

Century Synthetic Fiber Corporation

IFRS-converted consolidated financial statements

For the quarter ended 31 March 2022

Century Synthetic Fiber Corporation

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Century Synthetic Fiber Corporation

GENERAL INFORMATION

THE COMPANY

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

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

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 Group is principally engaged in the manufacturing of synthetic yarn and knitting. Information on the Group’s structure is provided in Note 7. Information on other related party relationships of the Group is provided in Note 23.

BOARD OF DIRECTORS

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

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

BOARD OF SUPERVISION

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

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

Century Synthetic Fiber Corporation

GENERAL INFORMATION (continued)

MANAGEMENT

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

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

LEGAL REPRESENTATIVE

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

AUDITORS

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

Century Synthetic Fiber Corporation

REPORT OF MANAGEMENT

Management of Century Synthetic Fiber Corporation ("the Company") is pleased to present this report and the IFRS-converted consolidated financial statements of the Company and its subsidiary ("the Group") for the quarter ended 31 March 2022.

MANAGEMENT'S RESPONSIBILITY IN RESPECT OF THE IFRS-CONVERTED CONSOLIDATED FINANCIAL STATEMENTS

Management is responsible for the IFRS-converted 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 results of its consolidated operations and its consolidated cash flows for the year. In preparing those IFRS-converted 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 IFRS-converted consolidated financial statements; and
- prepare the IFRS-converted 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 IFRS-converted 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 IFRS-converted consolidated financial statements.

STATEMENT BY MANAGEMENT

Management of the Group, does hereby state that, in its opinion, the accompanying IFRS-converted consolidated financial statements present fairly the consolidated financial position of the Group as at 31 March 2022 and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards.

For and on behalf of management:

Dang Trieu Hoa
General Director

20 April 2022

Century Synthetic Fiber Corporation

CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME for the quarter ended 31 March 2022

	Notes	Quarter 1-2022 VND'000	Quarter 1-2021 VND'000
Continuing operations			
Revenue from contracts with customers	4	640,068,385	567,006,300
Cost of sales		<u>527,726,155</u>	<u>454,112,103</u>
Gross profit		112,342,230	112,894,197
Other operating income	10.1	1,813,134	890,442
Selling and distribution expenses	10.5	6,414,806	7,380,312
Administrative expenses	10.6	16,543,725	17,278,024
Other operating expenses	10.2	<u>3,719,944</u>	<u>1,591,198</u>
Operating profit		87,476,890	87,535,105
Finance costs	10.3	1,245,768	1,486,795
Finance income	10.4	3,214,816	405,521
Share of loss of an associate	9	<u>0</u>	<u>0</u>
Profit before tax from continuing operations		89,445,938	86,453,832
Income tax expenses	11	<u>12,725,596</u>	<u>15,455,402</u>
Profit for the year from continuing operations		76,720,342	70,998,430
Attributable to:			
Equity holders of the parent		<u>76,720,342</u>	<u>70,998,430</u>
Earnings per share	12		
► Basic, profit for the year attributable to ordinary equity holders of the parent		1,085	1,004
► Diluted, profit for the year attributable to ordinary equity holders of the parent		1,085	1,004
Profit for the year from continuing operations		76,720,342	70,998,430
Other comprehensive income for the year, net of tax		<u>-</u>	<u>-</u>
Total comprehensive income for the year, net of tax		76,720,342	70,998,430
Attributable to:			
Equity holders of the parent		<u>76,720,342</u>	<u>70,998,430</u>

Preparer
Phan Thanh Phu
20 April 2022

Chief Accountant
Phan Nhu Bich

General Director
Dang Trieu Hoa

Century Synthetic Fiber Corporation

CONSOLIDATED STATEMENT OF FINANCIAL POSITION for the quarter ended 31 March 2022

	Notes	31/03/2022 VND'000	31/12/2021 VND'000
ASSETS			
Non-current assets			
Property, plant and equipment	13	822,352,350	849,533,526
Intangible assets	14	111,820,496	113,912,592
Investment in an associate	8.1	-	-
Non-current financial assets		958,139	1,023,643
Other non-current financial assets	8.2	17,376,825	17,376,825
Deferred tax assets	11.2	2,185,572	3,062,718
		954,693,382	984,909,304
Current assets			
Inventories	16	405,815,038	471,504,992
Trade and other receivables	17	201,120,012	142,588,508
Prepayments		1,960,479	1,693,076
Financial assets at amortised cost	15.1	0	-
Cash and short-term deposits	18	509,392,338	366,205,978
		1,118,287,867	981,992,554
TOTAL ASSETS		2,072,981,249	1,966,901,858
EQUITY AND LIABILITIES			
Equity			
Issued capital	19	707,269,440	707,269,440
Share premium	19	35,093,199	35,093,199
Other capital reserves		-41,191,539	-41,191,539
Retained earnings		630,304,883	553,584,540
Equity attributable to equity holders of the parent		1,331,475,982	1,254,755,640
Total equity		1,331,475,982	1,254,755,640
Non-current liabilities			
Interest-bearing loans and borrowings	15.2	-	-
Provision		353,519	280,104
		353,519	280,104
Current liabilities			
Trade and other payables	21	395,887,650	383,775,991
Interest-bearing loans and borrowings	15.2	347,005,820	321,327,876
Income tax payable		-2,004,382	6,499,587
Dividends payable	20	262,660	262,660
		741,151,748	711,866,114
Total liabilities		741,505,267	712,146,218
TOTAL EQUITY AND LIABILITIES		2,072,981,249	1,966,901,858

Preparer
Phan Thanh Phu

Chief Accountant
Phan Nhu Bich

General Director
Dang Trieu Hoa

20 April 2022

Century Synthetic Fiber Corporation

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY for the quarter ended 31 March 2022

	<i>Attributable to the equity holders of the parent</i>				<i>Total</i>
	<i>Issued capital</i>	<i>Share premium</i>	<i>Other capital reserves</i>	<i>Retained earnings</i>	
	<i>VND'000</i>	<i>VND'000</i>	<i>VND'000</i>	<i>VND'000</i>	<i>VND'000</i>
As at 01 January 2021	707,269,440	35,093,199	-41,191,539	553,584,540	1,254,755,640
Profit for the year	-	-	-	277,808,851	277,808,851
Cash dividends (*)				(102,277,941)	(102,277,941)
As at 31 December 2021	707,269,440	35,093,199	(41,191,539)	553,584,540	1,254,755,640

(*) The Resolutions of Annual Shareholder Meeting dated 22 April 2021, and of Board of Directors No.10-2021/NQHDQT/TK dated 28 June 2021 approved the dividend by cash of 15% par value of share (VND 1,500/share).

	<i>Attributable to the equity holders of the parent</i>				<i>Total</i>
	<i>Issued capital</i>	<i>Share premium</i>	<i>Other capital reserves</i>	<i>Retained earnings</i>	
	<i>VND'000</i>	<i>VND'000</i>	<i>VND'000</i>	<i>VND'000</i>	<i>VND'000</i>
As at 01 January 2022	707,269,440	35,093,199	-41,191,539	553,584,540	1,254,755,640
Profit for the year	-	-	-	76,720,342	76,720,342
Cash dividends (*)	-	-	-	-	-
As at 31 March 2022	707,269,440	35,093,199	-41,191,539	630,304,882	1,331,475,982

(*) The Resolutions of Annual Shareholder Meeting dated 31 March 2022, and of Board of Directors No. 06-2022/NQHDQT/TK dated 05 April 2022 approved the dividend by cash of 15% par value of share (VND 1,500/share).

Preparer
Phan Thanh Phu

Chief Accountant
Phan Nhu Bich

General Director
Dang Trieu Hoa

20 April 2022

Century Synthetic Fiber Corporation

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY for the quarter ended 31 March 2022

	<i>Attributable to the equity holders of the parent</i>				
	<i>Issued capital</i>	<i>Share premium</i>	<i>Other capital reserves</i>	<i>Retained earnings</i>	<i>Total</i>
	<i>VND'000</i>	<i>VND'000</i>	<i>VND'000</i>	<i>VND'000</i>	<i>VND'000</i>
As at 1 January 2020	707,269,440	35,093,199	1,219,011	333,773,601	1,077,355,251
Profit for the year	-	-	-	146,557,970	146,557,970
Purchase of treasury shares	-	-	(42,410,550)	-	(42,410,550)
Cash dividends (*)	-	-	-	(102,277,941)	(102,277,941)
As at 31 December 2020	707,269,440	35,093,199	(41,191,539)	378,053,630	1,079,224,730

(**) 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).

Preparer
Phan Thanh Phu

Chief Accountant
Phan Nhu Bich

General Director
Dang Trieu Hoa

20 April 2022

Century Synthetic Fiber Corporation

CONSOLIDATED STATEMENTS OF CASH FLOW for the quarter ended 31 March 2022

	Notes	Quarter 1-2022 VND'000	Quarter 1-2021 VND'000
Operating activities			
Profit before tax from continuing operations		89,445,938	86,453,832
Adjustments to reconcile profit before tax to net cash flows:			
Depreciation of property, plant and equipment	13	33,348,318	31,638,005
Amortisation of intangible assets	14	291,814	291,814
Net foreign exchange differences		882,821	-1,047,455
Loss on disposal of plant and equipment			
Finance income	10.4	-3,214,816	-405,521
Finance costs	10.3	1,245,768	1,486,795
Movement in provisions		982,112	4,201,016
Share of loss of an associate	8.1	-	-
Working capital adjustments:			
(Increase) decrease in trade receivables		-62,498,938	-28,677,418
(Increase) decrease in inventories		64,707,841	-61,786,990
Increase in trade and other payables		3,635,124	67,786,057
Interest received		3,214,816	405,521
Interest paid		-1,242,673	-1,480,329
Income tax paid		-6,814,569	-6,334,418
Net cash flows from operating activities		123,983,555	92,530,909
Investing activities			
Proceeds from sale of property, plant and equipment		-	-
Purchase of property, plant and equipment		(5,843,510)	(1,044,973)
Net cash flows (used in) from investing activities		-5,843,510	-1,044,973
Financing activities			
Capital redemption		0	0
Proceeds from borrowings		270,789,073	229,181,855
Repayment of borrowings		-245,742,758	-289,252,154
Dividend paid to equity holders of parent		0	0
Net cash flows used in financing activities		25,046,315	-60,070,299
		-	-
Net decrease in cash and cash equivalents		143,186,360	31,415,637
Net foreign exchange difference			
Cash and cash equivalents at 1 January		366,205,978	95,106,313
Cash and cash equivalents at 31 December		509,392,338	126,521,950

Preparer
Phan Thanh Phu

Chief Accountant
Phan Nhu Bich

General Director
Dang Trieu Hoa

20 April 2022

Century Synthetic Fiber Corporation

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS for the quarter ended 31 March 2022

1. CORPORATE INFORMATION

The IFRS-converted consolidated financial statements of Century Synthetic Fiber Corporation and its subsidiary (collectively, the Group) for the quarter ended 31 March 2022 were authorised for issue on 20 April 2022.

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

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 Group is principally engaged in the manufacturing of synthetic yarn and knitting. Information on the Group's structure is provided in Note 7. Information on other related party relationships of the Group is provided in Note 23.

The number employees of the Company and its subsidiary ("the Group") as at 31 March 2022 was 959 (31 December 2021: 927).

2. SIGNIFICANT ACCOUNTING POLICIES

2.1 *Basis of preparation*

The consolidated financial statements of the Group have been prepared, on a historical cost basis, in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"). The consolidated financial statements are presented in VND, and all values are rounded to the nearest thousand (VND'000), except when otherwise indicated.

The Company maintains its accounting records in VND, and prepares statutory financial statements in accordance with the requirements of the Vietnamese Accounting System and Vietnamese Accounting Standards ("VAS") issued by the Ministry of Finance of Vietnam. The accompanying consolidated financial statements, which are prepared primarily to be incorporated in the annual report of the the Company for reference, differ from the financial statements filed for statutory purposes in Vietnam in that they reflect adjustments appropriate to present the consolidated financial position, consolidated financial performance and consolidated cash flows in accordance with IFRS.

2.2 *Basis of consolidation*

The consolidated financial statements comprise the consolidated financial statements of the Company and its subsidiary for the quarter ended 31 March 2022. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if, and only if, the Group has:

- ▶ Power over the investee (i.e., existing rights that give the current ability to direct the relevant activities);
- ▶ Exposure, or rights, to variable returns from its involvement with the investee;
- ▶ The ability to use its power over the investee to affect its return.

Century Synthetic Fiber Corporation

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
for the quarter ended 31 March 2022

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.2 *Basis of consolidation* (continued)

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

Profit or loss and each component of OCI are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognises the related assets (including goodwill), liabilities, non-controlling interest and other components of equity, while any resultant gain or loss is recognised in profit or loss. Any investment retained is recognised at fair value.

2.3 *Summary of significant accounting policies*

a) *Business combinations and goodwill*

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, which is measured at acquisition date fair value, and the amount of any non-controlling interests in the acquiree. Acquisition-related costs are expensed as incurred and included in administrative expenses.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Contingent consideration classified as equity is not remeasured and its subsequent settlement is accounted for within equity. Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of IFRS 9 Financial Instruments, is measured at fair value with the changes in fair value recognised in the statement of profit or loss in accordance with IFRS 9. Other contingent consideration that is not within the scope of IFRS 9 is measured at fair value at each reporting date with changes in fair value recognised in profit or loss.

Century Synthetic Fiber Corporation

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
for the quarter ended 31 March 2022

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.3 *Summary of significant accounting policies* (continued)

a) *Business combinations and goodwill* (continued)

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the acquirer shall report in its financial statements provisional amounts for the items for which the accounting is incomplete. During the measurement period, the acquirer shall retrospectively adjust the provisional amounts recognised at the acquisition date to reflect new information obtained about facts and circumstances that existed as of the acquisition date and, if known, would have affected the measurement of the amounts recognised as of that date. The measurement period ends as soon as the acquirer receives the information it was seeking about facts and circumstances that existed as of the acquisition date or learns that more information is not obtainable. However, the measurement period shall not exceed one year from the acquisition date.

b) *Investment in an associate*

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies.

Under the equity method, the investment in an associate is initially recognised at cost. The carrying amount of the investment is adjusted to recognise changes in the Group's share of net assets of the associate since the acquisition date. Goodwill relating to the associate or joint venture is included in the carrying amount of the investment and is not tested for impairment separately.

The statement of profit or loss reflects the Group's share of the results of operations of the associate. The aggregate of the Group's share of profit or loss of an associate is shown on the face of the consolidated statement of profit or loss outside operating profit and represents profit or loss after tax.

The financial statements of the associate are prepared for the same reporting period as the Group. When necessary, adjustments are made to bring the accounting policies in line with those of the Group.

After application of the equity method, the Group determines whether it is necessary to recognise an impairment loss on its investment in its associate. At each reporting date, the Group determines whether there is objective evidence that the investment in the associate or joint venture is impaired. If there is such evidence, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value, and then recognises the loss within "Share of profit of an associate" in the consolidated statement of profit or loss.

Century Synthetic Fiber Corporation

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
for the quarter ended 31 March 2022

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.3 *Summary of significant accounting policies* (continued)

c) *Current versus non-current classification*

The Group presents assets and liabilities in statement of financial position based on current/non-current classification. An asset as current when it is:

- ▶ expected to be realised or intended to be sold or consumed in normal operating cycle;
- ▶ held primarily for the purpose of trading;
- ▶ expected to be realised within twelve months after the reporting period; or
- ▶ cash or cash equivalents unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is current when:

- ▶ It is expected to be settled in normal operating cycle;
- ▶ It is held primarily for the purpose of trading;
- ▶ It is due to be settled within twelve months after the reporting period; or
- ▶ There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

The Group classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

Century Synthetic Fiber Corporation

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
for the quarter ended 31 March 2022

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.3 Summary of significant accounting policies (continued)

d) Revenue from contracts with customers

The Group is in the business of manufacturing synthetic yarn. Revenue from contracts with customers is recognised when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services. The Group has generally concluded that it is the principal in its revenue arrangements, because it typically controls the goods or services before transferring them to the customer.

The disclosures of significant accounting judgements, estimates and assumptions relating to revenue from contracts with customers are provided in Note 3.

Sale of synthetic yarn

Revenue from sale of synthetic yarn is recognised at the point in time when control of the asset is transferred to the customer, generally on delivery of the goods. The credit term varies from customer to customer. Normally, an upfront payment of the consideration is made prior to delivery.

The Group considers whether there are other promises in the contract that are separate performance obligations to which a portion of the transaction price needs to be allocated. In determining the transaction price for the sale of synthetic yarn, the Group considers the effects of variable consideration, the existence of significant financing components, non-cash consideration, and consideration payable to the customer (if any).

(i) Variable consideration

If the consideration in a contract includes a variable amount, the Group estimates the amount of consideration to which it will be entitled in exchange for transferring the goods to the customer. The variable consideration is estimated at contract inception and constrained until it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognised will not occur when the associated uncertainty with the variable consideration is subsequently resolved. Most of the contracts for the sale of synthetic yarn provide customers with a right of return, which gives rise to variable consideration.

► Rights of return

Most of the contracts provide a customer with a right to return the goods within a specified period. The Group uses the expected value method to estimate the goods that will not be returned because this method best predicts the amount of variable consideration to which the Group will be entitled. The requirements in IFRS 15 on constraining estimates of variable consideration are also applied in order to determine the amount of variable consideration that can be included in the transaction price. For goods that are expected to be returned, instead of revenue, the Group recognises a refund liability. A right of return asset (and corresponding adjustment to cost of sales) is also recognised for the right to recover products from a customer.

(ii) Significant financing component

Generally, the Group receives short-term advances from its customers. Using the practical expedient in IFRS 15, the Group does not adjust the promised amount of consideration for the effects of a significant financing component if it expects, at contract inception, that the period between the transfer of the promised good or service to the customer and when the customer pays for that good or service will be one year or less.

Century Synthetic Fiber Corporation

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
for the quarter ended 31 March 2022

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.3 Summary of significant accounting policies (continued)

d) Revenue from contracts with customers (continued)

Contract balances

Trade receivables

A receivable represents the Group's right to an amount of consideration that is unconditional (i.e., only the passage of time is required before payment of the consideration is due).

Assets and liabilities arising from rights of return

Right of return assets

Right of return asset represents the Group's right to recover the goods expected to be returned by customers. The asset is measured at the former carrying amount of the inventory, less any expected costs to recover the goods, including any potential decreases in the value of the returned goods. The Group updates the measurement of the asset recorded for any revisions to its expected level of returns, as well as any additional decreases in the value of the returned products.

Refund liabilities

A refund liability is the obligation to refund some or all of the consideration received (or receivable) from the customer and is measured at the amount the Group ultimately expects it will have to return to the customer.

The Group updates its estimates of refund liabilities (and the corresponding change in the transaction price) at the end of each reporting period. Please refer to above accounting policy on variable consideration.

e) 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.

f) Taxes

Current income tax

Current income tax assets and liabilities 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 or substantively enacted at the reporting date in the countries where the Group operates and generates taxable income.

Current income tax relating to items recognised directly in equity is recognised in equity and not in the statement of profit or loss. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Century Synthetic Fiber Corporation

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
for the quarter ended 31 March 2022

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.3 Summary of significant accounting policies (continued)

f) Taxes (continued)

Deferred tax

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

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

- ▶ When the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss;
- ▶ In respect of taxable temporary differences associated with investments in a subsidiary, and an associate, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

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

- ▶ When the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss;
- ▶ In respect of deductible temporary differences associated with investments in a subsidiary, and an associate, 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 reporting 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. Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity.

Tax benefits acquired as part of a business combination, but not satisfying the criteria for separate recognition at that date, are recognised subsequently if new information about facts and circumstances change. The adjustment is either treated as a reduction in goodwill (as long as it does not exceed goodwill) if it was incurred during the measurement period or recognised in profit or loss.

Century Synthetic Fiber Corporation

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
for the quarter ended 31 March 2022

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.3 Summary of significant accounting policies (continued)

f) Taxes (continued)

Deferred tax (continued)

The Group offsets deferred tax assets and deferred tax liabilities if and only if it has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to 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.

g) Foreign currencies

The Group's consolidated financial statements are presented in thousand Vietnam Dong, which is also the parent company's functional currency. For each entity, the Group determines the functional currency and items included in the financial statements of each entity are measured using that functional currency.

Transactions and balances

Transactions in foreign currencies are initially recorded by the Group's entities at their respective functional currency spot rates at the date the transaction first qualifies for recognition.

Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date.

Differences arising on settlement or translation of monetary items are recognised in profit or loss with the exception of monetary items that are designated as part of the hedge of the Group's net investment in a foreign operation.

In determining the spot exchange rate to use on initial recognition of the related asset, expense or income (or part of it) on the derecognition of a non-monetary asset or non-monetary liability relating to advance consideration, the date of the transaction is the date on which the Group initially recognises the non-monetary asset or non-monetary liability arising from the advance consideration. If there are multiple payments or receipts in advance, the Group determines the transaction date for each payment or receipt of advance consideration.

h) Cash dividend

The Company recognises a liability to pay a dividend when the distribution is authorised and the distribution is no longer at the discretion of the Company. As per the Law on Enterprise of Vietnam, a distribution is authorised when it is approved by the General Meetings of Shareholders. A corresponding amount is recognised directly in equity.

Century Synthetic Fiber Corporation

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
for the quarter ended 31 March 2022

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.3 Summary of significant accounting policies (continued)

i) Property, plant and equipment

Construction in progress is stated at cost, net of accumulated impairment losses, if any. Plant and equipment is stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. Such cost includes the cost of replacing part of the plant and equipment and borrowing costs for long-term construction projects if the recognition criteria are met. When significant parts of plant and equipment are required to be replaced at intervals, the Group depreciates them separately based on their specific useful lives. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in profit or loss as incurred. The present value of the expected cost for the decommissioning of an asset after its use is included in the cost of the respective asset if the recognition criteria for a provision are met. Refer to significant accounting judgements, estimates and assumptions (Note 3) for further information.

Depreciation is calculated on a straight-line basis over the estimated useful lives of the assets, as follows:

▶ Building and structure	4 to 25 years
▶ Machinery and equipment	2 to 15 years
▶ Means of transportation	4 to 10 years
▶ Office equipment	3 to 5 years
▶ Computer software	4 to 5 years

An item of property, plant and equipment and any significant part initially recognised is derecognised upon disposal (i.e., at the date the recipient obtains control) or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of profit or loss when the asset is derecognised.

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

Construction in progress

Construction in progress represents property, plant and equipment under construction and is stated at cost. This includes costs of construction, plant, equipment and other direct costs. Construction in progress is not depreciated until such time as the relevant assets are completed and put into operation.

Century Synthetic Fiber Corporation

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
for the quarter ended 31 March 2022

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.3 Summary of significant accounting policies (continued)

j) Leases

The determination of whether an arrangement is (or contains) a lease is based on the substance of the arrangement at the inception of the lease. The arrangement is, or contains, a lease if fulfilment of the arrangement is dependent on the use of a specific asset (or assets) and the arrangement conveys a right to use the asset (or assets), even if that asset is (or those assets are) not explicitly specified in an arrangement.

Group as a lessee

A lease is classified at the inception date as a finance lease or an operating lease. A lease that transfers substantially all the risks and rewards incidental to ownership to the Group is classified as a finance lease.

Finance leases are capitalised at the commencement of the lease at the inception date fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognised in finance costs in the statement of profit or loss.

A leased asset is depreciated over the useful life of the asset. However, if there is no reasonable certainty that the Group will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term.

An operating lease is a lease other than a finance lease. Operating lease payments are recognised as an operating expense in the statement of profit or loss on a straight-line basis over the lease term.

k) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the asset. All other borrowing costs are expensed in the period they occur. Borrowing costs consist of interest and other costs that the Group incurs in connection with the borrowing of funds.

l) Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in business combination is their fair value at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses. Internally generated intangibles, excluding capitalised development costs, are not capitalised and the related expenditure is reflected in profit or loss in the period in which the expenditure is incurred.

Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at each financial year end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the consolidated statement of profit or loss in the expense category consistent with the function of the intangible assets.

Century Synthetic Fiber Corporation

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
for the quarter ended 31 March 2022

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.3 Summary of significant accounting policies (continued)

l) Intangible assets (continued)

An intangible asset is derecognised upon disposal (i.e., at the date the recipient obtains control) or when no future economic benefits are expected from its use or disposal. Any gain or loss arising upon derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of profit or loss.

A summary of the policies applied to the Group's intangible assets is, as follows:

	Prepaid leased land	Computer software
Useful lives	Finite (5 to 43 years)	Finite (4 to 5 years)
Amortisation method used	Amortised on a straight-line basis over the period of the lease	Amortised on a straight-line basis over the period of continuing use
Internally generated or acquired	Acquired	Acquired

m) Financial instruments - initial recognition and subsequent measurement

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

(i) Financial assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income (OCI), and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient, the Group initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price determined under IFRS 15. Please refer to the accounting policies in section (d) Revenue from contracts with customers.

In order for a financial asset to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are "solely payments of principal and interest (SPPI)" on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Group commits to purchase or sell the asset.

The Group's financial assets include cash and short-term deposits, and trade receivables.

Century Synthetic Fiber Corporation

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
for the quarter ended 31 March 2022

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.3 Summary of significant accounting policies (continued)

m) Financial instruments - initial recognition and subsequent measurement (continued)

(i) Financial assets (continued)

Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in four categories:

- ▶ Financial assets at amortised cost (debt instruments);
- ▶ Financial assets at fair value through OCI with recycling of cumulative gains and losses (debt instruments);
- ▶ Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments);
- ▶ Financial assets at fair value through profit or loss.

Financial assets at amortised cost (debt instruments)

This category is the most relevant to the Group. The Group measures financial assets at amortised cost if both of the following conditions are met:

- ▶ The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows; and
- ▶ The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortised cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Group's consolidated statement of financial position) when:

- ▶ The rights to receive cash flows from the asset have expired; or
- ▶ The Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a "pass-through" arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of its continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

Century Synthetic Fiber Corporation

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
for the quarter ended 31 March 2022

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.3 Summary of significant accounting policies (continued)

m) Financial instruments - initial recognition and subsequent measurement (continued)

(i) Financial assets (continued)

Impairment of financial assets

Further disclosures relating to impairment of financial assets are also provided in the following notes:

- | | |
|--|----------|
| ▶ Disclosures for significant assumptions | Note 3 |
| ▶ Trade receivables, including contract assets | Note 4.2 |

ii) Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Group's financial liabilities include trade payables, and loans and borrowings.

Subsequent measurement

The measurement of financial liabilities depends on their classification, as described below:

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Group that are not designated as hedging instruments in hedge relationships as defined by IFRS 9. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

Gains or losses on liabilities held for trading are recognised in the statement of profit or loss.

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in IFRS 9 are satisfied. The Group has not designated any financial liability as at fair value through profit or loss.

Loans and borrowings

This is the category most relevant to the Group. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the effective interest rate ("EIR") method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit or loss.

This category generally applies to interest-bearing loans and borrowings. For more information, please refer to Note 15.2.

Century Synthetic Fiber Corporation

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
for the quarter ended 31 March 2022

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.3 Summary of significant accounting policies (continued)

m) Financial instruments - initial recognition and subsequent measurement (continued)

ii) Financial liabilities (continued)

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit or loss.

iii) Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the consolidated statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

n) Inventories

Inventories are valued at the lower of cost and net realisable value.

Costs incurred in bringing each product to its present location and condition are accounted for, as follows:

- ▶ Raw materials: purchase cost on a weighted average basis.
- ▶ Finished goods: cost of direct materials and labour and a proportion of manufacturing overheads based on the normal operating capacity, but excluding borrowing costs.

Initial cost of inventories includes the transfer of gains and losses on qualifying cash flow hedges, recognised in OCI, in respect of the purchases of raw materials.

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

o) Impairment of non-financial assets

Further disclosures relating to impairment of non-financial assets are also provided in the following notes:

- | | |
|---|---------|
| ▶ Disclosures for significant assumptions | Note 3 |
| ▶ Property, plant and equipment | Note 13 |
| ▶ Intangible assets | Note 14 |

The Group assesses, at each reporting week, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or CGU's fair value less costs of disposal and its value in use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

Century Synthetic Fiber Corporation

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
for the quarter ended 31 March 2022

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.3 Summary of significant accounting policies (continued)

o) Impairment of non-financial assets (continued)

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.

The Group bases its impairment calculation on detailed budgets and forecast calculations, which are prepared separately for each of the Group's CGUs to which the individual assets are allocated.

Impairment losses of continuing operations are recognised in the statement of profit or loss in expense categories consistent with the function of the impaired asset, except for properties previously revalued with the revaluation taken to OCI. For such properties, the impairment is recognised in OCI up to the amount of any previous revaluation.

For assets excluding goodwill, an assessment is made at each reporting date to determine whether there is an indication that previously recognised impairment losses no longer exist or have decreased. If such indication exists, the Group estimates the asset's or CGU's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the statement of profit or loss unless the asset is carried at a revalued amount, in which case, the reversal is treated as a revaluation increase.

p) Trade receivables

Trade receivables are carried at original invoice amount less an estimate made for doubtful debts based on a review of all outstanding amounts at the year end.

q) Cash and short-term deposits

Cash and short-term deposits in the statement of financial position comprise cash at banks and on hand, and short-term deposits with a maturity of three months or less, which are subject to an insignificant risk of changes in value.

For the purpose of the consolidated statement of cash flows, cash and cash equivalents consist of cash and short-term deposits, as defined above, net of outstanding bank overdrafts as they are considered an integral part of the Group's cash management.

r) Provisions

General

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. When the Group expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the statement of profit or loss net of any reimbursement.

Century Synthetic Fiber Corporation

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
for the quarter ended 31 March 2022

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.3 *Summary of significant accounting policies* (continued)

r) *Provisions* (continued)

General (continued)

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

Provision for severance allowance

The severance pay to employee is accrued at the end of each reporting year for all employees who have been in service for more than 12 months up to the balance sheet date at the rate of one-half of the average monthly salary for each year of service up to 31 December 2008 in accordance with the Labour Code of Vietnam 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 year 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 of Vietnam.

2.4 *Changes in accounting policies and disclosures*

New and amended standards and interpretations

The Group applied IFRS 15 and IFRS 9 for the first time. The nature and effect of the changes as a result of adoption of these new accounting standards are described below.

Several other amendments and interpretations apply for the first time in 2021, but do not have an impact on the consolidated financial statements of the Group. The Group has not early adopted any standards, interpretations or amendments that have been issued but are not yet effective.

IFRS 15 Revenue from Contracts with Customers

IFRS 15 supersedes IAS 11 Construction Contracts, IAS 18 Revenue and related Interpretations and it applies, with limited exceptions, to all revenue arising from contracts with its customers. IFRS 15 establishes a five-step model to account for revenue arising from contracts with customers and requires that revenue be recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer.

IFRS 15 requires entities to exercise judgement, taking into consideration all of the relevant facts and circumstances when applying each step of the model to contracts with their customers. The standard also specifies the accounting for the incremental costs of obtaining a contract and the costs directly related to fulfilling a contract. In addition, the standard requires extensive disclosures.

The Group adopted IFRS 15 using the full retrospective method of adoption. The effect of the transition on the current period has not been disclosed as the standard provides an optional practical expedient. The Group did not apply any of the other available optional practical expedients.

Relevant accounting policies have been reviewed and updated to reflect adoption of IFRS 15 but given that the Group's customers are clearly identified, the performance obligations easily identifiable and the price readily determinable, the changes to policies have no impact on the resulting accounting.

Century Synthetic Fiber Corporation

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
for the quarter ended 31 March 2022

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.4 *Changes in accounting policies and disclosures* (continued)

IFRS 9 - Financial instruments replaces IAS 39 (Financial instruments - Recognition and measurement) and addresses the classification and measurement of financial instruments, introduces new principles for hedge accounting and a new forward-looking impairment model for financial assets.

The adoption of IFRS 9 did not result in any changes in the measurement or classification of financial instruments as at 31 March 2022. All classes of financial assets and financial liabilities had as at 31 March 2022 the same carrying values under IFRS 9 as they had under IAS 39.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of the Group's consolidated financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the reporting date. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods.

Judgements

In the process of applying the Group's accounting policies, management has made the following judgements, which have the most significant effect on the amounts recognised in the consolidated financial statements:

Revenue from contracts with customers

There are no significant accounting judgement in this section.

Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Group based its assumptions and estimates on parameters available when the consolidated financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

Impairment of non-financial assets

Impairment exists when the carrying value of an asset exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The fair value less costs of disposal calculation is based on available data from binding sales transactions, conducted at arm's length, for similar assets or observable market prices less incremental costs for disposing of the asset. The value in use calculation is based on a discounted cash flow ("DCF") model. The recoverable amount is sensitive to the discount rate used for the DCF model as well as the expected future cash-inflows and the growth rate used for extrapolation purposes.

Provision for expected credit losses ("ELCs") of trade receivables and contract assets

The Group uses a provision matrix to calculate ECLs for trade receivables. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns (i.e., by geography, product type, customer type and rating, and coverage by letters of credit and other forms of credit insurance).

Century Synthetic Fiber Corporation

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
for the quarter ended 31 March 2022

3. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS (continued)

Estimates and assumptions

Provision for expected credit losses of trade receivables and contract assets

The provision matrix is initially based on the Group's historical observed default rates. The Group will calibrate the matrix to adjust the historical credit loss experience with forward-looking information. For instance, if forecast economic conditions (i.e., gross domestic product) are expected to deteriorate over the next year which can lead to an increased number of defaults in the manufacturing sector, the historical default rates are adjusted. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

The assessment of the correlation between historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future. The information about the ECLs on the Group's trade receivables is disclosed in Note 4.2.

Taxes

Uncertainties exist with respect to the interpretation of complex tax regulations, changes in tax laws, and the amount and timing of future taxable income. Given the long-term nature and complexity of existing contractual agreements, differences arising between the actual results and the assumptions made, or future changes to such assumptions, could necessitate future adjustments to tax income and expense already recorded. The Group establishes provisions, based on reasonable estimates, for possible consequences of audits by the tax authorities of the country in which it operates. The amount of such provisions is based on various factors, such as experience of previous tax audits and differing interpretations of tax regulations by the taxable entity and the responsible tax authority.

Fair value measurement of financial instruments

When the fair value of financial assets and financial liabilities recorded in the consolidated statement of financial position cannot be measured based on quoted prices in active markets, their fair value is measured using valuation techniques including the discounted cash flow model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. Judgements include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments.

Estimating variable consideration for returns and volume rebates

The Group estimates variable considerations to be included in the transaction price for the sale of synthetic yarn with rights of return.

The Group developed a statistical model for forecasting sales returns. The model used the historical return data of each product to come up with expected return percentages. These percentages are applied to determine the expected value of the variable consideration. Any significant changes in experience as compared to historical return pattern will impact the expected return percentages estimated by the Group.

The Group updates its assessment of expected returns at the year end, and the refund liabilities are adjusted accordingly. Estimates of expected returns are sensitive to changes in circumstances and the Group's past experience regarding returns may not be representative of customers' actual returns in the future.

Century Synthetic Fiber Corporation

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
for the quarter ended 31 March 2022

4. REVENUE FROM CONTRACTS WITH CUSTOMERS

4.1 Disaggregated revenue information

Set out below is the disaggregation of the Group's revenue from contracts with customers:

Segments	Sale of synthetic yarns	
	For the year ended 31 March 2022	For the year ended 31 December 2021
	VND'000	VND'000
Type of goods		
Sale of synthetic yarns	640,068,385	567,006,300
Geographical markets		
Vietnam	318,931,496	310,776,656
Export markets	321,136,889	256,229,644
Total revenue from contracts with customers	640,068,385	567,006,300
Timing of revenue recognition		
Goods transferred at a point in time	640,068,385	567,006,300

4.2 Contract balances

	31 March 2022	31 December 2021
	VND'000	VND'000
Trade receivables (Note 17)	111,708,454	69,083,156

Trade receivables are non-interest bearing and are generally on terms of 07 to 90 days. In Q1.2022 and 2021, provision for expected credit losses on trade receivables were nil.

4.3 Performance obligations

Information about the Group's performance obligations are summarised below:

Sale of synthetic yarn

The performance obligation is satisfied upon delivery of synthetic yarn and payment is generally due within 7 to 90 days from delivery. Alternatively, the customer may be required to pay the transaction price equal to the cash selling price upon delivery of the equipment or pay a lower transaction price upon signing the contract.

5. 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.

Century Synthetic Fiber Corporation

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
for the quarter ended 31 March 2022

6. CAPITAL MANAGEMENT

For the purpose of the Group's capital management, capital includes issued capital, share premium, other capital reserves, and retained earnings attributable to the equity holders of the parent. The primary objective of the Group's capital management is to maximise the shareholder value. To this end, the Group ensures that it maintains a strong credit rating and healthy capital ratios in order to support its business.

The Group manages its capital structure and makes adjustments in light of changes in economic conditions and the requirements of the financial covenants. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, or issue new shares. The Group monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt. The Group's policy is to keep the gearing ratio between 20% and 60%. The Group includes within net debt, interest bearing loans and borrowings, trade and other payables, less cash and short-term deposits, excluding discontinued operations.

	2021	2020
	VND'000	VND'000
Interest-bearing loans and borrowings (Note 15.2)	347,005,820	321,327,876
Trade and other payables (Note 21)	395,887,650	383,775,991
Less: cash and short-term deposits (Note 18)	<u>-509,392,338</u>	<u>(366,205,978)</u>
Net debt	233,501,132	338,897,889
Equity	<u>1,331,475,982</u>	<u>1,254,755,640</u>
Equity and net debt	1,564,977,114	1,593,653,529
Gearing ratio	15%	21%

In order to achieve this overall objective, the Group's capital management, among other things, aims to ensure that it meets financial covenants attached to the interest-bearing loans and borrowings that define capital structure requirements. Breaches in meeting the financial covenants would permit the bank to immediately call loans and borrowings. There have been no breaches of the financial covenants of any interest-bearing loans and borrowing in the current period.

No changes were made in the objectives, policies or processes for managing capital during the year ended 31 December 2021 and the quarter ended 31 March 2022.

Collateral

The Group has pledged part of its property, plant and equipment, and intangible assets in order to fulfil the collateral requirements for the long-term loan obtained from banks. At 31 December 2021 and 31 March 2022. There are no other significant terms and conditions associated with the use of collateral.

7. GROUP INFORMATION

Information about a subsidiary

The consolidated financial statements of the Group include:

Name	Principal activities	Country of incorporation	% of equity interest	
			31/03/2022	31/12/2021
Unitex Limited Liability Company	Manufacture fibers and fabrics	Vietnam	100	100

Century Synthetic Fiber Corporation

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
for the quarter ended 31 March 2022

8. INVESTMENT IN AN ASSOCIATE AND OTHER NON-CURRENT FINANCIAL ASSETS

8.1 Investment in an associate

The Group has had a 36% interest in E.DYE Vietnam Joint Stock Company ("E.DYE"), which is involved in importing, exporting, and distributing goods in Vietnam. E.DYE is a private entity that is not listed on any public exchange.

The Group's interest in E.DYE is accounted for using the equity method in the consolidated financial statements.

As at 31 December 2021, the Company recovered the investment in E.DYE in accordance with BOD's Resolution No. 15-2020/NQHDQT/TK and 16-2020/NQHDQT/TK dated 19 June 2019.

An analysis of the movement in the group's investment in an associate is as follows:

	<i>E.DYE Vietnam Joint Stock Company</i>	<i>VND'000 Total</i>
As at 31 December 2021		
Decrease		
Share in post-acquisition loss of the associate for the year	-	-
As at 31 March 2022	-	-
As at 31 December 2020	1,519,093	1,519,093

8. INVESTMENT IN AN ASSOCIATE AND OTHER NON-CURRENT FINANCIAL ASSETS (continued)

8.2 Other non-current financial assets

	<i>31 March 2022 VND'000</i>	<i>31 December 2021 VND'000</i>
Financial assets at fair value through profit or loss		
Non-listed equity investment (i)	6,097,134	6,097,134
Debt instruments at amortised cost		
Loan receivables (ii)	11,279,691	11,279,691
Total financial assets (other than cash and short-term deposits)	17,376,825	17,376,825
Total non-current	17,376,825	17,376,825

(i) Non-listed equity investment represent the investment in E.DYE Vietnam Joint Stock Company ("E.DYE"), 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, amounting to VND'000 6,097,134. 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.

(ii) 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.

9. FAIR VALUE MEASUREMENT

Century Synthetic Fiber Corporation

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued) for the quarter ended 31 March 2022

As the consolidated financial statements of the Group have been prepared on a historical cost basis, the fair value measurement hierarchy of the Group's assets and liabilities is not disclosed in this section.

10. INCOME AND EXPENSES

10.1 Other operating income

	Quarter 1-2022	Quarter 1-2021
	VND'000	VND'000
Foreign exchange gains	1,694,282	668,286
Scrap sale	118,852	222,156
Total other operating income	1,813,134	890,442

10.2 Other operating expenses

	Quarter 1-2022	Quarter 1-2021
	VND'000	VND'000
Foreign exchange losses	3,719,708	1,588,629
Tax penalty	236	2,569
Total other operating expenses	3,719,944	1,591,198

10. OTHER INCOME AND EXPENSES (continued)

10.3 Finance costs

	Quarter 1-2022	Quarter 1-2021
	VND'000	VND'000
Interest on debts and borrowings	1,245,768	1,486,795

10.4 Finance income

	Quarter 1-2022	Quarter 1-2021
	VND'000	VND'000
Interest income	3,214,816	405,521

10.5 Selling and distribution expenses

	Quarter 1-2022	Quarter 1-2021
	VND'000	VND'000
Transportation expense	3,387,448	3,429,477
Letter of credit and documentary fees	1,585,667	2,670,082
Commission fee	778,488	842,983
Others	663,203	437,770
Total selling and distribution expenses	6,414,805	7,380,313

Century Synthetic Fiber Corporation

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
for the quarter ended 31 March 2022

10.6 Administrative expenses

	Quarter 1-2022	Quarter 1-2021
	VND'000	VND'000
Labour costs	8,495,539	8,538,995
Expenses for external services	3,651,546	4,698,267
Stationery and other tools costs	576,106	572,113
Depreciation and amortisation expenses	3,066,213	2,761,215
Others	754,320	707,433
Total administrative expenses	16,543,724	17,278,023

10.7 Production and operating costs

	Quarter 1-2022	Quarter 1-2021
	VND'000	VND'000
Raw materials	401,122,800	324,957,589
Expenses for external services	74,607,795	80,729,266
Depreciation and amortisation (Notes 13 and 14)	33,640,132	31,929,819
Labour costs	40,085,389	40,035,771
Other expenses	1,228,569	1,117,994
Total production and operating costs	550,684,685	478,770,439

11. 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.

11.1 Current CIT

The major components of income tax expense for the ended quarter/year or accumulated to the year 2022 as compared to 2021 are as follows:

Quarter 1-2022	Quarter 1-2021
VND'000	VND'000

Century Synthetic Fiber Corporation

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
for the quarter ended 31 March 2022

Current income tax:

Current income tax charge	12,516,585	11,554,578
Adjustment in respect of (over) under income tax of previous years	(668,135)	3,334,418

Deferred tax:

Relating to origination and reversal of temporary differences	877,146	566,406
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Income tax expense reported in the statement of profit or loss	12,725,596	15,455,402
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11. CORPORATE INCOME TAX (continued)

11.1 Current CIT (continued)

Reconciliation of tax expense and the accounting profit multiplied by Vietnam's applicable tax rate for 2022 and 2021 is presented as follows:

	<i>Quarter 1-2022</i>	<i>Quarter 1-2021</i>
	<i>VND'000</i>	<i>VND'000</i>
Accounting profit before tax from continuing operations	89,445,938	86,453,832
At the applicable income tax rate for the Group	17,889,188	17,290,766
<i>Adjustments:</i>		
Non-deductible expenses	173,832	160,944
Income tax incentive at Trang Bang branch	(4,714,010)	(6,835,687)
Adjustment in respect of under income tax of previous years	(668,135)	3,334,418
Unrealised profit	44,721	1,504,961
Income tax expense reported in the statement of profit or loss	12,725,595	15,455,402

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 statement of profit or loss, 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.

11.2 Deferred tax

Deferred tax relates to the following:

	<i>Consolidated statement of financial position</i>		<i>Consolidated statement of profit or loss</i>	
	<i>31/03/2022</i>	<i>31/12/2021</i>	<i>Quarter 1-2022</i>	<i>Quarter 1-2021</i>
	<i>VND'000</i>	<i>VND'000</i>	<i>VND'000</i>	<i>VND'000</i>
Accrual for salaries and bonus	1,475,622	2,362,960	887,338	760,142
Tax loss carry forward	-	-	-	-
Provision for obsolete inventory	337,151	337,151	-	-
Accrued expenses	272,202	262,105	(10,097)	2,767
Provision for import duties	-	-	-	-

Century Synthetic Fiber Corporation

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued) for the quarter ended 31 March 2022

Accrual for severance pay	55,875	45,886	(9,989)	
Foreign exchange arising from revaluation of monetary accounts denominated in foreign currency	44,721	54,616	9,895	(196,503)
Deferred tax (expense) benefit			877,146	566,406
Net deferred tax assets	2,185,572	3,062,718		

12. EARNINGS PER SHARE (EPS)

Basic EPS is calculated by dividing the profit for the year attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares outstanding during the year.

Diluted EPS is calculated by dividing the profit attributable to ordinary equity holders of the parent (after adjusting for interest on the convertible preference shares) 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.

The following table reflects the income and share data used in the basic and diluted EPS calculations:

	Quarter 1-2022 VND'000	Quarter 1-2021 VND'000
Profit attributable to ordinary equity holders of the parent adjusted for the effect of dilution		
Continuing operations	76,720,342	70,998,430
Profit attributable to ordinary equity holders of the parent for basic earnings	76,720,342	70,998,430
Profit attributable to ordinary equity holders of the parent adjusted for the effect of dilution	76,720,342	70,998,430
	31/03/2022	31/12/2021
Weighted average number of ordinary shares for basic EPS	70,726,944	70,726,944
Weighted average number of ordinary shares adjusted for the effect of dilution	70,726,944	70,726,944

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

Century Synthetic Fiber Corporation

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
as at 31 December 2021 and for the year then ended

13. PROPERTY, PLANT AND EQUIPMENT

	<i>Building and structures</i>	<i>Machinery equipment</i>	<i>Mean of transportation</i>	<i>Office equipment</i>	<i>Construction in progress</i>	<i>Total</i>
	<i>VND'000</i>	<i>VND'000</i>	<i>VND'000</i>	<i>VND'000</i>	<i>VND'000</i>	<i>VND'000</i>
Cost						
At 01 January 2021	304,608,626	1,595,697,448	181,779,818	4,791,726	564,242	2,087,441,860
Additions	-	2,412,019	988,720	-	-	3,400,739
New purchases	-	-	-	-	23,613,890	23,613,890
At 31 December 2021	<u>304,608,626</u>	<u>1,598,109,467</u>	<u>182,768,538</u>	<u>4,791,726</u>	<u>24,178,132</u>	<u>2,114,456,489</u>
Additions	-	-	-	-	-	-
New purchases	-	4,602,802	1,564,340	-	-	6,167,142
At 31 March 2022	<u>304,608,626</u>	<u>1,602,712,269</u>	<u>184,332,878</u>	<u>4,791,726</u>	<u>24,178,132</u>	<u>2,120,623,631</u>
<i>In which:</i>						
<i>Fully depreciated</i>	<i>86,363,990</i>	<i>359,463,264</i>	<i>37,633,962</i>	<i>1,846,156</i>	<i>-</i>	<i>485,307,372</i>

Century Synthetic Fiber Corporation

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
as at 31 December 2021 and for the year then ended

13. PROPERTY, PLANT AND EQUIPMENT (continued)

	<i>Building and structures</i>	<i>Machinery equipment</i>	<i>Mean of transportation</i>	<i>Office equipment</i>	<i>Construction in progress</i>	<i>Total</i>
	<i>VND'000</i>	<i>VND'000</i>	<i>VND'000</i>	<i>VND'000</i>	<i>VND'000</i>	<i>VND'000</i>
Depreciation and impairment						
At 1 January 2021	141,507,678	884,622,420	126,878,551	4,509,726	-	1,157,518,375
Depreciation for the year	9,432,289	80,964,125	16,899,734	108,440	-	107,404,588
Additions						
At 31 December 2021	150,939,967	965,586,545	143,778,285	4,618,166	0	1,264,922,963
Depreciation for the year	2,312,469	26,769,635	4,250,104	16,110	-	33,348,318
At 31 March 2022	153,252,436	992,356,180	148,028,389	,634,276	0	1,298,271,281
Net book value						
At 31 December 2021	153,668,659	632,522,922	38,990,253	173,560	24,178,132	849,533,526
At 31/03/2022	151,356,190	610,356,089	36,304,489	157,450	24,178,132	822,352,350
<i>In which:</i>						
<i>Pledged as loan security (Note 6)</i>	<i>115,470,233</i>	<i>603,890,716</i>	<i>121,424,362</i>	<i>4,505,371</i>	<i>-</i>	<i>845,290,682</i>

Century Synthetic Fiber Corporation

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
as at 31 December 2021 and for the year then ended

14. INTANGIBLE ASSETS

	<i>Land use rights (*) VND'000</i>	<i>Computer software VND'000</i>	<i>Total VND'000</i>
Cost			
At 01 January 2021,			
	119,020,146	14,385,299	133,405,445
Reclassification and 31 December 2021			
Reclassification	1,282,581	0	1,282,581
At 31 March 2022	120,302,727	14,385,299	134,688,026
<i>In which:</i>			
<i>Fully amortised</i>	-	13,834,916	13,834,916
Amortisation and impairment			
At 01 January 2021	3,632,168	14,174,319	17,806,487
Amortisation for the year	1,576,289	110,077	1,686,366
At 31 December 2021	5,208,457	14,284,396	19,492,853
Amortisation for the year	264,295	27,519	291,814
Reclassification	3,082,863		
At 31 March 2022	8,555,615	14,311,915	19,784,667
Net book value			
At 31 December 2021	113,811,689	100,903	113,912,592
At 31 March 2022	111,747,112	73,384	111,820,496

(*) As disclosed in Note 6, the Group has pledged the land use rights to secure the bank loan facilities.

15. FINANCIAL ASSETS AND FINANCIAL LIABILITIES

15.1 Financial assets

	<i>31/03/2022 VND'000</i>	<i>31/12/2021 VND'000</i>
Debt instruments at amortised cost		
Financial assets at amortised cost (*)	0	-
Trade receivables (Note 17)	201,120,012	142,588,508
Cash and short-term deposits	509,392,338	366,205,978
Total financial assets	710,512,350	508,794,486
Total current	710,512,350	508,794,486

Debt instruments at amortised cost include trade receivables and receivables from related parties.

Century Synthetic Fiber Corporation

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

as at 31 December 2021 and for the year then ended

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

15. FINANCIAL ASSETS AND FINANCIAL LIABILITIES (continued)

15.2 Financial liabilities: Interest-bearing loans and borrowings

(i) Current interest-bearing loans and borrowings from banks

	31/03/2022	31/12/2021
	VND'000	VND'000
Current loans and borrowings	347,005,820	321,327,876
Loans from commercial banks	347,005,820	321,327,876
Current portion of loans from commercial banks	-	-
Non-current loans and borrowings	-	-
Loans from commercial banks	-	-
	347,005,820	321,327,876

Details of short-term loans from commercial banks are as follows:

	31/03/2022	31/12/2021
	VND'000	VND'000
Joint Stock Commercial Bank for Foreign Trade of Vietnam – Ho Chi Minh Branch	236,249,342	187,762,576
Woori Bank Vietnam Limited – Sai Gon Branch	41,927,354	-
CTBC Bank Co., Ltd	24,084,700	40,739,036
Eximbank	44,744,424	0
Orient Commercial Joint Stock Bank	-	92,826,264
	347,005,820	321,327,876

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

	31/03/2022	31/12/2021
	VND'000	VND'000
	-	-
	-	-
TOTAL	-	-
<i>In which:</i>		
Current portion	-	-
Non-current portion	-	-

Century Synthetic Fiber Corporation

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
as at 31 December 2021 and for the year then ended

15. FINANCIAL ASSETS AND FINANCIAL LIABILITIES (continued)

15.2 Financial liabilities: Interest-bearing loans and borrowings (continued)

(ii) Details of loans and borrowing in original currencies

Currency	31/03/2022		31/12/2021	
	Original amount	VND'000 equivalent	Original amount	VND'000 equivalent
USD	15,286,600	347,005,820	14,192,927	321,327,876

(iii) Details of loans and borrowings by collaterals

	31/03/2022	31/12/2021
	VND'000	VND'000
Unsecured borrowings	347,005,820	321,327,876
Borrowings secured by funded assets	-	-
	347,005,820	321,327,876

15.3 Fair values

Disclosure of the fair values of financial instruments is not required when the carrying amount is a reasonable approximation of fair value (e.g., short-term trade receivables and payables). Therefore, comparison, by class, of the carrying amounts and fair values of the Group's financial instruments that are carried in the financial statements is not provided herewith.

15.4 Financial instrument risk management objectives and policies

The Group's principal financial liabilities comprise loans and borrowings, and trade payables. The main purpose of these financial liabilities is to finance the Group's operations. The Group has trade receivables, and cash and short-term deposits that arise directly from its operations. The Group also holds investments in debt instruments.

The Group is exposed to market risk, credit risk and liquidity risk. The Group's senior management oversees the management of these risks. Risk management is integral to the whole business of the Group. The Group has a policy of controls in place to create an acceptable balance between the cost of risks occurring and the cost of managing the risks. Management continually monitors the Group's risk management process to ensure that an appropriate balance between risk and control is achieved.

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

Market risk

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

The sensitivity analyses in the following sections relate to the position as at 31 December in 2021 and at 31 March 2022.

Century Synthetic Fiber Corporation

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
as at 31 December 2021 and for the year then ended

15. FINANCIAL ASSETS AND FINANCIAL LIABILITIES (continued)

15.4 Financial instrument risk management objectives and policies (continued)

Market risk (continued)

The sensitivity analyses have been prepared on the basis that the amount of net debt, the ratio of fixed to floating interest rates of the debt and the proportion of financial instruments in foreign currencies are all constant.

In calculating the sensitivity analyses, management assumed that the statement of the balance sheet relates to available-for-sale debt instrument; the sensitivity of the relevant statement of profit or loss item is the effect of the assumed changes in respective market risks. This is based on the financial assets and financial liabilities held at 31 December 2021 and 2020.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to market risk for changes in interest rate relates primarily to the Group's long-term debts.

The Group manages interest rate risk by keeping close watch on the relevant market situation, and adapt its level as well as financing strategies to the prevailing.

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

Foreign currency risk

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

Foreign currency sensitivity

The following table demonstrates the sensitivity to a reasonably possible change in the USD exchange rate, with all other variables held constant. The impact on the Group's profit before tax is due to changes in the fair value of monetary assets and liabilities. The Group's exposure to foreign currency changes for all other currencies is not material.

	Change in USD rate	Effect on profit before tax VND'000
31/03/2022		
USD	1%	-5,403,593
USD	-1%	5,403,593
31/12/2021		
USD	2%	(10,963,727)
USD	-2%	10,963,727

Century Synthetic Fiber Corporation

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
as at 31 December 2021 and for the year then ended

15. FINANCIAL ASSETS AND FINANCIAL LIABILITIES (continued)

15.4 Financial instrument risk management objectives and policies (continued)

Credit risk

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

Trade receivables

Customer credit risk is managed by the Group based on its established policy, procedures and control relating to customer credit risk management.

Outstanding customer receivables are regularly monitored and any shipments to major customers are generally covered by letters of credit.

The requirement for impairment is analyzed at each reporting date on an individual basis for major clients. The Group seeks to maintain strict control over its outstanding receivables. In view of the aforementioned and the fact that the Group's trade receivables relate to a large number of diversified customers, there is no significant concentration of credit risk.

Liquidity risk

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

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

Excessive risk concentration

Concentrations arise when a number of counterparties are engaged in similar business activities, or activities in the same geographical region, or have economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentrations indicate the relative sensitivity of the Group's performance to developments affecting a particular industry.

In order to avoid excessive concentrations of risk, the Group's policies and procedures include specific guidelines to focus on the maintenance of a diversified portfolio. Identified concentrations of credit risks are controlled and managed accordingly.

The table below summarises the maturity profile of the Group's financial liabilities based on contractual undiscounted payments:

	<i>Less than 1 year</i>	<i>From 1 to 5 years</i>	<i>Total</i>
	<i>VND'000</i>	<i>VND'000</i>	<i>VND'000</i>
31/03/2022			
Interest-bearing loans and borrowings	347,005,820	-	347,005,820
Trade and other payables	395,887,650	-	395,887,650
	742,893,470	0	742,893,470

Century Synthetic Fiber Corporation

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
as at 31 December 2021 and for the year then ended

15. FINANCIAL ASSETS AND FINANCIAL LIABILITIES (continued)

15.4 Financial instrument risk management objectives and policies (continued)

Excessive risk concentration (continued)

	<i>Less than 1 year</i>	<i>From 1 to 5 years</i>	<i>Total</i>
	<i>VND'000</i>	<i>VND'000</i>	<i>VND'000</i>
31/12/2021			
Interest-bearing loans and borrowings	321,327,876	-	321,327,876
Trade and other payables	383,775,991	-	383,775,991
	705,103,867	-	705,103,867

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

16. INVENTORIES

	<i>31/03/2022</i>	<i>31/12/2021</i>
	<i>VND'000</i>	<i>VND'000</i>
Goods in transit (at cost)	111,708,454	69,083,156
Raw materials (at lower of cost and net realisable value)	0	-
Finished goods (at lower of cost and net realisable value)	33,883,691	16,351,481
Total inventories at the lower of cost and net realisable value	42,551,766	42,013,872

17. TRADE AND OTHER RECEIVABLES

	<i>31/03/2022</i>	<i>31/12/2021</i>
	<i>VND'000</i>	<i>VND'000</i>
Receivables from third-party customers	111,708,454	69,083,156
Receivables from related parties (Note 23)	0	-
Advances to suppliers	33,883,691	16,351,481
Value-added tax deductibles	42,551,766	42,013,872
Tax and other receivable from the state	10,746,251	13,551,830
Others	2,229,849	1,588,169
TOTAL	201,120,012	142,588,508

Trade receivables are non-interest bearing and generally on terms of 07 to 60 days.

Century Synthetic Fiber Corporation

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
as at 31 December 2021 and for the year then ended

18. CASH AND SHORT-TERM DEPOSITS

	31/03/2022	31/12/2021
	VND'000	VND'000
Cash on hand	311,717	35,847
Cash in banks	70,580,621	24,170,131
Short-term deposits	438,500,000	342,000,000
TOTAL	509,392,338	366,205,978

Cash at banks earns interest at floating rates based on daily bank deposit rates. Short-term deposits are made for varying periods of three months or less, depending on the immediate cash requirements of the Group, and earn interest at the respective short-term deposit rates.

19. ISSUED CAPITAL AND RESERVES

Authorised shares

	31/03/2022	31/12/2021
	VND'000	VND'000
Ordinary shares of VND 10,000 each	70,726,944	70,726,944
Ordinary shares issued and fully paid		

	Share	VND'000
At 1 January 2021	70,726,944	707,269,440
Additional share issuance	-	-
At 31 December 2021	70,726,944	707,269,440
Additional share issuance	-	-
At 31 March 2022	70,726,944	707,269,440

Share premium

	VND'000
At 1 January 2021 and 31 December 2021	35,093,199
Transaction costs for issued share capital	-
At 1 January 2022 and 31 March 2022	35,093,199

20. DISTRIBUTIONS MADE AND PROPOSED

	31/03/2022	31/12/2021
	VND'000	VND'000
Cash dividends on ordinary shares declared and paid		102,277,941
Cash dividends on ordinary shares declared but not paid	262,660	262,660

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
as at 31 December 2021 and for the year then ended

21. TRADE AND OTHER PAYABLES

	31/03/2022	31/12/2021
	VND'000	VND'000
Financial liabilities		
Trade payables (*)	313,868,109	291,395,910
Payables to employees	21,316,930	26,624,030
Accrued utilities	6,895,203	7,191,132
Accrued interest payables	121,028	76,632
Accrued sales commission	1,115,104	868,166
Other payables	6,711,069	5,971,065
Other accruals	49,033	130,335
	350,076,476	332,257,270
Non-financial liabilities		
Advances from customers	25,085,476	41,623,437
Statutory obligations	16,155,196	5,311,228
Bonus and welfare funds	4,570,501	4,584,056
	45,811,174	51,518,721
Total liabilities	395,887,650	383,775,991

(*) Trade payables are non-interest bearing and are formally settled on average 30 days.

Terms and conditions of the above financial liabilities:

- ▶ Trade payables are non-interest bearing and are normally settled on 7-day terms.
- ▶ Other payables are non-interest bearing and have an average term of one month.
- ▶ Interest payable is normally settled monthly throughout the financial year.
- ▶ For terms and conditions with related parties, refer to Note 23.
- ▶ For explanations on the Group's liquidity risk management processes, refer to Note 15.4.

22. COMMITMENTS AND CONTINGENCIES

Operating lease commitments - Group as a lessee

The Group has entered into operating leases on certain motor vehicles and infrastructure, with lease terms of one year and thirty five years.

Future minimum rentals payable under non-cancellable operating leases as at 31 March 2022 are, as follows:

	31/03/2022	31/12/2021
	VND'000	VND'000
Within one year	3,483,781	340,500
After one year but not more than five years	3,859,322	1,362,000
More than five years	9,902,875	9,902,875
	17,245,978	11,605,375

Century Synthetic Fiber Corporation

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
as at 31 December 2021 and for the year then ended

23. RELATED PARTY DISCLOSURES

Note 7 provides information about the Group's structure, including details of the subsidiary and the holding company. The following table provides the total amount of transactions that have been entered into with related parties for the relevant financial year.

<i>Related parties</i>	<i>Relationship</i>	<i>Transactions</i>	<i>Quarter 1-2022</i> VND'000	<i>Quarter 1-2021</i> VND'000
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	0	14,962,848

The amounts are classified as trade receivables and trade payables, respectively (see Notes 17 and 21).

<i>Related parties</i>	<i>Relationship</i>	<i>Transaction</i>	<i>31/03/2022</i> VND'000	<i>31/12/2021</i> VND'000
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Trade and other receivable

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	-	-
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Century Synthetic Fiber Corporation

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
as at 31 December 2021 and for the year then ended

23. RELATED PARTY DISCLOSURES (continued)

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

	<i>Current year</i>	<i>Previous year</i>
	<i>VND'000</i>	<i>VND'000</i>
Management	924,955	904,035
Board of Directors	318,750	246,000
Board of Supervision	45,000	45,000
TOTAL	1,288,705	1,195,035

24. NEW STANDARDS AND INTERPRETATIONS NOT YET ADOPTED

A number of new standards, amendments to standards and interpretations are effective for annual/quarterly periods beginning on or after 1 January 2021, and have not been applied in preparing these consolidated financial statements. None of these are expected to have a significant effect on the consolidated financial statements of the Group.

25. EVENTS AFTER THE REPORTING 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.

26. APPROVAL FOR ISSUE

The consolidated financial statements as at 31 March 2022 and for the quarter then ended were authorised for issue on 20 April 2022 by the Board of Directors.

Preparer
Phan Thanh Phu

Chief Accountant
Phan Nhu Bich

General Director
Dang Trieu Hoa

20 April 2022