



Accompany with Business

AUDITED FINANCIAL STATEMENTS

For the year ended December 31, 2020

CAT LOI JOINT STOCK COMPANY

AISC

Auditing and Informatic Services Company Limited

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CAT LOI JOINT STOCK COMPANY

REPORT OF THE BOARD OF DIRECTORS

For the year ended December 31, 2020

The Board of Directors of Cat Loi Joint Stock Company has the honor of submitting this report and the audited financial statements for the year ended December 31, 2020.

1. Business highlights:

Establishment:

Cat Loi Joint Stock Company ("the Company") was converted from State Company - Tobacco Package Printing and Accessories according to Decision No 184/2003/ QD - BCN dated 13 November 2003 of Minister of Industry (now as Ministry of Industry and Trade). The Company is operating under Business Registration Certificate No. 0303185504 issued by Department of Planning and Investment of Hochiminh City dated 10 March 2021 (issued for the first time on dated 19 February 2004).

Structure of ownership: Joint Stock Company.

The Company's principal activities:

Package printing; Manufacturing and trading industrial materials; Commercial brokers; Importing and Exporting fiduciary services; Trading chemical (excluding extremely toxic chemicals), tipping paper, BO-PP, appliances, machinery and mechanical-equipment, materials for manufacturing filter of cigarettes; Factories, warehouses and office for rent.

English name: CAT LOI JOINT STOCK COMPANY.

Short name: CLCO.

Stock code: CLC (HOSE).

Head office: 934 D2, D Street, Cat Lai industrial zone (Cluster 2), Thanh My Loi Ward, Thu Duc City, Ho Chi Minh City.

2. Financial position and results of operation:

The Company's financial position and results of operation in the year are presented in the attached financial statements.

3. Board of Management, Supervisory Board and Board of Directors:

Members of the Board of Management, Supervisory Board and Board of Directors holding office in the period and to the reporting date include:

Board of Management:

Mr.	Nham Minh Thuan	Chairman	Appointed from 15/12/2020
Mr.	Ha Quang Hoa	Chairman	Dismissed from 15/12/2020
Mr.	Bui Tan Hoa	Member	Dismissed from 30/06/2020
Mr.	Nguyen Hoang Minh	Member	Appointed from 30/06/2020
Mr.	Trinh Xuan Quang	Member	Dismissed from 30/06/2020
Mr.	Huynh Nam	Member	
Mr.	Le Thanh Trung	Member	
Ms.	Le Diem Anh	Member	Appointed from 30/06/2020

Supervisory Board

Ms.	Tran Thi Anh	Head of Supervisory Board
Ms.	Do Thu Ha	Member
Mr.	Nguyen The Long	Member

Board of Directors

Mr.	Nguyen Hoang Minh	Director - Appointed from 30/06/2020 - Legal representative.
Mr.	Bui Tan Hoa	Director - Dismissed from 30/06/2020.
Mr.	Nguyen Duc Hanh	Deputy Director

REPORT OF THE BOARD OF DIRECTORS (CONT'D)

For the year ended December 31, 2020

4. Independent Auditor

Auditing and Informatic Services Limited Company (AISC) has been appointed as an independent auditor for the year ended December 31, 2020.

5. Board of directors' responsibility.

The Board of Directors of the Company is responsible for the preparation of the financial statements which give a true and fair view of the financial position of the Company as of Dec 31, 2020 as well as its results of operation and cash flows for the year ended December 31, 2020. In order to prepare these financial statements, the Board of Directors have considered and complied with the following matters:

- Selected appropriate accounting policies and applied them consistently;
- Made judgments and estimates that are reasonable and prudent;
- The financial statements of the Company are prepared on a going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Board of Directors 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 financial statements are prepared in compliance with the registered accounting policies stated in the Notes to the Financial Statements. The Board of Directors are also responsible for safeguarding the assets of the Company and thus taking reasonable steps for the prevention and detection of fraud and other irregularities.

6. Approval of the Financial Statements

In the Board of Directors's opinion, the financial statements consisting of Balance Sheet as at Dec 31, 2020, Income Statement, Cash Flow Statement and Notes to the Financial Statements enclosed with this report give a true and fair view of the financial position of the Company as well as its operating results and cash flows for the year ended December 31, 2020.

The financial statements are prepared in compliance with Vietnamese Accounting Standards and the Vietnamese Accounting System.

Ho Chi Minh City, 18 March 2021

For and on behalf of the Board of Directors,



Mr Nguyen Hoang Minh

Director



CÔNG TY TNHH KIỂM TOÁN VÀ DỊCH VỤ TIN HỌC TP.HCM
Auditing And Informatic Services Company Limited

Head Office: 389A Dien Bien Phu Str., Ward 4, Dist.3, Ho Chi Minh City
Tel: (84.28) 3832 9129 (10 Lines) **Fax:** (84.28) 3834 2957
Email: info@aisc.com.vn **Website:** www.aisc.com.vn

No: A 0720251-R /AISC-DN3

INDEPENDENT AUDITOR'S REPORT

To:

SHAREHOLDERS, BOARD OF MANAGEMENT AND BOARD OF DIRECTORS
CAT LOI JOINT STOCK COMPANY

We have audited the financial statements of Cat Loi Joint Stock Company consisting of Balance Sheet as at Dec 31, 2020, Income Statement, Cash Flow Statement for the year ended December 31, 2020 and Notes to the Financial statements as set out on page 04 to page 40, which were prepared on 18 March 2021.

Responsibilities of the Board of Directors

The Board of Directors is responsible for the preparation and fair presentation of the financial statements in accordance with Vietnamese Accounting Standards, Accounting System and prevailing regulations applicable to the preparation and presentation of the financial statements, and also for the internal control that the Board of Directors considers necessary for the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Responsibilities of the Auditor

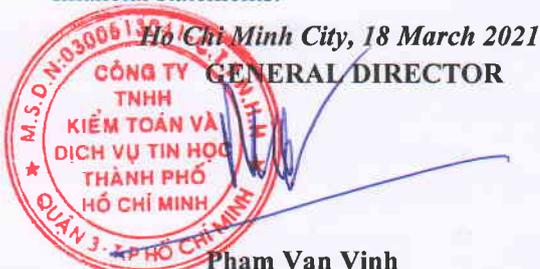
Our responsibility is to express an opinion on the financial statements based on our audit. We conducted our audit in accordance with Vietnamese Auditing Standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the 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 Directors as well as evaluating the overall presentation of the financial statements.

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

Auditor's opinion

In our opinion, the financial statements give a true and fair view, in all material respects, of the financial position of Cat Loi Joint Stock Company as at December 31, 2020 as well as the results of its operation and its cash flows for the year then ended. The financial statements are prepared in compliance with the prevailing Vietnamese Accounting Standards, Vietnamese Accounting System and other statutory requirements relevant to the preparation and presentation of the financial statements.



Hồ Chí Minh City, 18 March 2021

GENERAL DIRECTOR

Pham Van Vinh

Certificate of Audit Practice Registration

No. 0112-2018-005-1

Issued by the Ministry of Finance

AUDITOR

Ha Que Nga

Certificate of Audit Practice Registration

No. 2801-2019-005-1

Issued by the Ministry of Finance

CAT LOI JOINT STOCK COMPANY

BALANCE SHEET

As at Dec 31, 2020

Unit: VND.

ASSETS	Codes	Notes	As at Dec. 31, 2020	As at Jan. 01, 2020
A. CURRENT ASSETS	100		839,016,028,081	912,048,140,537
I. Cash and cash equivalents	110	V.1	55,820,130,138	40,613,995,919
1. Cash	111		55,820,130,138	40,613,995,919
2. Cash equivalents	112		-	-
II. Short-term financial investments	120		-	-
1. Trading securities	121		-	-
2. Provision for devaluation of trading securities	122		-	-
3. Held-to-maturity investments	123		-	-
III. Short-term Accounts receivable	130		173,376,900,031	266,884,236,472
1. Trade accounts receivable	131	V.2	172,510,144,763	260,538,029,012
2. Prepayments to suppliers	132	V.3	718,500,217	6,159,697,460
3. Intercompany receivables	133		-	-
4. Construction contract-in-progress receivables	134		-	-
5. Receivables from short-term loans	135		-	-
6. Other receivables	136	V.4	148,255,051	186,510,000
7. Provision for doubtful debts	137		-	-
8. Shortage of assets awaiting resolution	139		-	-
IV. Inventories	140	V.5	599,567,026,308	596,876,764,193
1. Inventories	141		599,567,026,308	596,876,764,193
2. Provision for decline in value of inventories	149		-	-
V. Other current assets	150		10,251,971,604	7,673,143,953
1. Short-term prepayments	151	V.6	10,251,971,604	7,673,143,953
2. Deductible VAT	152		-	-
3. Taxes and other receivables from the State Budget	153		-	-
4. Repurchase and sale of Government's bonds	154		-	-
5. Other current assets	155		-	-

CAT LOI JOINT STOCK COMPANY

BALANCE SHEET (CONT'D)

As at Dec 31, 2020

Unit: VND.

ASSETS	Codes	Notes	As at Dec. 31, 2020	As at Jan. 01, 2020
B. LONG-TERM ASSETS	200		72,603,931,404	112,323,289,327
I. Long-term receivables	210		-	3,320,000,000
1. Long-term trade receivables	211		-	-
2. Long-term prepayments to suppliers	212		-	-
3. Working capital from sub-units	213		-	-
4. Long-term intercompany receivables	214		-	-
5. Receivables from long-term loans	215		-	-
6. Other long-term receivables	216	V.4	-	3,320,000,000
7. Provision for doubtful long-term receivables	219		-	-
II. Fixed assets	220		58,948,495,458	95,557,718,164
1. Tangible fixed assets	221	V.7	54,104,614,133	90,120,793,914
- Cost	222		698,785,996,011	698,785,996,011
- Accumulated depreciation	223		(644,681,381,878)	(608,665,202,097)
2. Finance lease assets	224		-	-
- Cost	225		-	-
- Accumulated depreciation	226		-	-
3. Intangible fixed assets	227	V.8	4,843,881,325	5,436,924,250
- Cost	228		18,128,674,299	18,023,674,299
- Accumulated depreciation	229		(13,284,792,974)	(12,586,750,049)
III. Investment Properties	230		-	-
IV. Non-current assets in progress	240	V.9	186,950,000	-
1. Works in progress	241		-	-
2. Capital construction in progress	242		186,950,000	-
V. Long-term investments	250	V.10	8,844,000,000	13,400,000,000
1. Investments in subsidiaries	251		-	-
2. Investments in associates, joint-ventures	252		-	-
3. Investments in equity of other entities	253		13,400,000,000	13,400,000,000
4. Provision for decline in the value of long-term investments	254		(4,556,000,000)	-
5. Held-to-maturity investments	255		-	-
VI. Other long-term assets	260		4,624,485,946	45,571,163
1. Long-term prepaid expenses	261	V.6	4,624,485,946	45,571,163
2. Deferred income tax assets	262		-	-
3. Equipment, materials, spare parts	263		-	-
4. Other long-term assets	268		-	-
TOTAL ASSETS	270		911,619,959,485	1,024,371,429,864

CAT LOI JOINT STOCK COMPANY

BALANCE SHEET (CONT'D)

As at Dec 31, 2020

Unit: VND.

RESOURCES		Codes	Notes	As at Dec. 31, 2020	As at Jan. 01, 2020
C.	LIABILITIES	300		180,981,529,656	331,408,625,707
I.	Current liabilities	310		180,475,534,574	331,408,625,707
	1. Short-term trade payables	311	V.11	117,208,484,490	128,984,699,749
	2. Advances from customers	312		139,477,955	3,608,691,670
	3. Taxes and other payables to the State Budget	313	V.12	12,124,320,411	15,889,907,856
	4. Payables to employees	314		17,440,772,102	14,463,541,530
	5. Short-term accrued expenses	315	V.13	38,729,075	326,051,867
	6. Short-term intercompany payables	316		-	-
	7. Construction contract-in-progress payables	317		-	-
	8. Short-term unrealized revenue	318		-	-
	9. Other short-term payables	319	V.14	343,798,813	44,212,593
	10. Short-term borrowings and financial lease liabilities	320	V.15	22,784,780,525	156,523,843,765
	11. Provision for short-term payables	321		-	-
	12. Bonus and welfare fund	322		10,395,171,203	11,567,676,677
	13. Price stabilization fund	323		-	-
	14. Repurchase and sale of Government's bond	324		-	-
II.	Long-term liabilities	330		505,995,082	-
	1. Long-term trade payables	331		-	-
	2. Long-term Advances from customers	332		-	-
	3. Long-term accrued expenses	333		-	-
	4. Inter-company payables for operating capital received	334		-	-
	5. Long-term intercompany payables	335		-	-
	6. Long-term unrealized revenue	336		-	-
	7. Other long-term payables	337	V.14	505,995,082	-
	8. Long-term borrowings and financial lease liabilities	338		-	-
	9. Convertible bond	339		-	-
	10. Preferred shares	340		-	-
	11. Deferred income tax liabilities	341		-	-
	12. Provision for long-term liabilities	342		-	-
	13. Fund for science and technology development	343		-	-

CAT LOI JOINT STOCK COMPANY

BALANCE SHEET (CONT'D)

As at Dec 31, 2020

Unit: VND.

RESOURCES	Codes	Notes	As at Dec. 31, 2020	As at Jan. 01, 2020
D. OWNERS' EQUITY	400		730,638,429,829	692,962,804,157
I. Owners' equity	410	V.16	730,638,429,829	692,962,804,157
1. Owners' capital	411		262,075,830,000	262,075,830,000
- Ordinary shares with voting rights	411a		262,075,830,000	262,075,830,000
- Preferred shares	411b		-	-
2. Share premium	412		64,847,400,000	64,847,400,000
3. Bond conversion option	413		-	-
4. Owners' other capital	414		-	-
5. Treasury shares	415		-	-
6. Difference upon assets revaluation	416		-	-
7. Foreign exchange differences	417		-	-
8. Investment and development fund	418		222,583,902,726	194,474,584,528
9. Fund for support of arrangement of enterprises	419		-	-
10. Other funds	420		-	-
11. Undistributed earnings	421		181,131,297,103	171,564,989,629
- Undistributed earnings accumulated to the end of prior period	421a		78,391,312,242	57,225,981,640
- Undistributed earnings in this period	421b		102,739,984,861	114,339,007,989
12. Investment reserve for basic construction	422		-	-
II. Budget sources and other funds	430		-	-
1. Budget sources	431		-	-
2. Fund to form fixed assets	432		-	-
TOTAL RESOURCES	440		911,619,959,485	1,024,371,429,864

Ho Chi Minh City, 18 March 2021

Preparer



Mr Nguyen Duc Huy

Chief Accountant



Mr Lieu Phuc Tinh

Director



Mr Nguyen Hoang Minh

CAT LOI JOINT STOCK COMPANY

INCOME STATEMENT

For the year ended December 31, 2020

Unit: VND.

ITEMS	Codes	Notes	Year 2020	Year 2019
1. Sales	01	VI.1	1,899,749,410,421	1,928,712,476,911
2. Less sales deductions	02		-	-
3. Net sales	10		1,899,749,410,421	1,928,712,476,911
4. Cost of sales	11	VI.2	1,628,085,098,094	1,622,898,992,379
5. Gross profit (20 = 10 -11)	20		271,664,312,327	305,813,484,532
6. Financial income	21	VI.3	4,164,697,833	3,294,938,711
7. Financial expenses	22	VI.4	29,096,254,838	29,094,382,825
<i>In which: loan interest expenses</i>	23		4,881,681,582	17,730,589,895
8. Selling expenses	25	VI.5	24,461,936,589	32,323,380,299
9. General & administration expenses	26	VI.5	61,221,410,405	72,875,389,986
10. Operating profit (30 = 20 + (21 - 22) - (25 + 26))	30		161,049,408,328	174,815,270,133
11. Other income	31	VI.6	520,591,788	2,727,637,203
12. Other expenses	32	VI.7	89,925,425	165,385,369
13. Other profit (40 = 31 - 32)	40		430,666,363	2,562,251,834
14. Net accounting profit before tax (50 = 30 + 40)	50		161,480,074,691	177,377,521,967
15. Corporate income tax - current	51	VI.08	32,532,506,830	36,830,930,978
16. Corporate income tax - deferred	52		-	-
17. Net profit after corporate income tax (60 = 50 - 51 -52)	60		128,947,567,861	140,546,590,989
18. Earnings per share	70	VI.09	4,477	4,880
19. Diluted earnings per share	71	VI.09	4,477	4,880

Ho Chi Minh City, 18 March 2021

Preparer

Chief Accountant

Director

Mr Nguyen Duc Huy

Mr Lieu Phuc Tinh



Mr Nguyen Hoang Minh

CAT LOI JOINT STOCK COMPANY

CASH FLOW STATEMENT

(Under indirect method)

For the year ended December 31, 2020

Unit: VND.

ITEMS	Codes	Notes	Year 2020	Year 2019
I. CASH FLOWS FROM OPERATING ACTIVITIES				
1. Net profit before tax	01		161,480,074,691	177,377,521,967
2. Adjustments for :				
- Depreciation of fixed assets and investment properties	02	V.7, V8	36,714,222,706	49,518,683,293
- Provisions	03	VI.4	4,556,000,000	-
- Gain/losses from foreign exchange differences upon revaluation of monetary assets denominated in foreign currencies	04		142,669,906	(45,855,571)
- Gains/losses from investing activities	05		(287,460,414)	(795,658,648)
- Interest expense	06	VI.4	4,881,681,582	17,730,589,895
- Other adjustments	07		-	-
3. Profit from operating activities before changes in working capital	08		207,487,188,471	243,785,280,936
- Increase (-)/ decrease (+) in receivables	09		96,829,905,835	115,541,895,180
- Increase (-)/ decrease (+) in inventories	10		(2,690,262,115)	(141,547,210,735)
- Increase (+)/ decrease (-) in payables (Other than payables, income tax)	11		(13,654,583,693)	1,245,875,906
- Increase (-)/ decrease (+) in prepaid expenses	12		(7,157,742,434)	(4,147,506,091)
- Increase (-)/ decrease (+) in trading securities	13		-	-
- Interest paid	14		(5,169,004,374)	(17,646,579,156)
- Corporate income tax paid	15		(34,252,096,145)	(40,855,918,550)
- Other receipts from operating activities	16		13,500,000	-
- Other payments on operating activities	17		(13,835,198,663)	(11,625,577,532)
Net cash inflows/(outflows) from operating activities	20		227,571,706,882	144,750,259,958
II. CASH FLOWS FROM INVESTING ACTIVITIES				
1. Purchases of fixed assets and other long-term assets	21		(291,950,000)	(89,543,310,018)
2. Proceeds from disposals of fixed assets and other long-term assets	22		-	37,920,000
3. Loans granted, purchases of debt instruments of other	23		-	-
4. Collection of loans, proceeds from sales of debt instruments of other entities	24		-	-
5. Investments in other entities	25		-	-
6. Proceeds from divestment in other entities	26		-	-
7. Dividends and interest received	27		287,460,414	757,738,648
Net cash inflows/(outflows) from investing activities	30		(4,489,586)	(88,747,651,370)

CASH FLOW STATEMENT (CONT'D)

(Under indirect method)

For the year ended December 31, 2020

Unit: VND.

ITEMS	Codes	Notes	Year 2020	Year 2019
III. CASH FLOWS FROM FINANCING ACTIVITIES				
1. Proceeds from issue of shares and capital contribution	31		-	-
2. Payments for shares returns and repurchases	32		-	-
3. Proceeds from borrowings	33		477,404,343,653	1,309,940,065,968
4. Repayments of borrowings	34		(611,143,406,893)	(1,357,536,524,111)
5. Payments for finance lease liabilities	35		-	-
6. Dividends paid	36		(78,622,749,000)	(78,622,749,000)
Net cash inflows/(outflows) from financing activities	40		(212,361,812,240)	(126,219,207,143)
Net cash inflows/(outflows) (50 = 20+ 30 + 40)	50		15,205,405,056	(70,216,598,555)
Cash and cash equivalents at the beginning of the period	60		40,613,995,919	110,828,837,465
Effect of foreign exchange differences	61		729,163	1,757,009
Cash and cash equivalents at the end of the period (70 = 50+60+61)	70	V.1	55,820,130,138	40,613,995,919

Ho Chi Minh City, 18 March 2021

Preparer

Chief Accountant

Director



Mr Nguyen Duc Huy



Mr Lieu Phuoc Tinh



Mr Nguyen Hoang Minh

NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2020

Unit: VND.

I. BUSINESS HIGHLIGHTS

1. Establishment:

Cat Loi Joint Stock Company ("the Company") was converted from State Company - Tobacco Package Printing and Accessories according to Decision No 184/2003/ QD - BCN dated 13 November 2003 of Minister of Industry (now as Ministry of Industry and Trade). The Company is operating under Business Registration Certificate No. 0303185504 issued by Department of Planning and Investment of Hochiminh City dated 10 March 2021 (issued for the first time on dated 19 February 2004).

Structure of ownership: Joint Stock Company

2. Business sector: Industrial production and services

3. Principal activities

Package printing; Manufacturing and trading industrial materials; Commercial brokers; Importing and Exporting fiduciary services; Trading chemical (excluding extremely toxic chemicals), tipping paper, BO-PP, appliances, machinery and machedical-equipment, materials for manufacturing filter of cigarettes; Factories, warehouses and office for rent.

4. Normal operating cycle

Normal operating cycle of the Company lasts 12 months of the normal year beginning from January 01 to December 31.

5. Disclosure on comparability of information in the Financial Statements

The financial information on the financial statements for the year ended December 31, 2020 has been implemented on the principle of comparability with the audited 2019 financial statements.

II. ACCOUNTING PERIOD AND REPORTING CURRENCY

1. Fiscal year

The fiscal year is begun on January 01 and ended December 31 annually.

2. Reporting currency

Vietnam Dong (VND) is used as a currency unit for accounting records.

III. ADOPTION OF ACCOUNTING STANDARDS AND POLICIES

1. Applicable Accounting System

The company applies the Vietnamese Enterprises Accounting System under the guidance in Circular No. 200/2014/TT-BTC, issued by the Vietnam Ministry of Finance dated Dec 22, 2014, and additional Circular amendments.

2. Disclosure of compliance with Vietnamese Accounting Standards and the Vietnamese Accounting System

We conducted our accounting, preparation and presentation of the financial statements in accordance with Vietnamese Accounting Standards and other relevant statutory regulations. The financial statements give a true and fair view of the state of affairs of the Company and the results of its operations as well as its cash flows.

The selection of figures and information presented in the notes to the financial statements is complied with the material principle in Vietnamese Accounting Standard No.21 - Presentation of the financial statements.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

For the year ended December 31, 2020

Unit: VND.

IV. APPLICABLE ACCOUNTING POLICIES

1. Foreign exchange rate applicable in accounting

The Company has translated foreign currencies into Vietnam Dong at the actual rate and book rate.

Principles for determining the actual rate

All transactions denominated in foreign currencies which arise during the period (trading foreign currencies, capital contribution or receipt of contributed capital, recording receivables and payables, purchasing assets or costs immediately paid by foreign currencies) are converted at the actual exchange rates ruling as of the transaction dates.

Closing balance of monetary items (cash, cash equivalents, payables and receivables, except for prepayments to suppliers, prepayments from customers, pre-paid expenses, deposits and unearned revenue) denominated in foreign currencies should be revaluated at the actual rate ruling of commercial Banks where enterprises regularly conduct transaction at the time of the financial statements.

Foreign exchange differences, which arise from foreign currency transactions during the period, shall be included in the income statement. Foreign exchange differences due to the revaluation of ending balances of the monetary items in foreign currencies after offsetting their positive differences against negative differences shall be included in the income statement.

Principle for determining book rate

When recovering receivables, deposits or payments for payables in foreign currencies, the Company uses specific identification book rate.

When making payment by foreign currencies, the Company uses moving weighted average rate.

2. Principles for recording cash and cash equivalents

Cash comprise cash on hand, demand deposit and cash in transit.

Cash equivalents comprise term deposits and other short-term investments with an original maturity of three months or less; highly liquid, readily convertible to known amount of cash and subject to an insignificant risk of changes in value.

3. Principles for accounting financial investments

Principle for recording equity investments in other entities

Equity investment in other entities represents the Company's investment in other entities' equity instruments. However, the Company does not hold any control or joint control right and exercise significant influences over the investees either.

The investments are stated at original cost including purchase price and costs directly attributable to the investment. In case of non-monetary assets investment, the investment fee should be recorded at the fair value of the non-monetary assets at the date of occurrence.

Regarding the investments the Company holds in a long time (not trading securities) and no significant influences are exercised on the investees, Company makes provisions in accordance with Circular 200/2014 / TT-BTC dated December 22, 2014 and Circular No. 48/2019 / TT-BTC dated August 8, 2019. As follows:

+ If an investment in listed shares or the fair value of the investment is determined reliably, the allowance shall be made according to the market values of the shares.

+ For investments in stocks listed on the Upcom stock exchange, the provision is based on the average reference price in the last 30 trading days prior to the time of preparing the financial statements.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

For the year ended December 31, 2020

Unit: VND.

IV. APPLICABLE ACCOUNTING POLICIES (CONT'D)

4. Principles for recording trade receivables and other receivables:

Principle for recording receivables: At original cost less provision for doubtful debts.

The classifying of the receivables as trade receivables, inter-company receivables and other receivables depends on the nature of the transaction or relationship between the company and debtor.

Method of making provision for doubtful debts: Provision for doubtful debts is estimated for the loss value of the receivables, other held-to-maturity investments similar to doubtful debts that are overdue and undue, but are likely to become possibly irrecoverable due to insolvency of debtors who go bankruptcy, making procedures for dissolution, go missing or run away.

5. Principles for recording inventories:

Principles adopted in recording inventory: Inventories are stated at original cost less (-) the provision for the decline in value of obsolete and deteriorated inventories.

Original costs are determined as follows:

- The original cost of materials, merchandises consists of costs of purchase, costs of transportation and other costs incurred in bringing the inventories to their present location and condition.
- Finished goods: costs of raw materials, direct labor and manufacturing overheads for producing inventories incurred in the duration of works in progress.
- Work in progress: costs of raw materials, direct labor and manufacturing overheads for producing inventories incurred in the duration of works in progress.

Method of calculating inventories' value: Weighted average method.

Method of accounting for the inventories: Perpetual method.

Method of making provision for decline in value of inventories: Provision for decline in value of inventories is made when the net realisable value of inventories is lower than their original cost. Net realisable value is the estimated selling price less the estimated costs of completion and selling expenses. Provision for decline in value of inventories is the difference between the cost of inventories greater than their net realisable value. Provision for decline in value of inventories is made for each inventory with the cost greater than the net realisable value.

6. Principles for recording fixed assets:

6.1 Principles for recording tangible fixed assets:

Tangible fixed assets are stated at original cost less accumulated depreciation. The initial cost of a tangible fixed asset comprises all expenditures of bringing the asset to its working condition and location for its intended use. The expenditures incurred after initial recognition are capitalised as an additional cost of tangible fixed assets when they have resulted in an increase in the future economic benefits expected to be obtained from the use of those tangible fixed assets. The expenditures which do not meet the above conditions are charged to the expenses in the year.

When the assets are sold or disposed, their original costs and the accumulated depreciation which have been written off and any gain or loss from disposal of assets are recorded in the income statement.

Determination of original costs of tangible fixed assets:

The original cost of purchased tangible fixed assets shall consist of the actual purchase price less (-) trade discounts or reduction plus (+) taxes (excluding taxes to be refunded) and relevant expenses calculated to the time when such fixed assets are put into operation such as fees for installation and trial operation of fixed assets; specialists and other direct costs.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

For the year ended December 31, 2020

Unit: VND.

IV. APPLICABLE ACCOUNTING POLICIES (CONT'D)

6. Principles for recording fixed assets (Cont'd):

6.1 Principles for recording tangible fixed assets (Cont'd):

The original cost of a tangible fixed asset formed from capital construction under the mode of tendering shall be the finalisation price of the construction project, other relevant fees plus (+) registration fee (if any).

Fixed assets which are buildings, structures attached to land use right, the value of land use right is computed separately and recorded as intangible fixed assets.

6.2 Principles for recording intangible fixed assets:

Intangible fixed assets are stated at cost less accumulated amortization. The original cost of a intangible fixed asset comprises all costs of owning the asset to the date it is put into operation as expected.

6.3 Method of depreciating and amortizing fixed assets

Depreciation is charged to write off the cost of fixed assets on a straight line basis over their estimated useful lives of assets as prescribed in Circular No. 45/2013 / TT-BTC dated April 25, 2013 of the Ministry of Finance, Circular. No. 147/2016 / TT-BTC dated October 13, 2016 amending a number of articles of Circular 45, Circular No. 28/2017 / TT-BTC dated April 12, 2017 amending a number of articles of Circular 45 / 2013 / TT-BTC and Circular 147/2016 / TT-BTC. Useful life means the duration in which the tangible fixed assets produce their effect on production and business.

The estimated useful life for assets is as follows:

<i>Buildings and structures</i>	<i>5-25 years</i>
<i>Machinery and equipment</i>	<i>2.5-18 years</i>
<i>Transportation and facilities</i>	<i>03- 11 year's</i>
<i>Office equipment</i>	<i>1.5-12 years</i>
<i>Software</i>	<i>02 years</i>
<i>Lan use rights</i>	<i>50 years</i>

7. Principles for recording construction in progress:

Construction in progress is stated at original cost. These are all necessary costs for purchasing fixed assets, building or repairing, improving, extending or equipping of the works such as expenses of construction, equipment, compensation, support and re-residence, project management, consultancy on construction investment and other expenses.

These costs are capitalised as an additional cost of asset when the works have been completed. After the works have been finalized, the asset will be handed over and put into use.

8. Principles for recording prepaid expenses

Prepaid expenses are all expenses that actually incurred but relate to the operating result of several accounting periods. The Company's prepaid expenses include: tools and supplies used and other expenses.

Method of allocating prepaid expenses: The determining and allocating of prepaid expenses into costs of production and doing business of each period is on a straight-line basis. Based on the nature and level of each expense, the term of allocation is defined as follows: short-term prepaid expenses should be allocated within one year; Long-term expenses should be allocated in the term over 12 months to 36 months.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

For the year ended December 31, 2020

Unit: VND.

IV. APPLICABLE ACCOUNTING POLICIES (CONT'D)

9. Principles for recording liabilities

Liabilities are recorded at original cost and not lower than the payment obligation.

Liabilities shall be classified into trade payables, inter-company payables and other payables depending on the nature of transactions and relationship between the Company and debtors.

Liabilities must be kept records in detail according to payment schedule, creditor, type of original currency (including revaluation of liabilities payable which satisfying the definition of monetary assets denominated in foreign currencies) and other factors according to requirements of the enterprise.

At the reporting date, if it is evident that there is an unavoidable loss, an amount payable shall be recorded according to prudent principle.

10. Principles for recording borrowings and finance lease liabilities

Borrowings are total amounts the Company owes to banks, institutions, financial companies and other objects (excluding borrowings under the form of bond or preferred stock issuance which require the issuer to repurchase at a certain time in the future).

Borrowings and financial lease liabilities are monitored in detail according to creditor, agreement and borrowed asset.

11. Principles for recording and capitalizing borrowing costs:

Principles for recording borrowing costs: Borrowing costs are loan interest and other costs incurred in direct relation to borrowings of an enterprise; Borrowing costs are recognised as an expense in the year in which they are incurred, except where the borrowing costs related to borrowings in respect of the construction or production of uncompleted assets, in which case the borrowing costs incurred during the period of construction are computed in those assets' value (capitalised) as part of the cost of the assets concerned when they satisfy conditions stipulated in the VAS No. 16 "Borrowing costs".

12. Principles for recording accruals:

Accruals include interest expense which have been arised in the reporting period, but have not been settled. These costs are recognised on the basis of reasonable estimates on the amounts to be paid in accordance with contracts, agreements.....

13. Principles for recording provision liabilities:

Provisions are recognized when the following conditions are satisfied: the Company has a present (legal or constructive) obligations as a result of past events; it is probable that an outflow of resources will be required to settle the obligation and the amount has been reliably estimated.

Value of provision liability being recorded: The value which is estimated to be the most reasonable for settling the present obligation at the balance sheet date.

Provision for payables includes : Repair of periodic fixed assets.

14. Principles for recording owner's Equity

Principles for recording owner's paid - in capital

The owners' paid- in capital is the amount that is initially contributed or supplemented by shareholders. The owners' paid- in capital will be recorded at the actual contributed capital by cash or assets calculated according to the par value of issued shares in the early establishment period or additional mobilization to expand operation.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

For the year ended December 31, 2020

Unit: VND.

IV. APPLICABLE ACCOUNTING POLICIES (CONT'D)

14. Principles for recording owner's Equity (Cont'd)

Principles for recording share premium

Share premium is the difference between the cost over and above the nominal value of the first issued or additionally issued share and the differences (increase or decrease) of the actual receiving amount against the repurchase price when treasury share is reissued. In case where shares are repurchased to cancel immediately at the purchase date, shares' value recorded decrease the business capital source at purchase date is the actual repurchase price and the business resource should be written down according to the par value and share premium of the repurchased shares.

Principles for recognising undistributed profit:

The undistributed profit is recorded at the profit (loss) from the Company's result of operation after deducting the current year corporate income tax and the adjusted items due to the retroactive application of changes in accounting policy and adjustments for material misstatement of the previous year.

The distributing of profit is based on the charter of the Company and approved by the annual shareholder meeting.

15. Principles for recording revenue and other income

Principles for recording revenue from goods sold

Revenue from the sale of good should be recognised when all the five (5) following conditions have been satisfied: 1) The enterprise has transferred to buyer the significant risks and rewards of ownership of the goods; 2) The enterprise retains neither continuing managerial involvement as an owner nor effective control over the goods sold; 3) The amount of revenue can be measured reliably; When the contract specifies that buyers are entitled to return products, goods they have bought under specific conditions, the enterprise will record the revenue only when those conditions no longer exist and the buyers do not have right to return products, goods (except for changing to other goods, services) 4) The economic benefits associated with the transaction has flown or will flow to the enterprise; 5) The costs incurred or to be incurred in respect of the transaction can be measured reliably.

Revenue from service rendered

Revenue from services rendered is recorded when the result of the supply of services is determined reliably. In case where the services are rendered in several periods, the revenue will recorded by the part of completed works at the balance sheet. Revenue from services rendered is determined when the following four conditions have been satisfied: 1. The revenue is determined firmly; When the contract specifies that buyers are entitled to return the service they have bought under specific conditions, the enterprise will record the revenue only when those conditions no longer exist and the buyers do not have right to return service; 2. The economic benefits associated with the transaction has flown or will flow from the supply of the provided service; 3. Part of completed works can be determined at the balance sheet date; 4. The costs incurred or to be incurred in respect of the transaction can be measured reliably.

If the contract's results can not be determined firmly, the revenue will be recorded at the recoverable level of expenses recorded.

Principles for recording financial income

Financial incomes include interests, foreign exchange gains, and income from other financing activities.

Income arising from interests shall be recognized if they simultaneously satisfy the two (2) conditions below 1. It is possible to obtain economic benefits from the concerned transactions; 2. Income is determined with relative certainty.

When an amount which has been recorded as an income becomes irrecoverable, such irrecoverable or uncertainly recoverable amount must be accounted as expense incurred in the period, but not recorded as income decrease.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

For the year ended December 31, 2020

Unit: VND.

IV. APPLICABLE ACCOUNTING POLICIES (CONT'D)

16. Principles and method of recording cost of goods sold

Cost of goods sold are the cost of products, goods, services sold in the period; and other expenses recorded in the cost of goods sold or recorded a decrease in the cost of goods sold in reporting period. The cost of goods sold is recorded at the date the transaction incurs or likely to incur in the future regardless payment has been made or not. The cost of goods sold and revenue shall be recorded simultaneously on conformity principles. Expenses exceeding normal consumption level are recorded immediately to the cost of goods sold on prudent principle.

17. Principles and method of recording financial expenses

Financial expenses include: Borrowing cost and capital borrowing, loss from foreign exchange loss and other financial expenses.

Financial expenses are recorded in details by their content and determined reliably when there are sufficient evidences on these expenses.

18. Principles and methods of recording Corporate income tax

Current tax: is the tax payable on the taxable income and tax rate enacted in current year in accordance with the law on corporate income tax.

The tax amounts payable to the State budget will be finalized with the tax office. Differences between the tax amounts payable specified in the book and the tax amounts under finalization will be adjusted when the tax finalization has been issued by the tax office.

Tax policies the Company should comply with are as follows: Tax rate 20%

19. Principles for recording earnings per share

Basic earnings per share is calculated by dividing net income available to common shareholders before appropriating to Bonus and Welfare Fund by the weighted-average number of common shares outstanding during the period.

Diluted EPS is calculated by dividing net income available to common shareholders (after adjusting dividends of preferred convertible shares) by the weighted-average number of common share outstanding and the weighted-average number to be issued in case where all dilutive potential common are converted into common shares.

20. Financial instruments:

Initial recognition

Financial assets

According to Circular No. 210/2009/TT-BTC dated November 06, 2009 (Circular No. 210), financial assets are classified properly, for the purpose of presentation in the financial statements, into the financial assets which are stated at fair value through the Income Statement, loans and receivables, held-to-maturity investments and available-for-sale financial assets. The Company decides to classify these assets at the date of initial recognition.

At the date of initial recognition, the financial assets are recognized at cost plus transaction cost that are directly attributable to the acquisition of the financial assets.

Financial assets of the Company comprise cash, short-term deposits, trade accounts receivables and other receivables, loans, listed and unlisted financial instruments.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

For the year ended December 31, 2020

Unit: VND.

IV. APPLICABLE ACCOUNTING POLICIES (CONT'D)

20. Financial instruments (Cont'd):

Financial liabilities

According to Circular 210, financial assets are classified properly, for the purpose of presentation in the financial statements, into the financial liabilities which are stated at fair value through the Income Statement, financial liabilities determined on amortised cost basis. The Company decides to classify these liabilities at the date of initial recognition.

At the date of initial recognition, the financial liabilities are recognized at cost plus transaction cost that are directly attributable to the acquisition of the financial liabilities.

Financial liabilities of the Company comprise trade payables, other payables, borrowings and liabilities.

Re-measurements after initial recognition

Currently, there are no requirements for the re-measurement of the financial instruments after initial recognition.

Offsetting

Financial assets and financial liabilities are offset and the net amount reported in the report on financial position if, and only if, there is a currently enforceable legal right to offset the financial assets against financial liabilities or vice-versa and there is an intention to settle on a net basis or to realize the assets and settle the liability simultaneously.

21. Related parties

A party is considered related to the Company if it has the ability to control the Company or exercise significant influence over the Company in making financial and operating decisions.

Accordingly, related parties of the Company are Vietnam Tobacco Corporation, subsidiaries, associates of Vietnam Tobacco Corporation, or members of the Board of Directors, members of Board of Management and shareholders who own a significant number of shares.

22. Principles for presenting assets, revenue and operating results by segment

A reportable segment includes business segment or a geographical segment.

A business segment is a distinguishable component of an enterprise that is engaged in providing an individual product or service or a group of related products or services and that is subject to risks and returns that are different from those of other business segments.

A geographical segment is a distinguishable component of an enterprise that is engaged in providing products or services within a particular economic environment and that is subject to risks and returns that are different from those of components operating in other economic environments.

V. ADDITIONAL INFORMATION FOR ITEMS SHOWN IN THE BALANCE SHEET

1. Cash and cash equivalents	As at Dec. 31, 2020	As at Jan. 01, 2020
Cash	55,820,130,138	40,613,995,919
Cash on hand	168,058,000	336,238,000
Demand deposits	55,652,072,138	40,277,757,919
Total	55,820,130,138	40,613,995,919

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

For the year ended December 31, 2020

Unit: VND.

V. ADDITIONAL INFORMATION FOR ITEMS SHOWN IN THE BALANCE SHEET (CONT'D)

2. Trade receivables	As at Dec. 31, 2020		As at Jan. 01, 2020	
	Amount	Provision	Amount	Provision
a. Short-term	172,510,144,763	-	260,538,029,012	-
<i>Local customers</i>	<i>170,142,705,822</i>	<i>-</i>	<i>260,538,029,012</i>	<i>-</i>
Long An Tobacco Company	3,071,252,992	-	6,170,856,572	-
Thang Long Tobacco Company	38,853,086,426	-	36,526,795,107	-
Sai Gon Tobacco Company	74,481,754,458	-	159,977,030,380	-
Other short-term receivables	53,736,611,946	-	57,863,346,953	-
Foreign customers	2,367,438,941	-	-	-
b. Receivables from Related parties	158,056,058,320	-	240,303,205,593	-
(Details in Note VII.2)				
3. Prepayments to suppliers	As at Dec. 31, 2020		As at Jan. 01, 2020	
	Amount	Provision	Amount	Provision
Short-term	718,500,217	-	6,159,697,460	-
Local customers	718,500,217	-	573,077,381	-
Foreign customers	-	-	5,586,620,079	-
Total	718,500,217	-	6,159,697,460	-
4. Other receivables	As at Dec. 31, 2020		As at Jan. 01, 2020	
	Amount	Provision	Amount	Provision
a. Short-term	148,255,051	-	186,510,000	-
Deposits	88,700,000	-	88,400,000	-
Reveivables from employees	36,000,000	-	97,020,000	-
PIT	23,555,051	-	1,090,000	-
b. Long-term	-	-	3,320,000,000	-
Deposits	-	-	3,320,000,000	-
Total	148,255,051	-	3,506,510,000	-

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

For the year ended December 31, 2020

Unit: VND.

V. ADDITIONAL INFORMATION FOR ITEMS SHOWN IN THE BALANCE SHEET (CONT'D)

5. Inventories	As at Dec. 31, 2020		As at Jan. 01, 2020	
	Original cost	Provision	Original cost	Provision
Goods in transit	34,657,837,795	-	43,692,901,664	-
Raw materials	508,017,024,047	-	489,853,956,484	-
Tools & supplies	6,800,000	-	1,280,000	-
Works in progress	444,168,939	-	11,769,385	-
Finished goods	56,441,195,527	-	63,316,856,660	-
Total	599,567,026,308	-	596,876,764,193	-

6. Prepaid expenses	As at Dec. 31, 2020	As at Jan. 01, 2020
<i>a. Short-term prepaid expenses</i>	<i>10,251,971,604</i>	<i>7,673,143,953</i>
Machine rent expense	2,494,444,960	2,494,444,960
Spare parts expenses	6,589,564,608	4,108,219,607
Other expenses	1,167,962,036	1,070,479,386
<i>b. Long-term prepaid expenses</i>	<i>4,624,485,946</i>	<i>45,571,163</i>
Software expense	72,000,000	45,571,163
Spare parts expenses	4,552,485,946	-
Total	14,876,457,550	7,718,715,116

CAT LOI JOINT STOCK COMPANY

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

For the year ended December 31, 2020

Unit: VND.

V. ADDITIONAL INFORMATION FOR ITEMS SHOWN IN THE BALANCE SHEET (CONT'D)

7. Tangible fixed assets

Items	Buildings & structures	Machinery & equipment	Transportation & facilities	Equipment	Total
Original cost					
Opening balance	31,039,544,335	647,682,326,734	13,505,219,423	6,558,905,519	698,785,996,011
Closing balance	31,039,544,335	647,682,326,734	13,505,219,423	6,558,905,519	698,785,996,011
Accumulated depreciation					
Opening balance	28,808,266,092	560,531,576,137	13,202,358,867	6,123,001,001	608,665,202,097
<i>Depreciation</i>	643,345,339	34,725,414,040	302,860,556	344,559,846	36,016,179,781
Closing balance	29,451,611,431	595,256,990,177	13,505,219,423	6,467,560,847	644,681,381,878
Net book value					
Opening balance	2,231,278,243	87,150,750,597	302,860,556	435,904,518	90,120,793,914
Closing balance	1,587,932,904	52,425,336,557	-	91,344,672	54,104,614,133

* Ending net book value of tangible fixed assets mortgaged as loan security at Dec: 31, 2020: 1,587,932,904 VND.

* Ending original costs of tangible fixed assets—fully depreciated but still in use at Dec. 31, 2020: 535,106,549,371 VND.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

For the year ended December 31, 2020

Unit: VND.

V. ADDITIONAL INFORMATION FOR ITEMS SHOWN IN THE BALANCE SHEET (CONT'D)

8. Intangible fixed assets

	Land use rights	Computer software	Total
Original cost			
Opening balance	15,502,607,589	2,521,066,710	18,023,674,299
<i>New purchases</i>		105,000,000	105,000,000
Closing balance	15,502,607,589	2,626,066,710	18,128,674,299
Accumulated amortization			
Opening balance	10,542,290,214	2,044,459,835	12,586,750,049
<i>Depreciation</i>	350,140,050	347,902,875	698,042,925
Closing balance	10,892,430,264	2,392,362,710	13,284,792,974
Net book value			
Opening balance	4,960,317,375	476,606,875	5,436,924,250
Closing balance	4,610,177,325	233,704,000	4,843,881,325

* Ending net book value of tangible fixed assets mortgaged as loan security at Dec. 31, 2020: 4,610,177,325 VND.

* Ending original costs of tangible fixed assets—fully depreciated but still in use at Dec. 31, 2020: 2,029,954,710 VND.

9. Long-term assets in progress	As at Dec. 31, 2020		As at Jan. 01, 2020	
	Amount	Provision	Amount	Provision
Purchase of fixed assets	186,950,000	-	-	-
+ Cost of advertising invitation to bid for forklifts	12,950,000	-	-	-
+ Business management software	174,000,000	-	-	-
Total	186,950,000	-	-	-

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

For the year ended December 31, 2020

Unit: VND.

V. ADDITIONAL INFORMATION FOR ITEMS SHOWN IN THE BALANCE SHEET (CONT'D)

10. Financial investments

	As at Dec. 31, 2020			As at Jan. 01, 2020		
	Value	Provision	Fair value	Value	Provision	Fair value
Investments in other units						
- Investments in other units	13,400,000,000	(4,556,000,000)	8,844,000,000	13,400,000,000	-	13,400,000,000
Nhat Viet Securities Joint Stock Company(*)	13,400,000,000	(4,556,000,000)	8,844,000,000	13,400,000,000	-	13,400,000,000
Total	13,400,000,000	(4,556,000,000)	8,844,000,000	13,400,000,000	-	13,400,000,000

- Notes on other investments:

(*) Nhat Viet Securities Joint Stock Company is established on October 13, 2008 under the establishment and operation number 100/GP-UBCK, the amended license No: 60/GPĐC-UBCK dated October 15, 2019 of the State Securities Commission. Nhat Viet Securities Joint Stock Company first listed on the Upcom stock exchange on July 1, 2020- Stock code: VFS. The capital contribution of the company accounted for 3.27% of the charter capital of Nhat Viet Securities Joint Stock Company with the amount of: VND 13,400,000,000 (equivalent to 1.34 million shares).

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

For the year ended December 31, 2020

Unit: VND.

V. ADDITIONAL INFORMATION FOR ITEMS SHOWN IN THE BALANCE SHEET (CONT'D)

11. Trade payables	As at Dec. 31, 2020		As at Jan. 01, 2020	
	Amount	Debt Service Coverage	Amount	Debt Service Coverage
a. Short-term	117,208,484,490	117,208,484,490	128,984,699,749	128,984,699,749
<i>Local suppliers</i>	<i>67,416,871,785</i>	<i>67,416,871,785</i>	<i>68,463,402,070</i>	<i>68,463,402,070</i>
Related parties	29,550,352,950	29,550,352,950	35,495,704,542	35,495,704,542
Others	37,866,518,835	37,866,518,835	32,967,697,528	32,967,697,528
<i>Foreign suppliers</i>	<i>49,791,612,705</i>	<i>49,791,612,705</i>	<i>60,521,297,679</i>	<i>60,521,297,679</i>
Tervakoski Oy	7,071,566,884	7,071,566,884	12,369,353,675	12,369,353,675
Nomura Trading Co	20,063,785,454	20,063,785,454	29,849,479,506	29,849,479,506
British American Tobacco	4,318,020,412	4,318,020,412	13,399,783,901	13,399,783,901
Stora Enso Fors AB	4,152,894,438	4,152,894,438	-	-
Mudanjiang Hengfeng Paper Co., LTD	3,338,112,708	3,338,112,708	-	-
Others	10,847,232,809	10,847,232,809	4,902,680,597	4,902,680,597
b. Payables to suppliers who are related parties	29,550,352,950	29,550,352,950	35,495,704,542	35,495,704,542
(Details in Note VII.2)				
12. Taxes and payables to the State Budget	As at Jan. 01, 2020	Payable amount	Paid amount	As at Dec. 31, 2020
Output value added tax	1,690,029,009	32,420,220,398	30,969,937,052	3,140,312,355
Value added tax on imported goods	-	74,181,902,908	74,181,902,908	-
Import – Export duties	-	22,793,890,468	22,793,890,468	-
Corporate income tax	10,102,687,824	32,532,506,830	34,252,096,145	8,383,098,509
Personal income tax	4,097,191,023	5,714,971,492	9,211,252,968	600,909,547
License taxes	-	3,000,000	3,000,000	-
Other fees, duties and obligations	-	246,986,462	246,986,462	-
Land and housing taxes	-	37,903,005	37,903,005	-
Total	15,889,907,856	167,931,381,563	171,696,969,008	12,124,320,411
13. Accrued expenses			As at Dec. 31, 2020	As at Jan. 01, 2020
Accrued interests expenses			38,729,075	326,051,867
Total			38,729,075	326,051,867
14. Other payables			As at Dec. 31, 2020	As at Jan. 01, 2020
Short-term			343,798,813	44,212,593
Short-term collateral, deposits			300,000,000	-
Other payables			43,798,813	44,212,593
b Long-term			505,995,082	-
Long-term collateral, deposits			505,995,082	-
Total			849,793,895	44,212,593

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

For the year ended December 31, 2020

Unit: VND.

V. ADDITIONAL INFORMATION FOR ITEMS SHOWN IN THE BALANCE SHEET (CONT'D)

15 Borrowings and finance lease liabilities	As at Dec. 31, 2020		As at Jan. 01, 2020	
	Amount	Debt Service Coverage	Amount	Debt Service Coverage
Short-term	22,784,780,525	22,784,780,525	156,523,843,765	156,523,843,765
1. Joint Stock Commercial Bank For Foreign Trade of Viet Nam	18,208,700,865	18,208,700,865	111,726,239,772	111,726,239,772
2. Shinhan Bank Vietnam Limited - Ho Chi Minh City Branch	2,576,079,660	2,576,079,660	-	-
3. CTBC Bank Co., Ltd - Hochiminh City Branch	2,000,000,000	2,000,000,000	44,797,603,993	44,797,603,993
Total	22,784,780,525	22,784,780,525	156,523,843,765	156,523,843,765

Notes on borrowings from banks

Contract No.	Term	Interest rate	Balance	Form of security
1. Facility agreement No. 0021/1828 / N-CTD-SD01 dated December 15, 2020 and No.0121/1928/N-CTD dated December 19, 2019. Loan purpose: supplement working capital.	Loan term is maximum at 6 months according to each promissory notes.	According to each time of disbursement	18,208,700,865	Mortgage of asset
2. Appendix contract No. BC-HĐTD/CATLOI_01/20130925-PL 2020 dated Oct 14, 2020 and BC_PLHD / HDTD / CATLOI_01 / 2019 dated Oct 14, 2019 supplementing and amending Facility agreement No BC_HTDTD / CATLOI_01 / 20130925 signed on October 14, 2013.	Loan term is maximum at 6 months according to each promissory notes.	According to each time of disbursement	2,576,079,660	Mortgage of asset
3. Letter of credit No. STVN92-19 dated May 29, 2019.	6 months	According to each time of disbursement	2,000,000,000	Mortgage

The bank loans under facility agreement. This loan purpose: Supplementing working capital to serve production and business. Collateral is factory, 9-color ATN machine line and land use right.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

For the year ended December 31, 2020

Unit: VND.

V. ADDITIONAL INFORMATION FOR ITEMS SHOWN IN THE BALANCE SHEET (CONT'D)

16. Owners' equity

a. Comparison schedule for changes in Owner's Equity :

Items	Paid-in capital	Share premium	Investment and development fund	Undistributed earnings	Total
As at Jan 01, 2019	262,075,830,000	64,847,400,000	164,767,001,205	153,017,143,458	644,707,374,663
Profit in the year	-	-	-	140,546,590,989	140,546,590,989
2018 profit distribution	-	-	29,707,583,323	(95,791,161,818)	(66,083,578,495)
+ Appropriations to investment and development fund	-	-	29,707,583,323	(29,707,583,323)	-
+ Appropriations to bonus and welfare fund	-	-	-	(12,183,033,329)	(12,183,033,329)
+ Remuneration for the Board of Director	-	-	-	(1,485,379,166)	(1,485,379,166)
+ Dividend paid for the year 2018 (20%)	-	-	-	(52,415,166,000)	(52,415,166,000)
2019 profit distribution	-	-	-	(26,207,583,000)	(26,207,583,000)
+ Advance dividend of 2019 (10%)	-	-	-	(26,207,583,000)	(26,207,583,000)
As at Dec 12, 2019	262,075,830,000	64,847,400,000	194,474,584,528	171,564,989,629	692,962,804,157
As at Jan 01, 2020	262,075,830,000	64,847,400,000	194,474,584,528	171,564,989,629	692,962,804,157
- Profit in the year	-	-	-	128,947,567,861	128,947,567,861
2019 profit distribution	-	-	28,109,318,198	(93,173,677,387)	(65,064,359,189)
+ Appropriations to investment and development fund	-	-	28,109,318,198	(28,109,318,198)	-
+ Appropriations to bonus and welfare fund	-	-	-	(11,243,727,279)	(11,243,727,279)
+ Remuneration for the Board of Director	-	-	-	(1,405,465,910)	(1,405,465,910)
+ Dividend paid for the year 2019 (20%)	-	-	-	(52,415,166,000)	(52,415,166,000)
2020 profit distribution	-	-	-	(26,207,583,000)	(26,207,583,000)
+ Advance dividend of 2020 (10%)	-	-	-	(26,207,583,000)	(26,207,583,000)
As at Dec 12, 2020	262,075,830,000	64,847,400,000	222,583,902,726	181,131,297,103	730,638,429,829

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

For the year ended December 31, 2020

Unit: VND.

V. ADDITIONAL INFORMATION FOR ITEMS SHOWN IN THE BALANCE SHEET (CONT'D)

16. Owners' equity (Cont'd)

b. Details of owners' shareholding	% of shareholding	As at Dec. 31, 2020	As at Jan. 01, 2020
Vietnam Tobacco Corporation	51.00%	133,660,800,000	133,660,800,000
Sai Gon Tobacco Company	6.38%	16,725,400,000	16,725,400,000
Thang Long Tobacco Company	4.07%	10,676,080,000	10,676,080,000
Other Shareholder	38.55%	101,013,550,000	101,013,550,000
Total	100.00%	262,075,830,000	262,075,830,000

c. Capital transactions with owners	As at Dec. 31, 2020	As at Jan. 01, 2020
Number of shares registered to be issued	26,207,583	26,207,583
Number of shares sold out to the public	26,207,583	26,207,583
<i>Ordinary share</i>	26,207,583	26,207,583
Number of existing shares in issue	26,207,583	26,207,583
<i>Ordinary share</i>	26,207,583	26,207,583
Par value: VND/share.	10,000	10,000

d. Dividends

In the period from January 01, 2020 to Dec 31, 2020, the company paid the remaining dividends of the year 2019 is 20% and advance dividend of 2020 is 10% of par value by cash with a total amount of VND 78,622,749,000.

e. Funds	As at Dec. 31, 2020	As at Jan. 01, 2020
Investment and development fund	222,583,902,726	194,474,584,528
Total	222,583,902,726	194,474,584,528

17. Off balance sheet items

	As at Dec. 31, 2020		As at Jan. 01, 2020	
	Foreign Currency	Amount	Foreign Currency	Amount
a. Outsource assets (VND)	-	135,386,823	-	1,163,770,075
b. Other Foreign currency		251,253,995		3,984,227,068
USD	9,535.69	219,656,285	171,016.65	3,953,903,838
EUR	791.90	22,120,737	802.82	20,675,826
GBP	119.75	3,719,010	126.35	3,809,200
JPY	26,345.00	5,757,963	27,797.00	5,838,204
Total		386,640,818		5,147,997,143

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

For the year ended December 31, 2020

Unit: VND.

VI. ADDITIONAL INFORMATION FOR ITEMS IN THE INCOME STATEMENT

	Year 2020	Year 2019
1. Sales of merchandise and services		
Revenue from merchandises sold	4,511,590,956	10,369,851,417
Revenue from finished goods sold	1,878,235,617,127	1,897,363,405,912
Revenue from work in progress	1,724,628,000	2,826,855,260
Revenue from scraps	14,644,425,844	17,519,284,732
Revenue from other services	633,148,494	633,079,590
Total	1,899,749,410,421	1,928,712,476,911
2. Cost of sales		
Cost of merchandises sold	4,061,526,147	9,592,012,582
Cost of finished goods sold	1,607,655,101,362	1,593,199,596,269
Cost of work in progress	1,092,666,247	1,954,179,206
Cost of scraps	14,642,655,844	17,519,284,732
Cost of other services	633,148,494	633,079,590
Cost of inventory loss	-	840,000
Total	1,628,085,098,094	1,622,898,992,379
3. Financial income		
Interest income from deposits, loans	287,460,414	757,738,648
Realised foreign exchange gains	3,877,237,419	2,491,344,492
Unrealised foreign exchange gains	-	45,855,571
Total	4,164,697,833	3,294,938,711
4. Financial expenses		
Interest expense	4,881,681,582	17,730,589,895
Payment discount	17,328,079,544	10,049,101,405
Realised foreign exchange losses	2,187,823,806	1,314,691,525
Unrealised foreign exchange losses	142,669,906	-
Provision for devaluation of trading securities and investment loss	4,556,000,000	-
Total	29,096,254,838	29,094,382,825

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

For the year ended December 31, 2020

Unit: VND.

VI. ADDITIONAL INFORMATION FOR ITEMS IN THE INCOME STATEMENT

5. Selling expenses and General and administration expenses	Year 2020	Year 2019
a. Selling expenses		
Materials and packaging	49,733,374	61,774,832
Transporting expenses	22,905,619,249	26,518,028,267
Advertisement, marketing expenses	1,113,392,001	5,521,954,779
Other cash expenses	393,191,965	221,622,421
Total	24,461,936,589	32,323,380,299
b. General and administration expenses		
Salaries	41,963,705,031	47,918,142,852
Depreciation	1,166,968,790	2,199,756,203
Services bought from outsiders	3,956,051,869	3,676,326,132
Other sundry expenses by cash	14,134,684,715	19,081,164,799
Total	61,221,410,405	72,875,389,986
6. Other income	Year 2020	Year 2019
Disposal and sale of fixed assets	-	37,920,000
Scraps amount received	209,409,091	194,170,909
Other income	311,182,697	2,495,546,294
Total	520,591,788	2,727,637,203
7. Other expenses	Year 2020	Year 2019
Other expenses	89,925,425	165,385,369
Cộng	89,925,425	165,385,369
8. Current corporate income tax	Year 2020	Year 2019
1. Total accounting profit before tax	161,480,074,691	177,377,521,967
2. Adjustments to increase (decrease) accounting profit to determine taxable income	1,182,459,458	6,777,132,921
- Adjustments increased	1,551,018,221	6,778,889,930
- Adjustments decreased	(368,558,763)	(1,757,009)
3. Total taxable income (1+2)	162,662,534,149	184,154,654,888
Taxes rate	20%	20%
4. Current corporate income tax	32,532,506,830	36,830,930,978
5. Total current corporate income tax	32,532,506,830	36,830,930,978

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

For the year ended December 31, 2020

Unit: VND.

VI. ADDITIONAL INFORMATION FOR ITEMS IN THE INCOME STATEMENT

9. Earnings per share	Year 2020	Year 2019
Accounting profit after corporate income tax	128,947,567,861	140,546,590,989
Increase or decrease of accounting profit	(11,605,281,108)	(12,649,193,189)
- Adjustment to decrease (*)	(11,605,281,108)	(12,649,193,189)
Profit or loss attributable to ordinary equity holders	117,342,286,753	127,897,397,800
Average ordinary shares outstanding in the period	26,207,583	26,207,583
Earnings per share	4,477	4,880
Diluted earnings per share (**)	4,477	4,880

(*) The appropriation for bonus and welfare funds for the accounting from January 01, 2019 to Dec 31, 2019 is determined according to the Resolution of the Council of Shareholders 2020 No.297/NQ-CPCL dated June 30, 2020.

In addition, the appropriation for bonus and welfare funds for the accounting from January 01, 2020 to Dec 31, 2020 is determined according to the extracting plan for funds approved in the Resolution of the Council of Shareholders 2020 No.297/NQ-CPCL dated June 30, 2020.

(**): There is no impact dilute common stocks on Dec 31, 2020.

VII. INFORMATION OF RELATED PARTIES

During the year, the Company has transactions with related parties and members of the Board of Directors, Supervisory Board and Board of Directors as follows:

I. Transactions with related parties	Year 2020	Year 2019
Revenue (exclude VAT) with related parties which are Parents Companies		
An Giang Tobacco Company	41,988,595,363	41,355,254,224
Ben Tre Tobacco Company	33,533,089,360	26,216,573,653
Cuu Long Tobacco Company	42,352,563,363	40,335,992,406
Dong Thap Tobacco Company	22,075,113,202	25,692,846,193
Bac Son Tobacco Company	35,502,454,952	40,679,060,104
Hai Phong Tobacco Company Limited	53,262,785,724	55,963,037,470
Long An Tobacco Company	47,042,245,477	43,834,473,931
Sai Gon Tobacco Company	917,253,439,699	903,292,624,092
Thanh Hoa Tobacco Company	44,294,988,587	59,668,859,967
Thang Long Tobacco Company	393,219,789,745	406,218,405,088
Import & Export Tobacco Company	72,000,000	79,052,000
Da Nang Tobacco Company Limited	12,165,483,884	13,188,868,119
Southern Trading Company	75,421,463	14,588,031
Vinataba- Philip Morris Co., Ltd	48,667,547,171	44,900,360,106
Vina Toyo Company Limited	1,588,784,620	1,848,364,917
Vina- Bat Joint Venture Company Limited	24,391,179,301	15,300,442,156
Total	1,717,485,481,911	1,718,588,802,457

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

For the year ended December 31, 2020

Unit: VND.

VII. INFORMATION OF RELATED PARTIES (CONT'D)

1. Transactions with related parties (Cont'd)

Purchasing goods, services (exclude VAT) from related parties which are Parents Companies

	Year 2020	Year 2019
Dong Thap Tobacco Company	32,750,000	45,035,000
Long An Tobacco Company	40,825,000	49,375,000
Sai Gon Tobacco Company	465,515,840	489,147,840
Thanh Hoa Tobacco Company	507,683,923	532,095,488
Import & Export Tobacco Company	304,473,886,583	527,940,525,471
Southern Trading Company	22,389,121,914	21,492,146,602
Vina Toyo Company Limited	64,339,621,640	71,951,240,700
Total	392,249,404,900	622,499,566,101

Other incomes from related parties

Vina Toyo Company Limited	311,182,697	173,048,313
Southern Trading Company	-	182,837,550
Total	311,182,697	355,885,863

2. Balance with related parties

As at Dec. 31, 2020 As at Jan. 01, 2020

- Receivables

An Giang Tobacco Company	2,022,176,332	7,320,976,506
Ben Tre Tobacco Company	3,613,103,855	3,532,117,799
Cuu Long Tobacco Company	5,351,543,208	6,694,414,375
Dong Thap Tobacco Company	1,466,918,767	1,551,812,695
Bac Son Tobacco Company	18,507,096,471	7,974,396,018
Long An Tobacco Company	3,071,252,992	6,170,856,572
Sai Gon Tobacco Company	74,481,754,458	159,977,030,380
Thanh Hoa Tobacco Company	2,374,774,380	2,145,869,329
Thang Long Tobacco Company	38,853,086,426	36,526,795,107
Da Nang Tobacco Company Limited	48,642,000	914,038,273
Vinataba- Philip Morris Co., Ltd	5,768,864,706	4,778,445,058
Vina Toyo Company Limited	144,243,756	231,814,954
Vina- Bat Joint Venture Company Limited	2,352,600,969	2,484,638,527
Total	158,056,058,320	240,303,205,593

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

For the year ended December 31, 2020

Unit: VND.

VII. INFORMATION OF RELATED PARTIES (CONT'D)

2. Balance with related parties (Cont'd)

- Payables	As at Dec. 31, 2020	As at Jan. 01, 2020
Import & Export Tobacco Company	22,214,461,526	24,906,440,081
Southern Trading Company	2,445,038,138	1,751,140,813
Thang Long Tobacco Company	394,643,843	381,061,881
Vina Toyo Company Limited	4,496,209,443	8,457,061,767
Total	29,550,352,950	35,495,704,542

3. Total income of Board of Management, Supervisory Board and Board of Directors:

	Year 2020	Year 2019
Total income of Board of Management and Directors	5,357,136,350	7,864,923,494
Total income of Supervisory Board	1,189,458,222	1,567,091,000
Total	6,546,594,572	9,432,014,494

CAT LOI JOINT STOCK COMPANY

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

For the year ended December 31, 2020

Unit: VND.

VIII. SEGMENT REPORTING

For management purpose, the Company prepared the segment reporting based on business areas including: Filter of cigarettes, Mark printing, wax paper and other product. Business results are managing separately in order for the Board of Directors to make decisions allocate resources and business strategy.

Major segment reporting: by business sector

Year 2020

Items	Filter of cigarettes	Mark printing	Wax paper	Others	Total
1. Net revenue					
- Net sale of merchandise and services for other segment	1,065,492,985,842	566,589,130,697	246,153,500,588	21,513,793,294	1,899,749,410,421
2. Expenses					
- Depreciation and allocation cost	953,457,208,608	553,393,324,028	211,342,893,502	20,075,909,592	1,738,269,335,730
3. Profit from operating activities	112,035,777,234	13,195,806,669	34,810,607,086	1,437,883,702	161,480,074,691
4. Total expenses incurred for purchasing fixed assets				105,000,000	105,000,000
5. Segment assets					-
6. Unallocated assets					911,619,959,485
Total assets					911,619,959,485
7. Segment payables					-
8. Unallocated liabilities					180,981,529,656
Total liabilities					180,981,529,656

CAT LOI JOINT STOCK COMPANY

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

For the year ended December 31, 2020

Unit: VND.

VIII. SEGMENT REPORTING (CONT'D)

Major segment reporting: by business sector (Cont'd)

Year 2019

Items	Filter of cigarettes	Mark printing	Wax paper	Others	Total
1. Net revenue					
- Net sale of merchandise and services for other segment	1,158,019,547,977	490,879,427,820	248,464,430,115	31,349,070,999	1,928,712,476,911
2. Expenses					-
- Depreciation and allocation cost	1,011,855,441,750	481,422,218,341	231,309,010,193	26,748,284,660	1,751,334,954,944
3. Profit from operating activities	146,164,106,227	9,457,209,479	17,155,419,922	4,600,786,339	177,377,521,967
4. Total expenses incurred for purchasing fixed assets	99,755,817,814	93,377,273	-	491,112,000	100,340,307,087
5. Segment assets					-
6. Unallocated assets					1,024,371,429,864
Total assets					1,024,371,429,864
7. Segment payables					-
8. Unallocated liabilities					331,408,625,707
Total liabilities					331,408,625,707

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

For the year ended December 31, 2020

Unit: VND.

IX. FINANCIAL INSTRUMENTS

1. Objectives and financial risks management policies

Major risks of financial instruments include market risk, credit risk and liquidity risk.

The Board of Directors considers the application of management policies for the above risks as follows:

1.1. Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate due to the changes in market prices. There are three market risks: interest rate risk, foreign exchange risk and other price risks, for example risk of stock price. Financial instruments affected by the market risks include: borrowings and liabilities, deposits, available-for-sale investments.

The following sensibility analysis relates to the financial position of the Company as at Dec 31, 2020 and January 01, 2020.

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

When calculating the sensibility analysis, the Board of General Directors assumes that the sensibility of available-for-sale liability in the balance sheet and related items in the income statement is affected by changes in the assumption of corresponding market risks. This analysis is based on the financial assets and liabilities that the Company held as at Dec 31, 2020 and January 01, 2020.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to the changes in market prices. Market risks due to change in interest rate of the Company mainly relate to: borrowings and liabilities, cash and short-term deposits.

The Company manages the interest rate risk by analyzing the competition status in the market in order to apply the interest rate that brings benefits to the Company and still in the limit of its risk management.

Sensibility to interest rate

At the reporting date, the sensibility to the interest rate since change in the interest rate is insignificant.

Currency risk

Currency risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate due to the changes in exchange rate. The Company bears risks due to changes in the exchange rate of the currencies other than VND related directly to the Company's business.

The Company manages currency risk by considering current and expected market status when it outlines plans for future transactions in foreign currencies. The Company does not use any derivative instruments to prevent foreign exchange risks.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

For the year ended December 31, 2020

Unit: VND.

IX. FINANCIAL INSTRUMENTS (CONT'D)

1. Objectives and financial risks management policies (Cont'd)

1.1. Market risk (Cont'd)

Sensibility to foreign currencies

The sensibility of borrowings and liabilities, cash, cash in bank and short-term deposits of the Company to changes that may occur at reasonable level in the foreign currencies is illustrated as follows:

	As at Dec. 31, 2020		As at Jan. 01, 2020	
	Foregin currency	Equivalent to VND	Foregin currency	Equivalent to VND
Financial assets		251,253,995		3,984,227,068
Cash in bank		251,253,995		3,984,227,068
USD	9,535.69	219,656,285	171,016.65	3,953,903,838
EUR	791.90	22,120,737	802.82	20,675,826
GBP	119.75	3,719,010	126.35	3,809,200
JPY	26,345.00	5,757,963	27,797.00	5,838,204
Financial liabilities		49,791,612,705		60,521,297,679
Payables to suppliers		49,791,612,705		60,521,297,679
USD	1,920,145.48	44,576,177,319	2,557,166.86	59,377,414,490
EUR	175,294.76	5,215,435,386	43,330.55	1,143,883,189

As at Dec 31, 2020, if the USD increases or decrease by 2% compared with VND regardless of other elements, profit after tax of the Company will be lower or higher by VND 891,523,546 (VND 44,576,177,319 x 2%) due to loss/profit of exchangerate conversion over the balance of financial instruments equals USD balance.

Price risk

The Company purchases materials and goods from domestic and foreign suppliers in order to serve the production and business activities. As a result, the Company will bear risk prevention measures because the market for these financial instruments has not yet been popular.

1.2. Credit risk

Credit risk is the risk due to the uncertainty in a counterparty's ability to meet its obligations causing the financial loss. The Company bears credit risks from production and doing business activities (mainly trade receivables) and from its financial activities including deposits, foreign exchange transactions and other financial instruments.

Trade receivables

The Company minimizes the credit risk by only doing business with entities who have good financial capacity and closely keeping track of the liabilities to speed up the recovery of debts. On the basis of this method and receivables related to different customers, the credit risk does not concentrate on a certain customer.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

For the year ended December 31, 2020

Unit: VND.

IX. FINANCIAL INSTRUMENTS (CONT'D)

1. Objectives and financial risks management policies (Cont'd)

1.2. Market risk (Cont'd)

Deposit

The Company mainly maintains deposits in big and prestigious banks in Vietnam. The Company realized that the concentration level of credit exposure to deposits is low.

The Board of Directors of the Company has assessed that most financial assets are not overdue and impaired since these financial assets relate to prestigious customers who have good liquidity capacity. The financial assets which are overdue but not impaired:

	Overdue	
	Not impaired	Impaired
As at Dec. 31, 2020		
From 01 to 30 days	12,980,299,926	-
From 31 to 60 days	4,796,373,941	-
Total net value	17,776,673,867	-
Provision for devaluation	-	-
Net value	17,776,673,867	-
As at Jan. 01, 2020		
From 01 to 30 days	82,571,576,461	-
From 31 to 60 days	21,248,040,377	-
Total net value	103,819,616,838	-
Provision for devaluation	-	-
Net value	103,819,616,838	-

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

For the year ended December 31, 2020

Unit: VND.

IX. FINANCIAL INSTRUMENTS (CONT'D)

1. Objectives and financial risks management policies (Cont'd)

1.3. Liquidity risk

Liquidity risk is the risk that arises from the difficulty in fulfilling financial obligations due to lack of capital. The liquidity risk of the Company mainly arises from difference of maturity of the financial assets and liabilities.

The Company supervises liquidity risk by maintaining an amount of cash, cash equivalents and borrowings from banks at the level that the Board of Directors considers as sufficient to satisfy the Company's activities and minimize influences of changes in cash flows.

The following table summarizes liquidity deadline of the Company's financial liabilities on the basis of estimated payments in accordance with contract which are not discounted:

As at Dec. 31, 2020	Under 1 year	From 1-5 years	Over 5 years	Total
Borrowings and liabilities	22,784,780,525	-	-	22,784,780,525
Trade payables	117,208,484,490	-	-	117,208,484,490
Other payables and accrued expenses	844,724,157	-	-	844,724,157
	140,837,989,172	-	-	140,837,989,172
As at Jan. 01, 2020				
Borrowings and liabilities	156,523,843,765	-	-	156,523,843,765
Trade payables	128,984,699,749	-	-	128,984,699,749
Other payables and accrued expenses	326,051,867	-	-	326,051,867
	285,834,595,381	-	-	285,834,595,381

The Company is able to access capital sources and with regards to due borrowings within 06 months, the Company may continue to be lent by its current creditors.

Secured assets

During the period, the Company has not use financial assets as collateral.

The Company does not hold any secured assets of the third party as at Dec. 31, 2020 and Jan. 01, 2020.

2. Financial assets and liabilities

The fair value of financial assets and financial liabilities is stated at the value that the financial instruments are convertible in present transaction among partners, except for compulsory sale or disposal.

The Company uses the following methods and assumptions to estimate the fair value:

The fair value of cash on hand and short-term deposits, trade receivables, trade payables and other short-term liabilities is equivalent to the book value of these items because these instruments are in short-term.

Fair value of securities, financial investments listed on the upcom stock market is presented by the number of shares * reference price of the last 30 trading sessions prior to the date of the financial statements.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

For the year ended December 31, 2020

Unit: VND.

IX. FINANCIAL INSTRUMENTS (CONT'D)

2. Financial assets and liabilities (Cont'd)

The following table specifies book value and fair value of the financial instruments presented in the financial statements.

	Book value				Fair value	
	As at Dec. 31, 2020		As at Jan. 01, 2020		As at Dec. 31, 2020	As at Jan. 01, 2020
	Amount	Provision	Amount	Provision		
Financial assets						
- Investments put into the financial assets through Income Statement	13,400,000,000	(4,556,000,000)	13,400,000,000	-	8,844,000,000	13,400,000,000
- Trade receivables	172,510,144,763	-	260,538,029,012	-	172,510,144,763	260,538,029,012
- Other receivables	88,700,000	-	3,408,400,000	-	88,700,000	3,408,400,000
- Cash and cash equivalents	55,820,130,138	-	40,613,995,919	-	55,820,130,138	40,613,995,919
TOTAL	241,818,974,901	(4,556,000,000)	317,960,424,931	-	237,262,974,901	317,960,424,931
Financial liabilities						
- Borrowings and liabilities	22,784,780,525	-	156,523,843,765	-	22,784,780,525	156,523,843,765
- Trade payables	117,208,484,490	-	128,984,699,749	-	117,208,484,490	128,984,699,749
- Other payables	805,995,082	-	-	-	805,995,082	-
- Other financial liabilities	38,729,075	-	326,051,867	-	38,729,075	326,051,867
TOTAL	140,837,989,172	-	285,834,595,381	-	140,837,989,172	285,834,595,381

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

For the year ended December 31, 2020

Unit: VND.

X. OTHER INFORMATION

1. Contingent liabilities, commitments and other information: None.

2. Subsequent events

There are no significant events since the period end that need to be adjusted or noted in the financial statements.

3. Comparative information

The financial information on the financial statements for the year ended December 31, 2020 has been implemented on the principle of comparability with the audited 2019 financial statements.

4. Information on going-concern operation: The Company will continue its operation in the future.

Ho Chi Minh City, 18 March 2021

Preparer



Mr Nguyen Duc Huy

Chief Accountant



Mr Lieu Phuoc Tinh

Director



Mr Nguyen Hoang Minh

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