

Century Synthetic Fiber Corporation

Consolidated financial statements

For the year ended 31 December 2023



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For the year ended 31 December 2023



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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 21th Amended Enterprise Registration Certificate ("ERC") No. 0302018927 issued by the Department of Planning and Investment of Ho Chi Minh City on 14 August 2023.

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 activity of the Company is 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 Ha Kiet Tran	Member	appointed on 30 March 2023
Ms Hoang Nu Mong Tuyen	Member	resigned on 30 March 2023
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 2023.

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 2023, and of the consolidated results of its 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

8 March 2024

Reference: 11659174/66901459

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 8 March 2024 and set out on pages 5 to 35, which comprise the consolidated balance sheet as at 31 December 2023, 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 2023, 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



Ernest Young Chin Kang
Deputy General Director
Audit Practicing Registration Certificate
No. 1891-2023-004-1

Pham Xuan Tuan
Auditor
Audit Practicing Registration Certificate
No. 4639-2023-004-1

Ho Chi Minh City, Vietnam

8 March 2024

CONSOLIDATED BALANCE SHEET
as at 31 December 2023

VND

Code	ASSETS	Notes	Ending balance	Beginning balance
100	A. CURRENT ASSETS		1,395,936,217,102	1,199,951,103,248
110	I. Cash and cash equivalents	4	109,476,256,782	235,284,187,347
111	1. Cash		5,989,452,153	20,784,187,347
112	2. Cash equivalents		103,486,804,629	214,500,000,000
120	II. Short-term investment		54,050,637,373	180,000,000,000
123	1. Held-to-maturity investment	5	54,050,637,373	180,000,000,000
130	III. Current accounts receivable		450,138,868,654	225,986,702,005
131	1. Short-term trade receivables	6.1	91,305,667,931	69,400,071,855
132	2. Short-term advances to suppliers	6.2	354,529,855,008	151,583,002,310
135	3. Short-term loan receivable	7	3,471,000,000	3,471,000,000
136	4. Other short-term receivables	8	832,345,715	1,532,627,840
140	IV. Inventories	9	615,023,248,456	466,136,524,256
141	1. Inventories		621,333,490,652	472,682,334,984
149	2. Provision for obsolete inventories		(6,310,242,196)	(6,545,810,728)
150	V. Other current assets		167,247,205,837	92,543,689,640
151	1. Short-term prepaid expenses	14	2,793,026,285	3,067,765,320
152	2. Value-added tax deductible	17	162,695,833,297	84,182,005,136
153	3. Tax receivable from the State		1,758,346,255	5,293,919,184

CONSOLIDATED BALANCE SHEET (continued)
as at 31 December 2023

VND

Code	ASSETS	Notes	Ending balance	Beginning balance
200	B. NON-CURRENT ASSETS		1,577,922,927,005	925,081,840,609
220	I. Fixed assets		642,368,814,999	730,566,913,801
221	1. Tangible fixed assets	10	642,368,814,999	730,566,913,801
222	Cost		2,092,008,447,857	2,088,323,320,799
223	Accumulated depreciation		(1,449,639,632,858)	(1,357,756,406,998)
227	2. Intangible asset	11	-	-
228	Cost		14,385,298,205	14,385,298,205
229	Accumulated amortisation		(14,385,298,205)	(14,385,298,205)
240	II. Long-term asset in progress		783,102,433,377	40,942,507,371
242	1. Construction in progress	12	783,102,433,377	40,942,507,371
250	III. Long-term investment		13,800,000,000	13,800,000,000
253	1. Investment in other entity	13	13,800,000,000	13,800,000,000
260	IV. Other long-term assets		138,651,678,629	139,772,419,437
261	1. Long-term prepaid expenses	14	135,708,407,488	136,348,216,385
262	2. Deferred tax assets	27.3	2,943,271,141	3,424,203,052
270	TOTAL ASSETS		2,973,859,144,107	2,125,032,943,857

CONSOLIDATED BALANCE SHEET (continued)
as at 31 December 2023

VND

Code	RESOURCES	Notes	Ending balance	Beginning balance
300	C. LIABILITIES		1,344,969,752,937	583,942,885,374
310	I. Current liabilities		935,575,186,771	583,671,887,207
311	1. Short-term trade payables	15	237,754,934,541	219,788,323,822
312	2. Short-term advances from customers	16	39,224,518,554	8,783,975,931
313	3. Statutory obligations	17	2,970,767,020	3,568,641,115
314	4. Payable to employees		25,610,480,880	24,626,980,550
315	5. Short-term accrued expenses	18	7,954,740,536	6,447,916,477
319	6. Other short-term payables	19	5,203,790,319	6,659,866,578
320	7. Short-term loans	20	609,537,812,760	308,095,357,806
322	8. Bonus and welfare fund		7,318,142,161	5,700,824,928
330	II. Non-current liabilities		409,394,566,166	270,998,167
338	1. Long-term loan	20	409,136,361,334	-
342	2. Long-term provision		258,204,832	270,998,167
400	D. OWNERS' EQUITY		1,628,889,391,170	1,541,090,058,483
410	I. Capital	21.1	1,628,889,391,170	1,541,090,058,483
411	1. Share capital		966,369,240,000	843,638,250,000
411a	- Shares with voting rights		966,369,240,000	843,638,250,000
412	2. Share premium		40,824,578,872	40,824,578,872
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		662,887,111,298	697,818,768,611
421a	- Undistributed earnings at the end of prior year		575,087,778,611	455,544,390,374
421b	- Earnings of current year		87,799,332,687	242,274,378,237
440	TOTAL LIABILITIES AND OWNERS' EQUITY		2,973,859,144,107	2,125,032,943,857

Preparer
Nguyen Thi Hong Tham

Chief Accountant
Phan Nhu Bich

General Director
Dang Trieu Hoa

Ho Chi Minh City, Vietnam

8 March 2024

CONSOLIDATED INCOME STATEMENT
for the year ended 31 December 2023

VND

Code	ITEMS	Notes	Current year	Previous year
01	1. Revenue from sale of goods	22.1	1,425,624,612,200	2,116,780,568,379
02	2. Deductions	22.1	(561,587,822)	(2,248,877,567)
10	3. Net revenue from sale of goods	22.1	1,425,063,024,378	2,114,531,690,812
11	4. Cost of goods sold	26	(1,232,981,228,387)	(1,741,237,965,679)
20	5. Gross profit from sale of goods		192,081,795,991	373,293,725,133
21	6. Finance income	22.2	31,061,416,006	29,340,143,578
22	7. Finance expenses	23	(54,057,483,005)	(48,364,243,092)
23	In which: Interest expense		(17,335,099,901)	(9,128,352,047)
25	8. Selling expenses	24, 26	(19,663,775,726)	(19,448,338,303)
26	9. General and administrative expenses	25, 26	(60,439,695,454)	(64,115,797,999)
30	10. Operating profit		88,982,257,812	270,705,489,317
31	11. Other income		2,074,019,048	713,832,657
32	12. Other expenses		(54,346,623)	(1,956,678,674)
40	13. Other profit (loss)		2,019,672,425	(1,242,846,017)
50	14. Accounting profit before tax		91,001,930,237	269,462,643,300
51	15. Current corporate income tax expense	27.1	(2,721,665,639)	(27,549,749,939)
52	16. Deferred tax (expense) income	27.3	(480,931,911)	361,484,876
60	17. Net profit after tax		87,799,332,687	242,274,378,237
61	18. Net profit after tax attributable to shareholders of the parent		87,799,332,687	242,274,378,237
70	19. Basic earnings per share	29	933	2,882
71	20. Diluted earnings per share	29	933	2,882

Preparer
Nguyen Thi Hong Tham

Chief Accountant
Phan Nhu Bich

General Director
Dang Trieu Hoa

Ho Chi Minh City, Vietnam

8 March 2024

CONSOLIDATED CASH FLOW STATEMENT
for the year ended 31 December 2023

VND

Code	ITEMS	Notes	Current year	Previous year
	I. CASH FLOWS FROM OPERATING ACTIVITIES			
01	Accounting profit before tax		91,001,930,237	269,462,643,300
	<i>Adjustments for:</i>			
02	Depreciation and amortisation	10, 11	91,883,225,860	106,360,870,108
03	Reversal of provision		(235,568,532)	(12,869,445,268)
04	Foreign exchange losses arising from revaluation of monetary accounts denominated in foreign currency		805,777,484	11,564,710,655
05	Profits from investing activities	22.2	(10,689,149,403)	(17,725,426,686)
06	Interest expense	23	17,335,099,901	9,128,352,047
08	Operating profit before changes in working capital		190,101,315,547	365,921,704,156
09	Increase in receivables		(95,441,161,606)	(308,390,925,789)
10	(Increase) decrease in inventories		(148,651,155,668)	18,237,912,671
11	Increase in payables		57,158,656,087	169,333,161,750
12	Decrease in prepaid expenses		914,547,932	61,110,922
13	Interest paid		(17,710,432,108)	(8,515,119,480)
14	Corporate income tax paid		(59,110,914)	(24,802,880,291)
20	Net cash flows (used in) from operating activities		(13,687,340,730)	211,844,963,939
	II. CASH FLOWS FROM INVESTING ACTIVITIES			
21	Purchase and construction of fixed assets		(949,806,432,497)	(188,651,811,052)
23	Placement of bank term deposits		(54,050,637,373)	(180,000,000,000)
24	Proceeds from bank term deposit		180,000,000,000	-
27	Interest received		10,948,211,565	17,114,857,133
30	Net cash flows used in investing activities		(812,908,858,305)	(351,536,953,919)

CONSOLIDATED CASH FLOW STATEMENT (continued)
for the year ended 31 December 2023

VND

Code	ITEMS	Notes	Current year	Previous year
	III. CASH FLOWS FROM FINANCING ACTIVITIES			
31	Issuance of shares	21.1	-	142,100,190,000
33	Drawdown of borrowings	20	1,788,770,227,336	1,057,928,818,066
34	Repayment of borrowings	20	(1,087,984,771,145)	(1,088,272,662,348)
36	Dividends paid	21.2	-	(102,213,100,650)
40	Net cash flows from financing activities		700,785,456,191	9,543,245,068
50	Net decrease in cash and cash equivalents for the year		(125,810,742,844)	(130,148,744,912)
60	Cash and cash equivalents at the beginning of the year		235,284,187,347	366,205,978,093
61	Impact of exchange rate fluctuation		2,812,279	(773,045,834)
70	Cash and cash equivalents at the end of the year	4	109,476,256,782	235,284,187,347

Preparer
Nguyen Thi Hong Tham

Chief Accountant
Phan Nhu Bich

General Director
Dang Trieu Hoa

Ho Chi Minh City, Vietnam

8 March 2024

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
as at 31 December 2023 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 21st Amended Enterprise Registration Certificate ("ERC") No. 0302018927 issued by the Department of Planning and Investment of Ho Chi Minh City on 14 August 2023.

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 activity of the Company is 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 of employees of the Company and its subsidiary ("the Group") as at 31 December 2023 was 891 (31 December 2022: 882).

Corporate structure

As at 31 December 2023, the Company has a subsidiary as follows:

Unitex Corporation ("Unitex") formerly is a shareholding company established in Vietnam pursuant to 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 subsequently amended ERCs.

The principal activity of Unitex is 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.

As at 31 December 2023, the Company holds 100% ownership and voting rights of Unitex.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
as at 31 December 2023 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/QĐ-BTC dated 31 December 2001 on the Issuance and Promulgation of Four Vietnamese Accounting Standards (Series 1);
- Decision No. 165/2002/QĐ-BTC dated 31 December 2002 on the Issuance and Promulgation of Six Vietnamese Accounting Standards (Series 2);
- Decision No. 234/2003/QĐ-BTC dated 30 December 2003 on the Issuance and Promulgation of Six Vietnamese Accounting Standards (Series 3);
- Decision No. 12/2005/QĐ-BTC dated 15 February 2005 on the Issuance and Promulgation of Six Vietnamese Accounting Standards (Series 4); and
- Decision No. 100/2005/QĐ-BTC dated 28 December 2005 on the Issuance and Promulgation of Four Vietnamese Accounting Standards (Series 5).

Accordingly, the accompanying consolidated financial statements, including their utilisation are not designed for those who are not informed about Vietnam's accounting principles, procedures and practices and furthermore are not intended to present the 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 2023.

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 2023 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 2023 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 asset 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 in 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 expenses 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 2023 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

Investment in another entity

Investment in another entity is stated at acquisition cost.

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 acquisition cost. After initial recognition, held-to-maturity investment 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 investment.

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 2023 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 on 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 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 2023 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 2023 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 the bonus and welfare fund) 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 (after adjusting the interest on the convertible preference shares) by the weighted average number of ordinary shares outstanding during the year plus the weighted average number of ordinary shares that would be issued on conversion of all the dilutive potential ordinary shares into ordinary shares.

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 their families.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
as at 31 December 2023 and for the year then ended

4. CASH AND CASH EQUIVALENTS

	VND	
	<i>Ending balance</i>	<i>Beginning balance</i>
Cash on hand	4,587,230	16,586,058
Cash in banks	5,984,864,923	20,767,601,289
Time deposits at banks (*)	103,486,804,629	214,500,000,000
TOTAL	109,476,256,782	235,284,187,347

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

5. HELD-TO-MATURITY INVESTMENT

This represents the term deposit at Orient Commercial Joint Stock bank – Tan Binh Branch with original maturity of six (6) months and interest at 7.8% 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>
Coats Phong Phu Co., Ltd.	30,329,992,959	9,602,862,329
Nam Phuong Textile and Dyeing Co., Ltd.	17,000,354,250	7,331,860,800
Unifi Asia Pacific (Hong Kong)	15,353,899,789	21,883,037,796
Chori Osaka Ltd Ptd	13,683,713,805	8,798,473,838
Thai Toray Synthetics Co., Ltd.	-	8,902,945,036
Others	14,937,707,128	12,880,892,056
TOTAL	91,305,667,931	69,400,071,855

6.2 Short-term advances to suppliers

	VND	
	<i>Ending balance</i>	<i>Beginning balance</i>
Vietnam Giza Engineering and Construction JSC	298,016,528,971	-
Multicom Machinery Taiwan LTD	50,762,970,184	149,091,159,230
Vietnam Hong Duong Air Conditioning Co., Ltd.	2,396,736,000	-
Slack & Parr Co., Ltd.	454,651,445	-
VBS Technology Co., Ltd.	-	880,000,000
Truong Hai Investment and Development Co., Ltd.	-	346,500,000
Oerlikon Barmag Zweigniederlassung	-	277,735,068
Zhangjiagang Shuoxiang International	-	222,402,560
Others	2,898,968,408	765,205,452
TOTAL	354,529,855,008	151,583,002,310

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
as at 31 December 2023 and for the year then ended

7. SHORT-TERM LOAN RECEIVABLE

	VND	
	<i>Ending balance</i>	<i>Beginning balance</i>
Dintsun Vietnam Company Limited	<u>3,471,000,000</u>	<u>3,471,000,000</u>

The balance represents interest-free loan to Dintsun Vietnam Company Limited ("Dintsun") under Capital Contribution Agreement No. DTVN – 2019001 dated 12 December 2019 and the latest Appendix dated 29 December 2023 to raise capital for the Soc Trang Industrial Zone Project.

8. OTHER SHORT-TERM RECEIVABLES

	VND	
	<i>Ending balance</i>	<i>Beginning balance</i>
Deposits interest	504,397,615	1,125,222,222
Others	<u>327,948,100</u>	<u>407,405,618</u>
TOTAL	<u>832,345,715</u>	<u>1,532,627,840</u>

9. INVENTORIES

	VND			
	<i>Ending balance</i>		<i>Beginning balance</i>	
	<i>Cost</i>	<i>Provision</i>	<i>Cost</i>	<i>Provision</i>
Finished goods	447,284,438,381	(2,458,780,034)	283,606,536,566	(3,112,425,296)
Raw materials	149,533,927,024	(3,851,462,162)	165,479,464,761	(3,433,385,432)
Goods in transit	<u>24,515,125,247</u>	<u>-</u>	<u>23,596,333,657</u>	<u>-</u>
TOTAL	<u>621,333,490,652</u>	<u>(6,310,242,196)</u>	<u>472,682,334,984</u>	<u>(6,545,810,728)</u>

Detail of movements of provision for obsolete inventories:

	VND	
	<i>Current year</i>	<i>Previous year</i>
Beginning balance	(6,545,810,728)	(19,415,255,996)
Add: Provision made during the year	(174,972,119)	-
Less: Reversal of provision	<u>410,540,651</u>	<u>12,869,445,268</u>
Ending balance	<u>(6,310,242,196)</u>	<u>(6,545,810,728)</u>

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
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10. TANGIBLE FIXED ASSETS

	Buildings and structures	Machinery and equipment	Motor vehicles	Office equipment	VND Total
Cost:					
Beginning balance	304,608,626,458	1,592,121,478,104	186,801,490,157	4,791,726,080	2,088,323,320,799
New purchases	-	1,627,627,058	2,057,500,000	-	3,685,127,058
Ending balance	304,608,626,458	1,593,749,105,162	188,858,990,157	4,791,726,080	2,092,008,447,857
<i>In which:</i>					
Fully depreciated	88,291,213,408	592,516,250,722	105,416,508,786	3,838,565,694	790,062,538,610
Accumulated depreciation:					
Beginning balance	(160,147,413,483)	(1,033,583,954,846)	(159,353,174,127)	(4,671,864,542)	(1,357,756,406,998)
Depreciation for the year	(9,046,843,996)	(72,620,163,485)	(10,096,356,841)	(119,861,538)	(91,883,225,860)
Ending balance	(169,194,257,479)	(1,106,204,118,331)	(169,449,530,968)	(4,791,726,080)	(1,449,639,632,858)
Net carrying amount:					
Beginning balance	144,461,212,975	558,537,523,258	27,448,316,030	119,861,538	730,566,913,801
Ending balance	135,414,368,979	487,544,986,831	19,409,459,189	-	642,368,814,999

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
as at 31 December 2023 and for the year then ended

11. INTANGIBLE ASSET

	VND
	<i>Computer software</i>
Cost:	
Beginning and ending balances	<u>14,385,298,205</u>
<i>In which:</i>	
Fully amortised	14,385,298,205
Accumulated amortisation:	
Beginning and ending balances	<u>(14,385,298,205)</u>
Net carrying amount:	
Beginning and ending balances	<u>-</u>

12. CONSTRUCTION IN PROGRESS

		VND
	<i>Ending balance</i>	<i>Beginning balance</i>
Unitex factory project (*)	757,817,607,354	29,973,680,699
Machinery and equipment under installation	25,223,157,379	10,928,370,930
Others	<u>61,668,644</u>	<u>40,455,742</u>
TOTAL	<u>783,102,433,377</u>	<u>40,942,507,371</u>

(*) As at 31 December 2023, Unitex factory project owned by Unitex Corporation is being used as mortgage for bank loans (Note 20).

13. INVESTMENT IN OTHER ENTITY

	<u>Ending balance</u>		<u>Beginning balance</u>
	<i>% of interest</i>	<i>Cost</i>	<i>% of interest</i>
	(%)	VND	(%)
Dintsun Vietnam Company Limited	5	<u>13,800,000,000</u>	5
			<u>13,800,000,000</u>

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
as at 31 December 2023 and for the year then ended

14. PREPAID EXPENSES

	VND	
	<i>Ending balance</i>	<i>Beginning balance</i>
Short-term	2,793,026,285	3,067,765,320
Insurance premium	1,904,838,455	1,250,123,438
Tools and supplies in use	489,317,732	944,488,607
Prepaid car rental	320,000,000	320,000,000
Others	78,870,098	553,153,275
Long-term	135,708,407,488	136,348,216,385
Prepaid land rental (*)	111,709,374,794	112,833,871,240
Tools and supplies in use	20,748,154,809	19,921,580,213
Others	3,250,877,885	3,592,764,932
TOTAL	138,501,433,773	139,415,981,705

(*) As at 31 December 2023, a part of prepaid land rental with the amount of VND 78,035,144,535 of land plot No. 30, map sheet No. 69, Thanh Thanh Cong Industrial Park, Hoa An commune, Trang Bang district, Tay Ninh province with an area of 100,183.13 m2 owned by Unitex Corporation is being used as mortgage for bank loans (Note 20).

15. SHORT-TERM TRADE PAYABLES

	VND	
	<i>Ending balance</i>	<i>Beginning balance</i>
Unifi Textile (Suzhou) Co., Ltd.	117,400,338,000	53,768,088,000
Chori Co., Ltd.	62,895,417,000	30,323,800,800
Tainan Spinning Co., Ltd.	32,910,848,100	105,308,480,400
Others	24,548,331,441	30,387,954,622
TOTAL	237,754,934,541	219,788,323,822

16. SHORT-TERM ADVANCES FROM CUSTOMERS

	VND	
	<i>Ending balance</i>	<i>Beginning balance</i>
Lear Corporation - Kenansville	29,140,194,914	3,681,251,674
Chori Vietnam Co., Ltd.	2,089,870,242	1,037,528,377
Hung Yen Knitting & Dyeing Co., Ltd.	1,073,521,449	-
Others	6,920,931,949	4,065,195,880
TOTAL	39,224,518,554	8,783,975,931

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
as at 31 December 2023 and for the year then ended

17. STATUTORY OBLIGATIONS

	<i>Beginning balance</i>	<i>Increase during the year</i>	<i>Decrease during the year</i>	<i>VND Ending balance</i>
Payables				
Corporate income tax	775,172,210	4,027,335,333	(4,802,507,543)	-
Export import tax	-	15,161,983,635	(14,990,681,430)	171,302,205
Personal income tax	488,764,403	2,613,998,504	(2,805,082,461)	297,680,446
Value-added tax	2,304,704,502	252,804,818,704	(252,607,738,837)	2,501,784,369
Others	-	93,136,290	(93,136,290)	-
TOTAL	3,568,641,115	274,701,272,466	(275,299,146,561)	2,970,767,020
Receivables				
Corporate income tax	5,080,546,040	589,608,398	(4,027,335,333)	1,642,819,105
Export import tax	205,628,626	14,350,140,882	(14,441,345,582)	114,423,926
Value-added tax deductible	84,182,005,136	397,245,262,685	(318,731,434,524)	162,695,833,297
Others	7,744,518	977,045,734	(983,687,028)	1,103,224
TOTAL	89,475,924,320	413,162,057,699	(338,183,802,467)	164,454,179,552

18. SHORT-TERM ACCRUED EXPENSES

	<i>VND Ending balance</i>	<i>Beginning balance</i>
Utilities	6,733,250,971	4,913,918,642
Sales commission	865,656,539	753,799,125
Interest expense	355,833,026	780,198,710
TOTAL	7,954,740,536	6,447,916,477

19. SHORT-TERM OTHER PAYABLES

	<i>VND Ending balance</i>	<i>Beginning balance</i>
Union fees	2,326,315,136	3,068,865,705
Social insurance	458,994,129	843,221,735
Dividends	327,500,530	327,500,530
Others	2,090,980,524	2,420,278,608
TOTAL	5,203,790,319	6,659,866,578

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
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20. LOANS

	Beginning balance	Movement during the year		Revaluation due to foreign exchange difference	Reclassification	Ending balance
		Increase	Decrease			
Short-term						VND
Loans from bank (Note 20.1)	308,095,357,806	1,210,886,348,875	(1,087,984,771,145)	9,980,877,224	-	440,977,812,760
Current portion (Note 20.2)	-	-	-	(54,713,668)	168,614,713,668	168,560,000,000
Long-term						
Loan from bank (Note 20.2)	-	577,883,878,461	-	(132,803,459)	(168,614,713,668)	409,136,361,334
TOTAL	308,095,357,806	1,788,770,227,336	(1,087,984,771,145)	9,793,360,097	-	1,018,674,174,094

The Company obtained loans from banks to finance its working capital requirements and factory construction for Unitex Corporation at interest rates ranging from 3.5% to 7.54% per annum (for foreign currencies) and from 2.9% to 6% per annum (for VND). Further details are as follows:

20.1 Short-term loans

Bank	Ending balance	Original amount	Term and maturity date	Purposes	Descriptions of collateral
	VND	USD			
CTBC Bank Co., Ltd	168,560,000,000	7,000,000	From 30 September 2024 to 30 December 2024	Factory construction for Unitex Corporation	Factory and lease rights
KASIKORNBANK Public Company Limited – Ho Chi Minh Branch	157,779,468,653	-	From 4 January 2024 to 27 March 2024	Working capital requirements	Unsecured
Joint Stock Commercial Bank for Foreign Trade of Vietnam – Ho Chi Minh Branch	124,710,412,708	5,179,004	From 19 February 2024 to 27 April 2024	Working capital requirements	Unsecured
Vietnam Export Import Bank – Ho Chi Minh Branch	118,138,781,566	4,906,096	From 28 March 2024 to 28 June 2024	Working capital requirements	Unsecured
CTBC Bank Co., Ltd – Ho Chi Minh Branch	37,463,743,688	-	From 8 April 2024 to 13 May 2024	Working capital requirements	Unsecured

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
as at 31 December 2023 and for the year then ended

20. LOANS (continued)

20.1 Short-term loans (continued)

Bank	Ending balance VND	Original amount USD	Term and maturity date	Purposes	Descriptions of collateral
CTBC Bank Co., Ltd	2,370,160,206	98,429	21 June 2024	Factory construction for Unitex Corporation	Land use right
Vietnam Export Import Bank – Ho Chi Minh Branch	515,245,939	-	13 March 2024	Working capital requirements	Unsecured
TOTAL	609,537,812,760	17,183,528			

20.2 Long-term loan

Bank	Ending balance VND	Original amount USD	Term and maturity date	Purposes	Descriptions of collateral
CTBC Bank Co., Ltd (*)	577,696,361,334	23,990,713	From 30 March 2025 to 17 January 2028	Factory construction for Unitex Corporation	Factory and lease rights

In which:

Current portion (**) 7,000,000
Non-current portion 16,990,713

(*) CTBC Bank Co., Ltd is the agent bank for the syndicated loans of the 4 following banks: Kasikornbank Public Company Limited, The Shanghai Commercial & Savings Bank, Ltd. Offshore Banking Branch, Entie Commercial Bank and E.Sun Commercial Bank, Ltd.

(**) As at 31 December 2023, it is assumed that the expected outstanding loans according to the drawdown plan is USD 52,500,000.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
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21. OWNERS' EQUITY

21.1 *Movements in owners' equity*

	Share capital	Share premium	Treasury shares	Investment and development fund	Undistributed earnings	VND Total
Previous 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
Dividends declared	-	-	-	-	(102,277,941,000)	(102,277,941,000)
Ending balance	843,638,250,000	40,824,578,872	(42,410,550,000)	1,219,011,000	697,818,768,611	1,541,090,058,483
Current year:						
Beginning balance	843,638,250,000	40,824,578,872	(42,410,550,000)	1,219,011,000	697,818,768,611	1,541,090,058,483
Net profit for the year	-	-	-	-	87,799,332,687	87,799,332,687
Dividends by shares	122,730,990,000	-	-	-	(122,730,990,000)	-
Ending balance	966,369,240,000	40,824,578,872	(42,410,550,000)	1,219,011,000	662,887,111,298	1,628,889,391,170

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
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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	843,638,250,000	707,269,440,000
Issuance of shares	122,730,990,000	136,368,810,000
Ending balance	966,369,240,000	843,638,250,000
Dividends declared	(122,730,990,000)	(102,277,941,000)
Dividends paid in cash	-	(102,213,100,650)
Dividends paid in shares (*)	(122,730,990,000)	-

(*) In accordance with the Resolution of Shareholders 02-2023/NQ-DHDCD dated 30 March 2023 and the Resolution of the Board of Directors 20-2023/NQ-HDQT dated 19 June 2023, approving the issuance plan of bonus shares to existing shareholders at the ratio of 100:15 from undistributed earnings to pay dividends for 2022, the Company additionally completed issuance of 12,273,099 shares on 25 July 2023. The Company's registered charter capital has been increased from VND 843,638,250,000 to VND 966,369,240,000. The increase in charter capital was approved by the Department of Planning and Investment of Ho Chi Minh City via the issuance of the 21st amended Enterprise Registration Certificate No. 0302018927 on 14 August 2023.

21.3 Shares

	Ending balance		Beginning balance	
	Quantity	Amount (VND)	Quantity	Amount (VND)
Authorized shares	96,636,924	966,369,240,000	84,363,825	843,638,250,000
Issued shares				
Issued and paid-up shares	96,636,924	966,369,240,000	84,363,825	843,638,250,000
Ordinary shares	96,636,924	966,369,240,000	84,363,825	843,638,250,000
Treasury shares				
Ordinary shares	(2,541,650)	(42,410,550,000)	(2,541,650)	(42,410,550,000)
Shares in circulation				
Ordinary shares	94,095,274	923,958,690,000	81,822,175	801,227,700,000

Par value of outstanding share: VND 10,000 per share. The holders of the Company's ordinary shares are entitled to receive dividends as and when declared by the Company. Each ordinary share carries one vote per share without restriction.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
as at 31 December 2023 and for the year then ended

22. REVENUES

22.1 Revenue from sale of goods

	VND	
	Current year	Previous year
Gross revenue	1,425,624,612,200	2,116,780,568,379
Less:		
Sales returns	(561,587,822)	(2,248,877,567)
Net revenue	<u>1,425,063,024,378</u>	<u>2,114,531,690,812</u>

22.2 Finance income

	VND	
	Current year	Previous year
Foreign exchange gains	20,372,266,603	11,614,716,892
Interest income	10,689,149,403	17,725,426,686
TOTAL	<u>31,061,416,006</u>	<u>29,340,143,578</u>

23. FINANCE EXPENSES

	VND	
	Current year	Previous year
Foreign exchange losses	36,722,383,104	39,235,891,045
Interest expense	17,335,099,901	9,128,352,047
TOTAL	<u>54,057,483,005</u>	<u>48,364,243,092</u>

24. SELLING EXPENSES

	VND	
	Current year	Previous year
Transportation	7,986,552,183	9,109,582,228
Letter of credit and documentary fees	7,574,931,856	5,393,435,037
Commission fee	554,678,691	2,344,551,101
Others	3,547,612,996	2,600,769,937
TOTAL	<u>19,663,775,726</u>	<u>19,448,338,303</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
as at 31 December 2023 and for the year then ended

25. GENERAL AND ADMINISTRATION EXPENSES

		VND
	<i>Current year</i>	<i>Previous year</i>
Labour costs	31,195,816,130	32,601,644,783
External services	12,079,570,434	13,781,628,224
Stationery and other tools costs	9,579,378,915	9,527,080,924
Depreciation and amortisation	1,499,423,578	1,577,509,247
Others	6,085,506,397	6,627,934,821
TOTAL	<u>60,439,695,454</u>	<u>64,115,797,999</u>

26. PRODUCTION AND OPERATING COSTS

		VND
	<i>Current year</i>	<i>Previous year</i>
Raw materials	855,629,530,014	1,277,763,972,568
External services	214,842,272,280	247,909,931,827
Labour costs	113,563,925,627	139,698,790,039
Depreciation and amortisation (Notes 10 and 11)	91,883,225,860	106,360,870,108
Others	37,165,745,786	53,068,537,439
TOTAL	<u>1,313,084,699,567</u>	<u>1,824,802,101,981</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 was exempted for four years (2011 - 2014), and is subject to 50% deduction in the following nine years (2015 - 2023). The applicable rate is 10% for 15 years from 2011.
 - Income from FDY and DTY products of expansion projects was exempted for four years (2016 - 2019), and is subject to 50% deduction in the following nine years (2020 - 2028). The applicable rate is 10% for 15 years from 2016.
 - Income from POY products at stage 3 was exempted for two years (2016 - 2017), and is subject to 50% deduction in the following four 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
as at 31 December 2023 and for the year then ended

27. CORPORATE INCOME TAX (continued)

27.1 CIT expense

		VND
	Current year	Previous year
Current tax expense	5,936,938,896	28,516,255,103
Adjustment for over accrual of CIT from prior years	(3,215,273,257)	(966,505,164)
	2,721,665,639	27,549,749,939
Deferred tax expense (income)	480,931,911	(361,484,876)
TOTAL	3,202,597,550	27,188,265,063

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.

27.2 Current CIT

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

		VND
	Current year	Previous year
Accounting profit before tax	91,001,930,237	269,462,643,300
At the applicable CIT rate for the Group	18,200,386,047	53,892,528,660
<i>Adjustments:</i>		
Non-deductible expenses	1,547,561,822	890,040,642
Tax incentive for the Trang Bang branch	(19,346,270,333)	(28,330,081,489)
Adjustment for over-accrual of tax from prior years	(3,215,273,257)	(966,505,164)
Unrealised profit	5,358,258,602	943,595,911
Unrecognized deferred tax assets on tax loss carry forward	657,934,669	758,686,503
CIT expense	3,202,597,550	27,188,265,063

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
as at 31 December 2023 and for the year then ended

27. CORPORATE INCOME TAX (continued)

27.3 Deferred tax

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

	<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>
Deferred tax assets				
Accrued expenses	2,019,826,977	2,361,618,377	(341,791,400)	(263,447,108)
Provision for obsolete inventories	877,123,667	950,483,191	(73,359,524)	613,332,278
Foreign exchange arising from revaluation of monetary accounts denominated in foreign currency	2,421,631	66,600,232	(64,178,601)	11,984,379
Accrual for severance pay	43,898,866	45,501,252	(1,602,386)	(384,673)
	<u>2,943,271,141</u>	<u>3,424,203,052</u>		
Net deferred tax (charge) credit to consolidated income statement			<u>(480,931,911)</u>	<u>361,484,876</u>

VND

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
as at 31 December 2023 and for the year then ended

28. TRANSACTIONS WITH RELATED PARTIES

The related parties with the Company as at 31 December 2023 are as follows:

<i>Related party</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

Details of remuneration of the Board of Directors ("BOD"), Board of Supervision ("BOS") 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	Chairwoman	150,000,000	150,000,000
Mr Dang Trieu Hoa	Deputy of Chairman cum General Director	1,517,600,000	1,460,900,000
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	150,000,000	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 BOS up to 30 March 2023	-	60,000,000
Ms Ha Kiet Tran	Member of BOS from 30 March 2023	60,000,000	-
Ms Dinh Ngoc Hoa	Member of BOS	167,748,325	352,272,489
Ms Nguyen Phuong Chi	Director	1,419,857,942	1,451,556,387
Mr Phan Nhu Bich	Financial Director cum Chief Accountant	836,885,835	864,751,531
TOTAL		5,112,092,102	5,374,480,407

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
as at 31 December 2023 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:

	VND	
	<i>Current year</i>	<i>Previous year</i>
Net profit after tax attributable to ordinary equity holders adjusted for the effect of dilution	87,799,332,687	242,274,378,237
Weighted average number of ordinary shares for basic earnings per share (i)	94,095,274	84,064,841
Earnings per share (par value of VND 10,000/share)		
- Basic	933	2,882
- Diluted	933	2,882

(i) The weighted average number of shares in circulation for the year ended 31 December 2023 and 31 December 2022 were adjusted to reflect the issuance of 12,273,099 shares from undistributed earnings to pay dividends for 2022 on 25 July 2023.

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:

	VND	
	<i>Ending balance</i>	<i>Beginning balance</i>
Less than 1 year	1,961,680,720	769,388,400
From 1 to 5 years	2,364,405,800	2,420,769,251
More than 5 years	8,884,960,020	12,350,772,653
TOTAL	<u>13,211,046,540</u>	<u>15,540,930,304</u>

31. OFF CONSOLIDATED BALANCE SHEET ITEM

	<i>Ending balance</i>	<i>Beginning balance</i>
Major foreign currency:		
United States dollar (USD)	74,162	112,156

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
as at 31 December 2023 and for the year then ended

32. PROFESSIONAL SERVICE FEES


Professional service fees with the global network of EY firms ("EY Firms") incurred in current year and prior year were as follows:


		VND
	<i>Current year</i>	<i>Previous year</i>
Audit and review fees of separate and consolidated financial statements of the Group	310,000,000	280,000,000
Audit fee of issued share capital of the Company	-	30,000,000
Audit fee of financial statements of the subsidiary	50,000,000	-
Review fee of 2022 special purpose financial statements of the Group	90,000,000	-
Review fee of 2023 special purpose financial statements of the Group	100,000,000	-
TOTAL	550,000,000	310,000,000

33. 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



Ho Chi Minh City, Vietnam

8 March 2024