



**TNG INVESTMENT AND TRADING JOINT
STOCK COMPANY**
(Incorporated in the Socialist Republic of Vietnam)

**REVIEWED INTERIM CONSOLIDATED
FINANCIAL STATEMENTS**
For the 6-month period ended 30 June 2020



TNG INVESTMENT AND TRADING JOINT STOCK COMPANY

No. 434/1 Bac Kan Street, Hoang Van Thu Ward,
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 Ward,
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 interim consolidated financial statements for the 6-month period ended 30 June 2020.

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 period 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	
Mr. Nguyen Manh Linh	Member	
Mr. Tran Canh Thong	Member	(Appointed on 17 May 2020)
Mr. Nguyen Hoang Giang	Member	(Appointed on 17 May 2020)
Ms. Dinh Le Hang	Member	(Resigned on 17 May 2020)
Mr. Kim Hwan Kyoon	Member	(Resigned on 17 May 2020)

Board of Executive Officers

Mr. Nguyen Van Thoi	Chief Executive Officer	(Resigned on 17 May 2020)
Mr. Nguyen Duc Manh	Chief Executive Officer	(Appointed on 17 May 2020)
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	

BOARD OF EXECUTIVE OFFICERS' STATEMENT OF RESPONSIBILITY

The Board of Executive Officers of the Company is responsible for preparing the interim consolidated financial statements, which give a true and fair view of the financial position of the Company as at 30 June 2020, and its financial performance and its cash flows for the 6-month period then ended in accordance with Vietnamese Accounting Standards, accounting regime for enterprises and legal regulations relating to interim consolidated financial reporting. In preparing these interim consolidated 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 interim consolidated financial statements;
- prepare the interim consolidated 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 interim consolidated financial statements so as to minimize errors and frauds.

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TNG INVESTMENT AND TRADING JOINT STOCK COMPANY

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

STATEMENT OF THE BOARD OF EXECUTIVE OFFICERS (Continued)

The Board of Executive Officers is responsible for ensuring that proper accounting records are kept, which disclose, with reasonable accuracy at any time, the financial position of the Company and that the interim consolidated financial statements comply with Vietnamese Accounting Standards, accounting regime for enterprises and legal regulations relating to interim consolidated financial reporting. The Board of Executive Officers is also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of frauds and other irregularities.

The Board of Executive Officers confirms that the Company has complied with the above requirements in preparing these interim consolidated financial statements.

For and on behalf of the Board of Executive
Officers,

Luong Thi Thuy Ha
Deputy Chief Executive Officer

Thai Nguyen, 13 August 2020

The Board of Directors approved the accompanying interim consolidated financial statements, which present fairly, in all material respects, the financial position of the Company as at 30 June 2020, and its financial performance and its cash flows for the 6-month period then ended in accordance with Vietnamese Accounting Standards, accounting regime for enterprises and legal regulations relating to interim consolidated financial reporting.

For and on behalf of the Board of Directors,



Nguyen Van Thoi
Chairman

Thai Nguyen, 13 August 2020

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No.: 0201 /VN1A-HN-BC

REPORT ON REVIEW OF INTERIM CONSOLIDATED FINANCIAL STATEMENTS

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

We have reviewed the accompanying interim consolidated financial statements of TNG Investment and Trading Joint Stock Company (the "Company"), prepared on 13 August 2020 as set out from page 05 to page 35, which comprise the interim consolidated balance sheet as at 30 June 2020, the interim consolidated income statement and interim cash flow statement for the 6-month period then ended, and a summary of significant accounting policies and other explanatory information.

The Board of Executive Officers' Responsibility for the Interim Consolidated Financial Statements

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

Auditors' Responsibility

Our responsibility is to express a conclusion on the accompanying interim consolidated financial statements based on our review. We conducted our review in accordance with Vietnamese Standard on Review Engagements (VSRE) 2410 - Review of Interim Financial Information Performed by the Independent Auditor of the Entity.

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



REPORT ON REVIEW OF INTERIM CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim consolidated financial statements do not present fairly, in all material respects, the financial position of the Company as at 30 June 2020, and of its financial performance and its cash flows for the 6-month period then ended in accordance with Vietnamese Accounting Standards, accounting regime for enterprises and legal regulations relating to interim consolidated financial reporting.



Vu Duc Nguyen

Deputy General Director

Audit Practising Registration Certificate

No. 0764-2018-001-1

DELOITTE VIETNAM COMPANY LIMITED

13 August 2020

Hanoi, S.R. Vietnam

INTERIM CONSOLIDATED BALANCE SHEET

As at 30 June 2020

Unit: VND

ASSETS	Codes	Notes	Closing balance	Opening balance
A. CURRENT ASSETS	100		2,276,327,714,084	1,594,121,719,742
I. Cash and cash equivalents	110		130,568,919,070	292,672,045,402
1. Cash	111	4	30,568,919,070	172,672,045,402
2. Cash equivalents	112		100,000,000,000	120,000,000,000
II. Short-term receivables	130		729,100,105,574	364,142,583,991
1. Short-term trade receivables	131	5	598,337,769,823	302,824,175,457
2. Short-term advances to suppliers	132		1,863,253,286	7,473,372,031
3. Other short-term receivables	136	6	128,899,082,465	53,845,036,503
III. Inventories	140	7	1,327,769,464,012	860,401,903,483
1. Inventories	141		1,335,063,378,129	865,064,776,706
2. Provision for devaluation of inventories	149		(7,293,914,117)	(4,662,873,223)
IV. Other short-term assets	150		88,889,225,428	76,905,186,866
1. Short-term prepayments	151	8	17,860,969,870	28,684,025,285
2. Value added tax deductibles	152		71,028,255,558	48,221,161,581
B. NON-CURRENT ASSETS	200		1,616,608,316,714	1,433,288,606,205
I. Long-term receivables	210		13,105,349,057	15,605,193,707
1. Other long-term receivables	216	6	13,105,349,057	15,605,193,707
II. Fixed assets	220		1,133,125,874,945	1,115,764,762,310
1. Tangible fixed assets	221	9	1,107,702,406,188	1,091,872,805,621
- Cost	222		1,875,759,828,651	1,788,883,340,065
- Accumulated depreciation	223		(768,057,422,463)	(697,010,534,444)
2. Intangible assets	227	10	25,423,468,757	23,891,956,689
- Cost	228		43,528,444,412	40,529,444,412
- Accumulated amortisation	229		(18,104,975,655)	(16,637,487,723)
III. Investment property	230	11	35,587,866,810	34,573,863,793
- Cost	231		35,950,622,987	34,575,722,703
- Accumulated depreciation	232		(362,756,177)	(1,858,910)
IV. Long-term assets in progress	240		345,469,107,108	169,197,150,221
1. Construction in progress	242	12	345,469,107,108	169,197,150,221
V. Long-term financial investments	250	13	-	-
1. Investments in associates	252		-	-
VI. Other long-term assets	260		89,320,118,794	98,147,636,174
1. Long-term prepayments	261	8	89,320,118,794	98,147,636,174
TOTAL ASSETS (270=100+200)	270		3,892,936,030,798	3,027,410,325,947

The accompanying notes are an integral part of these interim consolidated financial statements

INTERIM CONSOLIDATED BALANCE SHEET (Continued)

As at 30 June 2020

Unit: VND

RESOURCES	Codes	Notes	Closing balance	Opening balance
C. LIABILITIES	300		2,842,857,351,501	1,960,689,468,846
I. Current liabilities	310		2,318,499,598,787	1,414,614,342,278
1. Short-term trade payables	311	14	478,842,875,701	228,968,414,715
2. Short-term advances from customers	312		18,020,154,396	1,541,917,761
3. Taxes and amounts payable to the State budget	313	15	26,392,355,650	22,573,780,044
4. Payables to employees	314		50,874,049,771	59,043,353,646
5. Short-term accrued expenses	315	16	36,351,871,776	34,572,497,229
6. Other current payables	319	17	30,457,911,118	13,820,990,085
7. Short-term loans	320	18	1,658,527,998,159	1,050,792,460,988
8. Bonus and welfare funds	322		19,032,382,216	3,300,927,810
II. Long-term liabilities	330		524,357,752,714	546,075,126,568
1. Long-term loans	338	19	359,357,752,714	381,075,126,568
2. Convertible bonds	339	20	165,000,000,000	165,000,000,000
D. EQUITY	400		1,050,078,679,297	1,066,720,857,101
I. Owners' equity	410	21	1,050,078,679,297	1,066,720,857,101
1. Owners' contributed capital	411		652,114,760,000	652,114,760,000
2. Share premium	412		35,085,695,123	35,085,695,123
3. Other owners' capital	414		55,419,591	55,419,591
4. Investment and development fund	418		193,024,556,843	107,333,985,855
5. Other reserves	420		53,506,633,875	42,001,078,262
6. Retained earnings	421		116,291,613,865	230,129,918,270
- Retained earnings accumulated to the prior year end	421a		52,187,986,801	18,806,001
- Retained earnings of the current period	421b		64,103,627,064	230,111,112,269
TOTAL RESOURCES (440=300+400)	440		3,892,936,030,798	3,027,410,325,947

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Ta Thi Thu Huong
Preparer

Tran Thi Thu Ha
Chief Accountant

Luong Thi Thuy Ha
Deputy Chief Executive Officer

13 August 2020

The accompanying notes are an integral part of these interim consolidated financial statements

INTERIM CONSOLIDATED INCOME STATEMENT

For the 6-month period ended 30 June 2020

Unit: VND

ITEMS	Codes	Notes	Current period	Prior period
1. Gross revenue from goods sold and services rendered	01	24	1,839,251,738,214	2,041,367,140,954
2. Net revenue from goods sold and services rendered (10=01)	10		1,839,251,738,214	2,041,367,140,954
3. Cost of sales and services rendered	11	25	1,528,160,812,564	1,694,266,132,411
4. Gross profit from goods sold and services rendered (20=10-11)	20		311,090,925,650	347,101,008,543
5. Financial income	21	27	12,823,592,247	5,890,179,679
6. Financial expenses	22	28	69,123,084,555	65,661,543,888
- In which: Interest expense	23		59,756,176,646	47,917,577,331
7. Selling expenses	25	29	73,569,485,023	57,626,800,584
8. General and administration expenses	26	29	96,412,273,318	107,847,555,616
9. Operating profit (30=20+(21-22)-(25+26))	30		84,809,675,001	121,855,288,134
10. Other income	31		650,386,775	125,024,026
11. Other expenses	32		8,221,658,708	1,780,162,291
12. Losses from other activities (40=31-32)	40		(7,571,271,933)	(1,655,138,265)
13. Accounting profit before tax (50=30+40)	50		77,238,403,068	120,200,149,869
14. Current corporate income tax expense	51	30	13,134,776,004	27,149,429,869
15. Net profit after corporate income tax (60=50-51)	60		64,103,627,064	93,050,720,000
16. Basic earnings per share	70	31	910	1,184
17. Diluted earnings per share	71	31	817	1,023

Ta Thi Thu Huong
Preparer

Tran Thi Thu Ha
Chief Accountant

Luong Thi Thuy Ha
Deputy Chief Executive Officer

13 August 2020

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INTERIM CONSOLIDATED CASH FLOW STATEMENT

For the 6-month period ended 30 June 2020

Unit: VND

ITEMS	Codes	Current period	Prior period
I. CASH FLOWS FROM OPERATING ACTIVITIES			
1. Profit before tax	01	77,238,403,068	120,200,149,869
2. Adjustments for:			
Depreciation and amortisation of fixed assets and investment properties	02	72,857,700,232	60,861,192,879
Provisions	03	2,631,040,894	(233,714,783)
Foreign exchange losses arising from translating foreign currency items	04	12,419,467	5,274,408,648
Gain from investing activities	05	(2,498,449,847)	(32,420,208)
Interest expense	06	59,756,176,646	47,917,577,331
3. Operating profit before movements in working capital	08	209,997,290,460	233,987,193,736
Changes in receivables	09	(386,602,692,173)	(222,758,194,296)
Changes in inventories	10	(469,998,601,423)	(359,743,593,233)
Changes in payables (excluding accrued loan interest and corporate income tax payable)	11	239,121,152,258	41,211,613,030
Changes in prepaid expenses	12	19,650,572,795	(2,887,141,476)
Interest paid	14	(58,599,364,065)	(47,624,012,048)
Corporate income tax paid	15	(11,100,000,000)	(20,756,549,178)
Other cash outflows	17	(6,338,058,650)	(2,179,763,447)
Net cash used in operating activities	20	(463,869,700,798)	(380,750,446,912)
II. CASH FLOWS FROM INVESTING ACTIVITIES			
1. Acquisition and construction of fixed assets and other long-term assets	21	(235,639,154,705)	(86,064,794,721)
2. Proceeds from sale, disposal of fixed assets and other long-term assets	22	-	25,000,000
3. Interest earned, dividends and profits received	27	2,498,449,847	12,322,172
Net cash used in investing activities	30	(233,140,704,858)	(86,027,472,549)

The accompanying notes are an integral part of these interim consolidated financial statements

INTERIM CASH FLOW STATEMENT (Continued)

For the 6-month period ended 30 June 2020

Unit: VND

ITEMS	Codes	Current period	Prior period
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	1,897,121,536,063	2,077,481,042,461
3. Repayment of borrowings	34	(1,310,998,582,973)	(1,615,823,736,107)
4. Dividends and profits paid	36	(52,169,180,800)	-
Net cash generated by financing activities	40	533,953,772,290	486,327,396,354
Net (decrease)/increase in cash (50=20+30+40)	50	(163,056,633,366)	19,549,476,893
Cash and cash equivalents at the beginning of the period	60	292,672,045,402	12,701,137,291
Effects of changes in foreign exchange rates	61	953,507,034	(59,898,395)
Cash and cash equivalents at the end of the period (70=50+60+61)	70	130,568,919,070	32,190,715,789



Ta Thi Thu Huong
Preparer



Tran Thi Thu Ha
Chief Accountant



Luong Thi Thuy Ha
Deputy Chief Executive Officer

13 August 2020

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS

These notes are an integral part of and should be read in conjunction with the accompanying interim consolidated 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 Enterprise Registration Certificates No. 4600305723 amended by the Authority for Planning and Investment of Thai Nguyen Province on 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 30 June 2020 was 15,682 (as at 31 December 2019: 15,670).

Operating industry and principal activities

The Company's operating industry and principal activities are to manufacture and trading 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, pressing, cleaning of textiles and fur products. Details: Industrial washing and pressing of garment products;
- Manufacture, wholesale and retail of medical equipment.

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, in which, the Company's headquarters is located at No. 434/1 Bac Kan Street, Hoang Van Thu Ward, Thai Nguyen City.

As at 30 June 2020, 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 estates
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

As at 30 June 2020, the capital commitments to Company's subsidiaries and associates are as follows:

Name of subsidiaries, associates	Charter capital under enterprise registration certificate (VND)	Proportion of ownership interest under enterprise registration certificate (%)	Capital contribution as at 30 June 2020 (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

Disclosure of information comparability in the interim consolidated financial statements

The comparative figures of the interim consolidated balance sheet and corresponding notes are the figures of the Company's audited consolidated financial statements for the year ended 31 December 2019. The comparative figures of the interim consolidated income statement, interim consolidated cash flow statement and corresponding notes are the figures of the reviewed interim consolidated financial statements for the 6-month period ended 30 June 2019.

2. ACCOUNTING CONVENTION AND ACCOUNTING PERIOD

Accounting convention for interim consolidated financial statements

The accompanying interim consolidated 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 interim consolidated financial reporting.

The accompanying interim consolidated 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.

Accounting period

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

These interim consolidated financial statements were prepared for the 6-month period ended 30 June 2020.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Estimates

The preparation of interim consolidated financial statements in conformity with Vietnamese Accounting Standards, accounting regime for enterprises and legal regulations relating to interim consolidated 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 interim consolidated financial statements and the reported amounts of revenues and expenses during the operating period. Although these accounting estimates are based on the Board of Executive Officers' best knowledge, actual results may differ from those estimates.

Basis of consolidation

The interim consolidated financial statements incorporate the interim financial statements of the Company and enterprises controlled by the Company (its subsidiaries) up to 30 June each year. 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.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used in line with those used by the Company.

Intragroup transactions and balances are eliminated in full on consolidation.

Non-controlling interests consist of the amount of those non-controlling interests at the date of the original business combination (see below) and the non-controlling interests' share of changes in equity since the date of the combination. Losses in subsidiaries are respectively attributed to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Investments in associates

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 interim consolidated income statement. Other distributions received other than such profit share are deducted from the cost of the investments as recoverable amounts.

Where a group entity transacts with an associate of the Company, unrealised profits and losses are eliminated to the extent of the Company's interest in the relevant associate.

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.

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 more, 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 management's 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. Inventories are accounted for under a perpetual system. 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 interim consolidated 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>Current period</u> <u>(Years)</u>
Buildings and structures	04 - 40
Machinery and equipment	03 - 20
Office equipment	03 - 09
Motor vehicles	06 - 10
Others	05 - 07

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 interim consolidated income statement.

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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 land-use period.

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 of 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, 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 expenses which are paid to acquire the land use rights, goodwill arising from merging TNG Fashion Joint Stock Company into the Company, and other types of prepayments.

The expenses prepaid to acquire land use rights are allocated to the interim consolidated income statement using straight-line method over 48 years.

Goodwill arising from 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. The goodwill is allocated to interim consolidated income statement using straight-line method for the period of 3 years from the date of acquisition.

Other types of prepayments comprise costs of small tools, supplies and spare parts issued for consumption, repair of fixed assets and insurance premium incurred during the operations 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 interim 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 Board of Executive Officers's best estimate of the expenditure required to settle the obligation as at the interim consolidated balance sheet date.

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Straight bond issued

Straight 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.

Sales 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 periods, revenue is recognised in the period by reference to the percentage of completion of the transaction at the consolidated interim balance sheet date of that period. The outcome of a transaction can be measured reliably when all four (4) following conditions are satisfied:

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- (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 interim consolidated 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 interim consolidated income statement.

Borrowing costs

Borrowing costs are recognised in the interim consolidated income statement in the period 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 interim consolidated 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 period. Taxable profit differs from profit before tax as reported in the interim consolidated income statement because it excludes items of income or expense that are taxable or deductible in other periods 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 interim consolidated 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. As at 30 June 2020, the Company did not have any material temporary difference between carrying amounts of assets and liabilities in the interim consolidated balance sheet and the corresponding tax bases used in the computation of taxable profit.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset realised. 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	1,554,989,423	1,198,591,671
Bank demand deposits (i)	29,013,929,647	171,473,453,731
Cash equivalents (ii)	100,000,000,000	120,000,000,000
	<u>130,568,919,070</u>	<u>292,672,045,402</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% per annum.

5. SHORT-TERM TRADE RECEIVABLES

	<u>Closing balance</u> VND	<u>Opening balance</u> VND
The Children's Place Services Company, LLC	221,881,736,047	75,688,998,218
Desipro Pte. Ltd. (Promiles SNC)	61,998,561,026	78,881,366,939
Comtextile (H.K) LTD	59,904,864,743	7,077,027,991
The Haddad Apparel Group., Ltd.	31,760,673,863	4,672,556,362
Asmara International Limited	28,978,919,362	38,564,568,231
Canda International GMBH & Co OHG	8,207,175,609	32,784,566,107
Others	185,605,839,173	65,155,091,609
	<u>598,337,769,823</u>	<u>302,824,175,457</u>

6. OTHER RECEIVABLES

	<u>Closing balance</u>	<u>Opening balance</u>
	VND	VND
a. Current		
- Advances to employees	33,350,002,800	25,539,141,873
- Advance for site clearance compensation	16,816,083,422	16,816,083,422
- Receivables from insurance agency	-	5,403,502,523
- Deposits	4,357,439,330	3,620,699,730
- Other receivables	74,375,556,913	2,465,608,955
	<u>128,899,082,465</u>	<u>53,845,036,503</u>
b. Non-current		
- Land rentals deductible	10,680,826,157	10,680,826,157
- Deposits	2,424,522,900	4,924,367,550
	<u>13,105,349,057</u>	<u>15,605,193,707</u>

7. INVENTORIES

	<u>Closing balance</u>		<u>Opening balance</u>	
	Cost	Provision	Cost	Provision
		VND		VND
Goods in transit	18,442,611,601	-	25,080,516,673	-
Raw materials	412,766,348,367	-	246,815,721,827	-
Tools and supplies	2,921,618,695	-	2,233,008,517	-
Work in progress	297,209,594,541	(5,938,556,348)	181,702,774,059	-
Finished goods	603,723,204,925	(1,355,357,769)	409,232,755,630	(4,662,873,223)
	<u>1,335,063,378,129</u>	<u>(7,293,914,117)</u>	<u>865,064,776,706</u>	<u>(4,662,873,223)</u>

During the period, the Company reversed provision for devaluation of Finished goods with an amount of VND 3,307,515,454 (prior period: VND 0) and made provision for devaluation of Work in progress with an amount of VND 5,938,556,348 (prior period: VND 233,714,783) because these inventories have net realizable values lower than costs.

As at 30 June 2020, as presented in Note 18, the Company used inventories with the minimum value of VND 390 billion as collaterals for the loans obtained from commercial banks (as at 31 December 2019: VND 390 billion).

8. PREPAYMENTS

	<u>Closing balance</u>	<u>Opening balance</u>
	VND	VND
a. Current		
- Tools and dies issued for consumption	8,679,377,434	14,760,035,302
- Assets insurance premium	890,541,222	3,044,239,270
- Others	8,291,051,214	10,879,750,713
	<u>17,860,969,870</u>	<u>28,684,025,285</u>
b. Non-current		
- Tools and dies issued for consumption	35,084,403,177	35,681,422,831
- Cost of acquiring land use rights and assets on land	19,063,672,883	19,275,491,471
- Cost for repairs of fixed assets	8,280,309,657	6,070,844,859
- Goodwill	-	32,282,914
- Others	26,891,733,077	37,087,594,099
	<u>89,320,118,794</u>	<u>98,147,636,174</u>

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

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9. INCREASES, DECREASES IN TANGIBLE FIXED ASSETS

	Buildings and structures	Machinery and equipment	Office equipment	Motor vehicles	Others	Total
	VND	VND	VND	VND	VND	VND
COST						
Opening balance	780,453,658,909	992,497,393,957	4,505,966,051	9,496,172,515	1,930,148,633	1,788,883,340,065
Additions	9,556,591,838	11,147,849,319	-	-	139,809,000	20,844,250,157
Transfer from construction in progress	65,554,944,247	477,294,182	-	-	-	66,032,238,429
Closing balance	855,565,194,994	1,004,122,537,458	4,505,966,051	9,496,172,515	2,069,957,633	1,875,759,828,651
ACCUMULATED DEPRECIATION						
Opening balance	208,438,463,340	478,372,760,373	4,024,157,936	4,954,330,992	1,220,821,803	697,010,534,444
Charge for the period	19,299,537,001	50,941,814,704	160,225,404	514,345,887	130,965,023	71,046,888,019
Closing balance	227,738,000,341	529,314,575,077	4,184,383,340	5,468,676,879	1,351,786,826	768,057,422,463
NET BOOK VALUE						
Opening balance	572,015,195,569	514,124,633,584	481,808,115	4,541,841,523	709,326,830	1,091,872,805,621
Closing balance	627,827,194,653	474,807,962,381	321,582,711	4,027,495,636	718,170,807	1,107,702,406,188

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 financial institutions.

As at 30 June 2020, the cost of the Company's tangible fixed assets includes VND 206,260,509,416 (as at 31 December 2019: VND 188,759,438,470) of tangible fixed assets which have been fully depreciated but are still in use.

10. INCREASES, DECREASES IN INTANGIBLE ASSETS

	<u>Land use rights</u>	<u>Computer software</u>	<u>Total</u>
	VND	VND	VND
COST			
Opening balance	16,784,250,377	23,745,194,035	40,529,444,412
Additions	<u>2,999,000,000</u>	-	<u>2,999,000,000</u>
Closing balance	<u>19,783,250,377</u>	<u>23,745,194,035</u>	<u>43,528,444,412</u>
ACCUMULATED AMORTISATION			
Opening balance	1,696,717,879	14,940,769,844	16,637,487,723
Charge for the period	<u>231,846,942</u>	<u>1,235,640,990</u>	<u>1,467,487,932</u>
Closing balance	<u>1,928,564,821</u>	<u>16,176,410,834</u>	<u>18,104,975,655</u>
NET BOOK VALUE			
Opening balance	<u>15,087,532,498</u>	<u>8,804,424,191</u>	<u>23,891,956,689</u>
Closing balance	<u>17,854,685,556</u>	<u>7,568,783,201</u>	<u>25,423,468,757</u>

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

11. INCREASES, DECREASES IN INVESTMENT PROPERTY

	<u>Buildings and structures</u>
	VND
COST	
Opening balance	34,575,722,703
Additions	<u>1,374,900,284</u>
Closing balance	<u>35,950,622,987</u>
ACCUMULATED DEPRECIATION	
Opening balance	1,858,910
Charge for the period	<u>360,897,267</u>
Closing balance	<u>362,756,177</u>
NET BOOK VALUE	
Opening balance	<u>34,573,863,793</u>
Closing balance	<u>35,587,866,810</u>

According to VAS No. 05 - *Investment Properties*, fair value of investment property as at 30 June 2020 is required to be disclosed. However, the Company could not determine the fair value as at 30 June 2020, therefore, no information about the fair value is disclosed in the Notes to the interim consolidated 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	12,409,881,943	95,366,000
- Construction	333,059,225,165	169,101,784,221
<u>In which:</u>		
- TNG Phu Luong Factory	186,078,900,355	45,230,724,854
- Song Cong Auxiliary House	45,207,692,010	32,115,670,232
- Phu Binh Project	22,864,474,332	20,141,747,060
- Other projects	91,318,040,411	71,709,008,075
	<u>345,469,107,108</u>	<u>169,197,150,221</u>

As presented in Notes 19, the Company has mortgaged assets formed from the loans for Projects' loans to secure the loans obtained from commercial banks and financial institutions.

13. INVESTMENTS IN ASSOCIATES

	<u>Opening balance</u>		<u>Closing balance</u>	
	<u>Cost</u>	<u>Value under equity method</u>	<u>Cost</u>	<u>Value under equity method</u>
	VND	VND	VND	VND
Investments in associates				
Bac Thai Electric Construction Joint Stock Company	771,150,000	-	771,150,000	-
TNG Yen Binh Golf Company Limited (i)	-	-	-	-
	<u>771,150,000</u>	<u>-</u>	<u>771,150,000</u>	<u>-</u>

(i) Details of the Company's capital commitments to associates as at 30 June 2020 are as follows:

<u>Name of subsidiaries, associates</u>	<u>Charter capital under enterprise registration certificate (VND)</u>	<u>Proportion of ownership interest under enterprise registration certificate (%)</u>	<u>Capital contribution as at 30 June 2020 (VND)</u>	<u>Remaining capital commitment (VND)</u>
TNG Yen Binh Golf Company Limited	300,000,000,000	49	-	147,000,000,000

TNG Yen Binh Golf Company Limited has not come into operation yet. Bac Thai Electric Construction Joint Stock Company has halted its production and business activities and is in dissolution process.

The Company has not assessed fair value of its financial investments as at the interim consolidated 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	Amount/Amount
	able to be paid off	able to be paid off
	VND	VND
YKK Vietnam Company Limited	43,326,930,021	21,103,503,988
Viet Han TLP Manufacturing and Trading Joint Stock Company	16,931,066,674	3,522,814,204
Trung Dung Production and Trading Limited Company	12,952,403,764	9,545,806,323
Viet Cuong Steel Trading Joint Stock Company	11,788,087,724	-
Dalian Long Fu Yuan Import and Export Co., Ltd	11,142,830,364	-
Vietnam Consulting Investment Construction and Technology Joint Stock Company	11,102,955,442	9,920,657,384
Unitex International Button Accessories Co., Ltd.	4,196,738,682	8,331,740,570
Others	367,401,863,030	176,543,892,246
	<u>478,842,875,701</u>	<u>228,968,414,715</u>

15. TAXES AND AMOUNTS PAYABLE TO THE STATE BUDGET

	Opening balance	Payable during the period	Paid during the period	Closing balance
	VND	VND	VND	VND
Corporate income tax	21,096,415,766	13,134,776,004	11,100,000,000	23,131,191,770
Personal income tax	1,235,743,404	11,219,960,744	11,772,220,253	683,483,895
Others	241,620,874	4,943,625,004	2,607,565,893	2,577,679,985
	<u>22,573,780,044</u>	<u>29,298,361,752</u>	<u>25,479,786,146</u>	<u>26,392,355,650</u>

16. SHORT-TERM ACCRUED EXPENSE

	Closing balance	Opening balance
	VND	VND
Accruals for salary and leave	1,022,479,701	23,478,321,233
Accruals for interest expenses	5,677,112,237	4,520,299,656
Transportation expenses	1,915,367,522	1,738,489,333
Construction expenses	14,877,018,791	-
Other accruals	12,859,893,525	4,835,387,007
	<u>36,351,871,776</u>	<u>34,572,497,229</u>

17. OTHER CURRENT PAYABLES

	Closing balance	Opening balance
	VND	VND
Investment received for TNG Village Project	2,083,803,053	3,169,349,789
Trade union fee	5,122,073,673	1,735,850,668
Social insurance	14,462,849,957	-
Others	8,789,184,435	8,915,789,628
	<u>30,457,911,118</u>	<u>13,820,990,085</u>



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

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18. SHORT-TERM LOANS

	Amount	Opening balance		Increases	In the period		Closing balance	
		Amount	Amount able to be paid off		Decreases	Amount	Amount able to be paid off	
		VND			VND		VND	
Short-term loans	903,296,052,227	903,296,052,227		1,848,304,717,891	1,217,448,185,344	1,534,152,584,774	1,534,152,584,774	
Current portion of long-term loans (Details in Note 19)	147,496,408,761	147,496,408,761		73,067,814,470	96,188,809,846	124,375,413,385	124,375,413,385	
	1,050,792,460,988	1,050,792,460,988		1,921,372,532,361	1,313,636,995,190	1,658,527,998,159	1,658,527,998,159	

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)	1,534,152,584,774	903,296,052,227
Vietnam Joint Stock Commercial Bank for Industry and Trade - Thai Nguyen Branch (ii)	866,315,568,550	445,711,551,257
Joint Stock Commercial Bank for Foreign Trade of Vietnam - Thai Nguyen Branch (iii)	479,954,941,935	426,028,658,421
Military Commercial Joint Stock Bank - Thai Nguyen Branch (iv)	40,708,076,448	19,160,820,562
Shinhan Bank (Vietnam) Ltd., - Thai Nguyen Branch (v)	99,845,364,235	12,045,971,987
Others (vi)	46,204,639,731	-
	1,123,993,875	349,050,000

Current portion of long-term loans

	Closing balance	Opening balance
	VND	VND
Vietnam Joint Stock Commercial Bank for Industry and Trade - Thai Nguyen Branch	124,375,413,385	147,496,408,761
Joint Stock Commercial Bank for Investment and Development of Vietnam - Thai Nguyen Branch	19,695,491,501	70,147,692,193
Military Commercial Joint Stock Bank - Thai Nguyen Branch	43,685,047,818	27,799,272,040
Joint Stock Commercial Bank for Foreign Trade of Vietnam - Thai Nguyen Branch	18,137,674,066	25,012,124,528
Joint Stock Commercial Bank for Foreign Trade of Vietnam - Thai Nguyen Branch	29,257,200,000	24,537,320,000
Straight bond	13,600,000,000	-
	1,658,527,998,159	1,050,792,460,988

(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 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.



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

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- (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 for additional machinery and equipment investment in 2014 under Collateral Contract No. 210/18/HDTCTN 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/HDTCTN dated 09 April 2019, and receivables under Collateral Contract No. 87/19/HDTCTN dated 09 April 2019.
- (iv) Short-term loan from Military Commercial Joint Stock Bank ("MB") - Thai Nguyen Branch under Credit Contract dated 09 April 2020 with 2 credit limit levels as follows: Credit limit 1 of VND 100 billion and Credit limit 2 of VND 200 billion. The Credit limit 2 is only effective in the event that the Company's demand is in excess of Credit limit 1, with proposal being submitted and approved by Bank. The Credit limit term is from date of contract to 03 March 2021. Applicable interest rate is specified in the lender's notice for each disbursement. The loans are to supplement working capital for textile, garment production and processing of the Company for period 2020-2021. The loans are secured by cash - savings account/deposits - valuable papers and property, property right arose/to be arisen from credit funding method, including: (i) loan, (ii) LC, (iii) obligations guaranteed by MB Bank.
- (v) Short-term loan from Shinhan Bank (Vietnam) Ltd., - Thai Nguyen Branch under Credit Contract No. SHBVM/TN/HDTD-0016 dated 17 February 2020 with total Credit limit of USD 2 million to supplement working capital. The contract term is one year from the date of contract. The agreed applicable interest rate is floating rate and is determined when the rate is calculated/adjusted under formula: 6-month Libor rate + 1.7%/year. Payment term of 5 months is applied for each disbursement.
- (vi) Other short-term loans from the Company's employees with repayment periods not exceeding 12 months.

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

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19. LONG-TERM LOANS

	Opening balance		In the period		Closing balance	
	Amount	Amount able to be paid off	Increases	Decreases	Amount	Amount able to be paid off
	VND					
Long-term loans	392,571,535,329	392,571,535,329	64,950,440,616	96,188,809,846	361,333,166,099	361,333,166,099
Straight bonds	136,000,000,000	136,000,000,000	-	13,600,000,000	122,400,000,000	122,400,000,000
	528,571,535,329	528,571,535,329	64,950,440,616	109,788,809,846	483,733,166,099	483,733,166,099

In which:

- Amount due for settlement within 12 months	147,496,408,761	124,375,413,385
- Amount due for settlement after 12 months	381,075,126,568	359,357,752,714

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)	163,678,957,366	137,997,280,123
Joint Stock Commercial Bank for Foreign Trade of Vietnam - Thai Nguyen Branch (ii)	112,823,456,018	111,713,965,473
Vietnam Joint Stock Commercial Bank for Industry and Trade - Thai Nguyen Branch (iii)	37,459,874,790	93,487,215,280
Military Commercial Joint Stock Bank - Thai Nguyen Branch (iv)	33,770,877,925	49,373,074,453
Straight bond	13,600,000,000	-
	361,333,166,099	392,571,535,329

(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 Design 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 Production 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 Production Factory Project of the Company and all security interests as agreed between the Company and the Bank, including this credit contract.

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

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- 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. 02/2019/469075/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.
- Loans under credit contract No. 02/2020/469075/HDTD dated 08 June 2020 with the total credit limit of VND 70,213,000,000 but no more than 70% of total actual investment capital (including VND and foreign currency equivalent) for investment in machinery and equipment in 2020. The loan term is 60 months from the first disbursement date. The interest rate is floating, adjusted every 6 months and equals to 12-month savings interest rate of BIDV plus minimum bank charge of 4% in accordance with prevailing regulation of BIDV from time to time. The loans are secured by all assets formed from the Machinery and equipment investment project of the Company.
- Loans under credit contract No. 03/2020/469075/HDTD dated 26 June 2020 with the total credit limit of VND 188,740,000,000 but no more than 65% of total actual investment (including VND and foreign currency equivalent) for investment in construction of TNG Vo Nhai Factory. The loan term is 84 months from the first disbursement date. The prevailing interest rate is 9.0% per annum applicable to 30 June 2021. The loans are secured by all assets formed from the investment of the project (financed either by loans or equity capital), land use rights (in the case of land lease with one-off rental payment), all project-related rights (property right arising from land lease contract, rights to insurance benefits,...).
- (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 date. 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/HDTCTN 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/HDTCTN dated 09 April 2019, and receivables under Collateral Contract No. 87/19/HDTCTN 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 from projects' loans.

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

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20. BOND ISSUED

Straight bonds

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 life of the bond. 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	165,000,000,000	4.80
	165,000,000,000		165,000,000,000	
				Term Year
				3

The convertible bonds were issued on 12 December 2018 with the total number of 200 and nominal 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, Bond holders have the rights to convert the entire or part of the issued bonds into the Company's shares with conversion price at the bond issuance date of VND 13,800 per share, which can be adjusted under contractual scheme. The shares issued for conversion are the Company's common share and will be additionally listed after conversion. Bond holders have the rights to request the Company to early redeem part 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.

On 23 March 2020 and 10 June 2020, Mr. Nguyen Van Thoi – Chairman of the Company bought 20 convertible bonds with total par value of VND 20 billion from Asam Vietnam Mezzanine Focus Hedge Fund 1 – the organization related to Mr. Kim Hwan Kyoou – Member of the Board of Directors.

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

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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				
<i>For the 6-month period ended 30 June 2019</i>									
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 period	-	-	-	-	-	-	93,050,720,000	93,050,720,000	
Fund distributed from 2018 profit	-	-	-	-	50,508,323,971	9,013,023,507	(68,534,370,985)	(9,013,023,507)	
ESOP share issuance in 2018	24,670,090,000	-	-	-	-	-	-	24,670,090,000	
Share dividend of 2018 declared	103,608,090,000	-	-	-	-	-	(103,608,090,000)	-	
Remuneration of the Board of Directors and Supervisory Board	-	-	-	-	-	-	(8,111,721,156)	(8,111,721,156)	
Closing balance	621,679,980,000	30,520,475,123	-	55,419,591	107,333,985,855	42,001,078,262	93,069,526,001	894,660,464,832	
<i>For the 6-month period ended 30 June 2020</i>									
Opening 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	
Profit for the period	-	-	-	-	-	-	64,103,627,064	64,103,627,064	
Fund distributed from 2019 profit (i)	-	-	-	-	85,690,570,988	11,505,555,613	(120,207,237,828)	(23,011,111,227)	
2019 cash dividend declared (i)	-	-	-	-	-	-	(52,169,180,800)	(52,169,180,800)	
Remuneration of the Board of Directors and Supervisory Board (i)	-	-	-	-	-	-	(5,565,512,841)	(5,565,512,841)	
Closing balance	652,114,760,000	35,085,695,123	-	55,419,591	193,024,556,843	53,506,633,875	116,291,613,865	1,050,078,679,297	

- (i) According to Resolution No. 1461/2020/NQ-DHDCD dated 17 May 2020 passed by 2020 Annual General Meeting of Shareholders and Announcement No. 1621/2020TNG-TB dated 03 June 2020 regarding amendments to published contents, 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 85,690,570,988, VND 11,505,555,613, VND 23,011,111,227 and VND 5,565,512,841 respectively.

According to Resolution No. 1461/2020/NQ-DHDCD dated 17 May 2020 passed by 2020 Annual General Meeting of Shareholders, the Company made cash dividend payment of 2019 with an amount of VND 52,169,180,800.

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

A common share has par value of VND 10,000.

(*) Including 4,663,831 common shares subject to transfer restriction as at 30 June 2020.

22. OFF BALANCE SHEET ITEMS

Foreign currencies:

	<u>Closing balance</u>	<u>Opening balance</u>
United States Dollar (USD)	1,147,849	7,144,784
Euro (EUR)	943	-

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 Ward, Thai Nguyen City, Thai Nguyen Province.

Business segments

During the period, the principal activities of the Company are manufacturing and trading of garment products (for export and domestic sales). Therefore, the Company does not present reports by business segments. Revenue and cost of sales have been detailed by revenue, cost of goods sold and services rendered in Note 24 and Note 25.

24. REVENUE OF GOODS SOLD AND SERVICES RENDERED

	<u>Current period</u>	<u>Prior period</u>
	VND	VND
Sales of goods	1,476,354,549,891	1,277,867,429,649
Sales of processing services	313,293,788,243	672,321,865,362
Sales of fashion products	39,447,038,086	91,177,845,943
Sales of real estate	10,156,361,994	-
	<u>1,839,251,738,214</u>	<u>2,041,367,140,954</u>

25. COST OF SALES

	<u>Current period</u>	<u>Prior period</u>
	VND	VND
Cost of goods sold	1,221,477,661,249	1,068,742,706,182
Cost of processing services	265,166,782,124	579,934,503,258
Cost of fashion products sold	31,270,733,658	45,588,922,971
Cost of real estate sold	10,245,635,533	-
	<u>1,528,160,812,564</u>	<u>1,694,266,132,411</u>

26. PRODUCTION COST BY NATURE

	<u>Current period</u>	<u>Prior period</u>
	VND	VND
Raw materials and consumables	972,729,221,001	1,066,586,250,755
Labour	728,202,498,029	709,718,047,333
Depreciation and amortisation	72,857,700,232	60,861,192,879
Out-sourced services	127,409,325,917	102,123,671,314
Other monetary expenses	106,941,095,502	117,273,529,102
	<u>2,008,139,840,681</u>	<u>2,056,562,691,383</u>

27. FINANCIAL INCOME

	<u>Current period</u>	<u>Prior period</u>
	VND	VND
Bank and loan interest	2,498,449,847	12,322,172
Foreign exchange gain	10,325,142,400	5,877,857,507
	<u>12,823,592,247</u>	<u>5,890,179,679</u>

28. FINANCIAL EXPENSES

	<u>Current period</u>	<u>Prior period</u>
	VND	VND
Interest expense	59,756,176,646	47,917,577,331
Foreign exchange loss	7,580,012,359	9,454,592,720
Other financial expenses	1,786,895,550	8,289,373,837
	<u>69,123,084,555</u>	<u>65,661,543,888</u>

29. SELLING EXPENSES AND GENERAL AND ADMINISTRATION EXPENSES

	Current period VND	Prior period VND
General and administration expenses arising in the period		
Management labour cost	66,699,213,519	60,844,330,721
Raw materials and consumables	3,247,923,276	2,316,839,109
Depreciation and amortisation	4,871,810,319	3,746,514,471
Out-sourced service expenses	8,672,929,995	4,847,886,421
Other monetary expenses	12,920,396,209	36,091,984,894
	96,412,273,318	107,847,555,616
Selling expenses arising in the period		
Labour	8,822,056,736	10,315,146,702
Raw materials and consumables	4,278,077,588	6,048,648,031
Transportation	5,399,381,189	4,522,947,143
Ex-import expenses	11,776,922,551	6,527,523,383
Other selling expenses	43,293,046,959	30,212,535,325
	73,569,485,023	57,626,800,584

30. CURRENT CORPORATE INCOME TAX EXPENSE

	Current period VND	Prior period VND
Current corporate income tax expense		
Corporate income tax expense based on taxable profit in the current period	13,134,776,004	21,286,543,040
Adjustments for corporate income tax expense in previous periods to the current period	-	5,862,886,829
Total current corporate income tax expense	13,134,776,004	27,149,429,869

Current corporate income tax expense in the period was computed as follows:

	Current period VND	Prior period VND
Profit before tax	77,238,403,068	120,200,149,869
Adjustments for taxable profit	1,087,352,337	545,895,301
<u>Add back</u> : Non-deductible expenses	1,087,352,337	545,895,301
Taxable profit	78,325,755,405	120,746,045,170
Tax rate	0%, 10% and 20%	0%, 15% and 20%
Corporate income tax expense based on taxable profit in the period	13,134,776,004	21,286,543,040

31. BASIC EARNINGS PER SHARE

The calculation of the basic earnings per share as at 30 June 2020 is based on profit attributable to ordinary shareholders and weighted average number of ordinary shares in circulation in the period, as follows:

	<u>Current period</u>	<u>Prior period (Restated) (ii)</u>
Accounting profit after corporate income tax (VND)	64,103,627,064	93,050,720,000
Appropriation to bonus and welfare funds (VND) (i)	-	(14,288,312,034)
Profit attributable to ordinary shareholders (VND)	64,103,627,064	78,762,407,966
Average ordinary shares in circulation for the period (share)	70,427,260	66,511,469
Basic earnings per share (VND/share)	910	1,184

(i) As at 30 June 2020, the Company had not estimated the reliable amount of profit that can be appropriated for bonus and welfare funds and Remuneration of the Board of Directors and Supervisory Board. If the Company appropriates bonus and welfare funds, and Remuneration of the Board of Directors and Supervisory Board, profits to calculate the basic earnings per share would be reduced accordingly.

(ii) The earnings per share ratio of 2019 was restated mainly due to the effects from appropriation of bonus and welfare funds, remuneration for Board of Directors and Supervisory Board in compliance with Circular No. 200/2014/TT-BTC issued on 22 December 2014 by Ministry of Finance, and from the payment of 2019 share dividends made in 2020, as follows:

	<u>Reported amount</u>	<u>Adjustment from reported amount</u>	<u>Restated amount</u>
Net profit after corporate income tax (VND)	93,050,720,000	-	93,050,720,000
Appropriation to bonus and welfare funds (VND)	-	(14,288,312,034)	(14,288,312,034)
Profit attributable to ordinary shareholders (VND)	93,050,720,000	(14,288,312,034)	78,762,407,966
Average ordinary shares in circulation for the period (share)	61,295,685	5,215,784	66,511,469
Basic earning per share (VND/share)	1,518		1,184

Diluted earnings per share

The calculation of the diluted earnings per share attributable to ordinary shareholders of the Company is based on the following data:

	<u>Current period</u>	<u>Prior period</u>
Profit for the year attributable to equity holders of the Company (VND)	64,103,627,064	78,762,407,966
Effect of dilutive potential ordinary shares (Convertible bonds) (VND)	3,168,000,000	4,089,141,678
Earnings for the purposes of calculating diluted earnings per share (VND)	67,271,627,064	82,851,549,644
Weighted average number of ordinary shares for the purposes of calculating basic earnings per share (share)	70,427,260	66,511,469
Effect of dilutive potential ordinary shares (Convertible bonds) (share)	11,956,522	14,492,753
Weighted average number of ordinary shares for the purposes of calculating diluted earnings per share (share)	82,383,782	81,004,222
Diluted earning per share (VND/share)	817	1,023

32. RELATED PARTY TRANSACTIONS AND BALANCES

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

	<u>Current period</u>	<u>Prior period</u>
	VND	VND
Remuneration of the Board of Executive Officers and Board of Directors	7,999,335,559	7,393,982,726
	7,999,335,559	7,393,982,726

33. SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION

Supplemental non-cash disclosures

Cash outflows for purchases of fixed assets and construction in progress during the period exclude an amount of VND 69,621,076,737 (the 6-month period ended 30 June 2019 was VND 48,981,603,753), representing an addition in fixed assets and construction in progress during the period that has not yet been paid. Therefore, changes in accounts payable have been adjusted by the same amount.

34. SUBSEQUENT EVENTS

Issue of share dividend

According to Resolution No. 1461/2020/NQ-DHDCD dated 17 May 2020 passed by 2020 Annual General Meeting of Shareholders, the Company paid share dividend with the ex-right date of 09 July 2020. The execution ratio is 100: 8 (The owner of 100 shares will receive 08 additional shares). As of 20 July 2020, the Company has successfully issued 5,215,784 shares to pay dividends.

Impact of COVID-19

Due to impacts of COVID-19 disease outbreak developments, the Company's operating industries have been subject to risks of fluctuations in textile and garment market. Such changes may affect economic benefits and obligations of the Company. The Company's Board of Executive Officers assessed that market changes due to COVID-19 epidemic have had impact on the Company. Therefore, the Company's Board of Executive Officers is prudently monitoring and evaluating the possible effects of this matter on the Company's operations in the future.



Ta Thi Thu Huong
Preparer



Tran Thi Thu Ha
Chief Accountant



Luong Thi Thuy Ha
Deputy Chief Executive Officer

13 August 2020