vs Actual comparison

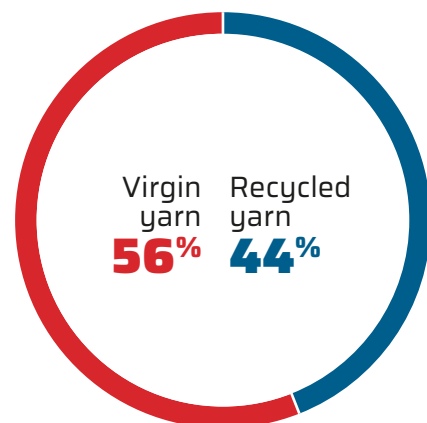
The Company's business performance in 2020 reached the set target approved by AGSM, in which, sales revenue and gross profit met the planned budget thanks to the application of flexible sales policy and acceleration in sales of inventory during Covid-19 period.

The financial expenses reached 81% as compared to set target, thus profit before and after tax reached 112% and 110% respectively as compared to set budget.

Sales revenue by markets



Sales revenue by products



ASSESSMENT OF FINANCIAL STANDINGS

KPIs (VND billion)	2019	2020	% +/-
Total assets	2,071.4	1,703.4	-17.8%
Net revenue	2,229.0	1,765.7	-20.8%
Gross profit	354.1	255.3	-27.9%
Profit from operating activities	248.2	164.0	-33.9%
Other profit	4.7	0.5	-90.4%
Profit before tax	252.9	164.5	-35.0%
Profit after tax	214.4	144.4	-32.7%

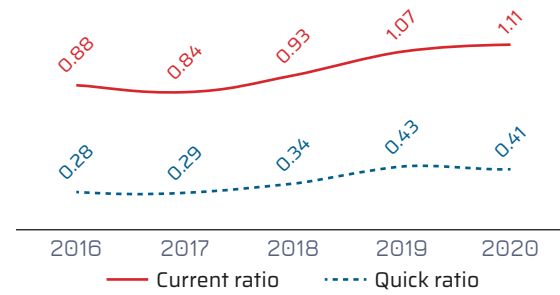
› The total assets in 2020 reduced by 17.8% as compared to 2019, primarily due to 23.7% decline in inventory, assets depreciation increased by 13.2%.

ANALYSIS OF KEY FINANCIAL RATIOS

Indicator	Unit	2019	2020	+/-
Liquidity ratios				
Current ratio	Time	1.07	1.11	0.04
Quick ratio	Time	0.43	0.41	-0.02
Financial leverage				
Debt/Equity ratio	Time	0.62	0.25	-0.37
Debt/Total assets	Time	0.33	0.16	-0.17
Effectivity				
Inventory Turnover	Time	3.47	3.13	-0.34
Net revenue/Total Assets	Time	1.08	1.04	-0.04
Profitability				
Return from operating activities on sales	%	11.13%	9.29%	-1.8%
Return on Asset (ROA)	%	9.62%	8.18%	-1.4%
Return on Equity (ROE)	%	10.35%	8.47%	-1.9%
Return on Equity (ROE)	%	19.80%	13.33%	-6.5%

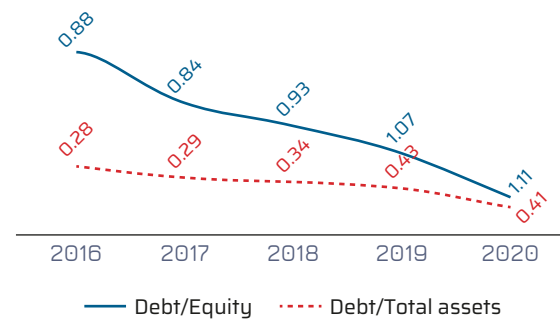
ANALYSIS OF KEY FINANCIAL RATIOS (continued)

Liquidity ratios



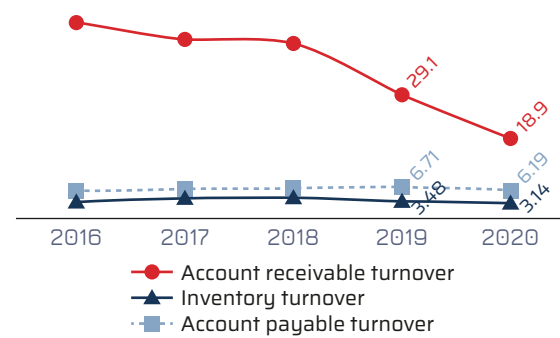
> Current ratio in 2020 reached 1.11 time. The ratio is higher than the ratio in 2019 and greater than 1, indicating that the current assets is sufficient to cover the current liabilities.

Capital structure



> In 2020, the Company proactively repaid its borrowing debts (short-term and long-term), reducing risks and ensuring healthy financial situation.

Efficiency ratios



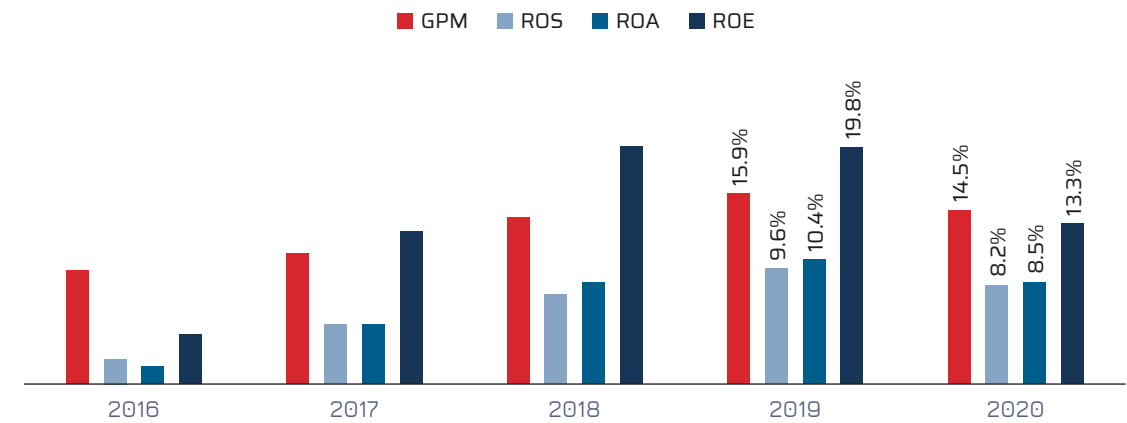
> The efficiency ratios of the Company declined as compared to its in 2019.

> The account receivable turnover in 2020 was declined and reached 18.9 times.

> The inventory turnover declined from 3.48 times to 3.14 times.

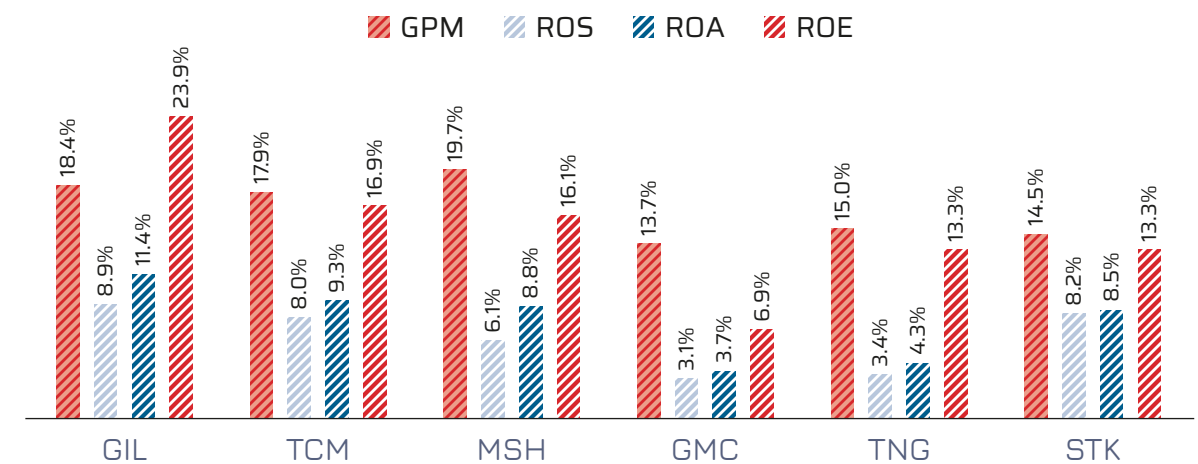
> The account payable turnover in 2020 decreased and reached 6.19 times.

Profitability ratios



> Due to the 2020 profit after tax declined by 33% as compared to 2019, thus profitability indicators also decreased.

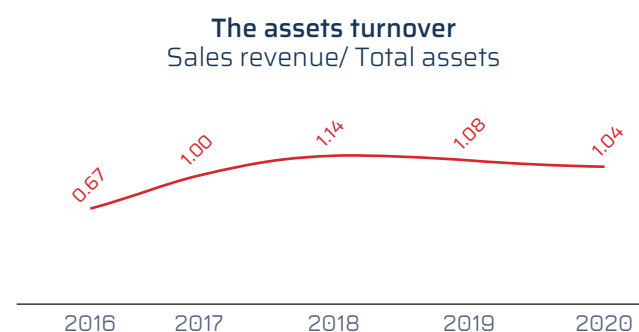
Comparison of profitability indicators between STK and other listed companies in the same industry in 2020



ASSESSMENT OF THE COMPANY'S TOTAL ASSETS

Unit: VND billion	2019	2020	% 2020	2020/2019
Current assets	879.7	633.4	37.2%	-28.0%
Cash & cash equivalent	150.0	95.1	5.6%	-36.6%
Short term investment	80.0	26.0	1.5%	-67.5%
Accounts receivable	98.4	97.7	5.7%	-0.7%
Inventory	525.0	400.5	23.5%	-23.7%
Others	26.3	14.0	0.8%	-46.6%
Long-term assets	1,191.7	1,070.0	62.8%	-10.2%
Fixed assets	1,048.1	913.9	53.7%	-12.8%
Long-term investment	1.7	7.6	0.4%	348.6%
Others	140.6	136.6	8.0%	-2.8%
Total assets	2,071.4	1,703.4	100.0%	-17.8%

The 2020 total assets declined by 17.8% as compared to 2019, primarily due to 23.7% decrease in inventory and 12.8% decrease in fixed assets.



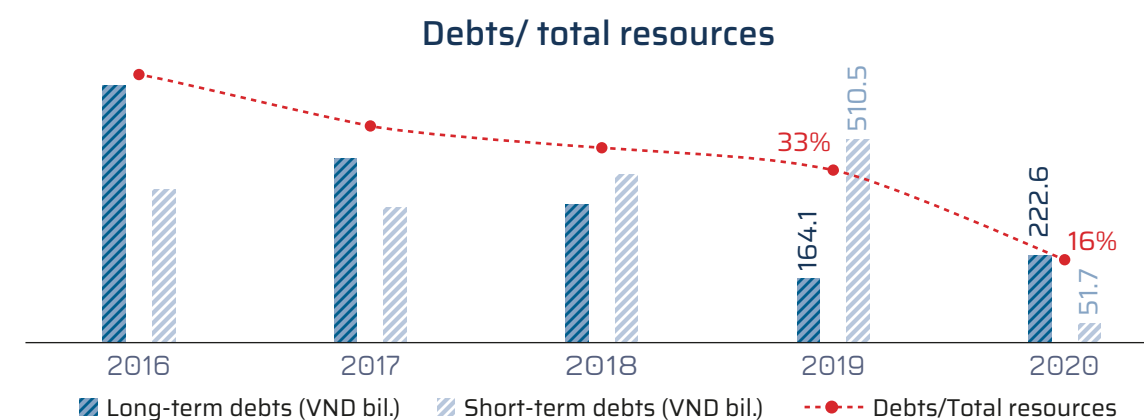
The assets turnover in 2020 reached 1.04 time which is greater than 1 indicating that Company has been effectively using the assets to generate the revenue.

However, due to slight decrease in sales revenue as compared to 2019, assets turnover declined.

Bad debts and bad assets in 2020

The bad debts and bad assets which cause impact on the business performance in fiscal year: none.

ASSESSMENT OF BORROWING DEBTS



In 2020, the total borrowing debts of Company accounted for 16% in total resources, declining by 33% as compared to 2019. The Company repaid long-term debts in order to reduce the financial expenses and ensuring healthy financial standing.

Unit (VND billion)	2019	2020	2020/2019
Short-term borrowing debts	510.5	222.6	-56%
Long-term borrowing debts	164.1	51.7	-69%
Total debts	674.6	274.2	-59%

ANALYSIS OF IMPACT OF INTEREST RATE AND FOREIGN EXCHANGE RATE ON THE COMPANY'S PERFORMANCE

Year-on year comparison of financial income and expenses

Indicators (VND billion)	2019	2020	2020/2019
Financial incomes	14,3	11,6	-2,7
• Interest income	8,9	4,4	-4,5
• Foreign exchange gain	5,4	7,2	+1,8
Financial expenses	35,2	21,6	-13,6
• Foreign exchange rate loss	4,5	5,2	+0,7
• Interest expenses	30,7	16,4	-14,3

The exchange rate as at 31/12/2020 was VND23,010, declining 0.7% as compared to the exchange rate as at 31/12/2019.

FUTURE DEVELOPMENT PLANS

Short term:

Product: focusing on development of Recycled yarn and other special yarns, raising the proportion of recycled yarn to 50% in 2021.

Market: developing domestic customer network, especially customers who are indirect vendors of brands.

Medium and Long-term:

Streamlining production and sales functions, cutting wastes while increasing efficiency.

Investing in capacity expansion projects to gain more market shares as well as expanding the customer network and participating into the supply chain of top brands.

COMPANY'S BUSINESS FORECAST IN 2021

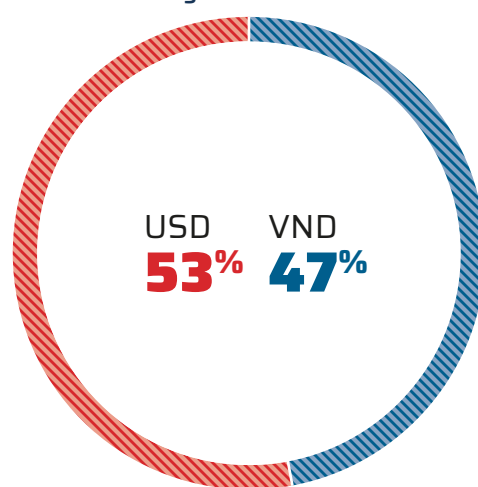
KPI (VND Billion)	2020 actual	2021 forecast	2021F vs. 2020 actual
Net revenue	1,766	2,358	133.5%
Gross profit	252.9	416.2	164.5%
Net profit before tax	164.5	285.8	113.0%
Net profit after tax	144.4	248.2	172.0%

The above forecast for 2021 will be subject to the approval of the Annual General Shareholder Meeting 2021.

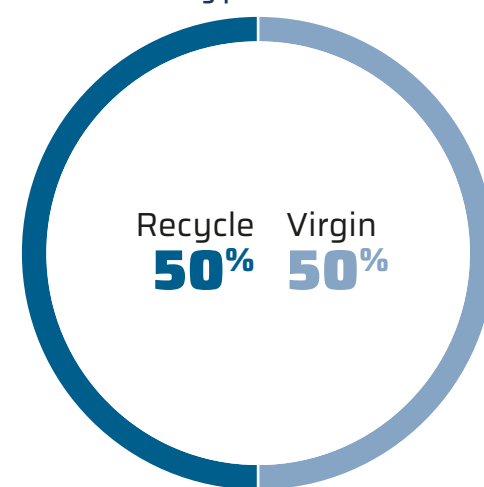
Some assumptions for the Company's 2021 business plan forecast

- ▶ The average selling price is estimated to increase 11% as compared to 2020 price (primarily due to the increment of recycled yarn proportion in total sales revenue as well as the average selling price of virgin yarn and recycled yarn is also forecasted to increase by 5% and 4% respectively as compared to 2020);
- ▶ The average chip price is projected to increase by 10% as compared to actual 2020;
- ▶ The selling expenses is projected to increase by 40%, primarily due to the tentative increase in ocean freight cost as well as the administration expenses increased by 30% as compared to actual 2020;
- ▶ The FX rate as at 31/12/2021 is forecasted to increase by 2% as compared to 31/12/2020;
- ▶ The projected corporate income tax is 13.1%;

2021 Estimated net sales revenue by currencies



2021 Estimated net sales revenue by products



BOM EXPLANATION TO THE AUDIT FIRM'S OPINIONS

The auditing firm E&Y does not have any comments to the 2020 consolidated and separated financial statements





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REPORT ON SUSTAINABLE DEVELOPMENT

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OBJECTIVES OF SUSTAINABLE DEVELOPMENT



With the vision of “becoming a global leading enterprise pioneering in the yarn/textile industry and developing multi-industries related to the core industry”. STK has been gradually building up its own sustainable business strategy by making positive contributions and benefits to related parties such as Company, Society and Environment.

Aligning the objectives of economic development, environment protection and society into the Company's sustainable development orientation and consistently pursuing set targets i.

STK has selected and integrated the following sustainable development objectives into the Company's sustainable development orientation for the period 2021-2025:

 <p>1 NO POVERTY</p>	<p>NO POVERTY</p> <ul style="list-style-type: none"> > Creating more jobs for employees > Increasing the average income to employment > Contributing to the development of local economy
 <p>3 GOOD HEALTH AND WELL-BEING</p>	<p>GOOD HEALTH AND WELLBEING</p> <ul style="list-style-type: none"> > Building up the safe working environment > Ensuring health and safety for Company's employees
 <p>5 GENDER EQUALITY</p>	<p>GENDER AND EQUALITY</p> <ul style="list-style-type: none"> > Commitment to equal employment policy > Keeping fairness and equal treatments between men and women
 <p>6 CLEAN WATER AND SANITATION</p>	<p>CLEAN WATER AND SANITATION</p> <ul style="list-style-type: none"> > Effective use and saving water > Not using of hazardous chemicals > Reusing water recollectd from production process > Developing dope dyed yarn, helping to reduce water used as well as chemical discharged in traditional dyeing method

 <p>7 AFFORDABLE AND CLEAN ENERGY</p>	<p>AFFORDABLE AND CLEAN ENERGY</p> <ul style="list-style-type: none"> > Effective use of energy > Saving energy > Using the solar energy > Initiatives in energy savings
 <p>8 DECENT WORK AND ECONOMIC GROWTH</p>	<p>DECENT WORK AND ECONOMIC GROWTH</p> <ul style="list-style-type: none"> > Creating a friendly, safe, fair and non-discriminatory working environment
 <p>12 RESPONSIBLE CONSUMPTION AND PRODUCTION</p>	<p>RESPONSIBLE CONSUMPTION AND PRODUCTION</p> <ul style="list-style-type: none"> > Effective use of raw materials > Raising consumption of recycled d materials > Reusing and recycling raw materials
 <p>13 CLIMATE ACTION</p>	<p>CLIMATE ACTION</p> <ul style="list-style-type: none"> > Limiting discharges > Using the renewable energies
 <p>16 PEACE, JUSTICE AND STRONG INSTITUTIONS</p>	<p>PEACE AND JUSTICE STRONG INSTITUTION</p> <ul style="list-style-type: none"> > Transparent and integrity in operation, anti-corruption, tax evasion and law violation
 <p>17 PARTNERSHIPS FOR THE GOALS</p>	<p>PARNERSHIP TO ACHIEVE THE GOALS</p> <ul style="list-style-type: none"> > Collaboration with strategic parties to develop the circular economy

ASSESSMENT OF THE BOM ON ENVIRONMENT-LABOR-COMMUNITY ASPECTS



ENVIRONMENT

- Increasing the recycled proportion from 35% (2019) to 44% (2020), the Company has indirectly increased the number of post-consumers used bottles recycled to 2.6 billion.
- By reusing POY paper tubes, the number of POY paper tube used was curbed at 855,981 and each paper tube was reused by 3.7 times.
- Total electricity consumption reduced by 16% as compared to the same period last year. As a result, the carbon footprint related to electricity consumption declined by 16%.
- Total water consumption declined by 10% compared to the same period last year.
- No recorded cases related to violation of environmental regulations.

LABOUR

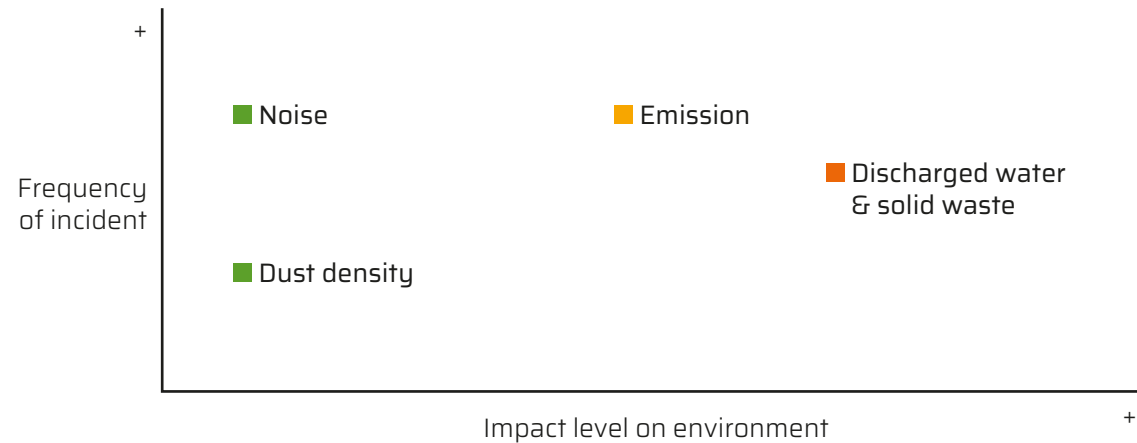
- Average income of employees increased by 5% in 2020 as compared to 2019.
- Increase the fund for bonus (13th month salary and performance related bonus).
- Enhance capacity for employees via training courses by foreign experts and the roadmap for skill improvement and promotion.
- Improve the mechanism for complaint and opinion contribution by employees.
- Improve the mechanism for complaint and opinion contribution by employees.

COMMUNITY

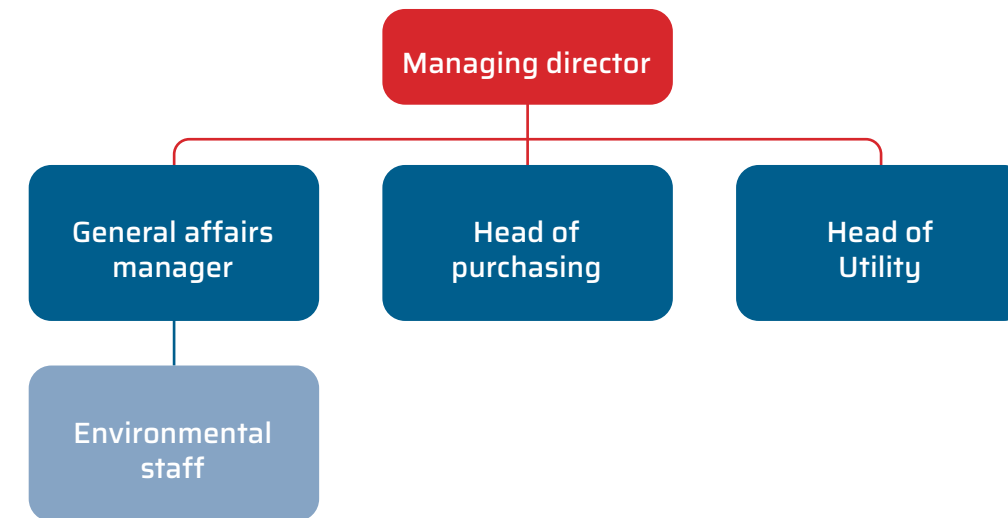
- △ Stable and growing business help raising contribution to state budget reaching VND 68.5 billion
- △ Complying with the rules of industrial zones, regulations on tax, import/export, Law on Enterprises, Law on Securities ...
- △ Indirectly creating jobs for local peoples.

REPORT ON ENVIRONMENTAL PROTECTION

STK'S POLICY ON ENVIRONMENTAL PROTECTION
Causes and Effects on environment



ASSURANCE ON IMPLEMENTATION OF ENVIRONMENTAL POLICIES



Cause	Frequency of incident	Impact level	Consequence (*)	Managerial approach	Specific measures	KPIs
Dust density	1 mark	1 mark	Low (1 mark)	Set targeted KPIs for each related division which are required to report on actual achievement on weekly, monthly, quarterly, biannually and annual basis to the Managing Director (the Company's highest-ranking officer in charge of environmental protection).	Procedures on periodical inspection of air quality	Maximum level of dust density without silica.
Noise	3 marks	1 marks	Medium (3 marks)		Procedures on periodical inspection of air quality, ear plug for noise protection, airlock door for workshops, health check for employees	No case of illness caused by noise. However, by the nature of this industry, there is noise generated by running machines.
Emission	3 marks	2 marks	Medium (6 marks)		Minimize usage of DO, take measure to save electricity.	Carbon footprint related to electricity consumption reduced by 6% and carbon footprint related to DO consumption dropped by 1%.
Discharged water and solid waste	2 marks	3 marks	Medium (6 marks)		Daily monitor sanitary waste water treatment system, classify and collect solid waste in accordance with regulations.	No case of violation

(*) Notes

Consequence < 3	3 ≤ Consequence ≤ 6	Consequence > 6
Low	Medium	High

MATERIAL USAGE

Classification of material	Type of materials	Country of origin	2018 (ton)	2019 (ton)	2020 (ton)	2020/2021
Non-renewable materials	Polyester Chip	Korea, Taiwan, Japan, China...	54,393	49,558	41,645	-16%
	Oil	Taiwan, Japan, Germany	1,026	904	760.6	-16%
Renewable materials	Paper tubes	Vietnam, Taiwan	4,457	3,224	2,241.89	-30%
	Carton boxes	Vietnam	2,054	1,705	2,342	+37%

Initiatives for environmental protection in 2020	Achievements
<ul style="list-style-type: none"> > Increase the usage of recycled polyester chip to reduce the usage of virgin polyester chip and eliminate plastic waste (post-consumer used bottles) on the earth. 	<ul style="list-style-type: none"> > Number of post-consumers used bottles indirectly recycled to 2020 was 2.06 billion.
<ul style="list-style-type: none"> > Recycled the wasted yarn into PET chips 	<ul style="list-style-type: none"> > The recycle ratio was 2.55%.
<ul style="list-style-type: none"> > Recover and reuse POY paper tube 	<ul style="list-style-type: none"> > Number of times POY paper tube is reused: 3.7x, raising the Company's overall ratio of reuse in all types of paper tubes (including POY, DTY, FDY paper tubes) to 21%.

The rate of reusing material

$$= \frac{\text{Volume of recycled polyester chip from wasted yarn (kg)}}{\text{Total volume of polyester chip in use (kg)}} \times 100 = 2.55\%$$

In 2020, number of POY paper tube in use was 855,981 and each POY paper tube was reused by 3.7x, raising the Company's overall ratio of reuse in all types of paper tubes (including POY, DTY, FDY paper tubes) to 21%.

$$= \frac{\text{Volume of material reused}}{\text{Total volume of material in use during the year}}$$

The rate of recovery and reuse of paper tube

$$= \frac{\text{The number of POY paper tubes} \times \text{reusing times}}{\text{POY paper tubes} \times (\text{reusing times}) + \text{DTY paper tube} + \text{FDY paper tubes}}$$

$$= \frac{855,981 \times 3.7}{855,981 \times (3.7) + 12,090,197} = 21\%$$

ENERGY CONSUMPTION

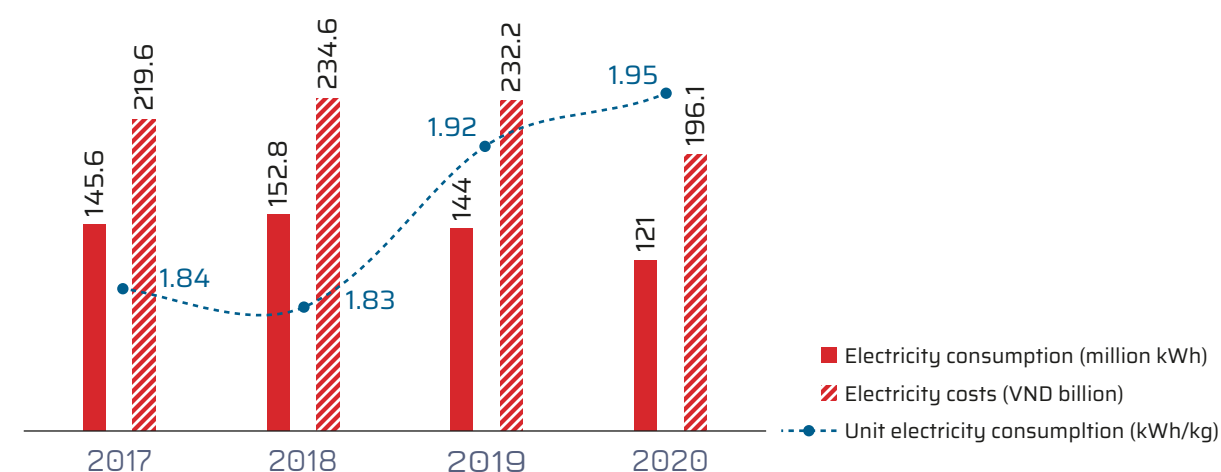
The Company only uses electricity and diesel oil ("DO") in production. Of which:

1 Non-renewable energy: **DO**.
Volume of DO consumption in 2020: **5 tons**.

2 Renewable energy: **electricity**.

1 + 2 Total energy consumption (in Joule): **435 million MJ**

Electricity consumption in 2020



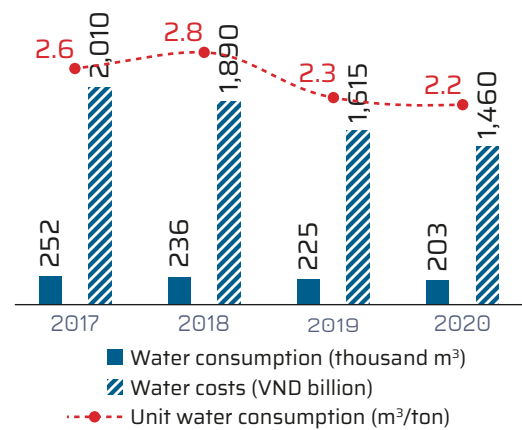
The electricity consumption unit increased slightly in 2020 as compared to 2019 since the Company temporarily shut down some production lines during Q2-Q3.2020 whereby output declined while the electricity consumption for auxiliary equipment did not went down proportionally. In addition, the Company also proactively switched to production of high value-added products such as recycle yarn and color yarn.

Solutions	Achievement
<ul style="list-style-type: none"> > Installation of inverter for AC fan 1, 2, 3 at Cu Chi factory. 	<ul style="list-style-type: none"> > Saved 38,016 kWh/year, equivalent to 62,840,000 VND.
<ul style="list-style-type: none"> > Installation of inverter for wasted-oil suction motor in 16 DTY machines- Cu Chi factory. 	<ul style="list-style-type: none"> > Saved 2,211 kWh/year, equivalent to 3,600,000 VND.
<ul style="list-style-type: none"> > Installation of inverter for cool water pump and air conditioning pump, serving DTY&POY machines in TB 3. 	<ul style="list-style-type: none"> > Saved 1million kWh/year. > Saved 1.78 billion VND/year.



WATER CONSUMPTION

The water used in the Company is supplied and ensured of quality by industrial zone management companies.



> In 2020, water consumption reduced by 10% year on year, equivalent to 22,349 m³ as compared to 2019 and saving VND197.6 million.

> The water consumption per 1 kg of yarn reduced by 4% year on year, thanks to effective conducting of water saving consumption measures in Company's daily operation and production practices.

Water saving and reusing measures implemented in 2020

Solution	Results
> At Cu Chi factory, keep reusing the filtered water from AC 1, 2, 4, 5.	> Saved 1,619 m ³ of water, equivalent to VND 15,710,000.
> At Trang Bang factory: keep reusing the water from AC 4, 5.	> Saved 2,372.5 m ³ of water, equivalent to VND 16,607,500.

Percentage of recycled and reused water"

$$= \frac{\text{Volume of recycled and reused water}}{\text{Total volume of water consumed}} \times 100 = \frac{3.992}{202,607} \times 100 = 1.2\%$$

EMISSION

> In reality, the Company does not have emission as it does not use steam boiler.

> Periodically, the Company conducts the measurements at outdoor areas and production areas 3 times/month in order to remedy the emission pollution (if any) immediately.

> In addition, the Company also prepares the environmental working inspection report of the emission every 6 months in accordance with prevailing law.

> Below are measures which have been implemented by the Company to minimize emission:

- Monitor emission of Company's vehicles such as container trucks, trucks, forklift trucks, sedan cars. Stop operation of those vehicles which have high level of emission.
- Minimize consumption of gas and diesel oil.
- Regularly maintain vehicles, machines, equipment which use gas and DO to minimize emission.

> In 2020, the Company's carbon footprint declined as compared to 2019.

> The carbon footprint of electricity per kilogram yarn increased as compared to 2019 (DTY increased by 2%, FDY 56%), primarily because the Company temporarily shut down some production lines during Q2-Q3.2020 whereby output declined while the electricity consumption for auxiliary equipment did not went down proportionally. In addition, the Company made trial production of special yarns with high value-added.

> The carbon footprint related to DO is also reduced by 100% as compared to 2019 as the Company replaced completely diesel forklift trucks by electricity forklift trucks to enhance working performance and maneuverability in operation



DISCHARGED WATER AND SOLID WASTE

Discharged water

STK's discharged water comes from 2 sources: sanitary water and discharged from production (from dyeing activities)

To manage the discharged water, the Company apply the following measures:

- › Treat discharged water in accordance with the prevailing regulations.
- › Have separate drainage systems for rain water and discharged water which can be connected with the industrial zones' water treatment system.
- › Regularly test and monitor parameters of discharged water, ensure meeting of GRS standards.
- › Submit semi-annual report on monitoring of discharged water to relevant authorities in accordance with the regulations.
- › Measure discharged water on daily basis and make proper records.
- › Declare and pay for environmental protection fees on discharge water in accordance with the regulations.

Solid waste

The Company classifies solid waste into 2 groups: hazardous waste and nonhazardous waste. The Company has been applying the following measures to treat the waste:

□ Regarding consumer waste and industrial nonhazardous waste:

1. Collect these wastes to its storage and classify them in accordance with the regulations
2. Subcontracts relevant companies to collect, transport and process the waste.

△ Regarding hazardous waste:

1. Put up hazardous warning signs and attach hazardous labels;
2. Set up a separate storage area;
3. Subcontracts relevant companies to collect, transport and process this type of waste.

Type of hazardous waste and treatment measures

Name of waste	Volume (kg)	Treatment	Name of waste collection and treatment company
Clouts with oil stain	552	Burning	Ho Chi Minh City Urban Environment Ltd
Ink containers for printing, fax machines	3	Burning	Ho Chi Minh City Urban Environment Ltd
Oil discharged from motors, gear boxes and lubricant (waste oil)	15	Burning	Ho Chi Minh City Urban Environment Ltd
Fluorescent lamp waste	40	Disintegration, Solidification, Burying	Ho Chi Minh City Urban Environment Ltd
Scrap metal containers (Iron barrels)		Recycling	Dai Phuc Mechanical Production and Service Ltd
Scrap plastic containers (Plastic barrels)	13,042	Recycling	Dai Phuc Mechanical Production and Service Ltd
Total	13,652		

COMPLIANCE WITH REGULATIONS ON ENVIRONMENTAL PROTECTION

- › Based on the parameters in environmental inspection report which is prepared quarterly (conducted 4 times/year) and the annual environmental impact assessment of STK are within the acceptable range under environmental laws.
- › The industrial park management and environmental police did not record any violation of the environmental regulations.
- › The cases of violation of environmental regulations and laws: 0 cases.

REPORT ON LABOUR AND SOCIAL IMPACT

DEMOGRAPHIC STRUCTURE

Number of headcounts as at 31st December 2020 **1,031** people

By gender	
Male	820
Female	211
By age	
18-30	537
30-50	473
50 and above	21
By qualification	
Secondary and high school graduate	449
Primary school graduate	253
Technical school/college graduate	261
University graduate	68
By management grade	
Managerial position	58
Office staff	162
Worker	811
Total headcounts	1,031

LABOR POLICIES IN 2020



LABOR POLICIES IN 2020 *(continued)*

Ensure labor safety	<ul style="list-style-type: none"> □ The Company ensures labor safety in 2 main aspects: health protection and safe working environment. The Company organizes annual health checkup and periodical check up on professional illness and provides standard medical rooms. In addition, the Company kept trying to improve quality of meals and securities/safety in boarding houses for its employees. □ The Company set periodical plan for inspection of equipment, fire & explosion protection and fighting system, infrastructure and internal electricity grid lines.
Enhance labor capacity	<ul style="list-style-type: none"> △ Annually, STK sets training programs, skill enhancement training programs for production team. Apart from technical training, the Company also offer training on first aid, fight protection and fighting, work safety. Each division/department should set general objectives and individual objectives for each staff, hence motivating employees to get promotion and challenges in higher positions.
Fair and reasonable remuneration and benefit policies	<ul style="list-style-type: none"> ○ Employee's remuneration which is based on their achievement, comprise of basic salary, allowances, bonus on work achievement, 13th month salary and the Company has roadmap for salary increase for each position. In addition, the rewarding policies and implementation procedures are publicly and fairly implemented.
United, sharing and healthy corporate culture	<ul style="list-style-type: none"> ▷ The Company together with the Union takes care of employees' life by giving Tet gift, birthday gifts, holiday gifts and bonus. In addition, the Union also forged sharing spirit by giving monetary supports for those employees who face difficulties, accidents, serious illness. The Company also takes a strong stance against bribery, corruption and has punishment policies on such violation, ensuring principled and healthy working environment. Organizing holiday trips for employment to consolidate the solidarity.

Changes to labor policies in 2020

Improvement on Employment's grievance system	Increasing the bonus fund for Company's employment in accordance with Company's performance	Amending the recruitment policies to suit the needs of each department
----------------------------------------------	---------------------------------------------------------------------------------------------	------------------------------------------------------------------------

EMPLOYEE WELFARE

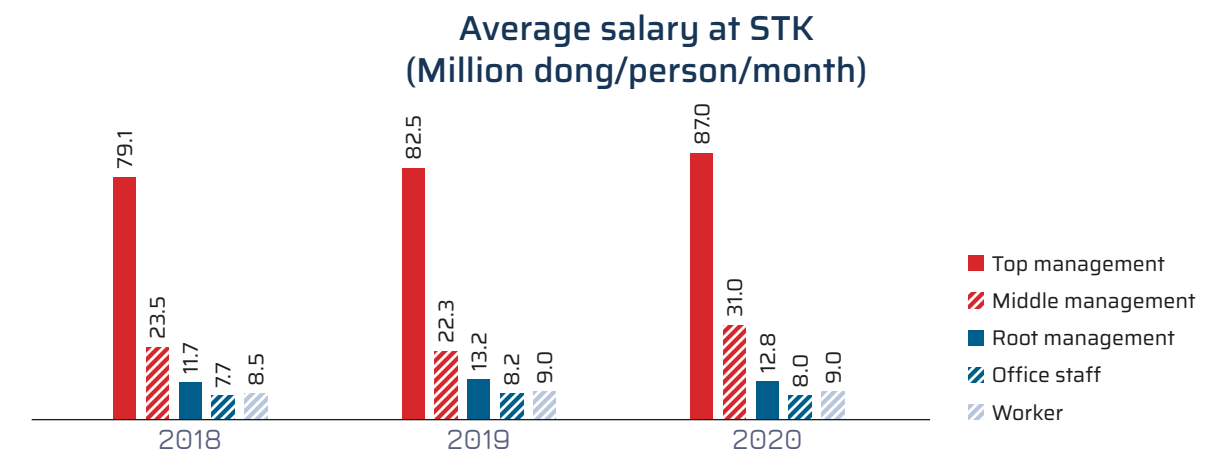
Basic salary

The Company always sets and updates salary scales based on prevailing minimum basic salary of the region and regulations. The basic salary to calculate insurance contribution is based on the Company's salary scales.

The basic salary is updated annually to be aligned with the market conditions and the government regulations.

Actual salary

Office staffs	Production staff
Depending on nature of each job position, the Company sets salary for each position.	Salary is based on output and productivity. Unit salary per product will be adjusted depending on the Company's performance results from time to time.



In 2020, average salary of employment rose by 5% year on year, in which the average income of top and middle management increased by 22.5% as compared to 2019.





EMPLOYEE WELFARE (continued)

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 bonus for fulfilment of duties
- › 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
- › Bonus on annual business performances

Insurance

The Company pays for social insurance, medical insurance, and unemployment insurance in accordance with the State's regulations (the Company's insurance participation rate is **100%**). In addition, STK also buys the accident insurance 24/24 for all of staffs

Welfare

The Company board of management is always caring to the lives of employees through provision of the following supports:

- › Free boarding houses to the employee whose home is more than 30 kilometers from the workplace
- › Meals at shift breaks
- › Supplementary foods and drinks for heavy and/or hazardous jobs
- › Annual leave
- › Periodical health check
- › Telephone allowance;
- › Support to female employees who has young child: 7 working hours per day for those with child under 1 year old, milk gift package for those with child under 3 years old;
- › Issue shares at preferential prices to employees allowing them to align their interests with the Company's interest.

Work safety and health care

- › Comply with regulation on labor health and work safety for its employees, suppliers and related parties throughout the operation.
- › Identify, assess and take measures to prevent and monitor risks such as disease, fire and explosion, accidents and develop standard operation procedures and give employees training on these SOPs prior to their commencement of work.
- › Provide workers with protection tools.
- › Ensure provision of necessary medical supports to all employees.
- › Provide sufficient equipment/vehicles for fire & explosion fighting and protection.
- › Ensure that employees are sufficient trained before commencing works, regularly provide training on labor health, labor safety, firefighting and protection, waste management, transportation and treatment of chemical and hazardous substances for employees and managerial persons in accordance with the prevailing regulations.
- › Bi-annually, the Managing Director will review and consider necessary update, supplements to the policies in accordance with regulations.
- › Consult relevant parties on policies so that they can timely contribute to enhance the efficiency of the policies on the Company's operations.
- › Periodically inspect the working environment in accordance with the regulations issued by the Ministry of Health.

In 2020, aiming to protect health of the Company's employees and preventing spreading of Covid-19 pandemic in the community, the Company applied strict measures to ensure safety for employees:

- › Requiring 100% employees wearing masks and using hand sanitizer;
- › Checking employee's temperature 3 times/day when they are working in the Company;
- › Requiring employees to make the health declaration and using Blue zone application to timely detect the spreading risks;
- › Separating the working seat between employees, and setting up bulkhead in Company's canteen;
- › Arranging the lunch time separately among divisions, limiting crowds;
- › Rotating annual leaves to prevent the spreading risks;
- › Setting up bulkhead between areas in working place;
- › Spraying disinfectant solution and sterilization regularly at the Company;
- › Practicing online meetings to reduce the risk of mass meeting;

In 2020 the Company recorded no case of accidents.

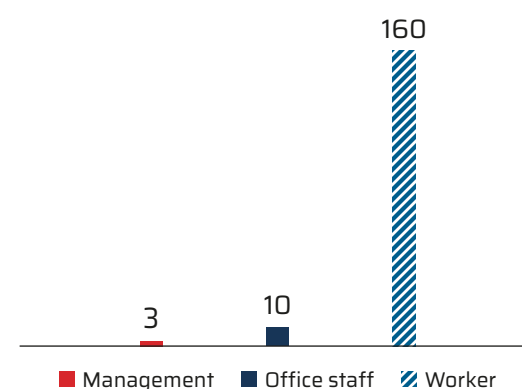
LABOR TURNOVER

As results of fair labor policies and duly care by the Company's management, the staff turnover rate in 2020 was 28%. In addition, as policies on remuneration and welfare were improved, the employees' life were improved, motivating employees to work and aligning the employees' interest with the Company's interest.

EDUCATION AND TRAINING

	2018	2019	2020
Number of training courses	20	22	21
> By internal trainers	13	15	12
> By outside trainers	7	7	9
Actual training costs (million dong)	51.3	43.4	17.5
Actual training costs (million dong) including salary of trainers		973.4	1,100
Average number of training hours (hour/person/year)	222.34	130.83	138.4

Average training hours (hour/person/year)



Skilled- training courses

Name of training courses	Eligible person
Social policies	All staffs
Firefighting and protection	All staffs
First aid	All staffs
Health and safety	All staffs
Chemical training course	All staffs
Working skill training of Maintenance team	Maintenance team
POY production procedure	POY section
Electricity production procedure	Utility team
DTY production procedure	DTY section
Yarn stringing up procedure	Yarn stringing up team
Yarn queueing procedure	Yarn queueing team
Quality control POY procedure	POY QC
Materials input feeding production procedure	Input feeding team
Winder procedure	Winder
Preparing production procedure	Preparing team
POY production procedure	Sales
Training about certification of origin of goods, REX mechanism	Sales
Update, guide lookup imports and export tax; read and understand product-specific rules and how to effectively apply preferential tariff conditions in EVFTA in effect 2020 - Notes on C / O and forms of self-certification "	Sales
Intensive course: "Rules of origin and certification procedures of origin in the Free Trade Agreement between Vietnam and the European Union (EVFTA)"	Sales
Course: "Guide for searching and effectively applying import and export tax preferences - Rules of origin according to Circular 11/2020 / TT-BCT, Decree No. 111/2020 / ND-CP on export tariff Importing the EVFTA agreement "	Sales

GREEN CAPITAL MARKET

CONTRIBUTION TO SOCIETY

▷ Contribution to society

In 2020, the Company continued to give 13 scholarships for pupils and students who attend the local education establishments (Cu Chi Technical Training School and Tay Ninh Technical College) with total amount of VND13 million.

Item (VND billion)	2017	2019	2020
Total salary and bonus payment for employees	117.7	107.7	107.5
Total transaction value with suppliers	1.855	1.484	953.5
> Transaction value with domestic suppliers	237.6	197.4	93.2
Total tax payment during the year (Including VAT, import/export duties, corporate income tax, personal income tax, natural resource consumption tax and others)	125.4	167.8	68.5

- ▷ 100% of employees participated the social insurance, estimated value of VND 5.3 billion;
- ▷ Contributing to the government budget by making tax payment
- ▷ Dividend payment: dividend payment rate of 15% by cash to the Company's shareholders for fiscal year 2019;
- ▷ Creating more jobs for local people with good recruitment and remuneration policies for employees;
- ▷ Salary-bonus payment for employees in 2020 is estimated at VND 107.5 billion
- ▷ Bonus with more than 2 months' salary on Lunar New Year;
- ▷ 24h insurance policy for all employees with the participation rate of 100%;
- ▷ Monthly paying hazardous allowances to employees, providing free shuttle service for employees, free accommodation support, telephone allowances, holiday gifts, Tet holidays for employees;
- ▷ Organizing vacation trip to Phu Quoc island for all employees in October 2020;
- ▷ Supporting for educational institution through the donation of scholarships to vocational secondary schools to improve the qualifications of local working people.

Anti-bribery and anti-corruption

The Company's management team pay great attention to anti-corruption and equality at work. The Company's entire system is required to comply to regulations and universal code of conduct in order to ensure integrity in all activities. Any employee who is found of demanding or accepting bribery from customers and supplier shall be strictly punished and there will be no exception for bribery, illegitimate benefit which is contrary to regulations, the company's rules and policies and moral principles.

Since the third quarter of 2016, STK started the production of recycled yarn. In 2020, the proportion of recycled yarn in total revenue reached 44.7%, exceeding 9.7% as compared to 2019 (35%). Using recycled PET chips and existing production facilities to produce recycled yarn which helped reuse of 2.06 billion post-consumer bottles, protecting earth from plastic waste which is an alarming problem.

PRODUCTION OF RECYCLED YARN

The company continues to maintain the production line of 1,500 tons of recycled plastic resins / year, contributing to increasing profits and significantly improving efficiency in production through the regeneration of wasted yarn in production into raw materials, thereby improving profits, reducing production costs of the Company and reducing emissions into the environment.

RECYCLING WASTED YARN

Regarding to the color yarn project (dope dyed yarn), the Company continued to produce and develop "dope dyed" yarn samples with black, grey and blue navy to domestic & export customers. Color yarn will help replacing the traditional dyeing activities, limiting consumption of clean water and chemical and hence limiting discharge of waste water and hazardous chemical, protecting the environment. This is also a global trend that top leading fashion brands such as Nike, Adidas, Puma, H&M, Inditex are pursuing, aiming to restrict disposal of hazardous chemicals to the environment.

PRODUCTION OF COLOUR YARN

In Q4-2020, the Company cooperated with a strategic partner to install the roof-top solar power system for both Cu Chi and Trang Bang plants. It is expected that, after completing the installation, the rooftop solar power system will meet about 10% of the electricity demand of the Company and contribute to saving electricity costs by 10%, reducing carbon footprint by 10%

SOLAR ROOFTOP PROJECTS



V

RISK MANAGEMENT

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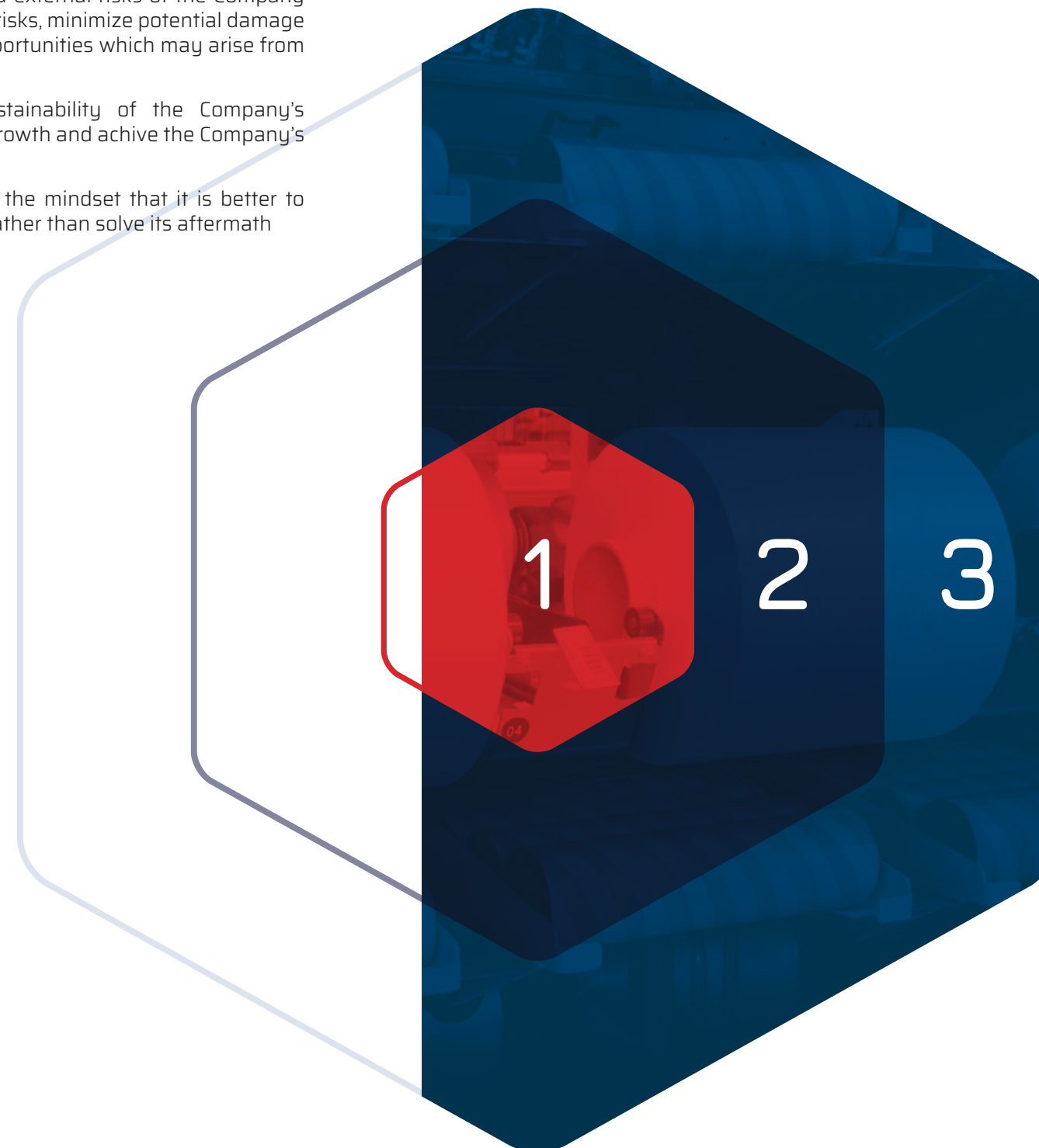
OBJECTIVES OF RISK GOVERNANCE

Realizing the importance of risk governance in the Company's business operation, CENTURY has built up its risk governance framework in order to:

- › Recognize the internal and external risks of the Company in order to actively control risks, minimize potential damage and take advantage of opportunities which may arise from the risks.
- › Ensure stability and sustainability of the Company's operations and maintain growth and achieve the Company's targets.
- › Instill risk awareness and the mindset that it is better to prevent and control risks rather than solve its aftermath

CENTURY'S RISK GOVERNANCE STRUCTURE

CENTURY's risk governance structure comprises of "3 lines of defense", as follows:



1. MD and Heads of Departments

Understand the function of each departments and Company's activities.

Assess and classify risks after evaluate the impact of risks to the Company.

Outline measures to improve risk control in each day to day activity of the Company.

2. Internal Control

Evaluate risk control mechanism of each department/division, then develop evaluation criterion.

Monitor operations and evaluate based on set criterion.

Timely prevent and handle violations or inherent risks.

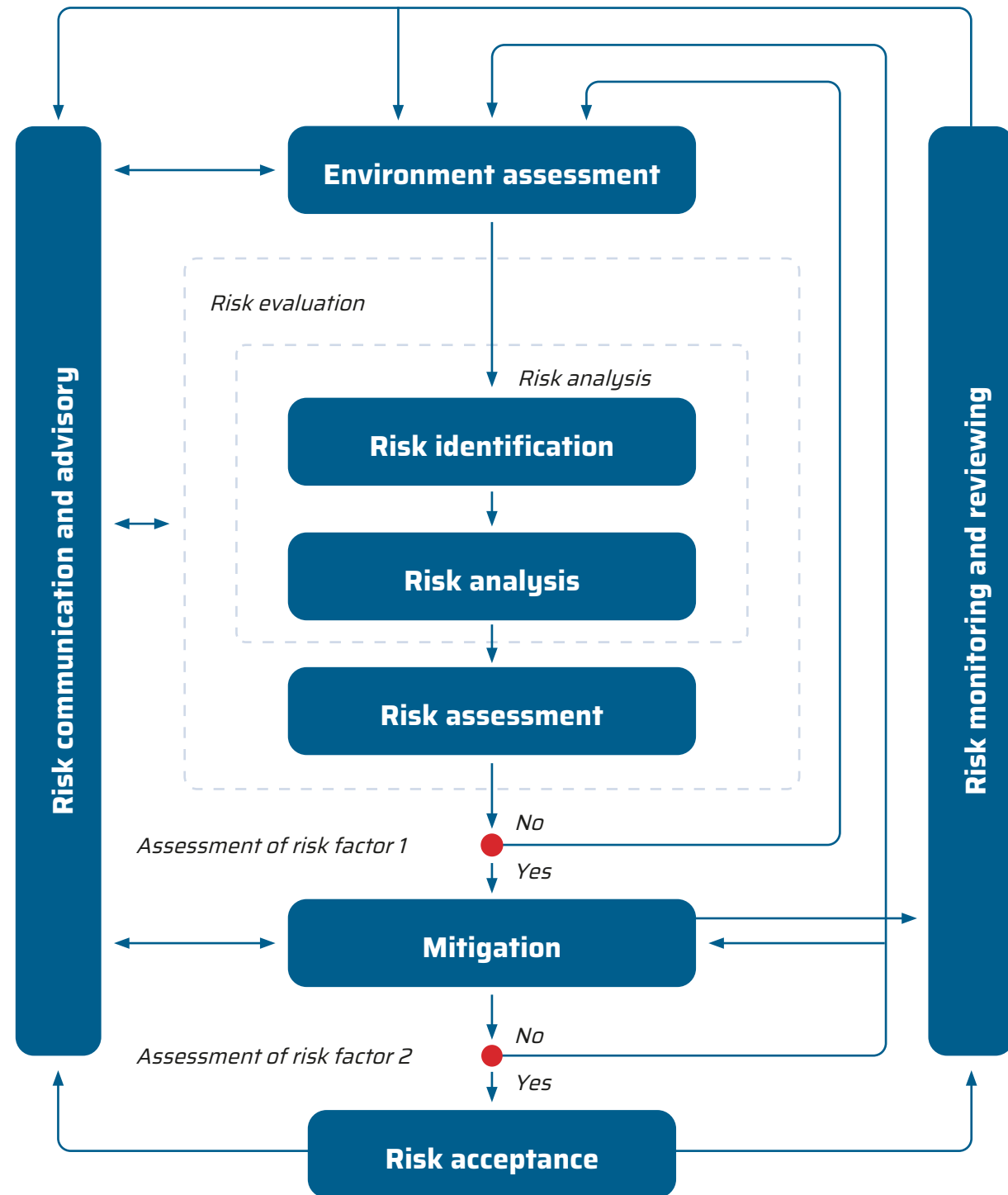
3. Board of Supervisors

Evaluate the effectiveness and timeliness of internal control department.

Outline measures to improve the risk governance mechanism.

RISK MANAGEMENT PROCESS

Figure 6: Risk management process



RISK IDENTIFICATION

Risks are identified based on the Company's strategic objectives and major risks inherent to the Company's strategic objectives are:

Economic risk	Competition risk	Environmental risk
Product quality risk	Financial risk	Information security risk
Pricing risk	Antidumping risk at exporting markets	Human resource quality risk

EVALUATION OF RISKS - RISK MATRIX

$$\text{Seriousness of Risk} = \text{Consequence} \times \text{Likelihood}$$

Risk matrix

Scale		Likelihood				
		Not likely to happen	Rarely happen	Likely to happen	Happen sometimes	Happen regularly
Consequence	Very Low	1	2	3	4	5
	Low	2	4	6	8	10
	Moderate	3	6	9	12	15
	Big	4	8	12	16	20
	Very big	5	10	15	20	25

Classification of risk base on the seriousness of risk

Risk < 6	6 ≤ Risk ≤ 9	Risk > 9
Low	Medium	High

ANALYSIS AND EVALUATION OF IMPORTANT RISKS

Type of risks	Explanations	Level of risks	Mitigations
▲ Economic risk	<ul style="list-style-type: none"> > Global economic crisis, diseases, disasters... may affect demand for garment and textile products and hence affecting the Company's sales. > Changes in prevailing laws regarded taxes, custom duty, environment protection, labor could increase the operating costs of the Company 	<p>High risk (20) = Happen frequently (5) × big impact (4).</p>	<ul style="list-style-type: none"> > CENTURY has been making efforts to diversify customer base, develop new markets. In addition, the Company continuously enhance product quality and customer services, strictly control costs in orders to retain customers. > In addition, the Company also focused on R&D activities to develop product with special functions which are preferable by sport-wear brand names. > Creating the adjusting, updating and tracking regime to timely adapt with new changes
▲ Quality risk	<ul style="list-style-type: none"> > Being a raw material manufacturer, the Company's final products is the input material of another production stage, therefore, disqualified products will have negative impacts on customers, causing customer complaints or compensations 	<p>High risk (20) = Happen frequently (5) × big impact (4).</p>	<ul style="list-style-type: none"> > The Company sets up the procedures, cross-checking mechanism in each production stage. > Enhancing labor skills and professional knowledge > Diversifying the raw material suppliers > Periodically evaluation the quality of suppliers > Maintaining a certain amount of raw materials to timely satisfy the production demand. > Optimizing applying of cutting-edge technology and automation at certain production stages to reduce influence on manual practices
▲ Price risk	<ul style="list-style-type: none"> > Fluctuation of prices in global market can affect CENTURY's raw material purchasing price and selling prices of finished product. > Price gap declines (the increasing rate of selling price is slower than the increasing rate of raw materials and input costs High risk (16) = Happen sometimes (4) × big impact (4). However, thanks to its policies to diversify suppliers and customers as well as the price fixing mechanism between raw material purchase and sales of finished products, CENTURY can maintain its target price gap between selling price and polyester chip price. 	<p>High risk (16) = Happen sometimes (4) × big impact (4).</p>	<ul style="list-style-type: none"> > However, thanks to its policies to diversify suppliers and customers as well as the price fixing mechanism between raw material purchase and sales of finished products, CENTURY can maintain its target price gap between selling price and polyester chip price.
▲ Risk of competition	<ul style="list-style-type: none"> > The relocation trend of garment and textile production from China, Taiwan and Korea to Vietnam together with the investment wave to catch the opportunities brought by FTAs will lead to more competition in the yarn subsector. > Competitors move into premium segmentation of products or towards recycled production 	<p>High risk (16) = Happen sometimes (4) × big impact (4).</p>	<ul style="list-style-type: none"> > With the business model focusing on core value and being flexible to adapt new changes of market. > Applying technology to improve production management efficiency. > High quality of products and services provides.

ANALYSIS AND EVALUATION OF IMPORTANT RISKS (continued)

Type of risks	Explanations	Level of risks	Mitigations
<p>▲ Financial risk (Foreign exchange risk, interest rate, cash flow)</p>	<ul style="list-style-type: none"> > Key raw materials inputs of Company are Polyester chip and oils which are imported directly from oversea. > Fluctuation of interest rates (USD and VND) can affect CENTURY's financial expenses. > The Company's cash flow will be insufficient to pay loans and finance for new investment projects. 	<p>High risk (12) = Likely to happen (3) × big impact (4).</p>	<ul style="list-style-type: none"> > In order to minimize realized forex loss, the Company maintain the portion of export revenue around 60% to create USD inflow to pay for raw material importation and debt repayment. > Forecasting any risk of foreign currency appreciation in order to prepare for timely solutions. > Maintain prudent borrowing policies with abundant cashflow to repay debts when interest rates rise
<p>▲ Risk of anti-dumping investigation in exporting markets</p>	<ul style="list-style-type: none"> > In the context of free trade throughout global markets, trade safeguard measures (including anti-dumping, anti-subsidy investigations) are frequently used by the governments of importing countries in order to protect their local producers. The requests for application of those trade safeguard measures are sometime absurd and it will take times and efforts to reject those absurd requests. 	<p>Moderate risk (8) = Less likely to happen (2) × big impact (4).</p>	<ul style="list-style-type: none"> > CENTURY apply reasonable selling price policies for domestic and exporting markets and maintain a good reporting system to help proving that CENTURY does not dump prices. In addition, the Company also diversifies its exporting markets, not concentrating major sales revenue on one market.
<p>▲ Environmental risk</p>	<ul style="list-style-type: none"> > The main raw material of the Company is PET chip which is the derivative of oil while the auxiliary materials are paper tubes and paper boxes. Therefore, the global policies and regulations on environment, especially the ones regarding oil and forest resources exploration will significantly influence the supply of these materials, thereby causing a strong impact on production and business of CENTURY. 	<p>Moderate risk (8) = Less likely to happen (2) × big impact (4).</p>	<ul style="list-style-type: none"> > In order to reduce these risks, CENTURY has researched and developed new products such as Recycled yarns (using Recycled PET chip recycled from polyester plastic bottles in order to reduce oil exploration), dope dyed yarn (reducing the water usage and not using toxic chemicals) and cooperated with suppliers in order to enhance quality of POY paper tubes. In addition, the Company has made commitments, issued environmental handbook and management guidelines and toxic chemicals policies so as to reduce the bad influence of production and business process on the surrounding environments.
<p>▲ Information Security risk</p>	<ul style="list-style-type: none"> > Risk of Information incident (loss of information due to transmission interruption, malware, fire) may cause disruption of operation, economic damage and negatively impact the Company's image. > Risk of loss of confidential information (business strategies, customer list, supplier list, knowhow) may cause economic damage to the Company 	<p>Moderate risk (6) = Likely to happen (3) × low impact (2).</p>	<ul style="list-style-type: none"> > Establish and apply ISO/IEC > 27001:2013 and get certification "for information security in production and trade of polyester filament". > Apply safety measures such as investment in automatic fire fighting system, back up system, installation of anti-virus, training staffs, development and implementation of policies on information security.
<p>▲ Human resource quality risk</p>	<ul style="list-style-type: none"> > Risk of failure to meet the Company's need for human resources in term of quality: the staffs are lack of necessary qualification and experience, affecting the Company's operation. 	<p>Moderate risk (4) = Less likely to happen (2) × low impact (2).</p>	<ul style="list-style-type: none"> > Set criteria for recruitment, provide training and develop the quality of human resources to meet the job requirements. > Provide the best salary, benefit and remuneration policies as well as working environment for the staffs. > Provide trainings to enhance skills and knowledge for staffs, develop succession planning.



IMPLEMENTATION OF INVESTMENT PROJECTS

IMPLEMENTATION OF PROJECTS DURING 2020

Yarn to Garment Alliance project

In 2020, Century has made capital contribution to acquire land for construction and infrastructure developments for this project. In 2021, the Company has no plan for the factory construction and machinery and equipment purchases. In case the partners have completed their investments, the Company still has the capacity to supply yarn according to the partners' demands.

INVESTMENT PROJECTS

Unitex Synthetic Fiber Factory

- ▶ The project purpose: enlarging DTY production capacity
- ▶ The maximum capacity: 60,000 tons/year; including 2 phases.
- ▶ The estimated capex: USD120 million
- ▶ The construction site: Lot A171, C1 street, Thanh Thanh Cong industrial park, An Hoa Ward, Trang Bang town, Tay Ninh province.
- ▶ The project main products: DTY yarn: recycled yarn (Recycled), other special yarns with high value-added.
- ▶ Project implementation timeline
 - Phase 1 commencement: 2021
 - Putting phase 1's factory into operation: 2023
 - Phase 2 commencement: 2023
 - Putting phase 2's factory into operation: 2025

In 2020, the BOD would submit the AGSM the financing plans for this project.



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COMPANY'S STOCK AND INVESTOR RELATIONS

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STOCK'S INFORMATION

Name of stock SHARE OF CENTURY SYNTHETIC FIBER CORPORATION	
Stock code STK	Total trading sessions in 2020 204 sessions
Stock exchange HOSE	Average order-matching volume per session 112,574 shares

Movements of Century's stock price in 2020 (STK)



Source: tradingview.com

SHARES AND SHAREHOLDER'S STRUCTURE

As at 31/12/2020, the number of shares of Century as follows:

Registered Owner's Equity	707,269,440,000
Total number of listed shares	70,726,944
Total number of outstanding shares	68,185,294
Total number of treasury shares	2,541,650
Total number of restricted transferring shares	300,000
Total number of free transferring shares	67,885,294
Stocks trading abroad	0

Shareholder list (finalized on 18/02/2021)

Types of shares			
Stock types	Number of voting rights	Number of shares	Ratio
Common stocks	01 share: 01 voting right	68,185,294	96%
Preferred stock	/	0	0%
Treasury stock	/	2,541,650	4%
Total		70,726,944	100%

Types of shareholders	Number of shareholders	Ratio/Total number of shareholders	Total number of owned shares	Ownership share ratio
By ownership ratio				
Major shareholders	5	0.5%	43,664,012	5
Minor shareholders	1,092	99.5%	27,062,932	1,092
Total	1,097	100%	70,726,944	1,097
By ownership entities				
State shareholders	0	0%	0	0%
Other shareholders	1,097	100%	70,726,944	1,097
Total	1,097	100%	70,726,944	1,097
By geographies				
Local shareholders	1,007	91.8%	64,284,343	1,007
> Individuals	978	89.2%	46,325,905	978
> Institutions	29	3%	17,958,438	29
Foreign shareholders	90	8.2%	6,442,601	90
> Individuals	62	5.7%	976,763	62
> Institutions	28	3%	5,465,838	28
Total	1,097	100%	70,726,944	1,097

SHARES AND SHAREHOLDER'S STRUCTURE (continued)

Major shareholder list (owned above 5% of Company's shares)
and major shareholder's transactions in 2020

Shareholder names	Ownership type	Nationality	Beginning period (at 23/12/2019)		Ending period (at 18/02/2021)		Changes
			No. of owned shares	% ownership	No. of owned shares	% ownership	
Huong Viet JSC.	Organization	VN	14,137,593	19.99%	14,137,593	19.99%	-
Mr. Dang Trieu Hoa	Individual	VN	9,749,367	13.78%	9,749,367	13.78%	-
Mdm. Dang My Linh	Individual	VN	6,481,235	9.16%	10,134,305	14.3%	-
Mr. Dang Huong Cuong	Individual	VN	5,981,235	8.46%	5,981,235	8.46%	-
Tang Kien Nghiep	Individual	VN	3,646,512	5.16%	3,661,512	5.17%	Buying new shares
Total			39,995,942	56.5%	43,664,012	61.7%	

TRANSACTIONS BETWEEN INTERNAL PERSONS AND RELATED PERSONS ON SHARES OF THE LISTED COMPANY IN 2020

Transaction executor	Relationship with internal person	No. of shares owned at the beginning of the period		No. of shares owned at the end of the period		Reasons for increase/decrease (purchase, sale, convert, reward...)
		No. of shares	%	No. of shares	%	
Nguyen Tu Luc	Head of BOS	4,000	0.01%	2,000	0.003%	Selling shares for managing portfolio
Dinh Ngoc Hoa	BOS member	21,008	0.03%	16,008	0.02%	Selling shares for managing portfolio
Pham Ngoc Thai	Husband of BOS member Hoang Nu Mong Tuyen	5,000	0.007%	2,500	0.0035%	Selling shares for managing portfolio
Dinh Ngoc Hoa	BOS member	16,008	0.022%	10,008	0.014%	Selling shares for managing portfolio

TREASURY STOCK TRADING

Treasury stock transactions in 2020

Number of outstanding shares before purchase	Number of tentative shares for purchase	Number of shares executing for purchase	Number of outstanding shares after purchase	Period of execution
70,726,944	5,000,000	2,541,650	68,185,294	03/04 - 29/04/2020

HISTORY OF CHARTERED CAPITAL INCREASE AND CHANGES IN OWNER'S EQUITY

History of chartered capital increase (VND billion)

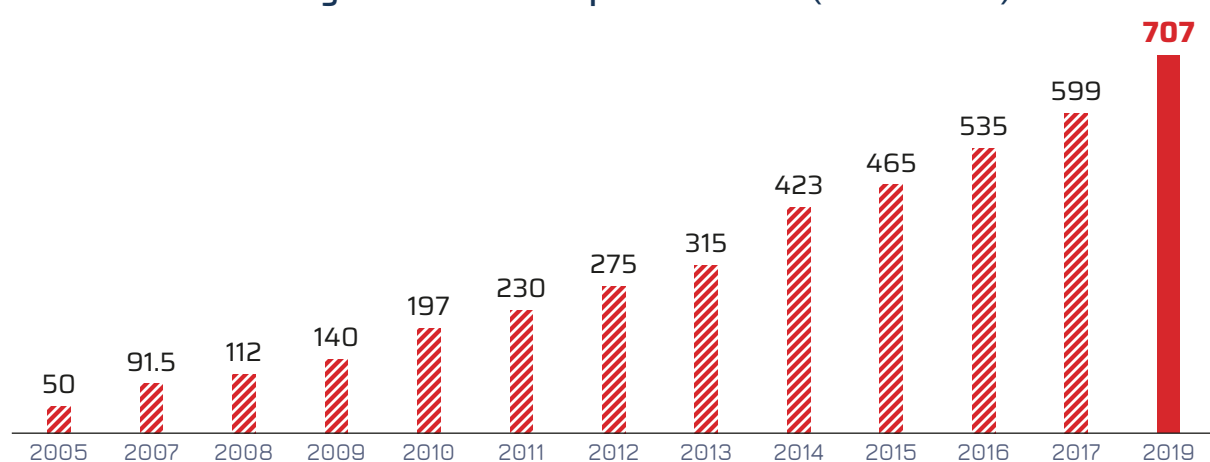


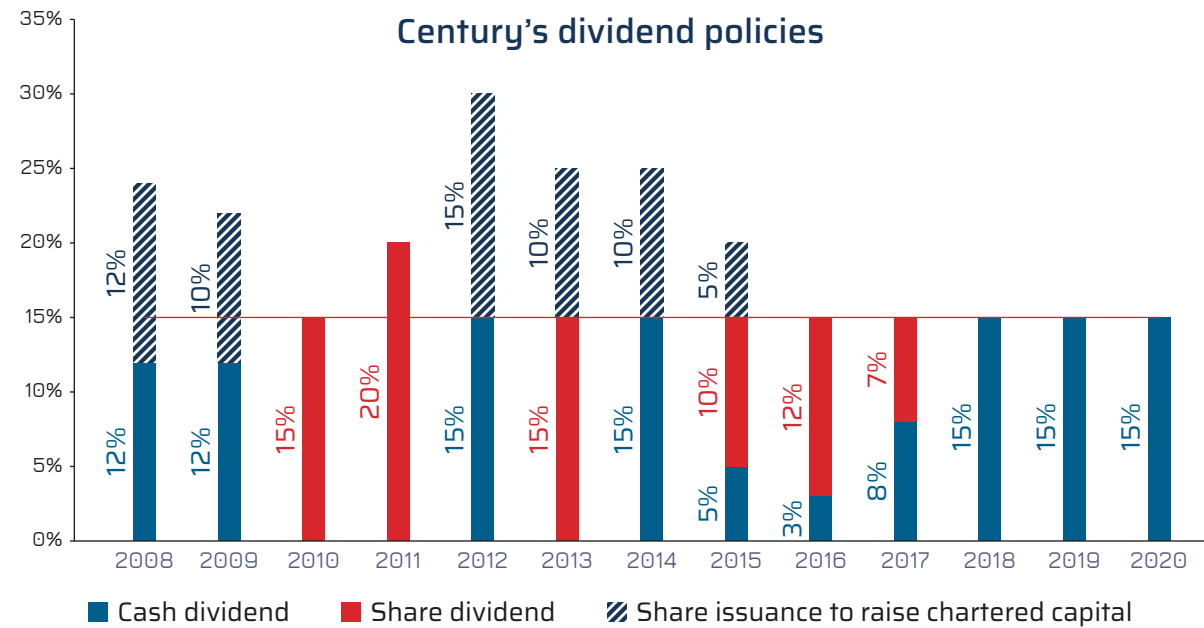
Table 12: History of chartered capital increase

Issuance time	Subjects released	Capital increase (VND bil.)	Charter capital after release (VND bil.)
05/2005	Equitization: initial chartered capital	-	50
05/2007	Founding partners; Workers	15	65
09/2007	Existing shareholders; Strategic partnership	26.5	91.5
01/2008	Strategic partnership	8.5	100
12/2008	Existing shareholders (bonus shares: 12%)	12	112
11/2009	Existing shareholder (additional issuance: 25%)	28	140
01/2010	Strategic partnership (Issued separately)	40	180
09/2010	Existing shareholders (bonus shares: 10%)	17.3	197.3
06-07/2011	Existing shareholders (stock dividends: 15%); employees (ESOP 2010)	32.6	229.9
05/2012	Existing shareholders (stock dividends: 20%)	45	274.9



Issuance time	Subjects released	Capital increase (VND bil.)	Charter capital after release (VND bil.)
06/2013	Existing shareholders (issued shares to increase equity from ownership equity: 15%)	40.5	315.4
06/2014	Existing shareholders (- stock dividends: 15%) (-Issues shares to increase equity from ownership equity: 10%)	77.6	393.1
12/2014	Auction to the public	30.0	423.1
12/2015	Existing shareholders (-Issues shares to increase equity from ownership equity: 10%)	42.3	465.4
06/2016	Existing shareholders (- stock dividends: 10%) (-Issues shares to increase equity from ownership equity: 0.5%)	69.8	535.2
09/2017	Existing shareholders (- stock dividends: 12%)	64.2	599.4
05/2019	Existing shareholders (-stock dividends: 7%) (- public offering: 10%) (- ESOP: 0.1%)	107.9	707.3

CONSISTENT DIVIDEND POLICIES



The dividend policies for the fiscal year 2020 will be submitted to 2021 General Shareholders Meeting for approvals.

INVESTOR RELATIONS

Ensuring the transparency, equality among shareholders.

Always prioritizing the requirements in compliance with the Regulations of information disclosures; quickly and promptly updating; no insider tradings and stock price manipulations.

Effectively managing the quality of information disclosure and identifying right target audience

The publicly disclosed information should not only be comprehensive but also authentic about the company situation.

Maintaining and expanding the investor network

Frequently having meetings with investors, diversifying communication channels, maintaining the existing investor network and develop new potential investors, therefore creating a platform and a foundation for fund raising activities of the Company in the future.

DIVERSIFYING THE COMMUNICATION CHANNELS

IR Contact information

ir@century.vn
(Ms. Anna)
(+84.276) 388 7565 (ext: 113)
(Mr. Alex)

GSM

- > Annually: once a year
- > Extraordinary GSM, shareholders' approval in writing: depending on the BOD's demands.

Analyst meetings

- > Quarterly, 4 times/year

IR bulletins

- > Quarterly, 4 times/year

Website

- > Frequent updates on factor news, disclosure information, other periodic reports...



REPORT OF THE BOARD OF DIRECTORS

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CORPORATE GOVERNANCE MODEL

STK is organized and operate according to a corporate governance model as stipulated in Article 137.1.a of the Law on Enterprise No. 59/2020/QH14 issued on June 17th 2020. Accordingly, the organizational, management and control structure of the Company is comprised of General Shareholder Meeting, Board of Directors, Board of Supervisors, Managing Director, Board of Management, functional divisions and departments.

In STK, the GSM has the highest authority. Annual GSM is organised once a year. Matters to be passed by GSM are stipulated in Article 14 of the Company's Charters and provisions of prevailing regulations.

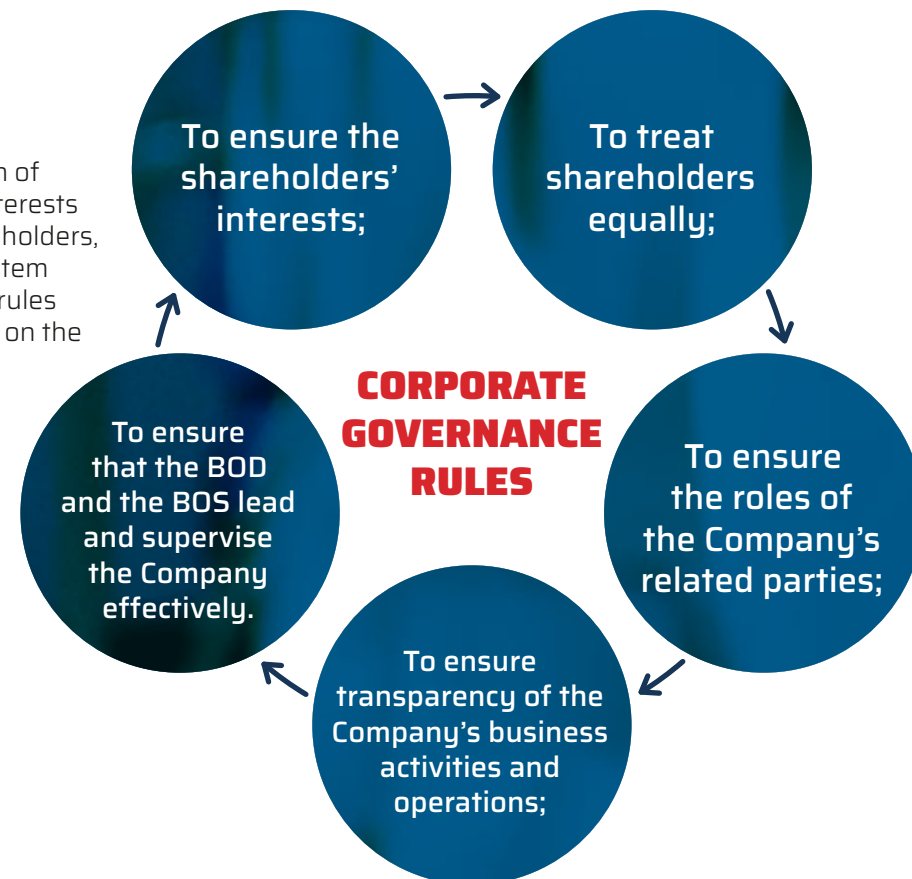
The BOD is the governance authority at the Company. Number of members to the BOD, election, dismissal of these members is decided by the GSM. Rights and obligations of the BOD is stipulated in Article 25 of the Company's Charter. The BOD is fully entitled to decide matters which are not belong to the GSM's authority. The BOD is responsible to implement and supervise the implementation of the GSM's resolutions and responsible before the GSM for the Company's operations. The Company's business and operations should be under the management and guidance of the BOD. BOD is the body, which has full authority to conduct all matters on behalf of the Company except those under the GSM's authority. STK's BOD comprises of 5-7 members with 5 year tenure.

The BOS is elected with the functions to present the GSM to supervise all of the Company's business activities. The rights and responsibility of the BOS (including supervising the BOD and the MD, requesting the BOD and the MD to explain on the Company's financial standings) are stipulated in Article 36 of the Company's Charter. The Company's BOS comprise of 3 members with 5 year tenure.

The MD is appointed by the Board of Directors with 5 year tenure. The rights and responsibility of the MD (including implementation of the GSM's and the BOD's resolutions, the Company's business plan and investment plan as approved by the GSM and the BOD) are stipulated in Article 30 of the Company's Charter. The Board of Management comprises of 3 members (including 1 Chief Financial Officer cum Chief Accountant) shall support the MD in managing the Company's operations.

The Company's organizational structure is presented in *page 23*.

In order to ensure the Company's sustainable development, protection of legitimate rights and interests of the Company's shareholders, STK's management system (comprising of policies, rules and procedures) is built on the following principles:



CHANGES IN BOD'S COMPOSITION

No.	Full name	Title before change	Title after change	Reference documents
1	Dang Trieu Hoa	Chairman cum CEO	Vice chairman cum CEO	BOD Resolution No.01-2020/NQHĐQT/TK issued on 14 Feb 2020
2	Dang My Linh	BOD member	Chairwoman	



BOARD OF DIRECTORS OF THE COMPANY

Introduction of STK's BOD of tenure 2018-2023

(appointed since 17/04/2018 pursuant to AGSM Resolution No. 01-2018/NQĐHĐCĐ/TK)

The Board of directors of the Company of tenure 2018-2023

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).

Qualification	Business Administration
Position at STK	Chairwoman
Date of appointment	14 Feb 2020



Mdm. **DANG MY LINH** (49 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.

Qualification	Business Administration
Position at STK	Non-executive member
Date of appointment	Since 2005

Mr. **DANG HUONG CUONG** (45 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 new position of Vice 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.

Qualification	Business Administration
Position at STK	Vice Chairman, CEO
Date of appointment	15 Feb 2020



Mr. **DANG TRIEU HOA** (52 years old)



Currently, she is the Director of Thuc Pham Xanh Company. Before that, she has many years of experience in commerce and finance in Poland and Vietnam.

Position at STK	Non-executive independent member
Date of appointment	12/01/2015

Mdm. **CAO THI QUE ANH** (55 years old)

He is the capital representative of major shareholder Huong Viet JSC.

Education level | **Business Administration**
 Position at STK | **Non-executive member**
 Date of appointment | **17/04/2018**



Mr. **VO QUANG LONG** (43 years old)

Mr. Nguyen Quoc Huong is an expert in finance-banking and finance risk management.

Education | **Finance-Banking**
 Position at STK | **Non-executive independent member**
 Date of appointment | **17/04/2018**



Mr. **NGUYEN QUOC HUONG** (49 years old)

Mr. Chen Che Jen has many years experience in textile and yarn business.

Education | **Technology**
 Position at STK | **Non-executive independent member**
 Date of appointment | **17/04/2018**



Mr. **CHEN CHE JEN** (59 years old)

STK's Board of Directors (tenture 2018-2023) comprises 07 members, in which:

- > 03 members are independent members.
- > 06 members are non-executive members;
- > 03 members are non-executive, independent members;

*Share ownership at STK and BOD membership at other entities
(shareholder list finalized on 18/02/2021)*

STT	Name	Position at STK	Share ownership at STK	Percentage (%)	Membership at other entities' Board of Directors	Ownership of other related parties	Percentage (%)
1	Dang My Linh	Chairwoman	10,134,305	14.33%		15,730,602	22.24%
2	Dang Trieu Hoa	Vice chairman	9,749,367	13.78%		16,115,540	22.79%
3	Dang Huong Cuong	Member	5,981,235	8.46%		19,883,672	28.11%
4	Cao Thi Que Anh	Member	0	0%	None	425,040	0.70%
5	Vu Quang Long	Member	0	0%		14,137,593	19.99%
6	Chen Che Jen	Member	0	0%		0	0%
7	Nguyen Quoc Huong	Member	0	0%		0	0%

REPORT OF BOARD OF DIRECTORS FOR YEAR 2020

BOD MEETINGS IN 2020

> In 2020, BOD has conducted 04 face-to-face meetings and 15 meetings via mailing form to solve matters belonging to the BOD's functions and authority.

- | | | | |
|---|---------------------------|---|---------------------------|
| 1 | BOD meeting on 16/01/2020 | 2 | BOD meeting on 05/06/2020 |
| 3 | BOD meeting on 27/08/2020 | 4 | BOD meeting on 27/10/2020 |

- > BOD has issued 16 Resolutions.
- > The minutes and resolutions of the BOD were sufficiently sent to BOD members and BOS members.
- > In the BOD's meetings, the BOS and Board of Management were invited to discuss about strategy, business orientation and direction

Attendance ratio of BOD's members (tenure 2018 - 2023)

STT	BOD members	Position	Number of attendance	Percentage	Reasons for absence
1	Mdm. Dang My Linh	Chairwoman	19/19	100%	
2	Mr. Dang Trieu Hoa	Vice Chairman cum MD	19/19	100%	
3	Mr. Dang Huong Cuong	Non-executive BOD member	14/19	74%	Staying abroad and cannot attend offline meeting due to Covid-19
4	Mdm. Cao Thi Que Anh	Non-executive independent member	18/19	95%	Conflicting Business schedule
5	Mr. Vo Quang Long	Non-executive BOD member	19/19	100%	
6	Mr. Chen Che Jen	Non-executive independent member	19/19	100%	
7	Mr. Nguyen Quoc Huong	Non-executive independent member	19/19	100%	

SEPARATE MEETINGS OF INDEPENDENT BOD MEMBERS

None.

BOD'S MEETINGS RESOLUTIONS

BOD's Resolutions

No.	Resolution No.	Date	Contents
1	01-2020/NQHĐQT	14/02/2020	Approving the resignation, election of Chairperson and Vice Chairperson.
2	02-2020/NQHĐQT	14/02/2020	Approving business forecast FY2020 and the record date of 2020 AGSM.
3	02A-2020/NQHĐQT	14/02/2020	Approving the short-term credit line provided by OCB
4	03-2020/NQHĐQT	11/03/2020	Approving 2020 AGSM's documents
5	04-2020/NQHĐQT	16/03/2020	Approving the stock repurchase.
6	05-2020/NQHĐQT	17/03/2020	Approving the stock repurchase (supplementing).
7	05A-2020/NQHĐQT	26/03/2020	Approving 2020 AGSM extension of organizing date
8	05B-2020/NQHĐQT	25/03/2020	Approving the adjustment of short-term credit line provided by Vietcombank
9	06-2020/NQHĐQT	13/05/2020	Approving the record date of 2020 AGSM
10	07-2020/NQHĐQT	05/06/2020	Approving 2020 AGSM's documents (revising 2020 budget)
11	08-2020/NQHĐQT	30/06/2020	Approving the appointment of Ernst & Young Vietnam, Ltd. as the independent auditing company for the fiscal year 2020.
12	09-2020/NQHĐQT	01/07/2020	Approving the plan of cash dividend payment for the fiscal year 2019
13	10-2020/NQHĐQT	01/07/2020	Approving the change of the Company's legal representative
14	11-2020/NQHĐQT	10/08/2020	Approving the credit line provided by Wooribank
15	11A-2020/NQHĐQT	10/08/2020	Approving the credit line provided by Vietcombank
16	12-2020/NQHĐQT	04/12/2020	Approving the credit line provided by ChinaTrust Bank

IMPLEMENTATION OF 2020 AGSM RESOLUTIONS

No.	Approved Contents	Results
1	Approving the profit distribution plan FY2019: cash dividend of 15% on par value	Already paid on 30 July 2020.
2	Approving the revenue-profit budget FY2020 > Revenue: VND1,798 billion > Profit after tax: VND130,4 billion	2020 actual performance: > Revenue: VND1,756 billion (98.2% of the budget) > Profit after tax: VND144.4 billion (111% of the budget)
3	Approving the authorization to the BOD to appoint the independent audit firm for 2020 financial statements.	Appointed E&Y Vietnam to be the independent audit firm for 2020 financial statements.
4	Approving BOD and BOS's remuneration FY2020 > BOD members' remuneration FY2020: VND1.2 billion. > BOS members' remuneration FY2020: VND144 million.	Already paid on 29 December 2020
5	Approving the adjustment of Charter of the Company	Adjusted and disclosed on 23 June 2020

ACTIVITIES OF THE NON-EXECUTIVE BOD MEMBERS

The BOD members play vital roles in evaluating and monitoring the activities of the BOM, ensuring the prevention of conflicts of interest between related parties; increase equality and functional efficiency, providing strategic direction, risk managements, production quality managements.

The non-executive BOD members are all high-experienced in manufacturing, trading, finance and management.

The non-executive BOD members were actively involved in discussion to form the Company's strategies, supervision of the management's implementation of the Company's strategy and business plan and in building the Company's corporate governance.

- > Mr. Chen Che Jen has many years of experience in yarn production and trading, he has frequently monitored the quality KPIs to come up with solutions and experience in risk managements in production activities.
- > Ms. Cao Thi Que Anh has many years of experience in the garment industry and finance, she has always monitored and supervised the production cost mix, fixed costs, and the ability to optimize profits.
- > Mr. Nguyen Quoc Huong has extensive experience in finance, he has always supervised the working capital flow, debt standings and profit distribution plans of the Company.

LIST OF BOD MEMBERS HAVING CERTIFICATE ON CORPORATE GOVERNANCE TRAINING

4 (out of 7) BOD members (term 2018-2023) and 3 (out of 3) BOS members (term 2018-2023) were granted a certificate of corporate governance by the training centers recognized by Securities Commission State. The Company always facilitated all members of the BOD, BOS and BOM to participate in training courses on corporate governance. However, the training time often coincides with the business travel of the Managing Board members, so some of them could not participate in courses fully. Besides, STK has one BOD member who is a foreigner and the language barrier also affects his completion of the certificate on corporate governance as mentioned above.

List of members who have the certificate of corporate governance:

- | | |
|------------------------|---------------|
| 1. Dang My Linh | Chairwoman |
| 2. Dang Trieu Hoa | Vice Chairman |
| 3. Dang Huong Cuong | BOD Member |
| 4. Cao Thi Que Anh | BOD Member |
| 5. Nguyen Tu Luc | Head of BOS |
| 6. Dinh Ngoc Hoa | BOS member |
| 7. Hoang Nu Mong Tuyen | BOS member |

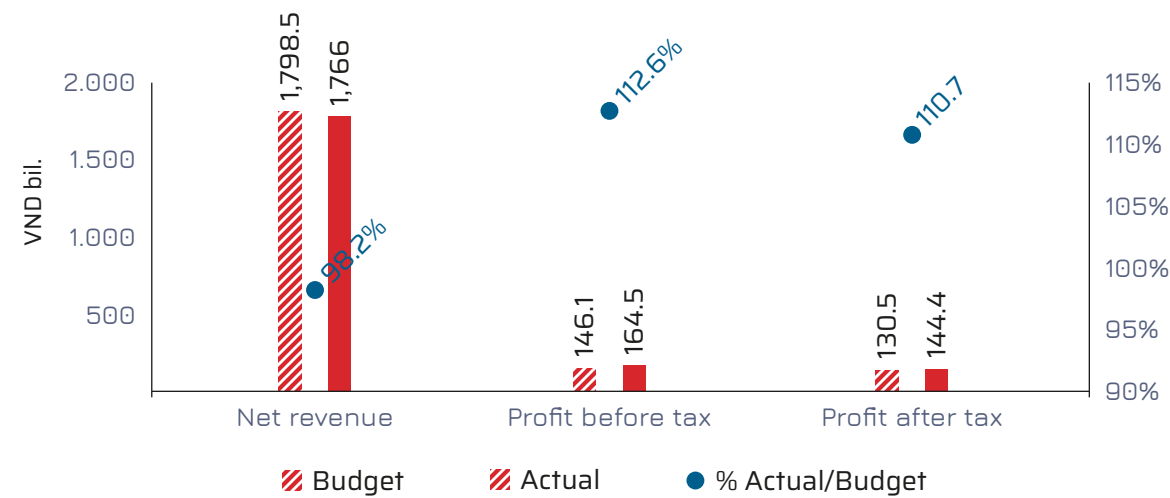
BOD'S SUB-COMMITTEES

Not yet established so there are no activities of the BOD's Sub-committees.



ASSESSMENT ON THE COMPANY'S BUSINESS PERFORMANCE AND THE BOM'S ACTIVITIES

2020 performance



In 2020, despite the unfavorable business environment due to Covid-19 pandemic impacts, the Company has relentlessly developed sales markets, maintained sales orders with the existing customer network, increased Recycled yarn's contribution, effectively managed the production costs and production quality. Having implemented the proper strategies, after-tax profits for year 2020 surpassed the budget by 11%.

Overall review on the Company's performance

Implementation of key objectives in 2020

Stringent profit-loss management, quality controls, enhancing competitiveness

- Enhancing operational efficiency and cost-effectiveness;
- Overall improvements on operations
- Reducing production wastes
- Improving production quality;
- Reducing inventory volumes to the standard level.

Reaching the target of recycled yarn's portion

- Achieving the portion of Recycled yarn in total revenue of 44%, far surpassing the initial target of 35%.
- Increasing the proportion of recycled yarn is a short- medium-term strategy of the Company, adapting to the global fashion trends.

Proactively maintaining and conquering new customers, researching and developing new products

- Developing US market, which contributed approximately 2.6% of the revenue in 2020, a rise from 0.6% in 2019.
- Indirectly developing EU, Mexico markets via local export customers.
- New products developments such as dope dyed yarn, other special yarns...



Achievements

- Although the Company suffered low sales in Q2.2020 due to the widespread of Covid-19 pandemic at US, Japan, Korea and EU, the Company rapidly recovered at Q3 and Q4.2020. In general, the Company has fulfilled the budget submitted to 2020 AGSM.
- Having applying flexible strategies and production cost reduction measures, the gross profit margin was 14.5% and ROE was 13.3% in 2020.
- The Company has actively repaid loans to reduce financial expenses, thereby contributing to stabilizing the financial standings
- Releasing the inventory to the standard level, contributing to reduce costs.
- Modernizing the warehouses, thereby enhancing the quality of logistic services to meet customer demands.

Further improvements in future

- Making relentless effort to enhance R&D activities and develop new brandname customers in order to maintain the Company's growth rates

Implementation of environmental and social goals

Environmental goals

During 2020, the BOM has made relentless effort in improving production quality while the environmental impacts is reduced, leading to a decrease in energy consumption, in particular:

- Decreasing the electricity consumption: 16%
- Decreasing the total water usage: 5%
- Decreasing the electricity carbon footprint per unit: 6%

Social goals

Focusing on economic development associated with the social community development, the Company has created more jobs for local communities, contributing over VND68 billion to the National Budget. In addition, the Company has adopted remuneration policies, encouraging the employees create more added-value for the society and the economy



BOD's Assessment of the BOM's activities

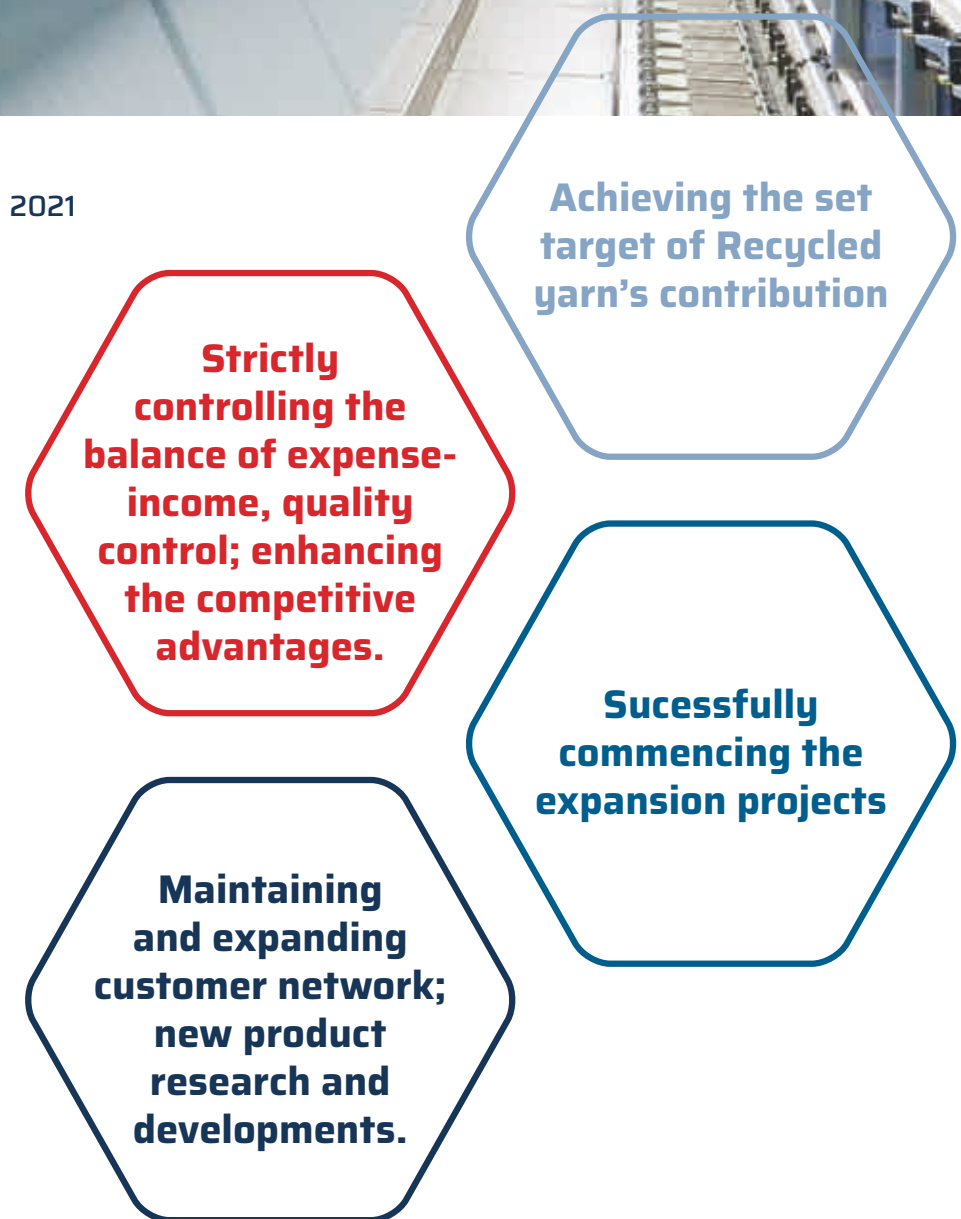
Supervising methods

- › The BOD has periodically regularly supervised the BOM through regular BOD meetings, meetings via email, on the implementation of the General Meeting of Shareholders' Resolutions.
- › The BOD has discussed and approved the BOD Resolutions based on proposals of the BOM;
- › The BOM is responsible for explaining the quarterly and annually business performance in details, forecasting the business results of the next quarter or the following year.

Results

- › The BOM has carried out its tasks in accordance with the Resolutions of the ASM.
- › The BOD has launched innovative solutions improving operations, risk management, supporting the BOM, therefore gained certain achievements in 2020.
- › 2020 actual results have met the budget in general. Therefore, the BOM needs to be more conscientious in a challenging market conditions in 2020. The BOM has to set specific business strategies, continue to maintain develop and markets, raise revenue contribution of recycled yarn, develop new products and maintain stable financial standings.
- › The BOM's directors who are responsible for several sections of the Company should perform well their functions in order to support the Managing Director and supervise the departments' performances, identify the potential problems in order to prevent internal risks, therefore enhance its internal resources to encounter with external risks.

Key objectives in 2021

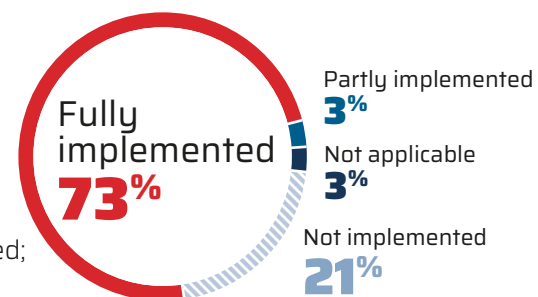


ASSESSMENT THE IMPLEMENTATION OF CORPORATE GOVERNANCE IN 2020

STK's Corporate Governance is in accordance with ASEAN Corporate Governance Scorecards. Among 146 criteria, STK has implemented 108 good practices of Corporate Governance.

Criteria which fully implemented at STK :

- Ensuring basic rights of shareholders;
- Ensuring equitable treatment of shareholders;
- Protecting rights of stakeholders;
- Ensuring transparent information disclosures;
- Ensuring that the BOD's responsibilities are implemented;



Criteria need to be improved:

- BOD's structure: no sub-committees under the BOD has established.

Implementation of corporate governance in accordance with the law

Pursuant to Circular No.116/2020/TT-BTC issued on 31 December 2020 providing guidance on corporate governance applying to public companies, the Company's governance regulations has been inappropriate as follows:

Regulations	2020	Reasons of not implementation	Adjustment schedules
Article 31. The sub-committees of the BOD	No establishments of sub-committees	The Company has not found suitable personnel	In the near future, the BOD will establish the HR and salary-bonus sub-committees.

SELF-ASSESSMENT OF BOD'S PERFORMANCE

In order to raise the BOD's efficiency as well as to comply with the best practice on corporate governance, the BOD has researched and implemented a procedure for its self-evaluation which comprises of 40 criterions on:

- Composition of BOD;
- BOD's oversight over the BOM;
- The BOD member's understanding the company and its business;
- Conduct of BOD meetings.

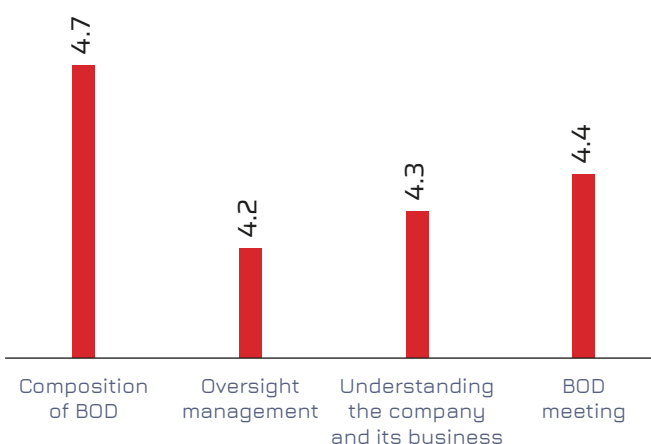
➢ The composition of the BOD is in compliance with the regulations which are 3 out of 7 members are independent ones.

➢ The independent members have actively participated in the BOD's meetings, contributed realistic opinions to the BOM and the BOD in setting business strategies, implementing business plan and enhancing corporate governance.

➢ BOD members were provided with sufficient information on timely manner so that they can make correct analysis on the Company's situation and fulfill their responsibilities honestly and diligently for the ultimate interests of the Company's shareholders.

➢ The BOD's meetings were organized and conducted in accordance with the Company's Charter. The BOD meeting minutes, resolutions and decisions were made with consensus of its members and were filed in accordance with regulations.

Self-assesment of BOD for year 2020



BOD'S PLAN AND ORIENTATION

- Continuing to supervise and direct the activities of the BOM in order to achieve 2021 business plan;
- Going together with Managing Director and Management team in finding business opportunities and developing business strategies for a sustainable development;
- Setting strategy and policies to improve the quality of human resources;
- Monitoring the cost managements, overall efficiency of the BOM.

PLANS FOR ENHANCEMENT IN CORPORATE GOVERNANCE IN 2021

- Updating Corporate Governance Rules in accordance with prevailing regulations such as Circular 116/BTC, Law on Enterprise 2020, Law on Securities 2019 and informing the BOD members of the new regulations in order to comply with the regulations.
- Making self-assessment the BOD's performance and hiring external consultants for assessments.
- Facilitating members who have not taken courses in corporate governance to ensure that they have sufficient training certificates as required.
- Creating more detailed orientation programs for BOD members.

NEW SHARE ISSUE PLAN TO RAISE CAPITAL TO FINANCE INVESTMENT PROJECTS

Refer to the *Investment projects*, page 97, 2020 Annual Report.





IX

REPORT OF THE BOARD OF SUPERVISORS

Composition of the BOS	128
Activities of the BOS	130
Report on the BOS activities	131

COMPOSITION OF THE BOS

BOS members of tenure 2018-2023 (started on 17/04/2018)

Mr. **NGUYEN TU LUC**

Head of the BOS

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.



BOS and ownership ratios

No.	Name	Position at STK	Share ownership at STK	Percentage (%)	Membership at other entities' BOS	Percentage (%)
1	Nguyen Tu Luc	Head of BOS	2,000	0.003%	-	-
2	Hoang Nu Mong Tuyen	BOS Member	3,147	0.004%	-	-
3	Dinh Ngoc Hoa	BOS Member	10,008	0.03%	-	-

Mdm. **HOANG NU MONG TUYEN**

BOS Member

Year: 1990

Education: Bachelor

Working experience:

2012 - 2019: Sales admin, STK

2019 - 2020: MD assistant, STK

2020 - present: Senior sale staff, Kpack Ltd.



Mdm. **DINH NGOC HOA**

BOS Member

Year: 1979

Education: Bachelor

Working experience:

2005 - present: Head of Planning-production department, STK

2002 - 2004: Accountant, Vi Hop Ltd.,



ACTIVITIES OF THE BOS

The working program of the BOS in 2020 is set after AGSM, the BOS conducts the meeting to build the working plan for the next year, which assigns the tasks for each BOS's member, held 04 meetings during the year in accordance with Company's Charter and Century Synthetic Corporation activities as below:

- > Supervising the implementation of the AGSM's resolution;
- > Supervising the operation and financial standing of the Company;
- > Supervising the activities of the BOD, BOM and management system of the Company;
- > Making assessment on cooperation between the BOD and the BOM;
- > Monitoring the operation and financial standing of the Company
- > Make assessment on the Company's investment projects including those projects already implemented and being implemented in accordance with the BOD's resolutions.
- > Based on that to make proposal to the BOD for the coming years.

MEETINGS OF THE BOS

No.	Contents	Meeting dates	Results
1	Assessments of 2019 performance	17/01/2020	The BOS agreed with the 2019 results.
2	Discussion of 2020 business plan	27/5/2020	The BOS agreed with the 2020 plan.
3	Discussion and assessments of Q3.2020 and 9M2020 performance	28/8/2020	The BOS gave opinions about the 9M2020 performance and further improvements for Q4.2020.
4	Discussion and assessments of Q4.2020 and 12M2020 performance, 2021 forecast.	28/10/2020	The BOS agreed with the 2021 forecast.

REPORT ON THE BOS ACTIVITIES

EVALUATION OF THE BOS ON THE IMPLEMENTATION OF THE 2020 AGSM RESOLUTIONS

Based on the AGSM's resolutions, the Company's BOD has implemented these resolutions throughout the Company.

- > The Head of BOS was invited to participate in all of the BOD's meetings.
- > In general, the Company's BOD has fully implemented their rights and responsibilities in accordance with the Company's charter, ensuring that the company's corporate governance is conducted in accordance with the laws.

Distribution of 2019 profit:

Cash dividend 15%/par value | Date of completion: July 2020

2020 Business results

KPIs	2020 actual	2020 actual /2019 actual	2020 Actual vs. plan
Net revenue (VND billion)	1,766	-20.8%	98.2%
Net profit before tax (VND Billion)	164.5	-35.0%	112.6%
Net profit after tax (VND Billion)	144.4	-32.7%	110.7%

Financial indicators

KPIs	Unit	As at 31/12/2020	As at 31/12/2019
Asset structure			
Current Assets/ Total Assets	%	37%	38%
Non-current Assets/ Total Assets	%	63%	62%
Capital structure			
Debt/Equity	Times	0.25	0.85
Liquidity analysis			
Current ratio	Times	1.11	0.93
Quick ratio	Times	0.41	0.34
Profitability			
ROS	%	8.18%	7.41%
ROA	%	8.47%	8.4%
ROE	%	13.33%	19.6%

Public Disclosure

The Company has fully fulfilled its obligations on public disclosure regulations.



EVALUATION OF THE BOS' OVERSIGHT ON THE BOD'S ACTIVITIES

- › The BOS has participated in the BOD's meetings as a role of observer in order to get informed on the Company's business activities, implementation of investment projects and to contribute opinions at the meetings within its rights and responsibilities.
- › The BOS has monitor and check the implementation of business plan and the resolutions of the AGSM and the BOD to ensure transparency.
- › The BOS has periodically and occasionally checked the Company's compliance with its Charter, rules and the reasonability in its operations.
- › In 2020, the BOS has continued its focus on risk control, via reviewing the existing rules and regulations to ensure compliance with the laws on enterprise, the Company's charters and relevant regulations, with an aim to propose supplements for missing rules and procedures so that the Company can have safe operation and prevent inherent risks.
- › Conducted meetings (face to face meetings and via email) to approve the Company's business results, development strategies and targets on quarterly, semi-annual and annual basis.

ASSESSMENTS OF THE BOS' OVERSIGHT ON THE BOM'S ACTIVITIES

The Managing Director has fully implemented resolutions of the BOD and strictly complied with the laws and regulations, in particular:

- › Guide on the Company's implementation of business plan as approved by 2020 AGSM.
- › Complying with laws on capital contribution, construction, investment and business registration.
- › Organising meetings to get consensus on strategy formation and settle outstanding obstacles in the operation and manage risks arising from the Company's activities as well as outside environment.

Based on the business results in 2020, the BOS considers that the BOM has fulfilled its core responsibility in management of the Company's operation to reach the Company's goal of profit. However, the target of revenue was still not fulfilled.

EVALUATION OF THE COMPANY'S FINANCIAL STANDINGS

- › The Company has prepared and disclosed quarterly financial reports (4 reports per year) in accordance with the regulations on public disclosure of listed companies.
- › The Company's semi-annual and annual financial reports was audited by Ernst & Young Vietnam Ltd.,
- › 2020 financial reports reflected accurately and reasonably in all important matters of the Company's financial standings as at 31 December 2020 and is complied with Vietnam Accounting Standards and relevant regulations. There are no substantial differences between unaudited quarter reports with the ones reviewed or audited by E&Y Vietnam.

EVALUATION OF THE BOS ON THE COOPERATION BETWEEN THE BOS, BOD AND BOM IN 2020

› The BOD's vision and business knowledge and competency:

Most of BOD members are knowledgeable and experienced in yarn production and have knowledge on corporate governance since they were trained on this matter and gained experiences from their leadership positions in various entities. Therefore, the BOD is visionary on strategies and able to lead the company.

Based on the AGSM's resolutions, the BOD has implemented the AGSM resolutions throughout the company.

The BOS comprises of 3 members, who have university degree and experiences gaining from their long-term services in various entities. Therefore, the BOS Members are competent and has fully fulfilled their responsibilities.

The BOS has set working plan for the first year in 2018-2023 tenure, has assigned tasks for each members in order to make report to the AGSM..

SETTLEMENT OF SHAREHOLDERS' COMPLAINTS (IF ANY)

In 2020, the BOS has not received any complaints/requests for extraordinary inspection of the Company's operation.

BOS'S RECOMMENDATION AND ACTION PLAN FOR 2020

- ▣ **The BOS's action plan for 2021:** continue to implement tasks in accordance with the Company's strategies and directions.
- **Recommendation:** As STK is operated in accordance with the prevailing regulation, the BOS did not realize any mistakes during the course of its supervision and the BOS has no other opinion/recommendation.



PREVENTION OF INTEREST CONFLICT OF INTEREST AND TRANSACTIONS WITH RELATED PARTIES

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Significant transactions with related parties during the year	137
Stock transactions of inside shareholders 2020	137
Salary, remunerations and benefits of BOD, BOS and BOM	138



PREVENTION OF INTEREST CONFLICT OF INTEREST

Members of the BOD, BOS, BOM, and other managers (“Managers”) must comply with Article 33 of STK’s charter regarding transparency and must avoid conflict of interest 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, entities or persons.
2. Managers have obligations to disclose to the BOD all benefits, which they can get from other economic institutions, transactions or other individuals and which may conflict with the Company’s interest.
3. The Company should not offer loans or guarantee to Managers and their related persons or related entities 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, entities, 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; or
 - 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.

SIGNIFICANT TRANSACTIONS WITH RELATED PARTIES DURING THE YEAR

Related Parties	Relationship	Business Content	2020	2019
P.A.N Asia Co.,LTD.	Related party	Sales of good	8,822,791,669	18,383,946,860
Lien An Trading and Investment Joint Stock Company	Related party	Sales of good		17,877,581,900
Hung Loi Service Trading Investment Company Limited	Related party	Sales of good	59,814,773,065	8,655,709,290

All transactions with related parties above were complied in accordance with the Company’s Charter and followed market mechanism.

STOCK TRANSACTIONS OF INSIDE SHAREHOLDERS 2020

Presented at section VII.2 - Shares and Shareholder’s structure, page 102, 2020 Annual report.

SALARY, REMUNERATIONS AND BENEFITS OF BOD, BOS AND BOM

SALARY, BONUS AND REMUNERATIONS OF BOD

No.	Full name	Titles	Remuneration and bonus (after tax)	Salary (%)	Bonus (%)	Length of service
1	Dang Trieu Hoa	Chairman cum MD	120,000,000	-	-	01/01/2020 - 31/12/2020
2	Dang My Linh	BOD member	120,000,000	-	-	01/01/2020 - 31/12/2020
3	Dang Huong Cuong	BOD member	120,000,000	-	-	01/01/2020 - 31/12/2020
4	Cao Thi Que Anh	BOD member	180,000,000	-	-	01/01/2020 - 31/12/2020
5	Vo Quang Long	BOD member	120,000,000	-	-	01/01/2020 - 31/12/2020
6	Chen Che Jen	BOD member	180,000,000	-	-	01/01/2020 - 31/12/2020
7	Nguyen Quoc Huong	BOD member	180,000,000	-	-	01/01/2020 - 31/12/2020
Total (VND)			1,020,000,000			

SALARY, BONUS AND REMUNERATIONS OF THE BOS

No.	Full name	Titles	Remuneration and bonus (excluded income tax)	Salary (%)	Bonus (%)	Length of service
1	Nguyen Tu Luc	Head of BOS	48,000,000	84.44%	15.56%	01/01/2020 - 31/12/2020
2	Hoang Nu Mong Tuyen	BOS member	48,000,000			01/01/2020 - 31/12/2020
3	Dinh Ngoc Hoa	BOS member	48,000,000	82.43%	17.57%	01/01/2020 - 31/12/2020
Total (VND)			144,000,000	565,418,752		

SALARY, BONUS AND REMUNERATIONS OF BOM

Salary, bonus and remunerations of BOM FY2020

No.	Full name	Titles	Remuneration and bonus (after tax)	Salary (%)	Bonus (%)	Length of service
1	Dang Trieu Hoa	Managing director	-	84.61%	15.39%	06/2010 - present
2	Nguyen Phuong Chi	Chief Strategic Officer	-	81.49%	18.51%	01/2015 - present
3	Phan Nhu Bich	Chief Financial Officer	-	81.90%	18.10%	10/2016 - present
Total (VND)				4,068,688,140		



XI

**AUDITED CONSOLIDATED
FINANCIAL STATEMENTS**

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:

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

BOARD OF SUPERVISION

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

Mr Nguyen Tu Luc	<i>Head</i>
Ms Hoang Nu Mong Tuyen	<i>Member</i>
Ms Dinh Ngoc Hoa	<i>Member</i>

MANAGEMENT

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

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

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.

REPORT OF MAGEMENT

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

MANAGEMENT’S RESPONSIBILITY IN RESPECT OF THE CONSOLIDATED FINANCIAL STATEMENTS

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

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

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

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

STATEMENT BY MANAGEMENT

Management of the Company, does hereby state that, in its opinion, the accompanying consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2020 and of the results of its consolidated operations and its consolidated cash flows for the year then ended in accordance with Vietnamese Accounting Standards, Vietnamese Enterprise Accounting System and the statutory requirements relevant to preparation and presentation of the consolidated financial statements.

For and on behalf of management:

Dang Trieu Hoa
General Director

Ho Chi Minh City, Vietnam
10 March 2020

INDEPENDENT AUDITORS' REPORT

To: The Shareholders of Century Synthetic Fiber Corporation

We have audited the accompanying consolidated financial statements of Century Synthetic Fiber Corporation ("the Company") and its subsidiary (collectively referred to as "the Group") as prepared on 22 March 2021, which comprise the consolidated balance sheet as at 31 December 2020, and the consolidated income statement and the consolidated cash flow statement for the year then ended and the notes thereto.

Management's responsibility

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

Auditors' responsibility

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

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

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

Opinion

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

Ernst & Young Vietnam Limited

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

Tu Thai Son
Auditor
Audit Practicing Registration Certificate
No: 2815-2019-004-1

Ho Chi Minh City, Vietnam
22 March 2021

CONSOLIDATED BALANCE SHEET

as at 31 December 2020

VND

Code	ASSETS	Notes	Ending balance	Beginning balance
100	A. CURRENT ASSETS		633,371,718,157	879,671,740,019
110	I. Cash and cash equivalents	5	95,106,312,655	150,025,727,572
111	1. Cash		30,106,312,655	14,025,727,572
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		97,688,087,322	98,415,173,904
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	1,661,340,736	1,678,154,132
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		14,034,579,118	26,273,155,684
151	1. Short-term prepaid expenses	15	5,737,949,327	7,684,573,766
152	2. Value-added tax deductible	18	8,172,826,500	18,502,698,844
153	3. Tax and other receivables from the State	18	123,803,291	85,883,074
200	B. NON-CURRENT ASSETS		1,070,017,388,056	1,191,601,316,113
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
222	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	7,616,226,913	1,697,845,959
252	1. Investment in an associate		1,519,092,895	1,697,845,959
253	2. Investment in another entity		6,097,134,018	-
260	V. Other long-term assets		136,635,484,751	140,605,992,526
261	1. Long-term prepaid expenses	15	131,068,041,788	135,294,053,341
262	2. Deferred tax assets	28.3	5,567,442,963	5,311,939,185
270	TOTAL ASSETS		1,703,389,106,213	2,071,273,056,132

VND

Code	RESOURCES	Notes	Ending balance	Beginning balance
300	C. LIABILITIES		620,597,385,805	988,153,508,712
310	I. Current liabilities		568,582,386,996	823,668,989,301
311	1. Short-term trade payables	16	261,567,062,160	228,826,462,237
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		1,082,791,720,408	1,083,119,547,420
410	I. Capital	22.1	1,082,791,720,408	1,083,119,547,420
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		381,620,620,536	339,537,897,548
421a	- Undistributed earnings by the end of prior years		237,259,956,548	125,114,499,490
421b	- Undistributed earnings of current year		144,360,663,988	214,423,398,058
440	TOTAL LIABILITIES AND OWNERS' EQUITY		1,703,389,106,213	2,071,273,056,132

Preparer
Phan Thanh Phu

Chief Accountant
Phan Nhu Bich

General Director
Dang Trieu Hoa

22 March 2021

CONSOLIDATED 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	11,483,697,913	14,278,599,770
22 7.	Finance expenses	24	(21,637,833,788)	(35,205,005,009)
23	In which: Interest expenses		(16,392,410,718)	(30,714,160,176)
24 8.	Shares of loss in an associate	14	(178,753,064)	(186,742,435)
25 9.	Selling expenses	25	(23,679,420,379)	(26,906,231,821)
26 10.	General and administrative expenses	26	(57,222,933,716)	(57,920,605,533)
30 11.	Operating profit		164,036,248,395	248,190,399,073
31 12.	Other income		1,122,471,621	1,540,510,469
32 13.	Other expenses		(669,476,686)	3,189,245,097
40 14.	Other profit		452,994,935	4,729,755,566
50 15.	Accounting profit before tax		164,489,243,330	252,920,154,639
51 16.	Current corporate income tax expense	28.1	(20,384,083,120)	(36,189,463,822)
52 17.	Deferred tax income (expense)	28.3	255,503,778	(2,307,292,759)
60 18.	Net profit after tax		144,360,663,988	214,423,398,058
61 19.	Net profit after tax attributable to shareholders of the parent		144,360,663,988	214,423,398,058
70 20.	Basic earnings per share	30	2,091	3,163
71 21.	Diluted earnings per share	30	2,091	3,163

Preparer
Phan Thanh Phu

Chief Accountant
Phan Nhu Bich

General Director
Dang Trieu Hoa

22 March 2021



CONSOLIDATED CASH FLOW STATEMENT

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		164,489,243,330	252,920,154,639
	<i>Adjustments for:</i>			
02	Depreciation and amortisation	11, 12	133,576,172,429	136,956,773,221
03	Provisions (reversal of provisions)		10,359,356,922	(16,873,882,881)
04	Foreign exchange gain arising from revaluation of monetary accounts denominated in foreign currency			
05	Profits from investing activities		(4,009,384,163)	(5,228,390,815)
06	Interest expense	24	16,392,410,718	30,714,160,176
08	Operating profit before changes in working capital		317,428,063,615	396,659,340,158
09	Decrease (increase) in receivables		10,716,364,981	(25,835,856,560)
10	Decrease in inventories		114,234,339,939	1,872,120,326
11	Increase (decrease) in payables		31,542,422,827	(113,829,560,167)
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		446,192,332,470	170,855,866,813
II. CASH FLOWS FROM INVESTING ACTIVITIES				
21	Purchase and construction of fixed assets		-	(9,772,090,921)
22	Proceeds from disposals of fixed 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		4,312,140,972	9,316,332,985
30	Net cash from (used in) investing activities		41,142,588,699	(35,195,757,936)

VND

Code	ITEMS	Notes	Current year	Previous year
III. CASH FLOWS FROM FINANCING ACTIVITIES				
31	Drawdown of issued share		-	65,733,563,493
32	Capital redemption	22.1	(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)
50	Net decrease in cash and cash equivalents for the year		(55,175,547,556)	(3,047,864,364)
60	Cash and cash equivalents at the beginning of the year		150,025,727,572	153,072,426,650
61	Impact of exchange rate fluctuation		256,132,639	1,165,286
70	Cash and cash equivalents at end of the year	5	95,106,312,655	150,025,727,572

Preparer Phan Thanh Phu	Chief Accountant Phan Nhu Bich	General Director Dang Trieu Hoa
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22 March 2021

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

as at and for the year ended 31 December 2020

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/QĐ-SGDHCM issued by the Ho Chi Minh Stock Exchange on 10 September 2015.

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

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

The number employees of the Company and its subsidiary (“the Group”) as at 31 December 2020 was 1,031 (31 December 2019: 963).

Corporate structure

As at 31 December 2020, the Company has a subsidiary as follows:

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

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

As at 31 December 2020, the Company holds 100% ownership and voting rights at Unitex.

2. BASIS OF PREPARATION

2.1 Accounting standards and system

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

Decision No. 149/2001/QĐ-BTC dated 31 December 2001 on the Issuance and Promulgation of Four Vietnamese Accounting Standards (Series 1);

Decision No. 165/2002/QĐ-BTC dated 31 December 2002 on the Issuance and Promulgation of Six Vietnamese Accounting Standards (Series 2);

Decision No. 234/2003/QĐ-BTC dated 30 December 2003 on the Issuance and Promulgation of Six Vietnamese Accounting Standards (Series 3);

Decision No. 12/2005/QĐ-BTC dated 15 February 2005 on the Issuance and Promulgation of Six Vietnamese Accounting Standards (Series 4); and

Decision No. 100/2005/QĐ-BTC dated 28 December 2005 on the Issuance and Promulgation of Four Vietnamese Accounting Standards (Series 5).

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

2.2 Applied accounting documentation system

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

2.3 Fiscal year

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

2.4 Accounting currency

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

2.5 Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiary for the year ended 31 December 2020.

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

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

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

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

3.1 Cash and cash equivalents

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

3.2 Inventories

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

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

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

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

Provision for obsolete inventories

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

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

3.3 Receivables

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

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

3.4 Tangible fixed assets

Tangible fixed assets are stated at cost less accumulated depreciation.

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

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

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

3.5 Intangible assets

Intangible assets are stated at cost less accumulated amortisation.

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

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

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

3.6 Depreciation and amortisation

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

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

3.7 Borrowing cost

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

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

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

3.8 Prepaid expenses

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

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

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

Prepaid land rental

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

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

3.9 Construction in process

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

3.10 Business combinations and goodwill

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

3.11 Investments

Investment in an associate

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

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

Provision for diminution in value of an investment

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

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

Held-to-maturity investments

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

3.12 Payables and accruals

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

3.13 Accrual for severance pay

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

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

3.14 Foreign currency transactions

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

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

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

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

3.15 Appropriation of net profit

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

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

Investment and development fund

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

Bonus and welfare fund

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

3.16 Revenue recognition

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

Sale of goods

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

Interest

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

3.17 Taxation

Current income tax

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

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

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

Deferred tax

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

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

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

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

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

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

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

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

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

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

3.18 Earnings per share

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

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

3.19 Segment information

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

3.20 Related parties

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

4. CASH AND CASH EQUIVALENTS

	VND	
	Ending balance	Beginning balance
Cash on hand	51,924,445	52,452,397
Cash in banks	30,054,388,210	13,973,275,175
Cash equivalents (*)	65,000,000,000	136,000,000,000
TOTAL	95,106,312,655	150,025,727,572

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

5. HELD-TO-MATURITY INVESTMENTS

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

6. SHORT-TERM TRADE RECEIVABLES

	VND	
	Ending balance	Beginning balance
Trade receivables from customers	92,441,137,090	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 related parties (Note 29)	368,101,545	1,663,216,610
TOTAL	92,809,238,635	94,290,868,321

7. 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
Social insurance	1,149,777,307	1,221,397,593
Others	511,563,429	456,756,539
TOTAL	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: Reversal of provision made during the year	566,998,694	32,462,699,923
Ending balance	(24,524,085,893)	(14,343,482,035)

11. TANGIBLE FIXED ASSETS

					VND
	Buildings, structures	Machinery and equipment	Motor vehicles	Office equipment	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>					
<i>Fully depreciated</i>	<i>83,900,367,044</i>	<i>137,306,365,911</i>	<i>21,121,654,126</i>	<i>286,355,981</i>	<i>242,614,743,062</i>
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>					
<i>Pledged as loan security (Note 21.2)</i>	<i>93,908,250,469</i>	<i>271,025,466,189</i>	<i>45,959,761,415</i>	<i>88,000,000</i>	<i>410,981,478,073</i>

12. INTANGIBLE ASSETS

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

13. CONSTRUCTION IN PROGRESS

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

14. LONG-TERM INVESTMENTS

	VND	
	Ending balance	Beginning balance
Investment in an associate (Note 14.1)	1,519,092,895	1,697,845,959
Investment in another entity (Note 14.2)	6,097,134,018	-
TOTAL	7,616,226,913	1,697,845,959

14.1 Investment in an associate

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

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

Detail of the investment in an associate is as follows:

	VND	
	E.DYE Vietnam Joint Stock Company	
Cost of investment:		
Beginning and ending balances		2,386,800,000
Accumulated share in post-investment loss of the associate:		
Beginning balance		(688,954,041)
Share in post-investment loss of the associate for the year		(178,753,064)
Ending balance		(867,707,105)
Net carrying amount:		
Beginning balance		1,697,845,959
Ending balance		1,519,092,895

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. 15-2020/NQHDQT/TK and 16-2020/NQHDQT/TK dated 19 June 2020.

14.2 Investment in another entity

	VND			
	Ending balance		Beginning balance	
	% of interest	Cost	% of interest	Cost
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

	VND	
	Ending balance	Beginning balance
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	131,068,041,788	135,294,053,341
Land rental (land use rights) (*)	115,387,977,620	116,122,079,350
Tools and supplies in used	15,648,479,102	18,778,727,849
Others	31,585,066	393,246,142
TOTAL	136,805,991,115	142,978,627,107

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

16. SHORT-TERM TRADE PAYABLES

	VND	
	Ending balance	Beginning balance
Tainan Spinning Co., Ltd.	100,793,520,100	143,907,844,735
Unifi Textile (Suzhou) Co., Ltd.	64,746,072,350	32,058,075,500
Chori Co., Ltd	39,194,833,440	14,467,661,640
Thai Toray Synthetics Co., Ltd.	19,117,870,000	12,361,568,256
Other suppliers	37,714,766,270	26,031,312,106
TOTAL	261,567,062,160	228,826,462,237

17. SHORT-TERM ADVANCES FROM CUSTOMERS

	VND	
	Ending balance	Beginning balance
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			
	Beginning balance	Increase in the year	Decrease in the year	Ending balance
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

	VND			
	Beginning balance	Increase in the year	Decrease in the year	Ending balance
Receivables				
Value-added tax deductible	18,502,698,844	94,458,794,911	(104,788,667,255)	8,172,826,500
Other	85,883,074	6,776,063,478	(6,738,143,261)	123,803,291
TOTAL	18,588,581,918	101,234,858,389	(111,526,810,516)	8,296,629,791

19. SHORT-TERM ACCRUED EXPENSES

	VND	
	Ending balance	Beginning balance
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

20. SHORT-TERM OTHER PAYABLES

	VND	
	Ending balance	Beginning balance
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

21. LOANS

VND

	Beginning balance	Movement during the year		Reclassification	Foreign exchange difference	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 Group obtained the unsecured loans from banks for the purpose of financing its working capital requirements which bear interest rates from 2.98% to 4.00% per annum (on foreign currency). Details are as follows:

Banks	Ending balance 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	

21.2 Long-term loans from banks

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

Banks	Ending balance VND	Original amount USD	Term and maturity date	Description of collateral
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			

22. OWNERS' EQUITY

22.1 Increases and decreases in owners' equity

	Share capital	Share premium	Treasury shares	Investment and development fund	Undistributed earnings	Total
Previous year:						
Beginning balance	599,377,980,000	35,297,435,379	-	1,219,011,000	273,158,575,490	909,053,001,869
Capital increase	107,891,460,000	(204,236,507)	-	-	(41,953,660,000)	65,733,563,493
Net profit for the year	-	-	-	-	214,423,398,058	214,423,398,058
Dividend declared	-	-	-	-	(106,090,416,000)	(106,090,416,000)
Ending balance	707,269,440,000	35,093,198,872	-	1,219,011,000	339,537,897,548	1,083,119,547,420
Current year:						
Beginning balance	707,269,440,000	35,093,198,872	-	1,219,011,000	339,537,897,548	1,083,119,547,420
Purchase of treasury shares	-	-	(42,410,550,000)	-	-	(42,410,550,000)
Net profit for the year	-	-	-	-	144,360,663,988	144,360,663,988
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	381,620,620,536	1,082,791,720,408

(*) 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).

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	707,269,440,000	707,269,440,000
Dividends declared		
Dividend paid in cash	(102,209,474,025)	(106,009,143,674)
Stock dividend	-	(41,953,660,000)

22.3 Shares

	VND			
	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

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:		
Trade discount	(1,353,692,169)	(764,230,502)
Sales returns	(384,061,171)	(2,076,853,643)
Net revenue	1,765,666,338,639	2,228,984,623,663

23.2 Finance income

	VND	
	Current year	Previous year
Interest income	4,312,095,867	8,941,157,186
Foreign exchange gains	7,171,602,046	5,337,442,584
TOTAL	11,483,697,913	14,278,599,770

24. FINANCE EXPENSES

	VND	
	Current year	Previous year
Interest expense	16,392,410,718	30,714,160,176
Foreign exchange losses	5,245,423,070	4,490,844,833
TOTAL	21,637,833,788	35,205,005,009

25. SELLING EXPENSES

	VND	
	Current year	Previous year
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
Others	4,898,637,948	3,298,148,355
TOTAL	23,679,420,379	26,906,231,821

26. GENERAL AND ADMINISTRATION EXPENSES

	VND	
	Current year	Previous year
Labour costs	27,690,996,727	26,527,207,472
Expenses for external services	10,023,613,378	12,310,256,871
Stationery and other tools costs	9,252,765,927	8,102,156,780
Depreciation and amortisation expenses (Notes 11 and 12)	1,814,399,292	2,165,473,870
Other expenses	8,441,158,392	8,815,510,540
TOTAL	57,222,933,716	57,920,605,533

27. PRODUCTION AND OPERATING COSTS

	VND	
	Current year	Previous year
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 expenses (Notes 11 and 12)	133,576,172,429	136,956,773,221
Labour costs	124,868,261,515	133,247,271,009
Other expenses	47,740,498,006	59,641,204,435
TOTAL	1,591,297,201,305	1,959,681,076,916

28. CORPORATE INCOME TAX

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

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

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

28.1 CIT expenses

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

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	164,489,243,330	252,920,154,639
At the applicable CIT rate for the Group	32,897,848,666	50,584,030,928
<i>Adjustments:</i>		
Non-deductible expenses	1,352,933,896	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	(870,466,681)	(2,957,636,753)
CIT expense	20,128,579,342	38,496,756,581

28.3 Deferred tax

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

	VND			
	Consolidated balance sheet		Consolidated income statement	
	Ending balance	Beginning balance	Current year	Previous year
Deferred tax assets				
Accrued 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 consolidated income statement			255,503,778	(2,307,292,759)

29. TRANSACTIONS WITH RELATED PARTIES

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

VND				
Related parties	Relationship	Transactions	Current year	Previous year
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	59,814,773,065	8,655,709,290
P.A.N Asia Co., Ltd	Related party due to a BOD member of the Group investing therein	Sale of goods	8,822,791,669	18,383,946,860
Liantex Corp	Related party due to a BOD member of the Group investing therein	Sale of goods	-	17,877,581,900

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

VND				
Related parties	Relationship	Transaction	Ending balance	Beginning balance
Short-term trade 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 Group investing therein	Sale 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

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

VND		
	Current year	Previous year
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. EARNINGS PER SHARE

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

	VND	
	Current year	Previous year
Net profit after tax attributable to ordinary equity holders adjusted for the effect of dilution	144,360,663,988	214,423,398,058
Weighted average number of ordinary shares for basic earnings per share (*)	69,053,344	67,800,573
Earnings per share (<i>par value of VND 10,000/share</i>)		
- Basic	2,091	3,163
- Diluted	2,091	3,163

(*) The weighted average number of ordinary shares in the current year has been adjusted for purchasing of 2,541,650 treasury shares.

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

31. OPERATING LEASE COMMITMENT

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

	VND	
	Ending balance	Beginning balance
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

32. OFF BALANCE SHEET ITEM

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

33. EVENTS AFTER THE CONSOLIDATED BALANCE SHEET DATE

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

Preparer Phan Thanh Phu	Chief Accountant Phan Nhu Bich	General Director Dang Trieu Hoa
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22 March 2021

APPENDIX: ASEAN CORPORATE GOVERNANCE SCORECARDS

Code	Criteria	STK's compliance	Notes/Recommended improvements
A	Rights of Shareholders		
A.1	Basic Shareholder Rights		
A.1.1	Paying dividends within 30 days after being announced	not yet applied this practice	STK just paid dividend within 6 months from AGSM date in accordance with Vietnam's regulations
A.2	Right to participate in decisions concerning fundamental corporate changes		
	<i>Do shareholders have the right to participate in:</i>		
A.2.1	Amendments to the company's constitution?	already applied this practice	STK get shareholders' approval for Charter amendment
A.2.2	The authorisation of additional shares?	already applied this practice	STK get shareholders' approval for new share issues
A.2.3	The transfer of all or substantially all assets, which in effect results in the sale of the company?	not applicable	this type of situation has not yet happened with STK
A.3	Right to participate effectively in and vote in general shareholder meetings and should be informed of the rules, including voting procedures, that govern general shareholder meetings.		
A.3.1	Do shareholders have the opportunity, evidenced by an agenda item, to approve remuneration (fees, allowances, benefit-in-kind and other emoluments) or any increases in remuneration for the non-executive directors/commissioners?	already applied this practice	STK get shareholders' approval for BOD Members' remuneration
A.3.2	Does the company provide non-controlling shareholders a right to nominate candidates for board of directors/commissioners?	already applied this practice	The Company's Charter stipulates that shareholders can accumulate their votes to nominate candidates
A.3.3	Does the company allow shareholders to elect directors/commissioners individually?	already applied this practice	The self-nomination, nomination and election rules have clear provisions on this matter
A.3.4	Does the company disclose the voting procedures used before the start of meeting?	already applied this practice	The self-nomination, nomination and election rules are posted on the Company's website
A.3.5	Do the minutes of the most recent AGM record that the shareholders were given the opportunity to ask questions and the questions raised by shareholders and answers given recorded?	already applied this practice	2020 AGSM minutes noted details of shareholders' questions and the BOM's answers
A.3.6	Does the company disclose the voting results including approving, dissenting, and abstaining votes for all resolutions/each agenda item for the most recent AGM?	already applied this practice	2020 AGSM minutes noted details of voting for each proposal
A.3.7	Does the company disclose the list of board members who attended the most recent AGM?	already applied this practice	2020 AGSM minutes will have the full list of BOD Members attending the AGSM
A.3.8	Does the company disclose that all board members and the CEO (if he is not a board member) attended the most recent AGM?	not yet applied this practice	2020 AGSM minutes will address this matter
A.3.9	Does the company allow voting in absentia?	already applied this practice	the Company's Charter and the Voting rules clearly stipulate this matter
A.3.10	Did the company vote by poll (as opposed to by show of hands) for all resolutions at the most recent AGM?	already applied this practice	the Company's Charter and the Voting rules clearly stipulate this matter
A.3.11	Does the company disclose that it has appointed an independent party (scrutineers/inspectors) to count and/or validate the votes at the AGM?	already applied this practice	2020 AGSM invited an independent party to participate in vote counting.

Code	Criteria	STK's compliance	Notes/Recommended improvements
A.3.12	Does the company make publicly available by the next working day the result of the votes taken during the most recent AGM/EGM for all resolutions?	already applied this practice	AGSM minutes and resolutions are disclosed within 24 hours on the Company's website
A.3.13	Does the company provide at least 21 days notice for all AGMs and EGMs?	partially applied this practice	the announcement for shareholder list finalization for AGSM (which is disclosed 30 days before the AGSM) mentioned the date of AGSM. However, the invitation to AGSM and AGSM documents were sent just 15 days before the AGSM. The Company will try to comply with this practice
A.3.14	Does the company provide the rationale and explanation for each agenda item which require shareholders' approval in the notice of AGM/circulars and/or the accompanying statement?	already applied this practice	AGSM proposals stated clearly the rationales and explanation for each agenda items
A.3.15	Does the company give the opportunity for shareholder to place item/s on the agenda of AGM?	already applied this practice	The Company's Charter stipulate this matter and in reality the Company always gave opportunities for shareholders to contribute on the AGSM agenda
A.4	Markets for corporate control should be allowed to function in an efficient and transparent manner.		
A.4.1	In cases of mergers, acquisitions and/or takeovers requiring shareholders' approval, does the board of directors/commissioners of the company appoint an independent party to evaluate the fairness of the transaction price?	already applied this practice	the Company's Charter stipulates this matter
A.5	The exercise of ownership rights by all shareholders, including institutional investors, should be facilitated		
A.5.1	Does the company disclose its practices to encourage shareholders to engage with the company beyond AGM?	already applied this practice	Annual report mentioned channels for shareholders' communication and contact details of the IR team is posted on the Company's website
B	Equitable Treatment of Shareholders		
B.1	Shares and voting rights		
B.1.1	Does the company's ordinary or common shares have one vote for one share?	already applied this practice	the Company's Charter and the Voting rules clearly stipulate this matter
B.1.2	Where the company has more than one class of shares, does the company publicise the voting rights attached to each class of shares (e.g. through the company website / reports/ the stock exchange/ the regulator's website)?	not applicable	this type of situation has not yet happened with STK
B.2	Notice of AGM		
B.2.1	Does each resolution in the most recent AGM deal with only one item, i.e., there is no bundling of several items into the same resolution?	already applied this practice	the Company submit separate proposal for each agenda item
B.2.2	Are the company's notice of the most recent AGM/circulars fully translated into English and published on the same date as the local-language version?	already applied this practice	already complied with this practice since 2017 AGSM
	<i>Does the notice of AGM/circulars have the following details:</i>		
B.2.3	Are the profiles of directors/commissioners (at least age, academic qualification, date of appointment, experience, and directorships in other listed companies) in seeking election/ re- election included?	already applied this practice	BOD candidates' resumes are disclosed on the Company's website
B.2.4	Are the auditors seeking appointment/re-appointment clearly identified?	already applied this practice	2020 AGSM proposal on this matter listed names of nominated auditing firms and selection criterion
B.2.5	Were the proxy documents made easily available?	already applied this practice	Proxy template is attached to invitation to AGSM and posted on the Company's website

Code	Criteria	STK's compliance	Notes/Recommended improvements
B.3	Insider trading and abusive self-dealing should be prohibited.		
B.3.1	Does the company have policies and/or rules prohibiting directors/commissioners and employees to benefit from knowledge which is not generally available to the market?	already applied this practice	the Company's Charter and Code of Conducts stipulates this matter
B.3.2	Are the directors / commissioners required to report their dealings in company shares within 3 business days?	already applied this practice	the Company's Rules on public disclosure stipulates this matter
B.4	Related party transactions by directors and key executives		
B.4.1	Does the company have a policy requiring directors/commissioners to disclose their interest in transactions and any other conflicts of interest?	already applied the practice	the Company's Charter stipulates this matter
B.4.2	Does the company have a policy requiring a committee of independent directors/commissioners to review material RPTs to determine whether they are in the best interests of the company and shareholders?	already applied this practice	the Company's Charter stipulates this matter
B.4.3	Does the company have a policy requiring board members (directors/commissioners) to abstain from participating in the board discussion on a particular agenda when they are conflicted?	already applied this practice	the Company's Charter stipulates this matter
B.4.4	Does the company have policies on loans to directors and commissioners either forbidding this practice or ensuring that they are being conducted at arm's length basis and at market rates?	already applied this practice	the Company's Charter stipulates this matter
B.5	Protecting minority shareholders from abusive actions		
B.5.1	Does the company disclose that RPTs are conducted in such a way to ensure that they are fair and at arms' length?	partially applied the practice	2020 Annual report clearly mentioned the policies to prevent conflicts of interest that the Company already applied. Although the Annual report provided the list of related party transaction but was still lack of the confirmation that these transactions were carried out fairly at arm's length
B.5.2	In case of related party transactions requiring shareholders' approval, is the decision made by disinterested shareholders?	already applied this practice	The Company's Charter clearly stipulate this matter and the Company actually complied with this practice.
C	Role of Stakeholders		
C.1	The rights of stakeholders that are established by law or through mutual agreements are to be respected.		
	<i>Does the company disclose a policy and practices that address:</i>		
C.1.1	The existence and scope of the company's efforts to address customers' welfare?	already applied this practice	the Company's Code of Conducts stipulates this matter
C.1.2	Supplier/contractor selection procedures?	already applied this practice	the Company's Code of Conducts stipulates this matter
C.1.3	The company's efforts to ensure that its value chain is environmentally friendly or is consistent with promoting sustainable development?	already applied this practice	the Sustainability Report clearly mentioned this matter since 2015
C.1.4	The company's efforts to interact with the communities in which they operate?	already applied this practice	the Sustainability Report clearly mentioned this matter since 2015
C.1.5	The company's anti-corruption programmes and procedures?	already applied this practice	the Company's Code of Conducts stipulates this matter
C.1.6	How creditors' rights are safeguarded?	already applied this practice	the Company's Code of Conducts stipulates this matter
C.1.7	Does the company have a separate report/section that discusses its efforts on environment/economy and social issues?	already applied this practice	the Company's Code of Conducts stipulates this matter

Code	Criteria	STK's compliance	Notes/Recommended improvements
C.2	Where stakeholder interests are protected by law, stakeholders should have the opportunity to obtain effective redress for violation of their rights		
C.2.1	Does the company provide contact details via the company's website or Annual Report which stakeholders (e.g. customers, suppliers, general public etc.) can use to voice their concerns and/or complaints for possible violation of their rights?	already applied this practice	Contact details of the Sales team and the IR team are posted in the Company's website
C.3	Mechanisms for employee participation should be permitted to develop.		
C.3.1	Does the company explicitly disclose the policies and practices on health, safety and welfare for its employees?	already applied this practice	the Sustainability Report clearly mentioned this matter
C.3.2	Does the company explicitly disclose the policies and practices on training and development programmes for its employees?	already applied this practice	the Sustainability Report clearly mentioned this matter
C.3.3	Does the company have a reward/compensation policy that accounts for the performance of the company beyond short-term financial measures?	already applied this practice	The Company issued ESOP in 2011, 2015 and intended to issue ESOP in 2018
C.4	Stakeholders including individual employee and their representative bodies, should be able to freely communicate their concerns about illegal or unethical practices to the board and their rights should not be compromised for doing this.		
C.4.1	Does the company have a whistle blowing policy which includes procedures for complaints by employees and other stakeholders concerning alleged illegal and unethical behaviour and provide contact details via the company's website or annual report	partially applied this practice	The Code of Conducts define the feedback mechanism. However, the Company has not provided the contact details for feed back on code of conducts on the Company's website
C.4.2	Does the company have a policy or procedures to protect an employee/person who reveals alleged illegal/unethical behaviour from retaliation?	already applied this practice	The Code of Conducts define the mechanism for feedbacks and reporting of violations
D	Disclosure and Transparency		
D.1	Transparent ownership structure		
D.1.1	Does the information on shareholdings reveal the identity of beneficial owners, holding 5% shareholding or more?	already applied this practice	Annual reports provided list of major shareholders (with >5% share ownership)
D.1.2	Does the company disclose the direct and indirect (deemed) shareholdings of major and/or substantial shareholders?	partially applied this practice	Annual reports provided direct ownership of major shareholders but lack of information on their indirect ownership
D.1.3	Does the company disclose the direct and indirect (deemed) shareholdings of directors (commissioners)?	partially applied this practice	Annual reports provided direct ownership of BOD members but lack of information on their indirect ownership. 2017 Annual report will supplement the missing information
D.1.4	Does the company disclose the direct and indirect (deemed) shareholdings of senior management?	partially applied this practice	Annual reports provided direct ownership of senior management but lack of information on their indirect ownership. 2017 Annual report will supplement the missing information
D.1.5	Does the company disclose details of the parent/holding company, subsidiaries, associates, joint ventures and special purpose enterprises/ vehicles (SPEs)/ (SPVs)? information necessary for a proper understanding of the company's relationship with its public shareholders.	already applied this practice	Annual reports provided details information on this matter

Code	Criteria	STK's compliance	Notes/Recommended improvements
D.2	Quality of Annual Report		
	<i>Does the company's annual report disclose the following items:</i>		
D.2.1	Corporate objectives	already applied this practice	the Annual Reports clearly mentioned this matter
D.2.2	Financial performance indicators	already applied this practice	the Annual Reports clearly mentioned this matter
D.2.3	Non-financial performance indicators	already applied this practice	the Annual Reports clearly mentioned this matter
D.2.4	Dividend policy	already applied this practice	the Annual Reports clearly mentioned this matter
D.2.5	Biographical details (at least age, academic qualifications, date of first appointment, relevant experience, and any other directorships of listed companies) of all directors/commissioners	partially applied this practice	The Annual reports provided resume of BOD members but was still lacked of information on the number of directorship they have in other entities. 20117 Annual report will supplement this missing information
D.2.6	Attendance details of each director/commissioner in all directors/commissioners meetings held during the year	already applied this practice	the Annual Reports clearly mentioned this matter
D.2.7	Total remuneration of each member of the board of directors/commissioners	already applied this practice	the Annual Reports clearly mentioned this matter
	Corporate Governance Confirmation Statement		
D.2.8	Does the Annual Report contain a statement confirming the company's full compliance with the code of corporate governance and where there is non-compliance, identify and explain reasons for each such issue?	already applied this practice	the Annual Reports clearly mentioned this matter
D.3.	Disclosure of related party transactions (RPT)		
D.3.1	Does the company disclose its policy covering the review and approval of material RPTs?	already applied this practice	the Annual Reports clearly mentioned this matter
D.3.2	Does the company disclose the name,relationship, nature and value for each material RPTs?	already applied this practice	the Annual Reports clearly mentioned this matter
D.4	Directors and commissioners dealings in shares of the company		
D.4.1	Does the company disclose trading in the company's shares by insiders?	already applied this practice	the Annual Reports clearly mentioned this matter
D.5	External auditor and Auditor Report		
D.5.1	Are the audit and non-audit fees disclosed?	not yet applied this practice	The Company has not yet applied this practice since the auditing firm requested to keep the information on auditing fee confidential
D.5.2	Does the non-audit fee exceed the audit fees?	not applied	The Company did not used non-audit services from its auditing firm

Code	Criteria	STK's compliance	Notes/Recommended improvements
D.6	Medium of communications		
	<i>Does the company use the following modes of communication?</i>		
D.6.1	Quarterly reporting	already applied this practice	The Company disclosed quarter financial statements and IR Bulletin since 2015
D.6.2	Company website	already applied this practice	the Company's website contains an IR page
D.6.3	Analyst's briefing	partially applied this practice	the Company's website provide list of analysts who issued analyst reports on STK but is lack of mentioning the analysts' opinions. The Company also hosted analyst meetings.
D.6.4	Media briefings /press conferences	already applied this practice	the Company invited reporters to its big events
D.7	Timely filing/release of annual/financial reports		
D.7.1	Are the audited annual financial report / statement released within 120 days from the financial year end?	already applied this practice	
D.7.2	Is the annual report released within 120 days from the financial year end?	already applied this practice	
D.7.3	Is the true and fairness/fair representation of the annual financial statement/reports affirmed by the board of directors/commissioners and/or the relevant officers of the company?	already applied this practice	
D.8	Company website		
	<i>Does the company have a website disclosing up-to-date information on the following</i>		
D.8.1	Financial statements/reports (latest quarterly)	already applied this practice	
D.8.2	Materials provided in briefings to analysts and media	already applied this practice	
D.8.3	Downloadable annual report	already applied this practice	
D.8.4	Notice of AGM and/or EGM	already applied this practice	
D.8.5	Minutes of AGM and/or EGM	already applied this practice	
D.8.6	Company's constitution (company's by-laws, memorandum and articles of association)	already applied this practice	
D.9	Investor relations		
D.9.1	Does the company disclose the contact details (e.g. telephone, fax, and email) of the officer / office responsible for investor relations?	already applied this practice	

Code	Criteria	STK's compliance	Notes/Recommended improvements
E	Responsibilities of the Board		
E.1	Board Duties and Responsibilities		
	<i>Clearly defined board responsibilities and corporate governance policy</i>		
E.1.1	Does the company disclose its corporate governance policy / board charter?	already applied this practice	The Company's Corporate Governance Rules and Charter are posted on the Company's website.
E.1.2	Are the types of decisions requiring board of directors/commissioners' approval disclosed ?	already applied this practice	The BOD's resolutions are disclosed in accordance with the prevailing regulations and stated in the Annual reports and Corporate Governance reports
E.1.3	Are the roles and responsibilities of the board of directors/commissioners clearly stated?	already applied this practice	The Company's Corporate Governance Rules and Charter clearly stipulate this matter
	Corporate Vision/Mission		
E.1.4	Does the company have an updated vision and mission statement?	already applied this practice	This information was posted in the Company's website and stated in its Annual reports
E.1.5	Does the board of directors play a leading role in the process of developing and reviewing the company's strategy at least annually?	already applied this practice	BOD meetings regularly review the implementation of strategies
E.1.6	Does the board of directors have a process to review, monitor and oversee the implementation of the corporate strategy?	already applied this practice	BOD meetings regularly review the implementation of strategies
E.2	Board structure		
	<i>Code of Ethics or Conduct</i>		
E.2.1	Are the details of the code of ethics or conduct disclosed?	already applied this practice	The Company's Code of Conducts is posted on the Company's website
E.2.2	Are all directors/commissioners, senior management and employees required to comply with the code/s?	already applied this practice	The Company's Code of Conducts addresses this matter
E.2.3	Does the company have a process to implement and monitor compliance with the code/s of ethics or conduct?	already applied this practice	The Company's Code of Conducts addresses this matter
	<i>Board Structure & Composition</i>		
E.2.4	Do independent directors/commissioners make up at least 50% of the board of directors/commissioners?	already applied this practice	3 out of 6 BOD members are independent ones
E.2.5	Does the company have a term limit of nine years or less or 2 terms of five years each for its independent directors/ commissioners?	not yet applied this practice	
E.2.6	Has the company set a limit of five board seats that an individual independent/non-executive director/commissioner may hold simultaneously?	already applied this practice	Although the Company's Charter does not stipulate this matter, the Company and BOD Members strictly comply with the prevailing regulations
E.2.7	Does the company have any executive directors who serve on more than two boards of listed companies outside of the group?	already applied this practice	The Company does not have any BOD member of this type

Code	Criteria	STK's compliance	Notes/Recommended improvements
<i>Nominating Committee</i>			
E.2.8	Does the company have a Nominating Committee?	not yet applied this practice	The Company is considering establishment of this sub-committee
E.2.9	Is the Nominating Committee comprised of a majority of independent directors/commissioners?	not yet applied this practice	The Company is considering establishment of this sub-committee
E.2.10	Is the chairman of the Nominating Committee an independent director/commissioner?	not yet applied this practice	The Company is considering establishment of this sub-committee
E.2.11	Does the company disclose the terms of reference/ governance structure/charter of the Nominating Committee?	not yet applied this practice	The Company is considering establishment of this sub-committee
E.2.12	Is the meeting attendance of the Nominating Committee disclosed and if so, did the Nominating Committee meet at least twice during the year?	not yet applied this practice	The Company is considering establishment of this sub-committee
<i>Remuneration Committee/ Compensation Committee</i>			
E.2.13	Does the company have a Remuneration Committee?	not yet applied this practice	The Company is considering establishment of this sub-committee
E.2.14	Is the Remuneration Committee comprised of a majority of independent directors/commissioners?	not yet applied this practice	The Company is considering establishment of this sub-committee
E.2.15	Is the chairman of the Remuneration Committee an independent director/commissioner?	not yet applied this practice	The Company is considering establishment of this sub-committee
E.2.16	Does the company disclose the terms of reference/ governance structure/ charter of the Remuneration Committee?	not yet applied this practice	The Company is considering establishment of this sub-committee
E.2.17	Is the meeting attendance of the Remuneration Committee disclosed and, if so, did the Remuneration Committee meet at least twice during the year?	not yet applied this practice	The Company is considering establishment of this sub-committee
<i>Audit Committee</i>			
E.2.18	Does the company have an Audit Committee?	not yet applied this practice	The Company is considering establishment of this sub-committee
E.2.19	Is the Audit Committee comprised entirely of non- executive directors/commissioners with a majority of independent directors/commissioners?	not yet applied this practice	The Company is considering establishment of this sub-committee
E.2.20	Is the chairman of the Audit Committee an independent director/commissioner?	not yet applied this practice	The Company is considering establishment of this sub-committee
E.2.21	Does the company disclose the terms of reference/governance structure/charter of the Audit Committee?	not yet applied this practice	The Company is considering establishment of this sub-committee
E.2.22	Does at least one of the independent directors/commissioners of the committee have accounting expertise (accounting qualification or experience)?	not yet applied this practice	The Company is considering establishment of this sub-committee
E.2.23	Is the meeting attendance of the Audit Committee disclosed and, if so, did the Audit Committee meet at least four times during the year?	not yet applied this practice	The Company is considering establishment of this sub-committee
E.2.24	Does the Audit Committee have primary responsibility for recommendation on the appointment, and removal of the external auditor?	not yet applied this practice	The Company is considering establishment of this sub-committee

Code	Criteria	STK's compliance	Notes/Recommended improvements
E.3	Board Processes		
	<i>Board meetings and attendance</i>		
E.3.1	Are the board of directors meeting scheduled before the start of financial year?	already applied this practice	The Annual reports already listed the tentative working agenda of the BOD
E.3.2	Does the board of directors/commissioners meet at least six times during the year?	already applied this practice	In 2020 beside 4 direct BOD meetings, the BOD also have 15 indirect meetings (via email, phone).
E.3.3	Has each of the directors/commissioner attended at least 75% of all the board meetings held during the year?	already applied this practice	
E.3.4	Does the company require a minimum quorum of at least 2/3 for board decisions?	already applied this practice	The passing of BOD resolutions currently follow the majority rule as required by the Law on Enterprises. However, in reality, all of STK's BOD resolutions were passed with 100% approval.
E.3.5	Did the non-executive directors/commissioners of the company meet separately at least once during the year without any executives present?	not yet applied this practice	This practice will be applied in 2018
	<i>Access to information</i>		
E.3.6	Are board papers for board of directors/commissioners meetings provided to the board at least five business days in advance of the board meeting?	already applied this practice	The secretary team has complied with this practice since 2019
E.3.7	Does the company secretary play a significant role in supporting the board in discharging its responsibilities?	already applied this practice	The role of Company's secretary is stipulated in the Charter and is currently carried out by the IR team.
E.3.8	Is the company secretary trained in legal, accountancy or company secretarial practices and has kept abreast on relevant developments?	already applied this practice	The IR team is regularly updated on newly promulgated rules related to corporate governance
	<i>Board Appointments and Re-Election</i>		
E.3.9	Does the company disclose the criteria used in selecting new directors/commissioners?	already applied this practice	Notice to shareholders on self-nomination and nomination clearly set out criterion for BOD Member selection
E.3.10	Did the company describe the process followed in appointing new directors/commissioners?	already applied this practice	The Rules on self-nomination, nomination and election stipulate this matter
E.3.11	Are all directors/commissioners subject to re-election every 3 years; or 5 years for listed companies in countries whose legislation prescribes a term of 5 years each?	already applied this practice	
	<i>Remuneration Matters</i>		
E.3.12	Does the company disclose its remuneration (fees, allowances, benefit-in-kind and other emoluments) policy/practices (i.e. the use of short term and long term incentives and performance measures) for its executive directors and CEO?	already applied this practice	This information is disclosed in the Annual report
E.3.13	Is there disclosure of the fee structure for non-executive directors/commissioners?	already applied this practice	This information is disclosed in the Annual report
E.3.14	Do the shareholders or the Board of Directors approve the remuneration of the executive directors and/or the senior executives?	already applied this practice	The Company submitted a separate proposal for this matter
E.3.15	Does the company have measurable standards to align the performance-based remuneration of the executive directors and senior executives with long-term interests of the company, such as claw back provision and deferred bonuses?	not yet applied this practice	

Code	Criteria	STK's compliance	Notes/Recommended improvements
Internal Audit			
E.3.16	Does the company have a separate internal audit function?	partially applied this practice	Although the internal control is not officially appointed, the Company has appointed personnels to control some activities such as production, finance
E.3.17	Is the head of internal audit identified or, if outsourced, is the name of the external firm disclosed?	not yet applied this practice	
E.3.18	Does the appointment and removal of the internal auditor require the approval of the Audit Committee?	not yet applied this practice	
Risk Oversight			
E.3.19	Does the company establish a sound internal control procedures/risk management framework and periodically review the effectiveness of that framework?	partially applied this practice	The previous Annual reports listed risks and mitigants but were lack of information on the internal control mechanism. 2017 Annual report will supplement this missing information.
E.3.20	Does the Annual Report/Annual CG Report disclose that the board of directors/commissioners has conducted a review of the company's material controls (including operational, financial and compliance controls) and risk management systems?	already applied this practice	The BOS' reports already mentioned this matter
E.3.21	Does the company disclose the key risks to which the company is materially exposed to (i.e. financial, operational including IT, environmental, social, economic)?	already applied this practice	The Annual reports listed risks and mitigants
E.3.22	Does the Annual Report/Annual CG Report contain a statement from the board of directors/commissioners or Audit Committee commenting on the adequacy of the company's internal controls/risk management systems?	not yet applied this practice	
E.4 People on the Board			
Board Chairman			
E.4.1	Do different persons assume the roles of chairman and CEO?	not yet applied this practice	
E.4.2	Is the chairman an independent director/commissioner?	not yet applied this practice	
E.4.3	Is any of the directors a former CEO of the company in the past 2 years?	not yet applied this practice	
E.4.4	Are the roles and responsibilities of the chairman disclosed?	already applied this practice	The roles and responsibilities of the BOD Chairman are stipulated in the Company's Charter, Rules on Corporate Governance and these documents are posted in the Company's website
Lead Independent Director			
E.4.5	If the Chairman is not independent, has the Board appointed a Lead/Senior Independent Director and has his/her role been defined?	not yet applied this practice	
Skills and Competencies			
E.4.6	Does at least one non-executive director/commissioner have prior working experience in the major sector that the company is operating in?	already applied this practice	

Code	Criteria	STK's compliance	Notes/Recommended improvements
E.5	Board Performance		
	<i>Directors Development</i>		
E.5.1	Does the company have orientation programmes for new directors/commissioners?	partially applied this practice	The Company provided Charter and Corporate Governance Rules to new BOD Members
E.5.2	Does the company have a policy that encourages directors/commissioners to attend on-going or continuous professional education programmes?	already applied this practice	BOD Members are encouraged to take training courses on corporate governance
	<i>CEO/Executive Management Appointments and Performance</i>		
E.5.3	Does the company disclose the process on how the board of directors/commissioners plans for the succession of the CEO/Managing Director/President and key management?	not yet applied this practice	
E.5.4	Does the board of directors/commissioners conduct an annual performance assessment of the CEO/Managing Director/President?	already applied this practice	The BOD's Reports had evaluation of the BOM's performance
	<i>Board Appraisal</i>		
E.5.5	Did the company conduct an annual performance assessment of the board of directors/commissioners and disclose the criteria and process followed for the assessment?	not yet applied this practice	This practice will be implemented in 2018
	<i>Director Appraisal</i>		
E.5.6	Did the company conduct an annual performance assessment of the individual directors/commissioners and disclose the criteria and process followed for the assessment?	not yet applied this practice	
	<i>Committee Appraisal</i>		
E.5.7	Did the company conduct an annual performance assessment of the board committees and disclose the criteria and process followed for the assessment?	not yet applied this practice	

