

Century Synthetic Fiber Corporation

Consolidated financial statements

For the year ended 31 December 2022

Century Synthetic Fiber Corporation

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Century Synthetic Fiber Corporation

GENERAL INFORMATION

THE COMPANY

Century Synthetic Fiber Corporation ("the Company") is a shareholding company incorporated under the Law on Enterprise of Vietnam and currently operates based on 20th Amended Enterprise Registration Certificate No. 0302018927 issued by the Department of Planning and Investment of Ho Chi Minh City on 12 November 2022.

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 Commune, 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

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.

AUDITOR

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 2022.

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 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 2022 and of the results of its consolidated operations and its consolidated cash flows for the year then ended in accordance with Vietnamese Accounting Standards, Vietnamese Enterprise Accounting System and the statutory requirements relevant to preparation and presentation of the consolidated financial statements.

For and on behalf of the management:

Dang Trieu Hoa
General Director

Ho Chi Minh City, Vietnam

13 March 2023

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 13 March 2023 and set out on pages 5 to 33, which comprise the consolidated balance sheet as at 31 December 2022, and the consolidated income statement and the consolidated cash flow statement for the year then ended and the notes thereto.

Management's responsibility

Management is responsible for the preparation and fair presentation of these 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 2022, and of the consolidated results of its operations 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

Maria Cristina M. Calimbas
Deputy General Director
Audit Practicing Registration Certificate
No. 1073-2023-004-1

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

Ho Chi Minh City, Vietnam

13 March 2023

CONSOLIDATED BALANCE SHEET
as at 31 December 2022

VND

Code	ASSETS	Notes	Ending balance	Beginning balance
100	A. CURRENT ASSETS		1,199,951,103,248	986,230,344,776
110	I. Cash and cash equivalents	4	235,284,187,347	366,205,978,093
111	1. Cash		20,784,187,347	24,205,978,093
112	2. Cash equivalents		214,500,000,000	342,000,000,000
120	II. Short-term investment		180,000,000,000	-
123	1. Held-to-maturity investments	5	180,000,000,000	-
130	III. Current accounts receivable		225,986,702,005	87,022,805,785
131	1. Short-term trade receivables	6.1	69,400,071,855	69,083,156,471
132	2. Short-term advances to suppliers	6.2	151,583,002,310	16,351,481,025
135	3. Short-term loan receivables	7	3,471,000,000	-
136	4. Other short-term receivables	8	1,532,627,840	1,588,168,289
140	IV. Inventories	9	466,136,524,256	471,504,991,659
141	1. Inventories		472,682,334,984	490,920,247,655
149	2. Provision for obsolete inventories		(6,545,810,728)	(19,415,255,996)
150	V. Other current assets		92,543,689,640	61,496,569,239
151	1. Short-term prepaid expenses	14	3,067,765,320	5,930,866,811
152	2. Value-added tax deductible	17	84,182,005,136	42,013,872,115
153	3. Tax receivable from the State	17	5,293,919,184	13,551,830,313

CONSOLIDATED BALANCE SHEET (continued)
as at 31 December 2022

VND

Code	ASSETS	Notes	Ending balance	Beginning balance
200	B. NON-CURRENT ASSETS		925,081,840,609	984,909,304,450
210	I. Long-term receivable		-	11,279,690,982
215	1. Long-term loan receivable	7	-	11,279,690,982
220	II. Fixed assets		730,566,913,801	806,745,403,454
221	1. Tangible fixed assets	10	730,566,913,801	806,644,500,122
222	Cost		2,088,323,320,799	2,058,140,940,344
223	Accumulated depreciation		(1,357,756,406,998)	(1,251,496,440,222)
227	2. Intangible assets	11	-	100,903,332
228	Cost		14,385,298,205	14,385,298,205
229	Accumulated amortisation		(14,385,298,205)	(14,284,394,873)
240	III. Long-term asset in progress		40,942,507,371	24,178,132,004
242	1. Construction in progress	12	40,942,507,371	24,178,132,004
250	IV. Long-term investments	13	13,800,000,000	6,097,134,018
253	1. Investment in another entity		13,800,000,000	6,097,134,018
260	V. Other long-term assets		139,772,419,437	136,608,943,992
261	1. Long-term prepaid expenses	14	136,348,216,385	133,546,225,816
262	2. Deferred tax assets	27.3	3,424,203,052	3,062,718,176
270	TOTAL ASSETS		2,125,032,943,857	1,971,139,649,226

CONSOLIDATED BALANCE SHEET (continued)
as at 31 December 2022

VND

Code	RESOURCES	Notes	Ending balance	Beginning balance
300	C. LIABILITIES		583,942,885,374	712,146,217,980
310	I. Current liabilities		583,671,887,207	711,866,113,607
311	1. Short-term trade payables	15	219,788,323,822	291,395,910,347
312	2. Short-term advances from customers	16	8,783,975,931	41,623,436,088
313	3. Statutory obligations	17	3,568,641,115	11,810,815,168
314	4. Payable to employees		24,626,980,550	26,624,030,474
315	5. Short-term accrued expenses	18	6,447,916,477	8,266,264,038
319	6. Other short-term payables	19	6,659,866,578	6,233,724,905
320	7. Short-term loans	20	308,095,357,806	321,327,876,336
322	8. Bonus and welfare fund	3.15	5,700,824,928	4,584,056,251
330	II. Non-current liability		270,998,167	280,104,373
342	1. Long-term provision		270,998,167	280,104,373
400	D. OWNERS' EQUITY		1,541,090,058,483	1,258,993,431,246
410	I. Capital	21.1	1,541,090,058,483	1,258,993,431,246
411	1. Share capital		843,638,250,000	707,269,440,000
411a	- Shares with voting rights		843,638,250,000	707,269,440,000
412	2. Share premium		40,824,578,872	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		697,818,768,611	557,822,331,374
421a	- Undistributed earnings at the end of prior year		455,544,390,374	279,342,679,536
421b	- Earnings of current year		242,274,378,237	278,479,651,838
440	TOTAL LIABILITIES AND OWNERS' EQUITY		2,125,032,943,857	1,971,139,649,226

Preparer
Nguyen Thi Hong Tham

Chief Accountant
Phan Nhu Bich

General Director
Dang Trieu Hoa

13 March 2023

CONSOLIDATED INCOME STATEMENT
for the year ended 31 December 2022

VND

Code	ITEMS	Notes	Current year	Previous year
01	1. Revenue from sale of goods	22.1	2,116,780,568,379	2,043,370,881,890
02	2. Deductions	22.1	(2,248,877,567)	(982,169,267)
10	3. Net revenue from sale of goods	22.1	2,114,531,690,812	2,042,388,712,623
11	4. Cost of goods sold	26	(1,741,237,965,679)	(1,667,905,910,801)
20	5. Gross profit from sale of goods		373,293,725,133	374,482,801,822
21	6. Finance income	22.2	29,340,143,578	18,043,108,556
22	7. Finance expenses	23	(48,364,243,092)	(8,691,611,219)
23	In which: Interest expenses		(9,128,352,047)	(5,319,270,025)
25	8. Selling expenses	24, 26	(19,448,338,303)	(27,145,444,741)
26	9. General and administrative expenses	25, 26	(64,115,797,999)	(71,510,694,737)
30	10. Operating profit		270,705,489,317	285,178,159,681
31	11. Other income		713,832,657	722,041,900
32	12. Other expenses		(1,956,678,674)	(161,637,493)
40	13. Other (loss) profit		(1,242,846,017)	560,404,407
50	14. Accounting profit before tax		269,462,643,300	285,738,564,088
51	15. Current corporate income tax expense	27.1	(27,549,749,939)	(4,754,187,463)
52	16. Deferred tax income (expense)	27.3	361,484,876	(2,504,724,787)
60	17. Net profit after tax		242,274,378,237	278,479,651,838
61	19. Net profit after tax attributable to shareholders of the parent		242,274,378,237	278,479,651,838
70	18. Basic earnings per share	29	3,341	4,084
71	19. Diluted earnings per share	29	3,341	4,084

Preparer
Nguyen Thi Hong Tham

Chief Accountant
Phan Nhu Bich

General Director
Dang Trieu Hoa

13 March 2023

CONSOLIDATED CASH FLOW STATEMENT
for the year ended 31 December 2022

VND

Code	ITEMS	Notes	Current year	Previous year
	I. CASH FLOWS FROM OPERATING ACTIVITIES			
01	Accounting profit before tax		269,462,643,300	285,738,564,088
	<i>Adjustments for:</i>			
02	Depreciation and amortisation	10, 11	106,360,870,108	110,577,079,644
03	Reversal of provisions		(12,869,445,268)	(5,108,829,897)
04	Foreign exchange losses (gains) arising from revaluation of monetary accounts denominated in foreign currency		11,564,710,655	(2,465,573,499)
05	Profits from investing activities		(17,725,426,686)	(6,327,104,473)
06	Interest expense	23	9,128,352,047	5,319,270,025
08	Operating profit before changes in working capital		365,921,704,156	387,733,405,888
09	Increase in receivables		(308,390,925,789)	(34,345,039,507)
10	Decrease (increase) in inventories		18,237,912,671	(65,853,422,700)
11	(Decrease) increase in payables		169,333,161,750	24,333,144,265
12	Decrease (increase) decrease in prepaid expenses		61,110,922	(2,671,101,512)
13	Interest paid		(8,515,119,480)	(5,481,366,305)
14	Corporate income tax paid	17	(24,802,880,291)	(16,351,031,025)
15	Other cash inflows from operating activities		-	2,784,708,236
16	Other cash outflows for operating activities		-	(7,719,336)
20	Net cash from operating activities		211,844,963,939	290,141,566,004
	II. CASH FLOWS FROM INVESTING ACTIVITIES			
21	Purchase and construction of fixed assets		(188,651,811,052)	(3,400,740,060)
23	Placement of bank term deposits		(180,000,000,000)	-
24	Proceeds from bank term deposit		-	26,000,000,000
25	Payment for investment in other entity		-	1,519,092,895
27	Collection from investment in other entity		17,114,857,133	6,327,149,578
30	Net cash (used in) from investing activities		(351,536,953,919)	30,445,502,413

CONSOLIDATED CASH FLOW STATEMENT (continued)
for the year ended 31 December 2022

VND

<i>Code</i>	<i>ITEMS</i>	<i>Notes</i>	<i>Current year</i>	<i>Previous year</i>
	III. CASH FLOWS FROM FINANCING ACTIVITIES			
31	Issuance of shares	21.1	142,100,190,000	-
33	Drawdown of borrowings	20	1,057,928,818,066	1,070,324,713,667
34	Repayment of borrowings	20	(1,088,272,662,348)	(1,018,171,245,277)
36	Dividends paid	21.2	(102,213,100,650)	(102,197,517,784)
40	Net cash from (used in) financing activities		9,543,245,068	(50,044,049,394)
50	Net (decrease) increase in cash and cash equivalents for the year		(130,148,744,912)	270,543,019,023
60	Cash and cash equivalents at the beginning of the year		366,205,978,093	95,106,312,655
61	Impact of exchange rate fluctuation		(773,045,834)	556,646,415
70	Cash and cash equivalents at end of the year	4	235,284,187,347	366,205,978,093

Preparer
Nguyen Thi Hong Tham

Chief Accountant
Phan Nhu Bich

General Director
Dang Trieu Hoa

13 March 2023

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
as at 31 December 2022 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 20th Amended Enterprise Registration Certificate No. 0302018927 issued by the Department of Planning and Investment of Ho Chi Minh City on 12 November 2022.

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 Commune, 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 2022 was 882 (31 December 2021: 927).

Corporate structure

As at 31 December 2022, 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 (“ERC”) 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 Commune, Tay Ninh Province, Vietnam. Currently, Unitex is in pre-operation progress.

On 21 October 2022, the Company increased its contributed share capital in Unitex Corporation (“Unitex”) with the amount of VND 142,100,190,000 according to Shareholders’ Resolution No. 273-22/CV-CTTK dated 21 March 2022.

As at 31 December 2022, the Company holds 100% ownership and voting rights at Unitex.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
as at 31 December 2022 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 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 consolidated financial position and the results of its consolidated operations and consolidated 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 2022.

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 2022 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, after the provision for doubtful debts.

The provision for doubtful debts represents the estimated loss due to non-collection of receivables that were outstanding at the balance sheet date. Increases 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 2022 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
Motor vehicles	4 - 10 years
Office equipment	3 - 5 years
Computer software	4 - 5 years

3.7 *Borrowing costs*

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 either 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 2022 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 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 for the investment is made when there are reliable evidences of the diminution in value of the investment 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 investment

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

3.12 Payables and accruals

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

3.13 Accrual for severance pay

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
as at 31 December 2022 and for the year then ended

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.14 Foreign currency transactions

The Company applies the 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 onrelating 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 exchange rates of the commercial bank.

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

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

3.15 Appropriation of net profit

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

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

Investment and development fund

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

Bonus and welfare fund

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

3.16 Revenue recognition

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

Sale of goods

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

Interest

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
as at 31 December 2022 and for the year then ended

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.17 Taxation

Current income tax

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

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

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

Deferred tax

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

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

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

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

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

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
as at 31 December 2022 and for the year then ended

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.17 Taxation (continued)

Deferred tax (continued)

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 2022 and for the year then ended

4. CASH AND CASH EQUIVALENTS

	VND	
	<i>Ending balance</i>	<i>Beginning balance</i>
Cash on hand	16,586,058	35,847,322
Cash in banks	20,767,601,289	24,170,130,771
Time deposits at banks	214,500,000,000	342,000,000,000
TOTAL	235,284,187,347	366,205,978,093

Cash equivalents represent short-term deposits at commercial banks with original maturity of less than three (3) months and interest at rates ranging from 1.0% to 6.0% per annum.

5. HELD-TO-MATURITY INVESTMENTS

This comprises term deposits at commercial banks with original maturity of three (3) months but less than one (1) year and interest at 7.1% per annum.

6. SHORT-TERM TRADE RECEIVABLES AND ADVANCES TO SUPPLIERS

6.1 Short-term trade receivables

	VND	
	<i>Ending balance</i>	<i>Beginning balance</i>
Unifi Asia Pacific (Hong Kong)	21,883,037,796	10,545,551,846
Phong Phu Coats Company Limited	9,602,862,329	13,412,446,823
Thai Toray Synthetics Co., Ltd.	8,902,945,036	-
Chori Osaka Ltd Ptd	8,798,473,838	12,352,370,186
Nam Phuong Textile and Dyeing Co., Ltd	7,331,860,800	-
Others	21,783,837,092	32,772,787,616
TOTAL	69,400,071,855	69,083,156,471

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

6.2 Short-term advances to suppliers

	VND	
	<i>Ending balance</i>	<i>Beginning balance</i>
Multicom Machinery Taiwan LTD	149,091,159,230	10,643,457,000
VBS Technology Company Limited	880,000,000	1,090,594,122
Truong Hai Investment and Development Company Limited	346,500,000	1,705,000,000
Oerlikon Barmag Zweigniederlassung	277,735,068	-
Zhangjiagang Shuoxiang Internationa	222,402,560	-
Schill +Seilacher GMBH Boeblingen	-	1,086,189,280
Others	265,205,452	1,826,240,623
TOTAL	151,583,002,310	16,351,481,025

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
as at 31 December 2022 and for the year then ended

7. SHORT-TERM LOAN RECEIVABLE

		VND
	<i>Ending balance</i>	<i>Beginning balance</i>
Short-term	3,471,000,000	-
Dintsun Vietnam Company Limited	3,471,000,000	-
Long-term	-	11,279,690,982
Dintsun Vietnam Company Limited	-	11,279,690,982
TOTAL	3,471,000,000	11,279,690,982

The balance represents interest-free loan to Dintsun Vietnam Company Limited ("Dintsun") under the Capital Contribution Agreement No. DTVN – 2019001 dated 12 December 2019 to 30 June 2023 to raise the capital for the Soc Trang Industrial Zone Project and earn no interest. On 16 June 2022, the Company completed additional investment in Dintsun amounting to VND 7,702,865,982 under the form of through the conversion of a long-term loan receivable in accordance with Capital Contribution Agreement No. DTVN-2019000.

8. OTHER SHORT-TERM RECEIVABLES

		VND
	<i>Ending balance</i>	<i>Beginning balance</i>
Social insurance	-	801,791,320
Others	1,532,627,840	786,376,969
TOTAL	1,532,627,840	1,588,168,289

9. INVENTORIES

	VND	
	<i>Ending balance</i>	<i>Beginning balance</i>
	<i>Cost</i>	<i>Provision</i>
Finished goods	283,606,536,566	(3,112,425,296)
Raw materials	165,479,464,761	(3,433,385,432)
Goods in transit	23,596,333,657	-
TOTAL	472,682,334,984	(6,545,810,728)

Detail of movements of provision for obsolete inventories:

	VND	
	<i>Current year</i>	<i>Previous year</i>
Beginning balance	(19,415,255,996)	(24,524,085,893)
Add: Provision made during the year	-	(4,635,353,349)
Less: Reversal of provision	12,869,445,268	9,744,183,246
Ending balance	(6,545,810,728)	(19,415,255,996)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
as at 31 December 2022 and for the year then ended

10. TANGIBLE FIXED ASSETS

					VND
	<i>Buildings and structures</i>	<i>Machinery and equipment</i>	<i>Motor vehicles</i>	<i>Office equipment</i>	<i>Total</i>
Cost:					
Beginning balance	304,608,626,458	1,565,972,049,649	182,768,538,157	4,791,726,080	2,058,140,940,344
New purchase	-	2,903,711,599	4,032,952,000		6,936,663,599
Transfer from construction in progress	-	23,245,716,856	-	-	23,245,716,856
Ending balance	304,608,626,458	1,592,121,478,104	186,801,490,157	4,791,726,080	2,088,323,320,799
<i>In which:</i>					
<i>Fully depreciated</i>	88,291,213,410	570,109,047,670	101,158,012,334	3,838,565,694	763,396,839,108
Accumulated depreciation:					
Beginning balance	(150,939,967,561)	(952,160,023,166)	(143,778,284,908)	(4,618,164,587)	(1,251,496,440,222)
Depreciation for the year	(9,207,445,922)	(81,423,931,680)	(15,574,889,219)	(53,699,955)	(106,259,966,776)
Ending balance	(160,147,413,483)	(1,033,583,954,846)	(159,353,174,127)	(4,671,864,542)	(1,357,756,406,998)
Net carrying amount:					
Beginning balance	153,668,658,897	613,812,026,483	38,990,253,249	173,561,493	806,644,500,122
Ending balance	144,461,212,975	558,537,523,258	27,448,316,030	119,861,538	730,566,913,801

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
as at 31 December 2022 and for the year then ended

11. INTANGIBLE ASSET

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

12. CONSTRUCTION IN PROGRESS

		<i>VND</i>
	<i>Ending balance</i>	<i>Beginning balance</i>
Unitex factory project	29,973,680,699	-
Machinery and equipment	10,928,370,930	23,843,586,550
Others	40,455,742	334,545,454
TOTAL	<u>40,942,507,371</u>	<u>24,178,132,004</u>

13. LONG-TERM INVESTMENTS

		<i>VND</i>
	<i>Ending balance</i>	<i>Beginning balance</i>
Investment in another entity (<i>Note 13.1</i>)	<u>13,800,000,000</u>	<u>6,097,134,018</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
as at 31 December 2022 and for the year then ended

13. LONG-TERM INVESTMENTS (continued)

13.1 Investment in another entity

	<u>Ending balance</u>		<u>Beginning balance</u>	
	<u>% of</u>	<u>Cost</u>	<u>% of</u>	<u>Cost</u>
	<u>interest</u>	<u>VND</u>	<u>interest</u>	<u>VND</u>
Dintsun Vietnam Company Limited	5	13,800,000,000	5	6,097,134,018

Dintsun Vietnam Company Limited ("Dintsun") is a limited company established pursuant to the Enterprise Registration Certificate No. 2200764052 issued by the Department of Planning and Investment of Ho Chi Minh City on 29 May 2019. Its 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.

On 16 June 2022, the Company completed additional investment in Dintsun amounting to VND 7,702,865,982 through the form of conversion of a long-term loan receivable in accordance with Capital Contribution Agreement No. DTVN-2019000.

14. PREPAID EXPENSES

	<u>VND</u>	
	<u>Ending balance</u>	<u>Beginning balance</u>
Short-term	3,067,765,320	5,930,866,811
Insurance expense	1,250,123,438	-
Tools and supplies in used	944,488,607	4,237,790,753
Car rental	320,000,000	1,658,228,059
Others	553,153,275	34,848,000
Long-term	136,348,216,385	133,546,225,816
Land rental	112,833,871,240	113,811,689,249
Tools and supplies in used	19,921,580,213	18,710,893,905
Others	3,592,764,932	1,023,642,662
TOTAL	139,415,981,705	139,477,092,627

15. SHORT-TERM TRADE PAYABLES

	<u>VND</u>	
	<u>Ending balance</u>	<u>Beginning balance</u>
Tainan Spinning Co., Ltd.	105,308,480,400	91,222,587,200
Unifi Textile (Suzhou) Co., Ltd	53,768,088,000	63,461,746,000
Chori Co., Ltd	30,323,800,800	46,151,762,440
Pt. Indo-Rama Synthetics TBK	-	60,490,976,000
Other suppliers	30,387,954,622	30,068,838,707
TOTAL	219,788,323,822	291,395,910,347

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
as at 31 December 2022 and for the year then ended

16. SHORT-TERM ADVANCES FROM CUSTOMERS

	VND	
	<i>Ending balance</i>	<i>Beginning balance</i>
Lear Corporation - Kenansville	3,681,251,674	9,398,398,464
Treasure Star International Limited	417,331,620	5,794,349,760
Nam Phuong Textile and Dyeing Co., Ltd	-	5,373,566,979
Others	4,685,392,637	21,057,120,885
TOTAL	8,783,975,931	41,623,436,088

17. STATUTORY OBLIGATIONS

	VND			
	<i>Beginning balance</i>	<i>Increase during the year</i>	<i>Decrease during the year</i>	<i>Ending balance</i>
Payables				
Corporate income tax	6,499,586,755	17,582,009,349	(24,856,768,314)	775,172,210
Personal income tax	113,431,355	10,036,100,094	(9,660,767,046)	488,764,403
Value-added tax	5,197,797,058	228,690,349,163	(231,583,441,719)	2,304,704,502
TOTAL	11,810,815,168	256,308,458,606	(266,100,977,079)	3,568,641,115
Receivables				
Corporate income tax	13,551,830,313	-	(8,286,052,993)	5,080,546,040
Value-added tax deductible	42,013,872,115	268,657,345,928	(226,489,212,907)	84,182,005,136
Import tax	-	205,628,626	-	205,628,626
Other	-	983,342,198	(975,597,680)	7,744,518
TOTAL	55,565,702,428	269,846,316,752	(235,936,094,860)	89,475,924,320

18. SHORT-TERM ACCRUED EXPENSES

	VND	
	<i>Ending balance</i>	<i>Beginning balance</i>
Utilities	4,913,918,642	7,191,132,150
Sales commission	753,799,125	868,165,745
Interest expense	780,198,710	76,631,638
Others	-	130,334,505
TOTAL	6,447,916,477	8,266,264,038

19. SHORT-TERM OTHER PAYABLES

	VND	
	<i>Ending balance</i>	<i>Beginning balance</i>
Social insurance	843,221,735	3,245,911,456
Dividends	327,500,530	262,660,180
Others	5,489,144,313	2,725,153,269
TOTAL	6,659,866,578	6,233,724,905

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
as at 31 December 2022 and for the year then ended

20. SHORT-TERM LOANS

				VND
	<i>Beginning balance</i>	<i>Movement during the year</i>		<i>Ending balance</i>
		<i>Increase</i>	<i>Decrease</i>	
Loans from banks	<u>321,327,876,336</u>	<u>1,057,928,818,066</u>	<u>(1,088,272,662,348)</u>	<u>308,095,357,806</u>

The Company obtained unsecured loans from banks to finance its working capital requirements at interest rates ranging from 2.2% to 4.5% per annum. Further details are as follows:

<i>Banks</i>	<i>Ending balance</i> VND	<i>Original amount</i> USD	<i>Term and maturity date</i>
Vietnam Export Import Bank – Ho Chi Minh Branch	118,455,076,628	5,060,020	From 12 January 2023 to 26 March 2023
CTBC Bank Co., Ltd – Ho Chi Minh Branch	109,018,438,675	4,656,917	From 2 February 2023 to 29 May 2023
Joint Stock Commercial Bank for Foreign Trade of Vietnam – Ho Chi Minh Branch	68,203,305,703	2,913,426	From 11 January 2023 to 29 June 2023
Orient Commercial Joint Stock Bank – Tan Binh Branch	12,418,536,800	530,480	From 5 March 2023 to 30 May 2023
TOTAL	<u>308,095,357,806</u>	<u>13,160,844</u>	

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
as at 31 December 2022 and for the year then ended

21. OWNERS' EQUITY

21.1 Movements in owners' equity

						VND
	Share capital	Share premium	Treasury shares	Investment and development fund	Undistributed earnings	Total
Previous year:						
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>
Current year:						
Beginning balance	707,269,440,000	35,093,198,872	(42,410,550,000)	1,219,011,000	557,822,331,374	1,258,993,431,246
Increase in share capital (*)	136,368,810,000	5,731,380,000	-	-	-	142,100,190,000
Net profit for the year	-	-	-	-	242,274,378,237	242,274,378,237
Dividend declared (**)	-	-	-	-	(102,277,941,000)	(102,277,941,000)
Ending balance	<u>843,638,250,000</u>	<u>40,824,578,872</u>	<u>(42,410,550,000)</u>	<u>1,219,011,000</u>	<u>697,818,768,611</u>	<u>1,541,090,058,483</u>

(*) On 26 September 2022, the Company completed the issuance of 13,636,881 new shares to its existing shareholders at a par value of 10,000VND/share in accordance with Minute of General Shareholders No. 03-2021/NQ-DHDCD/TK dated 22 April 2021 and Board of Directors No. 11-2022/NQHDQT dated 7 July 2022. On 12 November 2022, the Company received the 20th amended Enterprise Registration Certificate issued by the DPI of Ho Chi Minh City, approving the increase in charter capital from VND 707,269,440,000 to VND 843,638,250,000.

(**) The Resolutions of Annual Shareholder Meeting dated 22 April 2022, and of Board of Directors No. 06-2022/NQHDQT/TK dated 5 April 2022 approved the cash dividends of 15% par value of share with total amount of VND 102,277,941,000.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
as at 31 December 2022 and for the year then ended

21. OWNERS' EQUITY (continued)

21.2 Capital transactions with owners and distribution of dividends, profits

	VND	
	Current year	Previous year
Issued share capital		
Beginning balance	707,269,440,000	707,269,440,000
Issuance of shares	136,368,810,000	-
Ending balance	843,638,250,000	707,269,440,000
Dividends declared	(102,277,941,000)	(102,277,941,000)
Dividend paid in cash	(102,213,100,650)	(102,197,517,784)

21.3 Shares

	Ending balance		Beginning balance	
	Quantity	Amount (VND)	Quantity	Amount (VND)
Authorized shares	84,363,825	843,638,250,000	70,726,944	707,269,440,000
Issued shares				
Issued and paid-up shares	84,363,825	843,638,250,000	70,726,944	707,269,440,000
Ordinary shares	84,363,825	843,638,250,000	70,726,944	707,269,440,000
Treasury shares				
Ordinary shares	(2,541,650)	(42,410,550,000)	(2,541,650)	(42,410,550,000)
Shares in circulation				
Ordinary shares	81,822,175	801,227,700,000	68,185,294	664,858,890,000

22. REVENUES

22.1 Revenue from sale of goods

	VND	
	Current year	Previous year
Gross revenue	2,116,780,568,379	2,043,370,881,890
Less:		
Trade discount	-	(805,683,048)
Sales returns	(2,230,118,022)	(176,486,219)
Net revenue	2,114,531,690,812	2,042,388,712,623

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
as at 31 December 2022 and for the year then ended

22. REVENUES (continued)

22.2 Finance income

	VND	
	<i>Current year</i>	<i>Previous year</i>
Interest income	17,725,426,686	6,327,104,473
Foreign exchange gains	11,614,716,892	11,716,004,083
TOTAL	29,340,143,578	18,043,108,556

23. FINANCE EXPENSES

	VND	
	<i>Current year</i>	<i>Previous year</i>
Foreign exchange losses	39,235,891,045	3,372,341,194
Interest expense	9,128,352,047	5,319,270,025
TOTAL	48,364,243,092	8,691,611,219

24. SELLING EXPENSES

	VND	
	<i>Current year</i>	<i>Previous year</i>
Transportation	9,109,582,228	12,887,594,470
Letter of credit and documentary fees	5,393,435,037	8,357,779,614
Commission fee	2,344,551,101	2,517,539,901
Others	2,600,769,937	3,382,530,756
TOTAL	19,448,338,303	27,145,444,741

25. GENERAL AND ADMINISTRATION EXPENSES

	VND	
	<i>Current year</i>	<i>Previous year</i>
Labour costs	32,601,644,783	31,887,770,364
External services	13,781,628,224	21,814,899,153
Stationery and other tools costs	9,527,080,924	10,280,604,921
Depreciation and amortisation	1,577,509,247	1,469,700,501
Other expenses	6,627,934,821	6,057,719,798
TOTAL	64,115,797,999	71,510,694,737

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
as at 31 December 2022 and for the year then ended

26. PRODUCTION AND OPERATING COSTS

		VND
	<i>Current year</i>	<i>Previous year</i>
Raw materials	1,277,763,972,568	1,187,454,840,331
External services	247,909,931,827	272,537,233,024
Depreciation and amortisation expenses (Notes 10 and 11)	106,360,870,108	110,577,079,644
Labour costs	139,698,790,039	144,522,919,401
Other expenses	53,068,537,439	51,469,977,879
TOTAL	<u>1,824,802,101,981</u>	<u>1,766,562,050,279</u>

27. CORPORATE INCOME TAX

The applicable corporate income tax ("CIT") rates to the Company are as follows:

- For the Cu Chi Operation, the CIT rate is 20% of taxable profit.
- For the Trang Bang Branch, the 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 consolidated financial statements could change at a later date upon final determination by the tax authorities.

27.1 CIT expenses

		VND
	<i>Current year</i>	<i>Previous year</i>
Current tax expense	28,516,255,103	28,130,207,047
Adjustment for over accrual of CIT from prior years	(966,505,164)	(23,376,019,584)
Deferred tax (income) expense	(361,484,876)	2,504,724,787
TOTAL	<u>27,188,265,063</u>	<u>7,258,912,250</u>

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 at the consolidated balance sheet date.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
as at 31 December 2022 and for the year then ended

27. CORPORATE INCOME TAX (continued)

27.2 Current CIT

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

	VND	
	<i>Current year</i>	<i>Previous year</i>
Accounting profit before tax	269,462,643,300	285,738,564,088
At the applicable CIT rate for the Group	53,892,528,660	57,147,712,818
<i>Adjustments:</i>		
Non-deductible expenses	890,040,642	2,145,823,035
Tax incentive for the Trang Bang branch	(28,330,081,489)	(31,842,022,978)
Adjustment for over-accrual of tax from prior years	(966,505,164)	(23,376,019,584)
Unrealised profit	943,595,911	3,183,418,959
Unrecognized deferred tax assets on subsidiary's tax loss carry forward	758,686,503	-
CIT expense	27,188,265,063	7,258,912,250

27.3 Deferred tax

The deferred tax asset items recognised by the Company, and the movements thereon, are as follows:

	VND			
	<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>
Accrued expenses	2,361,618,377	2,625,065,485	(263,447,108)	(158,505,665)
Provision for obsolete inventories	950,483,191	337,150,913	613,332,278	(621,014,307)
Foreign exchange arising from revaluation of monetary accounts denominated in foreign currency	66,600,232	54,615,853	11,984,379	32,867,909
Accrual for severance pay	45,501,252	45,885,925	(384,673)	(21,497,592)
Tax loss carry forward	-	-	-	(1,736,575,132)
	3,424,203,052	3,062,718,176		
Net deferred tax credit (charge) to consolidated income statement			361,484,876	(2,504,724,787)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
as at 31 December 2022 and for the year then ended

28. RELATED PARTY DISCLOSURE

The related parties that have a controlling relationship with the Company as at 31 December 2022 are as follows:

<i>Related parties</i>	<i>Relationship</i>
Hung Loi Service Trading Investment Company Limited	Related party due to a BOD member of the Group investing therein
P.A.N Asia Co., Ltd	Related party due to a BOD member of the Company investing therein

Significant transactions with related parties were as follows:

<i>Related party</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

Details of remuneration of the Board of Directors, Board of Supervision and management are as follows:

<i>Individuals</i>	<i>Position</i>	<i>VND</i>	
		<i>Current year</i>	<i>Previous year</i>
Ms Dang My Linh	Chairman	150,000,000	150,000,000
Mr Dang Trieu Hoa	Deputy of Chairman cum General Director	1,460,900,000	1,517,400,001
Mr Dang Huong Cuong	Member of BOD	150,000,000	150,000,000
Mr Chen Che Jen	Member of BOD	225,000,000	225,000,000
Ms Cao Thi Nguyet Anh	Member of BOD	225,000,000	225,000,000
Mr Vo Quang Long	Member of BOD	150,000,000	150,000,000
Mr Nguyen Quoc Huong	Member of BOD	225,000,000	225,000,000
Mr Nguyen Tu Luc	Head of Audit function	60,000,000	60,000,000
Ms Hoang Nu Mong Tuyen	Member of Audit function	60,000,000	60,000,000
Ms Dinh Ngoc Hoa	Member of Audit function	352,272,489	351,987,385
Ms Nguyen Phuong Chi	Director	1,451,556,387	1,271,233,115
Mr Phan Nhu Bich	Financial Director cum Chief Accountant	864,751,531	832,379,070
TOTAL		5,374,480,407	5,217,999,571

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
as at 31 December 2022 and for the year then ended

29. 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	242,274,378,237	278,479,651,838
Weighted average number of ordinary shares for basic earnings per share	72,519,207	68,185,294
Earnings per share (<i>par value of VND 10,000/share</i>)		
- Basic	3,341	4,084
- Diluted	3,341	4,084

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

30. OPERATING LEASE COMMITMENTS

The Group leases assets under an operating lease arrangement with future minimum lease commitments due as follows:

	<i>VND</i>	
	<i>Ending balance</i>	<i>Beginning balance</i>
Less than 1 year	769,388,400	340,500,000
From 1 to 5 years	2,420,769,251	1,362,000,000
More than 5 years	12,350,772,653	9,902,875,000
TOTAL	<u>15,540,930,304</u>	<u>11,332,215,412</u>

31. OFF BALANCE SHEET ITEM

	<i>Ending balance</i>	<i>Beginning balance</i>
Major foreign currency:		
United States dollar (USD)	112,156	101,190

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
as at 31 December 2022 and for the year then ended

32. EVENT 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
Nguyen Thi Hong Tham

Chief Accountant
Phan Nhu Bich

General Director
Dang Trieu Hoa

13 March 2023