

Century Synthetic Fiber Corporation

Special purpose consolidated financial statements

For the year ended 31 December 2023



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

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

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

BOARD OF DIRECTORS

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

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

BOARD OF SUPERVISION

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

Mr Nguyen Tu Luc	Head	
Ms 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	

Century Synthetic Fiber Corporation

GENERAL INFORMATION (continued)

MANAGEMENT

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

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

LEGAL REPRESENTATIVE

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

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 special purpose 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 SPECIAL PURPOSE CONSOLIDATED FINANCIAL STATEMENTS

Management is responsible for the special purpose consolidated financial statements of each financial year which give a true and fair view of the consolidated financial position of the Group and of the results of its consolidated operations and its consolidated cash flows for the year. In preparing those special purpose 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 special purpose consolidated financial statements; and
- prepare the special purpose 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 special purpose consolidated financial statements.

APPROVAL OF THE SPECIAL PURPOSE CONSOLIDATED FINANCIAL STATEMENTS

Management of the Group, does hereby state that, in its opinion, the accompanying special purpose consolidated financial statements present fairly the consolidated financial position of the Group as at 31 December 2023, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Applicable Accounting Standards described in Note 2.1 to the special purpose consolidated financial statements.

For and on behalf of management:



Dang Trieu Hoa
General Director

Ho Chi Minh City, Vietnam

8 August 2024

Reference: 11659174/67444609-AASs

REPORT ON REVIEW OF SPECIAL PURPOSE CONSOLIDATED FINANCIAL STATEMENTS

To: The Shareholders of Century Synthetic Fiber Corporation

We have reviewed the accompanying special purpose consolidated financial statements of Century Synthetic Fiber Corporation ("the Company") and its subsidiary (collectively referred to as "the Group"), which comprise the consolidated statement of financial position as at 31 December 2023, and the consolidated statement of profit and loss, consolidated statement of other comprehensive income, consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended and the notes thereto.

Management's responsibility

The Company's management is responsible for the preparation and fair presentation of these special purpose consolidated financial statements in accordance with Applicable Accounting Standards described in Note 2.1 to the special purpose consolidated financial statements, and for such internal control as management determines is necessary to enable the preparation and presentation of the special purpose consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' responsibility

Our responsibility is to express a conclusion on the special purpose consolidated financial statements based on our review. We conducted our review in accordance with Vietnamese Standard on Review Engagements No. 2440 – Engagements to Review Historical Financial Statements.

A review of historical financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Vietnamese Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying special purpose consolidated financial statements do not 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 its consolidated results of its operations and its consolidated cash flows for the year then ended in accordance with Applicable Accounting Standards described in Note 2.1 to the special purpose consolidated financial statements.

Other matters

We draw attention to Note 2.1 to the special purpose consolidated financial statements. The special purpose financial statements are prepared for management's internal use only and therefore may not be suitable for another purpose. Our report is intended solely for the Company's management and investors and should not be distributed to or used by parties other than the Company's management and investors.

Ernst & Young Vietnam Limited



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

Ho Chi Minh City, Vietnam

8 August 2024

Century Synthetic Fiber Corporation

CONSOLIDATED STATEMENT OF PROFIT OR LOSS for the year ended 31 December 2023

	Notes	2023 VND'000	2022 VND'000
Continuing operations			
Revenue from contracts with customers	4	1,425,063,024	2,114,531,691
Cost of sales		<u>(1,232,526,057)</u>	<u>(1,737,944,664)</u>
Gross profit		<u>192,536,967</u>	<u>376,587,027</u>
Other operating income	10.1	22,446,286	12,278,544
Selling and distribution expenses	10.5	(19,663,776)	(19,448,338)
Administrative expenses	10.6	(60,439,695)	(64,115,798)
Other operating expenses	10.2	<u>(36,776,730)</u>	<u>(41,192,572)</u>
Operating profit		<u>98,103,052</u>	<u>264,108,863</u>
Finance costs	10.3	(17,335,100)	(9,128,352)
Finance income	10.4	<u>10,689,149</u>	<u>17,775,433</u>
Profit before tax from continuing operations		<u>91,457,101</u>	<u>272,755,944</u>
Income tax expense	11	<u>(3,202,598)</u>	<u>(27,188,263)</u>
Profit for the year from continuing operations		<u>88,254,503</u>	<u>245,567,681</u>
Attributable to:			
Equity holders of the parent		<u>88,254,503</u>	<u>245,567,681</u>
Earnings per share	12		
▶ Basic, profit for the year attributable to ordinary equity holders of the parent		938	2,921
▶ Diluted, profit for the year attributable to ordinary equity holders of the parent		938	2,921

Century Synthetic Fiber Corporation

CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME for the year ended 31 December 2023

	Notes	2023 VND'000	2022 VND'000
Profit for the year from continuing operations		88,254,503	245,567,681
Other comprehensive income for the year, net of tax		-	-
Total comprehensive income for the year, net of tax		88,254,503	245,567,681
Attributable to:			
Equity holders of the parent		<u>88,254,503</u>	<u>245,567,681</u>



Preparer
Nguyen Thi Hong Tham



Chief Accountant
Phan Nhu Bich



General Director
Dang Trieu Hoa


Ho Chi Minh City, Vietnam

8 August 2024

Century Synthetic Fiber Corporation

CONSOLIDATED STATEMENT OF FINANCIAL POSITION for the year ended 31 December 2023

	Notes	2023 VND'000	2022 VND'000
ASSETS			
Non-current assets			
Property, plant and equipment	13	1,446,219,405	791,431,001
Intangible assets	14	111,709,375	112,833,871
Financial assets		3,250,875	3,592,765
Other non-current financial assets	8	13,800,000	13,800,000
Deferred tax assets	11.2	2,943,271	3,424,203
		<u>1,577,922,926</u>	<u>925,081,840</u>
Current assets			
Inventories	16	615,023,248	466,136,524
Trade and other receivables	17	614,593,048	315,462,626
Prepayments		2,303,708	2,123,276
Financial assets at amortised cost	15.1	54,050,637	180,000,000
Cash and short-term deposits	18	109,476,257	235,284,189
		<u>1,395,446,898</u>	<u>1,199,006,615</u>
TOTAL ASSETS		<u>2,973,369,824</u>	<u>2,124,088,455</u>
EQUITY AND LIABILITIES			
EQUITY			
Issued capital	19	966,369,240	843,638,250
Share premium	19	40,824,579	40,824,579
Treasury shares	19	(42,410,550)	(42,410,550)
Other capital reserve		1,219,011	1,219,011
Retained earnings		662,397,793	696,874,280
Equity attributable to equity holders of the parent		<u>1,628,400,073</u>	<u>1,540,145,570</u>
Total equity		<u>1,628,400,073</u>	<u>1,540,145,570</u>
LIABILITIES			
Non-current liabilities			
Interest-bearing loans and borrowings	15.2	409,136,361	-
Provision		258,205	270,998
		<u>409,394,566</u>	<u>270,998</u>
Current liabilities			
Trade and other payables	21	325,709,871	274,473,856
Interest-bearing loans and borrowings	15.2	609,537,813	308,095,358
Income tax payable		-	775,172
Dividends payable	20	327,501	327,501
		<u>935,575,185</u>	<u>583,671,887</u>
Total liabilities		<u>1,344,969,751</u>	<u>583,942,885</u>
TOTAL EQUITY AND LIABILITIES		<u>2,973,369,824</u>	<u>2,124,088,455</u>


Preparer
Nguyen Thi Hong Tham
Ho Chi Minh City, Vietnam
8 August 2024


Chief Accountant
Phan Nhu Bich


General Director
Dang Trieu Hoa



Century Synthetic Fiber Corporation

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
for the year ended 31 December 2023

	Attributable to the equity holders of the parent					Total VND'000
	Issued capital VND'000	Share premium VND'000	Treasury shares VND'000	Other capital reserve VND'000	Retained earnings VND'000	
As at 1 January 2023	843,638,250	40,824,579	(42,410,550)	1,219,011	696,874,280	1,540,145,570
Profit for the year	-	-	-	-	88,254,503	88,254,503
Dividends by shares (*)	122,730,990	-	-	-	(122,730,990)	-
As at 31 December 2023	966,369,240	40,824,579	(42,410,550)	1,219,011	662,397,793	1,628,400,073

(*) 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.



(Handwritten signature)

Preparer
Nguyen Thi Hong Tham

Chief Accountant
Phan Nhu Bich

General Director
Dang Trieu Hoa

Ho Chi Minh City, Vietnam

8 August 2024

Century Synthetic Fiber Corporation

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (continued)
for the year ended 31 December 2023

	Attributable to the equity holders of the parent					Total VND'000
	Issued capital VND'000	Share premium VND'000	Treasury shares VND'000	Other capital reserve VND'000	Retained earnings VND'000	
As at 1 January 2022						
(unreviewed)	707,269,440	35,093,199	(42,410,550)	1,219,011	553,584,540	1,254,755,640
Increase in share capital (*)	136,368,810	5,731,380	-	-	-	142,100,190
Profit for the year	-	-	-	-	245,567,681	245,567,681
Cash dividends (**)	-	-	-	-	(102,277,941)	(102,277,941)
As at 31 December 2022	843,638,250	40,824,579	(42,410,550)	1,219,011	696,874,280	1,540,145,570

(*) 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 cash dividends of 15% of the share's par value (VND 1,500/share).



Chief Accountant
Phan Nhu Bich




General Director
Dang Trieu Hoa



Preparer
Nguyen Thi Hong Tham

Ho Chi Minh City, Vietnam

8 August 2024

Century Synthetic Fiber Corporation

CONSOLIDATED STATEMENTS OF CASH FLOW
for the year ended 31 December 2023

	Notes	2023 VND'000	2022 VND'000
OPERATING ACTIVITIES			
Profit before tax from continuing operations		91,457,101	272,755,944
<i>Adjustments to reconcile profit before tax to net cash flows:</i>			
Depreciation of property, plant and equipment	13	111,063,964	105,049,281
Amortisation of intangible assets	14	2,885,522	1,078,721
Net foreign exchange differences		805,776	(11,564,712)
Finance income	10.4	(10,689,149)	(17,725,427)
Finance cost	10.3	17,335,101	9,128,353
Movement in provisions		(235,569)	(12,869,445)
<i>Working capital changes:</i>			
Increase in trade receivables		(117,048,044)	(311,491,150)
(Increase) decrease in inventories		(148,651,156)	18,237,913
Increase in deposits		-	(180,000,000)
Increase in trade and other payables		57,158,656	192,462,583
Interest received		10,948,212	17,114,857
Interest paid		(17,710,432)	(8,515,119)
Income tax paid		(59,111)	(24,802,880)
Net cash flows (used in) from operating activities		(2,739,129)	48,858,919
INVESTING ACTIVITY			
Purchase and construction of fixed assets		(949,806,432)	(188,550,908)
Proceeds from bank term deposit		180,000,000	-
Placement of bank term deposits		(54,050,637)	-
Net cash flows used in operating activities		(823,857,069)	(188,550,908)
FINANCING ACTIVITIES			
Capital redemption		-	142,100,190
Proceeds from borrowings		1,788,770,227	1,057,928,818
Repayment of borrowings		(1,087,984,771)	(1,088,272,662)
Dividends paid to equity holders of parent		-	(102,213,101)
Net cash flows from financing activities		700,785,456	9,543,245
Net decrease in cash and cash equivalents		(125,810,742)	(130,148,744)
Net foreign exchange difference		2,812	(773,045)
Cash and cash equivalents at 1 January		235,284,187	366,205,978
Cash and cash equivalents at 31 December		109,476,257	235,284,189


Preparer
Nguyen Thi Hong Tham


Chief Accountant
Phan Nhu Bich


General Director
Dang Trieu Hoa



Ho Chi Minh City, Vietnam

8 August 2024

Century Synthetic Fiber Corporation

NOTES TO THE SPECIAL PURPOSE CONSOLIDATED FINANCIAL STATEMENTS
as at 31 December 2023 and for the year then ended

1. CORPORATE INFORMATION

The consolidated financial statements of Century Synthetic Fiber Corporation and its subsidiary (collectively, the Group) for the year ended 31 December 2023 were authorised for issue on 26 April 2024.

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 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 a Trang Bang Branch located at Street No. 8, Trang Bang Industrial Zone, Trang Bang Commune, Tay Ninh Province, and a representative office located at 102-104-106 Bau Cat, Ward 14, Tan Binh District, Ho Chi Minh City, Vietnam.

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

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

2. SIGNIFICANT ACCOUNTING POLICIES

2.1 *Basis of preparation*

The special purpose consolidated financial statements of the Group, expressed in Vietnam Dong ("VND"), have been prepared on a historical cost basis, except for financial instruments that have been measured at fair value, if any. To the extent applicable, the special purpose consolidated financial statements are prepared mainly on the basis of International Financial Reporting Standards ("IFRSs"), as issued by International Accounting Standard Board ("IASB"), except for IFRS 1 - First-time Adoption and IFRS 16 - Leases.

These modifications, together with the significant policies adopted in the preparation of the special purpose consolidated financial statements as set out in Note 2, were termed as the Applicable Accounting Standards ("AASs")

This is not a complete set of general purpose consolidated financial statements prepared in accordance with IFRSs, accordingly, these special purpose consolidated financial statements are solely intended for the Company's management and investors.

Century Synthetic Fiber Corporation

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

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.2 *Basis of consolidation*

The special purpose consolidated financial statements comprise the special purpose consolidated financial statements of the Company and its subsidiary for the year ended 31 December 2023. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if, and only if, the Group has:

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

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

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

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

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

2.3 *Summary of significant accounting policies*

a) *Business combinations and goodwill*

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

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

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

Century Synthetic Fiber Corporation

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

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.3 *Summary of significant accounting policies* (continued)

a) *Business combinations and goodwill* (continued)

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

b) *Investment in associate*

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

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

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

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

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

Century Synthetic Fiber Corporation

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

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.3 *Summary of significant accounting policies* (continued)

c) *Current versus non-current classification*

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

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

All other assets are classified as non-current.

A liability is current when:

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

The Group classifies all other liabilities as non-current.

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

Century Synthetic Fiber Corporation

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

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.3 Summary of significant accounting policies (continued)

d) Revenue from contracts with customers

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

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

Sale of synthetic yarn

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

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

(i) Variable consideration

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

► Right of return

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

(ii) Significant financing component

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

Century Synthetic Fiber Corporation

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

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.3 Summary of significant accounting policies (continued)

d) Revenue from contracts with customers (continued)

Contract balances

Trade receivables

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

Assets and liabilities arising from rights of return

Right of return assets

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

Refund liabilities

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

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

e) Segment information

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

f) Taxes

Current income tax

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the reporting date in the countries where the Group operates and generates taxable income.

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

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

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.3 *Summary of significant accounting policies* (continued)

f) *Taxes* (continued)

Deferred tax

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

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

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

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

- ▶ When the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss;
- ▶ In respect of deductible temporary differences associated with investments in a subsidiary, and an associate, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

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

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

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

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

Century Synthetic Fiber Corporation

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

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.3 Summary of significant accounting policies (continued)

f) Taxes (continued)

Deferred tax (continued)

The Group offsets deferred tax assets and deferred tax liabilities if and only if it has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

g) Foreign currencies

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

Transactions and balances

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

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

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

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

h) Cash dividends

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

Century Synthetic Fiber Corporation

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

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.3 Summary of significant accounting policies (continued)

i) Property, plant and equipment

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

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

▶ Building and structure	4 to 25 years
▶ Machinery and equipment	2 to 15 years
▶ Motor vehicles	4 to 10 years
▶ Office equipment	3 to 5 years
▶ Computer software	4 to 5 years

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

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

Construction in progress

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

Century Synthetic Fiber Corporation

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

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.3 Summary of significant accounting policies (continued)

j) Leases

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

Group as a lessee

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

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

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

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

k) Borrowing costs

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

l) Intangible assets

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

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

Century Synthetic Fiber Corporation

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

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.3 Summary of significant accounting policies (continued)

l) Intangible assets (continued)

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

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

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

m) Financial instruments - initial recognition and subsequent measurement

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

(i) Financial assets

Initial recognition and measurement

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

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

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

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

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

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

Century Synthetic Fiber Corporation

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

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.3 Summary of significant accounting policies (continued)

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

(i) Financial assets (continued)

Subsequent measurement

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

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

Financial assets at amortised cost (debt instruments)

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

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

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

Derecognition

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

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

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

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

Century Synthetic Fiber Corporation

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

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.3 *Summary of significant accounting policies* (continued)

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

(i) Financial assets (continued)

Impairment of financial assets

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

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

ii) Financial liabilities

Initial recognition and measurement

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

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

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

Subsequent measurement

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

Financial liabilities at fair value through profit or loss

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

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

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

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

Loans and borrowings

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

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

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

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

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.3 Summary of significant accounting policies (continued)

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

ii) Financial liabilities (continued)

Derecognition

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

iii) Offsetting of financial instruments

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

n) Inventories

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

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

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

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

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

o) Impairment of non-financial assets

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

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

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

Century Synthetic Fiber Corporation

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

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.3 *Summary of significant accounting policies* (continued)

o) Impairment of non-financial assets (continued)

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

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

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

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

p) Trade receivables

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

q) Cash and short-term deposits

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

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

r) Provisions

General

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

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

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.3 *Summary of significant accounting policies* (continued)

r) *Provisions* (continued)

General (continued)

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

Provision for severance allowance

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

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

2.4 *Changes in accounting policies and disclosures*

New and amended standards and interpretations

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

Several other amendments and interpretations apply for the first time in 2022, but do not have an impact on the special purpose consolidated financial statements of the Group. The Group has not early adopted any standards, interpretations or amendments that have been issued but are not yet effective.

IFRS 15 Revenue from Contracts with Customers

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

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

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

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

Century Synthetic Fiber Corporation

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

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

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

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

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

3. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

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

Judgements

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

Revenue from contracts with customers

There are no significant accounting judgement in this section.

Estimates and assumptions

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

Impairment of non-financial assets

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

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

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

Century Synthetic Fiber Corporation

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

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

Estimates and assumptions

Provision for expected credit losses of trade receivables and contract assets

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

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

Taxes

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

Fair value measurement of financial instruments

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

Estimating variable consideration for returns and volume rebates

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

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

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

Century Synthetic Fiber Corporation

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

4. REVENUE FROM CONTRACTS WITH CUSTOMERS

4.1 Disaggregated revenue information

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

Segment	Sale of synthetic yarns	
	2023	2022
	VND'000	VND'000
Type of goods		
Sale of synthetic yarns	1,425,063,024	2,114,531,691
Geographical markets		
Vietnam	697,928,157	1,088,643,266
Export markets	727,134,868	1,025,888,425
Total revenue from contracts with customers	1,425,063,024	2,114,531,691
Timing of revenue recognition		
Goods transferred at a point in time	1,425,063,024	2,114,531,691

4.2 Contract balances

	31 December	
	2023	2022
	VND'000	VND'000
Trade receivables (Note 17)	91,305,668	69,400,072

Trade receivables are non-interest bearing and are generally on terms of 30 to 60 days. No provision for expected credit losses on trade receivables is required as at year-end.

4.3 Performance obligations

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

Sale of synthetic yarn

The performance obligation is satisfied upon delivery of synthetic yarn and payment is generally due within 30 to 60 days from delivery. Alternatively, the customer may be required to pay the transaction price equal to the cash selling price upon delivery of the equipment or pay a lower transaction price upon signing the contract.

5. SEGMENT INFORMATION

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

Century Synthetic Fiber Corporation

NOTES TO THE SPECIAL PURPOSE CONSOLIDATED FINANCIAL STATEMENTS (continued)
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6. CAPITAL MANAGEMENT

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

The Group manages its capital structure and makes adjustments in light of changes in economic conditions and the requirements of the financial covenants. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, or issue new shares. The Group monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt. The Group's policy is to keep the gearing ratio between 15% and 30%. The Group includes within net debt, interest bearing loans and borrowings, trade and other payables, less cash and short-term deposits, excluding discontinued operations.

	2023	2022
	VND'000	VND'000
Interest-bearing loans and borrowings (Note 15.2)	609,537,813	308,095,358
Trade and other payables (Note 21)	325,709,871	274,473,856
Less: cash and short-term deposits (Note 18)	<u>(109,476,257)</u>	<u>(235,284,189)</u>
Net debt	825,771,427	347,285,025
Equity	<u>1,628,400,073</u>	<u>1,540,145,570</u>
Equity and net debt	2,454,171,500	1,887,430,595
Gearing ratio	34%	18%

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

No changes were made in the objectives, policies or processes for managing capital during the year.

Collateral

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

7. GROUP INFORMATION

Information about subsidiary

The special purpose consolidated financial statements of the Group include:

Name	Principal activity	Country of incorporation	% of equity interest	
			2023	2022
Unitex Corporation	Manufacture fibers and fabrics	Vietnam	100	100

Century Synthetic Fiber Corporation

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as at 31 December 2023 and for the year then ended

8. OTHER NON-CURRENT FINANCIAL ASSETS

	2023	2022
	VND'000	VND'000
Financial assets at fair value through profit or loss		
Non-listed equity investment	13,800,000	13,800,000
Debt instruments at amortised cost		
Loan receivables	-	-
Total financial assets (other than cash and short-term deposits)	13,800,000	13,800,000

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

9. FAIR VALUE MEASUREMENT

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

10. OTHER INCOME AND EXPENSES

10.1 Other operating income

	2023	2022
	VND'000	VND'000
Scrap sale	2,074,019	713,833
Foreign exchange gains	20,372,267	11,564,711
TOTAL	22,446,286	12,278,544

10.2 Other operating expenses

	2023	2022
	VND'000	VND'000
Foreign exchange losses	(36,722,383)	(39,235,891)
Others	(54,347)	(1,956,681)
TOTAL	(36,776,730)	(41,192,572)

Century Synthetic Fiber Corporation

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

10. OTHER INCOME AND EXPENSES (continued)

10.3 Finance cost

	2023	2022
	VND'000	VND'000
Interest on debts and borrowings	<u>(17,335,100)</u>	<u>(9,128,352)</u>

10.4 Finance income

	2023	2022
	VND'000	VND'000
Interest income	<u>10,689,149</u>	<u>17,775,433</u>

10.5 Selling and distribution expenses

	2023	2022
	VND'000	VND'000
Transportation	(7,986,553)	(9,109,583)
Letter of credit and documentary fees	(7,574,932)	(5,393,435)
Commission fee	(554,679)	(2,344,551)
Others	(3,547,612)	(2,600,769)
Total selling and distribution expenses	<u>(19,663,776)</u>	<u>(19,448,338)</u>

10.6 Administrative expenses

	2023	2022
	VND'000	VND'000
Labour costs	(31,195,816)	(32,601,645)
External services	(12,079,570)	(13,781,628)
Stationery and other tools	(9,579,379)	(9,527,081)
Depreciation and amortisation	(1,499,424)	(1,577,509)
Others	(6,085,506)	(6,627,935)
Total administrative expenses	<u>(60,439,695)</u>	<u>(64,115,798)</u>

10.7 Production and operating costs

	2023	2022
	VND'000	VND'000
Raw materials	(855,174,359)	(1,274,470,671)
External services	(214,842,272)	(247,909,932)
Depreciation and amortisation (Notes 13 and 14)	(113,949,486)	(106,128,002)
Labour costs	(113,563,926)	(139,698,790)
Other expenses	(15,099,485)	(53,301,405)
Total production and operating costs	<u>(1,312,629,528)</u>	<u>(1,821,508,800)</u>

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11. CORPORATE INCOME TAX

Corporate income tax ("CIT") applied for the Group 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.
- For Unitex, the applicable statutory CIT rate is 20% of taxable profit. Unitex is entitled to an exemption from CIT for two (2) years commencing from the first year which a taxable profit is earned, and a 50% reduction for the following four (4) years.

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

11.1 Current CIT

The major components of income tax expense are as follows:

	2023	2022
	VND'000	VND'000
Current income tax		
Current income tax charge	5,936,939	28,516,254
Adjustment in respect of over income tax of previous years	(3,215,273)	(966,505)
Deferred tax		
Relating to origination and reversal of temporary differences	480,932	(361,486)
Income tax expense reported in the statement of profit or loss	3,202,598	27,188,263

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11. CORPORATE INCOME TAX (continued)

11.1 Current CIT (continued)

Reconciliation of tax expense and the accounting profit multiplied by Vietnam's applicable tax rate for 2023 and 2022 is presented as follows:

	2023	2022
	VND'000	VND'000
Accounting profit before tax from continuing operations	91,457,101	272,755,944
At the applicable income tax rate for the Group	18,200,385	53,892,528
<i>Adjustments:</i>		
Non-deductible expenses	1,547,562	890,040
Income tax incentive at Trang Bang branch	(19,346,270)	(28,330,081)
Under-accrual of income tax in previous years	(3,215,273)	(966,505)
Unrealised profit	5,358,259	943,595
Unrecognized deferred tax assets on tax loss carry forward	657,935	758,686
Income tax expense reported in the statement of profit or loss	3,202,598	27,188,263

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

11.2 Deferred tax

Deferred tax relates to the following:

	<i>Consolidated statement of financial position</i>		<i>Consolidated statement of profit or loss</i>	
	2023	2022	2023	2022
	VND'000	VND'000	VND'000	VND'000
Accrued salaries and bonus	1,810,583	2,001,210	(190,627)	(361,750)
Provision for obsolete inventories	877,124	950,483	(73,359)	613,332
Accrued expenses	209,244	360,408	(151,164)	98,303
Accrued severance pay	43,899	45,501	(1,602)	(385)
Foreign exchange difference arising from revaluation of monetary accounts denominated in foreign currency	2,421	66,601	(64,180)	11,986
Deferred tax (expense) benefit			(480,932)	361,486
Net deferred tax assets	2,943,271	3,424,203		

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12. EARNINGS PER SHARE ("EPS")

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

Diluted EPS is calculated by dividing the profit attributable to ordinary equity holders of the parent (after adjusting for interest on the convertible preference shares) by the weighted average number of ordinary shares outstanding during the year plus the weighted average number of ordinary shares that would be issued on conversion of all the dilutive potential ordinary shares into ordinary shares.

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

	2023 VND'000	2022 VND'000
Profit attributable to ordinary equity holders of the parent adjusted for the effect of dilution		
Continuing operations	88,254,503	245,567,681
Profit attributable to ordinary equity holders of the parent for basic earnings	88,254,503	245,567,681
Profit attributable to ordinary equity holders of the parent adjusted for the effect of dilution	88,254,503	245,567,681
	2023	2022
Weighted average number of ordinary shares for basic EPS	94,095,274	84,064,841
Weighted average number of ordinary shares adjusted for the effect of dilution	94,095,274	84,064,841
Earnings per share		
<i>Basic, profit for the year attributable to ordinary equity holders of the parent</i>	938	2,921
<i>Diluted, profit for the year attributable to ordinary equity holders of the parent</i>	938	2,921

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

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13. PROPERTY, PLANT AND EQUIPMENT

	Building and structures	Machinery equipment	Mean of transportation	Office equipment	Construction in progress	Total
	VND'000	VND'000	VND'000	VND'000	VND'000	VND'000
Cost						
At 1 January 2022 (<i>unreviewed</i>)	304,608,626	1,598,109,467	182,768,538	4,791,726	24,178,132	2,114,456,489
Additions	-	12,218,783	4,032,952	-	40,010,092	56,261,827
Reclassification	-	23,245,717	-	-	(23,245,717)	-
At 31 December 2022	304,608,626	1,633,573,967	186,801,490	4,791,726	40,942,507	2,170,718,316
Additions	-	21,634,942	2,057,500	-	742,159,926	765,852,368
At 31 December 2023	304,608,626	1,655,208,909	188,858,990	4,791,726	783,102,433	2,936,570,684
<i>In which:</i>						
Fully depreciated	88,291,213	592,516,251	105,416,509	3,838,566	-	790,062,539

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13. PROPERTY, PLANT AND EQUIPMENT (continued)	Building and structures	Machinery equipment	Mean of transportation	Office equipment	Construction in progress	Total
	VND'000	VND'000	VND'000	VND'000	VND'000	VND'000
Depreciation and impairment						
At 1 January 2022 (<i>unreviewed</i>)	(150,939,967)	(965,586,545)	(143,778,285)	(4,618,166)	-	(1,264,922,963)
Depreciation for the year	(9,207,446)	(89,528,317)	(15,574,889)	(53,700)	-	(114,364,352)
At 31 December 2022	(160,147,413)	(1,055,114,862)	(159,353,174)	(4,671,866)	-	(1,379,287,315)
Depreciation for the year	(9,046,844)	(91,800,903)	(10,096,357)	(119,860)	-	(111,063,964)
At 31 December 2023	(169,194,257)	(1,146,915,765)	(169,449,531)	(4,791,726)	-	(1,490,351,279)
Net book value						
At 31 December 2022	144,461,213	578,459,105	27,448,316	119,860	40,942,507	791,431,001
At 31 December 2023	135,414,369	508,293,144	19,409,459	-	783,102,433	1,446,219,405

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14. INTANGIBLE ASSETS

	<i>Land use rights (*)</i>	<i>Computer software</i>	<i>Total</i>
	VND'000	VND'000	VND'000
Cost			
At 1 January 2022 (<i>unreviewed</i>)	119,020,146	14,385,299	133,405,445
New purchases	3,710,919	-	3,710,919
At 31 December 2022	<u>122,731,065</u>	<u>14,385,299</u>	<u>137,116,364</u>
New purchases	1,761,026	-	1,761,026
At 31 December 2023	<u>124,492,091</u>	<u>14,385,299</u>	<u>138,877,390</u>
<i>In which:</i>			
Fully amortised	-	14,385,299	14,385,299
Amortisation and impairment			
At 1 January 2022 (<i>unreviewed</i>)	(5,208,457)	(14,284,396)	(19,492,853)
Amortisation for the year	(4,688,737)	(100,903)	(4,789,640)
At 31 December 2022	<u>(9,897,194)</u>	<u>(14,385,299)</u>	<u>(24,282,493)</u>
Amortisation for the year	(2,885,522)	-	(2,885,522)
At 31 December 2023	<u>(12,782,716)</u>	<u>(14,385,299)</u>	<u>(27,168,015)</u>
Net book value			
At 31 December 2022	<u>112,833,871</u>	<u>-</u>	<u>112,833,871</u>
At 31 December 2023	<u>111,709,375</u>	<u>-</u>	<u>111,709,375</u>

15. FINANCIAL ASSETS AND FINANCIAL LIABILITIES

15.1 Financial assets

	2023	2022
	VND'000	VND'000
Debt instruments at amortised cost		
Financial assets at amortised cost (*)	54,050,637	180,000,000
Trade receivables (<i>Note 17</i>)	614,593,048	315,462,626
Cash and short-term deposits	<u>109,476,257</u>	<u>235,284,189</u>
Total financial assets	<u>778,119,942</u>	<u>730,746,815</u>
<i>Current</i>	778,119,942	730,746,815

(*) This comprises term deposits at Orient Commercial Joint Stock bank – Tan Binh Branch with original maturity of six (6) months and interest at 7.8% per annum.

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

15. FINANCIAL ASSETS AND FINANCIAL LIABILITIES (continued)

15.2 Financial liabilities: borrowings from banks

(i) Unsecured borrowings from banks

	2023	2022
	VND'000	VND'000
Short-term	609,537,813	308,095,358
Loans from commercial banks	440,977,813	308,095,358
Current portion	168,560,000	-
Long-term	409,136,361	-
Loan from commercial bank	409,136,361	-
TOTAL	1,018,674,174	308,095,358

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

	2023	2022
	VND'000	VND'000
Vietnam Export Import Bank – Ho Chi Minh Branch	118,654,027	118,455,077
CTBC Bank Co., Ltd – Ho Chi Minh Branch	37,463,744	109,018,439
CTBC Bank Co., Ltd	170,930,160	-
Joint Stock Commercial Bank for Foreign Trade of Vietnam – Ho Chi Minh Branch	124,710,413	68,203,306
KASIKORNBANK Public Company Limited – Ho Chi Minh Branch	157,779,469	-
Orient Commercial Joint Stock Bank – Tan Binh Branch	-	12,418,536
	609,537,813	308,095,358

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

	2023	2022
	VND'000	VND'000
CTBC Bank Co., Ltd (*)	577,696,361	-
<i>In which:</i>		
Current portion (**)	168,560,000	-
Non-current portion	409,136,361	-

(*) 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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15. FINANCIAL ASSETS AND FINANCIAL LIABILITIES (continued)

15.2 Financial liabilities: borrowings from banks (continued)

(ii) Details of loans and borrowing in original currencies

Currency	2023		2022	
	Original amount	VND'000 equivalent	Original amount	VND'000 equivalent
Short-term				
USD	17,183,528	413,779,354	13,160,844	308,095,358
VND	195,758,458,280	195,758,458	-	-
Long-term				
USD	16,990,713	409,136,361	-	-

15.3 Fair values

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

15.4 Financial instrument risk management objectives and policies

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

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

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

Century Synthetic Fiber Corporation

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

15. FINANCIAL ASSETS AND FINANCIAL LIABILITIES (continued)

15.4 *Financial instrument risk management objectives and policies* (continued)

Market risk

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

The sensitivity analyses in the following sections relate to the position as at 31 December in 2023 and 2022.

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

In calculating the sensitivity analyses, management assumed that the statement of the balance sheet relates to available-for-sale debt instrument; the sensitivity of the relevant statement of profit or loss item is the effect of the assumed changes in respective market risks. This is based on the financial assets and financial liabilities held at 31 December 2023 and 2022.

Interest rate risk

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

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

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

Foreign currency risk

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

Foreign currency sensitivity

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

	<i>Change in USD rate</i>	<i>Effect on profit before tax</i> VND'000
2023	5%	(50,452,958)
USD	-5%	50,452,958
USD		
2022		
USD	3%	(19,582,069)
USD	-3%	19,582,069

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

15. FINANCIAL ASSETS AND FINANCIAL LIABILITIES (continued)

15.4 *Financial instrument risk management objectives and policies* (continued)

Credit risk

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

Trade receivables

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

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

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

Liquidity risk

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

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

Excessive risk concentration

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

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

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

	<i>Less than 1 year</i>	<i>From 1 to 5 years</i>	<i>Total</i>
	<i>VND'000</i>	<i>VND'000</i>	<i>VND'000</i>
2023			
Borrowings	609,537,813	409,136,361	1,018,674,174
Trade and other payables	325,709,871	-	325,709,871
	935,247,684	409,136,361	1,344,384,045

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as at 31 December 2023 and for the year then ended

15. FINANCIAL ASSETS AND FINANCIAL LIABILITIES (continued)

15.4 Financial instrument risk management objectives and policies (continued)

Excessive risk concentration (continued)

	Less than 1 year VND'000	From 1 to 5 years VND'000	Total VND'000
2022			
Borrowings	308,095,358	-	308,095,358
Trade and other payables	274,473,856	-	274,473,856
	582,569,214	-	582,569,214

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

16. INVENTORIES

	2023 VND'000	2022 VND'000
At cost		
Goods in transit	24,515,125	23,596,334
At lower of cost and net realisable value		
Raw materials	145,682,465	162,046,079
Finished goods	444,825,658	280,494,111
Total inventories	615,023,248	466,136,524

17. TRADE AND OTHER RECEIVABLES

	2023 VND'000	2022 VND'000
Trade receivables	91,305,668	69,400,072
Loan receivable (*)	3,471,000	3,471,000
Advances to suppliers	354,529,855	151,583,002
Value-added tax deductible	162,695,833	84,182,005
Tax receivable	1,758,346	5,293,919
Others	832,346	1,532,628
TOTAL	614,593,048	315,462,626

Trade receivables do not earn interest and generally on terms of 30 to 60 days.

(*) Loan receivable 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.

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as at 31 December 2023 and for the year then ended

18. CASH AND SHORT-TERM DEPOSITS

	2023 VND'000	2022 VND'000
Cash on hand	4,587	16,588
Cash in banks (*)	5,984,865	20,767,601
Short-term deposits (**)	103,486,805	214,500,000
TOTAL	109,476,257	235,284,189

(*) Cash at banks earns interest at floating rates based on daily bank deposit rates.

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

19. ISSUED CAPITAL AND RESERVES

Authorised shares

	2023 VND'000	2022 VND'000
	96,636,924	84,363,825

Ordinary shares issued and fully paid

	Share	VND'000
At 1 December 2022 (unreviewed)	70,726,944	707,269,440
Additional share issuance	13,636,881	136,368,810
At 31 December 2022	84,363,825	843,638,250
Additional share issuance	12,273,099	122,730,990
At 31 December 2023	96,636,924	966,369,240

Share premium

	2023 VND'000	2022 VND'000
Beginning balance	40,824,579	35,093,199
Transaction costs for issued share capital	-	5,731,380
Ending balance	40,824,579	40,824,579

Treasury shares

	Share	VND'000
At 31 December 2022 and 31 December 2023	(2,514,650)	(42,410,550)

20. DISTRIBUTIONS MADE AND DECLARED

	2023 VND'000	2022 VND'000
Cash dividends on ordinary shares declared and paid	-	102,277,941
Cash dividends on ordinary shares declared but not paid	327,501	327,501

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as at 31 December 2023 and for the year then ended

21. TRADE AND OTHER PAYABLES

	2023	2022
	VND'000	VND'000
Financial liabilities		
Trade payables	240,725,702	222,581,793
Payables to employees	25,610,481	24,626,981
Accrued utilities	6,733,251	4,913,919
Accrued interest payables	355,833	780,199
Accrued sales commission	865,657	753,799
Other payables	4,876,286	6,332,364
	<u>279,167,210</u>	<u>259,989,055</u>
Non-financial liabilities		
Advances from customers	39,224,519	8,783,976
Bonus and welfare funds	7,318,142	5,700,825
	<u>46,542,661</u>	<u>14,484,801</u>
Total trade and other payables	<u>325,709,871</u>	<u>274,473,856</u>

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

Terms and conditions of the above financial liabilities:

- ▶ Trade payables are non-interest bearing and are normally settled on 30-day terms.
- ▶ Other payables are non-interest bearing and have an average term of one month.
- ▶ Interest payable is normally settled monthly throughout the financial year.
- ▶ For terms and conditions with related parties, refer to Note 23.
- ▶ For the Group's liquidity risk management processes, refer to Note 15.4.

22. OPERATING LEASE COMMITMENTS

Group as a lessee

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

Future minimum rentals payable under non-cancellable operating leases are as follows:

	2023	2022
	VND'000	VND'000
Within one year	1,961,681	769,388
After one year but not more than five years	2,364,406	2,420,769
More than five years	8,884,960	12,350,773
	<u>13,211,047</u>	<u>15,540,930</u>

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as at 31 December 2023 and for the year then ended

23. RELATED PARTY DISCLOSURES

Note 7 provides information about the Group's structure, including details of the subsidiary and the holding company.

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

<i>Individual</i>	<i>Position</i>	<i>2023</i>	<i>2022</i>
		<i>VND'000</i>	<i>VND'000</i>
Ms Dang My Linh	Chairwoman	150,000	150,000
Mr Dang Trieu Hoa	Deputy of Chairman cum General Director	1,517,600	1,460,900
Mr Dang Huong Cuong	Member of BOD	150,000	150,000
Mr Chen Che Jen	Member of BOD	225,000	225,000
Ms Cao Thi Nguyet Anh	Member of BOD	150,000	225,000
Mr Vo Quang Long	Member of BOD	150,000	150,000
Mr Nguyen Quoc Huong	Member of BOD	225,000	225,000
Mr Nguyen Tu Luc	Head of Audit function	60,000	60,000
Ms Hoang Nu Mong Tuyen	Member of BOS up to 30 March 2023	-	60,000
Mr Ha Kiet Tran	Member of BOS from 30 March 2023	60,000	-
Ms Dinh Ngoc Hoa	Member of BOS	167,748	352,272
Ms Nguyen Phuong Chi	Director	1,419,858	1,451,556
Mr Phan Nhu Bich	Financial Director cum Chief Accountant	836,886	864,752
TOTAL		<u>5,112,092</u>	<u>5,374,480</u>

Century Synthetic Fiber Corporation

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

24. NEW STANDARDS AND INTERPRETATIONS NOT YET ADOPTED

The new and amended standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Group's special purpose consolidated financial statements are disclosed below. The Group intends to adopt these new and amended standards and interpretations, if applicable, when they become effective.

New standards and amendments to standards issued but not yet effective

Amendments to IAS 1	Presentation of Financial Statements - Classification of Liabilities as Current or Non-current
Amendments to IAS 7	Statement of Cash Flows
IFRS S1	General Requirements for Disclosure of Sustainability-related Financial Information
IFRS S2	Climate-related Disclosures

The Group is in the process of assessing the impact of these new standards and amendments to standards issued but not yet effective. Based on a preliminary assessment, the Group does not expect a significant impact on the special purpose consolidated financial statements from initial application of these new requirements.

25. 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'000	
	Current year	Previous year
Audit and review fees of separate and consolidated financial statements of the Group	310,000	280,000
Audit fee of issued share capital of the Company	-	30,000
Audit fee of financial statements of the subsidiary	50,000	-
Review fee of 2022 special purpose financial statements of the Group	90,000	-
Review fee of 2023 special purpose financial statements of the Group	100,000	-
TOTAL	550,000	310,000

26. EVENTS AFTER THE REPORTING DATE

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


Preparer
Nguyễn Thị Hồng Tham


Chief Accountant
Phan Nhu Bích


General Director
Dang Trieu Hoa

Ho Chi Minh City, Vietnam

8 August 2024