

# 2021

**ANNUAL  
REPORT**

**Fire proves  
gold**

**Adversity  
proves men**

## I.ABOUT THE REPORT

The Annual Report of Century Synthetic Fiber Corporation for year 2021 provides a full range of financial and non-financial information related to environment, labor and society in the fiscal year 2021.

The report is issued in the electronic PDF format and publicly posted on the Company's Website at the link [www.theky.vn](http://www.theky.vn). The report is written in Vietnamese and translated into English.

### I.1 Theme of the Report

#### FIRE PROVES GOLD, ADVERSITY PROVES MEN

### I.2 Assurance of accuracy and integrity of the Report

- ✓ Components of the Report
  - Annual Report
  - Corporate Governance Report
  - Sustainable Development Report
  - Audited Consolidated Financial Statements
  - IFRS Audited Financial Statements
- ✓ Scope of the Report

The fiscal year is from January 1st, 2021 to December 31st, 2021
- ✓ Applied standards
  - Circular 96/2020/TT-BTC
  - Vietnam accounting standards
  - ASEAN corporate governance scorecards
  - ISO standards
  - GRS certificate, Oekotex-100.
- ✓ Responsibility for ensuring the information to be accurate and trustworthy
  - The financial data is consistent with the independent audited financial reports by E&Y Ltd.
  - Data on global and Vietnam's industry comes from Customs departments of the relevant markets; published reports on macro economy-industry.
  - Data of the Company's operations.
  - BOD and BOS reports are in line with FY2020 Corporate Governance Report.
  - Shareholder information is provided by Vietnam depository department.

### I.3 Message of Chairperson

Dear esteemed shareholders and investors,

First of all, as the Chair Person of the Board of Directors of Century Synthetic Fiber Corporation ("STK"), on behalf of the Company I would like to extend our deep gratitude to our customers, partners, suppliers, staffs and shareholders for your continued supports to the Company's developments over the years.

It is my pleasure to share with you the Annual report for fiscal year 2021 of Century Synthetic Fiber Corporation. I hope that the report will provide useful information on STK's operation in the passing year as well as the Company's vision and business strategy in the coming years.

Despite recovery and early burgeoning of the business in Q1-2021, in the following quarters, STK encountered various difficulties and challenges which were unprecedented in the Company's more than 20 years of development. I'm very proud that the Company's Management Team as well as staffs successfully maintained seamless operation in both Trang Bang and Cu Chi factories in Q3-2021 and early Q4-2021 when southern provinces of Vietnam faced a devastating and ferocious outbreak of covid 19 during that time. Thanks to the success in maintaining production and business activities, the Company has ensured livelihoods for employees as well as an undisrupted supply of goods for customers. As a result, the Company was able to quickly restore business operations right after the social distancing measures and on-site production activities ended. The Company's revenue and profit has increased by 16% and 93%, respectively as compared to 2020. In particular, 2021 profit hit the record high in the Company's 21 years of operation.

The above achievement is an attestation for the Company's right business orientation and determination in reaching its goals. Harmonizing the interests of stakeholders (customers, partners, suppliers, employees, shareholders and the social community) as well as focusing on environmental protection are strong foundations for STK to achieve sustainable growth.

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

The company will also continuously improve corporate governance by strengthening the interests of all parties involved.

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

**CHAIRPERSON**



**DANG MY LINH**

## **I.4 Message of Managing Director**

Dear valued shareholders and investors,

Vietnamese textile and garment enterprises in general and STK in particular have experienced a horrendous 2021. While the demand for textiles and garments in Vietnam's main export markets (US, EU) has recovered marvelously in 2021, the violent covid outbreak in the southern region of Vietnam which lasted from April to the end of 2021 has deprived us of a chance to benefit.

The application of social distancing measures to prevent the epidemic as well as the adoption of 3-in-place production at both Cu Chi and Trang Bang factories has reduced the Company's production capacity by about 40-45% for the period from July to October 2021. After lockdown was lifted, in the second half of November to the end of December 2021, about 30% of the Company's workers who were infected with Covid-19 had to take short leave for medical treatment, also affecting the Company's ability to restore capacity.

Besides, the disruption of the supply chain, high input costs and transportation costs also posed significant challenges to the Company.

In that context, proper product structure which focuses on environmentally friendly and high value added products as well as the persistent application of modern management measures in order to ensure fast delivery, low production costs and competitive pricing, the right human resource policy that the company has long applied coupled with the flexibility and business acumen to the ever-changing environment have brought fruitful results.

While the Company only achieved 86.6% of 2021 targeted revenue, the profit after tax surpassed the annual target by 12.2%. Despite short of production capacity and orders for recycled yarn in the 2<sup>nd</sup> half of 2021, the portion of recycled product in total revenue still reach 50%, increasing 30% as compared to 2020, indirectly contributing to recycling of 3.04 billion post-consumer used bottles. In 2021, STK successfully implemented 2 solar rooftop projects at Cu Chi and Trang Bang factories. These 2 projects meet 10% of the Company's electricity need, helping the Company to cut carbon footprint by 10.7% each year and 530 thousand of CO<sub>2</sub> for the whole project life. STK's achievements in environmental protection and social responsibility enables it to further integrate with supply chain of leading brandnames.

The prospect of global garment and textile sector is predicted to be brighter in 2022 based on the expectation that people will return to normal life in major consuming market (US, EU, Japan – which have high vaccination rate) and continued development of e-commerce channel of the leading brandnames. On the other hand, the war in Ukraine, inflation pressure and risk of new Covid variants which may cause rolled out of pandemic outbreak and reactivation of social distancing measures, coupled with prolonged challenges from disrupted supply chain, ship and container shortage which is forecasted to last until the end of 2022, may slow down the industry's pace of recovery.

The mega trends that started in previous years such as the trend of being environmentally friendly have been going vigorously. Particularly, the fashion industry's strong commitments to fight climate changes and protect environment have been pushing the demand for environmentally friendly products such as recycled, dope dyed colour yarn as well as closer cooperation between the leading brandnames (such as Nike, Adidas, H&M, Inditex, Uniqlo, Decathlon, etc.) with members in their supply chains to fulfill their environment protection commitments.

To cater customers' growing demand for eco-friendly products, STK will continue developing new functionality for recycled product such as anti-UV, hollow, high stretch yarn, etc and develop new colour. The Company set targeted contribution of recycled yarn in total revenue at 54% for 2022.

The Company will kick off construction of Unitex factory in 2022 in order to meet customer's growing demand. The Company will be steadfast in carrying out environment protection policies, boosting the sustainable production and consumption. Besides, following the success of previous information technology projects such as ERP - SAP project, POC, human resource management software, STK will continue to deploy information technology projects such as smart factories, production planning software, automation of packaging line, upgrading of SAP system in order to improve the operational efficiency of the Company.

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

**MANAGING DIRECTOR**



**DANG TRIEU HOA**

## II. ABOUT CENTURY

Trading name: Century Corp.

Stock code: CENTURY (HSX)

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

Branch: Street 8, Trang Bang Industrial Zone, Trang Bang District, TayNinh Province

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

Chartered Capital: VND 707,269,440,000

Telephone: + 84.028 3790 7565 / +84.276 389 9536

Fax: +84.028 3790 7566 / +84.276 389 9537

Email: csf@century.vn

Website: www.theky.vn

Tax Registration Number: 0302018927

### II.1 Highlights

↑ Increasing Recycled yarn contribution: 50% (of 2021 revenue)

↑ Increasing Dope Dyed yarn sales: rise by 2x as compared to 2020

↑ Using energy from renewable sources: rooftop solar project: saving 10%.

↑ Increasing Re-PET chips from wasted yarn: 6.85%

↑ Expansion project to produce more Recycled yarn

Revenue: VND2,042 bil. ↑ 15.7% YoY  
 Profit: VND278.6 bil. ↑ 92.9% YoY  
 Total Assets: VND1,972 bil. ↑ 15.8% YoY

← **Route to cut down Greenhouse gas emission**



#### 2021 Listed Companies Award held by HOSE

Ranked in Top **10** for the Best Annual Report of Mid-Cap Companies.

Ranked in **2<sup>nd</sup> place** for the Best Sustainability Report (for the 6<sup>th</sup> consecutive year).

#### Corporate Social Index 100 Award: Top 100 Vietnam Sustainable Companies

Ranked in top **100** Vietnam Sustainable Companies (for the 6<sup>th</sup> consecutive year)

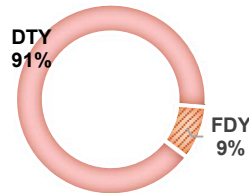
## II.2 Key milestones

<p><b>Established first factory at Cu Chi District</b>                  Established on 01/06/2000.                  Main product: DTY                  Initial designed capacity: 4,800 tons of DTY per year.</p>	<b>2000</b>
<p><b>Converted into JSC.–A strategic reform</b>                  Converted into a JSC. and the name was changed to Century Synthetic Fiber Corp.</p>	<b>2005</b>
<p><b>Completed fully-integrated chain</b>                  Completed the expansion up to 14,500 tons of POY per year &amp; 15,000 tons of DTY per year.</p>	<b>2008</b>
<p><b>Developed new product FDY</b>                  Raised the Company’s entire capacity to 37,000 tons of DTY and FDY and 29,500 tons of POY per year</p>	<b>2011</b>
<p><b>Officially listed on HOSE, successfully develop “Recycled yarn”.</b>                  Raising the total capacity to 52,000 tons of DTY and FDY per year.</p>	<b>2015</b>
<p><b>Began to produce Recycled yarn</b>                  Expanding Trang Bang factory in phase 4, raising total capacity of company to 60,000 tons of DTY and FDY per year.</p>	<b>2016</b>
<p><b>Taking advantage from markets, harvesting success</b>                  Raising total capacity to 63,300 tons per year.</p>	<b>2017</b>
<p><b>Consistently achieving targets</b>                  Net Profit increased by 20% y-o-y.                  Announcing the route of increasing the recycled yarn’s portion</p>	<b>2019</b>
<p><b>Remarkable recovery after the pandemic</b>                  Fulfilling the revised profit target for year 2020                  The strategic product Recycled yarn maintained high profit margin.                  Implementation of solar rooftop project</p>	<b>2020</b>
<p><b>Fire proves gold, adversity proves men</b>                  Implemented expansion project at its subsidiary.                  Solar Rooftop project has operated, reducing CO2 emission.                  Net profit of 2021 surpassed the budget.</p>	<b>2021</b>

## II.3 Industry and Business Areas

### II.3.1 Scope of business

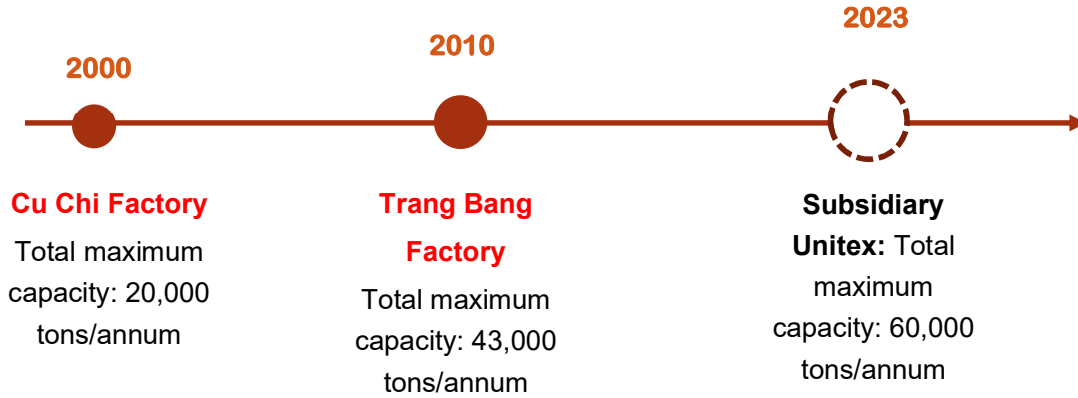
CENTURY manufactures and trades polyester filament yarns, including DTY (Drawn Textured Yarn) and FDY (Fully Drawn Yarn).



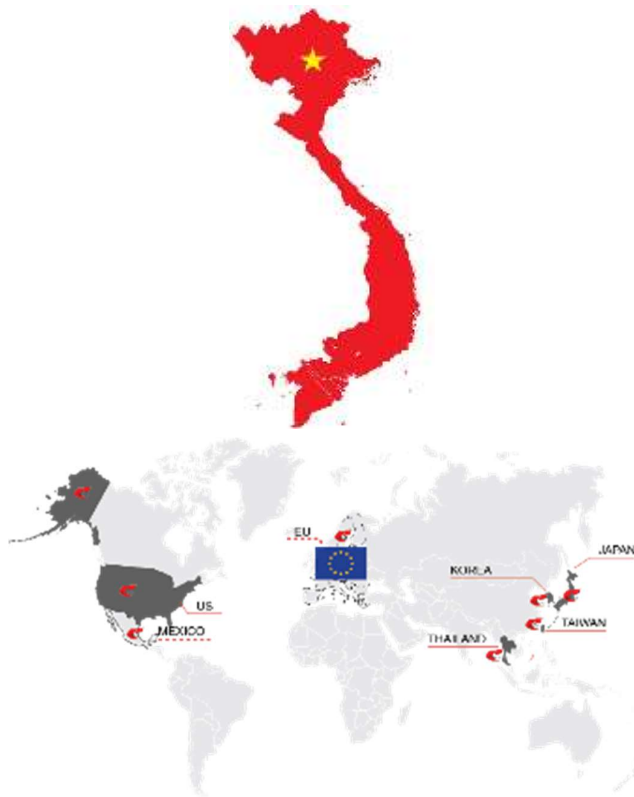
CENTURY's products are used to make sport clothes, sport shoes, swimming suits, polyester bags, curtains, car seat covers, medical bandages.

**II.3.2 Production capacity**

The Company has two factories located in Cu Chi and Trang Bang on a total area of 68.000 m<sup>2</sup>.



**II.3.3 Global presence**



— Markets have been developed  
 - - - Markets have been developing

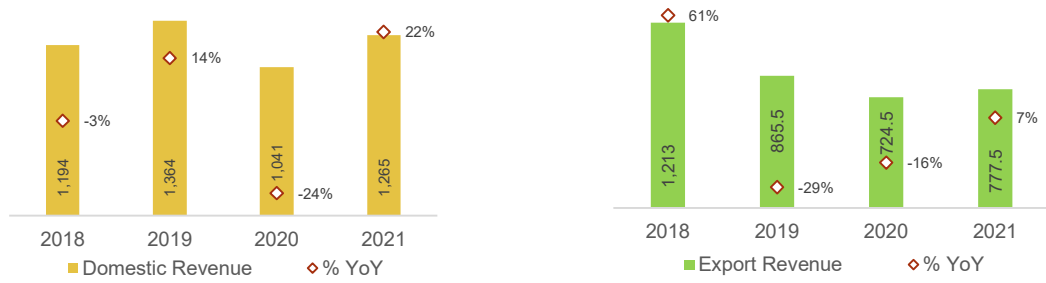
**DOMESTIC MARKET SHARE:** includes directly sales to customers in Vietnam and sales to foreign customers but delivery in Vietnam (local export).

Domestic revenue 2021 Contributing  
**VND 1,265 billion 62%**  
 Total revenue

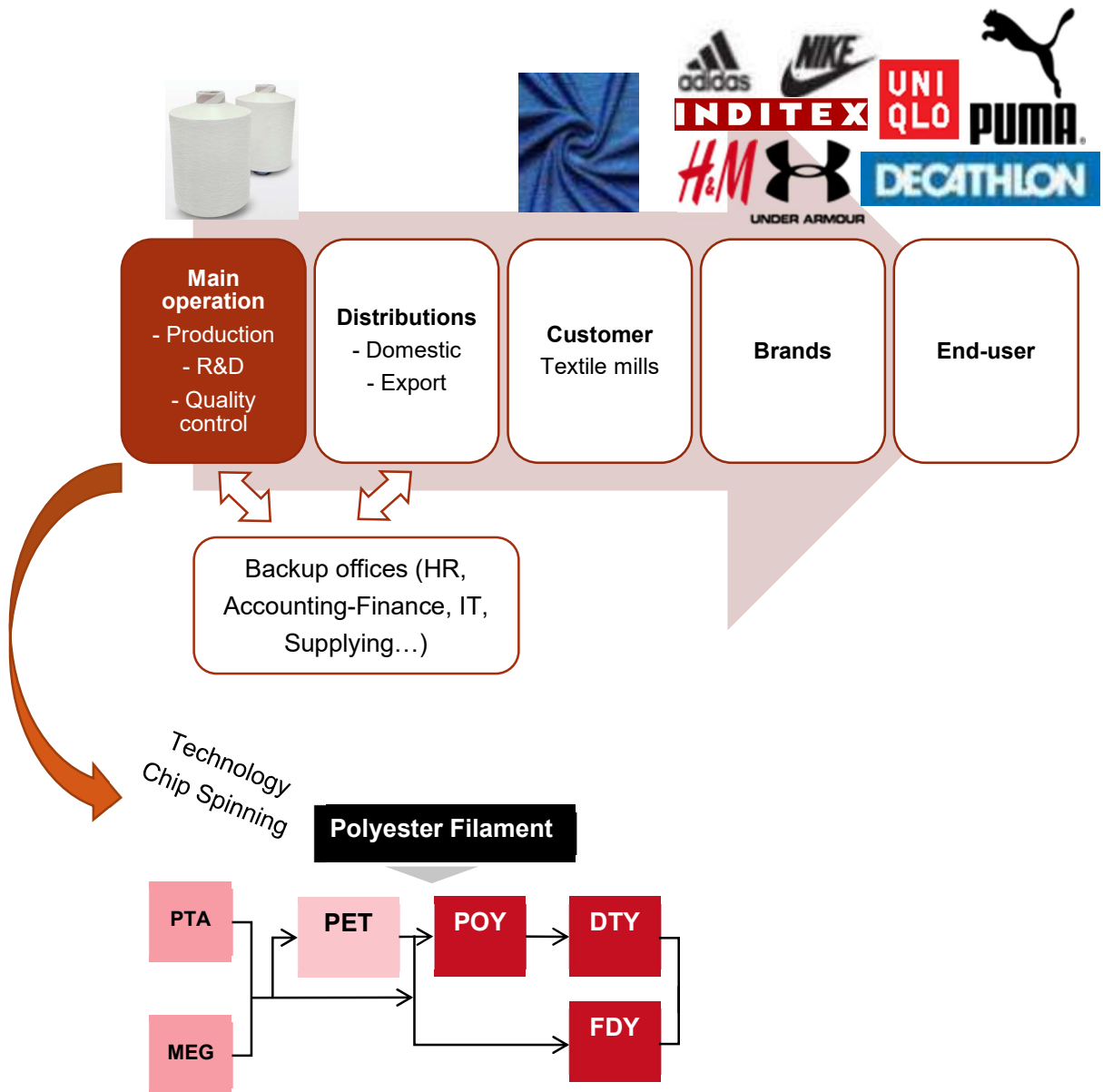
**EXPORT MARKET SHARE:** STK has been developing several export markets such as: the U.S., Japan, Thailand, Korea...

Export revenue 2021 Contributing  
**VND 777.5 billion 38%**  
 Total revenue





## II.4 Value chain



## II.5 Business philosophy



### VISSION

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



### MISSION

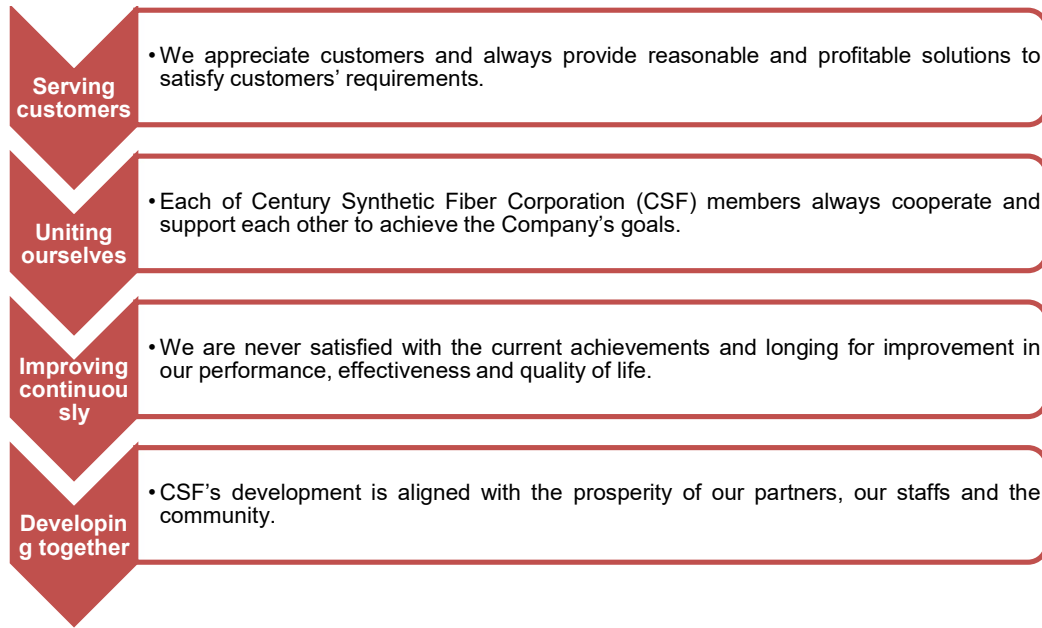
We adopt an advanced and environmentally friendly technology and modern management system, build up professional team and positive innovation corporate culture to contribute to our society, bring new and green products/services to the community by saving natural resource, energy and protecting natural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



### OUR COMMITMENTS

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

### OUR VALUES



**SERVING CUSTOMERS**

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

**UNITING OURSELVES**

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

**IMPROVING CONTINUOUSLY**

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

**DEVELOPING TOGETHER**

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

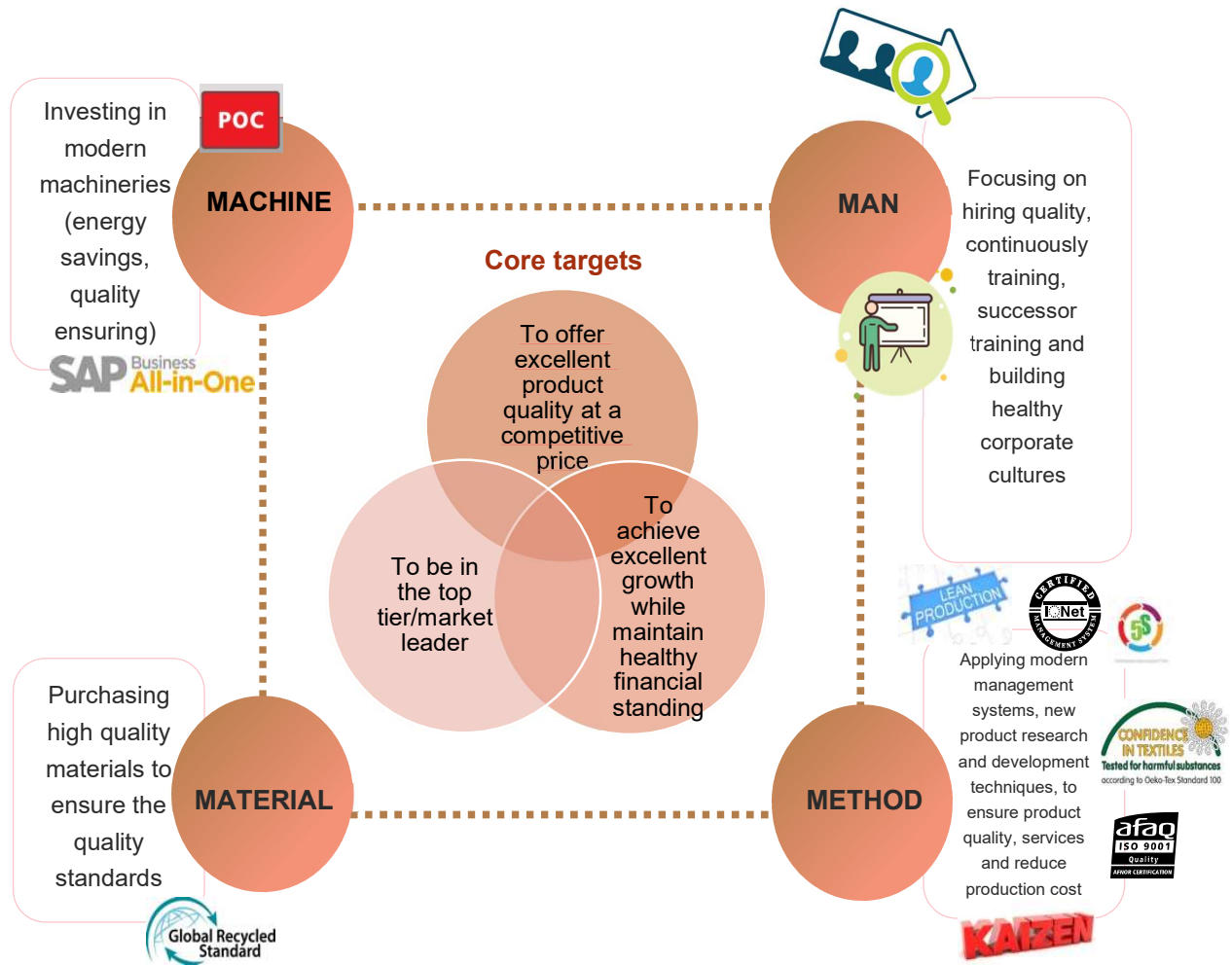
**CREATING SUSTAINABLE VALUES TO STAKEHOLDERS**

Stakeholders	Approaches for interaction and feedback	Scope of consultation and expectation of stakeholders	STK's actions to meet the expectation of stakeholders
Shareholders	<ul style="list-style-type: none"> <li>- Via General Meetings of Shareholders.</li> <li>- Direct meetings with investors.</li> <li>- The Company's seminars and factory visit programs.</li> <li>- Shareholder survey in writing, phone calls, and emails.</li> <li>- IR newsletter, Investor Day, Analyst's meetings.</li> </ul>	<ul style="list-style-type: none"> <li>- Transparent information to shareholders.</li> <li>- Protection of investor interests.</li> <li>- Good corporate governance.</li> <li>- The Company's orientations for sustainable development.</li> <li>- Effective use of investment capital.</li> <li>- The Company's attention to social issues, environment, and community.</li> <li>- Dividends payment to investors.</li> <li>- The remuneration of BOD, BOS, and BOM.</li> <li>- The enterprise's value.</li> <li>- The share liquidity and investment opportunities.</li> </ul>	<ul style="list-style-type: none"> <li>- Sales revenue reached VND 2,042, profit after tax reached VND278.5 billion, completed 112% of the set plan.</li> <li>- Expanded into new markets: gradually developing more customers in the US market.</li> <li>- Increased the proportion of recycled yarn in total revenue to 50% by 2021.</li> <li>- Issuing rate of 20% to existing shareholders at the price of 10,000 VND/share.</li> <li>- Developed new products with many features and was environmentally friendly (Recycle Plus).</li> <li>- Strictly complied with regulations on information disclosure.</li> <li>- Commitment to pay at least 15% dividend per year.</li> <li>- Paid dividends to shareholders at the rate of 15% in cash for the fiscal year 2020.</li> <li>- Diversified information disclosure channels.</li> </ul>
Customers	<ul style="list-style-type: none"> <li>- Direct exchange of information with customers.</li> <li>- Meetings, company visits by customers.</li> <li>- Customer survey and questionnaires.</li> <li>- The Company's website</li> <li>- Seminar, industry association forum.</li> <li>- Email, phone calls.</li> </ul>	<ul style="list-style-type: none"> <li>- Company's operation is stable, safe, and reliable.</li> <li>- High quality of products and services.</li> <li>- Competitive prices.</li> <li>- Attractive terms of the contract.</li> <li>- Outstanding customer service.</li> <li>- Good technical and operational capacity.</li> <li>- Professionalism in providing services.</li> <li>- High value-added products.</li> <li>- Safe products which do not contain toxic substances.</li> </ul>	<ul style="list-style-type: none"> <li>- Researching and developing premium finer yarns.</li> <li>- Ensuring the Company's product quality, building up the trust of customers.</li> <li>- Strengthening professional knowledge of the Company's sales team and quality management team.</li> <li>- Delivery on time and no shortage of goods.</li> <li>- Continuously train domestic and export sales team resources.</li> <li>- Enhancing the customer's service quality.</li> <li>- The Company's product is certified by the SGS organization to be free of toxic substances (REACH 168).</li> <li>- The Company's product is certified with OEKO –TEX 100 standard, proving that the Company's product does not contain toxic substances harming to customer's health.</li> <li>- Obtaining GRS certificate (Global Recycle Standard).</li> <li>- The Company was highly appreciated by its domestic and international customers.</li> </ul>

Employees	<ul style="list-style-type: none"> <li>- Weekly vision and mission program.</li> <li>- Monday meetings.</li> <li>- Periodical dialogue with employees.</li> <li>- At the Employee Benefits Conference.</li> <li>- Direct communication with management level.</li> <li>- Direct communication with the Human Resource department.</li> <li>- Collective negotiation meeting.</li> </ul>	<ul style="list-style-type: none"> <li>- Safe working environment, good occupational health.</li> <li>- Ensuring health safety in the working environment.</li> <li>- Balancing between working and personal life.</li> <li>- High salary, bonus, welfare policy.</li> <li>- Opportunity to be trained, to improve skills.</li> <li>- Opportunity to be promoted.</li> <li>- Broad vision of leaders.</li> <li>- Fairness and democracy.</li> <li>- No discriminations.</li> <li>- Ensuring safety against Covid-19 in the workplace.</li> </ul>	<ul style="list-style-type: none"> <li>- Improving salary policy, bonus, welfare, training, promotion, and working environment for employees.</li> <li>- Average salary increased by 5% depending on the job position.</li> <li>- The number of people promoted to higher positions is 11 people.</li> <li>- The Executive Board is committed to democratic rights, the right to be treated fairly and respectfully of employees.</li> <li>- Ensured the salary rate for employees is higher than the regional minimum wage and the industry's average salary.</li> <li>- Implemented 5s mechanism, to improve the working environment.</li> <li>- Ensured safe working conditions, employees' health is taken care of.</li> <li>- Complied with the law on social responsibility.</li> <li>- Carried out annual health check-up - December 14, 2020.</li> <li>- Implemented many measures to prevent the Covid-19 pandemic to protect workers' health (5K, vaccination, 3 on-site, regular disinfection...)</li> </ul>
Suppliers	<ul style="list-style-type: none"> <li>- Direct meetings and exchanging information.</li> <li>- Factory visits.</li> <li>- Communication through emails, phone calls.</li> <li>- Collecting the information through surveys.</li> </ul>	<ul style="list-style-type: none"> <li>- Prestige, long-term cooperation.</li> <li>- Cooperation whereby both parties are benefited and can mutually develop.</li> <li>- To set up a stable value chain.</li> </ul>	<ul style="list-style-type: none"> <li>- Enhancing the quality of products and bringing benefits for both parties.</li> <li>- Ensuring equality and fair competition in selecting suppliers.</li> <li>- Frequent evaluation of suppliers to ensure effective cooperation.</li> <li>- Negotiating and offering solutions to improve the relationship between the Company and suppliers.</li> <li>- Ensuring the minimum benefits of both parties.</li> </ul>
Nhà nước	<p>The Company makes frequent contacts with the authorities (HEPZA, TANIZA) via meetings, response to inspection, reporting, and exchanges of administrative documents.</p>	<ul style="list-style-type: none"> <li>- Compliance with policies and regulations.</li> <li>- Obtaining necessary certificates and permits as prescribed.</li> <li>- Supporting community development.</li> <li>- Deploying and supporting the government's policies.</li> <li>- Comply with Covid-19 prevention measures.</li> </ul>	<ul style="list-style-type: none"> <li>- Complying with government policies and regulations.</li> <li>- Committing no breach or non-compliance violations.</li> <li>- Preparing and submitting reports to HEPZA and TANIZA regarding the Company's operation, safety-environment- health protection.</li> <li>- Supporting and implementing the government's policies.</li> <li>- Making full tax payment.</li> <li>- Supporting local development.</li> <li>- Strictly implement the instructions for the prevention of the Covid-19 pandemic guided by the Industrial Park Management Board and local authorities.</li> </ul>
Banks	<ul style="list-style-type: none"> <li>- Through meetings and company visits.</li> <li>- Through phone calls and emails.</li> </ul>	<ul style="list-style-type: none"> <li>- The Company is sustainable and prestigious.</li> <li>- Transparency in corporate governance.</li> <li>- Professional financial management system.</li> <li>- Long term alliance and co-development.</li> </ul>	<ul style="list-style-type: none"> <li>- Improving the Company's corporate governance.</li> <li>- Making full and timely repayment of loan principles and interest payments.</li> <li>- Regularly monitoring the implementation of credit contracts with banks.</li> </ul>

<p>Local Community</p>	<ul style="list-style-type: none"> <li>- Via meetings, exchanging correspondence with the local associations, and participating in social activities, the Company can understand the concerns and expectations of the local community.</li> </ul>	<ul style="list-style-type: none"> <li>- To be responsible, to share and to join hand to develop the local community</li> <li>- Support local community to improve the quality of life through income improvement</li> <li>- Improve quality and enhance the local community infrastructure system</li> <li>- Contributing to the locality to prevent the Covid-19 pandemic</li> </ul>	<ul style="list-style-type: none"> <li>- Enhancing the annual average income of local labors.</li> <li>- Raising funds to support the Company's employee's children.</li> <li>- Giving scholarships to local colleges.</li> <li>- Contributing to the development of the local economy.</li> <li>- Facilitating urbanization.</li> <li>- Implemented many measures to prevent the Covid-19 pandemic to protect workers' health (5K, vaccination, 3 on-site, regular disinfection...)</li> </ul>
<p>Industrial Association (VCOSA)</p>	<ul style="list-style-type: none"> <li>- Via forums, dialogues, exchanging correspondences and emails between the Company and the Industrial association.</li> </ul>	<ul style="list-style-type: none"> <li>- To become an active member, sharing information and contributing to the industry's development.</li> </ul>	<ul style="list-style-type: none"> <li>- Provide information support and actively cooperate with industry associations.</li> <li>- Paying the annual membership fee.</li> <li>- Participating as a member of the Executive Committee of the Vietnam Cotton and Yarn Association (VCOSA).</li> </ul>

## II.6 Business model



## II.7 Market position

### Market position

Century is one of seven<sup>1</sup> companies making polyester filament in Vietnam. Though Century is ranked in Top 04 in terms of capacity, Century is one of the leading high-quality brand -names in the sector.

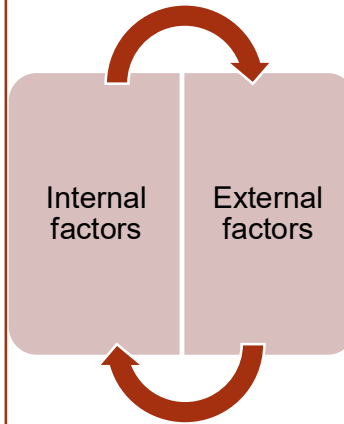
With the vision to pioneer in the textile sector and become a global leader in the sector, Century has been leading in domestic market and expanding internationally, providing the best quality products and services and meeting the utmost stringent requirements of customers.

### Growth Drivers

<sup>1</sup> According to STK's research



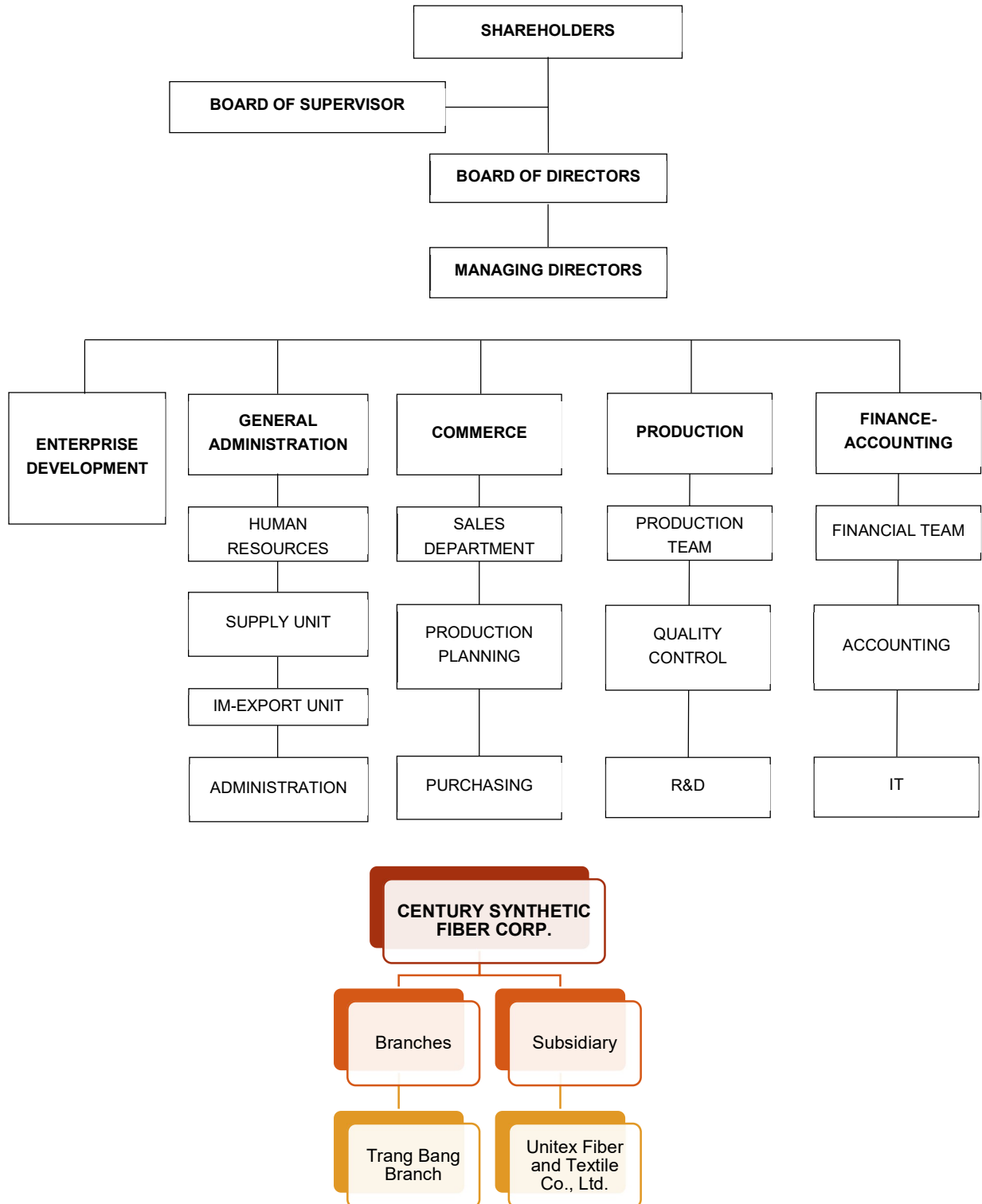
- Production resources  
Large capacity factories, modern machineries, cutting-edge technology.
- Intangible assets and intellectual property  
Integrated ERP system (SAP-All in one) for management of all core processes sales-production, financial-accounting, procurement, logistics, HR.  
Local and international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



Social related Opportunities from sustainable development trend and demographic changes such as age and gender distribution, etc...

Environmental related Opportunities from environmental protection tendency, global warming combat and green evolutions in the sector.

## II.8 Organization chart



Please refer to section Error! Reference source not found. Error! Reference source not found., page 74.

### Change in Organization structure in 2021

On 28 Oct 2021, the BOD approved the transferring of STK's entire share in E.DYE Vietnam JSC. Hence, E.DYE Vietnam is no longer affiliate company of STK.

## II.9 Subsidiaries - Affiliates

	Name of entity	Charter capital	Century's ownership	Address	Business
Subsidiary	<b>UNITEX FIBER AND TEXTILE CO., LTD</b>	VND80 billion	100%	Lot A17.1 C1, Thanh Thanh Industrial Zone, An Hoa Commune, Trang Bang District, Tay Ninh Province	Production of synthetic fibers (Not yet in operation)

### Financial KPIs of the Subsidiary

Unit: VND

KPIs	FY2021	FY2020	±%, y-o-y
Finance income	21,417,563	13,394,358	59.9%
Profit after tax	(79,341,668)	898,449	
Current assets	(114,341,668)	898,449	
Long-term assets	97,139,482,987	85,938,330,109	13.0%
Liabilities	334,545,454		
Owner's equity	17,639,268,781	5,989,228,781	194.5%
Total assets	79,834,759,660	79,949,101,328	-0.1%
Revenue from financial activities	97,474,028,441	85,938,330,109	13.4%

Source: Audited Financial statements of Unitex Corporation

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

### Details of Unitex' Finance income

	2021	2020	±%, YoY
Interest income	57,563	44,358	29.8%
FX gains	21,360,000	13,350,000	60.0%
<b>Total</b>	<b>21,417,563</b>	<b>13,394,358</b>	<b>59.9%</b>

(Refer to "Investment projects", page 67)

### III.DEVELOPMENT STRATEGY

#### III.1 Remaining steadfast amidst challenges

Key factors of the industry and markets has had certain impacts in 2021 and been forecasted for 2022.

↑: positive impact

↓: negative impact

↓: continuous negative impact

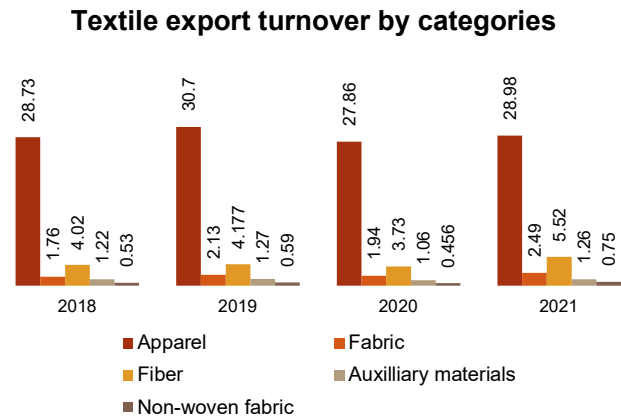
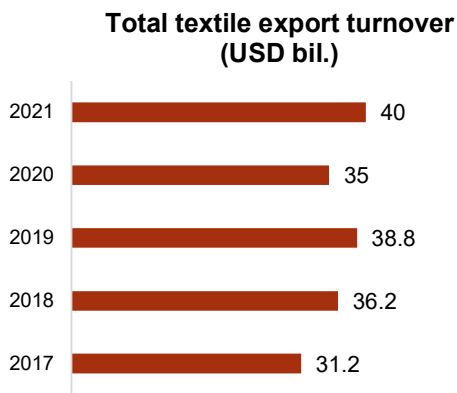
KEY FACTORS	2021	2022	Note
Demand recovery in Vietnam's major garment exporting markets	↑	↑	Increasing demand on apparels from high-vaccination-rate countries such as the U.S., EU.
Pace of digitization of prominent fashion brandnames	↑	↑	
Sustainability development trend	↑	↑	Commitments of top fashion brands towards climate actions.
Volatility of raw materials	↓	↓	Raw material price in 2022 is forecasted to strongly fluctuate.
Container shortage and rising freight and container rental rate	↓	↓	International freight and domestic logistic costs in 2021 surged by 50% as compared to 2020 and is expected to remain high in 2022.
Direct demand from exporting clients	↑	↑	
Direct demand from domestic clients	↓	↑	Social distancing and 3-at-site measures in 2021 to fight against Covid-19.
Imposition of anti-dumping tariffs on DTY from Indonesia, Malaysia, Thailand & Vietnam	↑	↑	
Vietnam's imposition of anti-dumping tariffs on DTY from China, India, Indonesia & Malaysia	↑	↑	

#### Global and Vietnam economic and industry

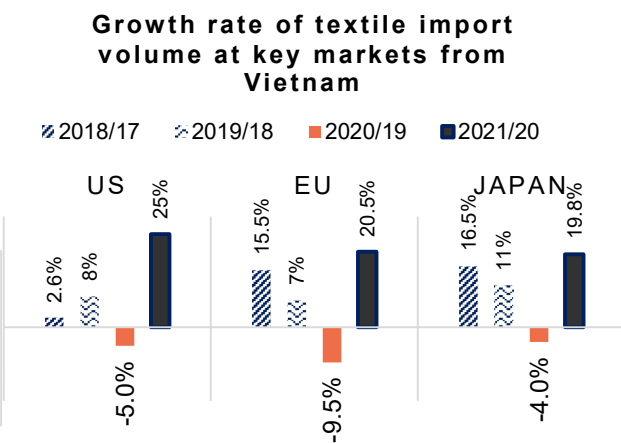
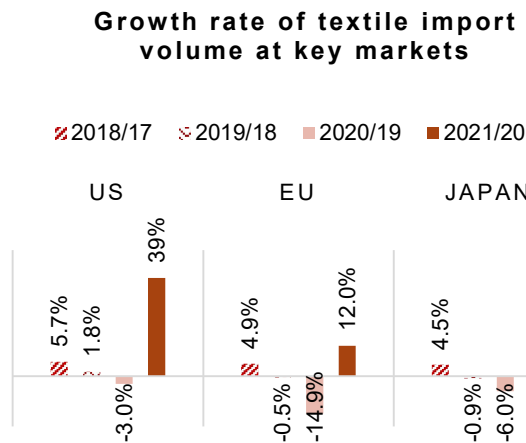
In 2021, the whole country's GDP is estimated to increase by 2.58% (Q1: 4.72%; Q2: 6.73%; Q3: 6.02%; Q4: 5.22%)<sup>2</sup>, a drop from GDP growth rate of 2.91% in 2020, caused by the lockdown to contain the severe outbreak of Covid-19 pandemic from April to September 2021.

<sup>2</sup> Report of economic and society status Q4.2021 and whole year 2021, No.282/BC-TCTK issued on 29 Dec 2021.

However, Vietnam's textile and garment industry still has many positive aspects. The industry's total export turnover reaches USD40.5 billion, a surge of 15.4% compared to 2020 and 4% compared to 2019<sup>3</sup>.

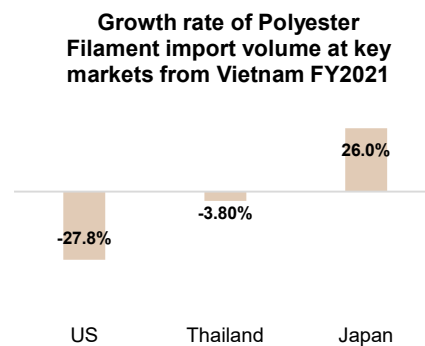
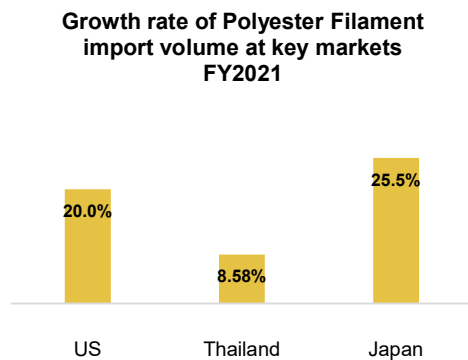


Source: VITAS



Source: OTEXA, EUROPA, JP e-stat

• Polyester Filament sector



Source: OTEXA, Thai Customs, JP e-stat

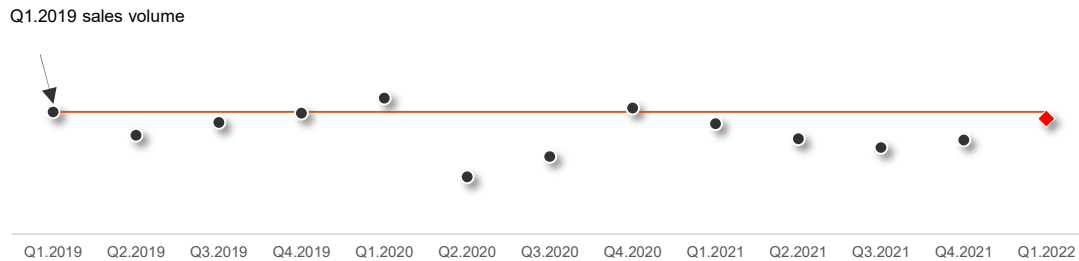
<sup>3</sup> VITAS

The U.S. market: In 2021, the U.S. Department of Commerce conducted an anti-dumping investigation on polyester filament yarn imported from Vietnam, Thailand, Indonesia, Malaysia and imposed temporary anti-dumping tariff in June and officially one in December 2021. Therefore, Vietnam's export volume in 2021 decreased by 27.8% over the same period.

Thailand market: In 2021, the total import volume of polyester filament yarn in Thai market increased by 8.58% over the same period in 2020. However, due to the widespread and complicated Covid-19 pandemic in Q3-Q4.2021, the import volume from Vietnam decreased by 3.8% over the same period last year.

- **Sales performance of the Company**

Sales performance during 2019-2021



In Q3.2021, due to strict social distancing measure, total sales volume of the whole Company decreased by 21% as compared to Q1.2021. However, the Company rapidly recovered in Q4. The sales volume in Q1.2022 is expected to increase by ~22% as compared to Q4.2021.

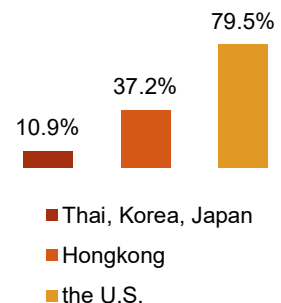
Imposition of anti-dumping tariffs by the Trade Remedies Authority of Vietnam on yarns imported from China, India, Indonesia, and Malaysia partially limits the dumping of imported yarn into Vietnam. The Company has been actively pushing sales in domestic market. As a result, domestic revenue in 2021 increased 22% over the same period; the number of domestic customers in 2021 also increased by 15% compared to 2020.

❖ **Export sales of the Company**

In the context of unfavorable economic and business conditions in 2021, Century remained steadfast in its core business strategy aligned with sustainable developments and strived to overcome the external challenges.

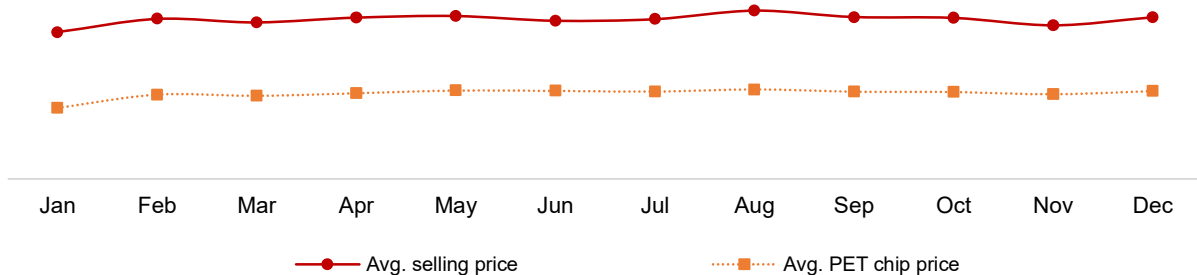
By directing strategic focus on Recycled yarn since 2017, Century has predicted Vietnam textile industry's shifting trend towards sustainability, reducing fossil energy consumption, reducing greenhouse gas emissions, reducing consumption of electricity and clean water. By timely adopting proper strategies, Century is considered as a highly reliable supplier of quality product in the supply chains of major sportswear brands. Therefore, despite unfavorable domestic market in 2021, the Company's export segment will still grow by 15.4%, accounting

**Growth rate of export sales YoY**



for 50% of total revenue. Especially Q3.2021, the Company still made relentless efforts to exploit export markets such as Thailand, Japan, Korea, Hong Kong and the U.S. markets.

- **Raw material price fluctuation in 2021**



Raw material price in 2021 generally increased as compared to 2020.

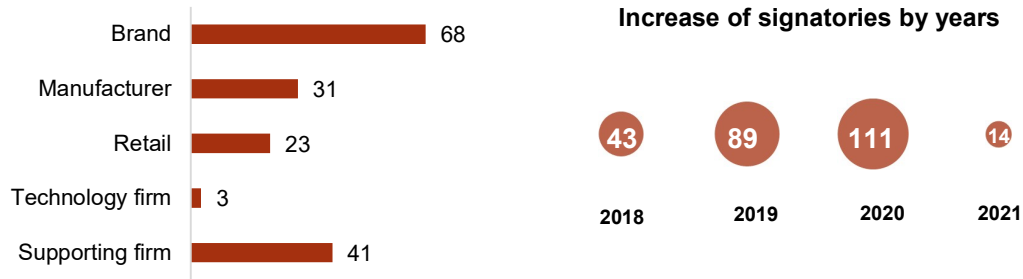
- The average PET chip price increased by 26.8% year-on-year, due to rising oil prices as well as power shortages in China which caused temporary closure of factories in China during Sep-Oct.2021.
- Additionally, spinning oil and paper tube also increased by 14% and 10%, respectively.

In order to cope with that circumstance, Century has implemented measures such as price negotiations with suppliers and customers, closely monitoring price fluctuations, inventory management according to standard level (1 month of raw material inventory and 1 month of finished product inventory), monitoring ocean and domestic freight price to consider appropriate and reliable services and flexibly choosing alternative spare parts when needed.

### III.2 Routes to lower greenhouse gas emission

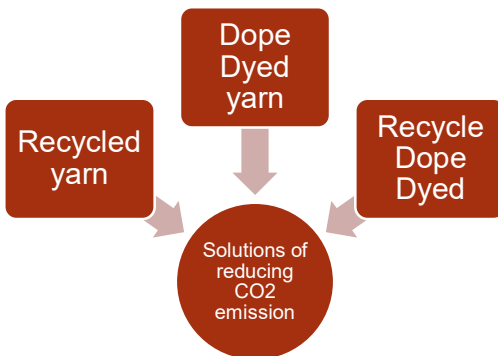
- In order to cope with climate change and take action towards UN's goal No.13, the European Commission (EU) has set a target of reducing greenhouse gas emission by at least 55% by 2030;
- The countries in COP26 (26<sup>th</sup> Conference of parties) set target of zero greenhouse gas emission by 2050 and keeping global warming temperature below 1.5°C.
- More than 160 manufacturers, brands, retailers, including big brands such as Adidas, Decathlon, Inditex, H&M, Nike, Puma... have signed the Fashion Industry Charter for Climate Action<sup>4</sup> since 2018 ("UNFCCC") – a commitment to fight global climate change, reducing 50% of greenhouse gas emissions by 2030 and reaching zero net emission by 2050.

<sup>4</sup> <https://www.fashioncharter.org/chapters/fashion-industry-charter>



Source: Fashion Industry Charter for Climate Action

- According to a report of the European Environment Agency, if polyester fiber is produced from crude oil, it will produce greenhouse gas emissions, causing air and water pollution.
  - According to the Higg Materials Sustainability Index in July 2021, Recycled yarn made from used plastic bottles can reduce greenhouse gas emissions by 42% as compared to Virgin yarn<sup>5</sup>.
  - Yarn after being knitted into fabric and after dyeing, it can still cause serious pollution to water sources, creating microplastics and other hazardous wastes.
- 
- ✓ Century Yarn is one of the first companies in Vietnam to put Recycled yarn into commerce since 2017 and the Company has been developing more types of Recycled Yarn with additional features such as high elasticity, anti-flame, anti-UV...
  - ✓ Moreover, in 2020, Century has further developed Dope Dyed Yarn (black and beige) and put it into commercial production, providing an alternative solution for dyeing of finished fabrics. Currently, the Company has developed Dope Dyed Recycled Yarn which highly appreciated by brands



✓ In addition, the Company also recycles waste and sub-standard yarn into re-PET chips which are reused in the production process, forming a closed-loop value chain, reducing the consumption of virgin PET chips, reducing greenhouse gas emissions.

✓ Currently, STK has installed and put into operation 2 rooftop solar power systems with a combined capacity of 10.5 MWH/year. Since the projects' lifetime last for 27 years (for Cu Chi) and 33 years (for Trang Bang), the Company will reduce more than 500 thousand tons of greenhouse gas emissions, equivalent to about 16 thousand tons of CO<sub>2</sub> per year.

<sup>5</sup> Sustainability report 2021 of UNIFI – a main supplier of re-PET chip for Century.

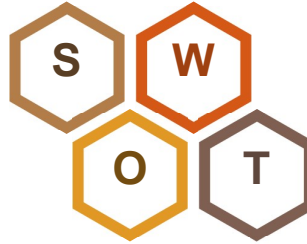


### III.3 Medium and Long-term development strategy

#### III.3.1 S.W.O.T

##### Strengths

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



##### Weaknesses

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

##### Opportunities

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

##### Threats

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

**III.3.2 Strengthening foundation – Firmly stepping up into the future**

<p>MEDIUM AND LONG TERM STRATEGIES INTEGRATING SUSTAINABILITY DEVELOPMENT</p>	<ul style="list-style-type: none"> <li>- Strengthening and enhancing competitive advantages                             <ul style="list-style-type: none"> <li>✓ Products with a high competitive advantage, in line with the trend of global textile/fashion industry;</li> <li>✓ Automation and digitization to improve product quality, save time and costs;</li> <li>✓ Improve production-business management capacity to minimize costs;</li> <li>✓ Closed-loop production chain from raw materials to finished products.</li> </ul> </li> <li>- Development and expansion                             <ul style="list-style-type: none"> <li>✓ Expanding capacity, increasing scale to capture market share both domestic and export;</li> <li>✓ Increasing Recycled yarn’s contribution to revenue</li> <li>✓ Developing sustainable and high-value-added products;</li> <li>✓ Aiming to become a green and sustainable source of raw materials</li> </ul> </li> <li>- Uniting ourselves to move forward                             <ul style="list-style-type: none"> <li>✓ Aligning stakeholders to bring maximum value to all parties: customers, employees, society, government agencies, suppliers, shareholders...</li> <li>✓ Developing Century’s culture: devotion to product quality, 5S, integrating the value system into employees' operations and awareness.</li> </ul> </li> </ul>	
<ul style="list-style-type: none"> <li>- Taking advantage of preferential tariffs and advantages from anti-dumping duties (imposed on imported products from China, India, Indonesia, Malaysia) to expand the customer network and increase sales volume.</li> <li>- Increase the proportion of Recycled yarn in revenue to 54%.</li> <li>- Preparing financing funds for the capacity expansion project at the Subsidiary.</li> <li>- Strengthening the risk management system to deal with risks from external factors.</li> <li>- Focusing on training and improving management capacity for production team.</li> </ul>	<p>DEVELOPMENT PLAN FOR YEAR 2022</p>	<p>SHORT TERM STRATEGY</p>

<b>Opportunities created by trends</b>	<b>Opportunities for STK</b>	<b>STK's action plan</b>
<p>Commitments of brands in tackling climate change and protecting environment.</p> <p>Rising of consumers' awareness in sustainable apparels</p>	<p>- Brands will prioritize choosing suppliers who help them fulfil their commitments of climate action (such as increasing the proportion of recycled materials, using renewable energy, reducing clean water consumption, reducing waste water and chemical release into the environment)</p>	<p>- Century continues to develop eco-friendly products with high added value.</p> <p>- Applying initiatives to save energy and water consumption.</p> <p>- Increasing the proportion of Recycled yarn by 50% to reduce consumption of PET chip which is originated from crude oil and gas.</p> <p>- Continuing to integrate to the global supply chains of major brands.</p>
<p>Demand on sportswear is expected to grow during 2021-2025<sup>6</sup></p>	<p>- The market size can achieve an average growth rate of +8.8% during the period 2021-2025, in which an increase of 4-5% for EU and of 7.8% for the U.S.</p> <p>- Despite the impact of the Covid-19 pandemic, consumers can still switch to shopping at online sales channels (45% of total consumption), the supply chain is still strongly growing.</p>	
<p>Antidumping tariffs on imported yarn from China, India, Indonesia, Malaysia to Vietnam.</p>	<p>- Partially limit dumping of the imported yarn which unfairly competes with domestic goods.</p>	<p>- Closely monitoring the yarn imports into Vietnam, thereby proposing trade remedies if anti-dumping behavior is identified.</p>
<b>Challenges created by trends</b>	<b>Challenges to STK</b>	<b>STK's action plan</b>
<p>The global economic's growth rate in 2022 is forecasted to be lower than in 2021</p>	<p>- Overall demand for apparel will still decline as result of factors such as rising unemployment rate and falling disposable income.</p> <p>- Supply chain disruption regarding increasing raw material, logistic costs, etc. may negatively affect the Company's profit.</p>	<p>- Diversifying markets and customer networks;</p> <p>- Developing new products, expanding customer segments;</p> <p>- Improving operational efficiency, in order to increase profit margin and reduce production costs;</p> <p>- Flexibly seeking for suppliers of raw materials, logistic services... to avoid disruptions in the Company's supply chain and production activities.</p>

<sup>6</sup> <https://www.mckinsey.com/industries/retail/our-insights/sporting-goods-2022-the-new-normal-is-here>

		<ul style="list-style-type: none"><li>- Đẩy mạnh giải phóng hàng tồn kho để giảm chi phí lưu kho và tăng thêm doanh thu cho Công ty.</li><li>- Boosting sales of existing inventory to reduce storage costs and increase revenue for the Company.</li><li>- Competitive welfare policies, supporting employees in case of temporary leave or participating in "3-at-site", helping stabilize human resources.</li></ul>
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**More details at “Strategies of Sustainability” of “Report of Sustainable Development page 53, Annual Report 2021.**

## IV.RISK MANAGEMENT

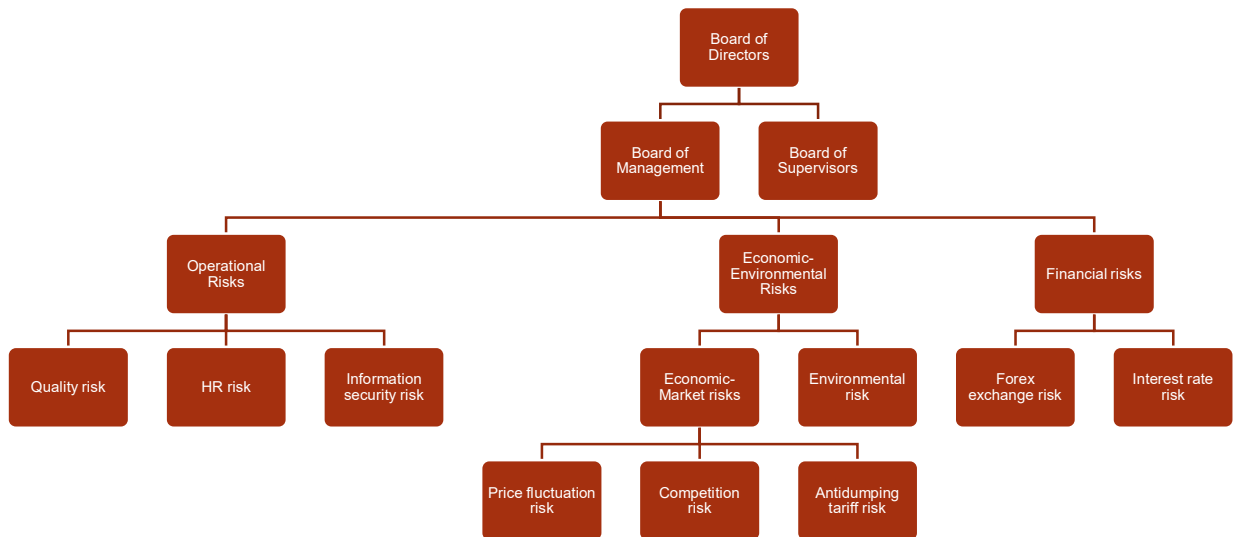
### IV.1 Objectives of Risk Management

To achieve the goals and closely follow the set strategies, the Company needs to recognize potential risks and take measures to prevent or reduce risks.

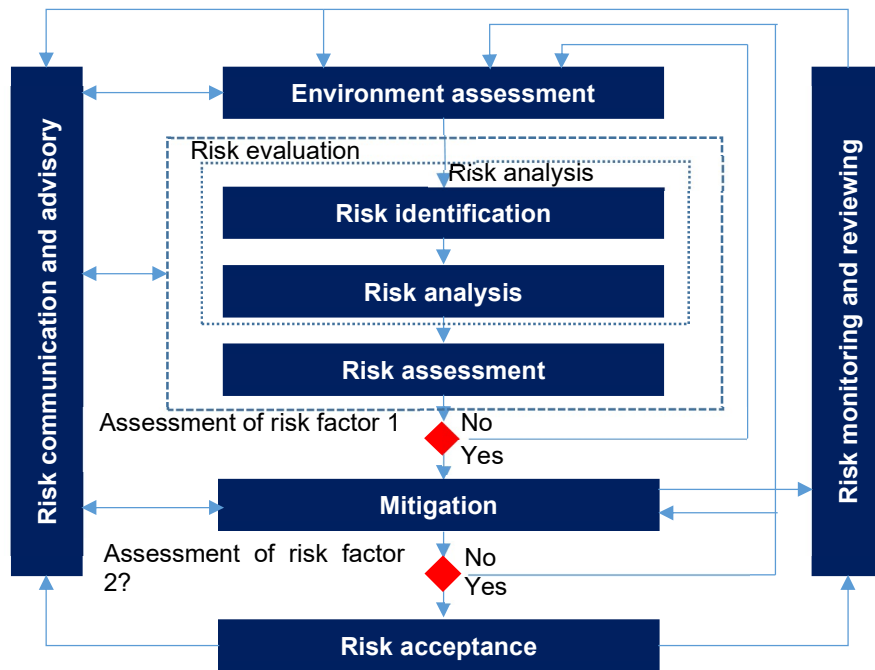
Realizing the importance of risk governance in the business operation, the Company has built up its risk management framework in order to:

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

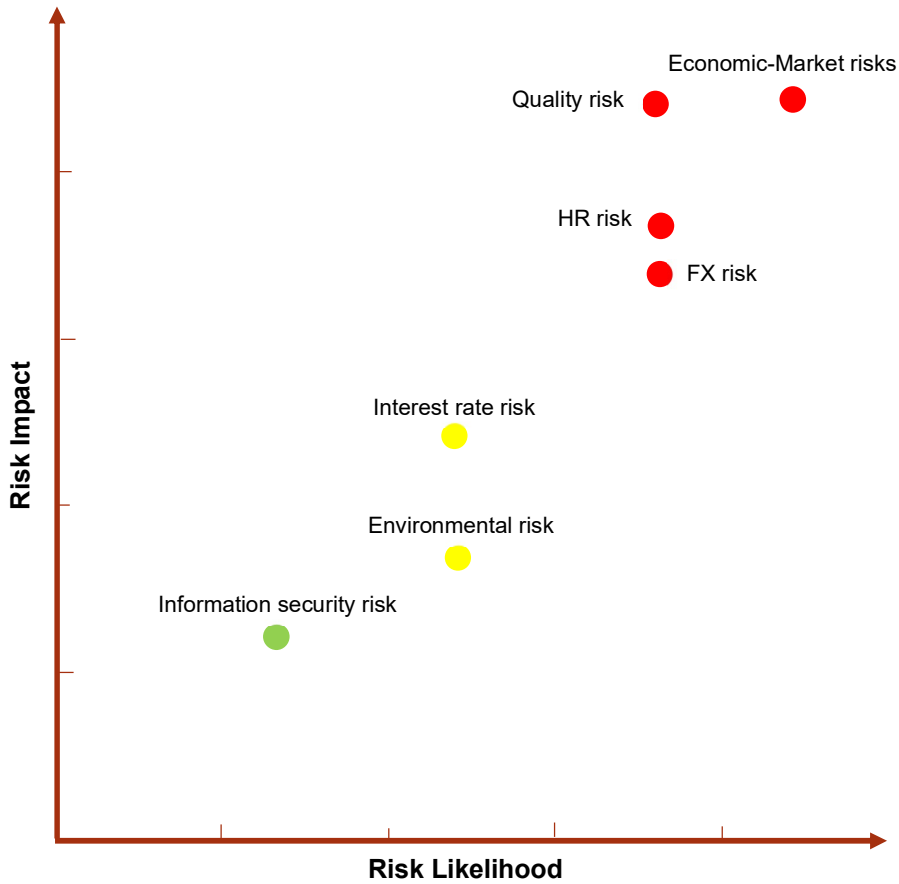
### IV.2 Risk management system



### IV.3 Risk management process



### IV.4 Determination of Risk Materiality



## IV.5 Analysis and evaluation of important risks

<b>Economic-Market risks</b>	<ul style="list-style-type: none"> <li>- <b>Price fluctuation risk</b></li> <li>- <b>Competition risk</b></li> <li>- <b>Antidumping tariff risk</b></li> </ul>
Risk analysis	<ul style="list-style-type: none"> <li>▪ <b>Price fluctuation risk</b> <ul style="list-style-type: none"> <li>➢ Global economic crisis, natural disasters, epidemics can affect consumer demand for textile products with great impact on prices; Fluctuations in commodity prices (oil price) can affect input costs of Companies.</li> </ul> </li> </ul>
Solutions to minimize risk	<ul style="list-style-type: none"> <li>✓ Monitoring macro-economic factors to forecast upcoming trends in the economy and textile industry. Making great efforts to diversify customer base, develop new markets. Continuously enhancing product quality and customer services, strictly controlling costs in order to retain customers. Focusing on R&amp;D activities to develop product with special functions which are preferable by sport-wear brand names. Diversifying suppliers and customers as well as the price fixing mechanism between raw material purchases and sales of finished products in order to maintain its target price gap between selling price and polyester chip price.</li> </ul>
Risk analysis	<ul style="list-style-type: none"> <li>▪ <b>Competition risk</b> <ul style="list-style-type: none"> <li>➢ The relocation trend of garment and textile production from China, Taiwan and Korea to Vietnam together with the investment wave to catch the opportunities brought by FTAs will lead to more competition in the yarn subsector.</li> <li>➢ Competitors move into premium segmentation of products or towards recycled production</li> </ul> </li> </ul>
Solutions to minimize risk	<ul style="list-style-type: none"> <li>To strengthen competitive advantages in term of pricing and quality;</li> <li>To create barriers regarding technology, quality assurance, production management and brand awareness in order to create product quality differentiation.</li> </ul>
Risk analysis	<ul style="list-style-type: none"> <li>▪ <b>Anti-dumping tariff risk</b> <ul style="list-style-type: none"> <li>➢ In the context of free trade throughout global markets, trade safeguard measures (including anti-dumping, anti-subsidy investigations) are frequently used by the governments of importing countries in order to protect their local producers. The requests for application of those trade safeguard measures are sometime absurd and it will take times and efforts to reject those absurd requests.</li> </ul> </li> </ul>
Solutions to minimize risk	<ul style="list-style-type: none"> <li>✓ Applying reasonable selling price policies for domestic and exporting markets and maintain a good reporting system to help proving that the Company does not dump prices. Diversifying its sales markets, not concentrating major sales revenue on one market.</li> </ul>

<b>Quality risk</b>	
Risk analysis	<ul style="list-style-type: none"> <li>➤ Product quality is the Company's top priority, disqualified products will have negative impacts on customers, causing customer complaints or compensations for damage, loosing customers and orders.</li> </ul> <p>The quality of the main and auxiliary materials can also affect the quality of the product.</p>
Solutions to minimize risk	<ul style="list-style-type: none"> <li>✓ Setting up SOPs (Standard of Procedure), cross-checking mechanism in each production stage.</li> </ul> <p>Enhancing skills and professional knowledge for employees; Diversifying the raw material suppliers Periodically evaluation the quality of suppliers Adopting cutting-edge technology and automation at certain production stages to reduce manual operation.</p>
<b>Human resources quality risk</b>	
Risk analysis	<ul style="list-style-type: none"> <li>➤ Insufficient or incompetent human resources also vastly affect production and business activities, especially at middle and grassroots management levels.</li> </ul> <p>Widespread pandemics would lead to labour shortage. Unfriendly working environment, inadequate welfare benefits can cause higher staff turnover rate.</p>
Solutions to minimize risk	<ul style="list-style-type: none"> <li>✓ Focusing on effective recruitment, providing training and develop the human resources to meet the job requirements.</li> </ul> <p>Ensure appropriate salary, benefit and remuneration policies as well as working environment for staffs. Concentrating on training to enhance skills and knowledge for staffs, successor development.</p>
<b>FX loss risk</b>	
Risk analysis	<ul style="list-style-type: none"> <li>➤ Fluctuation of interest rates can affect the Company's profitability.</li> </ul> <p>An increase in the FX rate will increase the unrealized FX loss, reducing the Company's profit after tax; also, interest expenses also surges due to the Company's USD-denominated-long-term debts.</p>
Solutions to minimize risk	<ul style="list-style-type: none"> <li>✓ The Company has enough USD denominated cashflow from the export revenue which account for 50% of the total revenue.</li> </ul> <p>The unrealized FX loss which is provisioning only will not affect the Company's actual cashflow in case it increases.</p>

### Analysis of Environmental Risk

The main raw material of the Company is PET chip which is the derivative of oil while the auxiliary materials are paper tubes and paper boxes. Therefore, the global policies and regulations on environment, especially the ones regarding oil and forest resources exploration will significantly



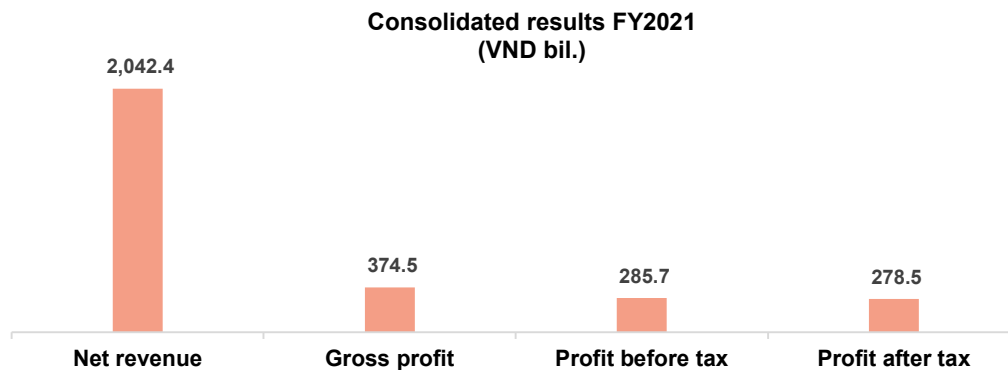
influence the supply of these materials, thereby causing a strong impact on production and business of the Company.

#### **Solutions to minimize risk**

In order to reduce these risks, CENTURY has researched and developed new products such as Recycled yarns (using Recycled PET chip recycled from polyester plastic bottles in order to reduce oil exploration), dope dyed yarn (reducing the water usage and not using toxic chemicals) and cooperated with suppliers in order to enhance quality of POY paper tubes. In addition, the Company has made commitments, issued environmental handbook and management guidelines and toxic chemicals policies so as to reduce the bad influence of production and business process on the surrounding environments.

## **V. REPORT OF BOARD OF MANAGEMENT**

### **V.1 Business performance for year 2021**



- The Company's consolidated net revenue in 2021 reached VND2,042 billion, surged by 15.7% as compared to the same period. While the pandemic was more severe than last year, the Company still made relentless efforts to manage risks in domestic and export supply chain. Furthermore, the Company still maintained over 50% of capacity during the intense outbreak period of the pandemic in Southern area.
- The Company has flexibly researched for suppliers of raw materials (main and auxiliary) and other services with reasonable costs, covering the incurred expenses for pandemic prevention and fighting.
- To improve the efficiency of departments; identifying the weak points and setting plans to deal with unexpected risks.
- The Company has still maintained and boosted Recycled Yarn - the Company's key product, since then, Recycled Yarn contribution to revenue still reaches 50%, leading to a sharp increase in profit after tax as compared to 2020.

#### **➤ Highlights of Company's operation by functions**

##### **Sales**

Market:

Product:

- Thanks to the relatively low imposed anti-dumping tariff on US imported yarn, the sales revenue from the US market in 2021 increased by 79% over the same period, raising its share of sales mix from 3.8% in 2020 to 4.5% in 2021.
- The volume of yarn imported from China, India, Indonesia, Malaysia in 2021 decreased by 7.8% as compared to 2020, thanks to the imposed antidumping tariffs on imported yarn to Vietnam.
- In 2021, the Company has still focused on exploiting the existing customer network, improving product quality, and reducing significantly the disqualified product rate as compared to 2020.

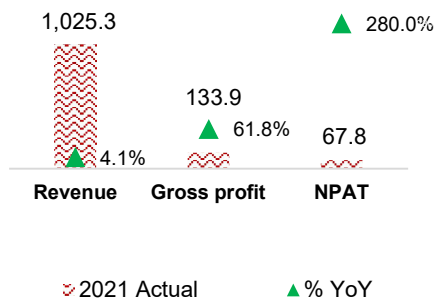
**Virgin yarn:**

Thanks to the Company's efforts to take advantage of anti-dumping tariffs on Chinese, India, Malaysian, Indonesian markets, the average selling price of virgin yarn in 2021 increased by 22% over the same period.

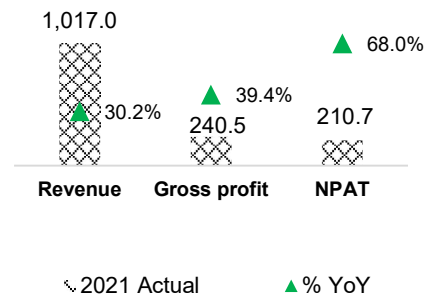
**Recycle yarn:**

- Revenue from recycled yarn accounted for 50% of the Company's total revenue.
- The average selling price of Recycled Yarn in 2021 increased by 4% over the same period in 2020.

**Sales of Virgin yarn FY2021 (VND bil.)**



**Sales of Recycle yarn FY2021 (VND bil.)**



**Production:**

- Focusing on training and working skill enhancements for the production team from middle management level to each operator.
- Digitizing and standardizing production processes, reducing the disqualified product rate.
- Wasted yarn is recycled into re-PET chip, which is reused in the production process.

Utilities:

- Enforcing power saving policies.
- Applying fire-preventing measures, explosion and electric shock at the factory.

Human resources

- Enhancing welfare packages for employees in which increasing income and allowances, creating opportunities for promotions, in charge of higher positions in the departments.
- Coordinating with the Management Board of the Industrial Zone so that the workers are fully and rapidly vaccinated. Specifically, from June to

September 2021, there was no infection case at the Company.

Information technology:

- Applying several softwares to support production and sales activities (POC system, production planning software, warehouse management software, HR-administrative management software...) as well as other activities in order to increase the work efficiency and accuracy.
- Coordinating face-to-face and online meetings to exchange information.
- Ensuring the synchronized database for internal and external uses and quick access and convenient retrieval when needed.
- Strengthening information security at the Company;
- Strengthening the camera system to monitor and supervise production activities and regulation compliance of employees at the Company.

(refer to “Improvements of organizations, management methods” section, page 50)

**V.1.1 Performance in the comparison with the previous year**

KPIs (VND bil.)	2021 Actual	2020 Actual	YoY (%)
Net revenue	2,042.4	1,765.6	+15.7%
Gross profit	374.5	255.3	+46.7%
Gross profit margin (%)	18.3%	14.5%	+3.9%
Net profit before tax	285.7	164.5	+73.7%
Net profit after tax	278.5	144.4	+92.9%

- ◆ Consolidated net revenue FY2021 was VND2,042.4 billion, an increase of 15.7% as compared to the previous year.

*Growth drivers:*

- Sales volume was higher than the last year, thanks to sales efforts even during the severe outbreak period of Covid-19 pandemic.
  - Boosting sales of outstanding inventory;
  - Taking advantage of anti-dumping tariff on imported yarn from China, India, Indonesia, Malaysia and relatively low anti-dumping tariff on exported yarn into the US market.
  - The average selling price of 2021 also increased by 18% as compared to the last year.
- ◆ Gross profit reached VND374.5 billion, a surge of 46.7% as compared to 2020, mainly because the difference between the selling price and the PET chip price (price gap) increased by 17% as compared to 2020.
  - ◆ Net profit before tax in 2021 was VND285.7 billion, a rise of 73.7% as compared to the previous year, due to a decrease of 68% of interest expenses, YoY.
  - ◆ Net profit after tax was VND278.5 billion, an increase of 92.9% as compared to the same period last year, including the tax refund for the period 2016-2020 due to retroactive application of the tax incentive policies for supporting products in accordance with Decree 57/2020/ND-CP (May 25, 2020).

### V.1.2 Performance in the comparison with the budget forecast

KPIs (VND bil.)	2021 Actual	2021 Forecast	+/-
Net revenue	2,042.4	2,358	86.6%
Net profit before tax	285.7	285.8	100.0%
Net profit after tax	278.5	248.2	112.2%

- ♦ The total revenue did not meet the forecast for year 2021, due to the social distancing measure to tame pandemic outbreak, causing temporary labour shortage, leading to lower capacity utilization during Q3&Q4.2021. In addition, domestic customers have also reduce their capacities utilisation in Q3.2021 due to social distancing measures.

### V.1.3 Financial standings

Overview of Consolidated and Separated Financial standings FY2021 as compared to the last year.

KPIs (VND bil.)	Consolidated			Separated		
	2021	2020	+/-	2021	2020	+/-
Total assets	1,971.1	1,703.4	15.7%	1,969.9	1,701.7	15.8%
Net revenue	2,042.4	1,765.7	15.7%	2,042.4	1,765.7	15.7%
Gross profit	374.5	255.3	46.7%	374.5	255.3	46.7%
Operating profit	285.2	164.0	73.9%	285.6	163.7	74.4%
Other profit	0.56	0.5	23.7%	0.60	0.5	31.4%
Profit before tax	285.7	164.5	73.7%	286.2	164.2	74.3%
Profit after tax	278.5	144.4	92.9%	278.9	144.0	93.6%
Dividend payout	15%*	15%*		15%*	15%*	

#### ➤ Resources structure

KPIs (VND bil.)	Consolidated			Separated		
	31/12/2021	31/12/2020	+/-%	31/12/2021	31/12/2020	+/-%
<b>LIABILITIES</b>	<b>712.15</b>	<b>620.60</b>	<b>14.8%</b>	710.78	<b>619.23</b>	14.8%
<b>Current liabilities</b>	<b>711.87</b>	<b>568.58</b>	<b>25.2%</b>	710.50	<b>567.21</b>	25.3%
Short-term trade payables	291.40	261.57	11.4%	290.03	260.20	11.5%
Short-term advances from customers	41.62	43.68	-4.7%	41.62	43.68	-4.7%
Statutory obligations	11.81	4.88	142.0%	11.81	4.88	142.0%
Payables to employees	26.62	20.99	26.8%	26.62	20.99	26.8%
Short-term accrued expenses	8.27	5.14	60.7%	8.27	5.14	60.7%
Other short-term payables	6.23	6.17	1.0%	6.23	6.17	1.0%
Short-term loans	321.33	222.56	44.4%	321.33	222.56	44.4%
Bonus and welfare funds	4.58	3.58	28.0%	4.58	3.58	28.0%
<b>Non-current liabilities</b>	<b>0.28</b>	<b>52.01</b>	<b>-99.5%</b>	0.28	<b>52.01</b>	-99.5%
Other long-term liabilities				-	-	
Long-term loans		51.68		-	51.68	
Long-term provision	0.28	0.34	-16.9%	0.28	0.34	-16.9%

<b>OWNERS' EQUITY</b>	<b>1,258.99</b>	<b>1,082.79</b>	<b>16.3%</b>	1,259.16	<b>1,082.52</b>	16.3%
Share capital	707.27	707.27	0.0%	707.27	707.27	0.0%
Share premium	35.09	35.09	0.0%	35.09	35.09	0.0%
Treasury share	(42.41)	(42.41)	0.0%	(42.41)	(42.41)	0.0%
Investment and development fund	1.22	1.22	0.0%	1.22	1.22	0.0%
Undistributed earnings	557.82	381.62	46.2%	557.99	381.35	46.3%
<b>TOTAL RESOURCES</b>	<b>1,971.14</b>	<b>1,703.39</b>	<b>15.8%</b>	1,969.94	<b>1,701.75</b>	15.8%

➤ Assets structure

KPIs (VND bil.)	Consolidated			Separated		
	31/12/2021	31/12/2020	+/-%	31/12/2021	31/12/2020	+/-%
<b>CURRENT ASSETS</b>	986.23	633.37	55.7%	983.40	630.09	56.1%
Cash and cash equivalents	366.21	95.11	285.0%	366.11	95.08	285.0%
Short-term investment	-	26.00	-100.0%	-	26.00	-100.0%
Current accounts receivable	87.02	97.69	-10.9%	92.20	102.31	-9.9%
Inventories	471.50	400.54	17.7%	471.50	400.54	17.7%
Other current assets	61.50	14.03	338.2%	53.58	6.16	770.3%
<b>NON-CURRENT ASSETS</b>	984.91	1,070.02	-8.0%	986.54	1,071.66	-7.9%
Long-term receivable	11.28	11.28	0.0%	11.28	11.28	0.0%
Fixed assets	806.75	913.92	-11.7%	806.75	913.92	-11.7%
Long-term asset in progress	24.18	0.56	4185.1%	23.84	0.56	4125.8%
Long-term investments	6.10	7.62	-19.9%	86.10	87.29	-1.4%
Other long-term assets	136.61	136.64	0.0%	58.57	58.60	0.0%
<b>TOTAL ASSETS</b>	<b>1,971.14</b>	<b>1,703.39</b>	<b>15.7%</b>	<b>1,969.94</b>	<b>1,701.75</b>	<b>15.8%</b>

The Company timely and fully make payment for debts. In 2021, there is no overdue payment.

➤ Tax and statutory obligations

KPIs (VND bil.)	Consolidated		Separated	
	31/12/2021	31/12/2020	31/12/2021	31/12/2020
Corporate income tax	6.50	4.54	6.50	4.54

Individual income tax	0.11	0.25	0.11	0.25
Value added tax	5.20	0.09	5.20	0.09
<b>Total</b>	<b>11.81</b>	<b>4.88</b>	<b>11.81</b>	<b>4.88</b>

The Company did timely and fully pay tax amounts including Corporate income tax, Individual income tax, Value added tax, in compliance with statutory regulations.

#### ➤ Provision of required funds

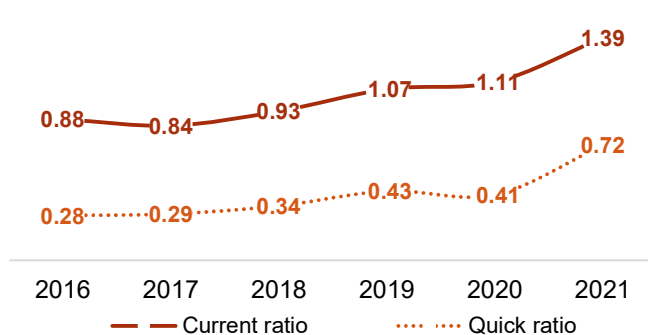
Provision of required funds was made in accordance with the Charter and the laws.

Item	2021	2020
Investment and Development Fund (VND billion)	1.219	1.219

#### ➤ Key financial indicators

Indicator	Đơn vị	Consolidated			Separated		
		2021	2020	+/-	2021	2020	+/-
<b>Liquidity ratio</b>							
Current ratio	Time	1.39	1.11	0.28	1.38	1.11	0.27
Quick ratio	Time	0.72	0.41	0.31	0.72	0.41	0.31
<b>Financial leverage</b>							
Debt/Equity ratio	Time	0.26	0.25	0.01	0.26	0.25	0.01
Debt/Total assets	Time	0.16	0.16	-	0.16	0.16	
<b>Effectivity</b>							
Inventory Turnover	Time	3.64	3.13	0.51	3.64	3.13	0.51
Net revenue/Total Assets	Time	1.04	1.04	-	1.04	1.04	
<b>Profitability</b>							
Return from operating activities on sales	%	13.96%	9.29%	4.67%	13.98%	9.27%	4.71%
Return on Asset (ROA)	%	13.63%	8.18%	5.45%	13.66%	8.16%	5.50%
Return on Equity (ROE)	%	14.13%	8.47%	5.66%	14.16%	8.46%	5.69%
Return on Equity (ROE)	%	22.12%	13.33%	8.79%	22.15%	13.31%	8.85%
EPS	VND	4,084	2,091	1,993	4,084	2,091	1,993

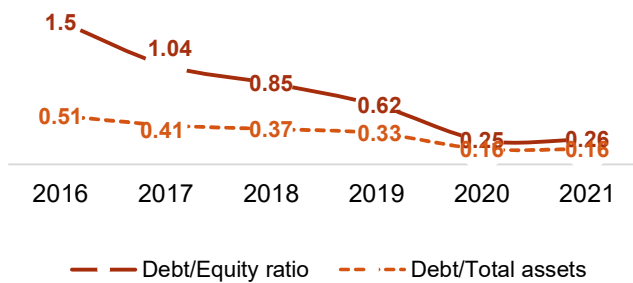
#### Liquidity ratios



➤ Current ratio in 2021 reached 1.39 time. The ratio is higher than the ratio in 2020 and greater than 1, indicating that the current assets is sufficient to cover the current liabilities.

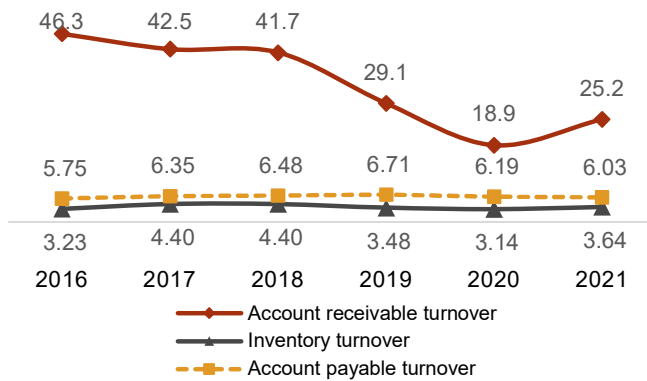
➤

➤ Quick ratio in 2021 also increases as compared to 2020, since the growth rate in short-term assets (56%) was larger than the growth rate in short-term debt (25%).



➤ In 2021, the Company has proactively reduced debt (short-term and long-term) to help limit risks and ensure a sound financial standing.

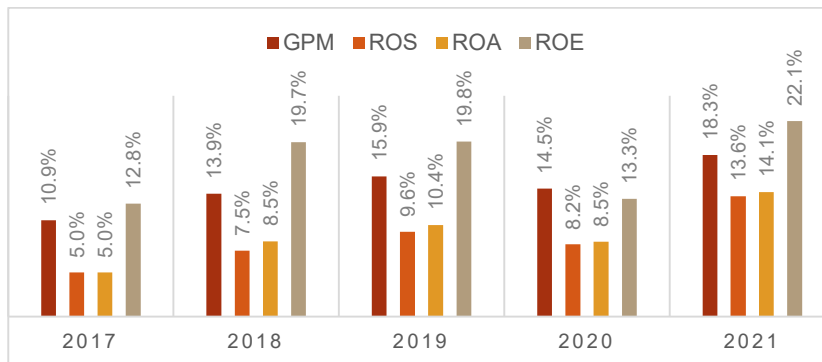
Efficiency ratios



The Company's performance indicators in 2021 all increased as compared to 2020.

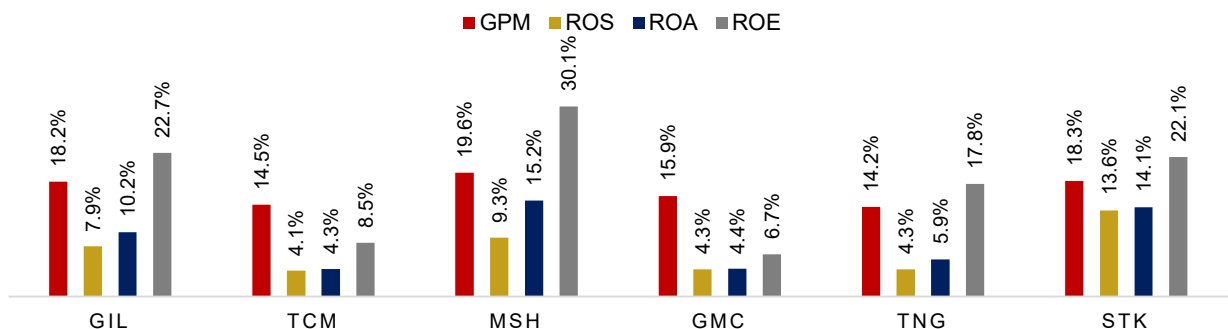
- Account receivables turnover of the Company reached 25.2 times.
- Inventory turnover increased from 3.14 times to 3.64 times.
- Accounts payable turnover decreased to 6.03 times.

Profitability ratios



➤ Due to the strong growth in profit after tax in 2021 as compared to the same period, an increase of 92.9%, therefore, the profitability ratios improved substantially as compared to 2020.

Comparison of profitability indicators between STK and other listed companies in the same industry in 2021



**V.1.4 Organization and Human resources**

➤ **Board of Management team**



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

**Year:** 1969

**Education:** Business Administration

**Working experience:**

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

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

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

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



**Mdm. Nguyen Phuong Chi**  
*Chief Strategic Officer, Corporate Governance officer, Authorized person disclosing information*

**Year:** 1972

**Education:** Master of Applied Finance

**Working experience:**

**01/2015 to present:** CSO, CENTURY

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

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

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

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

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

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



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

**Year:** 1970

**Education:** MBA

**Working experience:**

**11/2010 to present:** Chief Accountant, CENTURY.

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



**Mdm. Le Thi Tho**  
*Administration Director*

**Year:** 1984

**Education:** Bachelor

**Working experience:**

**08/2021 – present:** Administration Director – STK

**01/2020 - 08/2021:** Assistant to Managing Director – STK

**2012 - 2019:** CEO - Rare Dragan Ltd.,



**1997 – 03/2004:** Accountant, Binh Phuoc Electricity Company.  
**% STK's ownership:** 0.084%

**2005 - 2012: Assistant to Chairperson –**  
 KhaiVy Corporation  
**% STK's ownership:** 0%

### Changes in the BOM's members in 2021:

Mdm. Le Thi Tho has started to be in charge of Administration Director position since 01 August 2021.

#### ➤ Demographic structure

<b>By gender</b>	<b>Number of headcounts in 2021</b>
Male	747
Female	180
<b>By age</b>	
18-30	529
30-50	384
50 and above	14
<b>By qualification</b>	
Secondary and high school graduate	377
Primary school graduate	260
Technical school/college graduate	234
University graduate	56
<b>By management level</b>	
Managerial position	46
Office staff	158
Worker	723
<b>Total headcounts</b>	<b>927</b>

#### ➤ Labor policies

##### Focusing on recruitment and training

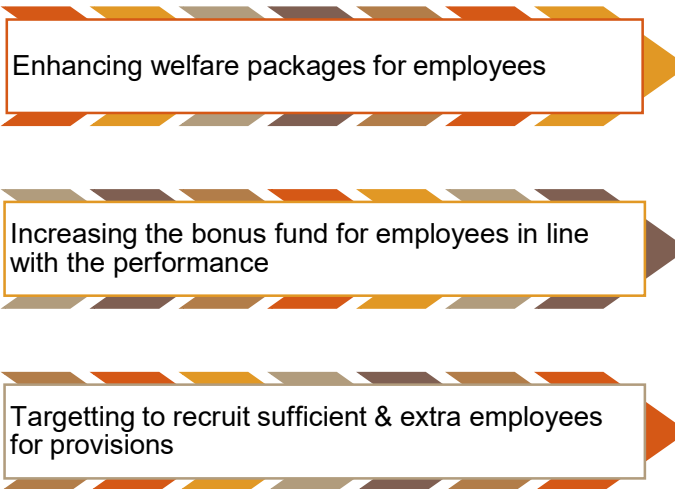
**Being aware of the importance of ensuring a stable quality of human resources as one of the sustainable development goals, especially in the circumstance of the widespread Covid-19 pandemic, STK has paid much attention to recruitment and succession planning.**

- Setting up the goal of recruitment to provide sufficient numbers of qualified labor in order to fulfill production's demands. Not only recruiting the necessary employees to maximize capacity, the BOM has also instructed to recruit a certain extra number of employees to offset against the labor turnover each month.
- The recruited employees will be trained for multi-tasks to switch to different positions, enhancing their working skills at various stages of production.
- Organizing skill upgrading test for employees, employees can improve their skills regularly through professional training sessions on the latest technology, thereby building and fostering production core team.

**Building STK culture**

Instilling the core values to the Company culture: Serving customers - Continuous improvement - Uniting - Developing together. STK always organizes weekly meetings to promote the Company’s culture to key employees in the Company. The topics focus on the practical stories of integrating core values into the each department’s operation.

**Changes in labor policies in 2021**



**V.1.5 Welfare benefits**

**WORKING TIME POLICIES**

**BASIC SALARY POLICIES**

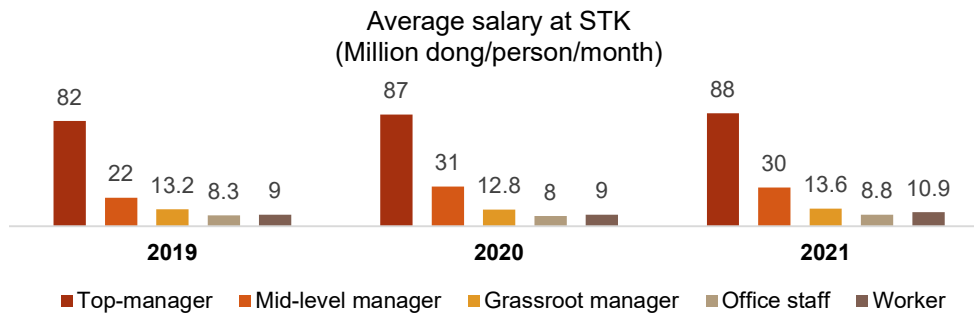
- The Company does not use part-time and temporary labour.
- The Company commits that all employees are entitled to benefits as stipulated by the Company’s policies.
- The Company’s working time is 8 hours/day, 6 days/week and the office time is from 8:00 to 17:00 from Monday to Saturday.
- .Due to nature of Company’s operation, i.e, the machine is run continuously (24/7), production team works on 3 shifts and on Sunday and holidays.
- At some points of time, when it’s necessary to push up production progress to meet orders or extraordinary requests, employees may be ask to work overtime in accordance with the following principles: (1) it should be based on the employees’ willingness, (2) it should not be

- The Company always sets and updates salary scales based on prevailing minimum basic salary of the region and regulations. The basic salary to calculate insurance contribution is based on the Company’s salary scales.
- The basic salary is updated annually to be aligned with the market conditions and the government regulations.
- Employees’ salary will be adjusted according to any changes in the Government’s basic salary.
- The Company commits that salary deduction should not be used as a discipline measures, except in the case of material compensation for damage under the Company’s discipline

frequent and should not be above 12 hours/week, (3) total number should not be more than 200 hours/year; (4) overtime salary should be higher than the normal salary and in accordance with regulations.

<b>BONUS POLICIES</b>	<b>INSURANCE POLICIES</b>
<p>According to the Company's salary and bonus policy, there are different types of bonuses as follows:</p> <ul style="list-style-type: none"> <li>- Performance bonus</li> <li>- Bonus for compliance with working rules</li> <li>- Extra bonus for fulfilment of duties</li> <li>- Extra performance bonus for production workers</li> <li>- Extra performance bonus for sales staffs</li> <li>- Extra performance bonus for purchasing staffs</li> <li>- Extra performance bonus of stevedoring/ warehouse/ forklift truck driver's positions</li> <li>- Bonus on national holidays</li> </ul> <p>Beside the monthly bonus as mentioned above, at the end of the year, STK will pay bonus to staffs:</p> <ul style="list-style-type: none"> <li>- Tet holidays bonus</li> <li>- Bonus on annual business performances</li> </ul>	<ul style="list-style-type: none"> <li>- The Company pays for social insurance, medical insurance, and unemployment insurance in accordance with the State's regulations (the Company's insurance participation rate is 100%).</li> <li>- In addition, STK also buys the accident insurance 24/24 for all of staffs.</li> </ul>
<b>WELFARES</b>	<b>ACTUAL SALARIES</b>
<ul style="list-style-type: none"> <li>- Free boarding houses to the employee whose home is more than 30 kilometers from the workplace.</li> <li>- Meals at shift breaks; Supplementary foods and drinks for heavy and/or hazardous jobs; Annual leave; Periodical health check; gasoline and telephone allowance;</li> <li>- Collective labour agreement which was registered with the authorities in accordance with the regulation has effectively align the employees' interests with the Company's ones.</li> </ul>	<ul style="list-style-type: none"> <li>- Office staffs: Depending on nature of each job position, the Company sets salary for each position.</li> <li>- Production staffs: Salary is based on output and productivity. Unit salary per product will be adjusted depending on the Company's performance results from time to time</li> </ul>

- At STK, all policies related to salary, bonus and welfares are promulgated as detailed policies, in accordance with prevailing regulations, publicly disclosed to all employees and are fully reflected in collective labour agreement,
- Periodical holiday retreat for all employees.



*Source: STK's HR Department*

- ◆ In 2021, average salary of production staff rose by 22.5% year on year as compared to 2020, mainly due to the increase of bonus for the Company's employees, especially production staffs.

	HCMC (VND)	Tay Ninh (VND)
<b>Regional Minimum salary<sup>7</sup></b>	VND4,420,000/month	VND3,920,000 /month
<b>Mức lương thấp nhất tại STK STK's lowest salary level</b>	VND6,182.000/month	VND6,148,000/month

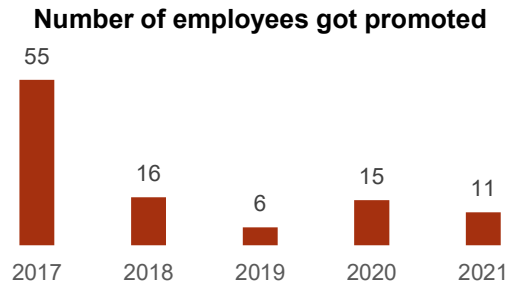
- ◆ In 2021, despite the complicated outbreak of Covid-19 pandemic, the Company still maintained operations and timely paid salary and bonus to employees, helping them to feel secured in works and have stable lives.

## PROMOTION POLICIES

- The Company seriously maintains fair and transparent promotion policies.
- If the employee is qualified and can apply for a higher position, the human resources department will cooperate with his/her supervisor in monitoring, orienting and evaluating the employee's capacity. If the employee's skills and competency meet more than 70% of the standard, the employee will be trained and probated for 2-3 months before being officially appointed to a higher position.

<sup>7</sup> STK's research

In 2021, the number of employees promoted to higher positions is 11 with 9 males and 2 females.



### **Safety and occupational health against Covid-19 pandemic**

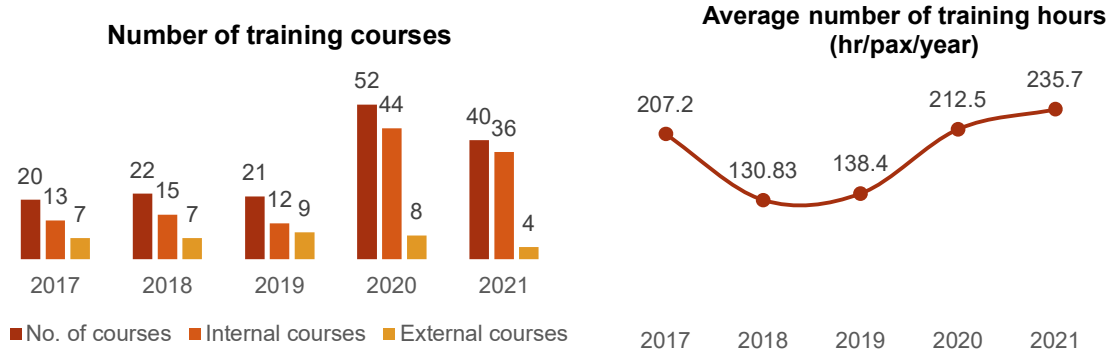
In 2021, aiming to protect the health of employees working in the Company and preventing spreading of Covid- 19 pandemic in the community, the Company applied strict measures to ensure safety for employees:

- ◆ Implementing 3-at-sites production bubble at Cu Chi and Trang Bang factory during the lockdown period;
- ◆ Requiring 100% employees wearing masks and using hand sanitizer;
- ◆ Checking employee's temperature 3 times/day when they are working in the Company;
- ◆ Requiring employees to make the health declaration and using Blue zone application to timely detect the spreading risks;
- ◆ Separating the working seat between employees, and setting up bulkhead in Company's canteen;
- ◆ Arranging the lunch time separately among divisions, limiting mass gatherings;
- ◆ Rotating annual leaves to prevent the spreading risks;
- ◆ Regularly conduct sterilization at the Company;
- ◆ Practicing online meetings to reduce the risk of mass gatherings;
- ◆ Quickly arranging Covid-19 tests and vaccination for employees.

**In 2021 the Company recorded no case of accidents**

#### **V.1.6 Education and training**

The company organized training courses for all employees during the year. Therefore, the average training hours by employee rank and gender are equal:



\*

Item (VND billion)	2017	2018	2019	2020	2021
Training budget (million dong)	175.0	184.9	205,8	133.9	183.4
Actual training costs (million dong)	158.4	51.4	43.4	17.5	24.2
Actual training costs vs. budget	87%	28%	21%	13%	13%
Average number of training hours (hour/person/year)	222.34	130.83	138.4	206.33	235.07

## Capacity building courses

Training course
Preliminary skill training for production staffs
Health and safety
Chemical safety standards
Fire and explosion safety standards
5S standards and devotion to product quality
Social policies
Firefighting and protection
First aid
Skill upgrade and multi skill training
Organising intensive course
Rules of origin and procedures for certification of origin of goods in the ASEAN Trade in Goods Agreement (ATIGA) – Basic and advanced knowledge
Accelerated accounting course

**V.1.7 Communities**

Item (VND billion)	2018	2019	2020	2021
Total salary and bonus payment for employees	117,7	107,7	107,5	113,2
Total transaction value with suppliers	1,855	1,484	953,5	1,321
<i>Transaction value with domestic suppliers</i>	<i>237.6</i>	<i>197.4</i>	<i>93.2</i>	<i>140.1</i>
Total tax payment during the year (Including VAT, import/export duties, corporate income)	125.4	167.8	68.5	116.6

tax, personal income tax, natural resource consumption tax and others)				
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Despite the difficulties caused by the pandemic outbreak, the Company still maintained its contribution to the local communities and society. In 2021, the Company increased the bonus payment by 5.18% as compared to 2020, partially raising the local living standards. In addition, the Company's indirect contribution to the local communities and society was reflected by its contribution to the tax coffers and value of local purchases, which rose 70.16% and 50.16%, respectively as compared to 2020.

### Anti-bribery and anti-corruption

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

## V.2 Assessment of Company performance

### V.2.1 Overall assessment

Thanks to continuously offering value-added products such as Recycled Yarn, Dope Dyed Recycled Yarn, the Company has gained certain market share in this segment and the proportion of Recycled yarn in total revenue continues to increase throughout the years and achieved the set target. Therefore, the net profit still met the business forecast in 2021 (surpassing the forecast by 12%) and substantially increased as compared to the same period in 2020 (up 93%), despite the difficulties faced in the pandemic.

KPIs (VND billion)	Actual 2021	Actual 2021/ Actual 2020	Actual 2021/ Forecast 2021
Sales revenue	2,042.4	15.7%	86.6%
Profit before tax	285.7	73.7%	100.0%
Profit after tax	278.5	92.9%	112.2%

### Achievements

- Business performance FY2021 achieved significant growth as compared to 2020: Net revenue increased by 15.7%, Profit before tax surged by 73.7%, Profit after tax jumped by 92.9% over the same period last year.

### Unachievements

- Sales revenue in 2021 did not meet the budget forecast, only fulfilling 87% of the budget, mainly due to the reduction in capacity in Q3.2021 and Dec-2021. Main reason was due to labour shortage during Q3-2021, when some of workers due to family circumstances could not participate at-site production. After the

- ◆ Profit before tax and after tax fulfilled the budget forecast FY2021 by 100% and 112.2%, respectively.
  - ◆ Recycled Yarn's contribution in the Net Revenue in 2021 reached the set target, 50%.
  - ◆ Stable financial situation, low debt/equity ratio.
  - ◆ Inventory at the end of 2021 was equal to production volume in 1 month.
  - ◆ The Company has strived to find shipping lines to ensure the stability of the supply chain such as timely delivery to customers and timely supply of raw materials in order to maintain uninterrupted operation.
- 3-at-site production model was ceased and workers returned home, a part of them got infected from their relatives. Therefore the number of employees taking sick leave increased in late-November and December 2021.
- ◆ The production efficiency of factories was inconsistent needed to improve further.

## V.2.2 Consolidate Total Assets – Resources structures

VND billion	% portion	2021	2020	+/-
Current assets	50.0%	986.23	633.37	55.6%
Non-current assets	50.0%	984.91	1,070.02	-7.8%
<b>TOTAL ASSETS</b>	<b>100%</b>	<b>1,971.14</b>	<b>1,703.39</b>	<b>15.8%</b>
Liabilities	36.1%	712.15	620.60	14.9%
Current liabilities	36.1%	711.87	568.58	25.2%
Non-current liabilities	0.1%	0.28	52.01	-97.6%
Vốn chủ sở hữu	63.9%	1,258.99	1,082.79	16.3%
<b>TOTAL RESOURCES</b>	<b>100.0%</b>	<b>1,971.14</b>	<b>1,703.39</b>	<b>15.8%</b>

### ➤ Consolidated asset growth

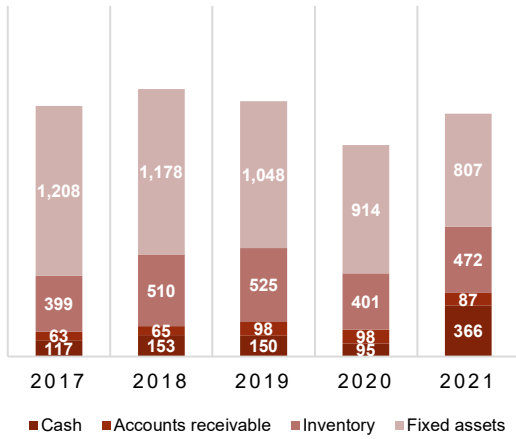
Total assets in 2021 fell by 15.8% as compared to 2020. In 2021, the Company did not recognize any increase in fixed asset value.

### ➤ Consolidated resource growth

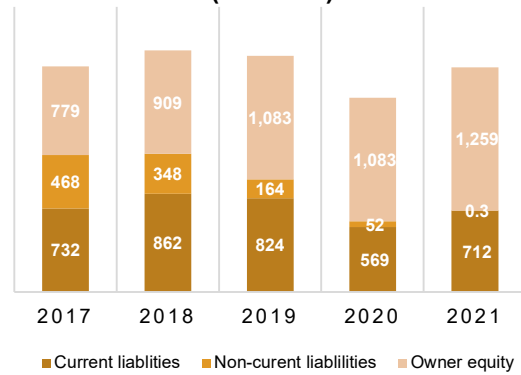
In 2021, Total long-term liabilities dropped by 97.6% year-on-year. The Company has early repaid liabilities to limit financial risks.



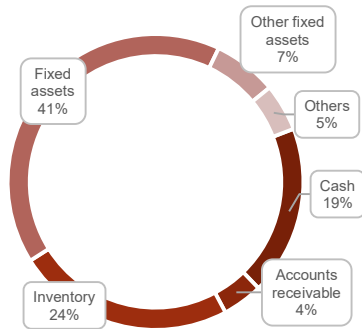
**Consolidated asset growth (VND bil.)**



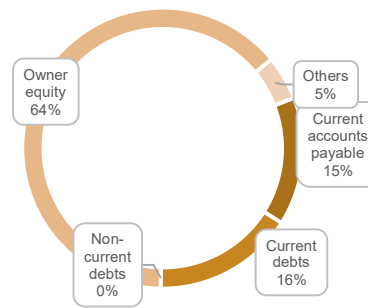
**Consolidated resource growth (VND bil.)**



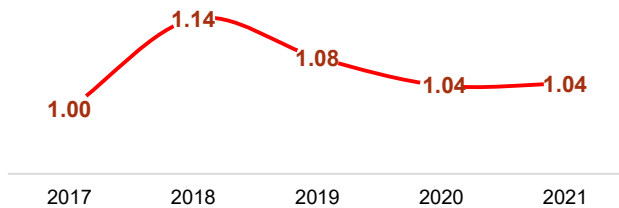
**Asset structure 2021**



**Resource structure 2021**



**The assets turnover**  
Sales revenue/ Total assets



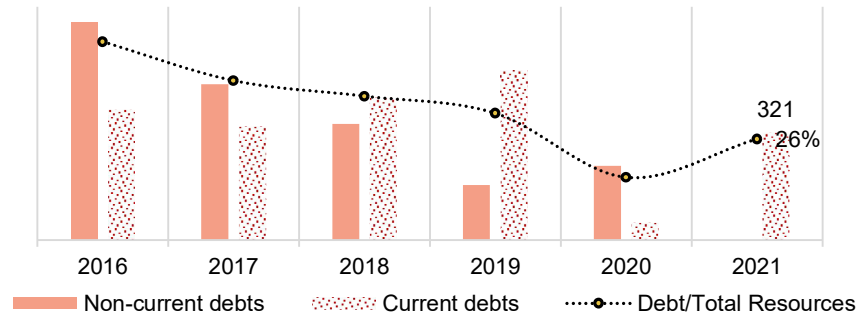
The assets turnover in 2021 reached 1.04 time which is greater than 1 indicating that Company has been effectively using the assets to generate the revenue.

**Bad debts and bad assets**

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

### V.2.3 Assessment of borrowing debts

#### Debts/ total resources



In 2021, the total debts accounted for 26% in total resources. The Company proactively repaid long-term debts in order to reduce the financial expenses and ensuring healthy financial standing.

VND bil.	2021	2020	+/-
Current debts	321.3	222.6	44%
Non-current debts	0	51.7	44%
Total debts	321.3	274.2	17%

In 2021, the Company did not recognized any overdue debt.

### V.2.4 Analysis of impact of interest rate and foreign exchange rate

#### Year-on year comparison of financial income and expenses

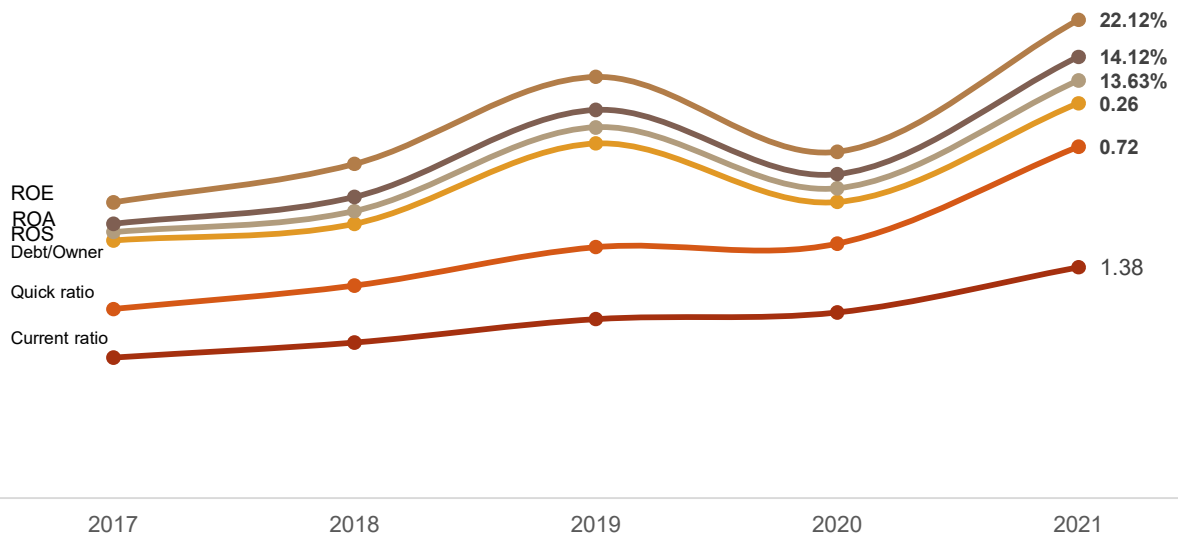
Indicators (VND billion)	2021	2020	+/-
Financial incomes	18	11.4	57.9%
▪ Interest income	15.5	4.3	260.5%
▪ Foreign exchange gain	2.5	7.2	-65.3%
Financial expenses	8.7	21.6	-59.7%
▪ Foreign exchange rate loss	3.4	5.2	-34.6%
▪ Interest expenses	5.3	16.4	-67.7%

The exchange rate as at 31/12/2021 was VND22,640, declining 1.6% as compared to the exchange rate as at 31/12/2020.

After the transfer of the Company's shares at E.DYE Vietnam, the Company recognized the capital gain of VND792.6 million., beside the recovery of the capital contribution to E.DYE Vietnam.

**V.2.5 Assessment of Financial Indicators**

**Key financial indicators**



In general, the financial indicators in 2021 was improved as compared to 2020.

**V.2.6 Improvements on organizational structure, policies and management system**

**Automation of production management systems and supporting activities**

Based on the SAP foundation established from the early days, Century has further developed the functions of warehouse management and efficient production planning. As a result, production capacity will be completely utilized, reducing operating costs.

- ♦ The Plant Operation Center - POC has been built and successfully applied to semi-finished products (POY) workshop, with the main functions of collection of production data and, analysis of production errors at each production process, thereby determining the optimal production conditions for each type of product, providing real life training materials for all operators at different levels, reducing dependence on personal experience.
- ♦ Production planning software helps optimizing the production schedule and automatically allocating production orders for each machine, scheduling supply of input materials to meet order flow, warning of risks of shortage of raw materials or semi-finished products as soon as new orders are entered, so that existing orders are not affected. In addition, it also provides real-time performance of each order. Therefore the related departments can monitor and timely react when needed to ensure sufficient output volumes and production efficiency for each order.

The bar code screeners which are used by the Purchasing department are integrated with the warehouse management software to help control the daily goods flow easily and promptly, minimizing the discrepancies with real figures through daily reports, the data can be quickly and precisely retrieved in real-time frames.

- ♦ The Company has deployed HR software to automatically manage employees' attendance and their income. The software will collect data, calculate and generate results on a daily basis, helping the HR department to be aware of the staffing situation.

- ◆ In addition, the Company also deploys meal registration software at factories, helping provision of sufficient meals for employees, raising employees' awareness, and limiting wastes for the Company and the society.

### **Building up closed-loop value chain and reducing green house emission**

In order to become a preferred supplier for major fashion brands, Century has built a foundation to complete a closed-loop value chain with high added value and reduction of CO2 greenhouse gas emission in 2021.

- ◆ The Recycled Yarn's contribution to Net Revenue reached 50%, a significant rise from 44% in 2020, helping to reduce the consumption virgin yarn which is made of fossil energy (crude oil and gas).
- ◆ Installing and operating the Rooftop Solar Power System in Q2.2021, leading to a reduction of conventional electricity consumption by 10%, equivalent to ~ 16,000 tons of CO2 per year.
- ◆ Development of other environmentally friendly products such as Dope Dyed Yarn, providing an alternative solution for the dyeing process, and reducing waste dumped to soil and water source.
- ◆ Recycling waste yarn into re-PET chip which will be reused into the production process. In 2021, the recycling rate of waste yarn into re-PET chip reached 96% of the total generated volume of waste yarn.

#### **V.2.7 Future development plan**

##### In short-term:

- Implementing capacity expansion project at the Company's subsidiary, creating foundation to boost sales volume and revenue for the Company;
- Focusing on capacity building for production team.

##### In medium and long-term:

- Putting the expansion project into operation, taking more share in domestic market, exploiting competitive advantage from anti-dumping tariff imposition on yarn imported from Chinese, India.
- Investing on product research and developments in order to develop high value added products.

### **V.3 Performance forecast for the fiscal year 2022**

No.	KPI (VND Billion)	2022 Forecast	2021 Actual	Forecast/Actual
1	Net revenue	2,605.73	2,042.39	128%
2	Net profit after tax	300.27	278.5	108%

The above forecast for 2022 will be submitted to approval of the Annual General Shareholder Meeting 2022



#### **Assumptions:**

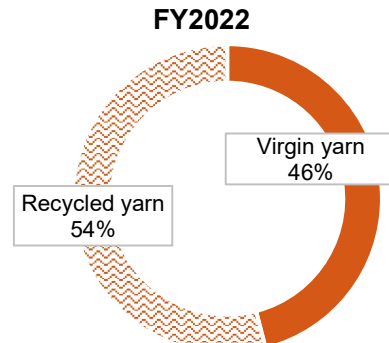
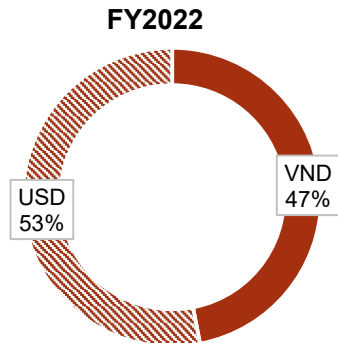
- Recycled Yarn's contribution in total revenue of FY2022 is 54%.
- The average selling price is estimated to increase 11% as compared to 2021 price (primarily due to the increment of recycled yarn proportion in total sales revenue as well as the

average selling price of virgin yarn and recycled yarn is also forecasted to increase by 11% and 6% respectively as compared to 2021);

- The average chip price is projected to increase by 4% as compared to actual 2021;
- The selling expenses is projected to increase by 60%, primarily due to the tentative increase in international freight cost;
- The FX rate as at 31/12/2022 is forecasted to increase by 1% as compared to 31/12/2021;
- The projected corporate income tax rate is 11.7%;

**Estimated net sales revenue by currencies**

**Estimated net sales revenue by products**






**V.4 Explanation of the BOM to the audit firm’s opinions**

The auditing firm E&Y does not have any comments on the 2021 Consolidated and Separated financial statements.

## VI. REPORT ON SUSTAINABLE DEVELOPMENT

### VI.1 Sustainable development strategies

Integrating the objectives of economic development, environment protection and society into the Company's sustainable development orientation and consistently pursuing to set targets, STK has selected and integrated the following sustainable development objectives into the Company's sustainable development orientation for the period 2022-2025.

 <p><b>BETTER LIFE</b></p>	 <p><b>HEALTHIER ENVIRONMENT</b></p>	 <p><b>HIGHER DEVELOPMENT</b></p>
<ul style="list-style-type: none"> <li>- Creating more jobs for employees</li> <li>- Increasing the average income for employees</li> <li>- Contributing to the development of local economy</li> <li>- Building up the safe working environment</li> <li>- Ensuring health and safety for Company's employees</li> <li>- Committing to equal employment policy</li> <li>- Keeping fairness and equal treatments between men and women</li> <li>- Effective using and saving water</li> <li>- Not using of hazardous chemicals</li> <li>- Reusing water recollected from production process</li> <li>- Transparent and integrity in operation, anti-corruption, not committing tax evasion and law violation</li> </ul>	<ul style="list-style-type: none"> <li>- Effective using and saving water</li> <li>- Not using of hazardous chemicals</li> <li>- Reusing water recollected from production process</li> <li>- Developing dope dyed yarn, helping to reduce water used as well as chemical discharged in traditional dyeing method                             <ul style="list-style-type: none"> <li>- Effective use of energy</li> <li>- Saving energy</li> <li>- Using the solar energy</li> </ul> </li> <li>- Taking initiatives in energy savings</li> <li>- Limiting wastes</li> </ul>	<ul style="list-style-type: none"> <li>- Creating a friendly, safe, fair and non-discriminatory working environment</li> <li>- Transparent and integrity in operation, anti-corruption, not committing tax evasion and law violation</li> <li>- Collaboration with strategic parties to develop the circular economy</li> </ul>

Based on the above mentioned objectives, STK set the following sustainable development objectives on medium- and long-term period

MEDIUM-LONG TERM SUSTAINABLE DEVELOPMENT STRATEGIES	SHORT TERM SUSTAINABLE DEVELOPMENT STRATEGIES
<ul style="list-style-type: none"> <li>◆ The Company continues to expand its production scale with new factories (Unitex, Textile and Dyeing Alliance) to gain the advantage of scale.</li> <li>◆ Focusing on development of environmentally friendly yarns (Recycle, Dope dyed, Recycle Plus...) to meet the needs of domestic and export customers.</li> <li>◆ Raising the proportion of environmentally friendly products in total output and sales revenue.</li> <li>◆ Raising the proportion of recycled yarn on the total sales revenue with the tentative target from 50% in 2021 to 100% in 2025. Reducing carbon footprint through reducing consumption of electrical energy at the plant.</li> <li>◆ Adopting AI systems in production, deploying POC software - production control center in POY and DTY factories, helping to increase production efficiency and reduce waste. Using automation technology in the packaging process.</li> </ul>	<ul style="list-style-type: none"> <li>◆ Implementing Unitex and Yarn-Textile-Dyeing Alliance projects, optimizing production capacity</li> <li>◆ Increasing the capacity utilization rate of solar energy projects at 2 factories in Trang Bang and Cu Chi</li> <li>◆ Promoting and selling Recycled yarn products and improving product quality</li> <li>◆ Raising the contribution of recycled yarn in the Company's 2022 total revenue to 54.3%</li> <li>◆ Pushing for research and development of new products with outstanding features such as recycle plus yarn, quick-dry (hygroscopic), CD yarn, soft package, AAA products</li> <li>◆ Developing new colors of dope-dyed yarn, environmentally friendly products</li> <li>◆ Thoroughly complying with production standards of REACH 168, OEKO-TEX 100, GRS, and standards of brands to protect the health of consumers</li> <li>◆ Diversifying more customer portfolios to reduce the risk of having to depend on a few customers</li> </ul>

## VI.2 Assessment of the BOM towards Environment-Labor-Society

Thanks to the continuous developing value-added products such as the Recycled Yarn, the Company has gained certain market share in this segment and the proportion of Recycled Yarn in total revenue continues to increase and thus profit is secured despite difficulties in the pandemic.

The Company has consistently taken measures to reduce consumption and improve operational efficiency. Therefore, while revenue decreased in Q3.2021, the profit still maintained on track, thanks to well-controlled operating costs.

With appropriate and attractive labor and personnel policies, the Company still maintains sufficient workforce during 3-at-site period and the returning rate to work after lockdown was lifted reached a high level.

Environment:

- Development of eco- friendly yarn: the proportion of recycled yarn has grown significantly, accounting for 50% of the revenue, meeting the set target for 2021, increasing 30% year-on-year (the portion of recycled yarn in total revenue of 2020 was 44%).
- Solar energy projects help reducing carbon footprint by 10% annually and cutting 530 thousand tons of CO2 during the project's lifetime;
- Recycling waste yarn into PET chip which is the input material helps reducing the amount of PET chip derived from crude oil and gas, thereby contributing to reduction of emissions to the environment. The rate of wasted yarn recycled into PET chip was 96% (of the total waste yarn generated in 2021).
- Developing and commercializing dope dyed yarn helping to reduce clean water consumption and protect the environment;
- In 2021, paper tube was reused by 3.6 times.
- The carbon footprint of Diesel oil has been completely eliminated since 2020;
- From the beginning of Recycled yarn production since 2017), the Company has indirectly reused 3.04 billion post-consumer-used PET bottles thanks to production of Recycled yarn, minimizing the negative impact to the environment, specially the ocean plastic pollution.
- No recorded cases related to violation of environmental regulations.

#### Labour

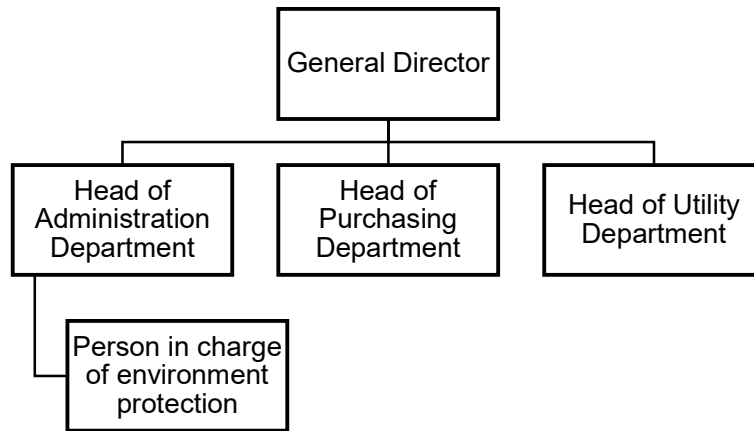
- Average income of employees increased by 5% in 2021 as compared to 2020.
- o Giving Tet gifts, building funds to help employees having difficult circumstances
- Bonus with more than 2.5 months salary on Lunar New Year 2022
- Periodically implementing the policy on skill assessment for promotion and create promotion opportunities for employees;
- The Company has continued to improve the complaint and feedback mechanism based on the Company's Code of Conduct;
- Periodically inspecting and maintaining machinery and equipment;
- Ensuring labor safety for employees while working at the Company;
- No recorded cases of working accident.

#### Communities

- Total tax payment in 2021 was 116 billion VND;
- Fully complied with rules of the industrial zones, regulations on tax, import and export activities, law on enterprises and law on securities.-
- Directly and indirectly creating jobs for local peoples.

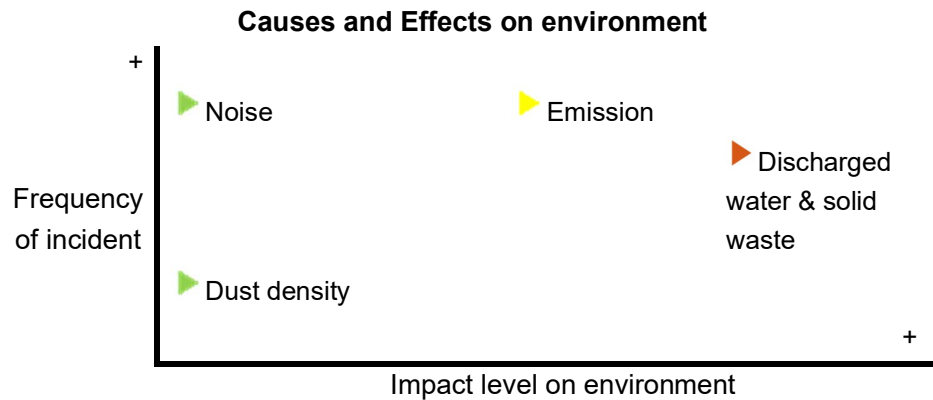


**VI.3 Responsibility of environmental protection**



**VI.4 Report on environmental protection**

**STK'S POLICY ON ENVIRONMENTAL PROTECTION**



Cause	Frequency of incident	Impact level	Consequence (*)	Managerial approach	Specific measures	KPIs
Dust density	1 mark	1 mark	Low (1 mark)	Set targeted KPIs for each related division which are required to report on actual achievement on weekly, monthly, quarterly, bi-annually and annual basis to the Managing Director (the	Procedures on periodical inspection of air quality	Maximum level of dust density without silica.
Noise	3 marks	1 marks	Medium (3 marks)		Procedures on periodical inspection of air quality, ear plug for noise protection, airlock door for workshops, health check	No case of illness caused by noise. However, by the nature of this industry, there is noise generated by running machines.

Cause	Frequency of incident	Impact level	Consequence (*)	Managerial approach	Specific measures	KPIs
				Company's highest-ranking officer in charge of environmental protection).	for employees	
Emission	3 marks	2 marks	Medium (6 marks)		Minimize usage of DO, take measure to save electricity.	Carbon footprint related to electricity consumption reduced by 6% and carbon footprint related to DO consumption dropped by 1%.
Discharged water and solid waste	2 marks	3 marks	Medium (6 marks)		Daily monitor sanitary waste water treatment system, classify and collect solid waste in accordance with regulations.	No case of violation

(\*) Notes

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

**VI.4.1 Material consumption**

Classification of material	Type of materials	Country of origin
Non-renewable materials	Polyester Chip	Korea, Taiwan, Japan, China...
	Oil	Taiwan, Japan, Germany
	Recycled Polyester chip	China, Malaysia, Taiwan
	Paper tubes	Vietnam, Taiwan

Classification of material	Type of materials	Country of origin
Renewable materials	Carton boxes	Vietnam

2021 Environmental protection initiatives	Kết quả đạt được
- Pushing the usage of recycled PET chip, cutting the consumption of virgin PET chip, reducing the ocean plastic waste.	- Accumulated number of post-consumer-used PET bottles which were recycled by the end of 2021 was 3.04 billion.
- Recycling waste yarn into PET chip which will be reused in the production process	- The reuse rate was 6.85%
- Recovering and reusing POY paper tube	- The reuse rate of paper tubes was 3.6x, raising the Company reuse rate for all types of papertube (POY, DTY, FDY) to 22%

#### Reuse Rate of material which is recycled from the Company's production process

$$= \frac{\text{Consumption of recycled polyester chip from wasted yarn (kg)}}{\text{Total consumption of polyester chip (kg)}} \times 100 = 6.85\%$$

2019	2020	2021
1,6%	2,55%	6.85%

Waste yarn rate generated in 2021 was 1.57%. In 2021, in addition to recycling of wasted yarn generated in the same year, the Company also recycled waste yarn accumulated from previous years into PET chip. Therefore the reuse rate of material ( in 2021 increased to 6.85%.

#### Rate of recycled material consumption (external purchases)

$$= \frac{\text{Consumption of Re-PET chips}}{\text{Consumption of PET chips (kg)}} \times 100 = 42.7\%$$

2019	2020	2021
33%	35%	42.7%

- In addition to effectively using the main raw materials, the Company has coordinated with the suppliers to improve the quality of POY paper tubes to be re-used. After improvement and trial-testing, currently the POY paper tubes can be reused more than 3.6 times, reducing environmental impact
- In 2021, the number of used POY paper tubes was 736,422 tubes and an average of POY paper tubes can be reused 3.6 times; therefore, the rate of reusing materials (paper tubes) in 2021 is:

**The rate of recovery and reuse of paper tube**

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

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

$$\frac{736,422 \times 3.6}{736,422 \times 3,6 + 9,197,913} = 22\%$$

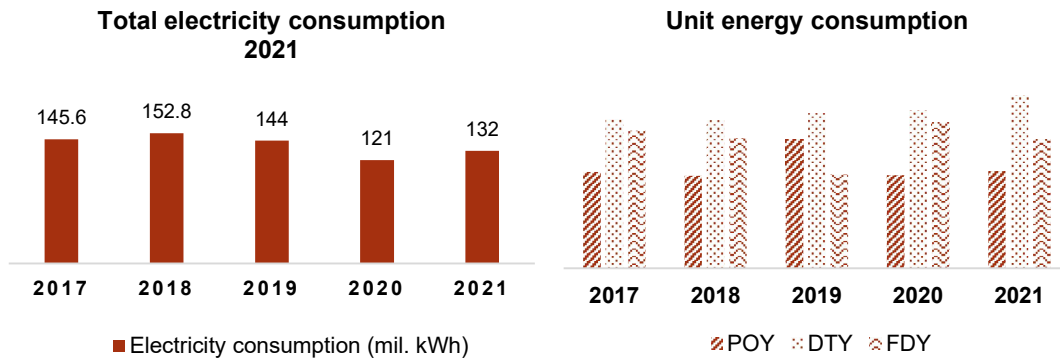
2019	2020	2021
23%	21%	22%

**VI.4.2 Energy consumption**

The Company only uses the energy resources of the electricity and Diesel oil in its daily production and operation activities. In which:

1. Non-renewable energy resource: Diesel oil. The used volume of Diesel oil in 2020: 2.2 tons.
2. Renewable energy resource: electricity;

**(1) + (2) Total energy consumption (in MJ): 475,7 million MJ**



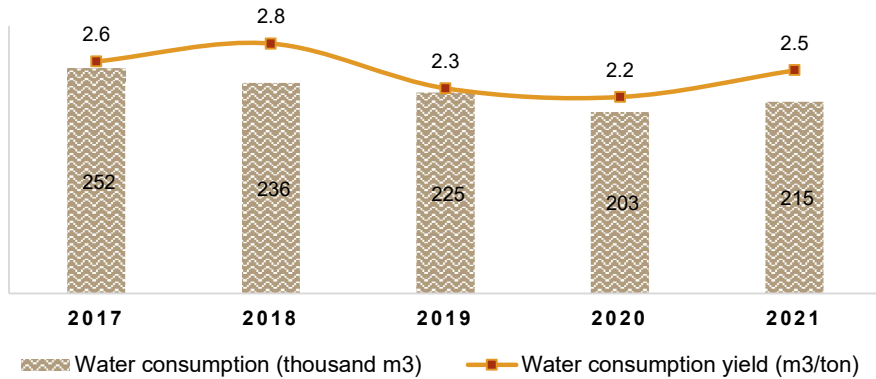
In 2021, unit energy consumption (per kg of product) slightly increased as compared to 2020 since the Company proactively switched to production of higher value added products such as recycled and dope dyed yarn.

STT	Giải pháp/Solutions	Hiệu quả/Results
1	<ul style="list-style-type: none"> <li>Install an inverter for AC 1,2,3 spray pump system and York air-conditioner pump</li> <li>Install the inverter for the AC5 blower</li> </ul>	<ul style="list-style-type: none"> <li>Saving 38kw/h.</li> <li>Saving 6kw/h.</li> </ul>
2	At Trang Bang factory: <ul style="list-style-type: none"> <li>Install inverter for the AC 4,5 in TB1,2</li> </ul>	<ul style="list-style-type: none"> <li>Saving 15kw/h.</li> </ul>

3	At Trang Bang factory: Install inverter for the DTY TB1,2 air-conditioning cooling pump	<ul style="list-style-type: none"> <li>▪ Saving 18kw/h.</li> </ul>
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**VI.4.3 Water consumption**

Water consumed in the Company was provided and guaranteed for quality by the Industry Zone



In 2021, the Company continued to implement water conservation measures:

No	Solutions	Results
1	At Cu Chi factory, keep reusing the filtered water from AC 1, 2,4,5.	Saved 2,700 m3 equivalent to ~VND 27,702,000 /year.
2	At Trang Bang factory, keep reusing the water from AC 4,5	Saved 2,300 m3 equivalent to ~VND 16,000,000/year

$$= \frac{\text{The volume of reclaimed and reused water}}{\text{The total volume of used water at Company}} \times 100$$

$$\text{The proportion of reclaimed and reused water} = \frac{5,017}{215,059} \times 100 = 2.3\%$$

2019	2020	2021
1.2%	1.2%	2.3%

**VI.4.4 Emission**

- The Company does not generate emissions since the Company does not use a steam generator.
- Periodically, the Company conducts measurements at outdoor areas and production areas 3 times a month to have solutions to remedy emission pollution (if any) immediately.
- In addition, the Company also submits to relevant authorities' environmental emission measurement reports every 6 months in accordance with the current law.
- Some measures which are conducted to minimize emission pollution:

- ❖ Controlling the operation of vehicles in the Company such as: container trucks, trucks, forklifts, cars regarding emission. The Company stops using vehicles that generate excessive emissions.
- ❖ Reducing the usage of fuel, DO oil.
- ❖ Regularly maintaining vehicles, machines, equipment using fuel, DO oil to minimize emission pollution

**REDUCING GHG EMISSIONS IN THE COMPANY'S ENTIRE VALUE CHAIN**

SCOPE 1 DIRECT	SCOPE 2 INDIRECT	SCOPE 3 INDIRECT
Greenhouse gas emissions from sources owned or controlled by the company	Greenhouse gas emissions from electricity purchased by the company	GHG emissions from sources not directly owned or controlled by the company but related to its operations
<ul style="list-style-type: none"> <li>•The company does not own a boiler, or use coal, petroleum, or petroleum products to generate steam and produce greenhouse gases.</li> </ul>	<ul style="list-style-type: none"> <li>•The company operates in the field of manufacturing Ployester Filament yarn from PET chips. The Company's factories only uses electrical energy as the main source of energy to operate the production machine.</li> </ul>	<ul style="list-style-type: none"> <li>•Not applicable</li> </ul>

	2021 consumption	Emission factor CO <sub>2</sub> (Schneider Electric)	Carbon emissions 2019	Carbon emissions 2020	Carbon emissions 2021	Increase/ Decrease % 2021/2020
Electricity Consumption volume	132.134 MWh/year	0.000432 <sup>8</sup> (tCO <sub>2</sub> e/MWh)	62,2 (tCO <sub>2</sub> e/ year)	52,3 (tCO <sub>2</sub> e/ year)	57,1 (tCO <sub>2</sub> e/ year)	+9%

**Direct GHG Emission: none**

**Initiatives to reduce carbon footprint**

**1. THROUGH USE OF RENEWAL ENERGY - SOLAR ENERGY:**

Rooftop solar project at Cu Chi and Trang Bang factories with a capacity of 10.5 Mwp. The company has cooperated with a partner to install rooftop solar power systems for both Cu Chi and Trang Bang factories since 2020. After completing the installation, the rooftop solar power systems will meet about 10% of the Company's electricity demand and contribute to help saving electricity costs by about 1-2%, reducing carbon footprint by 10.7% annually and 530 thousand tons of Co2 during the life of the project

<b>From the beginning of the project to the end of 2021</b>	<b>TOTAL</b>
<b>Amount of CO2 (tons) reduced-indefol system</b>	<b>4,489</b>

8. Schneider Electric Carbon Footprint data center emission factor. (<https://www.se.com/ww/en/work/solutions/system/s1/data-center-and-network-systems/trade-off-tools/data-center-carbon-footprint-comparison-calculator/>)

<b>Electricity generated from solar system (MWh)</b>	3,400
<b>From 2022 to the end of the project lifecycle</b>	
<b>Amount of CO2 (tons) reduced-indefol system</b>	525,489
<b>Electricity generated from solar system (MWh)</b>	398,097
<b>Total CO2 reduction:</b>	
<b>Amount of CO2(tons) reduced-indefol system</b>	529,978
<b>Electricity generated from solar system (MWh)</b>	401,497



**2. Through lifting the targeted contribution of recycled yarn in total sales revenue by 2025**

The company aims to increase the contribution of environmentally friendly products "Recycle yarn" in total revenue from 54.3% in 2022 to 100% in 2025.

	2022	2025
The ratio of Recycled yarn in total sales revenue	54.3%	100%
The amount of CO2 (tons) can be reduced by using recycled materials - PET Recycle chips from plastic bottles.	23,208	43,100

**VI.4.5 Effluents and Solid wastes**

**Effluents**

At Century, wastewater comes from 2 sources: sanitary water and production wastewater (from testing and dyeing activities).

The Company apply the following measures to manage the wastewater:

- To manage the wastewater treatment in accordance with the relevant regulations.
- To keep separate drainage systems for surface water runoff, sanitary waste water and industrial waste water which are connected to the with the drainage system, sewage of the Industrial zones.
- To identify the sources of environmental pollution, frequently monitor of wastewater parameters to ensure that wastewater quality meet the GRS standard.
- To make environmental monitoring reports to the relevant authorities about wastewater every 6 months in accordance with prevailing regulations.

- To measure volume of wastewater discharged daily and keep full records.
- To declare and pay environmental protection fee for wastewater in full in accordance with the prevailing regulations.

#### **Solid waste**

2 types of solid wastes identified by the Company are hazardous and non-hazardous waste. The Company has been using the following measures to treat the solid waste:

- **For domestic waste and industrial non-hazardous waste:**
  1. Collecting into the storage areas in accordance with procedures for waste classification and management;
  2. Transferring the waste to authorized entities for collection, transportation and treatment.
- **For hazardous waste:**
  1. Attaching hazardous warning signs;
  2. Setting up a separate storage for hazardous wastes;
  3. Transferring to authorized entities for collection, transportation and treatment.

Name of wastes	Code of hazardous wastes	Volume (kg)	Treatments	The wastes collection Companies
Clouts with oil stain	18 02 01	1844	Burning	Tan Thien Nhiên Environment Ltd
Ink containers for printing, fax machines	08 02 04	8	Burning	Tan Thien Nhiên Environment Ltd
Waste oil	17 02 03	30	Burning	Tan Thien Nhiên Environment Ltd
Fluorescent lamp waste	16 01 06	39	Disintegration, Solidification, Burying	Tan Thien Nhiên Environment Ltd
Waste soft packaging	18 01 01	20	Burning	Tan Thien Nhiên Environment Ltd
Total		1,941		

At STK, solid wastes from production and operation activities are strictly collected, classified and monitored in accordance with the regulation of wastes classification of GRS 4.0 – waste management, the Company signs contracts with waste collecting Companies, in which:

- Collection, transportation and treatment of hazardous waste – Responsible Service: Tan Thien Nhiên Environment Ltd, Company.
- Collecting, transporting and treating domestic and industrial solid waste – responsible Service: Cuchi District Public Services Company Limited. and Hien Luong Garbage Collection One Member Limited Company.



- In addition, annually, the Company also makes the waste management report and submits it to the department of natural resources and environment of Ho Chi Minh city and Tay Ninh province. The Company registered the hazardous waste owner with registration no.- QLCTNH79,002938, T (3<sup>rd</sup> issuance).

**VI.4.6 Environment compliance**

The parameters in the environmental measurement n report which is prepared quarterly (conducted 4 times/year) and the annual environmental impact assessment of STK are within the acceptable range under environmental laws.

Management boards of industrial zones and environmental police did not record any case of environmental violation.

The cases of violation of environmental regulations and laws: 0 cases.

**VI.5 Green projects**

RECYCLE YARN	DOPE DYE YARN	RECYCLING THE WASTE YARN FROM PRODUCTION PROCESSES	SOLAR PROJECT
<p>Since 2016 STK has started to produce Recycled Yarn. In 2021, the recycle yarn proportion in the total sales revenue reached 50%, exceeding 6.3% as compared to 2020 (44.7%). Thanks to the production of recycle yarn, the Company has indirectly helped recycling 3.04 billion post-consumer used bottles, reducing ocean plastic pollution, which has recently been one of the globe’s alarming environmental problems.</p>	<p>The Company continuously developed further the dope dyed yarn with more colors such as grey, black and blue navy, provided more product samples to domestic and export customers. The Dope dyed will meet the market demand for environmentally friendly products. This is also a global trend that top leading fashion brands such as Nike, Adidas, Puma, H&amp;M, Inditex have been pursuing in order to limit disposal of hazardous chemicals to the environment</p>	<p>The Company has been utilizing a production line of 1,500 tons of recycled PET chip/ year, raising the Company’s profitability and cutting the cost of input material (through recycling waste yarn into PET chip).</p>	<p>The Company cooperated with a strategic partner to install the roof-top solar power systems for both Cu Chi and Trang Bang plants since 2020. It is expected that after completing the installation, the rooftop solar power systems will meet about 10% of the Company’s electricity demand and saving electricity costs by 1 – 2%, reducing carbon footprint by 10.7% annually and 530 thousand tons of CO2 over the life of the projects.</p>



## VII. IMPLEMENTATION OF INVESTMENT PROJECTS

### VII.1 Implementation of invested project

#### Yarn-Textile -Garment Alliance project

In 2021, Century has made capital contribution to acquire land for construction and infrastructure developments for this project. The Company will not commence the factory construction and machinery and equipment purchases for this project in 2022. In case the partners have completed construction of their factories in this alliance, the Company still has the capacity to supply materials from existing factories as per the partners' demands.

### VII.2 Investment plan during 2021-2025

#### Project "Unitex yarn factory".

Project overview:

- Maximum capacity: 60,000 tons/annum; including 02 phases:
- Location: Lot A17.1 C1 Street, Thanh Thanh Cong Industrial Zone, An Hoa Commune, Trang Bang Town, Tay Ninh Province.
- Total area: 100,183 m<sup>2</sup>
- Main product: DTY yarn: Recycled, other high-value-added yarns.

The Company is completing the application for construction permit. The project construction is expected to kick off in the second quarter of 2022.

Total contributed capital at the subsidiary "Unitex Corporation" in 2021: VND 11,586.8 million.

Purpose: Payment for machineries and equipment.



## VIII.STOCK OVERVIEW AND IR ACTIVITIES

### VIII.1 Stock overview

Stock name	<b>CENTURY SYNTHETIC FIBER CORPORATION</b>		
Stock code	<b>STK</b>		
Listed stock exchange	<b>HOSE</b>		
Total trading sessions in 2021	249	sessions	
Average order-matching volume per session	56.437	shares	

#### Stock trading performance in 2021



Source: tradingview.com

### VIII.2 Share and Shareholder structure

As at 31/12/2021, the number of shares of Century as follows:

Registered Owner's Equity	<b>707,269,440,000</b>
Total number of listed shares	70,726,944
Total number of outstanding shares	68,185,294
Total number of treasury shares	2,541,650
Total number of restricted transferring shares	VND4,003 bil. (31/12/2021)
Total number of free transferring shares	14,650
Stocks trading abroad	0
Registered Owner's Equity	67,885,294

#### Shareholder structure (finalized on 30/11/2021)

Types of shares			
Stock types	Number of voting rights	Number of shares	Ratio
Common stocks	01 share: 01 voting right	68.185.294	96%

Preferred stock	/	0	0%
Treasury stock	/	2.541.650	4%
<b>Total</b>		<b>70.726.944</b>	<b>100%</b>

Types of shareholder	Number of shareholders	Ratio/Total number of shareholders	Total number of owned shares	Ownership share ratio
<b>By ownership ratio</b>				
Major	5	0.47%	43,664,012	61.74%
Minor	1,043	99.53%	27,062,932	38.26%
<b>Total</b>	<b>1,048</b>	<b>100%</b>	<b>70,726,944</b>	<b>100%</b>
<b>By ownership entities</b>				
State-owned	0	0%	0	0%
Others	1.048	100%	70.726.944	100%
<b>Total</b>	<b>1.048</b>	<b>100%</b>	<b>70.726.944</b>	<b>100%</b>
<b>By geographies</b>				
Local	936	89.31%	61,366,553	86.77%
- Individual	905	86.35%	44,141,016	62.41%
- Institution	31	2.96%	17,225,537	24.35%
Foreign	112	10.69%	9,360,391	13.23%
- Individual	71	6.77%	838,053	1.18%
- Institution	41	3.91%	8,522,338	12.05%
<b>Total</b>	<b>1.048</b>	<b>100%</b>	<b>70,726,944</b>	<b>100%</b>

**Major shareholder list (owned above 5% of Company' shares) and major shareholder's transactions in 2021**

Shareholder names	Ownership type	Nationality	Beginning period		Ending period		Changes
			No. of owned shares	% ownership	No. of owned shares	% ownership	
Huong Viet JSC.	Organization	VN	14,137,593	19.99%	14,137,593	19.99%	/
Mr. Dang Trieu Hoa	Individual	VN	9,749,367	13.78%	9,749,367	13.78%	/
Mdm. Dang My Linh	Individual	VN	6,481,235	9.16%	10,134,305	14.3%	/
Mr. Dang Huong Cuong	Individual	VN	5,981,235	8.46%	5,981,235	8.46%	/
Tang Kien Nghiep	Individual	VN	3,661,512	5.18%	3,661,512	5.17%	/
<b>Total</b>			<b>43,664,012</b>	<b>61.7%</b>	<b>43,664,012</b>	<b>61.7%</b>	

### VIII.3 Transactions between internal persons and related persons on shares of the listed company

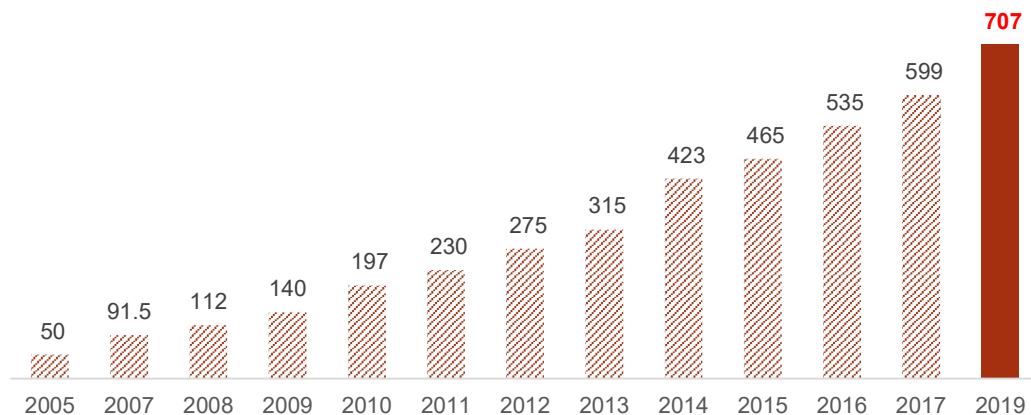
No.	Transaction executor	Relationship with internal person	No. of shares owned at the beginning of the period		No. of shares owned at the end of the period		Reasons for increase/decrease (purchase, sale, convert, reward...)
			No. of shares	%	No. of shares	%	
1	Dinh Ngoc Hoa	BOS member	16,008	0.02%	10,008	0.01%	Sale for portfolio management
2	Nguyen Tu Luc	Head of BOS	2,000	0.003%	0	0%	Sale for portfolio management
3	Dinh Ngoc Hoa	BOS member	10,008	0.01%	5,008	0.01%	Sale for portfolio management
4	Pham Ngoc Thai	Husband of BOS member Hoang Nu Mong Tuyen	2,500	0.004%	0	0%	Sale for portfolio management
5	Phan Nhu Bich	Head of Accounting	99,447	0.141%	59,447	0.084%	Sale for portfolio management
6	Hoang Nu Mong Tuyen	BOS member	3,147	0.004%	1,147	0.002%	Sale for portfolio management

### VIII.4 Treasury stock trading

None

### VIII.5 History of chartered capital increase and changes in owner's equity

History of chartered capital increase (VND billion)



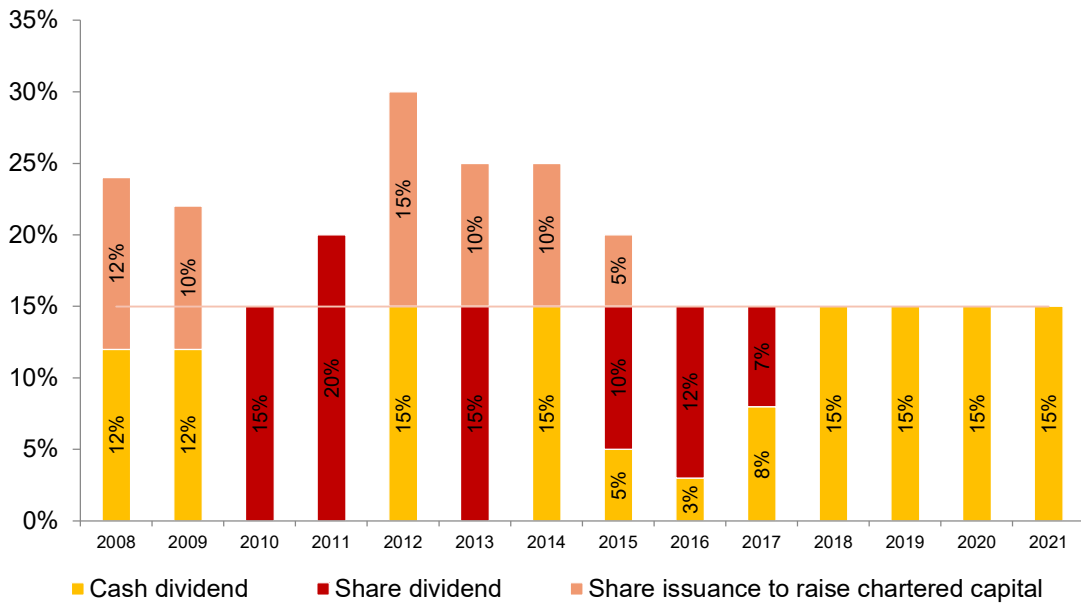
<b>Issuance time</b>	<b>Subjects released</b>	<b>Capital increase (VND bil.)</b>	<b>Charter capital after release (VND bil.)</b>
05/2005	Equitization: initial chartered capital	-	50
05/2007	Founding partners; Workers	15	65
09/2007	Existing shareholders; Strategic partnership	26.5	91.5
01/2008	Strategic partnership	8.5	100
12/2008	Existing shareholders (bonus shares: 12%)	12	112
11/2009	Existing shareholder (additional issuance: 25%)	28	140
01/2010	Strategic partnership (Issued separately)	40	180
09/2010	Existing shareholders (bonus shares: 10%)	17.3	197.3
06~07/2011	Existing shareholders (stock dividends: 15%); employees (ESOP 2010)	32.6	229.9
05/2012	Existing shareholders (stock dividends: 20%)	45	274.9
06/2013	Existing shareholders (issued shares to increase equity from ownership equity : 15%)	40.5	315.4
06/2014	Existing shareholders (- stock dividends: 15%) (-Issues shares to increase equity from ownership equity: 10%)	77.6	393.1
12/2014	Auction to the public	30.0	423.1
12/2015	Existing shareholders (-Issues shares to increase equity from ownership equity: 10%)	42.3	465.4
06/2016	Existing shareholders (- stock dividends: 10%) (-Issues shares to increase equity from ownership equity: 05%)	69.8	535.2
09/2017	Existing shareholders (- stock dividends: 12%)	64.2	599.4
05/2019	Existing shareholders	107.9	707.3

	(-stock dividends: 7%) (- public offering: 10%) (- ESOP: 0.1%)		
--	--	--	--

### VIII.6 Changes in owner’s equity

Changes in owner’s equity in 2021: None

### VIII.7 Dividend policies

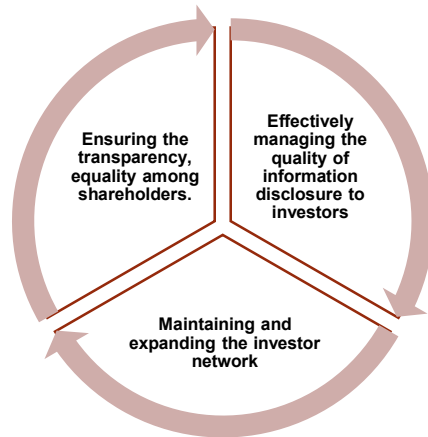


The Company maintains a regular dividend policy and minimum dividend rate of 15% over par value for shareholders. Depending on business results and annual investment plan, dividends can be paid in cash or in shares and the company can pay additional dividend or bonus shares if it has ample capital reserve or retained earnings.



### VIII.8 IR activities

#### Investor relation approach



#### Diversifying the investors' approaching channels<sup>9</sup>

#### Ensuring the transparency, equality among shareholders.

Always complying with the Regulations on information disclosures; Disclosed contents are translated into English, enabling foreign investors to be fully informed.

#### Effectively managing the quality of information disclosure to investors.

The provided information is selected, supervised and approved by the BOM as well as related Heads of Departments. The publicly disclosed information is not only complete but also accurate about the Company's situation.

#### Maintaining and expanding the investor network.

Frequently having meetings and diversifying the investors' communication channels, maintaining the existing investor base and develop new potential investors, therefore creating a potential pool of investors for the Company's future fund raising activities.

<sup>9</sup> IR Contact information:

 [ir@century.vn](mailto:ir@century.vn)

 (+84.276) 388 7565 (ext: 113)

## IX.REPORT OF BOARD OF DIRECTORS

### IX.1 Corporate governance model

- ❖ STK is organized and operated according to a corporate governance model as stipulated in Article 137.1.a of the Law on Enterprise No. 59/2020/QH14 issued on June 17th 2020. Accordingly, the organizational, management and control structure of the Company is comprised of General Shareholder Meeting (“GSM”), Board of Directors (“BOD”), Board of Supervisors (“BOS”), Managing Director (“MD”), Board of Management, functional divisions and departments.
- ❖ In STK, the GSM has the highest authority. Annual GSM is organised once a year. Matters to be passed by GSM are stipulated in Article 14 of the Company’s Charters and provisions of prevailing regulations.
- ❖ The BOD is the governance authority at the Company. Rights and obligations of the BOD is stipulated in Article 25 of the Company’s Charter. The BOD is responsible to implement and supervise the implementation of the GSM’s resolutions and responsible before the GSM for the Company’s operations.
- ❖ The BOS is elected with the functions to present the GSM to supervise all of the Company’s business activities. The rights and responsibility of the BOS (including supervising the BOD and the MD, requesting the BOD and the MD to explain on the Company’s financial standings) are stipulated in Article 36 of the Company’s Charter. The Company’s BOS comprise of 3 members with 5 year tenure.
- ❖ The MD is appointed by the Board of Directors with 5 year tenure. The rights and responsibility of the MD are stipulated in Article 30 of the Company’s Charter.
- ❖ The Board of Management comprises of 4 members shall support the MD in managing the Company’s operations.

***The Company’s organizational structure is presented in page 17.***

#### **Corporate Governance Rules**

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




- To ensure the shareholders’ interests;
- To treat shareholders equally;
- To ensure the roles of the Company’s related parties;
- To ensure transparency of the Company’s business activities and operations; and
- To ensure that the BOD and the BOS lead and supervise the Company effectively.


## IX.2 Changes in BOD's composition

There is no change in BOD's composition.

## IX.3 Board of Directors of the Company

	<p><b>1. (Mdm.) Dang My Linh (50 years old)</b>            Date of birth: 19/01/1972            ID. No.: 023323687      Date of issue: 16/02/2011            Education level: Master            Qualification: Business Administration            History of career:</p> <table border="1" data-bbox="651 625 1360 867"> <thead> <tr> <th></th> <th>Company</th> <th>Title</th> </tr> </thead> <tbody> <tr> <td><b>1993-1999</b></td> <td>Worldtex Enterprise Co, .Ltd</td> <td>MD assistant</td> </tr> <tr> <td><b>2000-2020</b></td> <td>Century Corp</td> <td>BOD member</td> </tr> <tr> <td rowspan="2"><b>2001-now</b></td> <td>Liantex LTD.</td> <td>MD</td> </tr> <tr> <td>Khai Tien Real Estate Development</td> <td>Chairperson</td> </tr> <tr> <td><b>2020-now</b></td> <td>Century Corp</td> <td>Chairperson</td> </tr> </tbody> </table> <p>Current title: Chairperson of the BOD            Date of appointment: 14/02/2020</p>		Company	Title	<b>1993-1999</b>	Worldtex Enterprise Co, .Ltd	MD assistant	<b>2000-2020</b>	Century Corp	BOD member	<b>2001-now</b>	Liantex LTD.	MD	Khai Tien Real Estate Development	Chairperson	<b>2020-now</b>	Century Corp	Chairperson
	Company	Title																
<b>1993-1999</b>	Worldtex Enterprise Co, .Ltd	MD assistant																
<b>2000-2020</b>	Century Corp	BOD member																
<b>2001-now</b>	Liantex LTD.	MD																
	Khai Tien Real Estate Development	Chairperson																
<b>2020-now</b>	Century Corp	Chairperson																
	<p><b>2. (Mr.) Dang Trieu Hoa (53 years old)</b>            Date of birth: 19/10/1969            ID. No.: 079069011874      Date of issue: 11/08/2021            Education level: Bachelor            Qualification: Business Administration            History of career:</p> <table border="1" data-bbox="651 1209 1360 1535"> <thead> <tr> <th></th> <th>Company</th> <th>Title</th> </tr> </thead> <tbody> <tr> <td><b>1991 - 1995</b></td> <td>Viet Phu Trading and Service Company LTD.</td> <td>MD</td> </tr> <tr> <td><b>1995 - 2000</b></td> <td>Hoan A Trading and Service Company LTD.</td> <td>MD</td> </tr> <tr> <td><b>2000 – 02/2020</b></td> <td>Century Corp.</td> <td>Chairman cum MD</td> </tr> <tr> <td><b>02/2020 - now</b></td> <td>Century Corp.</td> <td>Vice chairman cum MD</td> </tr> </tbody> </table> <p>Current title: Vice Chairman of the BOD            Date of appointment: 14/02/2020</p>		Company	Title	<b>1991 - 1995</b>	Viet Phu Trading and Service Company LTD.	MD	<b>1995 - 2000</b>	Hoan A Trading and Service Company LTD.	MD	<b>2000 – 02/2020</b>	Century Corp.	Chairman cum MD	<b>02/2020 - now</b>	Century Corp.	Vice chairman cum MD		
	Company	Title																
<b>1991 - 1995</b>	Viet Phu Trading and Service Company LTD.	MD																
<b>1995 - 2000</b>	Hoan A Trading and Service Company LTD.	MD																
<b>2000 – 02/2020</b>	Century Corp.	Chairman cum MD																
<b>02/2020 - now</b>	Century Corp.	Vice chairman cum MD																
	<p><b>3. (Mr.) Dang Huong Cuong (46 years old)</b>            Date of birth: 04/07/1976            ID. No.: 023323686      Date of issue: 25/12/2006            Education level: Bachelor            Qualification: Business Administration            History of career:</p> <table border="1" data-bbox="659 1881 1352 1946"> <thead> <tr> <th></th> <th>Company</th> <th>Title</th> </tr> </thead> <tbody> <tr> <td><b>2004-now</b></td> <td>P.A.N Asia LTD.</td> <td>Director</td> </tr> </tbody> </table>		Company	Title	<b>2004-now</b>	P.A.N Asia LTD.	Director											
	Company	Title																
<b>2004-now</b>	P.A.N Asia LTD.	Director																

	<table border="1"> <tr> <td><b>2005-now</b></td> <td>Century Corp.</td> <td>BOD member</td> </tr> </table> <p>Current title: BOD member Date of appointment: 2005</p>	<b>2005-now</b>	Century Corp.	BOD member															
<b>2005-now</b>	Century Corp.	BOD member																	
	<p><b>4. (Mdm.) Cao Thi Que Anh (56 years old)</b> Date of birth: 17/04/1966 ID. No.: 025490567      Date of issue: 08/10/2011 Education level: Master Qualification: Food technology History of career:</p> <table border="1"> <thead> <tr> <th></th> <th>Company</th> <th>Title</th> </tr> </thead> <tbody> <tr> <td><b>1991-2003</b></td> <td>Poland</td> <td>Self-employment</td> </tr> <tr> <td><b>2003-2008</b></td> <td>HCM city</td> <td>Self-employment</td> </tr> <tr> <td><b>2008 - now</b></td> <td>Green Food JSC</td> <td>MD</td> </tr> <tr> <td><b>2009-2012</b></td> <td>International Securities JSC.</td> <td>Chairman</td> </tr> <tr> <td><b>2015-now</b></td> <td>Century Corp.</td> <td>BOD member</td> </tr> </tbody> </table> <p>Current title: BOD member Date of appointment: 2015</p>		Company	Title	<b>1991-2003</b>	Poland	Self-employment	<b>2003-2008</b>	HCM city	Self-employment	<b>2008 - now</b>	Green Food JSC	MD	<b>2009-2012</b>	International Securities JSC.	Chairman	<b>2015-now</b>	Century Corp.	BOD member
	Company	Title																	
<b>1991-2003</b>	Poland	Self-employment																	
<b>2003-2008</b>	HCM city	Self-employment																	
<b>2008 - now</b>	Green Food JSC	MD																	
<b>2009-2012</b>	International Securities JSC.	Chairman																	
<b>2015-now</b>	Century Corp.	BOD member																	
	<p><b>5. (Mr.) Vo Quang Long (44 years old)</b> Date of birth: 28/10/1978 ID. No.: 024937902      Date of issue: 02/07/2008 Education level: Master Qualification: Business Administration History of career:</p> <table border="1"> <thead> <tr> <th></th> <th>Company</th> <th>Title</th> </tr> </thead> <tbody> <tr> <td>2006-2009</td> <td>ACB Fund Management</td> <td>Head of investment</td> </tr> <tr> <td>1/2010-9/2010</td> <td>HD Bank</td> <td>Head of investment</td> </tr> <tr> <td>10/2010-01/2018</td> <td>OCB</td> <td>Deputy manager of investment</td> </tr> <tr> <td>02/2018-now</td> <td>Huong Viet consulting and investment JSC.</td> <td>MD</td> </tr> <tr> <td><b>2018-now</b></td> <td>Century Corp.</td> <td>BOD member</td> </tr> </tbody> </table> <p>Current title: BOD member Date of appointment: 2018</p>		Company	Title	2006-2009	ACB Fund Management	Head of investment	1/2010-9/2010	HD Bank	Head of investment	10/2010-01/2018	OCB	Deputy manager of investment	02/2018-now	Huong Viet consulting and investment JSC.	MD	<b>2018-now</b>	Century Corp.	BOD member
	Company	Title																	
2006-2009	ACB Fund Management	Head of investment																	
1/2010-9/2010	HD Bank	Head of investment																	
10/2010-01/2018	OCB	Deputy manager of investment																	
02/2018-now	Huong Viet consulting and investment JSC.	MD																	
<b>2018-now</b>	Century Corp.	BOD member																	
	<p><b>6. (Mr.) Chen Che Jen (58 years old)</b> Date of birth: 03/11/1971 ID. No.: 307302750      Date of issue: 10/06/2013 Education level: Bachelor Qualification: Technology History of career:</p> <table border="1"> <thead> <tr> <th></th> <th>Company</th> <th>Title</th> </tr> </thead> <tbody> <tr> <td><b>1990-1997</b></td> <td>Formosa Taffeta Co., Ltd</td> <td>Sales team</td> </tr> <tr> <td><b>1997-1999</b></td> <td>Formosa Taffeta HK</td> <td>Manager</td> </tr> <tr> <td><b>2002-now</b></td> <td>Formosa Taffeta VN</td> <td>Marketing manager</td> </tr> <tr> <td><b>2018-now</b></td> <td>Century Corp.</td> <td>BOD member</td> </tr> </tbody> </table> <p>Current title: BOD member</p>		Company	Title	<b>1990-1997</b>	Formosa Taffeta Co., Ltd	Sales team	<b>1997-1999</b>	Formosa Taffeta HK	Manager	<b>2002-now</b>	Formosa Taffeta VN	Marketing manager	<b>2018-now</b>	Century Corp.	BOD member			
	Company	Title																	
<b>1990-1997</b>	Formosa Taffeta Co., Ltd	Sales team																	
<b>1997-1999</b>	Formosa Taffeta HK	Manager																	
<b>2002-now</b>	Formosa Taffeta VN	Marketing manager																	
<b>2018-now</b>	Century Corp.	BOD member																	

	Date of appointment: 2018															
	<p><b>7. (Mr.) Nguyen Quoc Huong (51 years old)</b>  Date of birth: 10/12/1964  ID. No.: 001071016584 Date of issue: 21/03/2018  Education level: Master  Qualification: Business Administration  History of career:</p> <table border="1"> <thead> <tr> <th></th> <th>Company</th> <th>Title</th> </tr> </thead> <tbody> <tr> <td>2013-2014</td> <td>Eximbank</td> <td>MD</td> </tr> <tr> <td>2014-2017</td> <td>Eximbank</td> <td>Vice president</td> </tr> <tr> <td>2018-now</td> <td><b>Self-employment</b></td> <td></td> </tr> <tr> <td>2018-now</td> <td><b>Century Corp.</b></td> <td><b>BOD member</b></td> </tr> </tbody> </table> <p>Current title: BOD member  Date of appointment: 2018</p>		Company	Title	2013-2014	Eximbank	MD	2014-2017	Eximbank	Vice president	2018-now	<b>Self-employment</b>		2018-now	<b>Century Corp.</b>	<b>BOD member</b>
	Company	Title														
2013-2014	Eximbank	MD														
2014-2017	Eximbank	Vice president														
2018-now	<b>Self-employment</b>															
2018-now	<b>Century Corp.</b>	<b>BOD member</b>														

#### Share ownerships at STK and BOD membership at other entities (tenure 2018-2023)

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

Board of Directors of the Company (tenure 2018-2023) comprises 07 members, of which:

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

## IX.4 Report of Board of Directors for the year 2021

### IX.4.1 BOD meetings

In 2021, the BOD has conducted 21 offline and via-email-meetings to solve matters belonging to the BOD's functions and authorities.

- The BOD has issued 21 Resolutions in 2021.
- The Minutes and Resolutions of the BOD were sufficiently sent to BOD members and BOS members.
- In the BOD meetings, the BOS and BOM were invited to exchange information, discuss and reach an agreement in strategies, business orientations and directions.

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

No.	BOD members	Position	Number of attendance	Percentage	Reasons for absence
1	Mdm. Dang My Linh	Chairperson	21/21	100%	
2	Mr. Dang Trieu Hoa	Vice Chairman	21/21	100%	
3	Mr. Dang Huong Cuong	Non-executive BOD member	17/21	81%	Staying abroad and cannot attend offline meetings due to Covid-19 pandemic
4	Mdm. Cao Thi Que Anh	Non-executive independent member	21/21	100%	
5	Mr. Vo Quang Long	Non-executive BOD member	21/21	100%	
6	Mr. Chen Che Jen	Non-executive independent member	21/21	100%	
7	Mr. Nguyen Quoc Huong	Non-executive independent member	21/21	100%	

### IX.4.2 Separate meetings of Independent BOD Members

None.

### IX.4.3 BOD Resolutions

No.	Resolution No.	Date	Contents
1	01-2021/NQHĐQT	20/01/2021	Approving business forecast FY2021.
2	02-2021/NQHĐQT	21/01/2021	Approving the credit line provided by HDBank.

3	03-2021/NQHĐQT	04/03/2021	Approving the record date of 2021 AGSM
4	04-2021/NQHĐQT	29/03/2021	Approving 2021 AGSM's documents
5	05-2021/NQHĐQT	30/03/2021	Approving the credit line provided by OCB.
6	06-2021/NQHĐQT	19/04/2021	Approving the transactions with related parties.
7	07-2021/NQHĐQT	19/04/2021	Approving the investment of Unitex fiber factory
8	08-2021/NQHĐQT	19/04/2021	Approving the supplements of 2021 AGSM documentations
9	08A-2021/NQHĐQT	15/05/2021	Approving the credit line provided by EximBank.
10	09-2021/NQHĐQT	18/05/2021	Approving the credit line provided by VietcomBank.
11	10-2021/NQHĐQT	28/06/2021	Approving record date of dividend payment FY2020
12	11-2021/NQHĐQT	14/07/2021	Approving E&Y Vietnam Ltd., to be the independent auditing firm to audit Financial Statement FY2021
13	12-2021/NQHĐQT	07/09/2021	Approving the appointment of rights and responsibilities
14	13A-2021/NQHĐQT	25/10/2021	Approving the detail plan of using fund purpose of the right issue
15	13B-2021/NQHĐQT	25/10/2021	Approving the right issue successful rate, the plan of dealing with odd shares, unsubscribed shares.
16	13C-2021/NQHĐQT	25/10/2021	Approving the issue documentations of the right issue
17	14-2021/NQHĐQT	28/10/2021	Approving the share transferring at EDYE Vietnam.
18	15-2021/NQHĐQT	05/11/2021	Approving the collection of shareholder's written opinions
19	16-2021/NQHĐQT	23/11/2021	Approving the bank debt from VCB financing Unitex project
20	17-2021/NQHĐQT	06/12/2021	Approving the supplements of collection of shareholder's written opinions
21	18-2021/NQHĐQT	21/12/2021	Approving the credit limit at CTBC

#### IX.4.4 Implementation of GSM Resolutions

**Type of Meeting: Annual General Shareholders' Meeting**

**Date: 22/04/2021**

No.	Approved Contents	Results
1.	Approving the profit distribution plan FY2020: cash dividend of 15% on par value	Already paid on 02 August 2021.
2.	Approving the revenue-profit budget FY2021 <ul style="list-style-type: none"> <li>- Revenue: VND2,357 billion</li> <li>- Profit after tax: VND248.2 billion</li> </ul>	2021 actual performance: <ul style="list-style-type: none"> <li>- Revenue: VND2,042 billion (87% of the budget)</li> <li>- Profit after tax: VND278.5 billion (112% of the budget)</li> </ul>
3.	Approving the authorization to the BOD to appoint the independent audit firm for auditing 2021 financial statements.	Appointed E&Y Vietnam to be the independent audit firm for auditing 2021 financial statements.
4.	Approving BOD and BOS's remuneration FY2021 <ul style="list-style-type: none"> <li>- BOD members' remuneration: VND1.275 billion.</li> <li>- BOS members' remuneration: VND180 million.</li> </ul>	Already paid on 30 December 2021.

5.	Approving the amendment of Charter of the Company	Amended and disclosed on 22 April 2021.
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### **Type of Meeting: Collection of Shareholders' Written Opinions**

**Final date of the Collection: 29/12/2021**

No.	Approved Contents	Results
1.	Approving the plan of using treasury stocks to issue shares under ESOP.	The Company shall implement this Resolution in 2022.
2.	Approving the adjustment of fund using purpose raising from existing shareholders.	The Company has adjusted the fund using purpose and processed the following procedures.

#### **IX.4.5 Activities of the Independent-BOD-Members**

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

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

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

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

#### **IX.4.6 List of BOD Members having certificate on corporate governance training**

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

List of members who have the certificate of corporate governance:



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

#### **IX.4.7 BOD sub-committees**

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

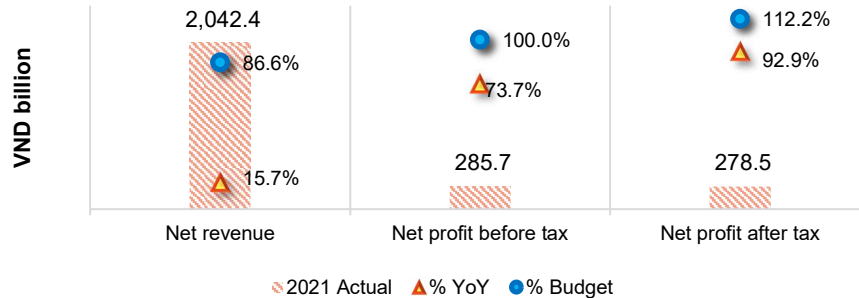
#### **IX.4.8 Assessment on the BOD performance**

<b>Core activities</b>	<b>Achievements in 2021</b>
Leading – Supervising	In 2021, despite the widespread of Covid-19 pandemic, the BOD has strictly supervised BOM's performance, instructed and guided appropriate directions in implementing business strategies in short-term. The BOD has also closely monitored the Company's quarterly performance.
Making decisions on investment strategies	The BOD has approved investment plans on capacity expansions, fund raising through debt and equity. The BOD has also approved other co-operation projects in order to diversify business strategies, especially in a challenging business environment.

- The composition of the BOD is in compliance with the regulations which are 3 out of 7 members are independent ones.
- The independent members have actively participated in the BOD's meetings, contributed realistic opinions to the BOM and the BOD in setting business strategies, implementing business plan and enhancing corporate governance.
- BOD members were provided with sufficient information on timely manner so that they can make correct analysis on the Company's situation and fulfill their responsibilities honestly and diligently for the ultimate interests of the Company's shareholders.
- The BOD's meetings were organized and conducted in accordance with the Company's Charter. The BOD meeting minutes, resolutions and decisions were made with consensus of its members and were filed in accordance with regulations.

**IX.4.9 Assessment on the Company business performance and the BOM activities**

**❖ Business result of 2021**



**❖ Review on Company performance**

**1. Implementation of key objectives in 2021**

<p>Stringent profit-loss management, quality controls, enhancing competitiveness</p>	<ul style="list-style-type: none"> <li>- Enhancing operational efficiency and cost-effectiveness;</li> </ul>
<p>Reaching the target of recycled yarn's portion</p>	<ul style="list-style-type: none"> <li>- Overall improvements on operations;</li> <li>- Reducing production wastes;</li> <li>- Improving production quality;</li> <li>- Reducing inventory volumes to the standard level.</li> </ul>
<p>Proactively maintaining and acquiring new customers, researching and developing new products</p>	<ul style="list-style-type: none"> <li>- Achieving the portion of Recycled yarn in total revenue of 50%.</li> </ul>
<p>Implementing expansion investment projects</p>	<ul style="list-style-type: none"> <li>- Developing US market, raising its contribution in total revenue approximately from 3.8% in 2020 to 4.5% in 2021.</li> <li>- Indirectly developing EU, Mexico markets via local export customers.</li> <li>- New products developments such as dope dyed yarn, other special yarns...</li> <li>- The capacity expansion project are implemented.</li> </ul>

**2. Achievements**

- Despite facing difficulties caused by prolonged lockdown period in Quarter 3-2021, the Company has rapidly recovered in the fourth quarter and made relentless efforts to outperform the profit target by 12%.
- Thanks to flexible business strategies to reduce production waste, the gross profit margin reached 18.3% and return on owner's equity still reached 22% in 2021.

- Proactively managing capital risks such as debt repayment to reduce financial expenses, thereby achieving the financial stability;
- Releasing inventory to standard levels, contributing to cost reduction;
- Modernizing warehouses and thereby enhancing the quality of logistic services to meet customer demands.

**3. Further improvements in future**

- Making relentless effort to enhance R&D activities and acquiring new brandname customers in order to maintain the Company’s growth rates.
- Implementing capacity expansion projects to enlarge the Company’s scale and sales market.

**4. Implementation of environmental and social goals**

Environment	Labor	Society
<ul style="list-style-type: none"> <li>- The BOD highly appreciated the Company's initiatives in environmental protection; in addition to increasing the contribution of recycled yarns in revenue to 50% and boosting the sales of dope dyed yarns (doubled as compared to 2020), the Company has installed and operated a rooftop solar energy systems, contributing to the reduction of greenhouse gas emissions.</li> <li>- The Company has been building and improving a loop value chain from raw materials to finished products: waste products are recycled into raw materials.</li> <li>- In addition, the Company has also reused paper tubes and other packaging materials.</li> </ul>	<ul style="list-style-type: none"> <li>- Despite the unexpected widespread of the Covid-19 pandemic in the Quarter 2&amp;3-2021, the Company still ensured the basic welfare packages and health for employees, preventing the spread of Covid-19 on a large scale.</li> <li>- Average income of employees in 2021 increased by 5% as compared to 2020.</li> <li>- The bonus for holidays, Tet and business performance are still paid in full and on time, helping them to have stable lives.</li> </ul>	<ul style="list-style-type: none"> <li>- The Company still fulfilled obligations pertaining to national budgets and suppliers timely.</li> </ul>

**5. Assessment of the BOM’s activities**

✓ **Supervising methods:**

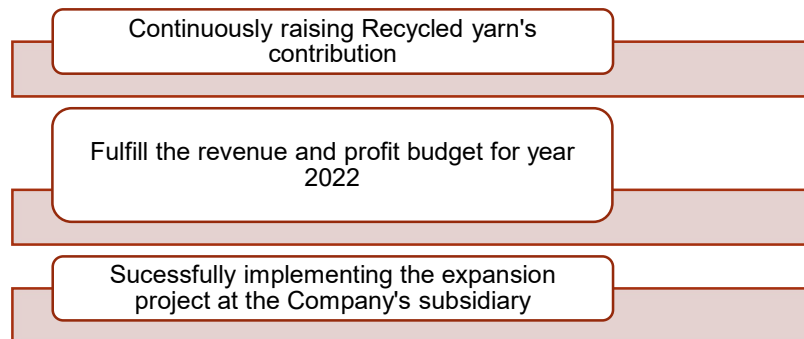
- The BOD has periodically regularly supervised the BOM through regular BOD meetings, meetings via email, on the implementation of the General Meeting of Shareholders' Resolutions.
- The BOD has discussed and approved the BOD Resolutions based on proposals of the BOM;

- The BOM is responsible for explaining the quarterly and annually business performance in details, forecasting the business results of the next quarter or the following year.

✓ **Outcomes:**

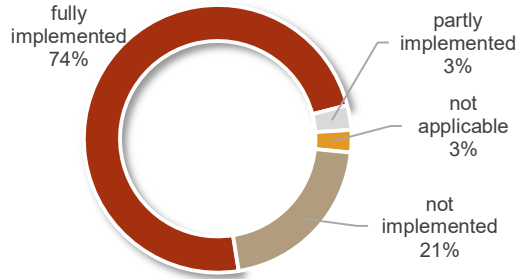
- The BOM has carried out its tasks in accordance with the Resolutions of the ASM.
- The BOD has made initiatives to improve operations, risk management, supporting the BOM, therefore gained certain achievements in 2021.
- 2021 actual results have met the budget in general.
- The BOM needs to be more conscientious in a challenging market conditions in 2021. The BOM has to set specific business strategies, continue to develop and maintain markets, raise revenue contribution of recycled yarn, develop new products and maintain stable financial standings.
- The functional directors should perform well their functions in order to support the Managing Director and supervise the departments' performances, identify the potential problems in order to prevent internal risks, thereby reinforcing the Company's internal strength to encounter with external risks.

**3. Key objectives in 2022**



**IX.4.10 Assessment the implementation of Corporate Governance in 2021**

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



Criteria which fully implemented at STK :

- (1) Ensuring basic rights of shareholders;
- (2) Ensuring equitable treatment of shareholders;
- (3) Protecting rights of stakeholders;
- (4) Ensuring transparent information disclosures;
- (5) Ensuring fulfilment of the BOD’s responsibilities;

Criteria need to be improved:

- (6) BOD’s structure: no sub-committees under the BOD has established

**Implementation of corporate governance in accordance with the law**

Regulations	Reasons of non-compliance	Remedies
1. The Company has not set up internal audit as prescribed in Clause 1, Article 10, Article 30 of Decree 05/2019/ND-CP	The Company has not found suitable personnel to carry out the internal audit function.	The Company will continue to find qualified personnel to perform this function.
2. The Company’s Managing Director is a family member of the Company’s managers, which is not met the provisions of Point b, Clause 5, Article 162 of the Enterprise Law 2020.	The Company has not yet found qualified and capable personnel to be in charge of the position of Managing Director of the Company.	The Company will continue to find qualified personnel to perform this function.

**IX.5 Plans and Orientations of the BOD in 2022**

- Continuing to supervise and direct the activities of the BOM in order to achieve 2022 business plan;
- Accompanying Managing Director and Management team in finding business opportunities and developing business strategies for a sustainable development;
- Setting strategies and policies to improve the quality of human resources;
- Monitoring the cost managements, overall efficiency of the BOM.

### **IX.6 Plans for enhancement in Corporate Governance in 2022**

- The BOD would review the regulations and good practices of Corporate Governance and instruct the BOM to establish the internal audit unit and sub-committees for the Company.
- The BOD would completely implement the remaining GSM Resolution in 2021.

### **IX.7 Plans to raise capital to finance investment projects**

In order to increase capital at the Subsidiary to finance the Subsidiary to implement Investment Project for capacity expansion:




- As of December 31, 2021, the Company was submitting dossier application for the share offering.
- In addition, the Board of Directors of the Company also submitted to the 2022 Annual General Meeting of Shareholders on the share issuance under private placement in order to raise further fund for the project.

Refer to “**Investment projects**” session, page 67, Annual Report 2021.

## X.REPORT OF THE BOARD OF SUPERVISORS

### X.1 Composition of the BOS

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

	<b>Mr. Nguyen Tu Luc</b>	
	<i>Head of the BOS</i>	
	Year	1952
	Education	Bachelor of Accounting
	Working experience	<b>1/2015 – present:</b> Chief Accountant, Mai Hoang Vu Co. Ltd. <b>2007 - present:</b> Chief Supervision Committee, STK <b>2006 - present:</b> Assistant to Managing Director, STK. <b>2000 - 2006:</b> Chief Accountant, STK. <b>1984 - 2000:</b> Chief Accountant, South Asia Shoes. <b>1979 - 1984:</b> General Accountant, HCM Hotel, Chief Accountant of Saigon Hotel.
	<b>Mdm. Hoang Nu Mong Tuyen</b>	
	<i>BOS Member</i>	
	Year	1990
	Education	Bachelor
	Working experience	<b>2012 – 2019:</b> Sales admin, STK <b>2019-2020:</b> MD assistant, STK <b>2020-present:</b> Senior sale staff, Kpack Ltd.
	<b>Mdm. Dinh Ngoc Hoa</b>	
	<i>BOS Member</i>	
	Year	1979
	Education	Bachelor
	Working experience	<b>2005 - present:</b> Head of Planning-production department, STK <b>2002 - 2004:</b> Accountant, Vi Hop Ltd,.

#### BOS and ownership ratios

STT	Name	Position at STK	Share ownership at STK	Percentage (%)	Membership at other entities	Percentage (%)
1	Nguyen Tu Luc	Head of BOS	0	0%	-	-
2	Hoang Nu Mong Tuyen	BOS Member	1,147	0.0016%	-	-
3	Dinh Ngoc Hoa	BOS Member	5,008	0.007%	-	-

### X.2 Activities of the BOS

The working program of the BOS in 2021 is set after AGSM, the BOS conducts the meeting to build the working plan for the next year, which assigns the tasks for each BOS's member, held 04 meetings during the year in accordance with Company's Charter and Century Synthetic Corporation activities as below:

- ✓ Supervising the implementation of the AGSM's resolution;

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

#### Meetings of the BOS

No.	Contents	Meeting dates	Results
1	Assessments of 2020 performance	21/01/2021	Approval ratio: 100%
2	Discussion of 2021 business plan	27/04/2021	Approval ratio: 100%
3	Discussion and assessments of Q2.2021 and 6M2021 performance	28/08/2021	Approval ratio: 100%
4	Discussion and assessments of Q4.2021 and 12M2021 performance, 2022 forecast.	28/11/2021	Approval ratio: 100%

### X.3 Report on the BOS activities

#### X.3.1 Evaluation of the BOS on the implementation of the 2020 AGSM Resolutions

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

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

#### Distribution of 2020 profit:

Cash dividend 15%/par value

Date of payment

August 2021

#### 2021 Business results

KPIs (VND bil.)	2021 Actual	As compared to 2020 Actual	As compared to 2021 Forecast
Net revenue	2,042.4	15.7%	86.6%
Net profit before tax	285.7	73.7%	100.0%
Net profit after tax	278.5	92.9%	112.2%

#### Consolidated Financial indicators

KPI	Unit	Consolidated		
		2021	2020	+/-
Liquidity ratios				



Current ratio	Time	1.38	1.11	0.27
Quick ratio	Time	0.72	0.41	0.31
<b>Capital structure</b>				
Debt to Equity	Time	0.26	0.25	0.01
Debt to Total Assets	Time	0.16	0.16	-
<b>Profitability</b>				
ROS	%	13.63%	8.18%	5.45%
ROA	%	14.12%	8.47%	5.65%
ROE	%	22.12%	13.33%	8.79%

## Public Disclosure

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

### X.3.2 Evaluation of the BOS' oversight on the BOD's activities

- The BOS has participated in the BOD's meetings as a role of observer in order to get informed on the Company's business activities, implementation of investment projects and to contribute opinions at the meetings within its rights and responsibilities.
- The BOS has monitor and check the implementation of business plan and the resolutions of the AGSM and the BOD to ensure transparency.
- The BOS has periodically and occasionally checked the Company's compliance with its Charter, rules and the reasonability in its operations.
- In 2021, the BOS has continued its focus on risk control by reviewing the existing rules and regulations to ensure compliance with the laws on enterprise, the Company's charters and relevant regulations, with an aim to propose supplement of missing rules and procedures so that the Company can have safe operation and prevent inherent risks.
- Conducted meetings (face to face meetings and via email) to get consensus on the Company's business results, development strategies and targets on quarterly, semi-annual and annual basis.

### X.3.3 Assessments of the BOS' oversight on the BOM's activities

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

- Guide on the Company's implementation of business plan as approved by 2021 AGSM.
- Complying with laws on capital contribution, construction, investment and business registration.
- Organising meetings to get consensus on strategy formation and settle outstanding obstacles in the operation and manage risks arising from the Company's activities as well as outside environment.

Based on the business results in 2021, the BOS considers that the BOM has fulfilled its core responsibility in management of the Company's operation to reach the Company's goal of profit. However, the target of revenue was still not fulfilled.

### **X.3.4 Evaluation of the Company's financial standings**

- The Company has prepared quarterly financial reports (4 reports per year) and disclosed in accordance with the regulations on public disclosure of listed companies.
- The Company's semi-annual and annual financial reports was audited by Ernst & Young Vietnam Ltd,.
- 2021 financial reports reflected accurately and reasonably in all important matters of the Company's financial standings as at 31 December 2021 and is complied with Vietnam Accounting Standards and relevant regulations. There are no substantial differences between unaudited quarter reports with the ones reviewed or audited by E&Y Vietnam.

### **X.3.5 Evaluation of the BOS on the co-operation between the BOS, BOD and BOM in 2021**

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

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

Based on the GSM's Resolutions, the BOD has implemented the GSM Resolutions throughout the company.

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

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

### **X.3.6 Settlement of shareholders' complaints (if any)**

In 2021, the BOS has not received any complaints/requests for extraordinary inspection of the Company's operation.

### **X.3.7 BOS's Recommendation and action plan for 2022**

- The BOS's action plan for 2022: continue to implement tasks in accordance with the Company's strategies and directions.
- Recommendation: As STK is operated in accordance with the prevailing regulation, the BOS did not realize any mistakes during the course of its supervision and the BOS has no other opinion/recommendation.

## **XI.PREVENTION OF INTEREST CONFLICT OF INTEREST AND TRANSACTIONS WITH RELATED PARTIES**

### **XI.1 Prevention of interest conflict of interest**

Members of the BOD, BOS, BOM, and other managers (“Managers”) must comply with Article 33 of STK’s charter regarding transparency and must avoid conflict of interest as follows:

1. Managers should not take advantages of company’s opportunities for their self-interests. In addition, they should not take advantages of company’s information for their self-interests or other organizations, entities or persons.
2. Managers have obligations to disclose to the BOD all benefits, which they can get from other economic institutions, transactions or other individuals and which may conflict with the Company’s interest.
3. The Company should not offer loans or guarantee to Managers and their related persons or related entities in which the Managers have financial interests, unless the loans or the guarantees were approved by the general shareholder meeting.
4. A contract or transaction between the Company and one or several Managers, their related persons or institutions, entities, will be valid in the following circumstances:
  - a. For the contract, which have value of being lower than 20% of total asset in recent financial statements, the key points of that transaction, relationships, and interests, which relate to Managers or member of the BOD, were reported to the BOD or its Committees. In addition, the transaction was approved by majority of the BOD members, who have no relevant interests; or
  - b. For the contract which has value of being 20% higher than total asset in recent financial statements, the key points, relationships, and interests relating to Managers, were disclosed to and approved by shareholders who have no relevant interest.
  - c. Such a contract or transaction, which was considered by independent consultant as being fair and reasonable in all aspects in term of shareholders’ interests or it was approved by the BOD, or shareholders.

### **XI.2 Significant transactions with related parties during the year**

<b>Related Parties</b>	<b>Relationship</b>	<b>Business Content</b>	<b>2021</b>	<b>2020</b>
Hung Loi Service Trading Investment Company Limited	Related party	Sales of good		

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

### XI.3 Stock transactions of inside shareholders 2021

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### XI.4 Salary, remunerations and benefits of the BOD, BOS and BOM

#### XI.4.1 Salary, bonus and remunerations of the BOD

No.	Full name	Titles	Remuneration and bonus (after tax)	Salary (%)	Bonus(%)	Length of service
1	Dang My Linh	Chairperson	150,000,000	-	-	01/01/2021-31/12/2021
2	Dang Trieu Hoa	Vice chairman cum MD	150,000,000	Refer to the BOM		01/01/2021-31/12/2021
3	Dang Huong Cuong	BOD member	150,000,000	-		01/01/2021-31/12/2021
4	Cao Thi Que Anh	BOD member	225,000,000	-		01/01/2021-31/12/2021
5	Vo Quang Long	BOD member	150,000,000			01/01/2021-31/12/2021
6	Chen Che Jen	BOD member	225,000,000	-		01/01/2021-31/12/2021
7	Nguyen Quoc Huong	BOD member	225,000,000	-		01/01/2021-31/12/2021
<b>Total (VND)</b>			<b>1,275,000,000</b>			

#### XI.4.2 Salary, bonus and remunerations of the BOS

No.	Full name	Titles	Remuneration and bonus (excluded income tax)	Salary (%)	Bonus(%)	Length of service
1	Nguyen Tu Luc	Head of BOS	60,000,000	82.55%	17.45%	01/01/2021-31/12/2021
2	Hoang Nu Mong Tuyen	BOS member	60,000,000			01/01/2021-31/12/2021
3	Dinh Ngoc Hoa	BOS member	60,000,000	83.59%	16.41%	01/01/2021-31/12/2021
<b>Total (VND)</b>			<b>180,000,000</b>	<b>562,479,042</b>		

#### XI.4.3 Salary, bonus and remunerations of BOM

##### Salary, bonus and remunerations of BOM FY2020

No.	Full name	Titles	Remunerations	Salary (%)	Bonus (%)	Length of service
1	Dang Trieu Hoa	Managing Director	-	84.61%	15.39%	06/2010 - present

2	Nguyen Phuong Chi	Chief Strategic Officer	-	82.02%	17.98%	01/2015 - present
3	Phan Nhu Bich	Chief Financial Officer	-	82.94%	17.06%	10/2016 - present
4	Le Thi Tho	Administration Director		98.97%	1.03%	08/2021 - present
<b>Total (VND)</b>				<b>4,068,688,140</b>		

## **XII.CONSolidATED FINANCIAL STATEMENTS**

# **Century Synthetic Fiber Corporation**

Consolidated financial statements

For the year ended 31 December 2021

# 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 19<sup>th</sup> Amended Enterprise Registration Certificate No. 0302018927 issued by the Department of Planning and Investment of Ho Chi Minh City on 10 August 2020.

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

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

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

### BOARD OF DIRECTORS

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

Ms Dang My Linh	Chairwomen
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 consolidated financial statements of the Company and its subsidiary (“the Group”) for the year ended 31 December 2021.

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

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

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

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

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

### **STATEMENT BY MANAGEMENT**

Management of the Company, does hereby state that, in its opinion, the accompanying consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2021 and of the results of its consolidated operations and its consolidated cash flows for the year then ended in accordance with Vietnamese Accounting Standards, Vietnamese Enterprise Accounting System and the statutory requirements relevant to the preparation and presentation of the consolidated financial statements.

For and on behalf of management:

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Dang Trieu Hoa  
General Director

Ho Chi Minh City, Vietnam

11 March 2022

## **INDEPENDENT AUDITORS' REPORT**

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

We have audited the accompanying consolidated financial statements of Century Synthetic Fiber Corporation ("the Company") and its subsidiary (collectively referred to as "the Group") as prepared on 11 March 2022 and set out on pages 6 to 35, which comprise the consolidated balance sheet as at 31 December 2021, and the consolidated income statement and the consolidated cash flow statement for the year then ended and the notes thereto.

### ***Management's responsibility***

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

### ***Auditors' responsibility***

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

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

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

***Opinion***

In our opinion, the consolidated financial statements give a true and fair view, in all material respects, of the consolidated financial position of the Group as at 31 December 2021, and of the results of its consolidated operation and its consolidated cash flows for the year then ended in accordance with the Vietnamese Accounting Standards, Vietnamese Enterprises Accounting System and the statutory requirements relevant to preparation and presentation of the consolidated financial statements.

**Ernst & Young Vietnam Limited**

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

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

Ho Chi Minh City, Vietnam

11 March 2022

CONSOLIDATED BALANCE SHEET  
as at 31 December 2021

VND

Code	ASSETS	Notes	Ending balance	Beginning balance
<b>100</b>	<b>A. CURRENT ASSETS</b>		<b>986,230,344,776</b>	<b>633,371,718,157</b>
<b>110</b>	<b>I. Cash and cash equivalents</b>	<b>5</b>	<b>366,205,978,093</b>	<b>95,106,312,655</b>
111	1. Cash		24,205,978,093	30,106,312,655
112	2. Cash equivalents		342,000,000,000	65,000,000,000
<b>120</b>	<b>II. Short-term investment</b>		<b>-</b>	<b>26,000,000,000</b>
123	1. Held-to-maturity investments	6	-	26,000,000,000
<b>130</b>	<b>III. Current accounts receivable</b>		<b>87,022,805,785</b>	<b>97,688,087,322</b>
131	1. Short-term trade receivables	7.1	69,083,156,471	92,809,238,635
132	2. Short-term advances to suppliers	7.2	16,351,481,025	3,217,507,951
136	3. Other short-term receivables	8	1,588,168,289	1,661,340,736
<b>140</b>	<b>IV. Inventories</b>	<b>10</b>	<b>471,504,991,659</b>	<b>400,542,739,062</b>
141	1. Inventories		490,920,247,655	425,066,824,955
149	2. Provision for obsolete inventories		(19,415,255,996)	(24,524,085,893)
<b>150</b>	<b>V. Other current assets</b>		<b>61,496,569,239</b>	<b>14,034,579,118</b>
151	1. Short-term prepaid expenses	15	5,930,866,811	5,737,949,327
152	2. Value-added tax deductible	18	42,013,872,115	8,172,826,500
153	3. Tax and other receivables from the State	18	13,551,830,313	123,803,291

CONSOLIDATED BALANCE SHEET (continued)  
as at 31 December 2021

VND

Code	ASSETS	Notes	Ending balance	Beginning balance
<b>200</b>	<b>B. NON-CURRENT ASSETS</b>		<b>984,909,304,450</b>	<b>1,070,017,388,056</b>
<b>210</b>	<b>I. Long-term receivable</b>		<b>11,279,690,982</b>	<b>11,279,690,982</b>
215	1. Long-term loan receivable	9	11,279,690,982	11,279,690,982
<b>220</b>	<b>II. Fixed assets</b>		<b>806,745,403,454</b>	<b>913,921,743,038</b>
221	1. Tangible fixed assets	11	806,644,500,122	913,710,763,342
222	Cost		2,058,140,940,344	2,054,740,200,284
223	Accumulated depreciation		(1,251,496,440,222)	(1,141,029,436,942)
227	2. Intangible assets	12	100,903,332	210,979,696
228	Cost		14,385,298,205	14,385,298,205
229	Accumulated amortisation		(14,284,394,873)	(14,174,318,509)
<b>240</b>	<b>III. Long-term asset in progress</b>		<b>24,178,132,004</b>	<b>564,242,372</b>
242	1. Construction in progress	13	24,178,132,004	564,242,372
<b>250</b>	<b>IV. Long-term investments</b>	<b>14</b>	<b>6,097,134,018</b>	<b>7,616,226,913</b>
252	1. Investment in an associate		-	1,519,092,895
253	2. Investment in another entity		6,097,134,018	6,097,134,018
<b>260</b>	<b>V. Other long-term assets</b>		<b>136,608,943,992</b>	<b>136,635,484,751</b>
261	1. Long-term prepaid expenses	15	133,546,225,816	131,068,041,788
262	2. Deferred tax assets	28.3	3,062,718,176	5,567,442,963
<b>270</b>	<b>TOTAL ASSETS</b>		<b>1,971,139,649,226</b>	<b>1,703,389,106,213</b>

CONSOLIDATED BALANCE SHEET (continued)  
as at 31 December 2021

VND

Code	RESOURCES	Notes	Ending balance	Beginning balance
<b>300</b>	<b>C. LIABILITIES</b>		<b>712,146,217,980</b>	<b>620,597,385,805</b>
<b>310</b>	<b>I. Current liabilities</b>		<b>711,866,113,607</b>	<b>568,582,386,996</b>
311	1. Short-term trade payables	16	291,395,910,347	261,567,062,160
312	2. Short-term advances from customers	17	41,623,436,088	43,677,430,203
313	3. Statutory obligations	18	11,810,815,168	4,881,465,992
314	4. Payables to employees		26,624,030,474	20,994,484,171
315	5. Short-term accrued expenses	19	8,266,264,038	5,142,883,544
319	6. Other short-term payables	20	6,233,724,905	6,173,815,761
320	7. Short-term loans	21	321,327,876,336	222,563,222,915
322	8. Bonus and welfare funds	3.15	4,584,056,251	3,582,022,250
<b>330</b>	<b>II. Non-current liabilities</b>		<b>280,104,373</b>	<b>52,014,998,809</b>
338	1. Long-term loans	21	-	51,678,081,226
342	2. Long-term provision		280,104,373	336,917,583
<b>400</b>	<b>D. OWNERS' EQUITY</b>		<b>1,258,993,431,246</b>	<b>1,082,791,720,408</b>
<b>410</b>	<b>I. Capital</b>	<b>22.1</b>	<b>1,258,993,431,246</b>	<b>1,082,791,720,408</b>
411	1. Share capital		707,269,440,000	707,269,440,000
411a	- Shares with voting rights		707,269,440,000	707,269,440,000
412	2. Share premium		35,093,198,872	35,093,198,872
413	3. Treasury share		(42,410,550,000)	(42,410,550,000)
418	4. Investment and development fund		1,219,011,000	1,219,011,000
421	5. Undistributed earnings		557,822,331,374	381,620,620,536
421a	- Undistributed earnings by the end of prior years		279,342,679,536	237,259,956,548
421b	- Undistributed earnings of current year		278,479,651,838	144,360,663,988
<b>440</b>	<b>TOTAL LIABILITIES AND OWNERS' EQUITY</b>		<b>1,971,139,649,226</b>	<b>1,703,389,106,213</b>

Preparer  
Phan Thanh Phu

Chief Accountant  
Phan Nhu Bich

General Director  
Dang Trieu Hoa

11 March 2022

CONSOLIDATED INCOME STATEMENT  
for the year ended 31 December 2021

VND

Code	ITEMS	Notes	Current year	Previous year
01	1. Revenue from sale of goods	23.1	2,043,370,881,890	1,767,404,091,979
02	2. Deductions	23.1	(982,169,267)	(1,737,753,340)
10	3. Net revenue from sale of goods	23.1	2,042,388,712,623	1,765,666,338,639
11	4. Cost of goods sold		(1,667,905,910,801)	(1,510,394,847,210)
20	5. Gross profit from sale of goods		374,482,801,822	255,271,491,429
21	6. Finance income	23.2	18,043,108,556	11,483,697,913
22	7. Finance expenses	24	(8,691,611,219)	(21,637,833,788)
23	<i>In which: Interest expenses</i>		<i>(5,319,270,025)</i>	<i>(16,392,410,718)</i>
24	8. Shares of loss in an associate	14	-	(178,753,064)
25	9. Selling expenses	25	(27,145,444,741)	(23,679,420,379)
26	10. General and administrative expenses	26	(71,510,694,737)	(57,222,933,716)
30	11. Operating profit		285,178,159,681	164,036,248,395
31	12. Other income		722,041,900	1,122,471,621
32	13. Other expenses		(161,637,493)	(669,476,686)
40	14. Other profit		560,404,407	452,994,935
50	15. Accounting profit before tax		285,738,564,088	164,489,243,330
51	16. Current corporate income tax expense	28.1	(4,754,187,463)	(20,384,083,120)
52	17. Deferred tax (expense) income	28.3	(2,504,724,787)	255,503,778
60	18. Net profit after tax		278,479,651,838	144,360,663,988
61	19. Net profit after tax attributable to shareholders of the parent		278,479,651,838	144,360,663,988
70	20. Basic earnings per share	30	4,084	2,091
71	21. Diluted earnings per share	30	4,084	2,091

Preparer  
Phan Thanh Phu

Chief Accountant  
Phan Nhu Bich

General Director  
Dang Trieu Hoa

11 March 2022



CONSOLIDATED CASH FLOW STATEMENT  
for the year ended 31 December 2021

VND

Code	ITEMS	Notes	Current year	Previous year
	<b>I. CASH FLOWS FROM OPERATING ACTIVITIES</b>			
<b>01</b>	<b>Accounting profit before tax</b>		<b>285,738,564,088</b>	<b>164,489,243,330</b>
	<i>Adjustments for:</i>			
02	Depreciation and amortisation	11, 12	110,577,079,644	133,576,172,429
03	(Reversal of provisions) provisions		(5,108,829,897)	10,359,356,922
04	Foreign exchange gains arising from revaluation of monetary accounts denominated in foreign currency		(2,465,573,499)	(3,379,735,621)
05	Profits from investing activities		(6,327,104,473)	(4,009,384,163)
06	Interest expense	24	5,319,270,025	16,392,410,718
<b>08</b>	<b>Operating profit before changes in working capital</b>		<b>387,733,405,888</b>	<b>317,428,063,615</b>
09	(Increase) decrease in receivables		(34,345,039,507)	10,716,364,981
10	(Increase) decrease in inventories		(65,853,422,700)	114,234,339,939
11	Increase in payables		24,333,144,265	31,542,422,827
12	(Increase) decrease in prepaid expenses		(2,671,101,512)	6,172,635,992
13	Interest paid		(5,481,366,305)	(17,221,086,787)
14	Corporate income tax paid	18	(16,351,031,025)	(17,552,647,197)
15	Other cash inflows from operating activities		2,784,708,236	2,442,339,682
16	Other cash outflows for operating activities		(7,719,336)	(1,570,100,582)
<b>20</b>	<b>Net cash from operating activities</b>		<b>290,141,566,004</b>	<b>446,192,332,470</b>
	<b>II. CASH FLOWS FROM INVESTING ACTIVITIES</b>			
21	Purchase and construction of fixed assets		(3,400,740,060)	-
22	Proceeds from disposals of fixed assets		-	207,272,727
23	Bank term deposit, loan to other entity		-	(11,279,690,982)
24	Collection of bank term deposit		26,000,000,000	54,000,000,000
25	Payments for investments in another entity		-	(6,097,134,018)
25	Collection for investments in another entity		1,519,092,895	-
27	Interest received		6,327,149,578	4,312,140,972
<b>30</b>	<b>Net cash from investing activities</b>		<b>30,445,502,413</b>	<b>41,142,588,699</b>
	<b>III. CASH FLOWS FROM FINANCING ACTIVITIES</b>			
32	Capital redemption	22.1	-	(42,410,550,000)
33	Drawdown of borrowings	21	1,070,324,713,667	725,560,629,230
34	Repayment of borrowings	21	(1,018,171,245,277)	(1,123,451,073,930)
36	Dividends paid	22.2	(102,197,517,784)	(102,209,474,025)
<b>40</b>	<b>Net cash used in financing activities</b>		<b>(50,044,049,394)</b>	<b>(542,510,468,725)</b>

CONSOLIDATED CASH FLOW STATEMENT (continued)  
for the year ended 31 December 2021

VND

<i>Code</i>	<i>ITEMS</i>	<i>Notes</i>	<i>Current year</i>	<i>Previous year</i>
<b>50</b>	<b>Net increase (decrease) in cash and cash equivalents for the year</b>		<b>270,543,019,023</b>	<b>(55,175,547,556)</b>
<b>60</b>	<b>Cash and cash equivalents at the beginning of the year</b>		<b>95,106,312,655</b>	<b>150,025,727,572</b>
61	Impact of exchange rate fluctuation		556,646,415	256,132,639
<b>70</b>	<b>Cash and cash equivalents at end of the year</b>	<b>5</b>	<b>366,205,978,093</b>	<b>95,106,312,655</b>

Preparer  
Phan Thanh Phu

Chief Accountant  
Phan Nhu Bich

General Director  
Dang Trieu Hoa

11 March 2022

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

**1. CORPORATE INFORMATION**

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

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

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

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

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

The number employees of the Company and its subsidiary (“the Group”) as at 31 December 2021 was 927 (31 December 2020: 1,031).

***Corporate structure***

As at 31 December 2021, the Company has a subsidiary as follows:

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

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

As at 31 December 2021, the Company holds 100% ownership and voting rights at Unitex.

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

## **2. BASIS OF PREPARATION**

### **2.1 Accounting standards and system**

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

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

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

### **2.2 Applied accounting documentation system**

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

### **2.3 Fiscal year**

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

### **2.4 Accounting currency**

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

### **2.5 Basis of consolidation**

The consolidated financial statements comprise the financial statements of the Company and its subsidiary for the year ended 31 December 2021.

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

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

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

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

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

### **3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

#### **3.1 Cash and cash equivalents**

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

#### **3.2 Inventories**

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

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

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

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

##### *Provision for obsolete inventories*

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

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

#### **3.3 Receivables**

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

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

#### **3.4 Tangible fixed assets**

Tangible fixed assets are stated at cost less accumulated depreciation.

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

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

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

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

### 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

#### 3.5 *Intangible assets*

Intangible assets are stated at cost less accumulated amortisation.

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

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

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

#### 3.6 *Depreciation and amortisation*

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

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

#### 3.7 *Borrowing cost*

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

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

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

#### 3.8 *Prepaid expenses*

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

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

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

##### *Prepaid land rental*

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

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

#### 3.9 *Construction in process*

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

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

### **3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

#### **3.10 Business combinations and goodwill**

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

#### **3.11 Investments**

##### *Investments in an associate*

Under the equity method, the investment is carried in the consolidated balance sheet at cost plus post acquisition changes in the Group's share of net assets of the associates.

The share of post-acquisition profit (loss) of the associates is presented on face of the consolidated income statement and its share of post-acquisition movements in reserves is recognised in reserves. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. Dividend/profit sharing receivable from associates reduces the carrying amount of the investment.

##### *Investments in another entity*

Investments in another entity are stated at their acquisition costs.

##### *Provision for diminution in value of an investment*

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

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

##### *Held-to-maturity investments*

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

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

### **3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

#### **3.12 Payables and accruals**

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

#### **3.13 Accrual for severance pay**

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

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

#### **3.14 Foreign currency transactions**

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

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

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

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

#### **3.15 Appropriation of net profit**

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

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

##### *Investment and development fund*

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

##### *Bonus and welfare fund*

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



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

### 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

#### 3.16 Revenue recognition

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

##### *Sale of goods*

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

##### *Interest*

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

#### 3.17 Taxation

##### *Current income tax*

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

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

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

##### *Deferred tax*

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

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

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

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

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

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

### 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

#### 3.17 *Taxation* (continued)

##### *Deferred tax* (continued)

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

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

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

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

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

#### 3.18 *Earnings per share*

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

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

#### 3.19 *Segment information*

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

#### 3.20 *Related parties*

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

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

#### 4. SIGNIFICANT EVENT DURING THE YEAR

##### ***Covid-19 pandemic***

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

#### 5. CASH AND CASH EQUIVALENTS

	VND	
	<i>Ending balance</i>	<i>Beginning balance</i>
Cash on hand	35,847,322	51,924,445
Cash in banks	24,170,130,771	30,054,388,210
Time deposits at banks (*)	<u>342,000,000,000</u>	<u>65,000,000,000</u>
<b>TOTAL</b>	<b><u>366,205,978,093</u></b>	<b><u>95,106,312,655</u></b>

(\*) Time deposits at banks represent short-term deposits at commercial banks with original maturities of less than three (3) months and earn interest at the market rate.

#### 6. HELD-TO-MATURITY INVESTMENTS

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

#### 7. SHORT-TERM TRADE RECEIVABLES AND ADVANCES TO SUPPLIERS

##### 7.1 ***Short-term trade receivables***

	VND	
	<i>Ending balance</i>	<i>Beginning balance</i>
Trade receivables from customers	69,083,156,471	92,441,137,090
- <i>Phong Phu Coats Company Limited</i>	13,412,446,823	5,625,116,546
- <i>Chori Osaka Ltd Ptd</i>	12,352,370,186	5,526,689,916
- <i>Unifi Asia Pacific (Hong Kong)</i>	10,545,551,846	14,545,148,802
- <i>Y.R.C Textile Co., Ltd</i>	9,116,557,702	10,733,737,699
- <i>Formosa Taffeta Dong Nai Co., Ltd</i>	2,017,671,318	12,564,727,014
- <i>Formosa Taffeta Viet Nam Co., Ltd.</i>	296,656,800	12,362,512,657
- <i>Far Eastern Polytex (Viet Nam) Limited</i>	280,240,972	13,335,741,492
- <i>Gain Lucky Vietnam Limited</i>	-	11,863,660,108
- <i>Others</i>	21,061,660,824	5,883,802,856
Trade receivables from a related party (Note 29)	<u>-</u>	<u>368,101,545</u>
<b>TOTAL</b>	<b><u>69,083,156,471</u></b>	<b><u>92,809,238,635</u></b>

The detail of beginning balance is disclosed in corresponding with the ending balance.

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

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

### 7.2 Short-term advances to suppliers

	VND	
	Ending balance	Beginning balance
Multicom Machinery Taiwan LTD	10,643,457,000	-
Truong Hai Investment and Development Company Limited	1,705,000,000	-
VBS Technology Company Limited	1,086,189,280	-
Schill +Seilacher GMBH Boeblingen	1,090,594,122	-
Oerlikon Barmag Zweigniederlassung	-	1,252,864,321
Changzhou Jason Internation Trade	-	610,915,500
Others	1,826,240,623	1,353,728,130
<b>TOTAL</b>	<b><u>16,351,481,025</u></b>	<b><u>3,217,507,951</u></b>

## 8. OTHER SHORT-TERM RECEIVABLES

	VND	
	Ending balance	Beginning balance
Social insurance	801,791,320	1,221,397,593
Others	786,376,969	456,756,539
<b>TOTAL</b>	<b><u>1,588,168,289</u></b>	<b><u>1,678,154,132</u></b>

## 9. LONG-TERM LOAN RECEIVABLE

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

## 10. INVENTORIES

	VND			
	<u>Ending balance</u>		<u>Beginning balance</u>	
	Cost	Provision	Cost	Provision
Finished goods	249,440,713,272	(16,104,310,749)	249,567,912,347	(20,926,659,793)
Raw materials	208,061,491,372	(3,310,945,247)	152,646,033,124	(3,597,426,100)
Goods in transit	33,418,043,011	-	22,852,879,484	-
<b>TOTAL</b>	<b><u>490,920,247,655</u></b>	<b><u>(19,415,255,996)</u></b>	<b><u>425,066,824,955</u></b>	<b><u>(24,524,085,893)</u></b>

Detail of movements of provision for obsolete inventories:

	VND	
	Current year	Previous year
Beginning balance	(24,524,085,893)	(14,343,482,035)
Add: Provision made during the year	(4,635,353,349)	(10,747,602,552)
Less: Reversal of provision made during the year	9,744,183,246	566,998,694
Ending balance	<b><u>(19,415,255,996)</u></b>	<b><u>(24,524,085,893)</u></b>

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

## 11. TANGIBLE FIXED ASSETS

					VND
	<i>Buildings, structures</i>	<i>Machinery and equipment</i>	<i>Motor vehicles</i>	<i>Office equipment</i>	<i>Total</i>
<b>Cost:</b>					
Beginning balance	304,608,626,458	1,563,560,029,589	181,779,818,157	4,791,726,080	2,054,740,200,284
New purchase	-	2,412,020,060	988,720,000	-	3,400,740,060
Ending balance	<u>304,608,626,458</u>	<u>1,565,972,049,649</u>	<u>182,768,538,157</u>	<u>4,791,726,080</u>	<u>2,058,140,940,344</u>
<i>In which:</i>					
<i>Fully depreciated</i>	86,363,990,119	359,463,264,404	37,633,962,202	1,846,156,366	485,307,373,091
<b>Accumulated depreciation:</b>					
Beginning balance	(141,507,678,908)	(868,133,482,767)	(126,878,550,680)	(4,509,724,587)	(1,141,029,436,942)
Depreciation for the year	(9,432,288,653)	(84,026,540,399)	(16,899,734,229)	(108,439,999)	(110,467,003,280)
Ending balance	<u>(150,939,967,561)</u>	<u>(952,160,023,166)</u>	<u>(143,778,284,908)</u>	<u>(4,618,164,587)</u>	<u>(1,251,496,440,222)</u>
<b>Net carrying amount:</b>					
Beginning balance	<u>163,100,947,550</u>	<u>695,426,546,822</u>	<u>54,901,267,477</u>	<u>282,001,493</u>	<u>913,710,763,342</u>
Ending balance	<u>153,668,658,897</u>	<u>613,812,026,483</u>	<u>38,990,253,249</u>	<u>173,561,493</u>	<u>806,644,500,122</u>

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

## 12. INTANGIBLE ASSETS

	<i>VND</i>
	<i>Computer software</i>
<b>Cost:</b>	
Beginning and ending balances	<u>14,385,298,205</u>
<i>In which:</i>	
<i>Fully amortised</i>	13,834,916,387
<b>Accumulated amortisation:</b>	
Beginning balance	(14,174,318,509)
Amortisation for the year	<u>(110,076,364)</u>
Ending balance	<u>(14,284,394,873)</u>
<b>Net carrying amount:</b>	
Beginning balance	<u>210,979,696</u>
Ending balance	<u>100,903,332</u>

## 13. CONSTRUCTION IN PROGRESS

	<i>VND</i>	
	<i>Ending balance</i>	<i>Beginning balance</i>
Machinery and equipment	23,843,586,550	255,522,372
Others	<u>334,545,454</u>	<u>308,720,000</u>
<b>TOTAL</b>	<b><u>24,178,132,004</u></b>	<b><u>564,242,372</u></b>

## 14. LONG-TERM INVESTMENTS

	<i>VND</i>	
	<i>Ending balance</i>	<i>Beginning balance</i>
Investment in an associate	-	1,519,092,895
Investment in another entity ( <i>Note 14.1</i> )	<u>6,097,134,018</u>	<u>6,097,134,018</u>
<b>TOTAL</b>	<b><u>6,097,134,018</u></b>	<b><u>7,616,226,913</u></b>

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

#### 14. LONG-TERM INVESTMENTS (continued)

##### 14.1 Investment in another entity

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

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

#### 15. PREPAID EXPENSES

	<i>VND</i>	
	<i>Ending balance</i>	<i>Beginning balance</i>
<b>Short-term</b>	<b>5,930,866,811</b>	<b>5,737,949,327</b>
Tools and supplies in used	4,237,790,753	3,529,685,356
Car rental	1,658,228,059	1,740,029,437
Others	34,848,000	468,234,534
<b>Long-term</b>	<b>133,546,225,816</b>	<b>131,068,041,788</b>
Land rental (land use rights)	113,811,689,249	115,387,977,620
Tools and supplies in used	18,710,893,905	15,648,479,102
Others	1,023,642,662	31,585,066
<b>TOTAL</b>	<b><u>139,477,092,627</u></b>	<b><u>136,805,991,115</u></b>

#### 16. SHORT-TERM TRADE PAYABLES

	<i>VND</i>	
	<i>Ending balance</i>	<i>Beginning balance</i>
Tainan Spinning Co., Ltd.	91,222,587,200	100,793,520,100
Unifi Textile (Suzhou) Co., Ltd	63,461,746,000	64,746,072,350
Chori Co., Ltd	46,151,762,440	39,194,833,440
Pt. Indo-Rama Synthetics TBK	60,490,976,000	19,117,870,000
Other suppliers	30,068,838,707	37,714,766,270
<b>TOTAL</b>	<b><u>291,395,910,347</u></b>	<b><u>261,567,062,160</u></b>

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

**17. SHORT-TERM ADVANCES FROM CUSTOMERS**

	<i>VND</i>	
	<i>Ending balance</i>	<i>Beginning balance</i>
Lear Corporation - Kenansville	9,398,398,464	13,053,879,216
Treasure Star International Limited	5,794,349,760	3,344,845,959
Nam Phuong Textile and Dyeing Co., Ltd	5,373,566,979	3,781,339,848
Global Dyeing Co., Ltd	-	11,209,107,360
Others	21,057,120,885	12,288,257,820
<b>TOTAL</b>	<b><u>41,623,436,088</u></b>	<b><u>43,677,430,203</u></b>

**18. STATUTORY OBLIGATIONS**

	<i>VND</i>			
	<i>Beginning balance</i>	<i>Increase in the year</i>	<i>Decrease in the year</i>	<i>Ending balance</i>
<b>Payables</b>				
Corporate income tax	4,544,600,004	4,754,187,463	(2,799,200,712)	6,499,586,755
Personal income tax	251,125,870	5,581,706,008	(5,719,400,523)	113,431,355
Value-added tax	85,740,118	231,316,080,813	(226,204,023,873)	5,197,797,058
<b>TOTAL</b>	<b><u>4,881,465,992</u></b>	<b><u>241,651,974,284</u></b>	<b><u>(234,722,625,108)</u></b>	<b><u>11,810,815,168</u></b>
<b>Receivables</b>				
Corporate income tax	-	13,551,830,313	-	13,551,830,313
Value-added tax deductible	8,172,826,500	48,613,817,640	(14,772,772,025)	42,013,872,115
Other	123,803,291	-	(123,803,291)	-
<b>TOTAL</b>	<b><u>8,296,629,791</u></b>	<b><u>62,165,647,953</u></b>	<b><u>(14,896,575,316)</u></b>	<b><u>55,565,702,428</u></b>



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

**19. SHORT-TERM ACCRUED EXPENSES**

	<i>VND</i>	
	<i>Ending balance</i>	<i>Beginning balance</i>
Utility expenses	7,191,132,150	3,064,460,161
Sales commission	868,165,745	1,759,156,676
Interest expense	76,631,638	238,727,919
Others	130,334,505	80,538,788
<b>TOTAL</b>	<b><u>8,266,264,038</u></b>	<b><u>5,142,883,544</u></b>

**20. SHORT-TERM OTHER PAYABLES**

	<i>VND</i>	
	<i>Ending balance</i>	<i>Beginning balance</i>
Social insurance	3,245,911,456	3,092,177,775
Dividends	262,660,180	195,256,065
Others	2,725,153,269	2,886,381,921
<b>TOTAL</b>	<b><u>6,233,724,905</u></b>	<b><u>6,173,815,761</u></b>

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

**21. LOANS**

	<i>Beginning balance</i>	<i>Movement during the year</i>		<i>Reclassification</i>	<i>Foreign exchange difference</i>	<i>VND</i>
		<i>Increase</i>	<i>Decrease</i>			<i>Ending balance</i>
<b>Short-term</b>						
Loans from banks	167,544,208,650	1,070,324,713,667	(911,474,149,786)	-	(5,066,896,195)	321,327,876,336
Current portion of long-term loans	55,019,014,265	-	(106,697,095,491)	51,678,081,226	-	-
	<u>222,563,222,915</u>	<u>1,070,324,713,667</u>	<u>(1,018,171,245,277)</u>	<u>51,678,081,226</u>	<u>(5,066,896,195)</u>	<u>321,327,876,336</u>
<b>Long-term</b>						
Loans from banks	51,678,081,226	-	-	(51,678,081,226)	-	-
<b>TOTAL</b>	<u><b>274,241,304,141</b></u>	<u><b>1,070,324,713,667</b></u>	<u><b>(1,018,171,245,277)</b></u>	<u><b>-</b></u>	<u><b>(5,066,896,195)</b></u>	<u><b>321,327,876,336</b></u>

The Group obtained the unsecured loans from banks for the purpose of financing its working capital requirements which bear interest rates from 2.98% to 4.00% per annum (on foreign currency). Details are as follows:

<i>Banks</i>	<i>Ending balance</i>	<i>Original amount</i>	<i>Term and maturity date</i>
	<i>VND</i>	<i>USD</i>	
Joint Stock Commercial Bank for Foreign Trade of Vietnam – Ho Chi Minh Branch	187,762,576,000	8,293,400	From 5 January 2022 to 30 May 2022
Orient Commercial Joint Stock Bank	92,826,264,000	4,100,100	From 28 February 2022 to 31 May 2022
CTBC Bank Co., Ltd	40,739,036,336	1,799,427	From 9 February 2022 to 3 June 2022
<b>TOTAL</b>	<u><b>321,327,876,336</b></u>	<u><b>14,192,927</b></u>	

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

## 22. OWNERS' EQUITY

### 22.1 Increases and decreases in owners' equity

	<i>Share capital</i>	<i>Share premium</i>	<i>Treasury shares</i>	<i>Investment and development fund</i>	<i>Undistributed earnings</i>	<i>VND Total</i>
<b>Previous year:</b>						
Beginning balance	707,269,440,000	35,093,198,872	-	1,219,011,000	339,537,897,548	1,083,119,547,420
Purchase of treasury shares	-	-	(42,410,550,000)	-	-	(42,410,550,000)
Net profit for the year	-	-	-	-	144,360,663,988	144,360,663,988
Dividend declared	-	-	-	-	(102,277,941,000)	(102,277,941,000)
Ending balance	<u>707,269,440,000</u>	<u>35,093,198,872</u>	<u>(42,410,550,000)</u>	<u>1,219,011,000</u>	<u>381,620,620,536</u>	<u>1,082,791,720,408</u>
<b>Current year:</b>						
Beginning balance	707,269,440,000	35,093,198,872	(42,410,550,000)	1,219,011,000	381,620,620,536	1,082,791,720,408
Net profit for the year	-	-	-	-	278,479,651,838	278,479,651,838
Dividend declared	-	-	-	-	(102,277,941,000)	(102,277,941,000)
Ending balance	<u>707,269,440,000</u>	<u>35,093,198,872</u>	<u>(42,410,550,000)</u>	<u>1,219,011,000</u>	<u>557,822,331,374</u>	<u>1,258,993,431,246</u>

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

## 22. OWNERS' EQUITY (continued)

### 22.2 Capital transactions with owners and distribution of dividends, profits

	VND	
	Current year	Previous year
<b>Issued share capital</b>		
Beginning and ending balances	<u>707,269,440,000</u>	<u>707,269,440,000</u>
<b>Dividends declared (*)</b>	<b>(102,277,941,000)</b>	<b>(102,277,941,000)</b>
Dividend paid in cash	(102,197,517,784)	(102,209,474,025)

(\*) 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).

### 22.3 Shares

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

## 23. REVENUES

### 23.1 Revenue from sale of goods

	VND	
	Current year	Previous year
<b>Gross revenue</b>	<b>2,043,370,881,890</b>	<b>1,767,404,091,979</b>
Less:		
Trade discount	(805,683,048)	(1,353,692,169)
Sales returns	(176,486,219)	(384,061,171)
<b>Net revenue</b>	<b><u>2,042,388,712,623</u></b>	<b><u>1,765,666,338,639</u></b>

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

**23. REVENUES** (continued)

**23.2 Finance income**

	VND	
	<i>Current year</i>	<i>Previous year</i>
Interest income	6,327,104,473	4,312,095,867
Foreign exchange gains	11,716,004,083	7,171,602,046
<b>TOTAL</b>	<b><u>18,043,108,556</u></b>	<b><u>11,483,697,913</u></b>

**24. FINANCE EXPENSES**

	VND	
	<i>Current year</i>	<i>Previous year</i>
Interest expense	5,319,270,025	16,392,410,718
Foreign exchange losses	3,372,341,194	5,245,423,070
<b>TOTAL</b>	<b><u>8,691,611,219</u></b>	<b><u>21,637,833,788</u></b>

**25. SELLING EXPENSES**

	VND	
	<i>Current year</i>	<i>Previous year</i>
Transportation expense	12,887,594,470	7,941,574,982
Letter of credit (L/C) and documentary fee	8,357,779,614	7,663,485,108
Commission fee	2,517,539,901	3,175,722,341
Others	3,382,530,756	4,898,637,948
<b>TOTAL</b>	<b><u>27,145,444,741</u></b>	<b><u>23,679,420,379</u></b>

**26. GENERAL AND ADMINISTRATION EXPENSES**

	VND	
	<i>Current year</i>	<i>Previous year</i>
Labour costs	31,887,770,364	27,690,996,727
Expenses for external services	21,814,899,153	10,023,613,378
Stationery and other tools costs	10,280,604,921	9,252,765,927
Depreciation and amortisation expenses	1,469,700,501	1,814,399,292
Other expenses	6,057,719,798	8,441,158,392
<b>TOTAL</b>	<b><u>71,510,694,737</u></b>	<b><u>57,222,933,716</u></b>

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

## 27. PRODUCTION AND OPERATING COSTS

	<i>VND</i>	
	<i>Current year</i>	<i>Previous year</i>
Raw materials	1,187,454,840,331	1,051,554,154,248
Expenses for external services	272,537,233,024	233,558,115,107
Depreciation and amortisation expenses (Notes 11 and 12)	110,577,079,644	133,576,172,429
Labour costs	144,522,919,401	124,868,261,515
Other expenses	51,469,977,879	47,740,498,006
<b>TOTAL</b>	<b><u>1,766,562,050,279</u></b>	<b><u>1,591,297,201,305</u></b>

## 28. CORPORATE INCOME TAX

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

- For Cu Chi Operation, the applicable statutory corporate income tax ("CIT") rate is 20% of taxable profit.
- For Trang Bang Branch, CIT is applied according to each product type. In particular:
  - Income from FDY and DTY products onwards is exempted for four years (2011 - 2014), and is subject to 50% deduction in the nine following years (2015 - 2023). The applicable rate is 10% for 15 years from 2011.
  - Income from FDY and DTY products of expansion projects onwards is exempted for four years (2016 - 2019), and is subject to 50% deduction in the nine following years (2020 - 2028). The applicable rate is 10% for 15 years from 2016.
  - 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 10% for 15 years from 2016.

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

### 28.1 CIT expenses

	<i>VND</i>	
	<i>Current year</i>	<i>Previous year</i>
Current tax expense	28,130,207,047	16,793,155,624
Adjustment for (over) under accrual of CIT from prior years	(23,376,019,584)	3,590,927,496
Deferred tax expense (income)	2,504,724,787	(255,503,778)
<b>TOTAL</b>	<b><u>7,258,912,250</u></b>	<b><u>20,128,579,342</u></b>

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

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

## 28. CORPORATE INCOME TAX (continued)

### 28.2 Current CIT

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

	<i>Current year</i>	<i>VND Previous year</i>
<b>Accounting profit before tax</b>	<b>285,738,564,088</b>	<b>164,489,243,330</b>
At the applicable CIT rate for the Group	57,147,712,818	32,897,848,666
<i>Adjustments:</i>		
Non-deductible expenses	2,145,823,035	1,352,933,896
Tax incentive at Trang Bang branch	(31,842,022,978)	(16,842,664,035)
Adjustment for (over) under accrual of tax from prior years	(23,376,019,584)	3,590,927,496
Unrealised profit (loss)	3,183,418,959	(870,466,681)
<b>CIT expense</b>	<b>7,258,912,250</b>	<b>20,128,579,342</b>

### 28.3 Deferred tax

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

	<i>Consolidated balance sheet</i>		<i>Consolidated income statement</i>	
	<i>Ending balance</i>	<i>Beginning balance</i>	<i>Current year</i>	<i>Previous year</i>
<b>Deferred tax assets</b>				
Accrued expenses	2,625,065,485	2,783,571,150	(158,505,665)	(1,460,193,252)
Provisions	337,150,913	958,165,220	(621,014,307)	(113,399,739)
Foreign exchange arising from revaluation of monetary accounts denominated in foreign currency	54,615,853	21,747,944	32,867,909	1,058,641
Accrual for severance pay	45,885,925	67,383,517	(21,497,592)	(7,070,625)
Tax loss carry forward	-	1,736,575,132	(1,736,575,132)	1,736,575,132
	<b>3,062,718,176</b>	<b>5,567,442,963</b>		
<b>Net deferred tax (charge) credit to consolidated income statement</b>			<b>(2,504,724,787)</b>	<b>255,503,778</b>

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

## 29. TRANSACTIONS WITH RELATED PARTIES

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

<i>Related parties</i>	<i>Relationship</i>	<i>Transactions</i>	<i>VND</i>	
			<i>Current year</i>	<i>Previous year</i>
Hung Loi Service Trading Investment Company Limited	Related party due to family member of a BOD member of the Group investing therein	Sale of goods	21,857,929,365	59,814,773,065
P.A.N Asia Co., Ltd	Related party due to a BOD member of the Group investing therein	Sale of goods	-	8,822,791,669

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

<i>Related parties</i>	<i>Relationship</i>	<i>Transaction</i>	<i>VND</i>	
			<i>Ending balance</i>	<i>Beginning balance</i>
<b>Short-term trade receivables (Note 6)</b>				
Hung Loi Service Trading Investment Company Limited	Related party due to family member of a BOD member of the Group investing therein	Sale of goods	-	368,101,545

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

<i>Individuals</i>	<i>Position</i>	<i>VND</i>	
		<i>Remuneration</i>	
		<i>Current year</i>	<i>Previous year</i>
Mr Dang Trieu Hoa	General Director	1,616,193,147	1,595,994,815
Ms Nguyen Phuong Chi	Deputy General Director	1,549,976,961	1,473,151,787
Mr Phan Nhu Bich	Chief Finance Officer	1,003,643,010	924,533,465
<b>TOTAL</b>		<b>4,169,813,118</b>	<b>3,993,680,067</b>



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

### 30. EARNINGS PER SHARE

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

	<i>VND</i>	
	<i>Current year</i>	<i>Previous year</i>
Net profit after tax attributable to ordinary equity holders adjusted for the effect of dilution	278,479,651,838	144,360,663,988
Weighted average number of ordinary shares for basic earnings per share (*)	68,185,294	69,053,344
Earnings per share ( <i>par value of VND 10,000/share</i> )		
- Basic	4,084	2,091
- Diluted	4,084	2,091

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

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

### 31. OPERATING LEASE COMMITMENT

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

	<i>VND</i>	
	<i>Ending balance</i>	<i>Beginning balance</i>
Less than 1 year	340,500,000	340,500,000
From 1 to 5 years	1,362,000,000	1,362,000,000
More than 5 years	9,902,875,000	9,335,345,000
<b>TOTAL</b>	<b>11,332,215,412</b>	<b>11,037,845,000</b>

### 32. OFF BALANCE SHEET ITEM

	<i>Ending balance</i>	<i>Beginning balance</i>
Major foreign currency:		
United States Dollar (USD)	101,190	317,258

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

**33. EVENTS AFTER THE BALANCE SHEET DATE**

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

\_\_\_\_\_  
Preparer  
Phan Thanh Phu

\_\_\_\_\_  
Chief Accountant  
Phan Nhu Bich

\_\_\_\_\_  
General Director  
Dang Trieu Hoa

11 March 2022