

**TNG INVESTMENT AND TRADING JOINT STOCK
COMPANY**

(Incorporated in the Socialist Republic of Vietnam)

**AUDITED SEPARATE
FINANCIAL STATEMENTS**

For the year ended 31 December 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 separate financial statements for the year ended 31 December 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 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	
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 Kyoan	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. Nguyen Manh Linh	Deputy Chief Executive Officer	(Appointed on 06 October 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	

THE 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 2020, 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:

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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)

- 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.

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 separate financial statements comply with Vietnamese accounting standards, accounting regime for enterprises and legal regulations relating to 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 separate financial statements.

For and on behalf of the Board of Executive Officers,



Luong Thi Thuy Ha
Deputy Chief Executive Officer

Thai Nguyen, 26 March 2021

The Board of Directors approved the accompanying separate financial statements, which present fairly, in all material respects, the financial position of the Company as at 31 December 2020, 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.

For and on behalf of the Board of Directors,



Nguyen Van Thoi
Chairman

Thai Nguyen, 26 March 2021

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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 26 March 2021 as set out from page 05 to page 39, which comprise the balance sheet as at 31 December 2020, 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 2020, 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

26 March 2021
Hanoi, S.R. Vietnam

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

BALANCE SHEET

As at 31 December 2020

Unit: VND

ASSETS	Codes	Notes	Closing balance	Opening balance
A. CURRENT ASSETS	100		1,700,797,108,774	1,594,121,719,742
I. Cash and cash equivalents	110	4	132,575,319,775	292,672,045,402
1. Cash	111		32,575,319,775	172,672,045,402
2. Cash equivalents	112		100,000,000,000	120,000,000,000
II. Short-term receivables	130		451,097,742,708	364,142,583,991
1. Short-term trade receivables	131	5	392,545,454,655	302,824,175,457
2. Short-term advances to suppliers	132		4,161,812,843	7,473,372,031
3. Other short-term receivables	136	6	56,857,440,608	53,845,036,503
4. Provision for short-term doubtful debts	137	7	(2,466,965,398)	-
III. Inventories	140	8	1,025,610,355,903	860,401,903,483
1. Inventories	141		1,036,296,470,379	865,064,776,706
2. Provision for devaluation of inventories	149		(10,686,114,476)	(4,662,873,223)
IV. Other short-term assets	150		91,513,690,388	76,905,186,866
1. Short-term prepayments	151	9	19,110,841,416	28,684,025,285
2. Value added tax deductibles	152		72,402,848,972	48,221,161,581
B. NON-CURRENT ASSETS	200		1,854,157,881,567	1,433,288,606,205
I. Long-term receivables	210		13,184,851,859	15,605,193,707
1. Other long-term receivables	216	6	13,184,851,859	15,605,193,707
II. Fixed assets	220		1,250,422,211,883	1,115,764,762,310
1. Tangible fixed assets	221	10	1,223,696,318,856	1,091,872,805,621
- Cost	222		2,067,180,938,827	1,788,883,340,065
- Accumulated depreciation	223		(843,484,619,971)	(697,010,534,444)
2. Intangible assets	227	11	26,725,893,027	23,891,956,689
- Cost	228		46,340,526,753	40,529,444,412
- Accumulated amortisation	229		(19,614,633,726)	(16,637,487,723)
III. Investment property	230	12	49,120,069,783	34,573,863,793
- Cost	231		49,913,624,086	34,575,722,703
- Accumulated depreciation	232		(793,554,303)	(1,858,910)
IV. Long-term assets in progress	240		451,332,194,267	169,197,150,221
1. Construction in progress	242	13	451,332,194,267	169,197,150,221
V. Long-term financial investments	250	14	-	-
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		90,098,553,775	98,147,636,174
1. Long-term prepayments	261	9	90,098,553,775	98,147,636,174
TOTAL ASSETS (270=100+200)	270		3,554,954,990,341	3,027,410,325,947

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

BALANCE SHEET (Continued)

As at 31 December 2020

Unit: VND

RESOURCES	Codes	Notes	Closing balance	Opening balance
C. LIABILITIES	300		2,406,975,057,430	1,960,689,468,846
I. Current liabilities	310		1,836,291,728,670	1,414,614,342,278
1. Short-term trade payables	311	15	410,418,072,190	228,968,414,715
2. Short-term advances from customers	312	16	29,724,503,476	1,541,917,761
3. Taxes and amounts payable to the State budget	313	17	11,360,012,396	22,573,780,044
4. Payables to employees	314		32,722,320,900	59,043,353,646
5. Short-term accrued expenses	315	18	39,128,141,563	34,572,497,229
6. Other current payables	319	19	17,454,743,093	13,820,990,085
7. Short-term loans	320	20	1,282,023,775,970	1,050,792,460,988
8. Bonus and welfare funds	322		13,460,159,082	3,300,927,810
II. Long-term liabilities	330		570,683,328,760	546,075,126,568
1. Long-term loans	338	21	570,683,328,760	381,075,126,568
2. Convertible bonds	339	22	-	165,000,000,000
D. EQUITY	400		1,147,979,932,911	1,066,720,857,101
I. Owner's equity	410	23	1,147,979,932,911	1,066,720,857,101
1. Owner's contributed capital	411		739,960,050,000	652,114,760,000
2. Share premium	412		37,398,245,123	35,085,695,123
3. Other owner's 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		124,035,027,479	230,129,918,270
- Retained earnings accumulated to the prior year end	421a		30,146,801	18,806,001
- Retained earnings of the current year	421b		124,004,880,678	230,111,112,269
TOTAL RESOURCES (440=300+400)	440		3,554,954,990,341	3,027,410,325,947


Ta Thi Thu Huong
Preparer


Tran Thi Thu Ha
Chief Accountant


Luong Thi Thuy Ha
Deputy Chief Executive Officer

26 March 2021

INCOME STATEMENT

For the year ended 31 December 2020

Unit: VND

ITEMS	Codes	Notes	Current year	Prior year
1. Gross revenue from goods sold and services rendered	01	26	4,480,199,673,570	4,617,541,777,109
2. Deductions	02	26	-	5,318,041,517
3. Net revenue from goods sold and services rendered (10=01-02)	10	26	4,480,199,673,570	4,612,223,735,592
4. Cost of sales	11	27	3,804,242,569,266	3,825,317,518,490
5. Gross profit from goods sold and services rendered (20=10-11)	20		675,957,104,304	786,906,217,102
6. Financial income	21	29	33,671,676,860	21,074,741,162
7. Financial expenses	22	30	144,478,192,211	136,400,434,805
- In which: Interest expense	23		101,227,715,040	91,500,188,015
8. Selling expenses	25	31	145,817,165,522	130,112,095,994
9. General and administration expenses	26	31	218,614,189,136	249,327,669,254
10. Operating profit (30=20+(21-22)-(25+26))	30		200,719,234,295	292,140,758,211
11. Other income	31	32	2,980,869,793	3,648,015,656
12. Other expenses	32	32	18,076,272,899	7,180,662,833
13. Losses from other activities (40=31-32)	40		(15,095,403,106)	(3,532,647,177)
14. Accounting profit before tax (50=30+40)	50		185,623,831,189	288,608,111,034
15. Current corporate income tax expense	51	33	32,020,548,511	58,496,998,765
16. Net profit after corporate income tax (60=50-51)	60		153,603,282,678	230,111,112,269

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Ta Thi Thu Huong
Preparer

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Tran Thi Thu Ha
Chief Accountant



Luong Thi Thuy Ha
Deputy Chief Executive Officer

26 March 2021

CASH FLOW STATEMENT

For the year ended 31 December 2020

Unit: VND

ITEMS	Codes	Current year	Prior year
I. CASH FLOWS FROM OPERATING ACTIVITIES			
1. Profit before tax	01	185,623,831,189	288,608,111,034
2. Adjustments for:			
Depreciation and amortisation of fixed assets and investment property	02	150,242,926,923	129,423,455,724
Provisions	03	6,023,241,253	(980,179,181)
Foreign exchange gain arising from translating foreign currency items	04	(2,035,259,821)	(2,961,046,972)
Gain from investing activities	05	-	(88,777,277)
Interest expense	06	120,834,183,855	101,227,715,040
3. Operating profit before movements in working capital	08	460,688,923,399	515,229,278,368
Increase, decrease in receivables	09	(105,959,901,208)	109,739,532,754
Increase, decrease in inventories	10	(171,231,693,673)	(36,990,717,879)
Increase, decrease in payables (excluding accrued loan interest and corporate income tax payable)	11	166,425,273,639	(8,288,651,382)
Increase, decrease in prepaid expenses	12	16,247,266,269	(13,342,581,550)
Interest paid	14	(121,194,487,296)	(98,257,914,352)
Corporate income tax paid	15	(42,479,749,892)	(52,357,132,177)
Other cash outflows	17	(6,005,659,800)	(5,354,177,371)
Net cash generated by operating activities	20	196,489,971,438	410,377,636,411
II. CASH FLOWS FROM INVESTING ACTIVITIES			
1. Acquisition and construction of fixed assets and other long-term assets	21	(490,029,448,909)	(337,083,106,274)
2. Proceeds from sale, disposal of fixed assets and other long-term assets	22	-	197,056,727
Net cash used in investing activities	30	(490,029,448,909)	(336,886,049,547)

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CASH FLOW STATEMENT (Continued)

For the year ended 31 December 2020

Unit: VND

ITEMS	Codes	Current year	Prior year
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	4,361,187,912,258	4,219,505,472,027
3. Repayment of borrowings	34	(4,146,087,653,846)	(4,037,775,419,119)
4. Dividends and profits paid	36	(81,767,582,800)	-
Net cash generated by financing activities	40	133,332,675,612	206,400,142,908
Net (decrease)/increase in cash (50=20+30+40)	50	(160,206,801,859)	279,891,729,772
Cash and cash equivalents at the beginning of the year	60	292,672,045,402	12,701,137,291
Effects of changes in foreign exchange rates	61	110,076,232	79,178,339
Cash and cash equivalents at the end of the year (70=50+60+61)	70	132,575,319,775	292,672,045,402

Ta Thi Thu Huong
Preparer

Tran Thi Thu Ha
Chief Accountant



Luong Thi Thuy Ha
Deputy Chief Executive Officer

26 March 2021

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 originally a State-owned enterprise established under Decision No. 448/QD-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/QD-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 Enterprise Registration Certificates No. 4600305723 issued by the Authority for Planning and Investment of Thai Nguyen Province on 30 September 2020, the authorized charter capital of the Company is VND 739,960,050,000. 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 2020 was 14,796 (as at 31 December 2019: 15,670).

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.
- 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, 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 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				
1. TNG Fashion Company Limited	Thai Nguyen	100	100	Fashion business
2. TNG Eco Green Company Limited	Thai Nguyen	100	100	Real estate trade
Associates				
1. Bac Thai Electric Construction Joint Stock Company	Thai Nguyen	49	49	Electric Construction
2. TNG Yen Binh Golf Company Limited	Thai Nguyen	49	49	Golf course business

Disclosure of information comparability in the separate financial statements

Comparative figures are the figures of the audited financial statements for the year ended 31 December 2019.

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.

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. Inventories are recorded under perpetual method.

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.

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Prepayments

Prepayments are expenses which have already been paid but relate to results of operations of multiple accounting periods, including cost of acquiring the land use right and assets on land, costs of repairing fixed assets, costs to purchase property insurance, good will and other prepayments.

Prepaid expenses for acquiring the land use right and assets on land are amortized to income statement on the straight-line basis over the lease term.

Property insurance expenses represent property insurance expenses incurred once and amortized to the income statement on a straight-line basis over a period of not more than 3 years.

Repair cost of fixed assets represents fixed assets overhaul expenses incurred once and of great value and amortized to the income statement on a straight-line basis over a period of not more than 3 years.

Other types of prepayments comprise costs of small tools, supplies and spare parts issued for consumption, advertising expenditures incurred in the production and business activities 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.

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 are measured initially at purchase price and amortized using the straight line method over their estimated useful life.

Inventory, payroll, production management and accounting software is 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, 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.

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.

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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.

For the real estate that the Company is an investor; customers have the right to complete the interior of the property and the Company shall complete the interior of the property in accordance with design, and requirements of customers, the Company recognises revenue when the main construction work is completed, handed over to customers if all five (5) similar conditions as above are satisfied.

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.

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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 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>	<u>Opening balance</u>
	VND	VND
Cash on hand	903,160,677	1,198,591,671
Bank demand deposits	31,672,159,098	171,473,453,731
Cash equivalents (i)	100,000,000,000	120,000,000,000
	<u>132,575,319,775</u>	<u>292,672,045,402</u>

- (i) 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 3% per annum.

5. SHORT-TERM TRADE RECEIVABLES

	<u>Closing balance</u>	<u>Opening balance</u>
	VND	VND
Desipro Pte. Ltd.	71,443,758,172	78,881,366,939
The Children's Place., Ltd	59,046,638,009	75,688,998,218
Sportmaster., Ltd	50,496,098,022	12,756,605,837
Asmara International Limited	37,816,779,822	38,564,568,231
Canda International GMBH & Co OHG	30,355,278,892	32,784,566,107
The Haddad Apparel Group., Ltd.	8,535,360,235	4,672,556,362
Others	134,851,541,503	59,475,513,763
	<u>392,545,454,655</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	25,539,141,873	22,539,141,873
- Advance for site clearance compensation	16,816,083,422	16,816,083,422
- Receivables from insurance agency	-	5,403,502,523
- Deposits	3,620,699,730	3,620,699,730
- Other receivables	10,881,515,583	5,465,608,955
	<u>56,857,440,608</u>	<u>53,845,036,503</u>
b. Non-current		
- Land rentals deductible	10,680,826,157	10,680,826,157
- Deposits	2,504,025,702	4,924,367,550
	<u>13,184,851,859</u>	<u>15,605,193,707</u>

7. BAD DEBTS

	Closing balance			Opening balance		
	Cost	Recoverable amount	Overdue days	Cost	Recoverable amount	Overdue days
	VND			VND		
Institute of Environmental Technology and Climate Change	2,182,208,600	-	< 1 year	-	-	-
Mango, Punto FA S.L.Unipersonal	284,756,798	-	< 2 years	-	-	-
	2,466,965,398	-		-	-	

8. INVENTORIES

	Closing balance		Opening balance	
	Cost	Provision	Cost	Provision
	VND		VND	
Goods in transit	29,986,738,502	-	25,080,516,673	-
Raw materials	300,430,706,408	(1,319,407,030)	246,815,721,827	-
Tools and supplies	4,902,700,977	-	2,233,008,517	-
Work in progress	215,525,625,423	(985,529,969)	181,702,774,059	-
Finished goods	485,450,699,069	(8,381,177,477)	409,232,755,630	(4,662,873,223)
	1,036,296,470,379	(10,686,114,476)	865,064,776,706	(4,662,873,223)

During the year, VND 6,023,241,253 (2019: VND 0) was provided for devaluation of inventories.

During the year, VND 0 (2019: VND 980,179,181) was reversed as a provision for devaluation of inventories.

As at 31 December 2020, as presented in Note 20, 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 2019: VND 390 billion).

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9. PREPAYMENTS

	<u>Closing balance</u>	<u>Opening balance</u>
	VND	VND
a. Current		
- Tools and dies issued for consumption	6,750,080,451	14,760,035,302
- Assets insurance purchase expenses	4,078,195,585	3,044,239,270
- Others	8,282,565,380	10,879,750,713
	<u>19,110,841,416</u>	<u>28,684,025,285</u>
b. Non-current		
- Tools and dies issued for consumption;	33,681,907,721	35,681,422,831
- Cost of acquiring land use right and assets on land	18,851,854,295	19,275,491,471
(i)		
- The cost of repairs for fixed assets	21,697,765,433	6,070,844,859
- Goodwill	-	32,282,914
- Others	15,867,026,326	37,087,594,099
	<u>90,098,553,775</u>	<u>98,147,636,174</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.

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

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10. INCREASES, DECREASES IN TANGIBLE FIXED ASSETS

	Buildings and structures VND	Machinery and equipment VND	Office equipment VND	Motor vehicles VND	Others VND	Total 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	24,581,954,880	46,985,960,697	-	-	415,558,500	71,983,474,077
Transfer from construction in progress	165,802,860,594	37,779,061,287	-	-	-	203,581,921,881
Others	-	2,597,602,300	-	-	134,600,504	2,732,202,804
Closing balance	970,838,474,383	1,079,860,018,241	4,505,966,051	9,496,172,515	2,480,307,637	2,067,180,938,827
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 year	41,126,624,484	103,720,014,997	317,716,067	1,028,667,799	281,062,180	146,474,085,527
Closing balance	249,565,087,824	582,092,775,370	4,341,874,003	5,982,998,791	1,501,883,983	843,484,619,971
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	721,273,386,559	497,767,242,871	164,092,048	3,513,173,724	978,423,654	1,223,696,318,856

As presented in Notes 20 and 21, 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 2020, the cost of the Company's tangible fixed assets includes VND 204,269,374,093 (as at 31 December 2019: VND 188,759,438,470) of assets which have been fully depreciated but are still in use.

11. INCREASES, DECREASES IN INTANGIBLE ASSETS

	Land use rights	Computer software	Total
	VND	VND	VND
COST			
Opening balance	16,784,250,377	23,745,194,035	40,529,444,412
Additions	2,999,000,000	2,812,082,341	5,811,082,341
Closing balance	<u>19,783,250,377</u>	<u>26,557,276,376</u>	<u>46,340,526,753</u>
ACCUMULATED AMORTISATION			
Opening balance	1,696,717,879	14,940,769,844	16,637,487,723
Charge for the year	463,693,884	2,513,452,119	2,977,146,003
Closing balance	<u>2,160,411,763</u>	<u>17,454,221,963</u>	<u>19,614,633,726</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>17,622,838,614</u>	<u>9,103,054,413</u>	<u>26,725,893,027</u>

As at 31 December 2020, the cost of the Company's intangible fixed assets includes VND 10,063,965,292 (as at 31 December 2019: VND 9,038,390,692) of assets which have been fully amortised but are still in use.

The Company used the land use rights to secure the loans from banks as presented in the Note 21.

12. INCREASES, DECREASES IN INVESTMENT PROPERTY

	Buildings and structures
	VND
COST	
Opening balance	34,575,722,703
Transfer from construction in progress	15,337,901,383
Closing balance	<u>49,913,624,086</u>
ACCUMULATED DEPRECIATION	
Opening balance	1,858,910
Charge for the year	791,695,393
Closing balance	<u>793,554,303</u>
NET BOOK VALUE	
Opening balance	<u>34,573,863,793</u>
Closing balance	<u>49,120,069,783</u>

According to VAS No. 05 - *Investment Properties*, fair value of investment property as at 31 December 2020 is required to be disclosed. However, the Company could not determine the fair value as at 31 December 2020, 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.



13. CONSTRUCTION IN PROGRESS

	Closing balance	Opening balance
	VND	VND
Construction in progress		
- Acquisition	4,575,423,829	95,366,000
- Construction	446,756,770,438	169,101,784,221
<u>In which:</u>		
- Son Cam industrial zone project	292,408,921,029	3,056,735,140
- TNG Phu Luong Factory	49,556,154,041	42,173,989,714
- Song Cong Auxiliary Home	23,310,992,572	32,115,670,232
- Phu Binh Project	22,864,474,332	20,141,747,060
- TNG Vo Nhai Factory	16,712,803,605	11,649,530,988
- Others	46,478,848,688	63,116,212,227
	451,332,194,267	169,197,150,221

The Company used assets formed from loans of the projects to secure the loans from commercial banks and financial institutions as presented in the Note 21.

14. FINANCIAL INVESTMENTS

	Opening balance		Closing balance	
	Cost	Provision	Cost	Provision
	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)	-	-	-	-
	771,150,000	(771,150,000)	771,150,000	(771,150,000)

(i) Details of the Company's capital commitments to subsidiaries and associates as at 31 December 2020 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 31 December 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

- (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.

15. SHORT-TERM TRADE PAYABLES

	Closing balance		Opening balance	
	Amount	Amount able to be paid off VND	Amount	Amount able to be paid off VND
Hoang Hai Construction and Trading Co., Ltd	48,588,553,650	48,588,553,650	-	-
YKK Vietnam Company Limited	18,051,806,242	18,051,806,242	21,103,503,988	21,103,503,988
Others	343,777,712,298	343,777,712,298	207,864,910,727	207,864,910,727
	410,418,072,190	410,418,072,190	228,968,414,715	228,968,414,715

16. SHORT-TERM ADVANCES FROM CUSTOMERS

	Closing balance	Opening balance
	VND	VND
Uni-estern Sportswear MFG. Ltd	20,475,782,435	-
Moose International Inc.	3,251,204,122	-
Others	5,997,516,919	1,541,917,761
	29,724,503,476	1,541,917,761

17. TAXES AND AMOUNTS PAYABLE TO THE STATE BUDGET

	Opening balance	Payable during the year	Paid during the year	Closing balance
	VND	VND	VND	VND
Corporate income tax	21,096,415,766	32,020,548,511	42,479,749,892	10,637,214,385
Personal income tax	1,235,743,404	16,942,413,434	17,617,971,499	560,185,339
Others	241,620,874	5,122,669,399	5,201,677,601	162,612,672
	22,573,780,044	54,085,631,344	65,299,398,992	11,360,012,396

18. SHORT-TERM ACCRUED EXPENSES

	<u>Closing balance</u>	<u>Opening balance</u>
	VND	VND
Accruals for salary and leave	19,187,620,789	23,478,321,233
Accruals for interest expenses	4,159,996,215	4,520,299,656
Transportation expense	2,565,054,380	1,738,489,333
Other accruals	13,215,470,179	4,835,387,007
	<u>39,128,141,563</u>	<u>34,572,497,229</u>

19. OTHER CURRENT PAYABLES

	<u>Closing balance</u>	<u>Opening balance</u>
	VND	VND
Investment received for TNG Village Project	3,418,192,964	3,169,349,789
Trade union fee	5,959,763,058	1,735,850,668
Others	8,076,787,071	8,915,789,628
	<u>17,454,743,093</u>	<u>13,820,990,085</u>

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

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- (i) Loans from Joint Stock Commercial Bank for Investment and Development of Vietnam - Thai Nguyen Branch includes:
 - Loan under Credit Line Contract dated 07 October 2019 with the credit limit of VND 1,000 billion (including loans in VND and foreign currencies equivalent, L/C balance less deposits and guarantee balances), interest rates are determined in respect of each disbursement.
 - Loan from Joint Stock Commercial Bank for Investment and Development of Vietnam - Thai Nguyen Branch under the credit line contract dated 16 November 2020 with a credit limit of VND 1,000 billion (including loans in VND and foreign currencies equivalent, L/C balance less deposits and guarantee balances) with the loan interest rate determined upon each disbursement. The loan is secured by pledged or mortgaged assets of the Company; all balances of the Company's deposit accounts for production and business in VND and foreign currencies at the bank and other credit institutions.
- (ii) Loans from Vietnam Joint Stock Commercial Bank for Industry and Trade - Thai Nguyen Branch under Credit Line Contract dated 10 September 2020 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 includes:
 - Loan obtain from Joint Stock Commercial Bank for Foreign Trade of Vietnam - Thai Nguyen under 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.
 - Loan from Joint Stock Commercial Bank for Foreign Trade of Vietnam - Thai Nguyen branch under Contract dated 25 August 2020 with a credit limit of VND 100 billion. Interest rate is specified according to the lender's interest rate announcement at each time of disbursement. The loan is secured by machinery and equipment under the Project of additional investment in machinery and equipment for TNG Phu Binh and TNG Song Cong factories, and the project of additional investment in machinery and equipment in 2014 under Collateral Contract No. 210/18/HDTC/TN dated 18 June 2018, machinery and equipment under the Project of additional investment in machinery and equipment in 2019 under mortgage contract No. 86/19/HDTC/TN dated 09 April 2019, receivables under Collateral contract No. 87/19/HDTC/TN dated 09 April 2019, all machinery and equipment formed from loan and equity capital under the project of investment and construction of TNG Song Cong auxiliary plant under the collateral contract No. 312/19/HDTC/TN dated 09 December 2019, pre-engineered steel frame formed

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

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from loans, equity capital and other mobilized capital under the project of investment and construction of TNG Song Cong auxiliary plant under collateral contract No. 184/20/HDTC/TN dated 25 August 2020.

(iv) The loan from Military Commercial Joint Stock Bank (“MB”) - Thai Nguyen Branch under the Contract dated 09 April 2020 with 2 credit limits 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 the Bank. The Credit limit term is from date of contract to 03 March 2021. The Company has signed an amendment on 09 Mar 2021 to extend the credit term to 30 April 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/deposit agreements – valuable papers and property, property right arose/to be arisen from MB credit funding method, including: (i) loan, (ii) LC issued by MB, (iii) obligations guaranteed by MB.

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

21. 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	392,571,535,329	392,571,535,329	171,860,755,175	210,641,654,156	353,790,636,348	353,790,636,348
Bonds issued	136,000,000,000	136,000,000,000	148,635,000,001	-	284,635,000,001	284,635,000,001
(Details stated in Note 22)	528,571,535,329	528,571,535,329	320,495,755,176	210,641,654,156	638,425,636,349	638,425,636,349

In which:

- Amount due for settlement within 12 months	147,496,408,761	67,742,307,589
- Amount due for settlement after 12 months	381,075,126,568	570,683,328,760

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

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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)	198,748,541,413	137,997,280,123
Joint Stock Commercial Bank for Foreign Trade of Vietnam - Thai Nguyen Branch (ii)	115,939,014,873	111,713,965,473
Vietnam Joint Stock Commercial Bank for Industry and Trade - Thai Nguyen Branch (iii)	23,320,318,509	93,487,215,280
Military Commercial Joint Stock Bank - Thai Nguyen Branch (iv)	15,782,761,553	49,373,074,453
	353,790,636,348	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 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 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. 02/2019/469075/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 currencies equivalent) for investment in machinery and equipment in 2020. The loan term is 60 months from the first disbursement date. The floating interest rate is adjusted every 6 months and equals to interest rate of BIDV 12-month interest-postpaid individual savings plus

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minimum bank charge of 4% in accordance with regulations of BIDV from time to time. The currently applied interest rate is 8.5% per annum. 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,...).

- Loans under Credit Contract No. 04/2020/469075/HDTD dated 02 December 2020 with total credit limit of VND 37,519,000,000 but not exceeding 70% of total actual investment of project (including VND and foreign currencies equivalents) to implement the project of investment in cotton production line No. 3. The floating interest rate, adjusted every 6 months, equals to the interest rate of BIDV Thai Nguyen 12-month interest-postpaid individual savings plus a minimum bank fee of 4% in accordance with BIDV's regulations from time to time. The currently applied interest rate is 8.5%/year. The loan is secured by all assets formed from the Company's cotton production line No.3 investment project.

(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.

- Loan from Joint Stock Commercial Bank for Foreign Trade of Vietnam under loan contract under investment project No. 185/20/HDTD/TN dated 25 August 2020 with credit limit of VND 55,682,000,000. The loan is used to finance legal, reasonable and valid credit needs related to the investment and implementation of TNG Song Cong auxiliary plant project. The loan term is 72 months from the day following the first disbursement date. Floating interest rate equals to the interest rate of 12-month interest-postpaid individual savings as announced by the Joint Stock Commercial Bank for Foreign Trade of Vietnam - Thai Nguyen Branch from time to time plus a margin of 3.3% but not lower than the Bank's interest rate floor, adjusted every 3 months.

(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

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Tu Factory, and for investment in the Company's project on equipment system renovation and capital construction upgrade and 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 and equipment 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:

	Closing balance	Opening balance
	VND	VND
On demand or within one year	67,742,307,589	147,496,408,761
In the second year	192,959,543,122	81,562,921,990
In the third to fifth year inclusive	377,723,785,638	299,512,204,578
	638,425,636,349	528,571,535,329
Less: Amount due for settlement within 12 months (shown under short-term loans)	67,742,307,589	147,496,408,761
Amount due for settlement after 12 months	570,683,328,760	381,075,126,568

22. BONDS ISSUED

Straight bonds

	Closing balance		Opening balance	
	Amount	Interest rate	Amount	Interest rate
	VND	%/Year	VND	%/Year
Privately issued bonds	284,635,000,001	11.50	136,000,000,000	11.50
	284,635,000,001		136,000,000,000	
				Term
				Year
				3



Details of straight bond contracts are as follows:

	Closing balance	Opening balance
	VND	VND
Bond subscription contract No.01 -21 October 2019 (i)	136,000,000,000	136,000,000,000
Bond subscription contract No.02 - 30 October 2020 (ii)	150,000,000,000	-
Bond subscription contract No.03 - 30 October 2020 (iii)	10,000,000	-
Unallocated issue fee	(1,374,999,999)	-
	284,635,000,001	136,000,000,000

Bond contracts typically have the remaining maturity of more than 12 months and are presented under the Long-term Loans item on the Balance Sheet.

- (i) Bonds issued under Resolution No.2181/2019/TNG-NQHĐQT dated 3 October 2019 and bond subscription contract dated 21 October 2019, the Company privately issued 136 non-convertible bonds, without collateral and warrants with par value of VND 1,000,000,000/bond, term of 36 months from the date of issue of 25 October 2020, interest rate of 11.5%/year for the entire term of the bond. The purpose of bond issuance is to increase the working capital and implement investment programs and projects of the Company. After 12 months from the date of issue, the Company has the right to redeem all or a part of outstanding bonds in circulation.
- (ii) Bonds issued under the Board of Directors' Resolution No. 2756/NQHĐQT-TNG dated 21 September 2020 and bond subscription contracts dated 30 September 2020, the Company privately issued 15,000 non-convertible bonds, without collateral and warrants, with par value of VND 10,000,000/bond, term of 03 years from the date of issue of 30 September 2020, fixed interest rate of 10 %/year. The purpose of bond issuance is to increase the working capital and supplement the investment capital of Son Cam 1 Industrial Cluster project.
- (iii) Bond issued under the Board of Directors' Resolution No. 2756/NQHĐQT-TNG dated 21 September 2020 and bond subscription contracts dated 30 September 2020, the company privately issued 1 non-convertible bond, without collateral and warrants, with par value of VND 10,000,000/bond, term of 03 years from the date of issue of 30 September 2020, fixed interest rate of 10 %/year. The purpose of bond issuance is to increase the working capital and supplement the investment capital of Son Cam 1 Industrial Cluster project.

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Convertible bonds

	Closing balance		Opening balance	
	Amount	Interest rate	Amount	Interest rate
	VND	%/Year	VND	%/Year
Convertible bonds	127,000,000,000	4.80	165,000,000,000	4.80
	127,000,000,000		165,000,000,000	
				Term
				Year
				3

The convertible bonds were issued on 12 December 2018 with the total number of 200 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.

Convertible bond contracts have the remaining maturity of less than 12 months and are presented under the Short-term Loan item on the Balance Sheet.

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 price 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.

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

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

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23. OWNERS' EQUITY

Movement in owners' equity	Owners'	Share premium	Other owners'	Investment and	Other reserves	Retained	Total
	contributed capital	VND	capital	development fund	VND	earnings	VND
Prior 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	-	-	-	50,508,323,971	9,013,023,507	(68,534,370,985)	(9,013,023,507)
Remuneration of the Board of Directors	-	-	-	-	-	(8,111,721,156)	(8,111,721,156)
Share dividend of 2018 declared	103,608,090,000	-	-	-	-	(103,608,090,000)	-
ESOP share issuance in 2018	24,670,090,000	-	-	-	-	-	24,670,090,000
Share issuance for conversion of convertible bonds	30,434,780,000	4,565,220,000	-	-	-	-	35,000,000,000
Current year's 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 year	-	-	-	-	-	153,603,282,678	153,603,282,678
Fund distributed from 2019 profit (i)	-	-	-	85,690,570,988	11,505,555,613	(120,207,237,828)	(23,011,111,227)
Share dividend of 2019 declared (ii)	52,157,840,000	-	-	-	-	(52,157,840,000)	-
Cash dividend of 2019 declared (ii)	-	-	-	-	-	(52,169,180,800)	(52,169,180,800)
Dividend advanced (iii)	-	-	-	-	-	(29,598,402,000)	(29,598,402,000)
Share issuance for conversion of convertible bonds (iv)	35,687,450,000	2,312,550,000	-	-	-	-	38,000,000,000
Remuneration of the Board of Directors (i)	-	-	-	-	-	(5,565,512,841)	(5,565,512,841)
Current year's closing balance	739,960,050,000	37,398,245,123	55,419,591	193,024,556,843	53,506,633,875	124,035,027,479	1,147,979,932,911

- (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 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.
- (ii) 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.
- (iii) The Board of Directors' Resolution No. 2921/NQ-HDQT dated 05 October 2020 approved the first advance of cash dividend of 2020 with total amount of VND 29,598,402,000.
- (iv) The Board of Directors' Resolution No. 2287/2020/NQ-HDQT dated 06 August 2020 approved the conversion of convertible bonds issued on 12 December 2018 into common shares. On 21 August 2020, the Company issued 3,568,745 ordinary shares with par value of VND 10,000/share to bondholders in the form of issuing shares to convert convertible bonds into shares at the issue price of 11,500 VND/share. Accordingly, the total number of convertible bonds issued under the Resolution of the General Meeting of Shareholders No. 781/2018/NQ-DHDCD dated 22 April 2018 decreased by 38 bonds (corresponding to the par value of VND 38 billion) to 127 bonds (corresponding to par value of VND 127 billion).

Shares

	<u>Closing balance</u>	<u>Opening balance</u>
Number of shares issued to the public	73,996,005	65,211,476
<i>Ordinary shares</i>	<i>73,996,005</i>	<i>65,211,476</i>
Number of outstanding shares in circulation (*)	73,996,005	65,211,476
<i>Ordinary shares</i>	<i>73,996,005</i>	<i>65,211,476</i>

(*) Included 1,416,786 ordinary shares subject to restricted transfer as at 31 December 2020.

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

24. OFF BALANCE SHEET ITEMS

Foreign currencies

	<u>Closing balance</u>	<u>Opening balance</u>
United States Dollar (USD)	916,312	7,144,784
Euro (EUR)	24,604	-

25. 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 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 26 and Note 27.

26. 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	3,583,017,133,354	2,727,514,538,176
Sales of processing services	813,119,801,076	1,688,255,787,888
Sales of fashion products	68,648,706,685	159,745,373,564
Sales of real estate	15,414,032,455	42,026,077,481
	<u>4,480,199,673,570</u>	<u>4,617,541,777,109</u>
Deductions		
Sales rebates	-	5,318,041,517
Net revenue from goods sold and services rendered	<u>4,480,199,673,570</u>	<u>4,612,223,735,592</u>

27. COST OF SALES

	<u>Current year</u>	<u>Prior year</u>
	VND	VND
Cost of goods sold	3,041,142,674,684	2,561,139,119,825
Cost of processing services	694,940,693,847	1,104,001,862,119
Cost of fashion products sold	58,331,042,629	118,154,213,970
Cost of real estate sold	9,828,158,106	42,022,322,576
	<u>3,804,242,569,266</u>	<u>3,825,317,518,490</u>



28. PRODUCTION COST BY NATURE

	<u>Current year</u>	<u>Prior year</u>
	VND	VND
Raw materials and consumables	1,994,362,901,815	2,163,903,057,207
Labour	1,521,436,516,788	1,479,423,163,797
Depreciation and amortisation of fixed assets and investment property	150,242,926,923	129,423,455,724
Out-sourced services	300,943,758,412	205,388,323,295
Other monetary expenses	311,728,614,789	272,442,758,858
	<u>4,278,714,718,727</u>	<u>4,250,580,758,881</u>

29. FINANCIAL INCOME

	<u>Current year</u>	<u>Prior year</u>
	VND	VND
Bank deposit interest	4,294,033,164	517,419,195
Foreign exchange gain	29,377,643,696	20,557,321,967
	<u>33,671,676,860</u>	<u>21,074,741,162</u>

30. FINANCIAL EXPENSES

	<u>Current year</u>	<u>Prior year</u>
	VND	VND
Interest expense	120,834,183,855	101,227,715,040
Foreign exchange loss	13,881,724,686	14,360,047,816
Other financial expenses	9,762,283,670	20,812,671,949
	<u>144,478,192,211</u>	<u>136,400,434,805</u>

31. SELLING AND GENERAL AND ADMINISTRATION EXPENSES

	<u>Current year</u>	<u>Prior year</u>
	VND	VND
General and administration expenses arising in the year		
Management labour cost	145,974,834,509	165,259,171,882
Raw materials and consumables	8,252,151,370	4,860,580,895
Depreciation and amortisation	9,333,311,616	7,256,271,356
Provision expense	2,182,208,600	-
Out-sourced expense	2,258,277,686	1,454,771,233
Other monetary expenses	50,613,405,355	70,496,873,888
	<u>218,614,189,136</u>	<u>249,327,669,254</u>
Selling expenses arising in the year		
Labour	13,499,660,836	19,442,079,850
Raw materials and consumables	5,190,129,498	12,570,714,711
Transportation	12,923,183,079	14,953,589,741
Ex-import expense	27,758,393,084	19,088,429,972
Other selling expenses	86,445,799,025	64,057,281,720
	<u>145,817,165,522</u>	<u>130,112,095,994</u>

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32. OTHER INCOME AND OTHER EXPENSES

	Current year	Prior year
	VND	VND
Other income		
Income from disposal of fixed assets	-	470,434,909
Other income	2,980,869,793	3,177,580,747
	<u>2,980,869,793</u>	<u>3,648,015,656</u>
Others expenses		
Expense to close fashion boutiques	13,009,272,804	108,279,450
Contractual penalties and compensations	1,291,367,861	5,862,886,829
Others expenses	3,775,632,234	1,209,496,554
	<u>18,076,272,899</u>	<u>7,180,662,833</u>

33. CURRENT CORPORATE INCOME TAX EXPENSES

	Current year	Prior year
	VND	VND
Current corporate income tax expense		
Corporate income tax expense based on taxable profit in the current year	32,020,548,511	52,634,111,936
Adjustments for corporate income tax expense in previous years to the current year	-	5,862,886,829
Total current corporate income tax expense	<u>32,020,548,511</u>	<u>58,496,998,765</u>

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

	Current year	Prior year
	VND	VND
Profit before tax	185,623,831,189	288,608,111,034
Adjustments for taxable profit	5,018,521,829	7,322,925,217
Add back: Non-deductible expenses	5,018,521,829	7,322,925,217
Taxable profit	190,642,353,018	295,931,036,251
Tax rate	0%, 5% and 20%	0%, 15% and 20%
Corporate income tax	32,361,048,511	52,937,411,936
Less: Expense for female employees	(340,500,000)	(303,300,000)
Current corporate income tax	<u>32,020,548,511</u>	<u>52,634,111,936</u>

34. 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	11,946,563,013	18,508,150,608
	<u>11,946,563,013</u>	<u>18,508,150,608</u>

35. 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 106,792,273,610 (in 2019: VND 17,972,298,791), 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.

36. SUBSEQUENT EVENTS

Suspension of subsidiaries

According to the Board of Directors' Resolution No. 262/2021/NQHDQT dated 02 February 2021 on the suspension of TNG Eco Green Company Limited and TNG Fashion Company Limited, the Board of Directors approved the suspension of the two above-mentioned subsidiaries until 20 January 2022 due to changes in business plan.

Conversion of bonds into shares

On 23 February 2021, the Board of Directors approved Resolution No. 367/2021/NQHDQT on approving the third conversion of convertible bonds issued on 12 December 2018 into common shares. The bondholder is Asam Vietnam Mezzanine Focus Hedge Fund 1 with 59 convertible bonds to be converted, the total par value of convertible bonds proposed to be converted is VND 59 billion. The number of additional shares issued due to conversion of bonds into shares is 5,540,946 shares.

On 10 March 2021, Mr. Nguyen Van Thoi - Chairman of the Board of Directors of the Company converted convertible bonds into shares with 20 convertible bonds to be converted, total par value of the convertible bond proposed to be converted is VND 20 billion. Number of additional shares issued due to conversion of bonds into shares is 1,878,287 shares.



37. OTHER EVENT

The new virus strain (Covid-19) has been causing upheavals to Vietnam's economy. Effective and proactive measures have been adopted by the Government of Vietnam, consistent with requirements of World Health Organization (WHO) to prevent this disease, including but not limited to travel restrictions and social distancing. Therefore, this may indirectly affect the main operation of the Company. The Board of Directors is assessing the potential impacts of Covid-19 on the Company's business, financial and governance activities in 2021, and developing appropriate response plans in short and long term.



Ta Thi Thu Huong
Preparer



Tran Thi Thu Ha
Chief Accountant



Luong Thi Thuy Ha
Deputy Chief Executive Officer

26 March 2021

