



Everpia JSC.



ANNUAL REPORT

2016

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EVERPIA JSC

ADD: TAM LUANG VAM LAM HUNG Y.H

TEL: 021 3791777



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COMPANY'S PHILOSOPHY

Vision

- Become a global company bringing value to shareholders, employees and society

Mission

- Satisfy customers
- Create value
- Develop markets

Management Policy

- Transparency
- Creative thinking
- Maintain the core value



CORPORATE PROFILE

EVERPIA JOINT STOCK COMPANY

Company Name	: Everpia Joint Stock Company
Short Name	: Everpia JSC
Charter Capital	: VND 419,797,730,000
Head Office	: Noi Thuong Residential Area, Duong Xa Commune, Gia Lam District, Hanoi, Vietnam
Stock Code	: EVE
Business license	: 0101402121
Telephone	:(+84-4) 3827 6490
Fax	: (+84-4) 3678 2030
Website	: www.everpia.vn
Email	: info@everpia.vn

KEY FINANCIAL INFORMATION

REVENUE

	2014	2015	2016
Net Sale	782.5	880.6	863.9

(Unit: Bil. VND)

PROFIT

	2014	2015	2016
Gross Profit	266.8	317.1	291.1
Profit before Tax	110.7	148.3	113.5
Profit after Tax	84.5	113.5	89.6

(Unit: Bil. VND)

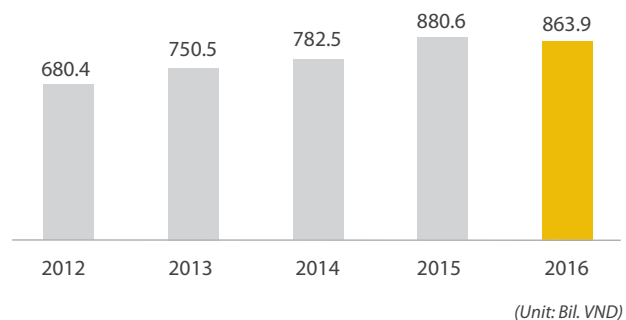
FINANCIAL RATIO

	2014	2015	2016
ROA	8.6%	10.2%	8%
ROE	10.2%	12.5%	9.3%
ROS	10.8%	12.9%	10.4%
EBIT	116	158.6	117.8
Debt/Equity	19.6%	22.2%	16.2%

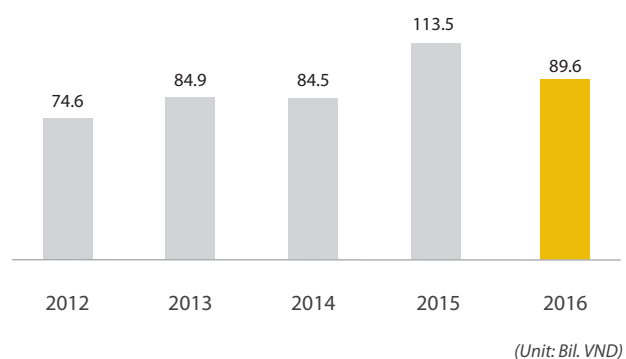
OTHER RELEVANT INFORMATION

	2014	2015	2016
No. of Branches	5	5	5
No. of Subsidiaries	1	2	3
No. of Agents	627	540	520
No. of Employees	1,189	1,324	1,341

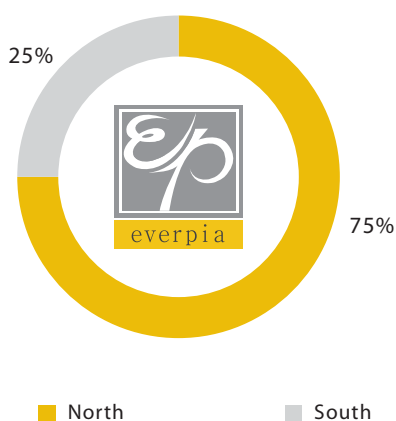
REVENUE IN VND



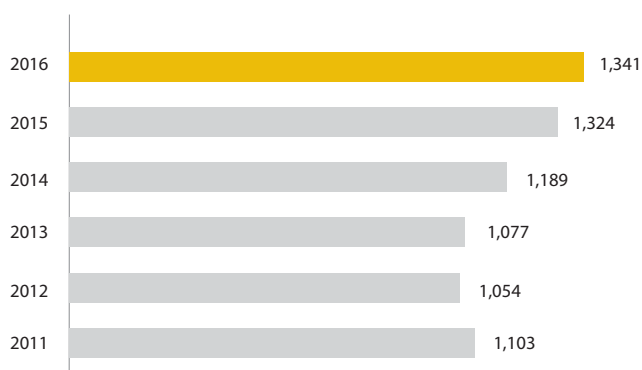
PROFIT AFTER TAX IN VND



SALE BY AREAS



NO. OF EMPLOYEES

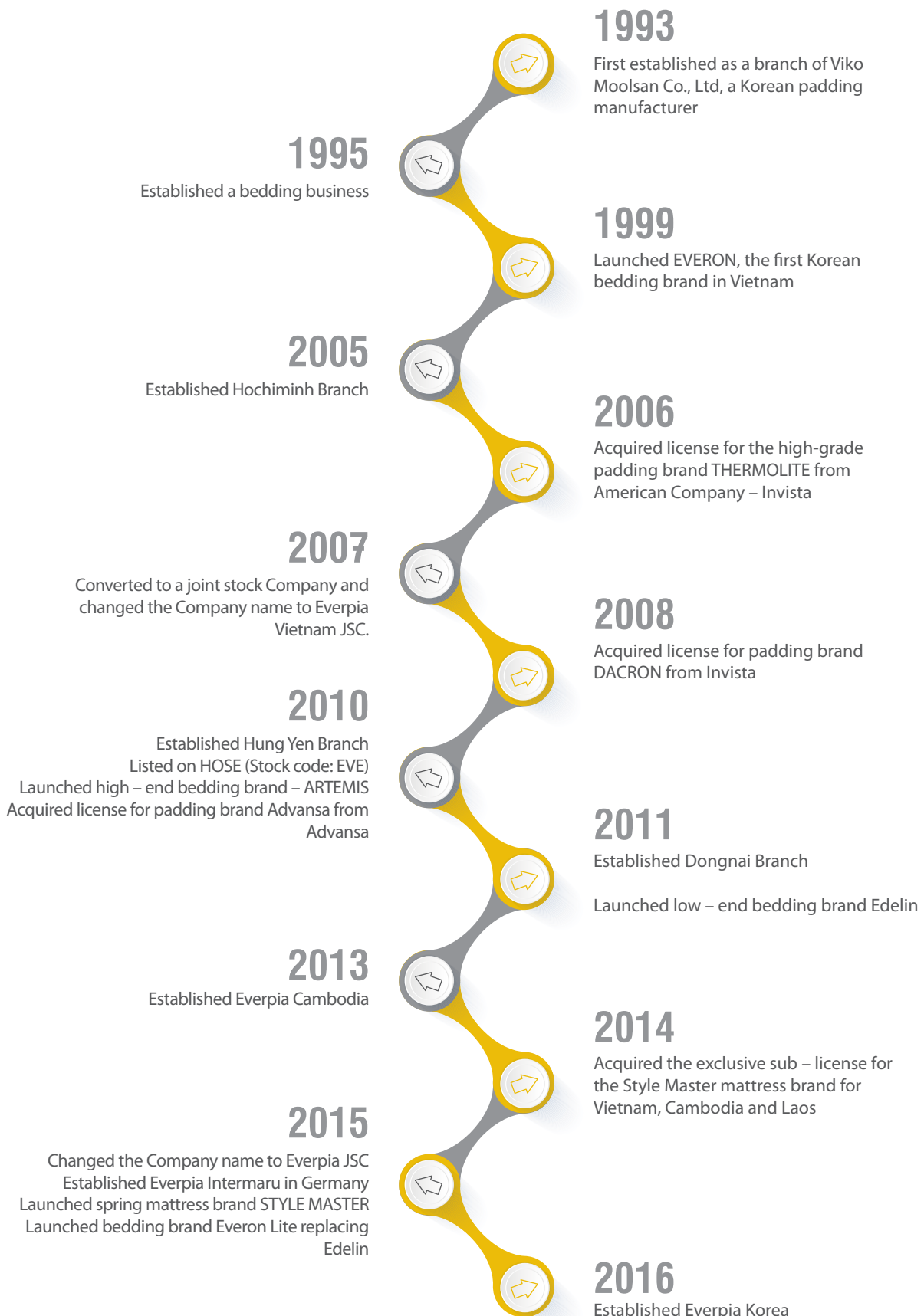






COMPANY OVERVIEW

HISTORY OF DEVELOPMENT



ACHIEVEMENTS & REWARDS



2008

- ❖ Golden cup in economic integration



2010

- ❖ National famous trademark



2012

- ❖ Top 50 listed enterprises business most efficiently in Vietnam
- ❖ Impressive logo & slogan in 2012
- ❖ Golden trademark in the year of 2012



2013

- ❖ Top 100 products and services for the families
- ❖ Top 500 of the biggest business income tax payable in Vietnam
- ❖ Top 500 growing enterprise in the year of 2012



2016

- ❖ Top 100 sustainable development enterprises
- ❖ Corporate social responsibility 2016 for Korean Company in Vietnam

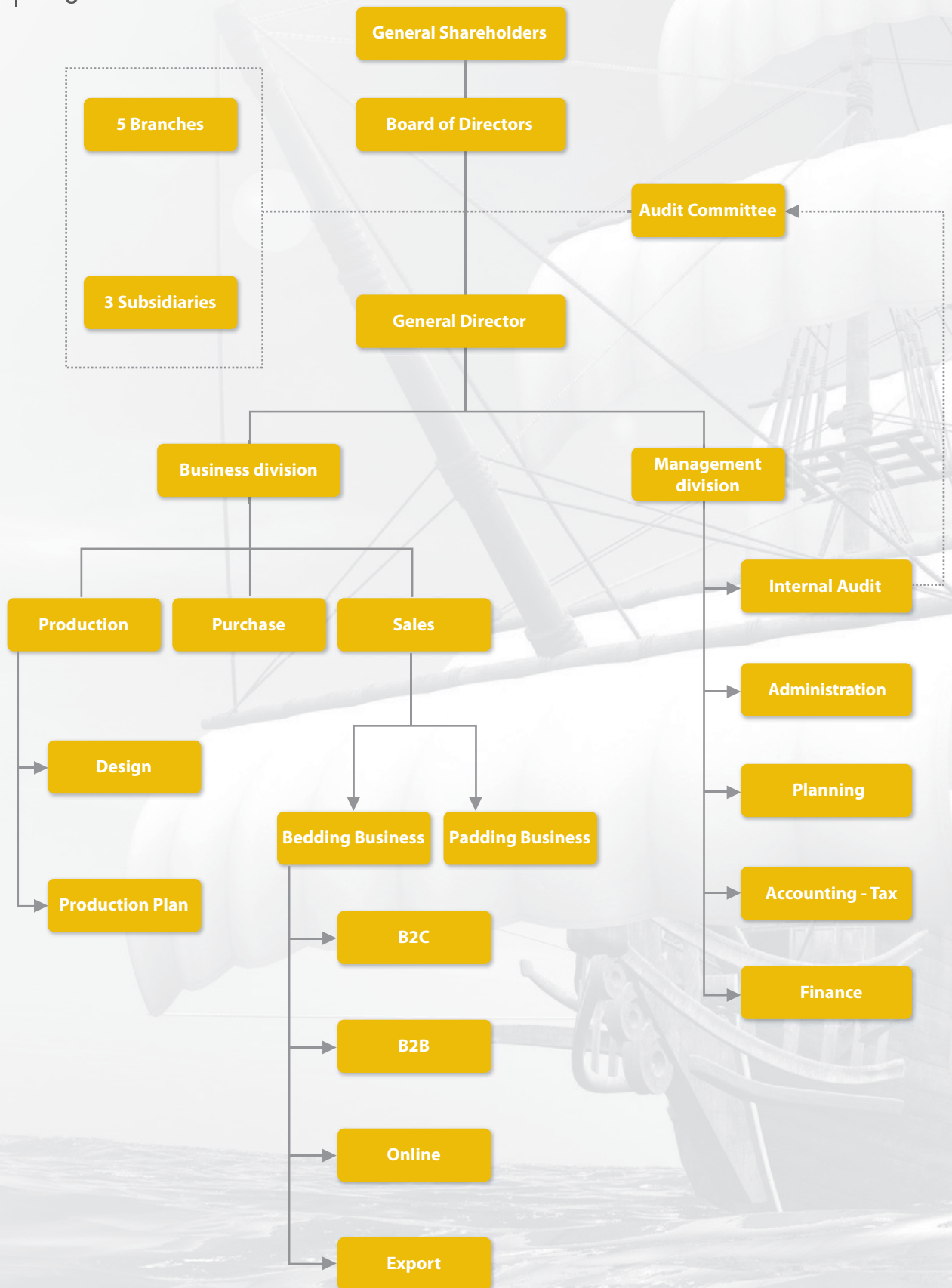
CHARTER CAPITAL INCREASING PROCESS

Following two successful private placements in 2009 and 2010, Everpia mobilized enough capital to invest in more manufacture capacity. In 2010, the Company bought a factory in Bien Hoa I Industrial Zone, Bien Hoa, Dong Nai. In November, 2012, one more manufacture plant was officially put into operation in Hung Yen province that boosted the production capacity of Everpia to be doubled. Currently, the capacity at the three manufacturing plants has been operated up to 7 million Bedding products and 30 million yards padding.

Issue date	Description	Number of new shares	Share capital after the new issues (VND)
06/2007	Mirae Asset Maps Opportunity Vietnam Equity Balanced Fund 1	480,000	52,800,000,000
10/2007	Dream No.7 Investment Partnership	200,000	54,800,000,000
08/2008	Bonus share rate 2:1	2,740,000	82,200,000,000
06/2009	- Bao Viet Securities Company - Agriseco JSC. - Mr. Tran Ngoc Be	2,500,000	107,200,000,000
06/2010	Stock dividend (rate 15%)	1,607,996	123,279,960,000
07/2010	Private placement - Red River Holdings - Vietnam Japan Fund - FPT Capital - FC Capital	3,000,000	153,279,960,000
07/2011	Stock dividend (rate 50%)	7,663,990	229,919,860,000
11/2011	ESOP	410,000	234,019,860,000
07/2012	Stock dividend (rate 20%)	4,584,532	279,865,180,000
07/2016	Stock dividend (rate 50%)	13,993,255	419,797,730,000

ORGANIZATION CHART AND LABOR STRUCTURE

Organization chart



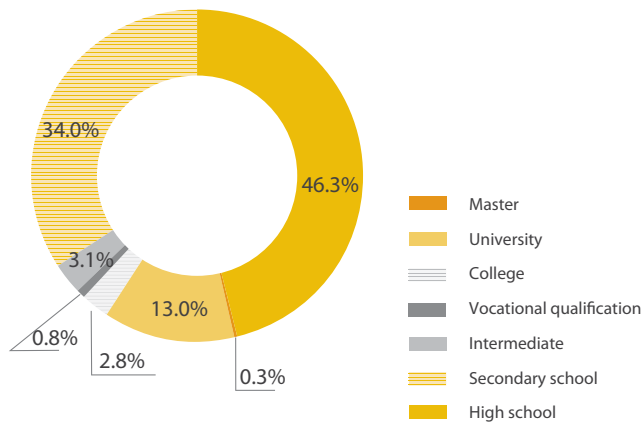
Labor Structure

As of December 31, 2016, the Company had approximately 1,341 employees: 1,101 in production area and 240 in office and showroom operations.

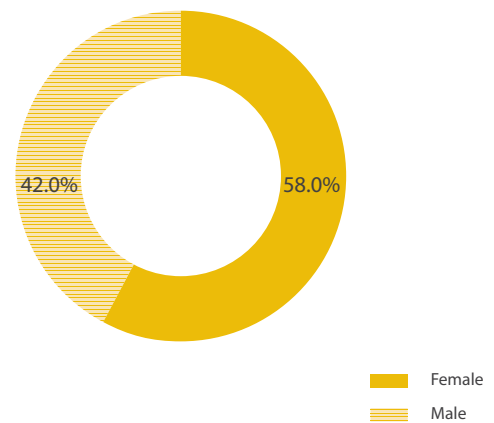


Indicators	No. of people	Rate (%)
Education background		
University and above	176	13.1%
College and Intermediate	87	6.5%
Technician and unskilled laborer	1,078	80.4%
Production related		
Direct	1,101	82.1%
Indirect	240	17.9%
Gender		
Male	566	42.2%
Female	775	57.8%

Educational Background Ratio



Ratio of employees based on gender



CORE BUSINESS

THE CORE BUSINESS OF COMPANY AS BELOW

 <p>BEDDING BUSINESS</p> <ul style="list-style-type: none"> • Blanket, pillow and bed sheet product • Bedding insert product • Mattress product 	 <p>PADDING BUSINESS</p> <ul style="list-style-type: none"> • Padding production • Quilting production 	 <p>FURNITURE AND OTHER ITEMS</p> <ul style="list-style-type: none"> • Natural wood bedroom furniture • Fabric products for family: pillows, towels, kitchen linens and other complementary items
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<p>Over 1.500.000 products of bedding sales</p> <hr/> <p>Over VND 411 billion revenue gained from brands</p>	 <hr/>  <hr/>  <hr/>  <hr/> <p>Cutie Everon</p>	 <hr/>  <p>Europe's polyester leader</p> <hr/>  <p>PROUDLY AUSTRALIAN SINCE 1999</p>
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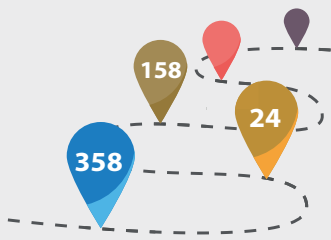
<p>About 20 mil padding yards of sales</p> <hr/> <p>About USD 15 million in revenue gained from brands</p>	 <hr/>  <hr/>  <p>TRUST WHAT'S INSIDE</p>
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<p>2,2 million sales quantities in other products</p> <hr/> <p>VND 13,8 billion revenue which gained from brands</p>	 <hr/> 
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BUSINESS LOCATION AND DISTRIBUTION SYSTEM

Business location

The distribution system of Everpia has been assessed as one of the strongest and the largest over the country. To meet the Company's long-term growth targets, Everpia has focused all of its resources on developing Company's distribution system, enhancing export activity and expanding various markets.



DOMESTIC MARKET

Traditional distribution channel:

Everpia has successfully set up over 500 exclusive distribution agents nationwide, reaching customers in the most convenient way under the best and the fastest conditions.

Modern distribution channel:

Everpia distributes directly to supermarkets and large commercial centers in Hanoi, Ho Chi Minh City, and Da Nang. Everpia still keeps expanding its channel to meet the demand as much as possible.



CUSTOMER

Among various customer types, medium and high incomes comprise the most.

Beside individual customers, over the last four years, Everpia has been developing a business network via enterprises, hotels, and resorts. The products are customized to meet the customer's needs.

MAIN AREA

Hanoi, Hai Phong, Phu Tho, Bac Ninh, Bac Giang, Da Nang and Hochiminh are important business areas according to the evaluation during the year.



EXPORT MARKET

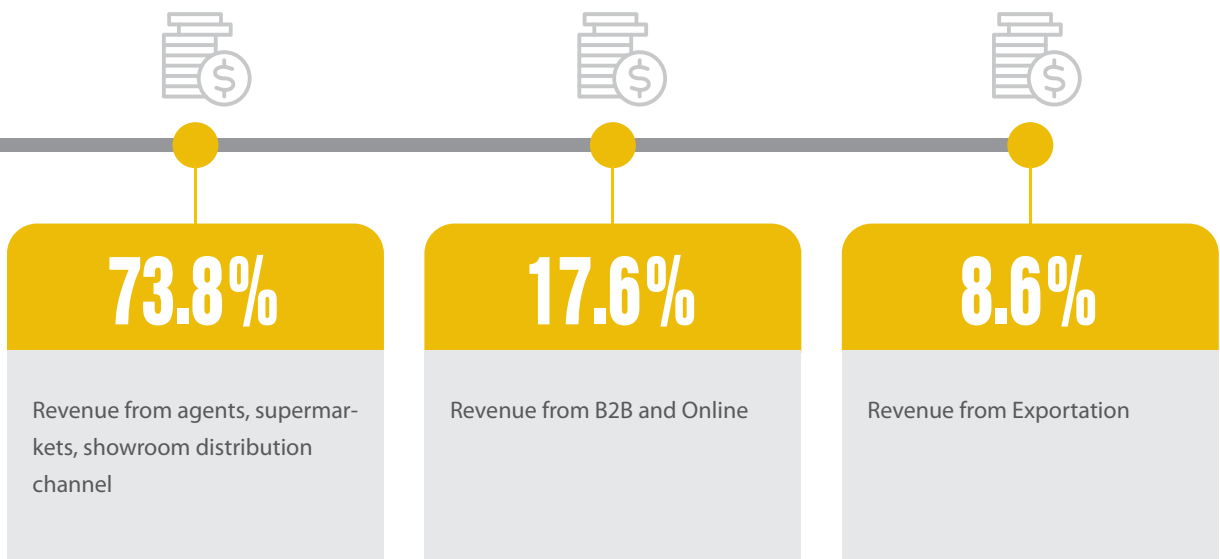
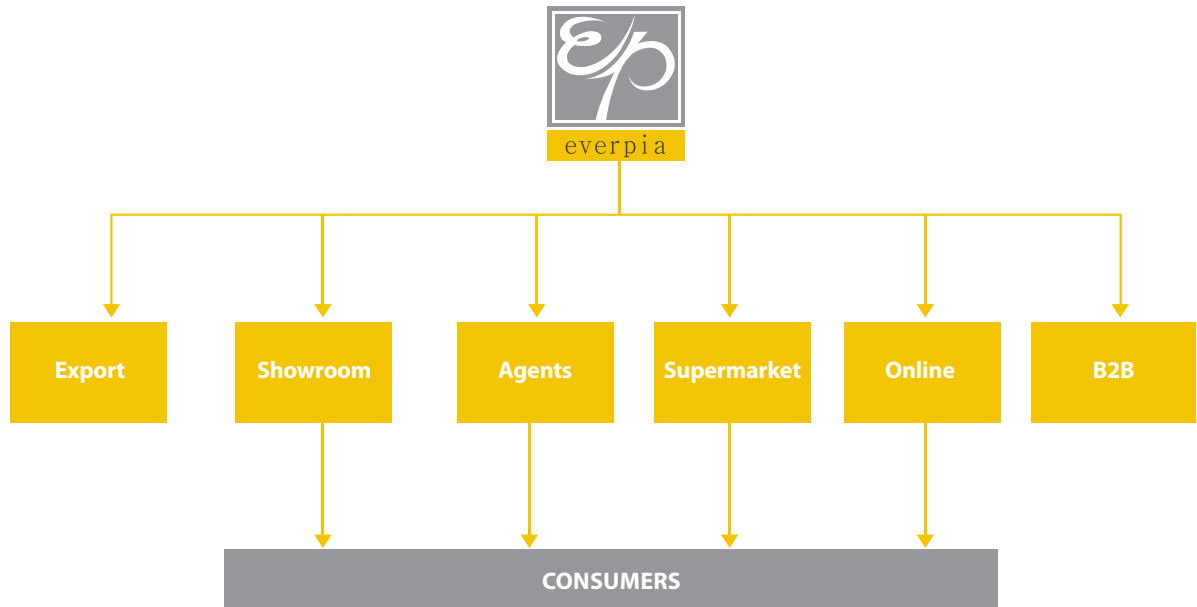
For Padding business:

80% of its revenue comes from foreign orders. In 2016, the increase of exporting market has had a big step of increase, compared to 2015.

For Bedding business:

Currently the Company exports to three main markets including Korean, Japan, and Dubai under OEM orders. The Company aims to enhance export activity in two directions, OEM and brand export, to approach high-standard markets such as America, Southeast Asia, and Europe.

Bedding Distribution System



MANUFACTURING SITES, TRADING BRANCHES AND SUBSIDIARIES

Everpia currently has:

01

Headquarter:

Noi Thuong residential area, Duong Xa, Gia Lam – Ha Noi

03

Manufacturing Plants in Ha Noi, Hung Yen and Dong Nai

03

Trading Branches across the Countries

03

Subsidiaries Oversea

01

Associated Company in Dong Nai

Manufacturing Sites	Machines & Equipments
HA NOI FACTORY	
<p>Noi Thuong residential area – Duong Xa – Gia Lam – Ha Noi Square: 15.000 m² Main activities: Padding business Production capacity: 15 million padding yards Tel: (84-4) 3827 6490 Fax: (84-4) 3827 6492</p>	<p>03 Padding production lines 01 Cotton blow production line 05 Shuttle machines 22 Quilting machines 01 Spring mattress production line 01 Bonding lines 01 Spring mattress machine 01 Drying machine 01 Fiber mixing machine for mattress 02 Metal finding machine</p>
HUNG YEN FACTORY	
<p>Tan Quang industrial park – Tan Quang, Van Lam, Hung Yen Square: 17.670 m² Main activities: Bedding business Productivity: 5 million bedding items Tel: (84-321) 3791 777 Fax: (84-321) 3791 999</p>	<p>01 Quilt insert (No – resin) production line 01 PE mattress production line 01 Pillow blowing machine 02 Shuttle machines 05 One head quilting machines 12 Embroidery machines (1 sample machine) 16 Quilting machines 02 Fabric intervention machine 13 Over lock sewing machine 02 Guillotined Pillow Machine 11 Wrapped edging machine 204 Sewing machine 01 Label cutting machine 01 Hikari Binder</p>
DONG NAI FACTORY	
<p>Lot 4, Bien Hoa I industrial park, Bien Hoa, Dong Nai Square: 37.762 m² Workshop: 05 Main activities: Padding and bedding business Production capacity: 15 million padding yards and 2 million bedding items. Tel: (84-61) 8869 161 Fax: (84-61) 8869 151</p>	<p>02 PE mattress production lines 01 Quilt insert (No – resin) production line 01 Spring mattress production line 04 Padding production lines 10 Embroidery machines 07 One – head quilting machines 07 Shuttle machines 25 Quilting machines 160 Sewing machines 02 Checkpoint machines 01 Auto cutting machine 01 Knitting machine 01 New workshop</p>



Ho Chi Minh trading branch

Add: No 27- 31, 9Astreet, Trung Son, Binh Chanh District, Ho Chi Minh City
Land size: 107 sqm
Tel: (84-8) 6261 2078 / **Fax:** (84-8) 6261 1541



Hoa Binh trading branch

Add: Lam Son commune, Luong Son District, Hoa Binh province
Land size: 7,035 sqm



Everpia Intermaru Company Limited

Percentage of Ownership: 100%
Charter Capital: 1,300,000,000 VND
Add: No 30 – 34, Ludwig – Erhard – Strasse, 65760 Eschborn, German
Business Scope: (i) Trading and importing – exporting products non – woven fabric, filter cloth, felt, blanket, bed cover, pillow, mattress, sleeping bag, kit – bag, handbag, underwear and other garment products in accordance to German regulation; (ii) Importing – Exporting products for dining table, kitchen, toilet, office, indoor, decoration, home furnishing products and/or other items which has similar purposes; furniture made of wood and other material



Texpia Joint Stock Company

Percentage of Ownership: 44%
Charter Capital: 26,339,590,000 VND
Add: Nhon Trach textile industrial zone, Nhon Trach district, Dong Nai province
Business Scope: Manufacturing towels and fabric used for towel sewing



Da Nang trading branch

Add: No 439, Hoang Dieu St, Binh Thuan Ward, Hai Chau District, Da Nang City.
Land size: 356 sqm
Tel: (84-51) 1381 5579 / **Fax:** (84-51) 1381 5679



Everpia Cambodia Company Limited

Percentage of Ownership: 100%
Charter Capital: 10,000,000,000 VND
Add: Monivong Blvd, St. 360, Phnom Penh, Cambodia
Business Scope: Trading and importing – exporting non–woven fabric, filter cloth, felt, blanket, bed cover, pillow, mattress, sleeping bag, kit – bag, handbag, underwear and other garment products in accordance to Cambodia regulation



Everpia Korea Joint Stock Company

Percentage of Ownership: 100%
Charter Capital: 34,000,000,000 VND
Add: 152-55 Samsung Dong, Kangnam gu, Seoul, Korea
Business Scope: (i) Trading and importing – exporting products, consult and transfer technology in production and business fields of non – woven fabric, filter cloth, felt, blanket, bed cover, pillow, mattress, sleeping bag, kit – bag, handbag, underwear and other garment products in accordance to Korean regulation; (ii) Importing – exporting products for dining table, kitchen, toilet, office, indoor, decoration, home furnishing products and/or other items which has similar purposes; furniture made of wood and other material.

SHAREHOLDER STRUCTURE

Shareholder structure

Shares

Everpia has 41,979,773 outstanding shares. All of these shares are unrestricted ordinary shares.

Major shareholders and professional securities investors

Everpia has more than 2,300 investors which include non - professional and professional investor both local and foreign.

No.	Type	No. of shares	Rate of ownership (%)	No. of shareholders	Shareholder structure	
					Institution	Individual
1	Non-professional major shareholders	6,706,800	15.98%	1	0	1
	- Local	0	0.00%	0	0	0
	- Foreign	6,706,800	15.98%	1	0	1
2	Professional major shareholders	3,222,275	7.68%	1	1	0
	- Local	0	0.00%	0	0	0
	- Foreign	3,222,275	7.68%	1	1	0
3	Other professional shareholders	8,663,245	20.64%	46	46	0
	- Local	1,988,814	4.74%	28	28	0
	- Foreign	6,674,431	15.90%	18	18	0
	TOTAL	18,592,320	44.29%	48	47	1

SHAREHOLDER STRUCTURE

Shareholder structure (Continue)

Type of ownership

Type	No. of restricted shares	No. of unrestricted shares	Total	Rate (%)
I. Special shareholders	0	7,842,590	7,842,590	28.02%
1. Board of Directors	0	7,464,255	7,464,255	17.78%
2. Managements	0	7,464,255	7,464,255	17.78%
3. Audit Committee	0	18,630	18,630	0.04%
4. CFO	0	262,325	262,325	0.62%
5. Chief Accountant	0	3,600	3,600	0.01%
6. Authorized for disclosure of information	0	372,000	372,000	0.89%
7. Appointed by BOD	0	93,780	93,780	0.22%
II. Treasury shares	0	0	0	0.00%
III. Union	0	0	0	0.00%
IV. Shareholders owning preferred shares	0	0	0	0.00%
V. Other shareholders	0	0	0	0.00%
1. Local	0	14,713,797	14,713,797	35.05%
1.1 Individual	0	12,724,983	12,724,983	30.31%
1.2 Institution	0	1,988,814	1,988,814	4.74%
State:	0	0	0	0.00%
2. Foreign	0	19,423,386	19,423,386	46.27%
2.1 Individual	0	9,526,680	9,526,680	22.69%
2.2 Institution	0	9,896,706	9,896,706	23.57%
TOTAL	0	41,979,773	41,979,773	100.00%

Note: All Management members are also BOD members.





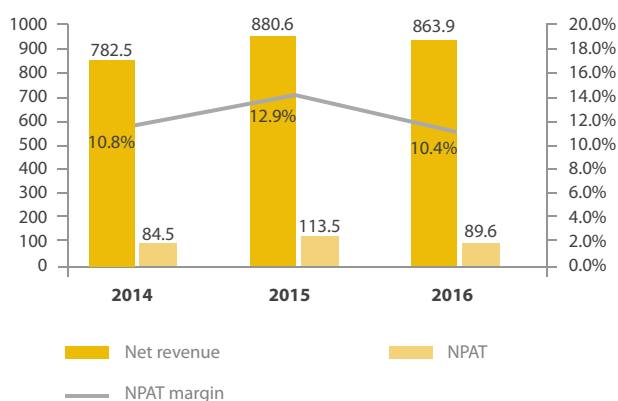
MANAGEMENT REPORT

BUSINESS PERFORMANCE

In 2016, Vietnamese economy has suffered from lots of unexpected events despite of government's efforts to stabilize macro-economic, control inflation and restructure economy by changing business growth model, increasing productivity, quality, effectiveness and competency. GDP during the period reached 3,054,470 billion VND, which was 6.2% higher than 2015 while average inflation also increased 1.8% compared to the same period of last year. Base on the low inflation rate, State bank of Viet Nam maintained interest in low level which helps keeping the operating cost of enterprises more stable, especially those enterprises with high material cost rate.

In the context of macroeconomic challenges, Everpia has managed to maintain its leading position in both sectors: Bedding and Padding business, despite a slight decrease in revenue and profit compared to last year. Specifically, consolidated net sales reached VND863.9 billion, slightly decreased by 1.9% in comparison with 2015; net profit after tax reached VND89.6 billion, reaching 59.7% of the plan, decreased 21.1% compared to 2015. Net sales and profit after tax of the parent Company were VND861.3 billion and VND97.0 billion respectively, decreased by 1.7% and 17.9%. At the end of the year, net value of the business reached VND959.7 billion, which was an increase of VND52.7 billion in comparison to the previous year.

	2016	2015	+/-	Rate of Completion
Consolidated Revenue	863.9	880.6	-1.9%	78.5%
Consolidated NPAT	89.6	113.5	-21.1%	59.7%



Based on the optimistic growth of 2015, the Management has proposed an ambitious revenue and profit plan for year 2016. However, business results in 2016 did not meet the proposal, due to these following reasons:

Market competition

Both of Company's main businesses had to witness a fierce competition from domestic rivals. As for Padding business, with the expectation to meet TPP Agreement at its initial period, many joint ventures and even small workshops have been established since 2015. For Bedding business, competition increased not only from domestic competitors, but also from importers. Large-scale bedding companies strongly invested in marketing activities in order to increase its market

share. Therefore, beside promoting advertising activities, Everpia had to implement many promotions during the period leading to high COGS.

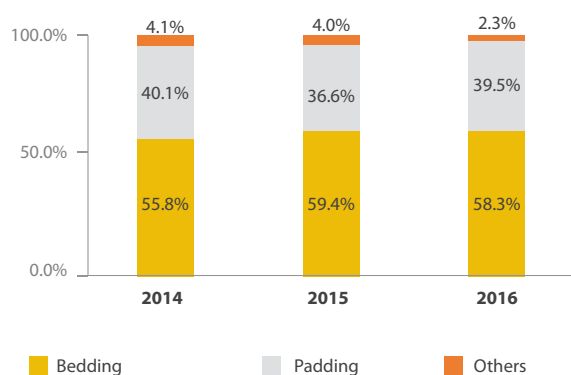
Cost of input material

During the period, Padding sale volume has increased by 9.6%. However, the price of fiber decreased by 10% on average due to overall market situation, making the price of finished Padding products decrease 3.6% over the same period of last year. As a result, Padding's revenue has a small increase by 5.7%.

Market demand

Due to unfavorable weather conditions for both Company's core business activities as well as insignificant improvements in the economy, market demand has been affected significantly, especially regarding to bedding product items.

Revenue structure





| Bedding business

Despite of the competition from many domestic and international brands, Everpia tries to maintain the leading position in Bedding business in domestic market with 22% market share, focusing in big cities and provinces such as Hanoi, Hai Phong, Quang Ninh, Bac Giang and Ho Chi Minh.

Bedding is the core business of Everpia, which accounts for a large proportion of the Company business activities with VND503.5 billion, equivalent to 58.3% of total revenue in 2016. B2C revenue reached VND371.3 billion, while revenue from B2B was VND79.8 billion, Online sales gained VND8.7 billion, and export revenue reached VND43.6 billion. Revenue rate was 73.8%, 15.9%, 1.7% and 8.6% respectively within its revenue structure of the bedding business.

Currently, the distribution system of bedding business is very competitive as more and more companies entered into the market along with thousands of agents of brands belonging to all segments. Therefore, improving the quality of retail stores is always the long-term goal to promote Everpia's brand image. In 2016, the Company has invested to upgrade all signboard, interior, and furniture for agents, which took up to VND2.54 billion to synchronize agent system and meet the standards of display in general. Additionally, as one of the fashion industries, every year, Everpia introduces a new collection of around 60 patterns, exclusively designed and manufactured by the Company from fabric to finished products.

Apart from the B2C sector, Exportation and B2B sector are also two core businesses. In 2016, the revenue from export activities increased by 12.7% and the revenue from B2B business unit decreased by 4.1%. Even though, these two segments account for 24.5% of the total Bedding sales only, they contribute to diversify the business, minimize the business risk, expand its market share, and increase sales for the Company in total.

| Padding business

Padding and Quilting businesses account for 39.5% of Everpia's total sales and are expected to increase. This is one of the most profitable business activities with gross profit margin up to 45.4% and has been stabilizing at a high level (over 40%) in the last four years. However, due to the attractiveness of this market segment, more and more companies have recently appeared with low-price products. Everpia believes that with high – quality products verified and trusted by customers, the Company will maintain its leading position in this market. In addition to retaining long-term customers, Everpia has also implemented a flexible business strategy to gain more market share from competitors. As a result, the annual sales of Padding and Quilting increased slightly by 5.7% from VND322.5 billion in 2015 to VND340.9 billion in 2016, in which Quilting revenue increased by 13.3%, Padding revenue increased by 3.6%. Customer structure of this segment also changed significantly. Sales from Korean customers increased VND259.1 billion accounting for 76%, while the sales from Vietnamese customers reduced, covering the proportion of 20%. The remaining foreign customers account for a small percentage units on Padding and Quilting business with only 4%.

| Other products

In addition to the core business of Padding and Bedding, Everpia has also extended to some complementary sectors such as furniture, decoration, kitchenware, and design consultancy, in order to satisfy customer's demand and support core business activities of the Company. However, these businesses only contribute a small portion of total sales and face a fierce competition with many existing brands.

Business effectiveness

Items	2014	2015	2016
Gross profit margin	34.1%	36.0%	33.7%
Profit before tax margin	14.1%	16.8%	13.14%
Return on sales (ROS)	10.8%	12.9%	10.4%
Return on equity (ROE)	10.2%	12.5%	9.3%
Return on assets (ROA)	8.6%	10.2%	8.0%

In 2016, gross profit fell 8.2% compared to 2015, in which gross margins reduced from 36.0% to 33.7%. It's due to the decrease of sales and the increase in the cost of goods sold. Moreover, since the Company has not taken advantages of the economy of scale effectively, hence, the decrease in production volume has led the Company to a decline of gross profit margin.

In 2016, profit before tax decreased to VND113.5 billion, 23.5% down compared to 2015. Apart from the increase of production cost, increase in selling and GA expenses 10.1% and 2.7% respectively decreased profit before tax. Selling expenses over net sales ratio was 9.5%, and GA expenses over net sales was 11.2%. However, corporate income tax decreased from 22% to 20% in the year and it caused net profit after tax to reach 10.4%.

SELLING AND GA EXPENSE



SUBSIDIARIES PERFORMANCE

Texpia JSC

Everpia has invested in Texpia since 31st Aug 2015 with 44% contributed capital. Texpia is a manufacturer of microfiber towels that are new to Vietnamese market but have been popular in Europe and America. Sales of Texpia comprise of export activities to customers in the US, Germany, Australia, Korea and Japan. The investment in Texpia allows our products to have an opportunity to approach European market through Texpia's customer network. Moreover, by distributing Texpia's products in the domestic market, Everpia can be more active in serving Vietnamese customers.

Because of its short history, Texpia is experiencing a lot of difficulties in capital and management, especially in debt and inventory management. In 2016, due to inventory re-evaluation within three operating periods, the Company has recorded a loss of VND23.7 billion, causing a loss for Everpia by VND10.4 billion.

Everpia Korea JSC

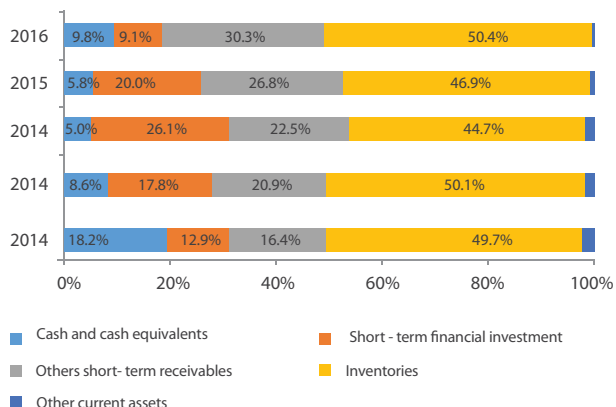
In recent years, export to the Korean market has accounted for more than half of the total export revenue. Besides, more than 70% of equipment and raw materials for production of Everpia are imported from Korea. To help Everpia to be more active, professional and effective when approaching potential customers in Korea, as well as creating favorable condition to attract capital in the future, the Company decided to set up a owned subsidiary in Korea. As planned, Everpia Korea subsidiary will officially operate in mid-2017.

FINANCIAL POSITION

Asset

Assets of the Company as at 31st Dec 2016 reached VND1,114.8 billion, increased by 0.6% over the end of 2015. Short-term asset structure accounted for 72.2%, which is a slight decrease of 0.4% compared to the end of last year.

In short-term assets, there are inventory (raw materials and finished products) which accounted for 50.4%, short-term receivables accounted for 30.3%, and the others are cash and short-term investment.



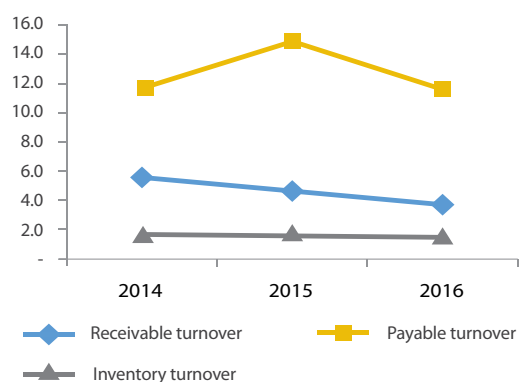
Effectiveness of Resource used

Items	2014	2015	2016
Inventory period (day)	217	225	249
Receivable collection period (day)	66	78	97
Payable payment period (day)	(31)	(24)	(25)
Cash cycle (day)	252	278	322

To ensure a sufficient amount of products to provide for customers in high season, average inventory day ratio is always kept around 230 days.

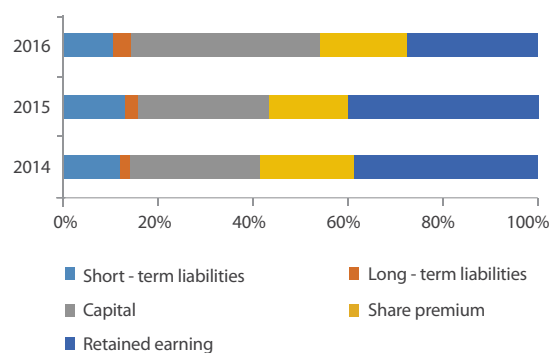
In 2015, in order to boost up sales, the Company has been flexible on selling policies by extending the credit limit for agents and the receivable collection period from 78 days to 97 days. Increasing average account receivable period 24.9% led to the increase of cash cycle 6.9%.

Payable turnover increased to 14.9 due to the COGS's growth rate of being higher than account payable



Capital and liabilities

As of December 31, 2016, total equity increased by 5.8% over the end of last year, accounted for 86.1% total capital of the Company. Equity increased due to the growth from business activities in the year with the profit of VND89.6 billion, combined with the profit from sale of treasury shares, despite that the Company has implemented cash dividend by 20%. Debt ratio is mainly short-term US dollar borrowing for import activities of the Company with a relatively low interest rate of about 2% per year.



Liquidity ratio

Inventories during the year increased and occupied a large proportion in short-term asset structure 50.4%. Since short-term assets did not include inventory which is valued up to VND399.4 billion as 3.7 times higher than short-term debt, it has helped the liquidity to be at high level. Within the period, short-term debt fell by 32.2%, short-term assets increased by 0.04%, which helped the quick ratio and current ratio to increase. At the end of the year, current ratio and quick ratio were 7.4 times and 3.7 times respectively.

Items	2014	2015	2016
Current ratio	5.1	5.0	7.4
Quick ratio	2.7	2.7	3.7
Interest coverage ratio	54.7	53.4	27.2

Cash flow status

Till year-end 2016, cash and cash equivalents of the Company are maintaining at VND79.2 billion. By actively implementing flexible selling strategies and effectively managing debt, cash flow from operating result of the company has always been positive in recent years. In 2016, net cash flow from operating activities was still VND64.6 billion, meanwhile, investment activities was VND40.1 billion. Maintaining positive cash flow shows that Everpia's main business is still effective and has the ability to generate high cash for company's operation.

Unit: Bil. VND

Items	2014	2015	2016
Net cash from operating activities	40.2	70.7	64.6
Net cash from investing activities	(85.7)	(74.4)	40.1
Net cash from financing activities	29.9	14.6	(72.3)
Cash and cash equivalent	35.6	46.5	79.1

Financial leverage

In 2016, debt ratio of Everpia has decreased although previously this ratio was tending to increase. Currently, the Company's debt ratio is 0.16 while in 2015 the ratio was 0.22.

MATERIAL PROCUREMENT ACTIVITIES

Most of the materials that Everpia uses for production are polyester fibers and fabric (66% of the cost of goods sold). These are mainly imported from abroad from reputed suppliers in such countries as South Korea, Malaysia, Pakistan, etc. In order to develop Bedding export activities, increase B2B hotel orders as well as develop new bedding brand - Everon Lite, the Company has expanded its supply of raw materials by finding new suppliers, including local vendors.

During the period, Materials procurement activities include purchasing and supplying materials in sufficient time and at reasonable prices, which contribute to the stability of product quality and the speed of the production process. Proper storage and preservation activities are used to prevent damage to the products.



FINANCE AND ACCOUNTING



Develop financial statements according to international accounting standards for fiscal year 2015 and 2016

- Monitoring, auditing, and completing the Company's budget report for monthly, quarterly and annual budget plans in order to improve business operations.
- Effectively using banking services for the Company's budget plan.
- Coordinating with the auditors to make financial reports on schedule and publish these in accordance with stock market rules.
- Making tax settlement according to State's regulations. Auditing, detecting, and adjusting accounting documents to improve the financial report.

HUMAN RESOURCES

On December 31st 2016, the total number of employees amounted to 1,341 people. Of these, over 176 employees completed degrees at the University level and higher, 87 employees completed College or Intermediate degrees, and around 1,078 employees were technically trained or skilled laborers.

In 2016, the Company recruited 220 employees. However, Everpia terminated 223 labor contracts, includes cases fired by the Company and stopped working by employees themselves. The turnover rate in 2016 was 16.6% (of the total 1,341 employees). In 2016, the Company organized an annual health check-up for all employees and fully implemented an insurance policy with social insurance, health insurance, and unemployment insurance.

To encourage employees, the Company rewarded those who made significant achievement during the year with several all-expenses-paid travel tours, both local and abroad.

In addition, the Company also supports the training costs of its employees for them to improve their working skills and knowledge.

IMPROVEMENTS IN POLICY AND GOVERNANCE

Distribution system

According to Company's statistics, till year-end 2016, the Company has over 500 agents selling bedding products nationwide, of which up to 30% agents having less than 50sqm of land size, only 35% agents having over 100sqm total area. In order to standardize the distribution system to meet the requirement for display and product introduction, in 2016 the Company held many seminars with agents about our new regulations on display standards, supported for repairing agents' interiors and signboards, etc. Agents of the Company are mostly longtime agents, hence, year 2016 is determined to be the time for agents who have the area under 50sqm self-decide to expand its scale or closed. If agent does not follow the new policy, it will be closed, and replacing by new qualified agent. Year 2017 - 2018 will be the time when the Company officially launches this policy.



IFRS Financial Reporting

In preparation for being listed in Korean Stock Market, Everpia is preparing financial report following IFRS standard for the fiscal year 2015 and 2016. Apart from approaching global capital market, the compliance with IFRS will also enhance the comparability and transparency of financial reporting activity. Accordingly, investors can compare Everpia's business performance with other listed securities companies in local and international market, from which to make more accurate assessments and have a comprehensive look about Company's activities.



Develop Internal Control System

Since October 2016, with the support of PricewaterhouseCoopers consulting firm, Everpia has implemented risk management system under the Sarbanes-Oxley Act (SoX). This Act is one of the fundamental laws on accounting and auditing issued in the United States in 2002 with the goal of protecting investor' benefit by forcing public companies to improve the assurance and confidence through financial reports. SoX compliance requires companies to assess risks related to internal process that may affect financial information reporting activities timely and accurately as required.

By the end of 2016, the Company has completed risk assessment based on internal processes. Periodical monitoring and evaluation activities will be carried out from 2017 in compliance with SoX.



DEVELOPMENT PLAN FOR 2017

Management observes that 2017 would be a difficult year for the two main businesses of the Company because of global warming impact and the growth of other. In order to not only stabilize market share but also increase sales and revenue, the Management has developed an operational strategy for the entire Company as follows:



Bedding business

- For current positioned brands in the market: Maintaining current market share by enhancing customer service activities, investing in distribution system to ensure a standard retail system. Moreover, products will be carefully designed to be more suitable with Southern market and restrict sophisticated embroidered items to get more competitive prices in the market

- For new bedding brands: Focusing all resources on developing new brands for young people - Everon Lite by increasing promotion and advertising for new product; setting competitive advantages for new brand through the use of new fabrics such as tencel, sateen fabric, etc.

- Focusing on promoting B2B and export activities by: (i) diversifying market segments, (ii) enhancing marketing activity, (iii) upgrading and supplying more machines and equipments to improve product's quality, (iv) seeking input materials which satisfy standards of origin and quality.

Padding business

- Pushing marketing activities to increase sales orders for existing customers, mean whiles, seeking and attracting more customers from competitors to extend the market.

- Actively seeking for domestic-produced polyester fiber to make the prices be more competitive and take the initiative in source of material, reduce exchange rate risk.

- Upgrading and renovating Padding production lines in order to boost up productivity and reduce costs, diversify products in order to increase competitiveness.

- Maintaining the production of high-grade padding under the exclusive license of Invista (USA), Advansa (Germany) and Dexfil of Everpia.

Furniture and other products

- Expanding the business activity targeting to B2B customers, especially hotels and resorts on the basis of providing a complete package of accommodation facilities.

- Promoting the distribution of furniture, building integrated package items according to customer requirements: design consultancy; construction, production and installation of furniture.

2017

BUSINESS PLAN

With the detailed operation strategy for each of categories above, the Management proposes to the Board of Directors the business plan in 2017 with the revenue target increase 27.3% (1,100 billion VND). And profit after tax increased 67.4% (150 billion VND).

2017

INVESTMENT PLAN

In order to improve services and products for B2B and export orders, Everpia plans to continue such investment activities in upgrading and expanding the factory. Accordingly, the expected investment items include:

- Build 01 more Bedding workshop
- Expand Quilting workshop
- Install 01 new mattress production lines
- Invest in renovating and upgrading Padding production line.







REPORT OF BOARD OF DIRECTORS

“ We - Everpia staff will always strive to do our best to bring more and better products, to meet the expectations and trust of consumers and partners. ”



CHAIRMAN'S MESSAGE

Dear shareholders,

Five years ago, we set a long-term goal for Everpia JSC to be the best performing company in bedding industry. Since then, we focused on building a concrete foundation to reach our goal: managing the cost structure, allocating appropriate human resource, investing in key capacities, reinvesting in infrastructure and promoting our brand.

We focused on following three strategies to consolidate the five year results such as:

- Strengthen the profitable core business
- Expand business line
- Enhance management capability

Strengthen the profitable core business

We always think that new development must be built on the current strengths to maximize its effect. With two main business areas: Bedding and Padding, the Company has established new luxury bedding brands of Artemis and Padding of Dacron (Invista) and Advansa.

For Bedding business, in addition to focusing on brand building, we are developing a strong distribution network foundation for long-term growth. We always seek out potential agents, enhance Company's image by investing in renewing interiors and signboards for agents, as well as effectively managing the debt and carrying out more promotion programs to increase sales.

For Padding business, beside Dexfil – self-researched and developed by Everpia, we are the exclusive manufacturer and distributor of well-known brands such as Invista and Advansa. With these popular brands, we continuously expand market share.

Expand business lines

Besides two major lines of businesses, Everpia has expanded to furniture business with brand name Everon Furniture, towel and kitchenware business under Everon Home Décor. The creation of these new brands not only helps agents increase sales but also allow the Company to expand its distribution system through B2B, Online and Export business. Expanding business model not only means expanding the market share, but also enables the Company to diversify business risks in even more competitive market situation.

Enhance management capability

With the established business strategy, the implementation of new strategy always requires smart management to make timely decisions. Believe that the management competence is the key for long-term development of the Company. The steady growth from year 2012 to 2017 has partly reflects the effectiveness of our management policy to control cost, operation and risk.

In addition to our achievements in the challenging five-year journey, we also apologize to shareholders for in-completing business results as General Shareholders' Meeting expected. Still, there're some objectives that the Company was not completed as the approved resolution of General Shareholders' Meeting such as: plan to issue shares as the basis for depository offering in Korea Stock Market, plan to expand production scale. By all of our experience and enthusiasm, we expect to orient a new Board of Directors for the term 2017-2021 to fulfill all the plans which are assigned by the Shareholders' Meeting and pushing the business towards annual growth target of 20% in both sales and profits. In order to achieve the objective, BOD members need to set up a specific strategy for each stage to get ready for breakthrough changes in brands, human workforce, system and technology, to promote the overall strength, open up all resources, and make the initial step for development. In particular, we focus on implementing three strategic solutions as follows:

- Create the foundation for sustainable development through perfecting the model of corporate governance according to international practices as well as investing in human resources and brand name development.
- Raise the competitiveness and efficiency of main business activities, maintaining the leading position, continuing to develop the business by strengthening the competitive advantage. In which, Everpia will focus more on enhancing Export and B2B activities.
- Enhance internal co-operation, provide customers complete services and products, develop new products as a basis to expand distribution channel and market.

We believe that the success achieved during the past five years was a solid foundation for the long-term development of the Company in 2017 and for the period 2017-2021 in general. On behalf of Board of Directors, I would like to sincerely thank shareholders for your faith on Everpia over years. We will always need your support in this development path.

April 2017



Lee Jae Eun
BOD Chair man

MEMBER OF BOD



Mr. Lee Jae Eun

Nationality: Korea

Degree: Bachelor of Economics at Sung Kyun Kwan University

As an executive director, he has led Everpia to become one of 20 South Korean companies having the best business results in Vietnam, one of Vietnam's TOP 50 performing companies, TOP 100 sustainable enterprises with the most trusted bedding brand – Everon. Before joining Everpia, he had 20 years of experience in the field of Finance and Investment in South Korea.

Mr. Cho Yong Hwan

Nationality: Korea

Degree: Bachelor of Polymer Chemistry at Kyung book National University.

With extensive knowledge of synthetic chemicals - Polymer, he has greatly contributed to the launch of top bedding brand name in Vietnam - Everon. Directly managing the Planning and Marketing department, he plays an important role in orienting and expanding business activities. Under his direction, transparency, creativity and solidarity were built as a corporate culture.



Mr. Nguyen Van Dao

Nationality: Vietnam

Degree: Mineral Exploration Engineer, Chung Jin University - North Korea

Understanding the two cultures of Vietnam - South Korea, he is as a cultural bridge between Korean leaders and Vietnamese staff. Directly administering the Administration - Human Resources unit, he has contributed to building a united and prosperous Everpia.





Mr. Lee Je Won

Nationality: Korea
Degree: Bachelor of Hanyang University

Under his management, the Company's operations in the South market have grown steadily for the past 10 years. Despite the market with fierce competition, Bedding and Padding business still have been constantly developing, contributing a great value to the Company's sales and revenue.

Mr. Ngo Phuong Chi

Nationality: Vietnam
Degree: Master in International Finance, Hitotsubashi University, Tokyo, Japan

He had a lot of experience through important positions in top organization in securities and finance in Vietnam. He has played a key role in the financial activities of Everpia, especially in financial investment and raise capital.



Ms. Le Thi Thu Hien

Nationality: Vietnam
Degree: Fulbright certificate - Harvard Business School. Bachelor of Credit - Banking Academy.

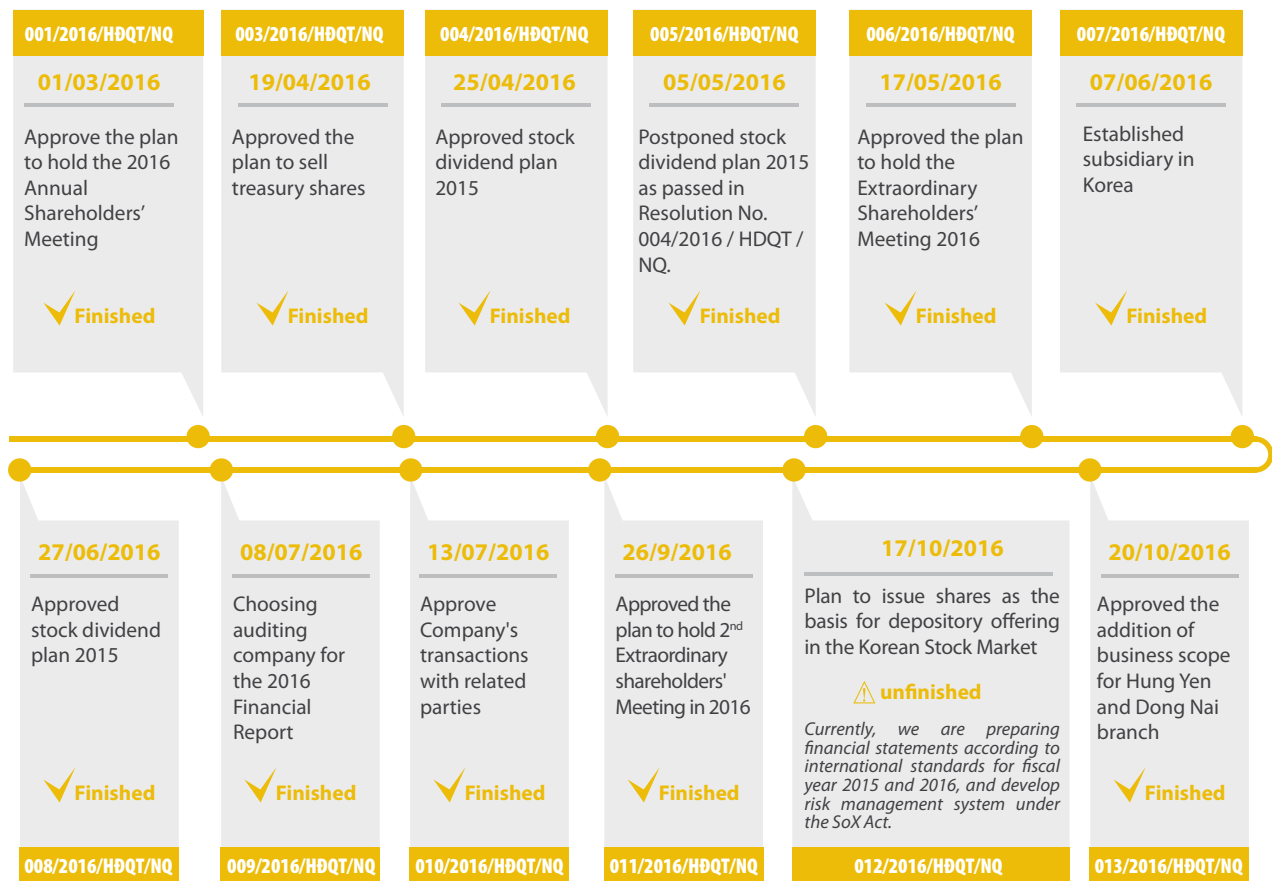
With nearly 20 years of experience in banking and finance, including 15 years in the securities market of Vietnam as a consultant and manager of a securities company, she has provided a great deal of support. Investor relations and enhance Everpia's image on the domestic financial market.

ACTIVITIES OF BOD IN 2016

BOD meetings

In 2016, there were 14 meeting sessions of Everpia's Board of Directors being held, which included four quarterly sessions and ten special meeting sessions. These meetings correctly followed procedures with contributive opinions and votes from all BOD members.

Apart from issues regarding BOD's authority, meetings in 2016 mainly focused on topics related to the business plan given by BOD; to follow the quarterly performance status resulting in proper opinions and decisions. All BOD's resolutions and decisions were unanimously approved by the members with the purpose of ensuring shareholders' rights and benefits as well as the Company's sustainable development.



Monitor and evaluate General Director and Management's performance

Monitoring method

In the regular and special BOD sessions, the BOD discussed and questioned the Management about business and manufacturing operations; listened to Management's representative reporting on difficulties and challenges in order to provide solutions to solve those problems.

- To cooperate with the Audit Committee to grasp the current business situation of the Company
- To propose resolutions after BOD's meetings for the implementation of Management.

Monitoring results

In 2016, the Management has directed the Company following Resolutions and decisions of BOD. Moreover, executive managements also have to timely report Company's business performance to BOD in quarterly basis. The Management has also properly made decisions based on market changes, as well as the Company's current situation in order to enhance the growth and development of Everpia.

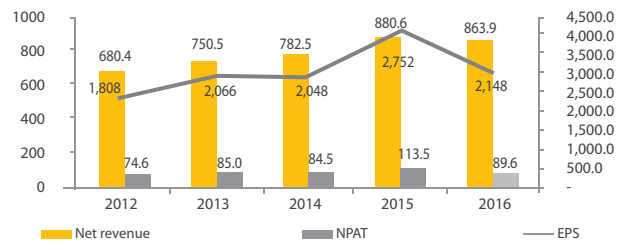
EVALUATION OF THE TERM OF 05 YEARS OF THE BOARD OF DIRECTORS

Business efficiency

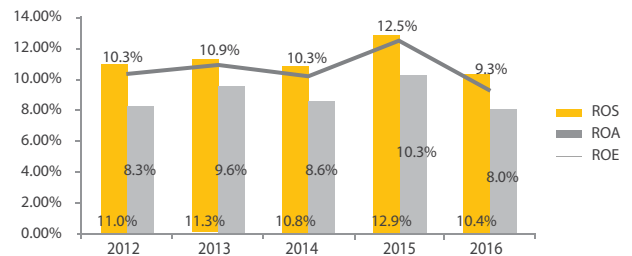
During the term 2012-2016, BOD has closely followed the targets set by GSM, directed operation drastically and flexibly according to the actual situation in order to orient all Company's activities in line with the strategic objectives and complete the business plan approved by GSM. Besides, the BOD has concentrated on directing, performing well the function of supervising and creating favorable conditions for Managements to implement the resolutions and decisions of the GSM and BOD

Although Company's profit tended to decrease slightly, gross profit margin still remained high at 33.7%. Company's profit before tax increased slightly with an average growth rate for 5 years of 4.3% per year. The profit structure represents the sustainability of core business lines, contributing an average of 95.2% to the Company's overall profitability. Non-operating activities such as financing and other activities account for only a very small part of the profit structure. This is mainly profit from asset liquidation and scrap.

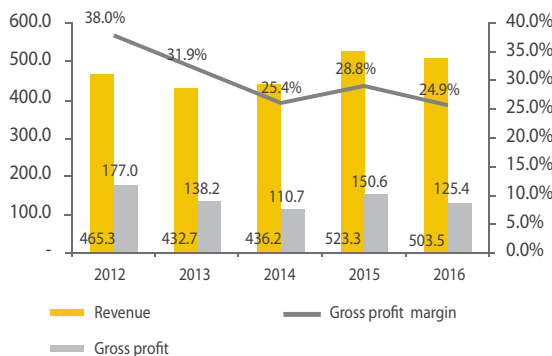
Profit and loss



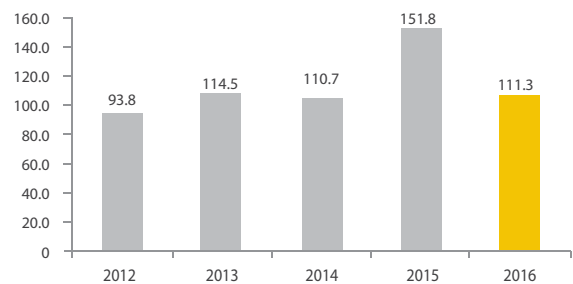
Business performance effectiveness



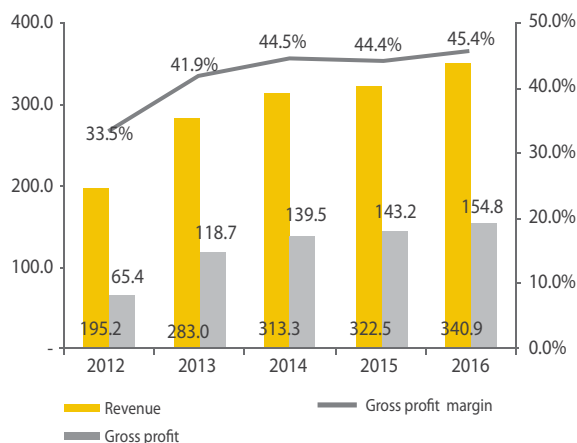
Bedding business performance



Operating Profit resource



Padding business performance



Bedding business performance

In the context of fierce competition from domestic competitors and foreign brands, along with maintaining the market share of existing brands, the Company has developed new brands: Everon Furniture - Furniture's brand, Everton Home Décor - Household products brand, Everon Lite - Top priority bedding for the youth, simultaneously expanded the distribution network including bedding business for hotels and export activities. This has contributed to the stable revenue of bedding sale and considerable growth for the year 2015 and 2016.

Gross profit margin of bedding business during the period maintained at an average of 30% showing that the Company has performed well production cost and product quality management.

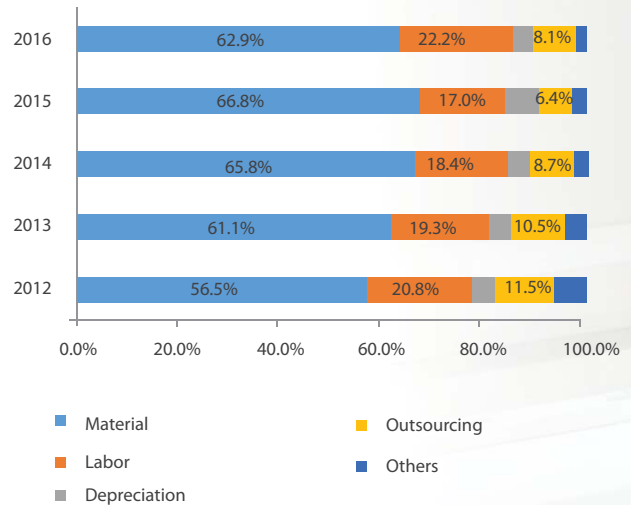
Padding business performance

Padding and Quilting business is currently a fast growing sector with average revenue and gross profit growth for 5 years of 14.9% and 24%, respectively. Specifically:

Cost structure

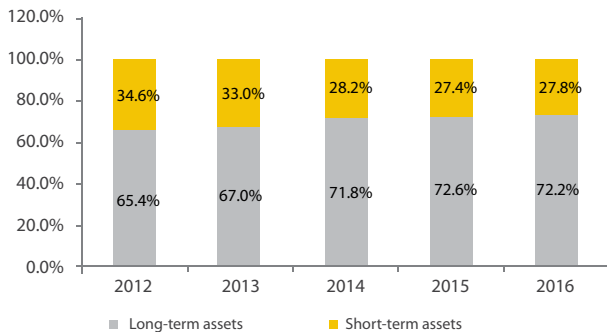
Cost structure of the Company mainly consists of material costs accounting for 62.9% of total cost for year 2016. Raw material costs increase each year mainly due to the development of B2B business. Accordingly, raw materials for product items of this business line is often much higher than other ordinary Bedding items.

Although the Company has policy for pay raise annually to encourage employees' working spirit and to compliance with regulated minimum wage level, but the second largest expenses among cost and expense structure is labor cost, which tends to decrease since the Company has adopted many measures to increase labor productivity as well as limit casual seasonal employment in high season by properly coordinating the work between workshops.



Asset and equity status

Asset structure

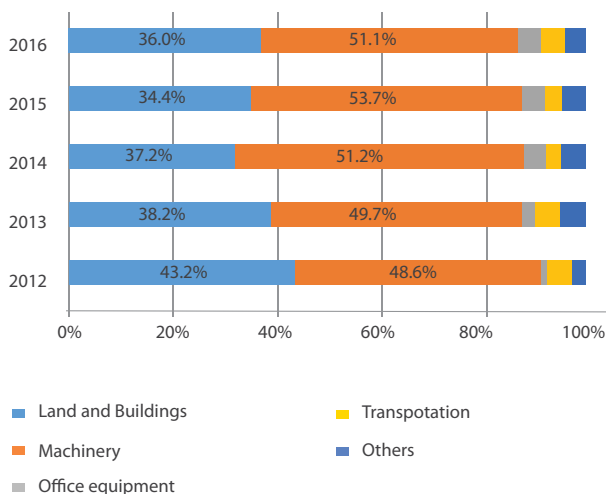
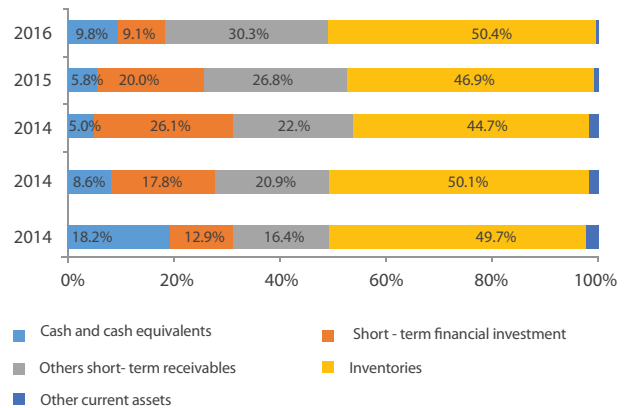


Total net assets in the period 2012 - 2016 have increased by 5.6% per year on average. The Company's asset structure over the past five years has generally remained unchanged, with percentage of short-term assets and long-term assets remaining at 70% and 30%, respectively.

In short-term assets structure, short-term receivables and inventories are on the upward trend while short-term cash and short-term financial investments are declining. This shows that the liquid assets are declining. In the upcoming period, the Company will set up measures to improve the efficiency of capital utilization to contribute for the sustainable development.

Fixed asset cost structure

Fixed asset structure is steadily remained. By taking advantages of machinery, equipment and total land size, this structure shows a stable use of assets in which machinery and equipments are reinvested and synchronized.



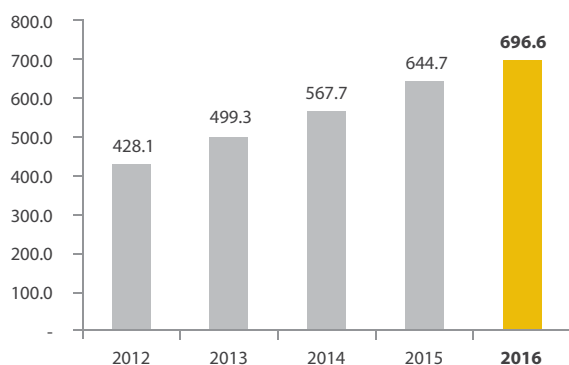


Equity and liabilities structure

In equity and liabilities structure, equity accounts for an average of 83.4%. Short-term debt is declining with the average rate of 4.9% per year, long-term debt growth rapidly with an average rate of 21.7% per year. However, until 31st Dec. 2016, value of long-term debt was only VND 46.8 billion. Within five years, total assets increased by an annual average rate of 5.6% while total debt only grew by an annual average of 0.2%, suggesting that the Company had virtually no short term liquidity risk. In the medium term, the Company believes to have sufficient resources to expand in manufacturing and trading.

Working capital status

For the period from 2012 to 2016, working capital of the Company grew at a rate of 12.9% per annum and adjusted working capital per share grew by 14.6% per year.



Circulation of working capital

Items	2012	2013	2014	2015	2016
Inventory day	267	227	217	225	249
Receivable day	54	54	66	78	97
Payable day	(33)	(35)	(31)	(24)	(25)
Working capital day	288	245	252	278	322

The working capital day has been on the upward trend from the period of 2013 till present, as inventory and trade receivables days grew rapidly, causing a loss of cash flow to the Company.

Finance leverage

Items	2012	2013	2014	2015	2016
Liabilities/Equity	0.25	0.14	0.20	0.22	0.16
Liabilities/ Total asset	0.20	0.12	0.16	0.18	0.14

Financial leverage throughout the period has been maintained at a low level, showing a stable capital structure of the Company.

Cash flow status

Summarise cash flow from activities

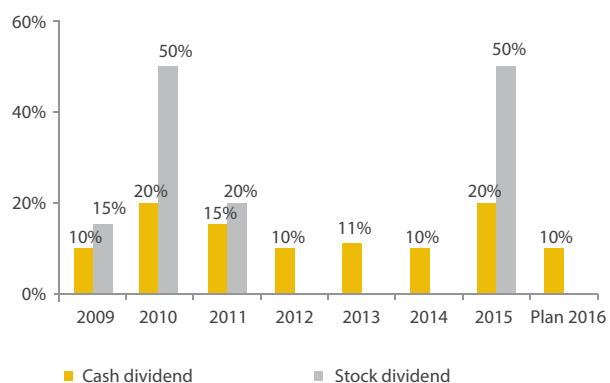
Items	2012	2013	2014	2015	2016
Cash flow from operation activities (bil. VND)	187	62	40	71	65
Cash flow from investment activities (bil. VND)	(157)	(53)	(86)	(74)	40
Cash flow from finance activities (bil. VND)	(42)	(65)	30	15	(72)

Stable business activities have helped cash flow from business activities of the Company always be positive. Stable cash flow not only helps Everpia maintain its cash dividend policy but also allows it to invest in fixed assets and limit borrowing. For the period from 2012 to 2016, capital used to invest in fixed assets occupied an average of 70.1% of total cash generated from business operations.

Dividends payout status



Since 2012, Everpia always maintains a stable dividend policy for shareholders. Annual cash dividends are paid based on profit distribution policy: one third for dividends, one third for investment, and one third for business activities. For stock dividends, within three years from 2012 to 2014, the Company has to complete its expansion plan with the construction of new factories in Bien Hoa Industrial Zone I, Dong Nai and factory in Hung Yen, so that, Everpia did not pay stock dividend. In 2015, Shareholders Meeting has approved stock dividend of 50%.



ORIENTATION PLAN OF BOD FOR THE TERM OF 2017 - 2021



MEDIUM TO LONG-TERM STRATEGY

Industry strategy

- Focus on core brand development
- Diversify product designs and materials to meet customer demand at all distribution channels
- Offer an integrated service package to every customer, including: design consultancy, bedding and furniture production and setting.

Distribution strategy

- Maintain market share: effectively develop existing distribution system, especially the exclusive distributor network
- Increase market share: Attract customers in other potential markets such as hotels, online, showrooms, export to enhance brand value.
- Develop appropriate pricing policies, conditions, rights and responsibilities for members in each distribution channels.

Manufacturing strategy

- Encourage the application of new production processes, and more advanced production technology to improve the system and optimize productivity.

Management strategy

- Professional, effective and transparent management together with sustainable development.
- Set up procedure for risk management for the whole operating processes of the Company
- Effective fulfillment of their responsibility to society, the environment and their employees. In particular, abiding by the Business Social Compliance Initiative, which ensure the social and environmental standards within the Company.
- Develop international standard management procedures, avoid risks in operation and ensure maximum business efficiency.





CORPORATE GOVERNANCE

AUDIT COMMITTEE REPORT

Audit Committee members



1

Mr. Truong Tuan Nghia

Nationality: Vietnam
Degree: MA in Finance and Banking at Paris Dauphine

He has nearly 15 years of experience in Finance and Investment. With extensive knowledge in accounting and auditing, he has applied his knowledge and experience in developing, operating and controlling business operation of the Company.



2

Mr. Hong Sun

Nationality: Korea
Degree: Bachelor of Laws in Commerce and Investment - Law University of Ho Chi Minh City

Mr. Hong Sun is a member of Audit Committee replacing Mr. Kim Byoung Tak since April 2013 as decision of General Shareholders' Meeting held on March 29, 2013. As a General Secretary of the Korea Chamber of Commerce and Investment in Vietnam, besides supervising Company's activities, he also gives Everpia lots of supports in connecting with Korean companies based in Vietnam, which opens up plenty of opportunities for cooperation in both financial and non-financial activities.



3

Mr. Yu Sung Dae

Nationality: Korea
Degree: Master of Accounting - Hanyang University

With more than 25 years of experience in the auditing industry, including 20 years at PricewaterhouseCoopers, he has contributed not only to the finalization of the Vietnam Standard Financial Report, but also given a guidance to accounting department of the Company to develop financial statements according to international standards. Moreover, in cooperation with the internal audit department, he has consulted for setting up a risk management system throughout all internal operating processes of the Company.

Mr. Yu Sung Dae has been a member of the Audit Committee, replacing Mr. Suh Seung Chul from June 6, 2016 under the decision of Shareholders' Meetings held on June 24, 2016

Activities of Audit Committee in 2016

Activities of Audit Committee in 2016 includes

- Checking the implementation of the resolutions of General Shareholders' Meeting and Decision of BOD to ensure openness and transparency
- Monitoring the operations and financial situation of the Company: the Audit Committee quarterly examined financial statements, interim financial statements, and yearly financial statements to assess the reasonableness and accuracy of financial data.
- Coordinating with the Internal Audit Department about the implementation of inspection tasks, supervising the Company operations periodically.
- Advising Accounting Department to convert financial statements from VAS to IFRS
- Cooperating with PwC consultants to review all operating processes of departments, to build an internal risk management procedure for all Company's activities.



Report on Audit Committee

THE IMPLEMENTATION OF RESOLUTION OF GENERAL SHAREHOLDERS' MEETING

For Resolution of General Shareholders' Meeting No. 01 / ĐHĐCĐ2016 / NQ dated 15th Apr 2016

The Company has fully implemented the proposed statement at General Shareholders' Meeting, includes:

- Cash dividend policy:

Everpia has paid 2015 dividend on 20th Jun 2016 with the ratio of 20% par value, equivalent to 2.000 VND/share. Total paid amount is 55,973,036,000 VND.

Remuneration for BOD and AC members:

The remuneration allocation for BOD and AC members in 2016 was approved by Shareholders. During the year, BOD members who also keep such managing positions in the Company would not receive the bonus as a BOD member, but only receive salary as an executive position in the Company.

Salary and bonus of executive BOD members (includes BOD members holding General Director position and other managing positions in the Company) in 2016:

Criteria	Expenses in 2016 (VND)	+/-
Salary	8,747,386,375	8.3%
Bonus (% profit after tax)	2.7%	-16.4%

Remuneration for independent BOD members in 2016:

Criteria	Expenses in 2016 (VND)
Remuneration	297,400,000

Detail of salary, bonus and remuneration of each BOD members in 2016 are described as follow:

Members	Position	Salary	Bonus	Remuneration	Total
Lee Jae Eun	Chairman / CEO	79%	21%	0%	100%
Cho Yong Hwan	/ BOD member S. Director	79%	21%	0%	100%
Nguyễn Văn Đào	BOD member – Director of GA & HR Team	79%	21%	0%	100%
Lee Je Won	BOD member Director of HCM Branch	79%	21%	0%	100%
Le Thi Thu Hien	Independent BOD member	0%	0%	100%	100%
Ngo Phuong Chi	Independent BOD member	0%	0%	100%	100%

Report on Audit Committee (Continue)

Remuneration of AC in 2016

In 2016, AC members put a lot of effort into the tasks based on their function and duties. Besides, AC members also involved in supporting Accounting Department to build up Accounting system based on International Accounting Standard, together with guiding to set up internal control system under Sarbanes-Oxley Act. The amount paid to AC members was VND 864,529,530. Detail as follow:

Criteria	Expenses in 2016 (VND)
Remuneration	864,529,530
Business travel expenses	0
Total	864,529,530

For Resolution of Shareholders' Meeting No. 02 / ĐHĐCĐ2016 / NQ dated 24th Jun 2016

The Company has paid 2015 stock dividends at the rate of 50%, specifically:

- Number of shares before the issuance: 27,986,518 shares
- Number of shares issued: 13,993,255 shares
- Number of shareholders distributed: 2,608 shareholders
- Number of shares after the issuance: 41,979,773 shares

For Resolution of Shareholders' Meeting No. 03 / ĐHĐCĐ2016 / NQ dated 28th Oct 2016

Plan to issue shares as the basis for depositary offering: Accordingly, within the first 6 months of 2017, the Company will issue 15,000,000 shares as a basis for the offering in the Korean Stock Market with the goal of building more factories and adding working capital for business activities. In 2016, the Company co-operated with KPMG audit company to prepare financial statements for fiscal year 2015 and 2016, in collaboration with PwC audit firm to develop internal control system according to Sarbanes-Oxley Act. It is expected that the International Financial Reporting Standard and Risk Management Report will be completed by 2017. The offer for Depositary Receipts in Korea will be made in 2018.

SUPERVISION OF FINANCIAL ACTIVITIES IN 2016

• 2016 Financial Statements of Everpia JSC was audited by Ernst & Young Vietnam. These reports have fully and clearly reflected the financial status and business results of the Company. The financial statements indicated that the Company was in a good financial situation in 2016 - the liquidity ratio, debt ratio, and efficiency ratio were stable and safe.

• Monitoring activities of the BOD and Management

The Audit Committee found no abnormalities during activities of BOD and Management of the Company. The Company has been operated in accordance with government law and Company Charter by BOD and the Managements. The auditing and accounting departments of the Company were in compliance with the standards and current accounting regime. Everpia needs to disclose all regular and irregular information following the provisions of State Securities Commission and Hochiminh Stock Exchange.

Audit Committee activity plan 2017

2017



- Supervise the compliance to GSM Resolution 2017
- Examine the financial report of independent auditors and monitor the implementation of those given issues
- Control and evaluate the importance, fairness and transparency of paying dividends and Employees Stock Ownership Plan (ESOP).
- Consider and monitor financial and operating policies, as well as other policies given by BOD and Management during the year, promote the adherence to governmental law and the beneficial impact of such measures to the shareholders.
- Continue enhancing the coordination between the AC and Internal Audit team to assess and handle matters in a timely manner.

2. FIVE-YEAR REPORT OF AUDIT COMMITTEE

Activities of Audit Committee

Audit Committee for the term 2012 - 2016 consists of 03 members with the main task of supervising the compliance with provisions of the Law and Company Charter in managing and running the business of the Company.

- Audit Committee has contributed ideas to develop rules & regulations, internal control of the Company; implemented the supervising and sending responses to stockholders who request to verify corporate governance activities of the Company, assisted the Company in developing risk management process in accordance with the Sarbanes-Oxley.
- Audit Committee attended all important meetings of the Board of Directors, in which Audit Committee is invited to, and gave out recommendations to the Board of Directors in making decisions to bring benefits to the Company and shareholders as well as to comply with the law.

Evaluate the performance of BOD and Management for the term 2012 - 2016

During the previous term, BOD's activities have closely followed the resolutions of the General Shareholders' Meeting, satisfied all requirements of the Company's operation, Company Charter, and in accordance with the regulations for listed companies, or any other relevant legislation.

- Ensure that management activities are transparency, focus on business strategy.

- BOD holds regular meetings in accordance with regulations. All meetings have specific contents, recorded in minutes and promulgated by General Director.

- Some typical tasks of BOD and Management which have been implemented in accordance with the Resolution of Shareholder's Meeting for the term 2012 - 2016: amending Company's Charter, expanding business scope, preparing annual profit distribution plan, etc

The shortcomings of the BOD and Management for the term 2012 - 2016

The failure of business plan assigned by GSM, together with objective reasons of macro-economy impact, new Everon Furniture, Everon Lite brand has not really gained as much revenue as expected show that the strategy for the new business line is not reasonable, leading to pressing and necessary requirement for building up more specific and long-term action plans.

The provision for investments affects consolidated profit considerably.

The plan to issue shares as the basis for depository offering in the Korean Stock Market was slower than the plan approved by the GSM.

Proposal plan for BOD in the upcoming term

BOD should consider and agree to develop business plan for the next five years in line with the development objective and plan of the BOD's term

- Complete the preparation of financial statements according to international accounting standards, internal control procedures under Sarbanes-Oxley Act to realize the plan of depository offering in the Korean Stock Market.

- Strengthen training and recruitment of competent and experienced personnel to deploy business activities for the period from 2017 to 2021.

TRANSACTIONS, REMUNERATION AND BENEFITS OF BOARD OF DIRECTORS, AUDIT COMMITTEE AND MANAGEMENT

No	Organization/person	Relationship with EVE	Opening share owned		Closing share owned		Note
			Share No.	%	Share No.	%	
1	NGUYEN VAN DAO	Member of BOD, HR and Administration director	12,000	0.04	20,000	0.07	Buy (The rate is calculated based on the total number of shares outstanding at the time of transaction: 27,986,518 shares)
2	PARK SUNG JIN	Director of Dong Nai branch	24,020	0.09	62,020	0.22	
3	CHO YONG HWAN	Member of BOD, Deputy Director	72,000	0.17	372,000	0.89	Buy (The ratio is calculated based on the total number of shares outstanding at the time of trading: 41,979,773 shares)
4	KWON SUNG HA	CFO	5,725	0.0	262,325	0.63	
5	PARK DONG HWAN	Director of Cambodia subsidiary	0	0.0	500,000	1.19	

RISK MANAGEMENT REPORTS

STRATEGY RISK	IMPACT
INVESTMENT STRATEGY RISK	Strategy risk leads to ineffective investment and bad results in terms of capital, cash flow and business performance. Everpia has been investing in subsidiary companies and allied companies; hence, potential risks remain unpredictable during its operating process.
MARKET STRATEGY RISK	Market strategy plays a decisive role toward market share in general and company sales in particular. Misinformation of target market will lead to wrong pricing decisions, customer composition, sales decline, loss of competitive advantages, and economies of scale.
BARRIERS TO ENTRY BARRIERS	Competitive strategies that do not match market trend will lead the Company losing market share to competitors. Everpia's bedding products have a low barrier to entry into the market, so facing with the entering of many foreign companies and emerging companies in this market is unavoidable.
MANUFACTURING STRATEGY RISK	Improper production strategy which does not capture market demand in short-term leads to excess production, unmanageable and high inventories, affecting cash flow and having impact to quality and product design.
OPERATING RISK	IMPACT
BUSINESS RISK	As a manufacturing company, the risks of bad debt and inventory are high, which affects the cash flow and working capital of Everpia.
EXCHANGE RATE RISK	Raw materials (polyester fiber and fabric) for production are mostly imported from foreign partners in USD currency. Therefore, the change of exchange rate will affect production costs during that period.
LEGAL RISK	In Vietnam, law and the subordinate legal documents are inconsistent and constantly changing leading to greatly influence to business results. The risk of litigation, disputes and fines from regulatory agencies is also quite possible.
HUMAN RESOURCE RISK	The annual employee turnover rate is fairly high. This causes a risk in human resources because of the inexperience and varying skills of new employees, leading to lower productivity and raising training expenses.
OTHER RISK	Environmental risk factors, such as natural disasters, fires, epidemics, etc, may seriously affect the company's business operation should they occur.

SOLUTIONS

To mitigate this risk, all investment decisions need to be carefully evaluated based on the size of target market such as scalability, competitiveness, financial efficiency, technology specificity, and other related risks before BOD approves any investment decision. In addition, back up plans need to be prepared in advance to respond promptly to the worst circumstances if happen

To mitigate this risk, prior to launching new products, a thorough assessment of market purchasing power, customer composition and market position is needed to be created so that such highly competitive products with reasonable price will be brought out to meet the requirements of consumers.

To mitigate this risk, it is necessary to keep up with market trends and competitors' activities to make timely and appropriate adjustment actions. Management of the Company must always take initiative steps to set a proper orientation for each stage toward, each business line, while focusing on product quality, productivity, cost management to strengthen and develop Company's capability.

To mitigate this risk, the Company should regularly updates supply of market demand, economic and weather conditions to develop appropriate production strategies and avoid supply surplus.

SOLUTIONS

Developing a frame contract on debt policy, using the ERP system in statistics of debt, daily debt monitoring, and provisioning for doubtful debts, helped company to manage company's receivable well.

To minimize this risk, the Management should frequently update and forecast exchange rate fluctuations by keeping in contact with Banks, implementing material purchasing contracts through L/C to hedge foreign currency scarcity, maintain a long-term production and business plan, and actively store materials to reduce the effects of changes in exchange rate.

To minimize such legal risks, departments must also cooperatively exchange and update information with the related competent authorities and review the company's contracts and other agreements before signing.

To minimize this risk, Management should concentrate on HR activities by implementing long-term orientation policies and creating favorable conditions for labor. Also, Management should frequently organize internal training programs and reward employees to encourage their creativity

The Company should implement measures to minimize these risks, such as purchasing property insurance, investing in fire prevention and fire-fighting systems and good hygiene systems





SUSTAINABLE DEVELOPMENT REPORT

“ In 2016, by making the best use of resources as well as maintaining good relations to its related partners, Everpia keeps trying its best to bring longterm benefit to consumers, shareholders, employees and toward the development target - taking part in creating sustainable value for the society. ”

GOALS AND ACTIONS

	SUSTAINABLE GOALS	SUSTAINABLE ACTIONS
GENERAL DEVELOPMENT 	<ul style="list-style-type: none"> ❖ Formalize sustainable development strategy and policy throughout the Company 	<ul style="list-style-type: none"> ❖ Completing the training and implementation toward sustainable development from top to bottom
ECONOMIC DEVELOPMENT 	<ul style="list-style-type: none"> ❖ Sustainably increase in both profit and revenue ❖ Ensure shareholders' and investors' benefit ❖ Enhance customers' mindset on company's products together with green development 	<ul style="list-style-type: none"> ❖ Diversifying product items to meet consumers' demand ❖ Pushing the development of potential distribution channels such as exportation ❖ Achieving international certificates for producing standardized products
SOCIAL DEVELOPMENT 	<ul style="list-style-type: none"> ❖ Create jobs for local employees ❖ Contribute to the government and local authorities 	<ul style="list-style-type: none"> ❖ Organize training lessons to improve skills for employees ❖ Annually contribute to national budget by participating in local activities
ENVIRONMENT PROTECTION 	<ul style="list-style-type: none"> ❖ Make the best use of natural resources ❖ Boost up the production and consumption toward sustainable development orientation 	<ul style="list-style-type: none"> ❖ Create policies on managing environment, organizing ISO board on environment protection ❖ Pay attention on managing waste handling system, plant more trees for a green working environment
HUMAN REINFORCEMENT 	<ul style="list-style-type: none"> ❖ Create an ideal and professional working environment ❖ Attract excellent employees 	<ul style="list-style-type: none"> ❖ Maintain good remuneration and welfare policies ❖ Protect and care employees' health and safety ❖ Encourage and give incentive for excellent employees
COMMUNITY SUPPORT 	<ul style="list-style-type: none"> ❖ Strictly follow the philosophy of "Share to succeed" 	<ul style="list-style-type: none"> ❖ Actively and frequently participate social contribution programs ❖ Share and contribute solutions to local authorities by handling with common issues of the area
RESPONSIBLE TO CONSUMERS 	<ul style="list-style-type: none"> ❖ Ensure consumers' right and benefit ❖ Bring the safest products with good quality 	<ul style="list-style-type: none"> ❖ Spread knowledge on product's safety and convenience ❖ Professional customer service and warranty service

ECONOMIC ACTIVITIES

Economic Developments

(Please, see in the Management Report)

Investor Relationship

Investor relationship is thriving, not only in the specific period of shareholders meeting, but also in the entire year of 2016. Along with the philosophy "To bring long-term benefits to investors," Everpia always considers that shareholders and investors are one of the most important parties of our company. The relation between Everpia and shareholders received a lot of attentions and made favorable conditions for them to update the Company information. In 2016, the Company had investor relation activities as follow:

- Held General Shareholders' Meeting on April 2016, to report 2015 business results, ratify 2016 business targets and other important issues.
- Welcoming investors, shareholders by inviting them to the Company's headquarters, or via telephone, email to find out and update the business activities of the Company (including many large investment funds such as: Marlborough UK, Asia Frontier Capital, Sirius Finance, Dragon Capital Fund, Frontaura Capital Fund, HSBC Global Asset Management, T.Rowe Price International Inc., FengHe Asia Fund ...)



MARLBOROUGH
Fund Managers Limited



FINANSIA SYRUS



DRAGON CAPITAL



FRONTAURA



HSBC
Global Asset Management



T. Rowe Price®



FengHe ASIA
F&H FUND MANAGEMENT

- Maintaining the connection, receiving opinions and suggestions from investors.
- Actively participate in investment conference and sustainable development conference.
- Management report and annual report are prepared periodically in accordance with regulations of the State Securities Commission and Ho Chi Minh City Stock Exchange on information disclosure. Financial and non-financial information were announced fully on company's website and investor requests.

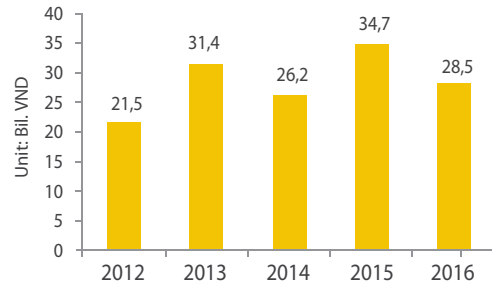
Social contribution

"Act for the Development of Vietnam Society"

Contributions to the States and authorities

With effective business, the Company has continuously contributed to the national budget. Everpia has contributed over 37.5 billion VND for the national budget in 2016.

Corporate Income Tax

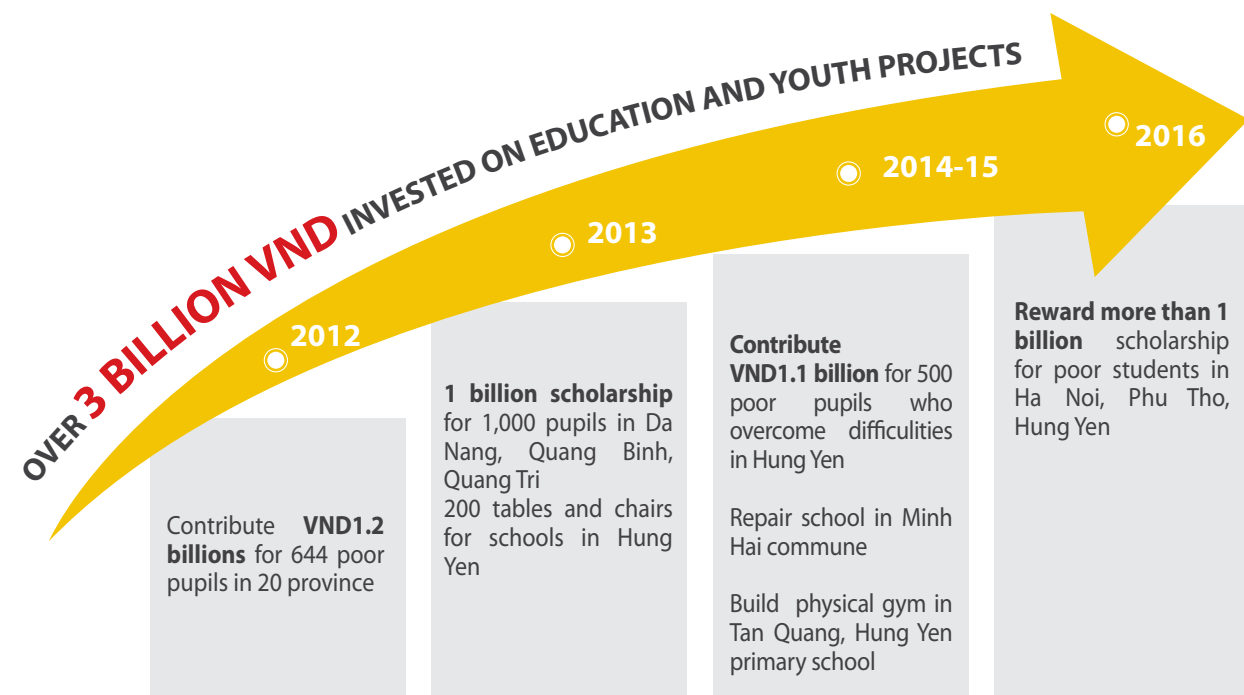


Contribute to the community

"Being as a pioneer in social activities in Vietnam"

Beside contributing to the national budget, the Company also provides jobs, and supports for the living standard to nearly 1,500 local workers in both North and South of Vietnam

As considered a good enterprise, with its philosophy "Share to succeed", Everpia actively participates in meaningful charity activities in local community area. Every year, the Company shares 1-2% of its profit after tax for the community and local government activities in Hung Yen, Ha Noi and Dong Nai... In 2016, by distributing from Everpia's charity fund, the Company made community activities, as follows:



Recognizing the great contribution of Everpia to Vietnamese socio-economic development through community activities in 2016, Everpia has been awarded:

- Top 100 Sustainability Enterprise in Vietnam 2016** by Vietnam Business Council for Sustainable Development (VBCSD), awarded by Ministry of Labor, Invalids and Social Affairs, the Ministry of Industry and Trade, the Ministry of Natural Resources and Environment, The Vietnam Labor Confederation and the State Securities Commission.
- The 2016 Corporate Social Responsibility Award** was co-sponsored by the Korean Embassy in cooperation with the Ministry of Planning and Investment of Vietnam, the Ministry of Trade, Industry and Energy of Korea.

ENVIRONMENT AND ENERGY

Everpia keeps maintaining the international environment management standard system-ISO14001, applies advance technology, controls and handles rubbish and waste, increases employees' and community's consciousness on environment protection.

Environmental management program

- The Management established environment policy ensuring law and regulation on environment; commitment to pollution prevention and continued improvement of its system.
- Educating and training Everpia employees from all departments and teams in order to make positive impact to environment
- Establishing ISO Committee at the Company to control the implementation of environmental protection policy from each department and team. Setting environment goals or finding reasons and solutions to improving environmental protection.
- Ready to deal with emergency situations such as fire or leaking of oil, grease, exhaust fumes, etc, with full training courses and supporting equipment.
- Planting more trees around office area to create green working space for employees.

Managing the use of raw materials

- The materials in factory follow the Company's regulation to reduce waste.
- The materials in use, such as polyester fibers and fabrics are mainly import from abroad. Besides choosing reputable supplier of quality, schedule and reasonable price, the Company is always searching for materials which achieve international standards for environmental safety and guarantee the health of customers.
- By adopting management applications of the ERP, POS, GPS, it not only helps to increase management effectiveness but also saves working expenses for the Company.

Energy-saving solution

Petrol consumption: In 2016, the amount of petro consumption of the Company in specific has been calculated approximately 183.917 liters. It's mainly from the demand of goods transportation use, business travel, or periodically visit agents within areas, etc.

Electric consumption: The Company has consumed 3.7 million kWh equivalents to VND 7.22 billion in 2016. Besides power consumption; gas and oil are used in padding and mattress production line, but the amount is not significant. During 2016, by implementing resource-saving policies, total consumed energy in Northern area decreased in comparison with 2015, about 511 million dong of oil expense, and VND593.5 million of gas expense.

The Company also develops and updates energy consumption standards such as oil, gas, electricity in production, following the efficient and economical energy policy

All employees and office staffs are regularly trained about saving electricity and water through a system of panels, posters, signs in factories and offices.

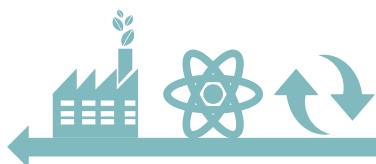
Energy consuming system	Effective power saving solutions
Air-conditioning system	<ul style="list-style-type: none">- Periodically maintain machines and equipments to avoid energy wasting- Making good habit for all employees on using air-conditioning machines: keeping the temperature at 25 -27 degree Celsius, and avoid significant difference indoor and outdoor temperature, which affect the working environment and employees' health.- Turn off air-conditioning system after working hour
Lighting system	<ul style="list-style-type: none">- Replace inefficient lighting equipment by energy saving lighting equipment such as energy saving compact bulbs, etc)- Set up a spacious office which makes the best use of natural light in a daily basis.

Water source- saving solutions

- Water source comes from local water supply company (Hanoi Factory, Dong Nai Factory) and company's drilled well system (Hung Yen Factory).
- Set up monitoring, calculating process based on water using norm in production to raise consciousness of water use, efficiency savings and reduce costs.
- Periodically check, service and clean internal water supply network to avoid waste.

| Handle exhaust fumes, waste water, solid refuse and other fire emergency

Exhausts fumes and dust



Exhausts fumes from production area (padding factory and polyester mattress) are collected and processed by air systems of each factory

Waterwaste



Because of bedding production, there is no industrial sewage water from the company. Domestic sewages are collected and handled at local wastewater treatment systems. In 2015, the Company has invested the internal wastewater collection and treatment system

Domestic waste and industrial waste



Domestic waste and industrial waste such as: recycled scraps of fabric, scraps of padding...are non-hazardous waste which can be recycled. The Company also hire specialized company to bring it out and handle which meet the standard of ISO 14001 about environment and have complete certificate for the implementation.

Hazardous Solid refuse



- Hazardous waste of the Company includes oil tanks, industrial glue tanks, etc which are collected and stored before handling

- Signed contract with local waste treatment company to sale the non-hazardous wastes which can be recycled, and handling hazardous waste.

Fire emergency



Implementing fire fighting methods, using such labor safety protecting tools, supervising of fire prevention.

SOCIAL RESPONSIBILITIES

RESPONSIBILITIES FOR EMPLOYEES

LABOR RELATIONS

The relationship between Everpia and employees has been built on the spirit of volunteer, following law and regulation, as well suitable with social behavior standard of international BSCI, those are mentioned on the behavior principle of the company:

- Commit to implement the regime, remuneration policies and working environment for employees by collective agreements which are signed annually.
- All employees are signed the legal labor contract followed by the law and job description.
- Every employees' right (especially female workers) are implemented and complied with the provisions of the Labor Code and the regulations of the state.
- Everpia never uses under-aged workers or forced employees
- Appreciate the comments of workers, in January every year, the Company organize workshop regularly. This is an opportunity for all the departments, factories contributing ideas to improve

WELFARE POLICIES FOR EMPLOYEES

Understanding that human resource is a priceless element contributing to the success of enterprise, Everpia has always focused on employee investment, maintained an attractive remuneration. Besides, the Company also focuses on creating solidary and competitive working environment where employees can promote their abilities, and create the most effective working performance.

In 2016, the average basic salary and average income of each employee have both increased in comparison with 2015.

	2015	2016	+ / -	%
Basic salary	5,655,051	6,166,800	511,749	9.1
Average income	9,324,453	10,133,409	808,956	8.7

In addition to the twelve months basic salary, every year, employees are entitled to have another payment equivalent to four months basic salary paid on occasion of Tet Holiday, the National day, the Labor day, and the Company establishment day. Every year, depend on business performance, the Company will also extract 10% from its profit after tax to pay employees as special bonus.

Everpia applies the salary and bonus policy clearly and properly following the Stated regulation. Moreover, any employees working overtime will be paid from 150%-300% of salary unit, depending on the overtime on weekday, weekend or special occasions.

Since 2011, every 6 months, excellent employees will be chosen and rewarded with the valuable awards to recognize their contributions and encourage, motivate the working

business operations and also an opportunity for top management listening and understading the desires of the departments to have solution supporting and increasing the legitimate needs of each department.

- All Everpia employees are treated equally by their colleagues, no discrimination or prejudice on, religion, gender, age or nationality.
- Keep the best health status while working: All employees needs to ensure that they are completely suitable and have sufficient ability to do their tasks while working at Everpia. Using alcohol or other restricted substances is strictly prohibited within the Company.
- Internal communication: Everpia highly appreciates the standard on communication among employees – clear and respect each other.

spirit of the employees, from the office departments to the manufacturing departments. Besides these, the Company also has welfare policies to support employees such as the allowances for competences, veteran allowances, diligence allowances, and fuel fees, telephone fees. Employee having under 6 years old children will receive an allowance of 100,000 VND/month.

As common practice, in March every year, the Company organizes Sport and Arts Festival with the participation of all employees in order to improve health, solidarity and community. In August every year, the company organizes to go holiday for all employees and their families.



RESPONSIBILITIES FOR EMPLOYEES (Continue)

CREATE SAFE WORKING CONDITION AND HEALTHCARE FOR EMPLOYEES

All employees working in Everpia are ensured safe working condition and healthcare. Every year, Company invests in safety equipments and organizes labor safety training courses, as well implements measures to prevent occupational accidents and occupational diseases

Safe working condition

Technical measures

In the design and construction of buildings and factories, the Company has focused on eliminating factors, which can lead to occupational accidents and occupational diseases, by technical measures:

Installation of ventilation, air conditioning, dust handling system, lighting system for the work area with high temperatures, a lot of dust and require light as quilting workshop, bedding workshop, mattress workshop and padding workshop.
- Invested fire protection equipments for offices and factories.

Providing labor safety equipments

Labor safety equipments are fully provided in accordance with the requirements of quality standards, using purpose and aesthetics. Employees are required to use personal protective equipments in workplace

Organizing safety workplace

Organizing labor and production line logically and suitable with employees and production.

Developing and promulgating rules of fire protection, installing of instruction billboards.

The security guards periodically check the operation of fire protection equipments.

The Company always organizes training courses of fire protection to all employees. Every year, the Company coordinates with the local Fire protection to hold the Fire protection practices periodically.



Health care activities

Healthcare activities for Everpia employees still keeps implementing throughout the year of 2016:

- Only employees who have full personal health records are employed.
- Health examinations are held periodically for employees so they can early detect and treatment of occupational diseases.
- Health clinics with medical staffs are ready at the head office and branches of the Company.
- Build a gymnastic room on 4th floor company headquarters with modern exercise equipments which help employees have chance to exercise freely and be healthy.



Employee insurance

Management and labor union always care about employees' health. Implementing and supervising the implementation of social and health insurance regulated by Vietnamese law and other policies such as: unemployment insurance, maternity leave, noxious allowance, 24 hours accident insurance, etc. in order to give the best support to employees

**OVER 2
BIL.VND**

Expense for employees' insurance

**OVER 80
MIL.VND**

Expense for annual health care activity

**OVER 6.6
BIL.VND**

Expense for employees' daily meal with food hygiene and safety

RESPONSIBILITIES FOR EMPLOYEES (Continue)

TRAINING AND RECRUITMENT

Recruitment policies

With Publicity – Justice – Equality principle, Everpia offers candidates the equal job opportunities. In the Company, all employees are facilitated to show their abilities and all creative ideas are recognized and appreciated.

In 2016, the Company has recruited 220 new employees (including 46 office staffs and 174 workers in production). In which, the number of female employees recruited accounts for 60%. It has shown the equality in company's policy as principle and the Company also makes favorable conditions for their skill development

Training new employees

The Company always organizes training courses for new employees. For the offices, a training course lasts 5-7 days for new employees to understand the company's overall operations, production processes and the coordination between these departments, divisions. For production, all factories have extra lines for new workers acquainted and training. After that, these new workers can be participated in the production line.

Along with equality principle on recruitment policy, the Company also encourages female employees to improve their management skills and qualifications, foreign language and IT skills, etc.

Develop & promote good employees

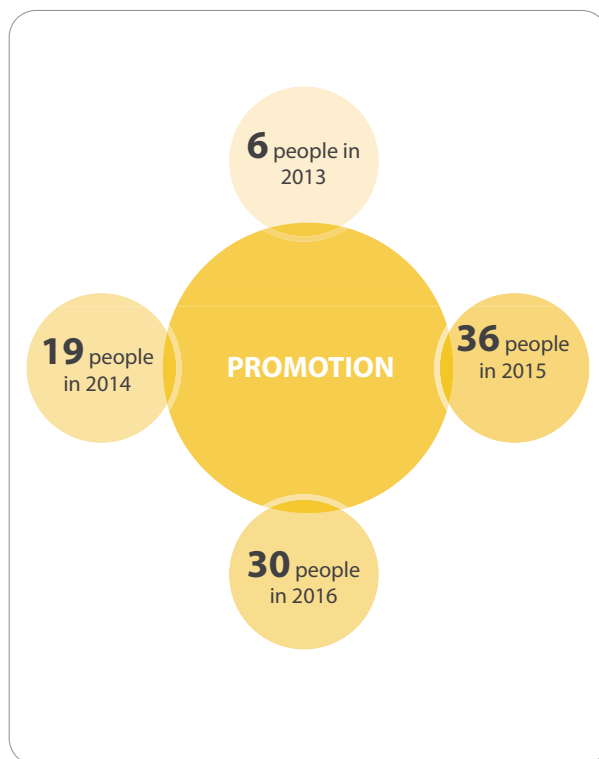
The policies and regulations are constantly changing and updating, so the staffs are always taken part in training courses such as business tax, legal, accounting, auditing...

Increasing demand of enhancing skill and professionals for company's employees (in order to increase the export orders and B2B business), in 2016, the Company has organized several training courses.

Labor structure of the Company is remained stable over years. The proportion of university-graduated and post-graduated employees accounts for 13.12% of total employees (up by 12% in comparison with year 2015), managing employees account for 6% of total employees. Under the guidance of expertise and experienced managers, young labor force at Everpia has been trained professionally to accomplish work tasks, which will be the foundation for the Company to achieve good business result.

There were 30 employees getting promotion in Everpia during 2016 based on Equality principles. The Company always pays attention to create favorable conditions for employees to be creative and active on completing their assigned tasks

After every six months, based on each individual performance and contribution to the Company, best employees from office to production will be chosen and proposed to the Management board. In 2016, there're 30 employees received "Best Employees of Everpia JSC" reward.



The movements of Innovation and creative ideas contribution

Annually, the Company organizes the movement of contributed ideas and innovations to improve the performance of the Company

Everpia always pays attention to products design and innovative. From 2014, the Company decided to hold Creative Ideas and Bedding Design competitions for the Company's employees and designers – art students. This is the way that the Company can collect creative ideas for products and a chance for the Company to employ good designers

RESPONSIBILITIES FOR CONSUMERS

Supplying products for the community

PRODUCT DIVERSIFICATION

Everpia always pays attention to create the ultimate value for customers on approaching and choosing the product.

MODERN TECHNOLOGY AND EQUIPMENT

To ensure high quality products that satisfy customers, Everpia has continuously researched, invested on machines, equipments and advance technology; owns high-tech production line followed the most advanced technique for production of bedding, mattress and padding.

CUSTOMER HEALTH CARE

With the idea of setting the customer safety and product quality as the most important ones, Everpia tries its best to improve, and add more company products' value in all sections which is oriented to user safety and environmental friendly. Moreover, getting the BSCI international certificate has helped Everpia gain customer's trust more and more in both domestic and export market.

PRACTICAL AND ECONOMIC CHOICE

More and more product samples are introduced to the market that much more suitable for customers' demand in terms of price and quality, either.

Information supports

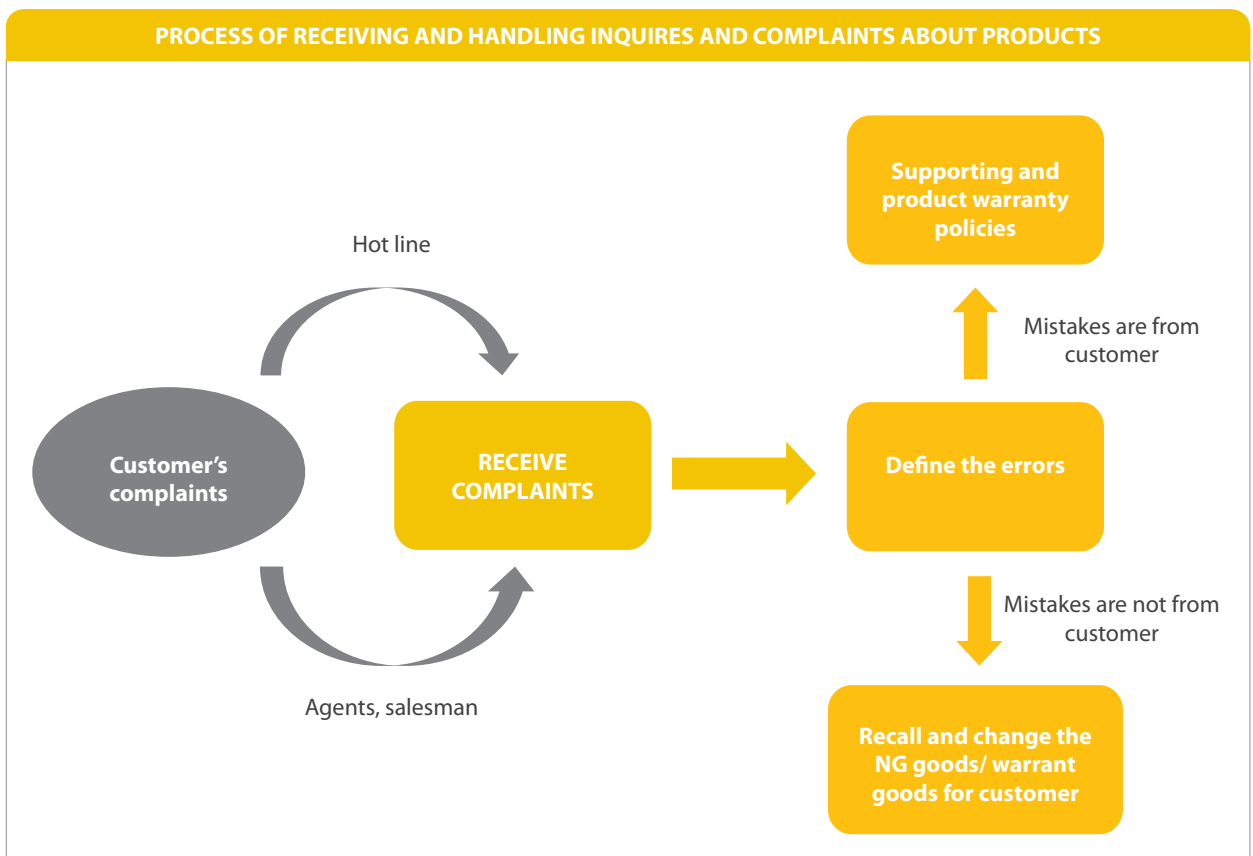
With understanding that customers are always looking for product information before buying, besides Company providing information channels such as agents, website, hotline; Everpia has cooperate with Vietnam Association for Anti – counterfeiting and Trademark protection and media companies to share the information and knowledge regarding product safety, methods to distinguish the genuine product of Vietnam and the counterfeits in the markets. These are contributed to protect customer interests and improve company's reputation.



| Everpia customer services



For padding business (in light industries) and bedding business (consumer goods), customer services are essential to increase relationship with traditional customers and also are advantages to attract new customers. Therefore, the Company has improved the customer service and after sale service continuously to protect customer interests and improve Company's reputation.







CONSOLIDATED FINANCIAL STATEMENTS

GENERAL INFORMATION

CTHE COMPANY

Everpia Joint Stock Company (previously known as Everpia Vietnam Joint Stock Company) (“the Company”) is a joint stock company incorporated under the Law on Enterprise of Vietnam following a change in legal form from a 100% foreign-owned company, Everpia Vietnam Co., Ltd., in pursuant to the Investment Certificate No. 011033000055 issued by Hanoi Department of Planning and Investment on 27 April 2007, and the subsequent amended investment certificates, with the latest, being the 17th Amended Investment Certificate, granted on 5 October 2016.

The shares of the Company have been officially listed on the Ho Chi Minh City Stock Exchange from 17 December 2010 under Decision No. 247/2010/QĐ-SGDHCM by the Director of the Ho Chi Minh City Stock Exchange dated 30 November 2010.

The principal activities of the Company are to produce non-knitting cloth, filter cloth, wool, blanket, bedding, padding, pillow, knapsacks, bags, mattresses, underclothes and other garment products; import, distribute (wholesale or retail) and export furniture goods, kitchen and office facilities.

The Company has its head office located at Duong Xa Commune, Gia Lam District, Hanoi and five branch offices located in Hung Yen, Ho Chi Minh City, Hoa Binh, Dong Nai and Da Nang.

BOARD OF DIRECTORS

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

Mr Lee Jae Eun	Chairman	
Mr Cho Yong Hwan	Member	
Mr Lee Je Won	Member	
Mr Nguyen Van Dao	Member	
Ms Le Thi Thu Hien	Member	
Mr Jean - Charles Belliol	Member	Resigned on 11 March 2016
Mr Ngo Phuong Chi	Member	

BOARD OF SUPERVISION

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

Mr Truong Tuan Nghia	Head of Board of Supervision	
Mr Suh Seung Chul	Member	Resigned on 3 June 2016
Mr Yu Sung Dae	Member	Appointed on 24 June 2016
Mr Hong Sun	Member	

MANAGEMENT

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

Mr Lee Jae Eun	General Director
Mr Cho Yong Hwan	Deputy General Director
Mr Kwon Sung Ha	Finance Director
Mr Nguyen Van Dao	Administration Director
Mr Lee Je Won	Ho Chi Minh City Branch Director
Mr Park Sung Jin	Dong Nai Branch Director

LEGAL REPRESENTATIVE

The legal representative of the Company during the year and at the date of this report is Mr Lee Jae Eun.

AUDITOR

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

Management of Everpia Joint Stock Company (“the Company”) is pleased to present its report and the consolidated financial statements of the Company and its subsidiary for the year ended 31 December 2016.

MANAGEMENT’S RESPONSIBILITY IN RESPECT OF THE CONSOLIDATED FINANCIAL STATEMENTS

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

- Select suitable accounting policies and then apply them consistently;
- Make judgements and estimates that are reasonable and prudent;
- State whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the consolidated financial statements; and
- Prepare the consolidated financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue its 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 Company and its subsidiaries and to ensure that the accounting records comply with the applied accounting system. It is also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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

STATEMENT BY MANAGEMENT

Management does hereby state that, in its opinion, the accompanying consolidated financial statements give a true and fair view of the consolidated financial position of the Company and its subsidiary as at 31 December 2016, and of the consolidated results of its operations and its consolidated cash flows for the year then ended in accordance with Vietnamese Accounting Standards, Vietnamese Accounting System and the statutory requirements relevant to the preparation and presentation of consolidated financial statements.

For and on behalf of management:



Lee Jae Eun
General Director
29 March 2017

INDEPENDENT AUDITORS' REPORT

To: The shareholders of Everpia Joint Stock Company

We have audited the accompanying consolidated financial statements of Everpia Joint Stock Company ("the Company") as prepared on 29 March 2017 and set out on pages 6 to 42, which comprise the consolidated balance sheet as at 31 December 2016, and the consolidated income statement and consolidated cash flow statement for the year then ended and the notes thereto.

Management's responsibility

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

Auditors' responsibility

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

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

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

Opinion

In our opinion, the consolidated financial statements give a true and fair view, in all material respects, of the consolidated financial position of the Company and its subsidiaries as at 31 December 2016, and of the consolidated results of its operations and its consolidated cash flows for the year then ended in accordance with Vietnamese Accounting Standards, Vietnamese Enterprise Accounting System and the statutory requirements relevant to the preparation and presentation of consolidated financial statements.



Le Duc Trung
Auditor
Audit Practising Registration
Certificate: No. 0816-2013-004-1

A blue ink signature of Nguyen Manh Hung.

Nguyen Manh Hung
Auditor
Audit Practising Registration
Certificate: No. 2401-2013-004-1

Hanoi, Vietnam
29 March 2017

CONSOLIDATED BALANCE

Currency: VND				
CODE	ASSETS	Notes	Ending balance	Beginning balance
100	A. CURRENT ASSETS		804,991,252,918	804,659,760,630
110	I. Cash and cash equivalents	4	79,148,811,059	46,536,789,925
111	1. Cash		48,648,811,059	27,813,289,925
112	2. Cash equivalents		30,500,000,000	18,723,500,000
120	II. Short-term investments		73,140,000,000	160,692,000,000
123	1. Held-to-maturity investments	5	73,140,000,000	160,692,000,000
130	III. Current accounts receivable		243,742,976,292	215,756,933,903
131	1. Short-term trade receivables	6.1	180,180,602,822	160,634,671,731
132	2. Short-term advances to suppliers	6.2	6,071,660,749	10,130,609,792
135	3. Short-term loan receivables	7	60,773,000,000	48,373,000,000
136	4. Other short-term receivables	8	6,100,750,847	3,641,977,305
137	5. Provision for doubtful short-term receivables	6.1	(9,383,038,126)	(7,130,852,778)
139	6. Shortage of assets waiting for resolution		-	107,527,853
140	IV. Inventories	9	405,618,484,232	377,144,283,983
141	1. Inventories		412,586,637,519	378,848,150,831
149	2. Provision for obsolete inventories		(6,968,153,287)	(1,703,866,848)
150	V. Other current assets		3,340,981,335	4,529,752,819
151	1. Short-term prepaid expenses	16	3,190,981,335	1,585,691,903
152	2. Value-added tax deductible		-	2,458,321,166
153	3. Tax and other receivables from the State		150,000,000	150,000,000
155	4. Other current assets		-	335,739,750
200	B. NON-CURRENT ASSETS		309,836,108,255	303,360,355,910
210	I. Long-term receivables		1,647,711,335	900,309,734
216	1. Other long-term receivables	8	2,923,038,131	2,175,636,530
219	2. Provision for doubtful long-term receivables	8	(1,275,326,796)	(1,275,326,796)
220	II. Fixed assets		285,736,663,309	256,912,041,993
221	1. Tangible fixed assets	10	274,781,108,969	243,400,682,064
222	Cost		505,473,867,741	455,960,656,054
223	Accumulated depreciation		(230,692,758,772)	(212,559,973,990)
224	2. Finance lease assets	11	83,274,958	94,630,633
225	Cost		113,556,756	113,556,756
226	Accumulated depreciation		(30,281,798)	(18,926,123)
227	3. Intangible fixed assets	12	10,872,279,382	13,416,729,296
228	Cost		39,451,177,876	39,451,177,876
229	Accumulated amortization		(28,578,898,494)	(26,034,448,580)
240	III. Long-term assets in progress		-	20,736,250,000
242	1. Construction in progress		-	20,736,250,000
250	VI. Long-term investments		2,638,200,000	12,378,591,052
252	1. Investments in associate	13	-	9,740,391,052
253	2. Investment in other entity	14	2,638,200,000	2,638,200,000
260	V. Other long-term assets		19,813,533,611	12,433,163,131
261	1. Long-term prepaid expenses	15	15,147,738,448	12,433,163,131
262	2. Deferred tax assets	29.3	4,665,795,163	-
270	TOTAL ASSETS		1,114,827,361,173	1,108,020,116,540

CONSOLIDATED BALANCE

Currency: VND

CODE	ASSETS	Notes	Ending balance	Beginning balance
300	C. LIABILITIES		155,177,746,983	201,017,383,600
310	I. Current liabilities		108,391,290,137	159,972,185,564
311	1. Short-term trade payables	17	43,809,854,386	33,167,687,676
312	2. Short-term advances from customers		5,647,479,131	6,317,517,056
313	3. Statutory obligations	18	26,760,029,293	33,134,280,889
314	4. Payables to employees		11,454,147,070	11,587,656,424
315	5. Short-term accrued expenses		2,546,128,909	158,008,909
318	6. Short-term unearned revenue		-	463,840,906
319	7. Other short-term payables	19	1,038,688,812	5,488,110,683
320	8. Short-term borrowings and finance lease obligations	20	17,134,962,536	69,655,083,021
330	II. Non-current liabilities		46,786,456,846	41,045,198,036
337	1. Other long-term liabilities	19	3,849,537,782	3,742,142,814
338	2. Long-term borrowings and finance lease obligations	20	41,405,772,228	34,619,933,937
343	3. Scientific and technological development fund	21	1,531,146,836	2,683,121,285
400	D OWNERS' EQUITY		959,649,614,190	907,002,732,940
410	I Capital	22	959,649,614,190	907,002,732,940
411	1. Share capital	22.3	419,797,730,000	279,865,180,000
411a	Shares with voting rights		419,797,730,000	279,865,180,000
412	2. Share premium		203,072,724,247	191,000,000,000
415	3. Treasury shares	22.2	-	(10,491,434,356)
417	4. Foreign exchange differences reserve	22.2	(172,241,448)	(108,571,925)
420	5. Other funds belonging to owners' equity		12,055,386,440	9,949,623,119
421	6 Undistributed earnings		324,896,014,951	436,787,936,102
421a	Undistributed earnings up to the end of prior year		235,281,188,675	323,244,869,681
421b	Undistributed earnings of current year		89,614,826,276	113,543,066,421
440	TOTAL LIABILITIES AND OWNERS' EQUITY		1,114,827,361,173	1,108,020,116,540



Lee Jae Eun
General Director
29 March 2017

Cho Yong Hwan
Deputy General Director
In charge of Finance

Nguyen Bao Ngoc
Preparer

CONSOLIDATED INCOME STATEMENT

Currency: VND

CODE	ITEMS	NOTES	CURRENT YEAR	PREVIOUS YEAR
01	1. Revenue from sale of goods	23.1	868,969,242,139	883,442,397,668
02	2. Deductions	23.1	(5,054,666,284)	(2,816,494,881)
10	3. Net revenue from sale of goods	23.1	863,914,575,855	880,625,902,787
11	4. Cost of goods sold	24	(572,836,325,077)	(563,538,985,952)
20	5. Gross profit from sale of goods		291,078,250,778	317,086,916,835
21	6. Finance income	23.2	14,457,940,475	15,416,459,994
22	7. Finance expenses	25	(5,913,773,842)	(10,356,676,772)
23	- In which: Interest expenses		(4,338,980,359)	(2,971,884,267)
24	8. Share of loss of associate	13	(9,740,391,052)	(1,849,998,948)
25	9. Selling expenses	26	(82,114,536,494)	(74,570,883,134)
26	10. General and administrative expenses	26	(96,447,072,433)	(93,875,948,025)
30	11. Operating profit		111,320,417,432	151,849,869,950
31	12. Other income	27	4,323,488,385	662,183,029
32	13. Other expenses	27	(2,153,863,240)	(4,232,569,411)
40	14. Other profit/(loss)	27	2,169,625,145	(3,570,386,382)
50	15. Accounting profit before tax		113,490,042,577	148,279,483,568
51	16. Current corporate income tax expenses	29.1	(28,541,011,464)	(34,736,417,147)
52	17. Deferred tax income	29.3	4,665,795,163	-
60	18. Net profit after tax		89,614,826,276	113,543,066,421
61	19. Net profit after tax attributable to shareholders of the parent	21.1	89,614,826,276	113,543,066,421
70	20. Basic earnings per share	31	2,148	2,736
71	21. Diluted earnings per share	31	2,148	2,736



Lee Jae Eun
General Director
29 March 2017

Cho Yong Hwan
Deputy General Director
In charge of Finance

Nguyen Bao Ngoc
Preparer

CONSOLIDATED CASH FLOW STATEMENT

Currency: VND

CODE	ITEMS	NOTES	CURRENT YEAR	PREVIOUS YEAR
	I. CASH FLOWS FROM OPERATING ACTIVITIES			
01	Profit before tax		113,490,042,577	148,279,483,568
	<i>Adjustments for:</i>			
02	Depreciation and amortization of fixed assets		33,317,416,821	32,753,310,531
03	Provisions/(reversal of provisions)		7,613,866,755	(1,737,868,885)
04	Foreign exchange (gains)/losses arisen from revaluation of monetary accounts denominated in foreign currency		(847,133,236)	892,136,524
05	Losses/(profits) from investing activities		852,405,118	(9,438,329,531)
06	Interest expenses	27	4,338,980,359	2,971,884,267
08	Operating profit before changes in working capital		158,765,578,394	173,720,616,474
09	Increase in receivables		(13,832,597,823)	(2,202,276,788)
10	Increase in inventories		(33,738,486,688)	(57,871,373,083)
11	Increase/(decrease) in payables		(297,785,985)	(13,055,908,410)
12	Decrease in prepaid expenses		220,589,796	2,612,629,548
14	Interest paid		(4,445,158,091)	(2,579,368,962)
15	Corporate income tax paid	17	(37,481,419,321)	(27,428,056,122)
17	Other cash outflows from operating activities		(4,615,814,228)	(2,504,059,728)
20	Net cash flows from operating activities		64,574,906,054	70,692,202,929
	CASH FLOWS FROM INVESTING ACTIVITIES			
21	Purchase, construction of fixed assets and other long-term assets		(45,231,657,994)	(49,526,594,507)
22	Proceeds from disposals of fixed assets and other long-term assets		501,016,182	822,000,000
23	Loans to other entities		(255,813,000,000)	(57,473,000,000)
24	Collections from borrowers, short-term investments		330,965,000,000	34,037,759,578
25	Payments for investments in other entity		-	(9,740,391,052)
27	Interest and dividends received		9,692,731,378	7,451,203,848
30	Net cash flows from/(used in) investing activities		40,114,089,566	(74,429,022,133)

CONSOLIDATED CASH FLOW STATEMENT

Currency: VND

CODE	ITEMS	NOTES	CURRENT YEAR	PREVIOUS YEAR
III. CASH FLOWS FROM FINANCING ACTIVITIES				
31	Proceeds from issuing share		22,564,158,603	-
33	Drawdown of borrowings		133,024,350,793	229,974,549,636
34	Repayment of borrowings		(171,947,736,743)	(188,153,553,566)
35	Repayment of principal of finance lease liabilities		(25,057,953)	(20,666,552)
36	Dividends paid to equity holders of the parent		(55,897,044,106)	(27,210,964,350)
40	Net cash flows (used in)/from financing activities		(72,281,329,406)	14,589,365,168
50	Net increase in cash and cash equivalents for the year		32,407,666,214	10,852,545,964
60	Cash and cash equivalents at the beginning of the year	4	46,536,789,925	35,570,707,087
61	Impact of exchange rate fluctuation		204,354,920	113,536,874
70	Cash and cash equivalents at the end of the year	4	79,148,811,059	46,536,789,925



Lee Jae Eun
General Director
29 March 2017

Cho Yong Hwan
Deputy General Director
In charge of Finance

Nguyen Bao Ngoc
Preparer





NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. CORPORATE INFORMATION

Everpia Joint Stock Company ("the Company") is a joint stock company incorporated under the Law on Enterprise of Vietnam following a change in legal form from a 100% foreign-owned company, Everpia Vietnam Co., Ltd., in pursuant to the Investment Certificate No. 011033000055 issued by Hanoi Department of Planning and Investment on 27 April 2007, and the subsequent Amended Investment Certificates, with the latest, being the 17th Amended Investment Certificate, granted on 5 October 2016.

The shares of the Company have been officially listed on the Ho Chi Minh City Stock Exchange from 17 December 2010 under Decision No. 247/2010/QĐ-SGDHCM by the Director of the Ho Chi Minh City Stock Exchange dated 30 November 2010.

The principal activities of the Company are to produce non-knitting cloth, filter cloth, wool, blanket, bedding, padding, pillow, knapsacks, bags, mattresses, underclothes and other garment products; import, distribute (wholesale or retail) and export furniture goods, kitchen and office facilities.

The Company has its head office located at Duong Xa Commune, Gia Lam District, Hanoi and five branch offices located in Hung Yen, Ho Chi Minh City, Hoa Binh, Dong Nai and Da Nang.

The number of the Company's employees as at 31 December 2016 is 1,341 (31 December 2015: 1,324).

COMPANY STRUCTURE

Details of the subsidiary and the percentage of the Company's voting and interests in its subsidiary as at 31 December 2016 are as follows:

Everpia Cambodia Co., Ltd

This is a limited liability company established in pursuant with the Investment Certificate No. 554/BKHDT – DTRNN issued by the Ministry of Planning and Investment of Vietnam on 26 September 2012. Everpia Cambodia Co., Ltd is located at No. 360, Monivong, Phnom Penh City, Kingdom of Cambodia. The principal activities of Everpia Cambodia Co., Ltd are trading of quilt bed sheets, pillows, mattresses; consulting and technology transfer in the field of manufacturing and trading; perform the import and export under the laws of the Kingdom of Cambodia.

As at 31 December 2016, the Company held 100% ownership interest in this subsidiary. At the date of this report, the Company decided to sell its share contributed to this subsidiary.

Everpia Intermaru Ltd

This subsidiary company is a limited liability company which is established according to Investment Certificate 201600083 issued by the Ministry of Planning and Investment of Vietnam on 12 January 2016. Everpia Intermaru Ltd is headquartered at No. 30-34 Ludwig-Erhard-Strasse, 65760 Eschborn, Germany. Main activities of Everpia Intermaru Ltd are trading in bed sheets, pillows, mattresses and carry out the right to import or export according to German law.

The Company is registered to hold 100% shares and voting rights in this subsidiary. However, as at the date of this report, the Company has decided not to contribute capital to this subsidiary.

Everpia Korea Joint Stock Company

This subsidiary company is established under Investment Certificate No. 201600083 issued by the Ministry of Planning and Investment of Vietnam on 1 August 2016. Everpia Korea is headquartered at 152-55 Samsung Dong, Gangnam Gu, Seoul, Korea. The main activity of Everpia Korea is trading of bed sheets, pillows, mattresses and perform the right to import and export follow the Korean law.

The Company is registered to hold 100% shares and voting rights in this subsidiary. At the date of this report, the Company is in the process of contributing capital to this subsidiary.

2. BASIS OF PREPARATION

ACCOUNTING STANDARDS AND SYSTEM

The consolidated financial statements of the Company and its subsidiary, which are expressed in Vietnam Dong ("VND"), are prepared in accordance with the Vietnamese Enterprise Accounting System and Vietnamese Accounting Standards issued by the Ministry of Finance as per:

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

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

APPLIED ACCOUNTING DOCUMENTATION SYSTEM

The Company's applied accounting documentation system is the General Journal system.

FISCAL YEAR

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

ACCOUNTING CURRENCY

The consolidated financial statements are prepared in Vietnam Dong ("VND") which is also the Company's accounting currency.

BASIS OF CONSOLIDATION

The consolidated financial statements comprise the financial statements of the parent company and its subsidiaries for the year ended 31 December 2016.

Subsidiaries are fully consolidated from the date of acquisition, being the date on which the Company obtains control, and continued to be consolidated until the date that such control ceases.

The financial statements of the subsidiaries are prepared for the same reporting period as the parent company, using consistent accounting policies.

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

Non-controlling interests represent the portion of profit or loss and net assets not held by the Company and are presented separately in the consolidated income statement and within equity in the consolidated balance sheet, separately from parent shareholders' equity.

Impact of changes in the ownership interest of subsidiaries, without a loss of control, is recorded in retained earnings.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

CASH AND CASH EQUIVALENTS

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

INVENTORIES

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

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

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

Materials, merchandise	- cost of purchase on a weighted average cost basis.
Finished goods, work in progress	- cost of direct materials and labour plus attributable manufacturing overheads based on the normal operating capacity on a weighted average basis.

Provision for obsolete inventories

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

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

RECEIVABLES

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

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUE)

TANGIBLE FIXED ASSETS

Tangible fixed assets are stated at cost less accumulated depreciation.

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

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

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

LEASED ASSETS

The determination of whether an arrangement is, or contains a lease is based on the substance of the arrangement at inception date and requires an assessment of whether the fulfilment of the arrangement is dependent on the use of a specific asset and the arrangement conveys a right to use the asset.

A lease is classified as a finance lease whenever the terms of the lease transfer substantially all the risks and rewards of ownership of the asset to the lessee. All other leases are classified as operating leases.

Assets held under finance leases are capitalised in the balance sheet at the inception of the lease at the fair value of the leased assets or, if lower, at the net present value of the minimum lease payments. The principal amount included in future lease payments under finance leases are recorded as a liability. The interest amounts included in lease payments are charged to the income statement over the lease term to achieve a constant rate on interest on the remaining balance of the finance lease liability.

Capitalised financial leased assets are depreciated using straight-line basis over the shorter of the estimated useful life of the asset and the lease term, if there is no reasonable certainty that the Company will obtain ownership by the end of the lease term.

Rentals under operating leases are charged to the income statement on a straight-line basis over the term of the lease.

INTANGIBLE FIXED ASSETS

Intangible fixed assets are stated at cost less accumulated amortization.

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

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

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

Trade mark, distribution channels

Trade mark and distribution channels are recognised as intangible fixed assets at purchase price as indicated in the purchase contract

DEPRECIATION AND AMORTIZATION

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

Buildings and structures	25 - 46 years
Machinery and equipment	6 - 15 years
Office equipment	6 - 8 years
Motor vehicles	9 - 10 years
Others tangible fixed assets	4 - 10 years
Trade mark	0 years
Distribution channels	15 years
Computer software	4 years
Other intangible fixed assets	4 years

BORROWING COSTS

Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds. Borrowing costs are recorded as expense during the year in which they are incurred, except to the extent that they are capitalized as explained in the following paragraph.

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

PREPAID EXPENSES

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

BUSINESS COMBINATIONS AND GOODWILL

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

Goodwill acquired in a business combination is initially measured at cost being the excess of the cost of business combination over the Group's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities. If the cost of a business combination is less than the fair value of the net assets of the subsidiary acquired, the difference is recognized directly in the consolidated income statement. After initial recognition, goodwill is measured at cost less any accumulated amortization. Goodwill is amortized over 10-year period on a straight-line basis. The parent company conducts the periodical review for impairment of goodwill of investment in subsidiaries. If there are indicators of impairment loss incurred is higher than the yearly allocated amount of goodwill on the straight-line basis, the higher amount will be recorded in the consolidated income statement.

INVESTMENTS***Investments in associates***

The Company's investment in its associate is accounted for using the equity method of accounting. An associate is an entity in which the Company has significant influence that is neither subsidiaries nor joint ventures. The Company generally deems they have significant influence if they have over 20% of the voting rights.

Under the equity method, the investment in associate is carried in the consolidated balance sheet at cost plus post acquisition changes in the Company's share of net assets of the associates. Goodwill arising on acquisition of the associate is included in the carrying amount of the investment. Goodwill is not amortised and subject to annual review for impairment. The consolidated income statement reflects the share of the post-acquisition results of operation of the associate.

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

The financial statements of the associates are prepared for the same reporting period and use the same accounting policies as the Company. Where necessary, adjustments are made to bring the accounting policies in line with those of the Company

Investment in other entity

Investments in other entity are stated at their acquisition costs.

Provision for investments

Provision is made for any diminution in value of the investments at the balance sheet date in accordance with the guidance under Circular No. 228/2009/TT-BTC dated 7 December 2009 and Circular No. 89/2013/TT-BTC dated 26 June 2013 issued by the Ministry of Finance. Increases and decreases in the provision balance are recorded as finance expense in the consolidated income statement.

Held-to-maturity investments

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUE)

PAYABLES AND ACCRUALS

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

SCIENTIFIC AND TECHNOLOGICAL DEVELOPMENT FUND

Scientific and technological development fund is appropriated for scientific and technological activities of the Company in accordance with Circular No. 15/2011/TT-BTC dated 09 February 2011 issued by the Ministry of Finance. The annually appropriated amount is approved by the Board of Directors based on the annual budget proposed for scientific and technological activities and will not exceed 10% of taxable income. The appropriated amount is charged to the consolidated income statement for the year.

The amount appropriated to scientific and technological development fund is eligible for corporate income tax deduction. For the subsequent 5 years from the year the fund is appropriated, if scientific and technological development fund is unused or used up to 70% or used for improper purposes, the Company will have to pay the corporate income tax on the balance of the fund which is unused, or un-used up to 70%, or used for improper purposes, as well as the interest arising from such tax amount.

ACCRUAL FOR SEVERANCE PAY

The severance pay to employee is accrued at the end of each reporting period for all employees who have been more than 12 months in service up to 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, the Law on Social Insurance and related implementing guidance. The average monthly salary used in this calculation will be revised at the end of each reporting year following the average monthly salary of the 6-month period up to the reporting date. Any increase to the accrued amount 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.

FOREIGN CURRENCY TRANSACTIONS

Transactions in currencies other than the Company's reporting currency (VND) are recorded at the actual transaction exchange rates at transaction dates which are determined as follows:

- transaction resulting in receivables are recorded at the buying exchange rates of the commercial banks designated for collection;
- transactions resulting in liabilities are recorded at the selling exchange rates of the transaction of commercial banks designated for payment;
- Capital contributions are recorded at the buying exchange rates of the banks designated for capital contribution;
- Payments for assets or expenses without liabilities initially being recognised is recorded at the buying exchange rates of the commercial banks that process these payments.

At the end of the year, monetary balances denominated in foreign currencies are translated at the actual transaction exchange rates at the balance sheet dates which are determined as follows:

- Monetary assets are translated at buying exchange rate of the commercial bank where the Company conducts transactions regularly;
- Monetary liabilities are translated at selling exchange rate of the commercial bank where the Company conducts transactions regularly.

All foreign exchange differences incurred during the year and arisen from the translation of monetary accounts denominated in foreign currency at year-end are taken to the consolidated income statement.

FOREIGN EXCHANGE DIFFERENCES ARISING FROM THE CONVERSION OF REPORTING CURRENCY OF A FOREIGN ENTITY***The conversion of reporting currency for accounting purpose is according to the following principles:***

- Transactions resulting in assets are recorded at the buying exchange rates of the commercial banks;
- Transactions resulting in liabilities are recorded at the selling exchange rates of the commercial banks;
- The net asset of the subsidiaries which were held by the parents company were recorded at the accounting exchange rate of the time buying; and
- Undistributed profit after tax and funds appropriated from the undistributed profit after tax are converted into VND by calculating according to the items of the income statement;
- Items on income statement and cash flow are converted into VND according to the average exchange rate of the year. The average exchange is applied if the average exchange rate in the year used for conversion appropriates the exchange rate at the time of transactions (not exceed +/- 1%). If the variances between the exchange rate at the opening and ending of the accounting period is over 20%, the exchange rate at ending of the accounting period is applied.

All foreign exchange differences incurred from the conversion are recorded as a separate component in equity until the liquidation of the investments in foreign entity.

TREASURY SHARES

Own equity instruments which are reacquired (treasury shares) are recognised at cost and deducted from equity. No gain or loss is recognised in profit or loss upon purchase, sale, issue or cancellation of the Company's own equity instruments.

APPROPRIATION OF NET PROFITS

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

The Company maintains the following reserve funds which are appropriated from the Company's net profit as proposed by the Board of Directors and approved at the annual shareholders' meeting.

Investment and development fund

This fund is set aside for use in the Company's expansion of its operations or in-depth investments.

Bonus and welfare fund

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

Other fund belonging to owners' equity

This fund is set aside for other purposes of the Company's operation following the decision at the annual shareholders' meeting.

REVENUE RECOGNITION

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

Sale of goods

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

Interest

Revenue is recognised as the interest accrues (taking into account the effective yield on the asset) unless collectability is in doubt.

Dividends

Income is recognised when the Company's entitlement as an investor to receive the dividend is established.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUE)

TAXATION

Current income tax

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

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

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

Deferred tax

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

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

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

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

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

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

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

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

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

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

4. CASH AND CASH EQUIVALENTS

Currency: VND

	Current year	Previous year
Cash on hand	670.761.319	399.517.086
Cash at banks	47.978.049.740	27.413.772.839
Cash equivalents (*)	30.500.000.000	18.723.500.000
	79.148.811.059	46.536.789.925

(*) Cash equivalents comprise deposits with terms of less than 3 months, which earn interest at rates ranging from 4.3% to 5% per annum.

Additional information regarding the cash flow statement:

Currency: VND

	Current year	Previous year
Actual cash received from borrowing		
- Cash received from normal borrowing agreements	133.024.350.793	229.974.549.636
Actual cash payment of borrowings		
- Cash payment for normal borrowing agreements	(171.947.736.743)	(188.153.553.566)
- Cash payment for finance leases	(25.057.953)	(20.666.552)

5. HELD-TO-MATURITY INVESTMENTS

Currency: VND

	Ending balance		Beginning balance	
	Cost	Carrying value	Cost	Carrying value
Term deposit				
	73.140.000.000	73.140.000.000	160.692.000.000	160.692.000.000
	73.140.000.000	73.140.000.000	160.692.000.000	160.692.000.000

Held to maturity investments include deposits with terms of 6 months, which earn interest from 5.3% to 5.5% per annum.

6. TRADE RECEIVABLES AND ADVANCES TO SUPPLIERS

TRADE RECEIVABLES

Currency: VND

	Ending balance	Beginning balance
Short-term trade receivables from customers	178.974.195.038	160.364.988.846
- Phu Trung Giang Investment Trading Co, Ltd	8.660.898.816	5.754.471.416
- Welcron Global Vietnam Co, Ltd	7.921.768.085	5.482.899.052
- Rscó Co, Ltd	5.186.214.570	177.472.414
- AT-PHO HUE-278	4.904.525.592	4.956.904.636
- Global Garment Sourcing Co, Ltd	4.896.229.069	1.514.152.598
- Other trade receivables	147.404.558.906	142.479.088.730
Trade receivables from related parties (Note 30)	1.206.407.784	269.682.885
Provision for doubtful debts	180.180.602.822	160.634.671.731
In which:	(9.383.038.126)	(7.130.852.778)
Receivables used as collateral	-	53.645.000.000

6. TRADE RECEIVABLES AND ADVANCES TO SUPPLIERS (CONTINUE)

ADVANCES TO SUPPLIERS

Currency: VND

	Ending balance	Beginning balance
Dongha Co., Ltd	464,455,050	298,650,369
Jiangsu Goldsun Textile Trade Co.,Ltd	387,814,807	159,830,106
Daekwang Textile Co., Ltd	378,086,387	176,219,548
JM E&C Vina Co.,Ltd	696,080,000	696,080,000
Advance to other suppliers	4,145,224,505	8,799,829,769
	6,071,660,749	10,130,609,792

SHORT-TERM LOAN RECEIVABLES

Currency: VND

	Ending balance	Beginning balance
Short-term loans to related parties (Note 30)	60,773,000,000	48,373,000,000
	60,773,000,000	48,373,000,000

8. OTHER RECEIVABLES

Currency: VND

	Ending balance	Beginning balance
Short-term		
Interest income from term deposit	2,671,645,130	1,706,081,460
Advance to employees	636,650,166	1,374,681,264
Refundable import tax	97,179,805	123,897,766
Deposit	593,560,000	-
Other short-term receivables	2,101,715,746	437,316,815
	6,100,750,847	3,641,977,305
<i>In which:</i>		
<i>Other receivables from Related parties (Note 30)</i>	2,279,711,500	3,641,977,305
<i>Other receivables</i>	3,821,039,347	-
Long-term		
Rental of machinery	893,491,200	893,491,200
Fabric loan	252,051,882	252,051,882
Receivable from employees	98,599,640	98,599,640
Long-term deposit	1,678,895,409	931,493,808
	2,923,038,131	2,175,636,530
	9,023,788,978	5,817,613,835
Provision for other long-term receivables	(1,275,326,796)	(1,275,326,796)

9. INVENTORIES

Currency: VND

	Ending balance		Beginning balance	
	GCost	Provision	Cost	Provision
Goods in transit				
Materials	13,907,889,386	-	3,932,412,189	-
Tools and supplies	207,115,603,974	(688,261,204)	193,981,555,479	(1,648,758,887)
Work in process	-	-	190,501,831	-
Finished goods	22,295,952	-	668,882,146	-
Merchandise	182,552,792,701	(6,279,892,083)	170,358,935,633	(55,107,961)
Goods on consignment	8,988,055,506	-	9,714,011,642	-
	-	-	1,851,911	-
	412,586,637,519	(6,968,153,287)	378,848,150,831	(1,703,866,848)

Movements of provision for obsolete inventories:

Currency: VND

	Current year	Previous year
Beginning balance	1,703,866,848	4,610,151,256
Add: Provision made during the year	5,471,789,138	-
Less: Utilisation of provision during the year	(207,502,699)	(2,906,284,408)
Ending balance	6,968,153,287	1,703,866,848

10. TANGIBLE FIXED ASSETS

Currency: VND

	Buildings and structures	Machinery and equipment	Office equipment	Motor vehicles	Others	Total
Cost:						
- Beginning balance	156,919,779,878	244,740,520,181	19,599,457,115	15,676,041,856	19,024,857,024	455,960,656,054
- New purchase	11,006,917,842	25,177,088,785	388,892,423	11,595,018,916	51,405,483	48,219,323,449
- Capital construction investment completed	16,195,795,455	-	-	-	-	16,195,795,455
- Other increases/ (decreases) (*)	(14,418,518)	111,981,860	-	(126,791,500)	58,574,942	29,346,784
- Disposal	(2,013,127,632)	(11,949,067,280)	(342,392,423)	(626,666,666)	-	(14,931,254,001)
Ending balance	<u>182,094,947,025</u>	<u>258,080,523,546</u>	<u>19,645,957,115</u>	<u>26,517,602,606</u>	<u>19,134,837,449</u>	<u>505,473,867,741</u>
<i>In which:</i>						
<i>Depreciated</i>	444,434,009	88,336,360,415	6,892,654,690	883,644,973	3,727,011,981	100,284,106,068
<i>Fixed assets used as loan collateral (Note 19.2)</i>	15,174,006,236	47,108,852,028	-	5,670,290,909	-	67,953,149,173
Accumulated depreciation:						
Beginning balance	38,804,583,650	144,051,836,123	9,970,665,846	10,941,553,998	8,791,334,373	212,559,973,990
- Depreciation for the year	6,525,215,013	18,028,979,177	1,109,214,852	2,975,131,400	2,123,070,790	30,761,611,232
- Other increases/ (decreases) (*)	2,366,027	(8,751,821)	-	(16,983,531)	36,509,808	13,140,483
- Disposal	(301,972,500)	(11,566,706,145)	(261,549,750)	(511,738,538)	-	(12,641,966,933)
Ending balance	<u>45,030,192,190</u>	<u>150,505,357,334</u>	<u>10,818,330,948</u>	<u>13,387,963,329</u>	<u>10,950,914,971</u>	<u>230,692,758,772</u>
Net carrying amount:						
Beginning balance	118,115,196,228	100,688,684,058	9,628,791,269	4,734,487,858	10,233,522,651	243,400,682,064
Ending balance	137,064,754,835	107,575,166,212	8,827,626,167	13,129,639,277	8,183,922,478	274,781,108,969

(*) Other increases/(decreases) represent the exchange difference upon conversion of the USD denominated financial statements of Everpia Cambodia Co., Ltd., a subsidiary.

11. FINANCE LEASES

Currency: VND
Office equipment

Cost:	
Beginning balance	113,556,756
Addition	-
Ending balance	113,556,756
Accumulated depreciation:	
Beginning balance	18,926,123
Depreciation for the year	11,355,675
Ending balance	30,281,798
Net carrying amount:	
Beginning balance	94,630,633
Ending balance	83,274,958

This is the photocopier leased from Chailease International Finance Lease Company Limited according to Contract No. B140301607 dated 24 March 2014 with a term of 48 months, which bears interest rate at 1.83% per month.

12. INTANGIBLE FIXED ASSETS

Currency: VND

	Trade mark	Distribution channel	Computer software	Others	Total
Cost:					
Beginning balance	23,494,500,000	7,831,500,000	7.438.284.189	686.893.687	39.451.177.876
Ending balance	23,494,500,000	7,831,500,000	7.438.284.189	686.893.687	39.451.177.876
<i>In which:</i>					
Depreciated	-	-	266.973.710	686.893.747	953.867.457
Accumulated amortization:					
Beginning balance	14,910,763,823	6,798,774,485	3.638.016.585	686.893.687	26.034.448.580
Amortization for the year	1,226,248,025	516,362,635	801.839.254	-	2.544.449.914
Ending balance	16,137,011,848	7,315,137,120	4.439.855.839	686.893.687	28.578.898.494
Net carrying amount:					
Beginning balance	8,583,736,177	1,032,725,515	3.800.267.604	-	13.416.729.296
Ending balance	7,357,488,152	516,362,880	2.998.428.350	-	10.872.279.382

13. INVESTMENT IN ASSOCIATE

Currency: VND

Texpia Joint Stock Company

Investment Value	
Beginning balance	11,590,390,000
Ending balance	11,590,390,000
Accumulated losses after buying associate:	
Beginning balance	(1,849,998,948)
Accumulated losses after buying associate	(9,740,391,052)
Ending balance	(11,590,390,000)
Remaining value:	
Beginning balance	9,740,391,052
Ending balance	-

On 4 September 2015, the Company acquired 44% shares in Texpia Joint Stock Company (previously known as Interamaru Vina Joint Stock Company), with a consideration of VND 11,590,390,000. As at 31 December 2016, the loss from investment in this associate has not yet been recorded is VND 678,819,287.

14. INVESTMENTS IN OTHER ENTITY

Investment in other entity represents the investment in the shares of Bac Ninh Pharmaceutical Joint Stock Company, with 172,000 shares at the cost of VND 2,638,200,000. The Company was unable to assess the fair value of this investment due to these shares are not listed in the stock exchange.

15. PREPAID EXPENSES

Currency: VND

	Ending balance	Beginning balance
Short-term		
Prepaid rentals	150,000,000	150,000,000
Tools and spare parts	645,283,827	183,655,804
Fire insurance	447,941,340	355,525,696
Advertisement	914,994,045	-
Others	1,032,762,123	896,510,403
	3,190,981,335	1,585,691,903
Long-term		
Prepaid rentals (*)	7,380,175,025	7,624,071,875
Land lease in Hoa Binh province	5,429,545,455	-
Tools and spare parts	1,242,478,256	2,348,157,875
Office equipment	453,097,232	1,259,045,812
Others	642,442,480	1,201,887,569
	15,147,738,448	12,433,163,131

(*) Prepaid rentals represent the payment for the long-term lease of commercial area at Keangnam Building, Pham Hung street, Hanoi for a period of 45 years commencing from 2012. Prepaid rentals are allocated to the income statement on a straight-line basis over 32 years from 2012, which corresponds to the remaining period of the Company's Investment Certificate.

16. TRADE PAYABLES

Currency: VND

	Ending balance		Beginning balance	
	Amount	Amount payable	Amount	Amount payable
EP International Company Limited	10,648,692,462	10,648,692,462	3,506,414,577	3,506,414,577
Payables to other suppliers	33,161,161,924	33,161,161,924	29,661,273,099	29,661,273,099
	43,809,854,386	43,809,854,386	33,167,687,676	33,167,687,676
<i>In which:</i>				
<i>Trade payable to related parties</i>				
(Note 30)	221,100,000	221,100,000	-	-
Trade payable to other parties	43,588,754,386	43,588,754,386	33,167,687,676	33,167,687,676

17. STATUTORY OBLIGATIONS

	Beginning balance	Increase in the year	Payment/net off in the year	Ending balance
Value added tax	385,526,184	61,568,126,898	58,999,194,086	2,954,458,996
Import and export duties	550,254,566	1,142,002,474	1,119,017,197	573,239,843
Corporate income tax (Note 29)	31,377,106,680	28,541,011,464	37,481,419,321	22,436,698,823
Personal income tax	758,058,770	9,004,752,746	9,044,929,564	717,881,952
Other taxes	63,334,689	788,060,670	773,645,680	77,749,679
	33,134,280,889	101,043,954,252	107,418,205,848	26,760,029,293

Currency: VND

18. OTHER PAYABLES

Short-term

Coupon payables
Trade union fee
Social insurance
Other short-term payables

Long-term

Provision for severance allowances
Other long-term payables

Ending balance	Beginning balance
588,840,909	-
4,908,000	86,123,580
84,545,734	98,253,322
360,394,169	5,303,733,781
1,038,688,812	5,488,110,683
3,522,669,782	3,425,274,814
326,868,000	316,868,000
3,849,537,782	3,742,142,814
4,888,226,594	9,230,253,497

Currency: VND

19. BORROWINGS AND FINANCE LEASES

	Beginning balance		Movement during the year		Ending balance	
	Balance	Payable amount	Increase	Decrease	Balance	Payable amount
Short-term						
Borrowings from banks	68,528,083,021	68,528,083,021	99,268,682,256	167,796,765,277	-	-
Current portion of finance lease	-	-	25,057,953	-	25,057,953	25,057,953
Current portion of long-term borrowings (Note 19.2)	-	-	18,028,593,476	3,653,488,893	14,375,104,583	14,375,104,583
Borrowings from others (Note 19.1)	1,127,000,000	1,127,000,000	2,055,166,667	447,366,667	2,734,800,000	2,734,800,000
	69,655,083,021	69,655,083,021	119,377,500,352	171,897,620,837	17,134,962,536	17,134,962,536
Long-term						
Borrowings from banks (Note 19.2)	34,535,069,200	34,535,069,200	24,889,605,626	18,053,651,429	41,371,023,397	41,371,023,397
Finance lease (Note 19.3)	84,864,737	84,864,737	-	50,115,906	34,748,831	34,748,831
	34,619,933,937	34,619,933,937	24,889,605,626	18,103,767,335	41,405,772,228	41,405,772,228
	104,275,016,958	104,275,016,958	144,267,105,978	190,001,388,172	58,540,734,764	58,540,734,764

Currency: VND

19. BORROWINGS AND FINANCE LEASES (CONTINUE)

BORROWINGS FROM OTHERS

	31 December 2016		Principal and interest payment term	Interest rate per annum	Description of collateral
	VND	Original currency			
Mr. Meach Mort	2,734,800,000	USD 120.000	1 year	0%	None
	2,734,800,000				

LONG-TERM BORROWINGS FROM BANKS

Details of the long-term borrowings from banks are as follows:

Bank	31 December 2016		Principal and interest payment term	Interest rate per annum	Description of collateral
	VND	Original currency			
Shinhan One Member Limited Liability Bank of Vietnam	33,230,716,140	USD 1,457,488	4-5 years since loan drawdown date. Final principal repayment on 11 June 2020	From 3.5% to 3.62%	Machinery, equipment and other fixed assets in Bien Hoa 1 Industrial Zone, An Binh District, Bien Hoa City
Shinhan One Member Limited Liability Bank of Vietnam	18,515,411,840	VND 18,515,411,840	5 years since loan drawdown date. Final principal repayment on 24 June 2020	7%	Machinery, equipment and other fixed assets in Bien Hoa 1 Industrial Zone, An Binh District, Bien Hoa City
Shinhan One Member Limited Liability Bank of Vietnam	4,000,000,000	VND 4,000,000,000	5 years since loan drawdown date. Final principal repayment on 30 Nov 2021	6.83%	Car is bought by this loan
	55,746,127,980				

In which:

Current portion	14,375,104,583
Long-term portion	41,371,023,397

FINANCE LEASES

This is the photocopier leased from Chalease International Finance Lease Co., Ltd according to Contract No. B140301607, dated 24 March 2014 with a term of 48 months and bears interest at 1.83% per month.

20. SCIENTIFIC AND TECHNOLOGICAL DEVELOPMENT FUND

Currency: VND

	Current year	Previous year
Beginning balance	2,683,121,285	7,736,603,050
Addition:		
Allocated from retained earnings	-	-
Deduction:		
Utilisation during the year	(1,151,974,449)	(5,053,481,765)
Ending balance	1,531,146,836	2,683,121,285

21. OWNERS' EQUITY

INCREASE AND DECREASE IN OWNERS' EQUITY

Currency: VND

	Contributed charter capital	Share premium	Treasury shares	Other funds belonging to owners' equity	Foreign exchange reserve	Undistributed earnings	Total
Previous year							
Beginning balance	279,865,180,000	191,000,000,000	(10,491,434,356)	8,227,907,722	(72,374,361)	355,917,976,369	824,447,255,374
- Profit for the year	-	-	-	-	-	113,543,066,421	113,543,066,421
- Appropriation to reserve	-	-	-	4,225,775,125	-	(4,225,775,125)	-
- Dividends declared	-	-	-	-	-	(27,210,964,350)	(27,210,964,350)
- Foreign exchanges differences	-	-	-	-	(36,197,564)	-	(36,197,564)
arising from conversion of financial statements of subsidiary							
- Other decreases	-	-	-	(2,504,059,728)	-	(1,236,367,213)	(3,740,426,941)
Ending balance	279,865,180,000	191,000,000,000	(10,491,434,356)	9,949,623,119	(108,571,925)	436,787,936,102	907,002,732,940
Current year							
Beginning balance	279,865,180,000	191,000,000,000	(10,491,434,356)	9,949,623,119	(108,571,925)	436,787,936,102	907,002,732,940
- Profit for the year	-	-	-	-	-	89,614,826,276	89,614,826,276
- Transfer of treasury shares	-	12,072,724,247	10,491,434,356	-	-	-	22,564,158,603
- Appropriation to reserve	-	-	-	5,677,153,321	-	(5,677,153,321)	-
- Dividends declared	139,932,550,000	-	-	-	-	(195,829,594,106)	(55,897,044,106)
- Foreign exchanges	-	-	-	-	(63,669,523)	-	(63,669,523)
differences arising from conversion of financial statements of subsidiary							
- Other decreases	-	-	-	(3,571,390,000)	-	-	(3,571,390,000)
Ending balance	419,797,730,000	203,072,724,247	-	12,055,386,440	(172,241,448)	324,896,014,951	959,649,614,190

CONTRIBUTED CHARTER CAPITAL

Currency: VND

	Ending balance		Số đầu năm	
	Total	Ordinary shares	Total	Ordinary shares
Share capital	419,797,730,000	419,797,730,000	279,865,180,000	279,865,180,000
Share premium	203,072,724,247	203,072,724,247	191,000,000,000	191,000,000,000
Treasury shares (*)	-	-	(10,491,434,356)	(10,491,434,356)
	622,870,454,247	622,870,454,247	460,373,745,644	460,373,745,644

CAPITAL TRANSACTIONS WITH OWNERS AND DISTRIBUTION OF DIVIDENDS, PROFITS

Currency: VND

	Current year	Previous year
Contributed capital		
Beginning balance	279,865,180,000	279,865,180,000
Increase in the year	139,932,550,000	-
Decrease in the year	-	-
Ending balance	419,797,730,000	279,865,180,000
Dividends paid	(195,829,594,106)	(27,210,964,350)

According to the resolution of the Extraordinary Meeting of Shareholders No. 02/DHDCD2016/NQ dated 24 June 2016, on 27 July 2016, the Company issued shares to pay dividends for 2015 at the rate of 50%. The number of shares issued to pay dividends is 13,993,255 shares, equivalent to the increase of share capital of 139,932,550,000 VND.

21. OWNERS' EQUITY (CONTINUE)

SHARES

	Ending balance Quantity	Beginning balance Quantity
Issued shares	41,979,773	27,986,518
Issued and paid-up shares	41,979,773	27,986,518
Ordinary shares	41,979,773	27,986,518
Preferred shares	-	-
Treasury shares	-	(479,300)
Ordinary shares	-	(479,300)
Preferred shares	-	-
Shares in circulation	41,979,773	27,507,218
Ordinary shares	41,979,773	27,507,218
Preference shares	-	-

The Company's shares are listed on the Ho Chi Minh City Stock Exchange (HOSE) under the ticker symbol of EVE. The par value of share in circulation during the year is VND10,000/share (2015: VND10,000/share).

OTHER FUNDS BELONGING TO OWNERS' EQUITY

Other funds belonging to owners' equity is set up according to the Resolution of the General shareholders on 15 April 2016 with the amount of 5% of Profit after tax presented in the consolidated financial statements for the year 2015. According to this Resolution, the Board of Director and Management are authorised to use this fund for the Company's business activities in order to maximize the Company's operating results.

22. OFF BALANCE SHEET ITEMS

Currency: VND

	Ending balance	Beginning balance
Foreign currency		
- USD	678,776	677,231
- EUR	162	173

23. REVENUE

REVENUE FROM SALE OF GOODS

Currency: VND

	Current year	Previous year
Gross revenue	868,969,242,139	883,442,397,668
<i>In which:</i>		
Sales of bedding products	508,516,212,616	526,127,621,311
Sales of padding products	262,368,040,097	253,215,597,204
Sales of quilting products	78,501,474,216	69,280,103,228
Other sales	19,076,994,595	34,529,755,025
Scrap sales	506,520,615	289,320,900
Less	(5,054,666,284)	(2,816,494,881)
Sales return	(821,166,454)	(2,816,494,881)
Trade discount	(4,233,499,830)	-
Net revenue	863,914,575,855	880,625,902,787

FINANCE INCOME

Currency: VND

	Current year	Previous year
Interest income	10,452,656,820	8,933,685,308
Foreign exchange gain	3,781,683,655	6,213,962,750
Dividend income	223,600,000	223,600,000
Others	-	45,211,936
	14,457,940,475	15,416,459,994

24. COST OF GOODS SOLD

	Currency: VND	
	Current year	Previous year
Cost of bedding products sold	378,028,139,940	372,730,937,096
Cost of padding products sold	136,563,985,175	141,536,538,977
Cost of quilting products sold	49,478,253,855	37,767,902,768
Other cost of sales	8,765,946,107	11,503,607,111
	572,836,325,077	563,538,985,952

25. FINANCE EXPENSES

	Currency: VND	
	Current year	Previous year
Interest expense	4,338,980,359	2,971,884,267
Foreign exchange losses	1,559,424,497	7,369,530,419
Other finance expense	15,368,986	15,262,086
	5,913,773,842	10,356,676,772

26. SELLING EXPENSES AND GENERAL AND ADMINISTRATIVE EXPENSES

	Currency: VND	
	Current year	Previous year
Selling expenses		
- Raw materials	2,504,655,564	1,302,557,467
- Labour costs	29,577,137,363	25,876,522,271
- Depreciation	2,632,355,455	4,800,696,850
- External services	38,706,700,582	28,896,292,104
- Others	8,693,687,530	13,694,814,442
	82,114,536,494	74,570,883,134
General and administrative expenses		
- Raw materials	200,308,425	288,105,358
- Labour costs	58,802,551,694	42,370,787,887
- Depreciation	7,360,652,744	26,186,739,033
- External services	19,655,395,932	14,220,458,318
- Others	10,428,163,638	10,809,857,429
	96,447,072,433	93,875,948,025
	178,561,608,927	168,446,831,159

27. OTHER INCOME AND EXPENSES

	Currency: VND	
	Current year	Previous year
Other income	4,323,488,385	662,183,029
Reimbursement of excise tax expense in previous years	4,087,927,679	-
Gain from disposal of assets	-	281,043,851
Gain from penalty for breach of contracts	37,641,912	20,000,000
Other income	197,918,794	361,139,178
	(2,153,863,240)	(4,232,569,411)
Other expenses		
Loss on disposal of assets	(1,788,270,886)	-
Employees support expenses	-	(601,492,750)
Commissions	-	(862,736,553)
Other expenses	(365,592,354)	(2,768,340,108)
Other profit/(loss)	2,169,625,145	(3,570,386,382)

28. PRODUCTION AND OPERATING COSTS

	Currency: VND	
	Current year	Previous year
Materials	479,652,272,869	511,044,458,696
Labour costs	169,057,422,824	130,161,215,769
Depreciation and amortization	33,317,416,821	50,450,097,035
Expenses for external services	61,586,419,352	48,886,531,941
Other expenses	19,331,673,012	24,954,421,357
	762,945,204,878	765,496,724,798

29. CORPORATE INCOME TAX

The statutory corporate income tax ("CIT") applicable to the Company is 20% of taxable profits.

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

CIT EXPENSES

	Currency: VND	
	Current year	Previous year
Current CIT expenses	28,541,011,464	34,736,417,147
Deferred tax income	(4,665,795,163)	-
	23,875,216,301	34,736,417,147

The reconciliation between the profit before tax and taxable profit is presented below:

	Currency: VND	
	Current year	Previous year
Profit before tax	113,490,042,577	148,279,483,568
At CIT rate of 20% (previous year: 22%)	22,698,008,515	32,621,491,209
<i>Adjustments to increase:</i>	4,062,308,351	2,397,576,258
Expenses not eligible for CIT deduction	1,026,284,618	1,341,917,545
Additional provision for unemployment	-	27,164,129
Loss of subsidiary	655,113,512	621,494,816
Loss of associate	1,948,078,210	406,999,768
<i>Adjustments to decrease:</i>	(2,885,100,565)	(282,650,320)
Temporary differences	(2,022,795,029)	-
Income not subject to CIT	(817,585,536)	-
Unrealised foreign exchange loss of cash and trade receivables of previous year	-	(6,190,925)
Unearned revenue	-	(10,400,000)
Unrealised foreign exchange gain of cash and trade receivables	-	(199,318,538)
Dividend received	(44,720,000)	(49,192,000)
Other adjustment	432,832,011	(17,548,857)
CIT expense	23,875,216,301	34,736,417,147

CURRENT TAX

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

29. CORPORATE INCOME TAX (CONTINUED)

DEFERRED TAX

The following are the deferred tax assets and deferred tax liabilities recognised by the Company, and the movements thereon, during the current and previous years.

	Consolidated balance sheet		Consolidated income statement	
	Ending balance	Beginning balance	Current year	Previous year
Deferred tax assets				
Unearned revenue	117,768,182	-	117,768,182	-
Sale deduction not yet issued invoices	846,699,966	-	846,699,966	-
Provision for obsolete inventories	1,393,630,658	-	1,393,630,658	-
Provision for doubtful debts	1,876,607,625	-	1,876,607,625	-
Accrual for severance pay	704,533,956	-	704,533,956	-
	4,939,240,387		4,939,240,387	
Deferred tax liabilities				
Unrealised foreign exchange gain of cash and trade receivables	(273,445,224)	-	(273,445,224)	-
	(273,445,224)		(273,445,224)	
Net deferred tax assets	4,665,795,163			
Net deferred tax credit to consolidated income statement			4,665,795,163	

30. TRANSACTIONS WITH RELATED PARTIES

Significant transactions of the Company with related parties during the year were as follows:

Related party	Relationship	Transactions	Currency: VND	
			Current year	Previous year
Texpia JSC	Associate	Loans	16,040,000,000	57,473,000,000
		Collection of loans	3,640,000,000	9,100,000,000
		Processing revenue	2,851,649,941	1,272,293,966
		Loan interest	4,147,563,500	689,460,500
		Liquidation of assets	400,000,000	-
		Services revenue	880,000,000	-
		Other revenues	812,656,060	-

The terms and conditions of transactions with related parties

The sales and purchases transactions with related parties shall comply with the prices and the terms prevailing in the market.

The balance of accounts receivable and payable on 31 December 2016 is unsecured, interest-free and will be paid in cash. For the year ended on 31 December 2016, the Company has not made any provision for doubtful debts relating to amounts owed by related parties (at 31 December 2015: Nil). This assessment is done for each year through examining the financial position of the related party and the relevant markets in which it operates.

30. TRANSACTIONS WITH RELATED PARTIES (CONTINUED)

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

			Currency: VND	
Related parties	Relationship	Transactions	Current year	Previous year
Receivable (Note 6.1)				
Texpia Joint Stock Company	Associate	Processing	1,206,407,784	269,682,885
			1,206,407,784	269,682,885
Other receivable (Note 8)				
Texpia Joint Stock Company	Associate	Loan interest	1,549,711,500	-
		Disposal of assets	330,000,000	-
		Providing services	400,000,000	-
			2,279,711,500	-
Receivable for short-term lending (Note 7)				
Texpia Joint Stock Company (*)	Associate	Loan	60,773,000,000	48,373,000,000
			60,773,000,000	48,373,000,000
Trade payables (Note 16)				
Texpia Joint Stock Company	Associate	Purchase of wiper	221,100,000	-
			221,100,000	-

(*) This is the loan to Texpia Joint Stock Company according to the contract in 2015 and 2016. These loans have maturity from 1 to 8 months with the interest of 6% per year, unsecured.

Remuneration to members of the Board of Directors and Management:

		Currency: VND	
		Current year	Previous year
Salaries and bonus		17,009,454,229	16,663,930,436
		17,009,454,229	16,663,930,436

31. EARNINGS PER SHARE

Basic earnings per share amounts are calculated by dividing net profit after tax for the year attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the year.

Diluted earnings per share amounts are calculated by dividing the net profit after tax attributable to ordinary equity holders of the Company (after adjusting 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 reflects the income and share data used in the basic and diluted earnings per share computations:

		Currency: VND	
		Current year	Previous year
Net profit after tax attributable to ordinary equity holders for basic earnings		89,614,826,276	113,543,066,421
Effect of dilution		-	-
Net profit attributable to ordinary equity holders adjusted for the effect of dilution		89,614,826,276	113,543,066,421
Weighted average number of ordinary shares for basic earnings per share (*)		41,718,323	41,500,473
Effect of dilution		-	-
Weighted average number of ordinary shares adjusted for the effect of dilution (*)		41,718,323	41,500,473

(*) The restatement of opening balance is due to the issuance of 13,993,255 shares to pay dividend during the current year.

There have been no other transactions involving ordinary shares or potential ordinary shares between the reporting date and the date of completion of these consolidated financial statements.

32. SEGMENT INFORMATION

The principal activities of the Company is manufacturing and trading of products of blankets, sheets, pillows, mattress and duvet. Revenue from sale of blankets, sheets, pillows, mattresses and cotton accounted for 97.78% of total revenue in the year. Besides, the production and business activities of the Company are mainly carried out in the territory of Vietnam. Therefore, the Company does not report on business segment and geographic segment

33. EVENTS AFTER THE BALANCE SHEET DATE

Under Decision of Board of Director No. 002/2017/HĐQT/NQ dated 16 March 2017, the Company decided to sell its capital in Everpia Cambodia Co., Ltd and stop contributing capital to Everpia Intermaru Ltd.

There is no other matter or circumstance that has arisen since the balance sheet date that requires adjustment or disclosure in the consolidated financial statements of the Company and its subsidiary.



Lee Jae Eun
General Director

29th March 2017

Cho Yong Hwan
Deputy General Director
In charge of Finance

Nguyen Bao Ngoc
Preparer

ABBREVIATION

B/D	Bedding
P/D	Padding
Q/T	Quilting
EPS	Earnings Per Share
ROA	Return on Assets
ROE	Return on Equity
ROS	Return on Sales
EVERPIA JSC	Everpia Joint stock company
BOD	Board of Directors
AC	Audit committee
CM	Cut & Making
CPI	Consumer Price Index
GDP	Gross Domestic Product
AG	Exclusive agent in Hanoi and Hochiminh city
DB	Distributor in provinces
GDB	General Distributor in provinces

NOTE TO READERS

- All herein financial information originated from the Audited Consolidated Financial Statement in 2016 of Everpia JSC.
- Herein marketing & production capacity information is from Everpia's internal report. All cautiously analysed statements are appropriate as of the publication date according to our subjective assessments.



Everpia JSC.

Investors who have any questions about their investment in Everpia or about Everpia in general, may write to Planning Team as follows:

PLANNING TEAM
Branch of Everpia JSC.

- A** Tan Quang, Van Lam, Hung Yen
- T** (0321) 3791777 (ext: 348)
- F** (0321) 3791999
- W** www.everpia.vn
- E** info@everpia.vn