

**TNG INVESTMENT AND TRADING
JOINT STOCK COMPANY**

(Incorporated in the Socialist Republic of Vietnam)

**AUDITED SEPARATE
FINANCIAL STATEMENTS**

For the year ended 31 December 2019



TNG INVESTMENT AND TRADING JOINT STOCK COMPANY

No. 434/1 Bac Kan Street, Hoang Van Thu District,
Thai Nguyen City, Thai Nguyen Province, Vietnam

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TNG INVESTMENT AND TRADING JOINT STOCK COMPANY

No. 434/1 Bac Kan Street, Hoang Van Thu District,
Thai Nguyen City, Thai Nguyen Province, Vietnam

STATEMENT OF THE BOARD OF EXECUTIVE OFFICERS

The Board of Executive Officers of TNG Investment and Trading Joint Stock Company (the "Company") presents this report together with the Company's separate financial statements for the year ended 31 December 2019.

THE BOARDS OF DIRECTORS AND EXECUTIVE OFFICERS

The members of the Boards of Directors and Executive Officers of the Company who held office during the year and to the date of this report are as follows:

Board of Directors

Mr. Nguyen Van Thoi	Chairman	
Mr. Nguyen Duc Manh	Member	
Mr. Le Quang Vinh	Member	
Mr. Nguyen Van Duc	Member	
Ms. Do Thi Ha	Member	
Ms. Luong Thi Thuy Ha	Member	(Appointed on 21 April 2019)
Mr. Nguyen Manh Linh	Member	(Appointed on 21 April 2019)
Ms. Dinh Le Hang	Member	(Appointed on 21 April 2019)
Mr. Kim Hwan Kyoong	Member	(Appointed on 21 April 2019)
Ms. Ha Thi Tuyet	Member	(Resigned on 21 April 2019)
Mr. Rusdy Pranata	Member	(Resigned on 21 April 2019)

Board of Executive Officers

Mr. Nguyen Van Thoi	Chief Executive Officer
Mr. Nguyen Duc Manh	Deputy Chief Executive Officer
Mr. Tran Minh Hieu	Deputy Chief Executive Officer
Ms. Luong Thi Thuy Ha	Deputy Chief Executive Officer
Ms. Doan Thi Thu	Deputy Chief Executive Officer
Mr. Luu Duc Huy	Deputy Chief Executive Officer (Appointed on 11 January 2019)

BOARD OF EXECUTIVE OFFICERS' STATEMENT OF RESPONSIBILITY

The Board of Executive Officers of the Company is responsible for preparing the separate financial statements, which give a true and fair view of the financial position of the Company as at 31 December 2019, and its financial performance and its cash flows for the year then ended in accordance with Vietnamese Accounting Standards, accounting regime for enterprises and legal regulations relating to financial reporting. In preparing these separate financial statements, the Board of Executive Officers is required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- state whether applicable accounting principles have been followed, subject to any material departures disclosed and explained in the separate financial statements;
- prepare the separate financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business; and
- design and implement an effective internal control system for the purpose of properly preparing and presenting the separate financial statements so as to minimize errors and frauds.



No.: 0175 /VN1A-HN-BC

INDEPENDENT AUDITORS' REPORT

**To: The Shareholders
The Board of Directors and Board of Executive Officers
TNG Investment and Trading Joint Stock Company**

We have audited the accompanying separate financial statements of TNG Investment and Trading Joint Stock Company (the "Company"), prepared on 23 March 2020 as set out from page 05 to page 32, which comprise the balance sheet as at 31 December 2019, the income statement and cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

The Board of Executive Officers' Responsibility for the separate financial statements

The Board of Executive Officers is responsible for the preparation and fair presentation of these separate financial statements in accordance with Vietnamese Accounting Standards, accounting regime for enterprises and legal regulations relating to financial reporting and for such internal control as the Board of Executive Officers determines is necessary to enable the preparation of separate 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 separate 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 separate financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the separate financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the separate 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 separate 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 the Board of Executive Officers, as well as evaluating the overall presentation of the separate financial statements.

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

INDEPENDENT AUDITORS' REPORT (Continued)

Opinion

In our opinion, the separate financial statements present fairly, in all material respects, the financial position of the Company as at 31 December 2019, and its financial performance and its cash flows for the year then ended in accordance with Vietnamese Accounting Standards, accounting regime for enterprises and legal regulations relating to financial reporting.



Vu Duc Nguyen
Deputy General Director
Audit Practising Registration Certificate
No. 0764-2018-001-1

DELOITTE VIETNAM COMPANY LIMITED

23 March 2020
Hanoi, S.R. Vietnam

Nguyen Tien Quoc
Auditor
Audit Practising Registration Certificate
No. 3008-2019-001-1

BALANCE SHEET

As at 31 December 2019

Unit: VND

ASSETS	Codes	Notes	Closing balance	Opening balance
A. CURRENT ASSETS	100		1,594,121,719,742	1,374,586,811,751
I. Cash and cash equivalents	110	4	292,672,045,402	12,701,137,291
1. Cash	111		172,672,045,402	12,701,137,291
2. Cash equivalents	112		120,000,000,000	-
II. Short-term receivables	130		364,142,583,991	478,042,278,651
1. Short-term trade receivables	131	5	302,824,175,457	455,673,608,806
2. Short-term advances to suppliers	132		7,473,372,031	5,888,734,884
3. Other short-term receivables	136	6	53,845,036,503	21,625,870,932
4. Provision for short-term doubtful debts	137		-	(5,145,935,971)
III. Inventories	140	7	860,401,903,483	822,431,006,423
1. Inventories	141		865,064,776,706	828,074,058,827
2. Provision for devaluation of inventories	149		(4,662,873,223)	(5,643,052,404)
IV. Other short-term assets	150		76,905,186,866	61,412,389,386
1. Short-term prepayments	151	8	28,684,025,285	22,546,133,628
2. Value added tax deductibles	152		48,221,161,581	38,866,255,758
B. NON-CURRENT ASSETS	200		1,433,288,606,205	1,220,848,391,443
I. Long-term receivables	210		15,605,193,707	18,829,818,987
1. Other long-term receivables	216	6	15,605,193,707	18,829,818,987
II. Fixed assets	220		1,115,764,762,310	979,180,489,301
1. Tangible fixed assets	221	9	1,091,872,805,621	957,762,517,201
- Cost	222		1,788,883,340,065	1,537,420,060,468
- Accumulated depreciation	223		(697,010,534,444)	(579,657,543,267)
2. Intangible assets	227	10	23,891,956,689	21,417,972,100
- Cost	228		40,529,444,412	35,365,206,274
- Accumulated amortisation	229		(16,637,487,723)	(13,947,234,174)
III. Investment property	230	11	34,573,863,793	-
- Cost	231		34,575,722,703	-
- Accumulated depreciation	232		(1,858,910)	-
IV. Long-term assets in progress	240		169,197,150,221	131,895,136,874
1. Construction in progress	242	12	169,197,150,221	131,895,136,874
V. Long-term financial investments	250	13	-	-
1. Investments in subsidiaries	251		-	-
2. Investments in associates	252		771,150,000	771,150,000
3. Provision for impairment of long-term financial investments	254		(771,150,000)	(771,150,000)
VI. Other long-term assets	260		98,147,636,174	90,942,946,281
1. Long-term prepayments	261	8	98,147,636,174	90,942,946,281
TOTAL ASSETS (270=100+200)	270		3,027,410,325,947	2,595,435,203,194

The accompanying notes are an integral part of these separate financial statements

BALANCE SHEET (Continued)

As at 31 December 2019

Unit: VND

RESOURCES	Codes	Notes	Closing balance	Opening balance
C. LIABILITIES	300		1,960,689,468,846	1,801,370,803,699
I. Current liabilities	310		1,414,614,342,278	1,372,729,685,399
1. Short-term trade payables	311	14	228,968,414,715	219,466,182,042
2. Short-term advances from customers	312		1,541,917,761	1,975,497,747
3. Taxes and amounts payable to the State budget	313	15	22,573,780,044	16,450,848,035
4. Payables to employees	314		59,043,353,646	49,937,186,172
5. Short-term accrued expenses	315	16	34,572,497,229	25,218,209,079
6. Other current payables	319	17	13,820,990,085	19,393,601,950
7. Short-term loans	320	18	1,050,792,460,988	1,030,865,689,212
8. Bonus and welfare funds	322		3,300,927,810	9,422,471,162
II. Long-term liabilities	330		546,075,126,568	428,641,118,300
1. Long-term loans	338	19	381,075,126,568	228,641,118,300
2. Convertible bonds	339	20	165,000,000,000	200,000,000,000
D. EQUITY	400		1,066,720,857,101	794,064,399,495
I. Owners' equity	410	21	1,066,720,857,101	794,064,399,495
1. Owners' contributed capital	411		652,114,760,000	493,401,800,000
2. Share premium	412		35,085,695,123	30,520,475,123
3. Other owners' capital	414		55,419,591	55,419,591
4. Investment and development fund	418		107,333,985,855	56,825,661,884
5. Other reserves	420		42,001,078,262	32,988,054,755
6. Retained earnings	421		230,129,918,270	180,272,988,142
- Retained earnings accumulated to the prior year end	421a		18,806,001	12,518,001
- Retained earnings of the current year	421b		230,111,112,269	180,260,470,141
TOTAL RESOURCES (440=300+400)	440		3,027,410,325,947	2,595,435,203,194

Ta Thi Thu Huong
Preparer

Tran Thi Thu Ha
Chief AccountantLuong Thi Thuy Ha
Deputy Chief Executive Officer

23 March 2020

The accompanying notes are an integral part of these separate financial statements

INCOME STATEMENT

For the year ended 31 December 2019

Unit: VND

ITEMS	Codes	Notes	Current year	Prior year
1. Gross revenue from goods sold and services rendered	01	24	4,617,541,777,109	3,612,896,996,945
2. Deductions	02	24	5,318,041,517	-
3. Net revenue from goods sold and services rendered (10=01-02)	10	24	4,612,223,735,592	3,612,896,996,945
4. Cost of sales	11	25	3,825,317,518,490	2,971,920,362,309
5. Gross profit from goods sold and services rendered (20=10-11)	20		786,906,217,102	640,976,634,636
6. Financial income	21	27	21,074,741,162	27,707,563,015
7. Financial expenses	22	28	136,400,434,805	136,193,181,773
- In which: Interest expense	23		101,227,715,040	91,500,188,015
8. Selling expenses	25	29	130,112,095,994	101,799,838,830
9. General and administration expenses	26	29	249,327,669,254	211,464,161,901
10. Operating profit (30=20+(21-22)-(25+26))	30		292,140,758,211	219,227,015,147
11. Other income	31		3,648,015,656	580,054,552
12. Other expenses	32		7,180,662,833	5,500,050,380
13. Losses from other activities (40=31-32)	40		(3,532,647,177)	(4,919,995,828)
14. Accounting profit before tax (50=30+40)	50		288,608,111,034	214,307,019,319
15. Current corporate income tax expense	51	30	58,496,998,765	34,046,549,178
16. Net profit after corporate income tax (60=50-51)	60		230,111,112,269	180,260,470,141

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Ta Thi Thu Huong
Preparer

Tran Thi Thu Ha
Chief Accountant


Luong Thi Thuy Ha
Deputy Chief Executive Officer

23 March 2020

CASH FLOW STATEMENT

For the year ended 31 December 2019

ITEMS	Codes	Unit: VND	
		Current year	Prior year
I. CASH FLOWS FROM OPERATING ACTIVITIES			
1. Profit before tax	01	288,608,111,034	214,307,019,319
2. Adjustments for:			
Depreciation and amortisation of fixed assets and investment property	02	129,423,455,724	112,871,622,161
Provisions	03	(980,179,181)	243,318,926
Foreign exchange (gain)/loss arising from translating foreign currency items	04	(2,961,046,972)	1,137,446,167
(Gain)/loss from investing activities	05	(88,777,277)	1,993,936,854
Interest expense	06	101,227,715,040	91,500,188,015
3. Operating profit before movements in working capital	08	515,229,278,368	422,053,531,442
Increase, decrease in receivables	09	109,739,532,754	(58,786,469,695)
Increase, decrease in inventories	10	(36,990,717,879)	(211,564,155,241)
Increase, decrease in payables (excluding accrued loan interest and corporate income tax payable)	11	(8,288,651,382)	102,461,812,271
Increase, decrease in prepaid expenses	12	(13,342,581,550)	(16,581,804,332)
Interest paid	14	(98,257,914,352)	(91,231,789,551)
Corporate income tax paid	15	(52,357,132,177)	(27,905,398,083)
Other cash outflows	17	(5,354,177,371)	(2,939,570,117)
Net cash generated by operating activities	20	410,377,636,411	115,506,156,694
II. CASH FLOWS FROM INVESTING ACTIVITIES			
1. Acquisition and construction of fixed assets and other long-term assets	21	(337,083,106,274)	(209,823,022,385)
2. Proceeds from sale, disposal of fixed assets and other long-term assets	22	197,056,727	1,748,807,274
3. Interest earned, dividends and profits received	27	-	28,310,410
Net cash used in investing activities	30	(336,886,049,547)	(208,045,904,701)
III. CASH FLOWS FROM FINANCING ACTIVITIES			
1. Proceeds from share issue and owners' contributed capital	31	24,670,090,000	-
2. Proceeds from borrowings	33	4,219,505,472,027	3,471,389,628,846
3. Repayment of borrowings	34	(4,037,775,419,119)	(3,376,989,402,880)
Net cash generated by financing activities	40	206,400,142,908	94,400,225,966
Net increases in cash (50=20+30+40)	50	279,891,729,772	1,860,477,959
Cash and cash equivalents at the beginning of the year	60	12,701,137,291	10,283,349,259
Effects of changes in foreign exchange rates	61	79,178,339	557,310,073
Cash and cash equivalents at the end of the year (70=50+60+61)	70	292,672,045,402	12,701,137,291


 Ta Thi Thu Huong
 Preparer


 Tran Thi Thu Ha
 Chief Accountant


 Luong Thi Thuy Ha
 Deputy Chief Executive Officer

23 March 2020

The accompanying notes are an integral part of these separate financial statements

NOTES TO THE SEPARATE FINANCIAL STATEMENTS

These notes are an integral part of and should be read in conjunction with the separate financial statements

1. GENERAL INFORMATION**Structure of ownership**

TNG Investment and Trading Joint Stock Company (the "Company") was a State-owned enterprise established under Decision No. 448/QĐ-UB of the People's Committee of Bac Thai Province (currently known as Thai Nguyen Province) dated 12 November 1979. The Company was equitized and transformed into a joint stock company under Decision No. 3744/QĐ-UB dated 16 December 2002 of the People's Committee of Thai Nguyen Province. Since 01 January 2003, the Company has officially been transformed into a joint stock company under Business License No. 1703000036 issued by the Authority for Planning and Investment of Thai Nguyen Province on 02 January 2003. According to the amended Business Registration Certificates No. 4600305723 amended by the Authority for Planning and Investment of Thai Nguyen Province dated 09 January 2020, the authorized charter capital of the Company is VND 652.114.760.000. The Company's shares are listed on Hanoi Stock Exchange (HNX) with the stock code of TNG.

The Company's total number of employees of as at 31 December 2019 was 15,670 (as at 31 December 2018: 14,056).

Operating industry and principal activities

The Company's operating industry and principal activities are manufacture and trade of garments, including:

- Manufacture of corrugated paper and paperboard, and of containers of paper and paperboard (manufacture of containers of paper);
- Manufacture of plastic products (production of plastic for plastic bags, plastic raincoats and garment materials and accessories);
- Wholesale of textiles, made-up clothing, footwear;
- Retail sale of clothing, footwear, leather articles and imitation leather in specialized stores;
- Printing (directly onto textiles, plastic, cardboard, PE bags)
- Finishing of textiles (silk screen-printing, including thermal printing on wearing apparel)
- Trading of own or rented property or land use rights;
- Manufacture of wearing apparel (except being made of animal's skin and fur) – Principal activity;
- Manufacture of knitted and crocheted apparel;
- Vocational education (industrial sewing training);
- Manufacture of made-up articles (except apparel);
- Washing and (dry-) cleaning of textiles and fur products. Details: Industrial washing and pressing of garment products.

Normal production and business cycle

The Company's normal production and business cycle is carried out for a time period of 12 months or less.

The Company's structure

The Company's structure includes 01 headquarters and 15 dependent branches, of which, the Company's headquarters is located at No. 434/1 Bac Kan Street, Hoang Van Thu Ward, Thai Nguyen City.

As at 31 December 2019, the Company has 02 subsidiaries and 02 associates. General information about subsidiaries and associates is as follows:

Name of Company	Place of incorporation and operation	Proportion of ownership interest (%)	Proportion of voting power held (%)	Principal activity
Subsidiaries				
TNG Fashion Company Limited	Thai Nguyen	100	100	Fashion business
TNG Eco Green Company Limited	Thai Nguyen	100	100	Real estate trade
Associates				
Bac Thai Electric Construction Joint Stock Company	Thai Nguyen	49	49	Electric Construction
TNG Yen Binh Golf Company Limited	Thai Nguyen	49	49	Golf course business

Disclosure of information comparability in the separate financial statements

The comparative figures of balance sheet, income statement, cash flow statement sheet and corresponding notes are the figures of the Holding Company's audited financial statements for the year ended 31 December 2018. The comparative figures are presented for reference purpose, not for comparison purpose.

2. ACCOUNTING CONVENTION AND FINANCIAL YEAR

Accounting convention

The accompanying separate financial statements, expressed in Vietnam Dong (VND), are prepared under the historical cost convention and in accordance with Vietnamese Accounting Standards, accounting regime for enterprises and legal regulations relating to financial reporting.

The accompanying separate financial statements are not intended to present the financial position, results of operations and cash flows in accordance with accounting principles and practices generally accepted in countries and jurisdictions other than Vietnam.

Financial year

The Company's financial year begins on 01 January and ends on 31 December.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies, which have been adopted by the Company in the preparation of these separate financial statements, are as follows:

Estimates

The preparation of separate financial statements in conformity with Vietnamese Accounting Standards, accounting regime for enterprises and legal regulations relating to financial reporting requires the Board of Executive Officers to make estimates and assumptions that affect the reported amounts of assets, liabilities and disclosures of contingent assets and liabilities at the date of the separate financial statements and the reported amounts of revenues and expenses during the financial year. Although these accounting estimates are based on the Board of Executive Officers' best knowledge, actual results may differ from those estimates.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, demand deposits and short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

Loan receivables

Loan receivables are measured at cost less provision for doubtful debts. Provision for doubtful debts relating to loan receivables is made in accordance with prevailing accounting regulations.

Investments in subsidiaries, associates

A subsidiary is an entity over which the Company has control. Control is achieved where the Company has the power to govern the financial and operating policies of an investee enterprise so as to obtain benefits from its activities.

An associate is an entity over which the Company has significant influence and that is neither a subsidiary nor an interest in joint venture. Significant influence is the power to participate in the financial and operating policy decisions of the investee but not control or joint control over those policies.

Interests in associates are initially recognised at cost. The Company's share of the net profit of the investee after acquisition is recognised in the income statement. Other distributions received other than such profit share are deducted from the cost of the investments as recoverable amounts.

Investments in subsidiaries and associates are carried in the balance sheet at cost less provision for impairment of such investments (if any). Provisions for impairment of investments in subsidiaries, joint ventures and associates are made when there is reliable evidence for declining in value of these investments at the balance sheet date.

Receivables

Receivables represent the amounts recoverable from customers or other debtors and are stated at book value less provision for doubtful debts.

Provision for doubtful debts is made for receivables that are overdue for six months, or when the debtor is in dissolution, in bankruptcy, or is experiencing similar difficulties and so may be unable to repay the debt according to the Board of Executive Officers' assessment.

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost comprises direct materials and where applicable, direct labour costs and those overheads that have been incurred in bringing the inventories to their present location and condition. Cost is calculated using the weighted average method. Net realisable value represents the estimated selling price less all estimated costs to completion and costs to be incurred in marketing, selling and distribution.

The evaluation of necessary provision for inventory obsolescence follows current prevailing accounting regulations which allow provisions to be made for obsolete, damaged, or sub-standard inventories and for those which have costs higher than net realisable values as at the balance sheet date.

Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less accumulated depreciation.

The costs of purchased tangible fixed assets comprise their purchase prices and any directly attributable costs of bringing the assets to their working condition and location for their intended use. The costs of self-constructed or manufactured assets are the actual construction or manufacturing cost plus installation and test running costs.

Tangible fixed assets are depreciated using the straight-line method over their estimated useful lives as follows:

	<u>Years</u>
Buildings and structures	4 - 40
Machinery and equipment	3 - 20
Office equipment	3 - 9
Motor vehicles	6 - 10
Others	5 - 7

Loss or gain resulting from sales and disposals of tangible fixed assets is the difference between profit from sales or disposals of assets and their residual values and is recognised in the income statement.

Intangible assets and amortisation

Land use rights

Intangible assets representing land use rights are stated at cost less accumulated amortisation. Land use rights are allocated over the duration of the right to use the land.

Computer software

Intangible assets representing computer software is measured initially at purchase price and amortized using the straight line method over their estimated useful life.

Inventory, payroll, production management and accounting management software are amortised using the straight-line method over the duration of 6 years.

Investment properties

Investment properties are composed a part of commercial area of TNG Village Building at Minh Cau street, Thai Nguyen city held by the Company to earn rentals, stated at cost less accumulated depreciation. The costs of self-constructed investment properties are the finally accounted construction or directly attributable costs of the properties.

Investment properties held to earn rentals are depreciated using the straight-line method over their estimated useful lives of 50 years.

Construction in progress

Properties in the course of construction for production, rental or administrative purposes, or for other purposes, are carried at cost. Cost includes professional fees, and related borrowing costs dealt with in accordance with the Company's accounting policy. Depreciation of these assets, on the same basis as other assets, commences when the assets are ready for their intended use.

Prepayments

Prepayments are expenses which have already been paid but relate to results of operations of multiple accounting periods. Prepayments include the expense which is paid to acquire the land use right, assets on land, good will and other types of prepayments.

The expense prepaid to acquire the land use right and assets on land is allocated to the income statement using straight-line method over the lease term.

Goodwill arising on acquisition represents the excess of the cost of acquisition over the Company's interest in the net fair value of the identifiable assets, liabilities and recognised contingent liabilities of the acquired company. The goodwill is allocated to income statement using straight-line method for the period of 3 years from the date of acquisition.

Other type of prepayments comprise costs of small tools, supplies and spare parts issued for consumption, advertising expenditures and insurance expenditures incurred during the operating stage of the Company which are expected to provide future economic benefits to the Company. These expenditures have been capitalised as prepayments, and are allocated to the income statement using the straight-line method in accordance with the current prevailing accounting regulations.

Payable provisions

Payable provisions are recognised when the Company has a present obligation as a result of a past event, and it is probable that the Company will be required to settle that obligation. Provisions are measured at the management's best estimate of the expenditure required to settle the obligation as at the balance sheet date.

Straight bond issued

Bonds are issued as long-term borrowings.

Carrying value of straight bonds is recorded on net basis, equal to bonds' nominal amount.

Convertible bonds

A convertible bond is a bond that can be converted into common stock of the same issuer under conditions specified in the issuance plan.

Costs relating to the issue of convertible bonds are amortised over the lives of the convertible bonds using the straight-line method and are recorded in the financial expenses. Periodically, costs relating to the issue of convertible bonds are recorded in the financial expenses in line with recognition of convertible bonds' interest expense.

Revenue recognition

Sales of goods

Revenue from the sale of goods is recognised when all five (5) following conditions are satisfied:

- (a) the Company has transferred to the buyer the significant risks and rewards of ownership of the goods;
- (b) the Company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- (c) the amount of revenue can be measured reliably;
- (d) it is probable that the economic benefits associated with the transaction will flow to the Company; and
- (e) the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Sales of real estate

Revenue from the sale of real estate which the Company is the investor is recognised when all five (5) following conditions are satisfied:

- (a) the real estate has been completed and transferred to the buyer, the Company has transferred to the buyer the significant risks and rewards of ownership of the real estate;
- (b) the Company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the real estate sold;
- (c) the amount of revenue can be measured reliably;
- (d) the economic benefits associated with the transaction flowed or will flow to the Company; and
- (e) the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Revenue from rendering of services

Revenue of a transaction involving the rendering of services is recognised when the outcome of such transactions can be measured reliably. Where a transaction involving the rendering of services is attributable to several years, revenue is recognised in the year by reference to the percentage of completion of the transaction at the balance sheet date of that year. The outcome of a transaction can be measured reliably when all four (4) following conditions are satisfied:

- (a) the amount of revenue can be measured reliably;
- (b) it is probable that the economic benefits associated with the transaction will flow to the Company;
- (c) the percentage of completion of the transaction at the balance sheet date can be measured reliably; and
- (d) the costs incurred for the transaction and the costs to complete the transaction can be measured reliably.

Interest income is accrued on a time basis, by reference to the principal outstanding and at the applicable interest rate.

Foreign currencies

Transactions arising in foreign currencies are translated at exchange rates ruling at the transaction date. The balances of monetary items denominated in foreign currencies as at the balance sheet date are retranslated at the exchange rates on the same date. Exchange differences arising from the translation of these accounts are recognised in the income statement.

Borrowing costs

Borrowing costs are recognised in the income statement in the year when incurred unless they are capitalised in accordance with Vietnamese Accounting Standard No.16 "Borrowing costs". Accordingly, borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the cost of those assets.

For specific borrowings for the purpose of construction of fixed assets, borrowing costs are capitalised even when the construction period is under 12 months. Other borrowing costs are recognized in the income statement when incurred.

Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit before tax 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 never taxable or deductible.

Deferred tax is recognised on significant differences between carrying amounts of assets and liabilities in the separate financial statements and the corresponding tax bases used in the computation of taxable profit and is accounted for using balance sheet liability method. Deferred tax liabilities are generally recognised for all temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which deductible temporary differences can be utilised.

Deferred tax is calculated at the tax rates that are expected to apply in the year when the liability is settled or the asset realized. Deferred tax is charged or credited to profit or loss, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same tax authority and the Company intends to settle its current tax assets and liabilities on a net basis.

The determination of the tax currently payable is based on the current interpretation of tax regulations. However, these regulations are subject to periodic variation and their ultimate determination depends on the results of the tax authorities' examinations.

Other taxes are paid in accordance with the prevailing tax laws in Vietnam.

4. CASH AND CASH EQUIVALENTS

	<u>Closing balance</u> VND	<u>Opening balance</u> VND
Cash on hand	1,198,591,671	601,453,628
Bank demand deposits (i)	171,473,453,731	12,099,683,663
Cash equivalents (ii)	120,000,000,000	-
	<u>292,672,045,402</u>	<u>12,701,137,291</u>

(i) Include the balance of bank deposits which have been used as collaterals for short-term loans as stated in Note 18.

(ii) Cash equivalents represent term deposits at Joint Stock Commercial Bank for Investment and Development of Vietnam – Thai Nguyen Branch which have the original term of one month and interest rate of 5.5% per annum.

5. SHORT-TERM TRADE RECEIVABLES

	<u>Closing balance</u> VND	<u>Opening balance</u> VND
Desipro Pte. Ltd. (Promiles SNC)	78,881,366,939	124,414,265,176
The Children's Place Services Company, LLC	75,688,998,218	57,227,423,199
Asmara International Limited	38,564,568,231	41,333,010,080
Canda International GMBH & Co OHG	32,784,566,107	22,621,901,274
The Haddad Apparel Group., Ltd.	4,672,556,362	75,051,893,949
Others	72,232,119,600	135,025,115,128
	<u>302,824,175,457</u>	<u>455,673,608,806</u>

6. OTHER RECEIVABLES

	<u>Closing balance</u>	<u>Opening balance</u>
	VND	VND
a. Current		
- Advances to employees	22,539,141,873	339,492,799
- Advance for site clearance compensation	16,816,083,422	10,000,000,000
- Receivables from insurance agency (i)	5,403,502,523	5,017,522,128
- Deposits	3,620,699,730	280,000,000
- Other receivables	5,465,608,955	5,988,856,005
	<u>53,845,036,503</u>	<u>21,625,870,932</u>
b. Non-current		
- Land rentals deductible	10,680,826,157	10,680,826,157
- Deposits	4,924,367,550	8,148,992,830
	<u>15,605,193,707</u>	<u>18,829,818,987</u>

- (i) Represent the Company's advance payment of social insurance contributions to insurance agency on behalf of employees.

7. INVENTORIES

	<u>Closing balance</u>		<u>Opening balance</u>	
	Cost	Provision	Cost	Provision
	VND		VND	
Goods in transit	25,080,516,673	-	18,821,271,270	-
Raw materials	246,815,721,827	-	259,193,190,322	-
Tools and supplies	2,233,008,517	-	4,236,966,104	-
Work in progress	181,702,774,059	-	116,198,514,769	-
Finished goods	409,232,755,630	(4,662,873,223)	428,913,539,777	(5,643,052,404)
Goods on consignment	-	-	710,576,585	-
	<u>865,064,776,706</u>	<u>(4,662,873,223)</u>	<u>828,074,058,827</u>	<u>(5,643,052,404)</u>

During the year, VND nil (2018: VND 243,318,926) was provided for devaluation of inventories.

During the year, VND 980,179,181 (2018: VND nil) was reversed as a provision for devaluation of inventories.

As at 31 December 2019, as presented in Note 18, the Company used circulating goods with the minimum value of VND 390 billion as collaterals for the loans obtained from commercial banks (as at 31 December 2018: VND 390 billion).

8. PREPAYMENTS

	<u>Closing balance</u>	<u>Opening balance</u>
	VND	VND
a. Current		
- Tools and dies issued for consumption	14,760,035,302	10,759,089,201
- Property insurance purchase expenses	3,044,239,270	1,321,992,660
- Others	10,879,750,713	10,465,051,767
	<u>28,684,025,285</u>	<u>22,546,133,628</u>
b. Non-current		
- Tools and dies issued for consumption;	35,681,422,831	36,524,716,702
- Cost of acquiring land use right and assets on land (i)	19,275,491,471	19,699,128,647
- The cost of repairing fixed assets	6,070,844,859	6,785,509,818
- Goodwill	32,282,914	3,420,102,120
- Others	37,087,594,099	24,513,488,994
	<u>98,147,636,174</u>	<u>90,942,946,281</u>

- (i) The cost of acquiring land use right and assets on land pertains to the land plots for which the Company has been granted certificates of land use right with land rental being paid on an annual basis.

TNG INVESTMENT AND TRADING JOINT STOCK COMPANY
NOTES TO THE SEPARATE FINANCIAL STATEMENTS (Continued)

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9. INCREASES, DECREASES IN TANGIBLE FIXED ASSETS

	Buildings and structures	Machinery and equipment	Motor vehicles	Others	Total
	VND	VND	VND	VND	VND
COST					
Opening balance	687,089,560,356	834,478,186,818	9,496,172,515	1,850,174,728	1,537,420,060,468
Additions	20,452,272,586	58,918,844,103	-	79,973,905	79,451,090,594
Transfer from construction in progress	72,479,564,299	109,054,402,214	-	-	181,533,966,513
Reclassification	432,261,668	(432,261,668)	-	-	-
Disposals	-	(10,072,879,468)	-	-	(10,072,879,468)
Others	-	551,101,958	-	-	551,101,958
Closing balance	780,453,658,909	992,497,393,957	9,496,172,515	1,930,148,633	1,788,883,340,065
ACCUMULATED DEPRECIATION					
Opening balance	174,739,834,187	395,978,149,279	4,271,488,037	974,768,533	579,657,543,267
Charge for the year	33,698,629,153	91,808,109,154	330,854,705	246,053,270	126,766,489,237
Disposals	-	(9,964,600,018)	-	-	(9,964,600,018)
Others	-	551,101,958	-	-	551,101,958
Closing balance	208,438,463,340	478,372,760,373	4,602,342,742	1,220,821,803	697,010,534,444
NET BOOK VALUE					
Opening balance	<u>512,349,726,169</u>	<u>438,500,037,539</u>	<u>5,224,684,478</u>	<u>875,406,195</u>	<u>957,762,517,201</u>
Closing balance	<u>572,015,195,569</u>	<u>514,124,633,584</u>	<u>4,893,829,773</u>	<u>709,326,830</u>	<u>1,091,872,805,621</u>

As presented in Notes 18 and 19, the Company has mortgaged its machinery, equipment, motor vehicles, buildings and structures to secure its loans obtained from commercial banks and credit institutions.

As at 31 December 2019, the cost of the Company's tangible fixed assets includes VND 188,759,438,470 (as at 31 December 2018: VND 190,269,310,322) of assets which have been fully depreciated but are still in use.

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10. INCREASES, DECREASES IN INTANGIBLE ASSETS

	<u>Land use rights</u>	<u>Computer software</u>	<u>Total</u>
	VND	VND	VND
COST			
Opening balance	14,640,818,790	20,724,387,484	35,365,206,274
Additions	2,143,431,587	3,020,806,551	5,164,238,138
Closing balance	<u>16,784,250,377</u>	<u>23,745,194,035</u>	<u>40,529,444,412</u>
ACCUMULATED AMORTISATION			
Opening balance	1,247,276,901	12,699,957,273	13,947,234,174
Charge for the year	449,440,978	2,240,812,571	2,690,253,549
Closing balance	<u>1,696,717,879</u>	<u>14,940,769,844</u>	<u>16,637,487,723</u>
NET BOOK VALUE			
Opening balance	<u>13,393,541,889</u>	<u>8,024,430,211</u>	<u>21,417,972,100</u>
Closing balance	<u>15,087,532,498</u>	<u>8,804,424,191</u>	<u>23,891,956,689</u>

The Company used the land use rights to secure the loans from banks as presented in the Note 19.

11. INCREASES, DECREASES IN INVESTMENT PROPERTY

	<u>Buildings and structures</u>	<u>Total</u>
	VND	VND
COST		
Opening balance	-	-
Transfer from construction in progress	34,575,722,703	34,575,722,703
Closing balance	<u>34,575,722,703</u>	<u>34,575,722,703</u>
ACCUMULATED DEPRECIATION		
Opening balance	-	-
Charge for the year	1,858,910	1,858,910
Closing balance	<u>1,858,910</u>	<u>1,858,910</u>
NET BOOK VALUE		
Opening balance	<u>-</u>	<u>-</u>
Closing balance	<u>34,573,863,793</u>	<u>34,573,863,793</u>

According to VAS No. 05 - *Investment Properties*, fair value of investment property as at 31 December 2019 is required to be disclosed. However, the Company could not determine the fair value as at 31 December 2019, therefore, no information about the fair value is disclosed in the Notes to the separate financial statements. In order to determine the fair value, the Company would require an independent consultancy company to perform the valuation. At present, the Company has not found a suitable consultancy company yet.

12. CONSTRUCTION IN PROGRESS

	<u>Closing balance</u>	<u>Opening balance</u>
	VND	VND
Long-term construction in progress		
- Acquisition	95,366,000	6,959,700,107
- Construction	169,101,784,221	124,935,436,767
In which:		
- TNG Phu Luong Factory	45,230,724,854	43,185,505,800
- Song Cong Auxiliary Home	32,115,670,232	384,218,554
- Phu Binh Project	20,141,747,060	19,817,371,129
- TNG Dong Hy Factory	13,771,680,057	6,529,418,491
- Access road to TNG Village Minh Cau Project	12,079,034,489	2,738,358,164
- TNG Village Phan Dinh Phung Project	12,076,370,000	-
- TNG Vo Nhai Factory	11,649,530,988	779,540,528
- TNG Song Cong Factory	10,352,802,180	7,925,589,148
- Viet Thai Factory Project	7,057,512,479	9,379,286,230
- TNG Dai Tu Factory	1,957,648,181	350,000,000
- Minh Cau Trading Center	324,948,482	1,147,308,921
- TNG Fashion Center Project	206,625,455	206,625,455
- Investments in machinery and equipment	95,366,000	6,959,700,107
- TNG Village Project	-	31,670,466,163
- Others	2,137,489,764	821,748,184
	<u>169,197,150,221</u>	<u>131,895,136,874</u>

The Company used assets formed from loans of the projects to secure the loans from commercial banks and financial institution as presented in the Note 19.

13. FINANCIAL INVESTMENTS

	<u>Opening balance</u>		<u>Closing balance</u>	
	<u>Cost</u>	<u>Provision</u>	<u>Cost</u>	<u>Provision</u>
	VND	VND	VND	VND
Investments in subsidiaries				
TNG Fashion Company Limited (i)	-	-	-	-
TNG Eco Green Company Limited (i)	-	-	-	-
	-	-	-	-
Investments in associates				
Bac Thai Electric Construction Joint Stock Company (ii)	771,150,000	(771,150,000)	771,150,000	(771,150,000)
TNG Yen Binh Golf Company Limited (i)	-	-	-	-
	<u>771,150,000</u>	<u>(771,150,000)</u>	<u>771,150,000</u>	<u>(771,150,000)</u>

(i) Details of the Company's capital commitments to subsidiaries and associates as at 31 December 2019 are as follows:

Name of subsidiaries, associates	Charter capital under business registration certificate	Proportion of ownership interest under business registration certificate (%)	Capital contribution as at 31 December 2019 (VND)	Remaining capital commitment (VND)
TNG Fashion Company Limited	50,000,000,000	100	-	50,000,000,000
TNG Eco Green Company Limited	50,000,000,000	100	-	50,000,000,000
TNG Yen Binh Golf Company Limited	300,000,000,000	49	-	147,000,000,000

- (ii) The Board of Executive Officers assesses that the Company's share of losses of this associate equals to the Company's interest in the associate. Therefore, the Board of Executive Officers decided to make full provision for the investment in this investee.

The Company has not assessed fair value of its financial investments as at the balance sheet date since there is no comprehensive guidance of relevant prevailing regulations on determination of fair value of these financial investments.

14. SHORT-TERM TRADE PAYABLES

	Closing balance		Opening balance	
	Amount	Amount able to be paid off VND	Amount	Amount able to be paid off VND
YKK Vietnam Company Limited	21,103,503,988	21,103,503,988	27,355,908,436	27,355,908,436
Vietnam Consulting Investment Construction and Technology Joint Stock Company	9,920,657,384	9,920,657,384	3,405,458,640	3,405,458,640
Unitex International Button Accessories Co., Ltd.	8,331,740,570	8,331,740,570	8,386,704,556	8,386,704,556
Trung Dung Production and Trading Limited Company	9,545,806,323	9,545,806,323	7,348,179,166	7,348,179,166
Others	180,066,706,450	180,066,706,450	172,969,931,244	172,969,931,244
	228,968,414,715	228,968,414,715	219,466,182,042	219,466,182,042

15. TAXES AND AMOUNTS PAYABLE TO THE STATE BUDGET

	Opening balance VND	Payable during the year VND	Paid during the year VND	Closing balance VND
Corporate income tax	14,956,549,178	58,496,998,765	52,357,132,177	21,096,415,766
Personal income tax	1,343,209,746	14,148,396,716	14,255,863,058	1,235,743,404
Others	151,089,111	11,947,504,994	11,856,973,231	241,620,874
	16,450,848,035	84,592,900,475	78,469,968,466	22,573,780,044

16. SHORT-TERM ACCRUED EXPENSES

	Closing balance VND	Opening balance VND
Accruals for salary and leave	23,478,321,233	20,443,403,057
Accruals for interest expenses	4,520,299,656	1,550,498,968
Transportation expense	1,738,489,333	831,218,458
Other accruals	4,835,387,007	2,393,088,596
	34,572,497,229	25,218,209,079

17. OTHER CURRENT PAYABLES

	Closing balance VND	Opening balance VND
Investment received for TNG Village Project	3,169,349,789	13,655,748,111
Trade union fee	1,735,850,668	-
Others	8,915,789,628	5,737,853,839
	13,820,990,085	19,393,601,950

18. SHORT-TERM LOANS

	Opening balance		In the year		Closing balance	
	Amount	Amount able to be paid off	Increases	Decreases	Amount	Amount able to be paid off
	VND		VND		VND	
Short-term loans	885,923,478,927	885,923,478,927	3,887,773,741,095	3,870,401,167,795	903,296,052,227	903,296,052,227
Current portion of long-term loans (Details stated in Note 19)	144,942,210,285	144,942,210,285	148,503,436,105	145,949,237,629	147,496,408,761	147,496,408,761
	1,030,865,689,212	1,030,865,689,212	4,036,277,177,200	4,016,350,405,424	1,050,792,460,988	1,050,792,460,988

Details of short-term loans are as follows:

Short-term loans

	Closing balance	Opening balance
	VND	VND
Joint Stock Commercial Bank for Investment and Development of Vietnam - Thai Nguyen Branch (i)	903,296,052,227	885,923,478,927
Vietnam Joint Stock Commercial Bank for Industry and Trade - Thai Nguyen Branch (ii)	445,711,551,257	538,069,479,257
Joint Stock Commercial Bank for Foreign Trade of Vietnam - Thai Nguyen Branch (iii)	426,028,658,421	329,920,509,390
Military Commercial Joint Stock Bank - Thai Nguyen Branch (iv)	19,160,820,562	17,383,440,280
Others (v)	12,045,971,987	-
	349,050,000	550,050,000

Current portion of long-term loans (Detail stated in Note 19)

	Closing balance	Opening balance
	VND	VND
Vietnam Joint Stock Commercial Bank for Industry and Trade - Thai Nguyen Branch	147,496,408,761	144,942,210,285
Joint Stock Commercial Bank for Investment and Development of Vietnam - Thai Nguyen Branch	70,147,692,193	87,350,712,000
Military Commercial Joint Stock Bank - Thai Nguyen Branch	27,799,272,040	21,406,266,475
Joint Stock Commercial Bank for Foreign Trade of Vietnam - Thai Nguyen Branch	25,012,124,528	36,185,231,810
	24,537,320,000	-
	1,050,792,460,988	1,030,865,689,212

(i) Loans from Joint Stock Commercial Bank for Investment and Development of Vietnam - Thai Nguyen Branch under Credit Contract dated 07 October 2019 with the credit limit of VND 1,000 billion (including loans in VND and foreign currencies equivalent), the balance of L/C less deposits and guarantee balances), interest rates are determined in respect of each disbursement. The loans are secured by the Company's collaterals, balances of all Company's deposits in VND at the bank and other credit institutions.

(ii) Short-term loans from Vietnam Joint Stock Commercial Bank for Industry and Trade - Thai Nguyen Branch under Credit Contract dated 10 September 2019 with the credit limit of VND 500 billion (including loans in VND and USD). The loan interest at contract signing date is 7% per annum for loans in VND and 4.3% per annum for loans in USD and to be determined in respect of each disbursement after contract signing date. The loans are secured by assets including industrial sewing machines and office equipment; buildings and structures attached to the Company's land; 04 automatic embroidery machines; buildings and structures attached to the land in Zone B - Song Cong Industrial Zone, circulating goods and receivables arising from the economic contract of the Company financed by Vietnam Joint Stock Commercial Bank for Industry and Trade.

(iii) Short-term loans from Joint Stock Commercial Bank for Foreign Trade of Vietnam - Thai Nguyen Branch under Credit Contract dated 09 April 2019 with the credit limit of VND 100 billion. Interest rates are determined by notice from the lender for each disbursement. The loans are secured by the machinery and equipment from the Project for additional machinery and equipment investment for TNG Phu Binh Factory and TNG Song Cong Factory, the Project of additional machinery and equipment investment in 2014 under Collateral Contract No. 210/18/HDTC/TN dated 18 June 2018, assets formed from the loans and equity capital of the Project for additional machinery and equipment investment in 2019 under Collateral Contract No. 86/19/HDTC/TN dated 09 April 2019, and receivables under Collateral Contract No. 87/19/HDTC/TN dated 09 April 2019.

(iv) Short-term loan from Military Commercial Joint Stock Bank ("MB") - Thai Nguyen Branch under Credit Contract dated 14 October 2019 with the credit limit of VND 50 billion. Applicable interest rate is specified for each disbursement.

(v) Other short-term loans from the Company's employees with terms not exceeding 12 months.

19. LONG-TERM LOANS

	Opening balance		In the year		Closing balance	
	Amount	Amount able to be paid off	Increases	Decreases	Amount	Amount able to be paid off
		VND		VND		VND
Long-term loans	373,583,328,585	373,583,328,585	176,410,130,298	157,421,923,554	392,571,535,329	392,571,535,329
Straight bonds issued (Details stated in Note 20)	-	-	136,000,000,000	-	136,000,000,000	136,000,000,000
	373,583,328,585	373,583,328,585	312,410,130,298	157,421,923,554	528,571,535,329	528,571,535,329

In which:

- Amount due for settlement within 12 months	147,496,408,761
- Amount due for settlement after 12 months	381,075,126,568

Details of long-term loans are as follows:

	Closing balance	Opening balance
	VND	VND
Joint Stock Commercial Bank for Investment and Development of Vietnam - Thai Nguyen Branch (i)	137,997,280,123	104,980,862,635
Joint Stock Commercial Bank for Foreign Trade of Vietnam - Thai Nguyen Branch (ii)	111,713,965,473	-
Vietnam Joint Stock Commercial Bank for Industry and Trade - Thai Nguyen Branch (iii)	93,487,215,280	183,853,393,859
Military Commercial Joint Stock Bank - Thai Nguyen Branch (iv)	49,373,074,453	84,749,072,091
	392,571,535,329	373,583,328,585

**TNG INVESTMENT AND TRADING JOINT STOCK COMPANY
NOTES TO THE SEPARATE FINANCIAL STATEMENTS (Continued)**

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- (i) Long-term loans from Joint Stock Commercial Bank for Investment and Development of Vietnam - Thai Nguyen Branch include:
- Loans under Credit Contract No. 02/2015/469075/HDTD dated 04 December 2015 and its amendments, with total credit limit of VND 112.75 billion to finance construction of the Company's TNG Fashion Center. The loan term is 84 months from the day after the first disbursement date. The loans in VND bear interest rates of 11% per annum for loans in VND and of 6.8% per annum for the loans in USD (floating interest rate adjusted on a semi-annual basis). The Company has pledged its machinery, equipment, motor vehicles, buildings and structures, and assets formed from the project to secure the loans.
 - Loans under the Credit Contract No. 01/2017/469075/HDTD dated 03 April 2017 with the total credit limit of VND 32,681,000,000 for investment in Cotton Factory Project of the Company. The loan term is 84 months from the day after the first disbursement date. The floating interest rate is adjusted every 6 months with current interest rates for loans in VND of 11.5% per annum and for loans in USD of 6.8% per annum. The loan is secured by all assets formed from the Cotton Factory Project of the Company and all security interests as agreed between the Company and the Bank, including this credit contract.
 - Loans under credit contract No. 02/2018/469075/HDTD dated 10 September 2018 with the total credit limit of USD 1,327,591 and VND 3,92 billion used to finance Machinery and equipment investment Project in the last 6 months of 2018 of the Company. The loan term is 60 months from the day after the first disbursement date. The loans bear interest rates of 11.5% per annum for loans in VND and of 7.2% per annum for loans in USD. The loans are secured by all assets formed from the Company's Machinery and equipment investment Project in the last 6 months of 2018.
 - Loans under credit contract No. 02/2019/46975/HDTD dated 10 June 2019 with the total credit limit of VND 187,667,000,000 for investment in TNG Dong Hy Garment Factory. The loan term is 84 months from the day after the first disbursement date. The loans in VND bear interest rates of 11.5% per annum and of 7.0% per annum for loans in USD which are adjusted every 6 months. The loans are secured by all assets formed from Dong Hy Garment Factory Project of the Company.
- (ii) Medium and long-term loans from Joint Stock Commercial Bank for Foreign Trade of Vietnam under Credit Contract No. 94/19/HDTD/TN dated 09 April 2019 with the total credit limit of VND 130 billion for investment in fixed assets. The loan term is 48 months from the first disbursement. Interest rates are determined in respect of each disbursement. The loans are secured by the machinery and equipment of the Project for additional investment in machinery and equipment for TNG Phu Binh Factory and TNG Song Cong Factory, and the Project for additional machinery and equipment investment in 2014 under Collateral Contract No. 210/18/HDTC/TN dated 18 June 2018, assets formed from the loans and equity capital of the Project for additional machinery and equipment investment in 2019 under Collateral Contract No. 86/19/HDTC/TN dated 09 April 2019, and receivables under Collateral Contract No. 87/19/HDTC/TN dated 09 April 2019.
- (iii) Long-term loans from Commercial Joint Stock Vietnam Bank for Industry and Trade - Thai Nguyen Branch include:
- Loans under valid credit contracts with total credit limit of VND 223 billion for payment of machines and equipment imported for cotton production lines of the Cotton branch of the garment factories located in Zone B, Song Cong Industrial Zone, for investment in the Project for production capacity improvement of TNG Dai Tu Factory, and for investment in the Company's project on equipment system renovation and capital improvement, capital construction investment. The current interest rate is 10.5% to 11.5% per annum for loans in VND and 4.5% to 7.5% per annum for loans in USD (floating rate adjusted on a monthly basis). Loans are secured by the cotton production line installed at Cotton Branch located in Zone B, Song Cong Industrial Zone and assets formed therefrom.

- Loans under Credit contract No. 300065363/2017-HDCVNT/NHCT220-TNG dated 27 July 2017 with the total credit limit of VND 33 billion, used to cover the financing costs of the Machinery Investment Project Phase II of 2017. The loan term is 60 months from the day after the first disbursement date. The current interest rate is 9.5% per annum for loans in VND and 6.5% per annum for loans in USD. The loans are secured by assets formed therefrom.

(iv) Loans from Military Commercial Joint Stock Bank ("MB") - Thai Nguyen Branch under valid credit contracts with the total credit limit of USD 3,324,900 and VND 19,612,742,199. The loans are used to open L/C for payment under the contract for import of garment machinery, equipment and payment for domestic purchases. The loan bears floating interest rate, the interest rate adjustment date and the interest rate adjustment period are determined in each indebtedness certificate. These loans are secured by all assets formed from the L/C including garment machinery and equipment specified in each purchasing contract.

Long-term loans are repayable as follows:

On demand or within one year
 In the second year
 In the third to fifth year inclusive

	Closing balance	Opening balance
	VND	VND
	147,496,408,761	144,942,210,285
	81,562,921,990	117,058,559,462
	299,512,204,578	111,582,558,838
	528,571,535,329	373,583,328,585
Less: Amount due for settlement within 12 months (shown under short-term loans)	147,496,408,761	144,942,210,285
Amount due for settlement after 12 months	381,075,126,568	228,641,118,300

20. BONDS ISSUED

Straight bonds

	Closing balance		Opening balance	
	Amount	Interest rate	Amount	Interest rate
	VND	%/Year	VND	%/Year
Privately issued bonds	136,000,000,000	11.50	-	-
	136,000,000,000			
				Term
				Year
				3

According to Resolution No. 2181/2019/TNG-NQHDQT dated 03 October 2019 and subscription agreement dated 21 October 2019, the Company privately issued 136 unsecured no-warrants non-convertible bonds with par value of VND 1,000,000,000 per bond with term of 36 months from the issuance date of 25 October 2020 and interest rate of 11.5% per annum for entire term. The purpose of bond issuance is to increase working capital and to implement programmes, and investment projects of the Company. After 12 months from issuance date, the Company has the right to re-purchase all or a part of the bonds in circulation.

Convertible bonds

	Closing balance		Opening balance	
	Amount VND	Interest rate %/Year	Amount VND	Interest rate %/Year
Convertible bonds	165,000,000,000	4.80	200,000,000,000	4.80
	165,000,000,000		200,000,000,000	
				Term Year
				3

The convertible bonds were issued on 12 December 2018 with the total number of 200 bonds and par value of VND 1 billion each. The bonds have a term of 3 years with interest rate of 4.8% per annum at the issuance date which can be adjusted based on the exchange rate of each interest calculation period, interest is paid every 3 months and principal is repaid at the maturity date.

From one year after the issuance date to 2 months before the maturity date, Bondholders have the option to convert the entire or part of the issued bonds into the Company's shares with conversion at the convertible bond issuance date of VND 13,800 per share, which can be adjusted under contractual scheme. The shares issued for conversion is the Company's ordinary shares and will be additionally listed after conversion. Bondholders have the option to request the Company to early redeem part of or the entire issued bonds and the largest shareholder of the Company has the right to re-purchase 10% of bonds under the contractual terms.

As presented in Note 21, on 12 December 2019, the Company has completed the issuance of 3,043,478 shares with par value of VND 10,000 per share for the Bondholder in respect of bond conversion with issuance price of VND 11,500/share. Accordingly, the total remaining number of convertible bonds issued is 165 bonds (equivalent to total par value of VND 165 billion), which decreased by 35 bonds (equivalent to total par value of VND 35 billion).

21. OWNERS' EQUITY

Movement in owners' equity

	Owners' contributed capital	Share premium	Other owners' capital	Investment and development fund	Other reserves	Retained earnings	Total
	VND	VND	VND	VND	VND	VND	VND
Prior year's opening balance	411,172,910,000	30,575,475,123	55,419,591	50,955,069,016	21,486,544,468	115,021,928,873	629,267,347,071
Profit for the year	-	-	-	-	-	180,260,470,141	180,260,470,141
Fund distributed from 2017 profit	-	-	-	5,870,592,868	11,501,510,287	(28,873,613,442)	(11,501,510,287)
Share dividend of 2017 declared	82,228,890,000	(55,000,000)	-	-	-	(82,228,890,000)	(55,000,000)
Remuneration of the Board of Directors and Supervisory Board	-	-	-	-	-	(3,906,907,430)	(3,906,907,430)
Current year's opening balance	493,401,800,000	30,520,475,123	55,419,591	56,825,661,884	32,988,054,755	180,272,988,142	794,064,399,495
Profit for the year	-	-	-	-	-	230,111,112,269	230,111,112,269
Fund distributed from 2018 profit (i)	-	-	-	50,508,323,971	9,013,023,507	(68,534,370,985)	(9,013,023,507)
Remuneration of the Board of Directors and Supervisory Board (i)	-	-	-	-	-	(8,111,721,156)	(8,111,721,156)
Share dividend of 2018 declared (ii)	103,608,090,000	-	-	-	-	(103,608,090,000)	-
EOSP share issuance of 2018 (ii)	24,670,090,000	-	-	-	-	-	24,670,090,000
Share issuance for conversion of convertible bonds (iii)	30,434,780,000	4,565,220,000	-	-	-	-	35,000,000,000
Current year's closing balance	652,114,760,000	35,085,695,123	55,419,591	107,333,985,855	42,001,078,262	230,129,918,270	1,066,720,857,101



- (i) According to Resolution No. 859/2019/NQ-DHDCD dated 21 April 2019 passed by 2019 Annual General Meeting of Shareholders, the Company made profit distribution to investment and development fund, reserves for working capital, bonus and welfare funds and remuneration for the Board of Directors and Supervisory Board with the amounts of VND 50,508,323,971, VND 9,013,023,507, VND 9,013,023,507 and VND 8,111,621,156 respectively.
- (ii) According to Resolution No. 859/2019/NQ-DHDCD dated 21 April 2019 passed by 2019 Annual General Meeting of Shareholders, the Company made share dividend payment out of 2018 profits to current shareholders at the ratio of 10:2 with additional issuance of 10,360,809 shares and issued shares under 2018 Employee Stock Ownership Plan (ESOP) with total shares issued of 2,467,009 shares. On 04 July 2019, the Company's Business Registration Certificate was amended with the charter capital of VND 621,679,980,000.
- (iii) According to Resolution No. 859/2019/NQ-DHDCD dated 21 April 2019 passed by 2019 Annual General Meeting of Shareholders, the General Meeting of Shareholders approved the plan for conversion of convertible bonds issued under Resolution No. 781/2018/NQ-DHDCD dated 22 April 2018 to shares under request of the bondholder. Board of Director's Resolution No. 2433/NQHDQT-TNG dated 30 October 2019 approved the conversion of convertible bonds issued on 12 December 2018 to ordinary shares. On 12 December 2019, the Company has completed the issuance of 3,043,478 shares with par value of VND 10,000 per share for the Bondholder in respect of bond conversion with issuance price of VND 11,500/share. Accordingly, the total remaining number of convertible bonds issued under Resolution No. 781/2018/NQ-DHDCD dated 22 April 2018 is 165 bonds (equivalent to total par value of VND 165 billion), which decreased by 35 bonds (equivalent to total par value of VND 35 billion).

Shares

	<u>Closing balance</u>	<u>Opening balance</u>
Number of shares issued to the public	65,211,476	49,340,180
<i>Ordinary shares</i>	65,211,476	49,340,180
Number of outstanding shares in circulation (*)	65,211,476	49,340,180
<i>Ordinary shares</i>	65,211,476	49,340,180

(*) Included 4,685,272 ordinary shares subject to restricted transfer as at 31 December 2019.

An ordinary share has par value of VND 10,000.

22. OFF BALANCE SHEET ITEMS

Foreign currencies

	<u>Closing balance</u>	<u>Opening balance</u>
	<u>VND</u>	<u>VND</u>
United States Dollar (USD)	7,144,784	400,911

Bad debts written off:

	<u>Current year</u>	<u>Prior year</u>
The Children's Place - Disney Store	1,476,984,012	-
Gama OB	1,103,895,250	-
Steve & Berrys	653,562,659	-
Buda Bean	599,415,428	-
Resources Vietnam Corporation	593,781,199	-
Others	718,297,423	-
	<u>5,145,935,971</u>	<u>-</u>

In 2019, the Company has written-off bad debts for which 100% provision was made in prior years.

23. BUSINESS AND GEOGRAPHICAL SEGMENTS

Geographical segments

The Company does not have any operations outside the territory of Vietnam; manufacturing and business activities of the Company are mainly carried out at No. 434/1, Bac Kan Street, Hoang Van Thu District, Thai Nguyen City, Thai Nguyen Province.

Business segments

During the year, the principal activities of the Company are manufacturing and trading of garment products (for export and domestic sales). Therefore, no reports by business segment need to be presented. Revenue and cost of sales have been detailed by revenue and cost of goods sold and services rendered provided in Note 24 and Note 25.

24. REVENUE OF GOODS SOLD AND SERVICES RENDERED

	<u>Current year</u>	<u>Prior year</u>
	VND	VND
Total revenue from goods sold and services rendered		
Sales of goods	2,727,514,538,176	1,906,375,098,096
Sales of processing services	1,688,255,787,888	1,572,316,900,873
Sales of fashion products	159,745,373,564	134,204,997,976
Sales of real estate	42,026,077,481	-
	<u>4,617,541,777,109</u>	<u>3,612,896,996,945</u>
Deductions		
Sales rebates	5,318,041,517	-
Net revenue from goods sold and services rendered	<u>4,612,223,735,592</u>	<u>3,612,896,996,945</u>

25. COST OF SALES

	<u>Current year</u>	<u>Prior year</u>
	VND	VND
Cost of goods sold	2,561,139,119,825	1,576,492,156,712
Cost of processing services rendered	1,104,001,862,119	1,331,009,806,569
Cost of fashion products sold	118,154,213,970	64,418,399,028
Cost of real estate sold	42,022,322,576	-
	<u>3,825,317,518,490</u>	<u>2,971,920,362,309</u>

26. PRODUCTION COST BY NATURE

	<u>Current year</u>	<u>Prior year</u>
	VND	VND
Raw materials and consumables	2,163,903,057,207	1,561,448,214,907
Labour	1,479,423,163,797	1,280,360,936,719
Depreciation and amortisation of fixed assets and investment property	129,423,455,724	112,871,622,161
Out-sourced services	205,388,323,295	161,937,274,595
Other monetary expenses	272,442,758,858	284,877,345,533
	<u>4,250,580,758,881</u>	<u>3,401,495,393,915</u>

27. FINANCIAL INCOME

	<u>Current year</u> VND	<u>Prior year</u> VND
Bank interest	517,419,195	28,310,410
Foreign exchange gain	20,557,321,967	27,679,252,605
	<u>21,074,741,162</u>	<u>27,707,563,015</u>

28. FINANCIAL EXPENSES

	<u>Current year</u> VND	<u>Prior year</u> VND
Interest expense	101,227,715,040	91,500,188,015
Foreign exchange loss	14,360,047,816	44,692,993,758
Other financial expenses	20,812,671,949	-
	<u>136,400,434,805</u>	<u>136,193,181,773</u>

29. SELLING AND GENERAL AND ADMINISTRATION EXPENSES

	<u>Current year</u> VND	<u>Prior year</u> VND
General and administration expenses arising in the year		
Management labour cost	165,259,171,882	143,225,544,684
Raw materials and consumables	4,860,580,895	4,888,735,304
Depreciation and amortisation	7,256,271,356	7,290,750,950
Out-sourced services	1,454,771,233	1,106,446,637
Other monetary expenses	70,496,873,888	54,952,684,326
	<u>249,327,669,254</u>	<u>211,464,161,901</u>
Selling expenses arising in the year		
Labour	19,442,079,850	15,802,299,241
Raw materials and consumables	12,570,714,711	11,922,401,023
Transportation	14,953,589,741	14,731,380,421
Ex-import expenses	19,088,429,972	11,431,808,314
Other selling expenses	64,057,281,720	47,911,949,831
	<u>130,112,095,994</u>	<u>101,799,838,830</u>

30. CURRENT CORPORATE INCOME TAX EXPENSES

	<u>Current year</u> VND	<u>Prior year</u> VND
Current corporate income tax expense		
Corporate income tax expense based on taxable profit in the current year	52,634,111,936	34,046,549,178
Adjustments for corporate income tax expense in previous periods to the current year (i)	5,862,886,829	-
Total current corporate income tax expense	<u>58,496,998,765</u>	<u>34,046,549,178</u>

- (i) In the period, the Company recorded and declared additional corporate income tax expense arised from 2016 to 2018 of TNG Dai Tu branch.

The current corporate income tax expense for the year was computed as follows:

	Current year	Prior year
	VND	VND
Profit before tax	288,608,111,034	214,307,019,319
Adjustments for taxable profit	7,322,925,217	10,880,906,164
Add back: Non-deductible expenses	7,322,925,217	10,880,906,164
Taxable profit	295,931,036,251	225,187,925,483
Tax rate	0% and 20%	0%, 15% and 20%
Corporate income tax	52,937,411,936	34,307,549,178
Less: Expense for female employees	(303,300,000)	(261,000,000)
Current corporate income tax	52,634,111,936	34,046,549,178

31. RELATED PARTY TRANSACTIONS AND BALANCES

During the year, the Company entered into the following significant transactions with its related parties:

	Current year	Prior year
	VND	VND
Remuneration of the Board of Executive Officers and Board of Directors	18,508,150,608	12,257,980,347
	18,508,150,608	12,257,980,347

32. SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION

Supplemental non-cash disclosures

Cash outflows for purchases of fixed assets and construction in progress during the year exclude an amount of VND 17,972,298,791 (in 2018: VND 16,571,721,028), representing an addition in fixed assets and construction in progress during the year that has not yet been paid. Consequently, increase, decrease in accounts payable have been adjusted by the same amount.

33. SUBSEQUENT EVENTS

2019 dividend advance

According to Board of Directors' Resolution No. 55/NQ-HDQT dated 08 January 2020, the Board of Directors of the Company approved the cash dividend advance plan phase 1 for 2019 with the rate of 8% par of value per share (equivalent to VND 800/share), book closure date of 21 February 2020 and payment date of 06 March 2020.

Listing shares converted from convertible bonds

On 09 January 2020, Vietnam Securities Depository granted the securities registration certificate for the shares converted from convertible bonds issued on 12 December 2019 as presented in Note 21. On 25 February 2020, Hanoi Stock Exchange approved additional listing of share from the issuance for the Company.

Transfer of convertible bonds

On 11 March 2020, Mr. Nguyen Van Thoi – Chairman of the Company ("The Buyer") registered to buy 10 convertible bonds with total par value of VND 10 billion from Asam Vietnam Mezzanine Focus Hedge Fund 1 – the organization related to Mr. Kim Hwan Kyoon – Member of Board of Directors. Asam Vietnam Mezzanine Focus Hedge Fund 1 ("The Seller") registered to sell 10 convertible bonds which is equivalent to the purchase register. The Buyer and Seller are processing procedure related to the transfer of convertible bonds.

