

CÔNG TY CỔ PHẦN
SỢI THÉ KỸ
CENTURY SYNTHETIC FIBER
CORPORATION

CỘNG HOÀ XÃ HỘI CHỦ NGHĨA VIỆT NAM
Độc lập - Tự do - Hạnh phúc
THE SOCIALIST REPUBLIC OF VIETNAM
Independence - Freedom - Happiness

Số/No: 252 -24/CV-CTTK

TP.HCM/Hochiminh city, ngày/date 30 tháng/month 07 năm/year 2024

CÔNG BỐ THÔNG TIN
TRÊN CÔNG THÔNG TIN ĐIỆN TỬ CỦA ỦY BAN
CHỨNG KHOÁN NHÀ NƯỚC VÀ SỞ GIAO DỊCH
CHỨNG KHOÁN TP.HCM

INFORMATION DISCLOSURE
ON THE STATE SECURITIES
COMMISSION AND HOCHIMINH STOCK
EXCHANGE'S PORTAL

Kính gửi/To: - Ủy ban Chứng khoán Nhà nước
The State Securities Commission
- Sở Giao dịch chứng khoán TP.HCM
Hochiminh Stock Exchange

- Tên tổ chức: Công ty cổ phần Sợi Thế Kỹ
Organization name: Century Synthetic Fiber Corporation
- Mã chứng khoán/Ticker: STK
- Địa chỉ trụ sở chính: Lô B1-1, Khu công nghiệp Tây Bắc Củ Chi, Huyện Củ Chi, TP.HCM
Headquarter office: Lot B1-1, North West Cu Chi Industrial Zone, Cu Chi District, HCMC.
- Điện thoại/Tel.: (+84.276) 388 7565 Fax: (+84.276) 388 7566
- Người thực hiện công bố thông tin: Đặng Triệu Hòa - Chức vụ: Tổng giám đốc
Spokesman: Dang Trieu Hoa - Title: Managing Director
- Loại thông tin công bố/Type of information disclosure:
 định kỳ/periodic bất thường/irregular 24h/24 hours theo yêu cầu/on demand

Nội dung thông tin công bố/Contents of information disclosure:

Báo cáo thường niên năm 2023 (Bản tiếng anh).
2023 Annual report (English version).

Thông tin này đã được công bố trên trang thông tin điện tử của công ty vào ngày 30 /07/2024 tại đường dẫn:
<https://thekey.vn>

This information was published on the Company's website on 30 /07/2024 at the link: <https://thekey.vn>

Tôi cam kết các thông tin công bố trên đây là đúng sự thật và hoàn toàn chịu trách nhiệm trước pháp luật về nội dung các thông tin đã công bố./

We hereby declare to be responsible for the accuracy and completeness of the above information.

Tài liệu đính kèm/Attachments

- Tài liệu liên quan đến việc CBTT.
Documents related to the information disclosure.

ĐẠI DIỆN TỔ CHỨC/ON BEHALF OF THE COMPANY
NGƯỜI ĐẠI DIỆN THEO PHÁP LUẬT
LEGAL REPRESENTATIVE
TỔNG GIÁM ĐỐC/MANAGING DIRECTOR

Ms. Chi



ĐẶNG TRIỆU HÒA

ANNUAL REPORT 2023

**WEATHER THE STORM,
WELCOME A PROSPEROUS DRAGON YEAR**

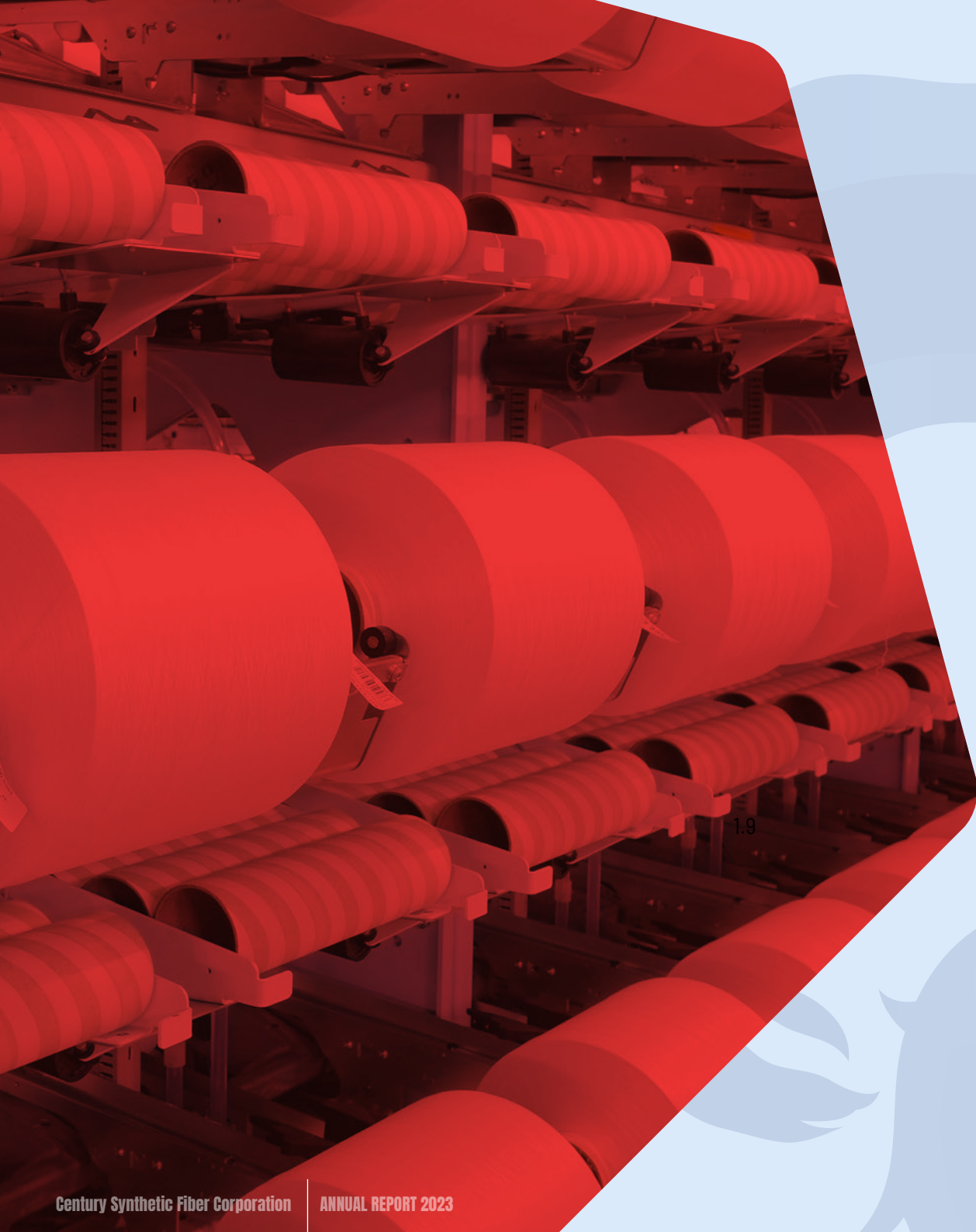
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LIST OF ABBREVIATIONS

BOD	Board of Directors
BOM	Board of Management
BOS	Board of Supervisors
CEO	Chief Executive Officer
DTY	Drawn Textured Yarn
FDY	Fully Drawn Yarn
GDP	Gross Domestic Product
GPM	Gross Profit Margin
GRS	Global Recycled Standard

HSX, HOSE	Ho Chi Minh Stock Exchange
IMF	International Monetary Fund
POY	Partially Oriented Yarn
ROA	Return on Assets
ROE	Return on Equity
ROS	Return on Sales
VAT	Value-added tax
y-o-y, yoy	Year-on-year



GENERAL INFORMATION

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Annual Report for year 2023

The Annual Report of Century Synthetic Fiber Corporation for year 2023 provides a full range of financial and non-financial information related to environment, labor and society in the fiscal year 2023.

The report is issued in the electronic PDF format and publicly posted on the Company's Website at the link www.thekey.vn. The report is written in Vietnamese and translated into English to reach a wide variety of related parties.

WEATHER THE STORM, WELCOME A PROSPEROUS DRAGON YEAR

To survive and develop in a constantly changing and unpredictable world, a corporation needs not only the endurance to cope with adversity but also the internal strength to turn the situation around and minimize the negative impact on its performance. Therefore, corporations need to be able to adapt and improve from adversity to become successful and different.

Assurance of reliability and standards applied in the report

COMPONENTS OF THE REPORT

- Annual Report
- Corporate Governance Report
- Sustainable Development Report
- Audited Consolidated Financial Statements
- IFRS Audited Financial Statements

SCOPE OF THE REPORT

The fiscal year is from January 1st, 2023 to December 31st, 2023

APPLIED STANDARDS

- Circular 96/2020/TT-BTC dated November 16th, 2020 providing guidelines on disclosure of information on securities market.
- Vietnam accounting standards
- IFRS standards
- ASEAN corporate governance scorecards
- ISO standards
- GRS certificate, Oekotex-100
- GRI standards

RESPONSIBILITY FOR ENSURING THE INFORMATION TO BE ACCURATE AND TRUSTWORTHY

- The financial data is consistent with the 2023 independent audited financial reports by E&Y Ltd.
- Data on global and Vietnam's industry comes from Customs departments of the relevant markets; published reports on the industry and macro economy.
- Data of the Company's operations.
- BOD and BOS reports are in line with FY2023 Corporate Governance Report.
- Shareholder information is provided by Vietnam Securities Depository and Clearing Corporation.

Message from Chairperson

Dear esteemed shareholders and investors,

First of all, as the Chairperson of the Board of Directors of Century Synthetic Fiber Corporation ("STK"), on behalf of the Company, I would like to extend our deep gratitude to customers, partners, suppliers, staff and shareholders for your continued support to the Company's development over the years.

It is my pleasure to share with you the Company's Annual Report for the fiscal year 2023. I hope this report will provide useful information on STK's business performance in the last year and a vision of the Company's business strategy going forward.

In 2023, the phrase "economic recession" was popular. The economic recession has affected not only macroeconomics but also individual businesses, regardless manufacturing or service, even more severely than Covid-19. During 2020-2023, there has never been a year when textile and garment export turnover has recorded negative growth like in 2023. Century was not an exception, being affected to some extent by low demand and orders from brands. However, in difficulties and hardships, we can see the competence of the management - the people who steered the business through difficulties. The Company maintained its position as a leading fiber exporter in Vietnam.

With many years of experience in the field of fiber production, we shift towards the production of virgin yarn to recycled plastic yarn that has high profitability and eco-friendliness. 2024 will be an even more special year as we put the Unitex factory into operation, expanding our capacity by 60%. From here, STK's production output, revenue and profits will also increase, requiring us to focus more on sustainably developing the business, benefiting society, shareholders, customers and other partners. Balancing the interests of stakeholders (customers, partners, suppliers, employees, shareholders and social community) as well as focusing on environmental protection is a solid foundation for STK to achieve sustainable growth. The company will continue to improve governance in the coming years to benefit these stakeholders.

With the outstanding efforts of the Board of Management, staff and the strong support of shareholders and investors, I believe that STK will maintain sustainable development in the coming years.



Chairperson - **DANG MY LINH**



CEO - DANG TRIEU HOA

Message from CEO

Dear esteemed investors and related parties,

We are pleased to publish the 2023 annual report of STK. Hopefully, this report provides useful information about the export situation of the textile and garment industry in general, and internal information of the Company in particular.

Perhaps in no other year has the economic recession affected manufacturing companies, especially upstream products in the textile supply chain, like 2023. The slow recovery combined with weak demand for textile products have directly affected the Company's revenue, profits and financial indicators in a negative way. As for full-year business result, the company only realized 66.3% of the revenue target and 34.7% of the profit after tax target.

Nevertheless, we realize that the textile and garment market seem to be showing brighter signs when accumulated brands' inventories have passed their peak; consumers are more concerned about health and lifestyle; the popular and high-end fashion segments' growth rate is more promising than in 2023, making us more optimistic about the market in 2024.

In addition, brands are stricter in choosing sourcing locations, European countries and the US will issue regulations on sustainable development to achieve the goals of combating climate change and protecting the environment, which can be a challenge for yarn manufacturing businesses in general but is an opportunity for our Company as our Company is highly appreciated by brands for ESG criteria. With that advantage, along with the ability to provide high quality products (including recycled yarns, dyed yarns, and special-functioned yarns), STK will proactively seize these growing opportunities to drive sales and optimize your profits.

Performance highlights in 2023

	Value (VND bn)
Consolidated Total Assets	2,973.9
Consolidated Owner's Equity	1,628.9
Consolidated Turnover	1,425.1
Consolidated Profit after tax	87.8
Charter capital	966.4

Recycled yarn's contribution	49.5%
GPM %	13.5%
ROS %	6.2%
ROA %	3.0%
ROE %	5.4%



2023 Listed Companies Award held by HOSE

- Ranked in Top **10** for the **Best Corporate Governance** of Mid-Cap Companies.
- Won **The most complete Sustainability Report** Award
- Ranked in Top **20** for the **Best Annual Report** – non-financial category.

Corporate Social Index 100 Award: Top 100 Vietnam Sustainable Companies

- Ranked **19/100** Vietnam Sustainable Companies (for the 8th consecutive year)

6th Annual Forum ("AF6") on Corporate Governance 2023 by the Vietnam Institute of Directors ("VIOD")

- Ranked in top **5** Board of Directors of the year by VIOD

About the Company

Name of the Company	Century Synthetic Fiber Corporation
Trading name	Century Corp.
Business Registration Number	0302018927
Charter Capital	VND 966,369,240,000
Owner's Equity	VND 1,628,889,391,170
Head quarter address	B1-1 North West Cu Chi Industrial Zone, Cu Chi District, Ho Chi Minh City
Branch address	Street 8, Trang Bang Industrial Zone, Trang Bang District, Tay Ninh Province
Representative office address	102-104-106 Bau Cat, Ward 14, Tan Binh District, Ho Chi Minh City
Telephone	+84.028 3790 7565 / +84.276 389 9536
Fax	+84.028 3790 7566 / +84.276 389 9537
Website	www.theky.vn
Email	csf@century.vn
Stock code	STK (HSX)
Tax Registration Number	0302018927

Key milestones

2000

Established the first factory
at Cu Chi District

Established on June 01st, 2000.

Main product: DTY

Initial designed capacity:
4,800 tons of DTY per year.

Converted into JSC. – A strategic reform

The Company's name was changed to
Century Synthetic Fiber Corp.

2005

2008

Completed fully-integrated chain

Completed the expansion
up to 14,500 tons of POY per year
& 15,000 tons of DTY per year.

Developed new product FDY

Raised the Company's entire capacity
to 37,000 tons of DTY and FDY
and 29,500 tons of POY per year

2011

Key milestones *(continued)*

Officially listed on HOSE, successfully developed "Recycled yarn".

Raising the total capacity to 52,000 tons of DTY and FDY per year from Trang Bang 3 factory

2015

2016

Began to produce Recycled yarn

Expanding Trang Bang 4 factory, raising total capacity of the Company to 60,000 tons of DTY and FDY per year.

2017

Taking advantage from markets, harvesting success

Raising total capacity to 63,300 tons per year.

2019

Consistently achieving targets

Net Profit increased by 20% y-o-y.
Announcing the route of increasing the recycled yarn's portion

Key milestones *(continued)*

2020

Remarkable recovery after the pandemic

Fulfilling the revised profit target for year 2020

The strategic product Recycled yarn maintained high profit margin.

Implementation of solar rooftop project

2022

Persistent with core-business strategy

Capacity expansion project at the subsidiary is in construction.

Applying sustainable development initiatives, recycling and reusing materials in production.

Continuously raising contribution of Recycled yarn in revenue mix.

Fire proves gold, adversity proves men

Implementing expansion project with its subsidiary.

Solar Rooftop project has operated, reducing CO₂ emission.

Net profit of 2021 surpassed the budget.

2021

Unitex project is being timely implemented, expected to start operating phase 1 of 36,000 tons per year from Q3.2024, which raises the Company's total capacity to 99,000 tons per year.

2023

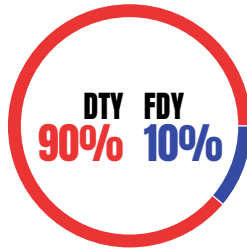
Industry and Business Areas

Scope of business

CENTURY manufactures and trades polyester filament yarns, including DTY (Drawn Textured Yarn) and FDY (Fully Drawn Yarn).

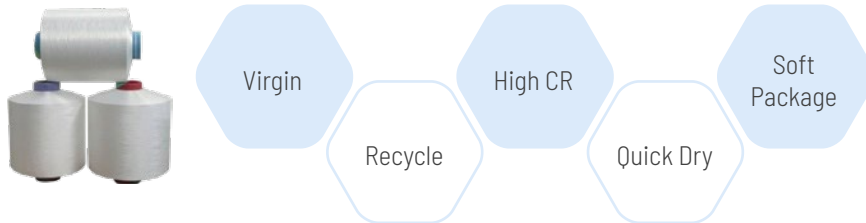
The Company's developing environmentally-friendly products such as nhr Dope Dyed, Recycle Dope Dyed, Ocean, Repreve.

As well as colored yarns and special yarns like CD, FD, HCR, QD... with high added value.

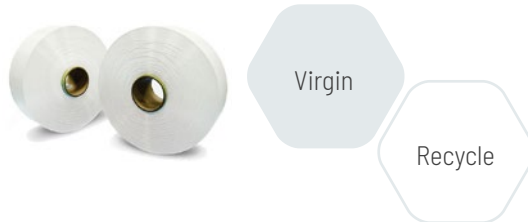


EXISTING PRODUCTS

DTY



FDY



Cationic Dyeable Yarn



NEW PRODUCT DEVELOPMENT



Apparel



Auto textile



Home textile

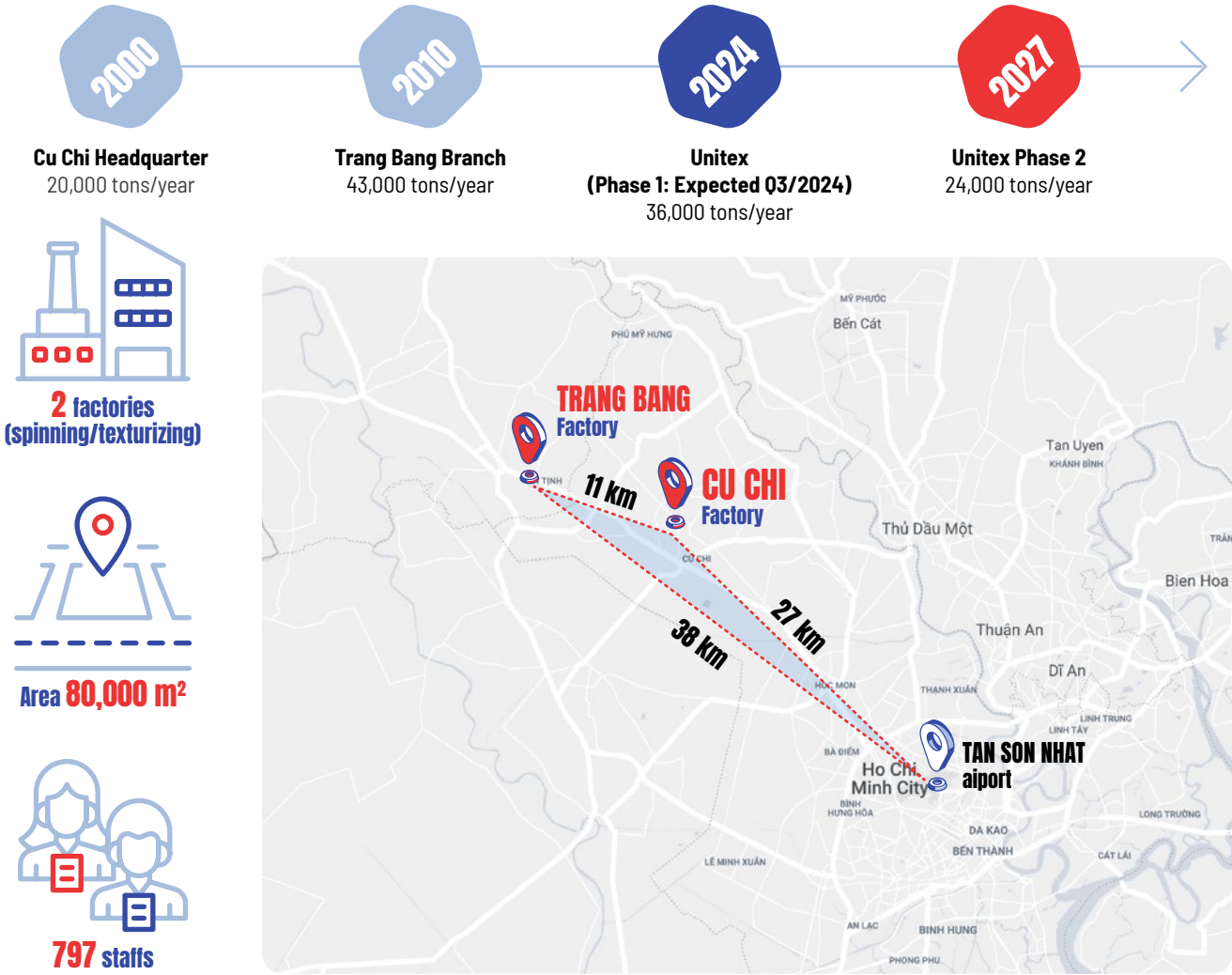


CENTURY's products are used to make sport clothes, sport shoes, swimming suits, polyester bags, curtains, car seat covers, medical bandages.

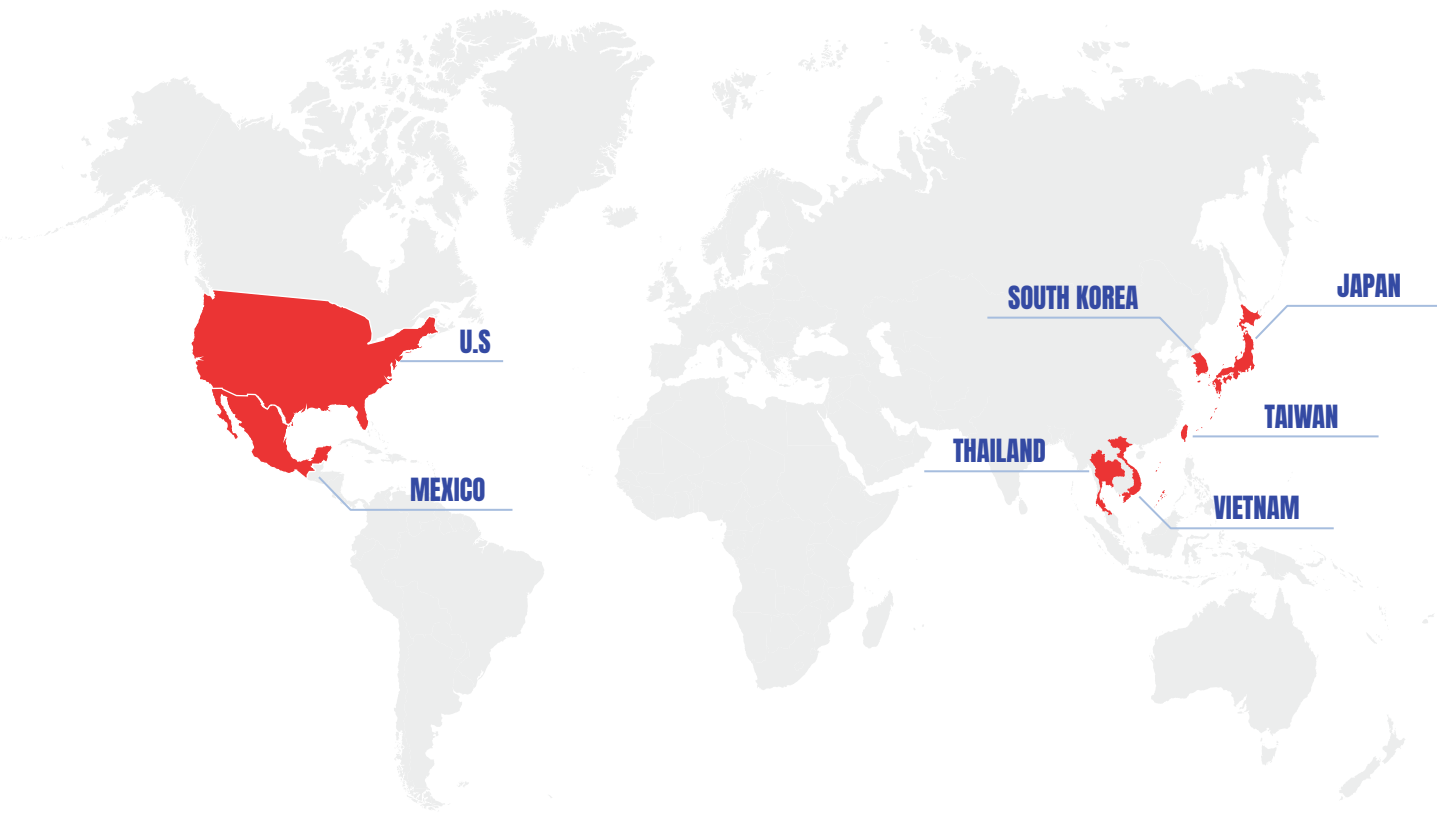
Production capacity

The Company has two factories located in Cu Chi and Trang Bang on a total area of 80.000 m².

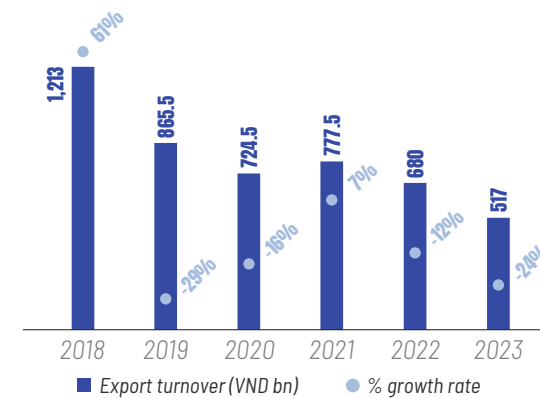
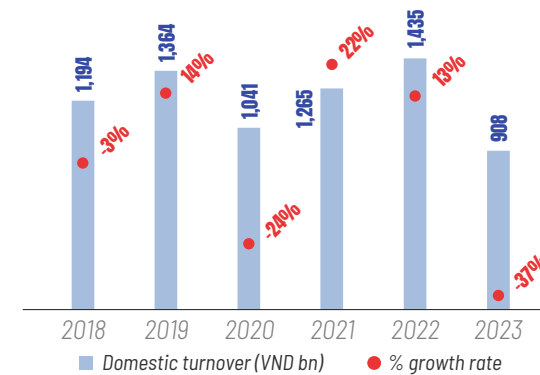
In 2023, STK built the subsidiary Unitex, expanding the current capacity by 60%, which is expected to start operating in Q3.2024, raising the Company's total capacity to 99,000 tons per year.



Global presence



800 customers worldwide with
690 active customers.

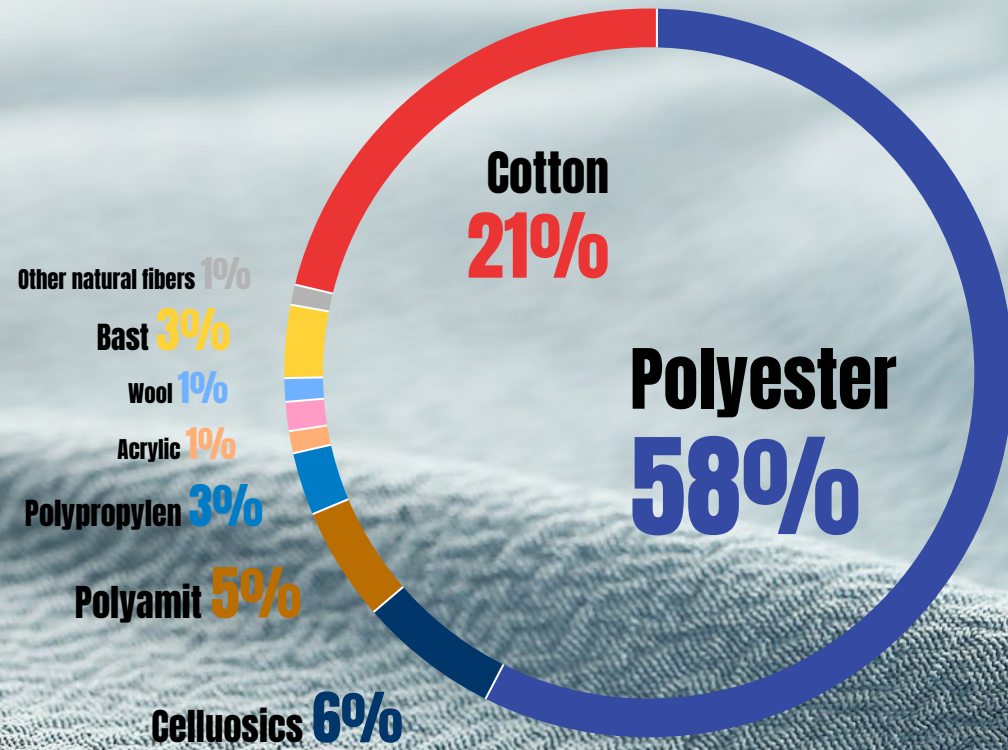


Value chain of textile industry

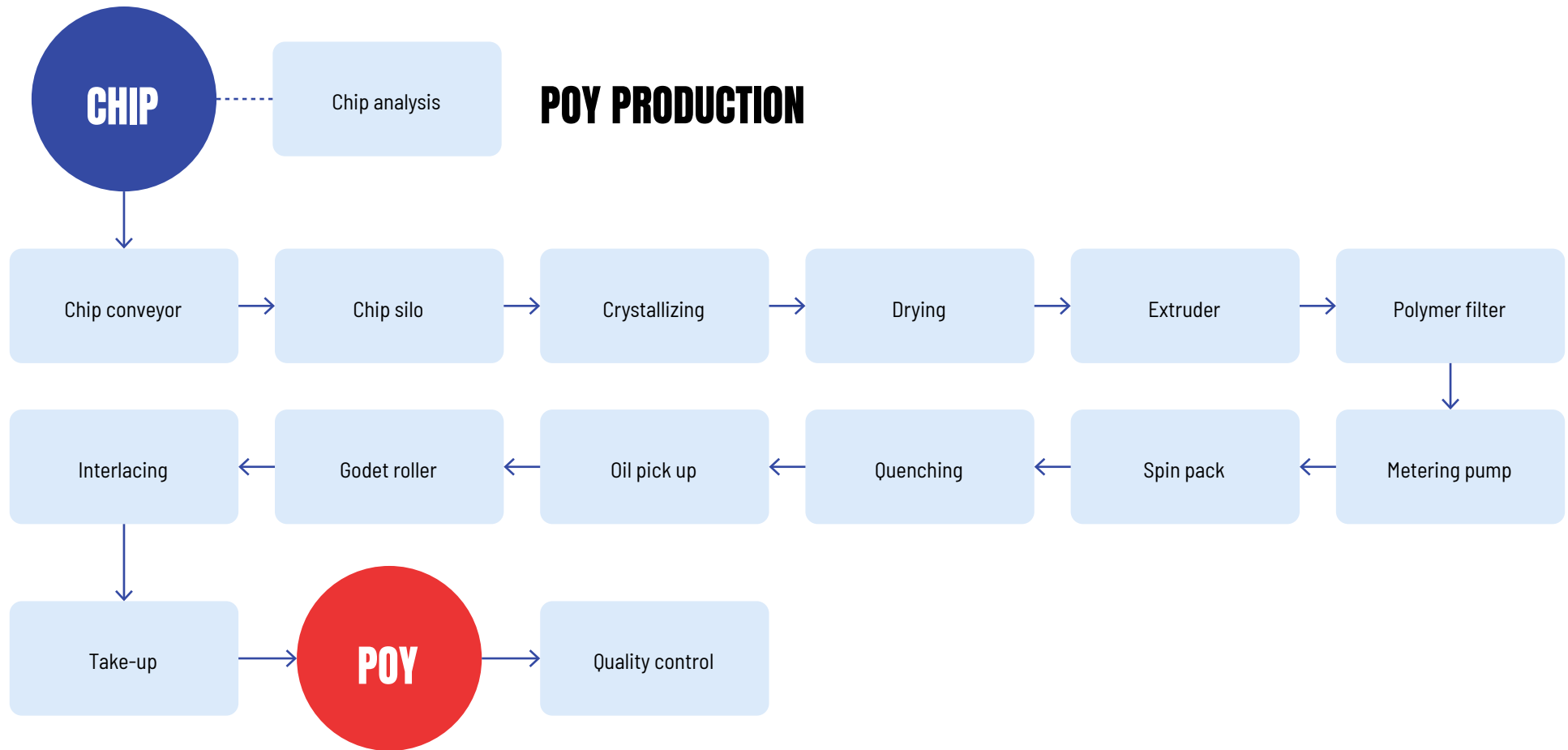


In terms of fiber:

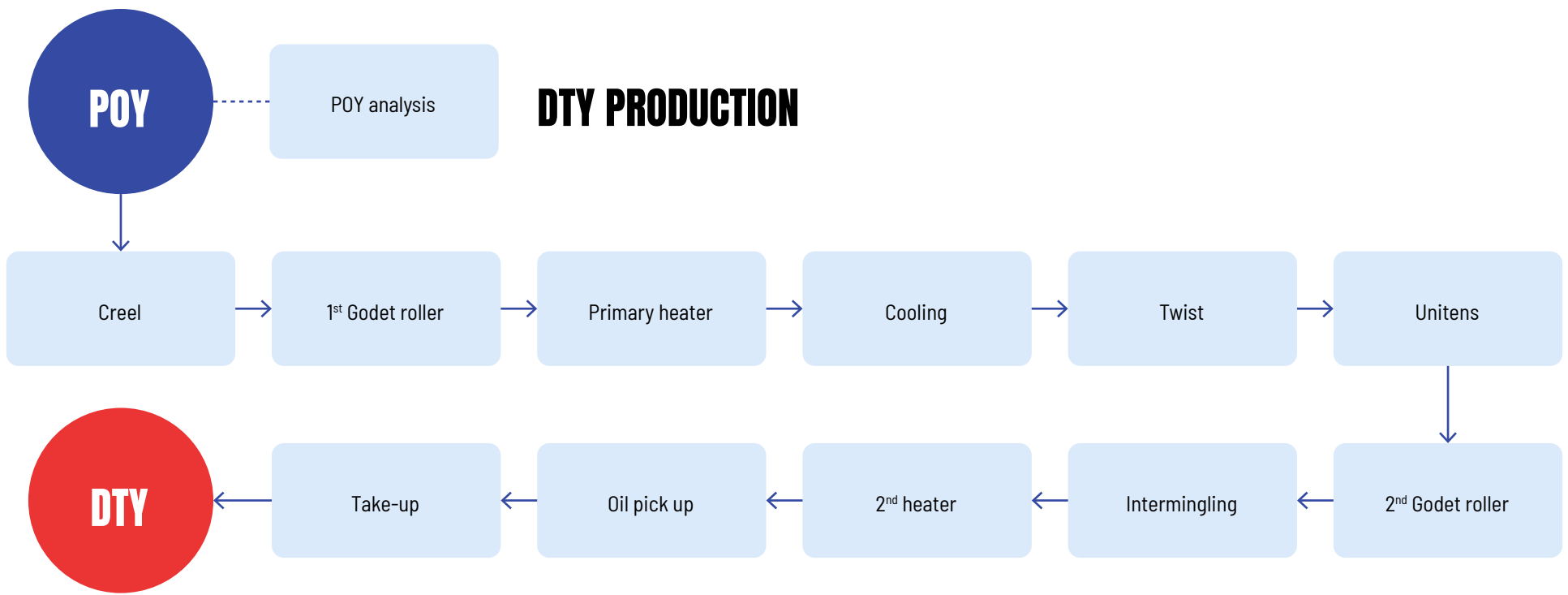
TOTAL GLOBAL FIBER PRODUCTION VOLUME 2022 **118.6 million tons**



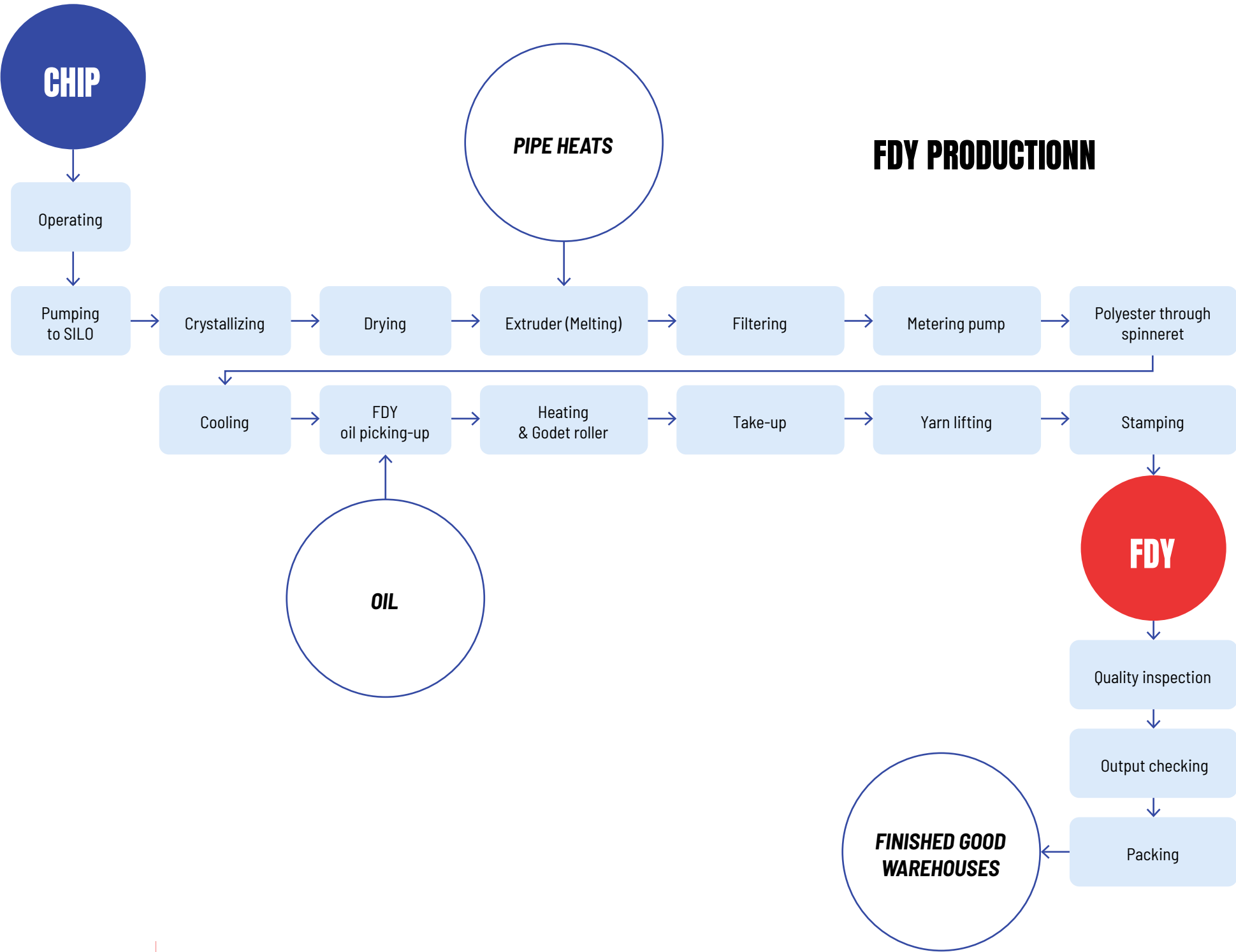
Century's production process



DTY PRODUCTION



FDY PRODUCTION



Business philosophy

VISION

To become a worldwide leading pioneer in the textile sector and developing into multi-business fields relevant with our core business.

MISSION

We adopt an advanced and environmentally friendly technology and modern management system, build up professional team and positive innovation corporate culture to contribute to our society, bring new and green products/services to the community by saving natural resource, energy and protecting natural environment.

CORE VALUES

SERVING CUSTOMERS

We appreciate customers and always provide reasonable and profitable solutions to satisfy customers' requirements.

UNITING OURSELVES

Each of Century Synthetic Fiber Corporation (CSF) members always cooperate and support each other to achieve the Company's goals.

CONTINUOUSLY IMPROVING

We are never satisfied with the current achievements and longing for improvement in our performance, effectiveness and quality of life.

DEVELOPING TOGETHER

CSF's development is aligned with the prosperity of our partners, our staffs and the community.

OUR COMMITMENTS

We always appreciate our customers. We take responsibility and initiatives and cooperate with each other in carrying out the works.

STAKEHOLDER ALIGNMENT



CLIENTS



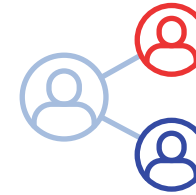
STAFFS



SUPPLIERS



SHAREHOLDERS



COMMUNITY



GOVERNMENT

Stakeholder alignments

Stakeholders	Communication channels	Scope of consultation and expectation of stakeholders	STK's actions to meet the expectation of stakeholders
Shareholders	<ul style="list-style-type: none"> Via General Meetings of Shareholders. Direct meetings with investors. The Company's seminars and factory visits. Shareholder survey in writing, phone calls, and emails. IR bulletin, Investor Day, Analyst's meetings, factory visit. 	<ul style="list-style-type: none"> Transparent information to shareholders. Protection of investor interests. Good corporate governance. The Company's orientations for sustainable development. Effective use of investment capital. The Company's attention to social issues, environment, and community. Corporates' interests in ESG. Dividends payment to investors. The remuneration of BOD, BOS, and BOM. The enterprise's value. The share liquidity and investment opportunities. Environmental protection, reducing carbon emission. 	<ul style="list-style-type: none"> Sales revenue reached VND1.425 bn., profit after tax reached VND87.8 bn., respectively completed ~66.3% and 34.7% of the set plan. Expanded into new markets: gradually developing more customers in the US market. Maintained high proportion of recycled yarn in total revenue at 49.5% in 2023. Developed new environmentally friendly products: FDY Dope Dyed Color, DTY CD Mélange Recycle, DTY Super HCR, FDY triangle, DTY Thick & Thin, boosting demand for recycled yarn by combining many special functions and eco-friendliness. Strictly complied with regulations on information disclosure. Commitment to pay at least 15% dividend per year. Paid dividends in shares to shareholders at the rate of 15% (July 04, 2023) for the fiscal year 2022. Private placement: 13.5 million shares (application dossier filed in November 2023). Coordinate with World Wide Fund for Nature to monitor and measure carbon footprint emissions at Trang Bang branch.

Stakeholder alignments *(continued)*

Stakeholders	Communication channels	Scope of consultation and expectation of stakeholders	STK's actions to meet the expectation of stakeholders
<p>Customers</p>	<ul style="list-style-type: none"> • Direct exchange of information with customers. • Meetings, company visits by customers. • Customer survey and questionnaires. • The Company's website • Seminar, industry association forum. • Email, phone calls. 	<ul style="list-style-type: none"> • Company's ESG activities are sustainable, safe, and reliable. • High quality of products and services. • Competitive prices. • Attractive terms of the contract. • Outstanding customer service. • Good technical and operational capability. • Professionalism in providing services. • Development of high value-added products. • Safe products which do not contain toxic substances. • Environmental protection, carbon footprint reduction. 	<ul style="list-style-type: none"> • Researching and developing premium finer yarns, increasing the proportion of environmentally-friendly yarn such as recycled yarn, dope-dyed yarn. • Ensuring the Company's product quality, building up the trust of customers. • Strengthening professional knowledge of the Company's sales team and quality management team. • Delivery on time and no shortage of goods. • Continuously train domestic and export sales team resources. • Sustainable development information disclosure on platforms like CDP, assess products' environmental impact. • The Company's product is certified with OEKO -TEX 100 standard, proving that the Company's product does not contain toxic substances harming to customer's health. • Obtaining GRS certificate (Global Recycle Standard). • The Company was highly appreciated by its domestic and international customers. • Using renewable energy – solar energy in order to reduce electricity consumption during production process, contributing to annual CO₂ emission reduction. • Recycle wasted yarn into chips
<p>Employees</p>	<ul style="list-style-type: none"> • Weekly vision and mission program. • Managerial weekly meetings. • Periodical dialogue with employees. • Dialogue at the Employee Benefits Conference. • Direct communication with management level. • Direct communication with the Human Resource department. • Collective negotiation meeting. • Employee survey 	<ul style="list-style-type: none"> • Safe working environment, good occupational health. • Ensuring health safety in the working environment. • Balancing between working and personal life. • High salary, bonus, welfare policy. • Opportunity to be trained, to improve skills. • Opportunity to be promoted. • Broad vision of leaders. • Fairness and democracy. • No discriminations. • Stable and guided work. 	<ul style="list-style-type: none"> • Improving salary policy, bonus, welfare, training, promotion, and working environment for employees. • The number of people promoted to higher positions was 19 people. • The Board of Management is committed to democratic rights, the right to be treated fairly and respectfully of employees. • Ensured the salary rate for employees is higher than the regional minimum wage and the industry's average salary. • Implemented 5S mechanism to improve the working environment. • Ensured safe working conditions, employees' health is taken care of. • Complied with the law on Corporate social responsibility (CSR). • Carried out annual health check-up – December 13-14, 2023. • Maintaining stable order flow, creating jobs and stable income for employees.

Stakeholder alignments *(continued)*

Stakeholders	Communication channels	Scope of consultation and expectation of stakeholders	STK's actions to meet the expectation of stakeholders
Suppliers	<ul style="list-style-type: none"> • Direct meetings and exchanging information. • Factory visits. • Communication through emails, phone calls. • Collecting the information through surveys. 	<ul style="list-style-type: none"> • Prestige, long-term cooperation. • Cooperation whereby both parties are benefited and can mutually develop. • Setting up a stable value chain. • Ensuring ESG activities, carbon footprint reduction. 	<ul style="list-style-type: none"> • Enhancing the quality of products and bringing benefits for both parties. • Ensuring equality and fair competition in selecting suppliers. • Frequent evaluation of suppliers to ensure effective cooperation. • Negotiating and offering solutions to improve the relationship between the Company and suppliers, ensuring the minimum benefits of both parties. • Using renewable energy – solar energy in order to reduce electricity consumption during production process, contributing to annual CO₂ emission reduction.
Authorities	<ul style="list-style-type: none"> • The Company makes frequent contacts with the authorities (HEPZA, TANIZA) via meetings, response to inspection, reporting, and exchanges of administrative documents. 	<ul style="list-style-type: none"> • Compliance with policies and regulations. • Obtaining necessary certificates and permits as prescribed. • Supporting community development. • Deploying and supporting the government's policies. • Green business, CO₂ emission reduction and environmental protection. 	<ul style="list-style-type: none"> • Complying with government policies and regulations. • No violation against laws. • Preparing and submitting reports to HEPZA and TANIZA regarding the Company's operation, safety-environment-health protection. • Supporting and implementing the government's policies. • Making full tax payment. • Supporting local development. • Using renewable energy – solar energy in order to reduce electricity consumption during production process, contributing to annual CO₂ emission reduction. • Raising the contribution of eco-friendly products in the sales mix in order to minimize the negative impacts and protective measures to the environment.
Banks	<ul style="list-style-type: none"> • Through meetings and company visits. • Through phone calls and emails. 	<ul style="list-style-type: none"> • The Company is sustainable and prestigious. • Transparency in corporate governance. • Professional financial management system. • Long term alliance and co-development. • Environmental protection, carbon footprint reduction. • Using renewable energy, contributing to annual CO₂ emission reduction. • ESG activities, carbon footprint reduction. 	<ul style="list-style-type: none"> • Improving the Company's corporate governance. • Making full and timely repayment of loan principles and interest payments. • Regularly monitoring the implementation of credit contracts with banks. • Using renewable energy – solar energy in order to reduce electricity consumption during production process, contributing to annual CO₂ emission reduction.

Stakeholder alignments *(continued)*

Stakeholders	Communication channels	Scope of consultation and expectation of stakeholders	STK's actions to meet the expectation of stakeholders
<p>Local Community</p>	<ul style="list-style-type: none"> Via meetings, exchanging correspondence with the local associations, and participating in social activities, the Company can understand the concerns and expectations of the local community. 	<ul style="list-style-type: none"> To be responsible, to share and to join hand to develop the local community; Support local community to improve the quality of life through income improvement; Improve quality and enhance the local community infrastructure system; Using renewable energy, contributing to annual CO₂ emission reduction. 	<ul style="list-style-type: none"> Create job opportunities for local people. Enhancing the annual average income of local labors. Raising funds to support the Company's employee's children. Giving scholarships to local colleges. Contributing to the development of the local economy. Prioritizing employing local people. Facilitating urbanization by investing in new factory projects such as Unitex and Dintsun. Using renewable energy – solar energy in order to reduce electricity consumption during production process, contributing to annual CO₂ emission reduction. Increasing the contribution of eco-friendly products in the sales mix in order to minimize the negative impacts and protect the environment.
<p>Industrial Association (VCOSA)</p>	<ul style="list-style-type: none"> Via forums, dialogues, exchanging correspondences and emails between the Company and the Industrial association. 	<ul style="list-style-type: none"> To become an active member, sharing information and contributing to the industry's development. Using renewable energy, contributing to annual CO₂ emission reduction. 	<ul style="list-style-type: none"> Providing information support and actively cooperating with industry associations. Paying annual membership fee. Participating as a member of the Executive Committee of the Vietnam Cotton and Yarn Association (VCOSA). Using renewable energy – solar energy in order to reduce electricity consumption during production process, contributing to annual CO₂ emission reduction. Increasing the contribution of eco-friendly products in the sales mix in order to minimize the negative impacts and protect the environment.

Business model

Core targets



MACHINE

Investing in modern machineries (energy savings, quality ensuring)



MAN

Focusing on hiring quality, continuously training, successor training and building healthy corporate cultures.



MATERIAL

Purchasing high quality materials to ensure the quality standards



METHOD

Applying modern management systems, new product research and development techniques, to ensure product quality, services and reduce production cost



A hand is shown placing a wooden block on top of a stack of three wooden blocks. A red arrow points upwards from the stack. The background is a blurred office setting with a keyboard and a laptop.

Market position - Key growth drivers

Market position

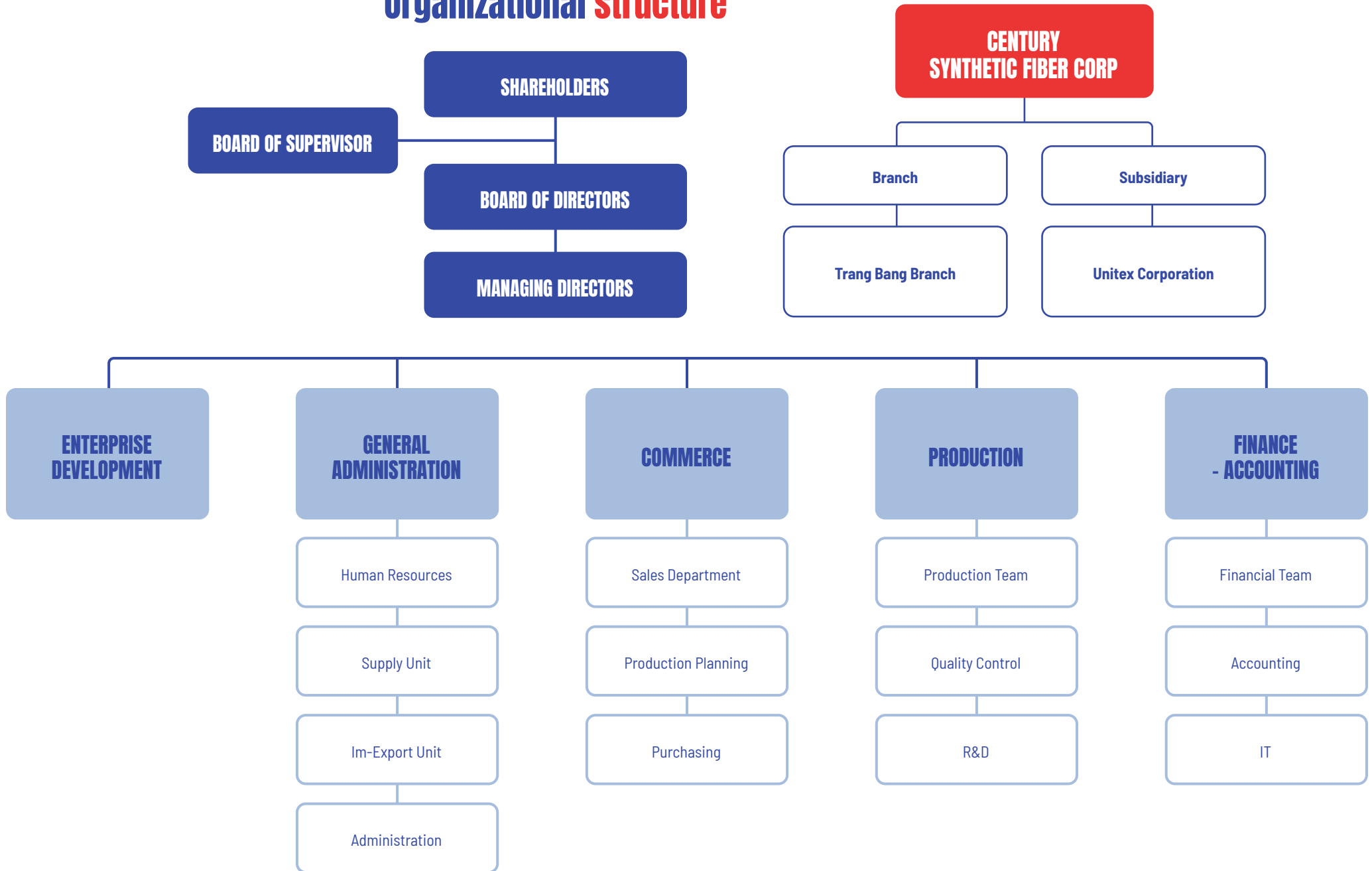
Century is one of few companies manufacturing polyester filament in Vietnam. Though Century is ranked in Top 04 in terms of capacity, Century is one of the leading high-quality brand names in the sector.

With the vision to pioneer in the textile sector and become a global leader in the sector, Century has been leading in domestic market and expanding internationally, providing the best quality products and services and meeting the utmost stringent requirements of customers.

Key growth drivers

Input resources	Explanation of input resources	Outcomes
Financial resources	<ul style="list-style-type: none"> Owners' equity (from shareholders) 	<ul style="list-style-type: none"> Effectively financing investment projects, capacity expansion projects; Maintaining the annual growth rates of revenue and profit; Dividend payment of 15%/par value.
	<ul style="list-style-type: none"> Loans from credit institutions 	<ul style="list-style-type: none"> Reasonably and safely taking advantage of financial leverages to finance projects to increase capacity, working capital, increase profits for shareholders. Ensuring debt repayment obligations on time.
Human resources	<ul style="list-style-type: none"> Employees 	<ul style="list-style-type: none"> Building competent and highly responsible successor team. Developing and enhancing the human resources quality via recruitment and training. Creating the Company's culture to strengthen the bonds/connection with employees. Appropriate welfare packages, creating motivation for employees to increase production efficiency.
Production resources, tangible assets and intangible assets	<ul style="list-style-type: none"> Designed capacity: 63,000 tons/annum. Total consolidated assets: VND2,973.8 bn. Production management system (POC). Integrated management system for production, financial-accounting, HR. Domestic and export customer network. Reputation and market position of the Company. 	<ul style="list-style-type: none"> Imported machineries with the world's most modern and advanced technology from Germany. Applying IT to increase production efficiency and lower production cost; monitoring and applying the findings to improve product quality, meet customer's growing and diversified demands. The Company is pioneering in the yarn industry in terms of high quality and reasonable price, always expands and maintains the customer network.
Corporate Governance	<ul style="list-style-type: none"> Risk management system Corporate Governance model applies local and international best practices 	<ul style="list-style-type: none"> Applying Internal Audit to strengthen the "lines of defense" in internal risk management. The person who is in charge of corporate governance plays a role of monitoring and launching initiatives to improve the Corporate Governance; simultaneously, following the directions of the Board of Directors to maintain transparency in the Company's governance in accordance with local and international standards.
Social factors	<ul style="list-style-type: none"> Opportunities from sustainable development trends and demographic changes such as age, gender, national and territorial culture, etc... 	<ul style="list-style-type: none"> Catching opportunities from the shifting of customer behaviors in order to develop new products and market segments; to catch new trends in the industry and supply chains in local and global markets.
Environmental factors	<ul style="list-style-type: none"> Opportunities from the movements for environmental protection, climate change fighting and greening the industry. 	<ul style="list-style-type: none"> Implementing sustainable development initiatives to reduce CO₂ emission, decrease non-renewable energy and clean water consumption.

Organizational structure





The subsidiary

Information about subsidiary/affiliated company

UNITEX CORPORATION

Charter capital: VND **522,000,000,000**

Century's ownership: **100%**

Address: Lot A17.1 C1, Thanh Thanh Industrial Zone, An Hoa Commune, Trang Bang District, Tay Ninh Province.

Business: Production of synthetic fibers (Not yet in operation).

DINTSUN VIETNAM ENTERPRISE., LTD

Charter capital: VND **276,000,000,000**

Century's ownership: **5%**

Address: Land No.1562, Map No.8, Xay Da B Ward, Ho Dac Kien Commune, Chau Thanh district, Soc Trang province, Viet Nam.

Business: Investment in infrastructure business, production and processing of garments.

Financial indicators of the Subsidiary

UNITEX CORPORATION

Unit: VND

Indicators (VND)	2023 Actual	2022 Actual	±%, YoY
Financial income	2.269.361.007	2.018.205.268	12,4%
Financial expenses	(1.059.456.301)	(4.218.968.733)	-74,9%
Operating profit	(930.815.541)	(3.793.432.514)	-75,5%
Profit after tax	436.783.550	(3.793.432.514)	-111,5%
Current assets	445.301.557.082	354.473.954.246	25,6%
Long-term assets	835.852.751.889	108.008.825.234	673,9%
Liabilities	762.676.198.275	244.341.262.334	212,1%
Owner's equity	518.478.110.696	218.141.517.146	137,7%
Total assets	1.281.154.308.971	462.482.779.480	177,0%

Source: 2023 Audited Financial Statements of Unitex Corporation

At present, Unitex has not yet commenced operation, therefore it only recognizes the project development costs.

Details of Unitex's Finance income

Indicators (VND)	2023	2022
Interest income	230.046.606	1.966.384.962
Realized FX gains	1.841.039.869	50.006.237
Unrealized FX gains	198.274.532	1.814.069
Total	2.269.361.007	2.018.205.268

Details of Unitex's Finance expenses

Indicators (VND)	2023	2022
Interest expenses		3.925.728.233
Realized FX loss	1.059.456.301	
Unrealized FX loss		293.240.500
Total	1.059.456.301	4.218.968.733

Details of Unitex's financial profits

Indicators (VND)	2023	2022
Profit from financial activities	1.209.904.706	(2.200.763.465)

Financial indicators of the Subsidiary *(continued)*

DINTSUN VIETNAM ENTERPRISE, LTD.

Indicator (USD)	2023 Actual	2022 Actual	% +/-
Financial income	109.450,48	198.671,50	-44,9%
Financial expenses	47.007,19	12.215,93	284,8%
Operating profit	(16.032,77)	131.017,98	-112,2%
Profit after tax	(19/524,14)	131.013,60	-114,9%
Current assets	860.459,29	912.797,28	-5,7%
Long-term assets	15.403.967,58	14.580.405,47	5,6%
Liabilities	4.515.842,69	3.725.094,43	21,2%
Owner's equity	11.748.584,18	11.768.108,32	-0,2%
Total assets	16.264.426,87	15.493.202,75	5,0%

STRATEGIC DEVELOPMENT

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SWOT analysis

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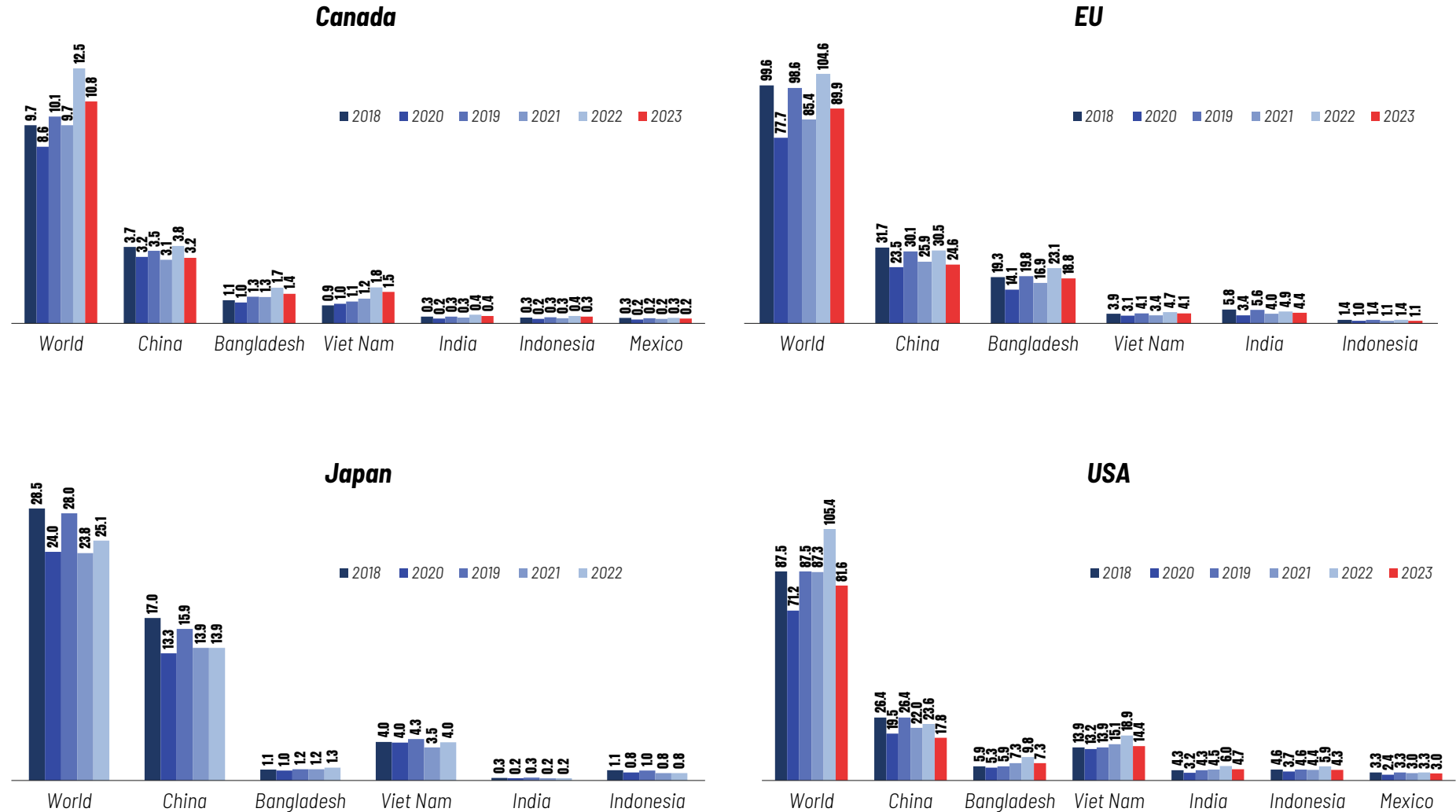
Medium and long-term strategy up to 2025

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An overview of textile and garment industry and polyester filament sector

Footwear and textile & garment import of Vietnam's major competitors in key markets

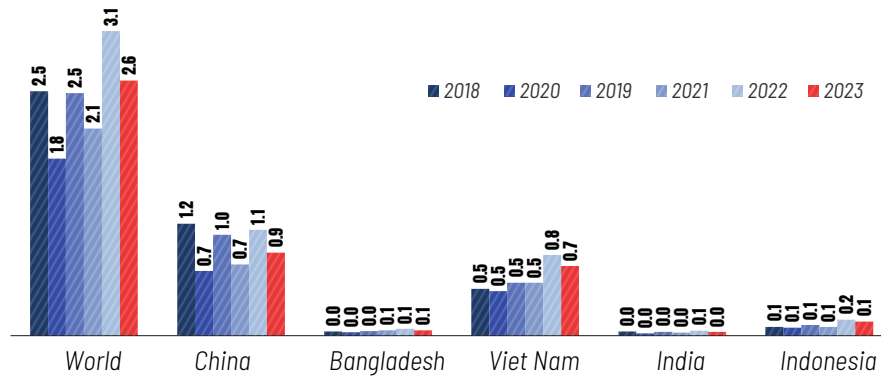
TEXTILE & GARMENT IMPORT OF VIETNAM'S MAJOR COMPETITORS IN KEY MARKETS (USD BN.)



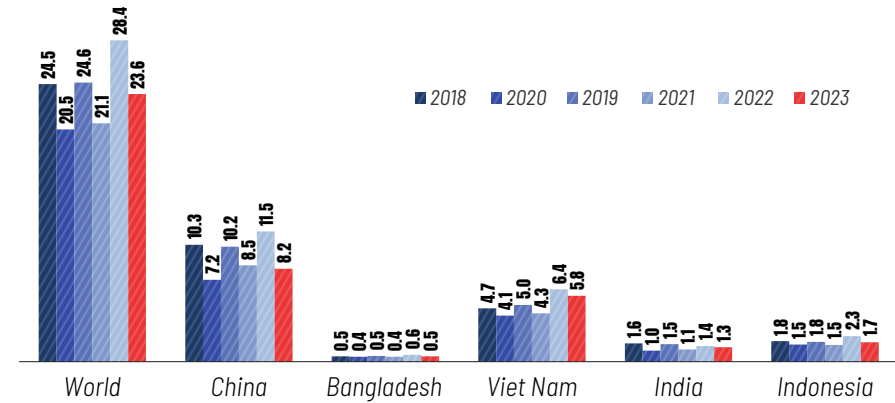
Source: UN Comtrade

FOOTWEAR IMPORT OF VIETNAM'S MAJOR COMPETITORS IN KEY MARKETS (USD BN.)

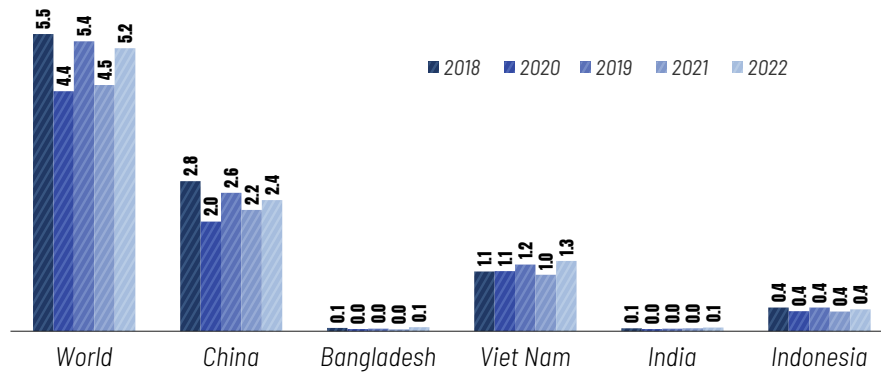
Canada



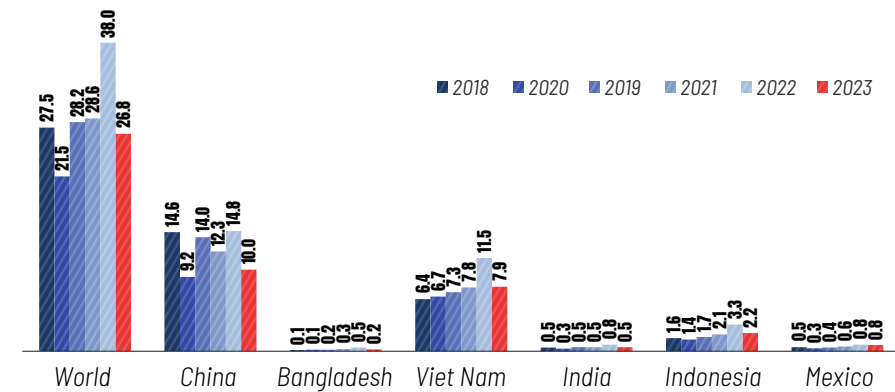
EU



Japan



USA

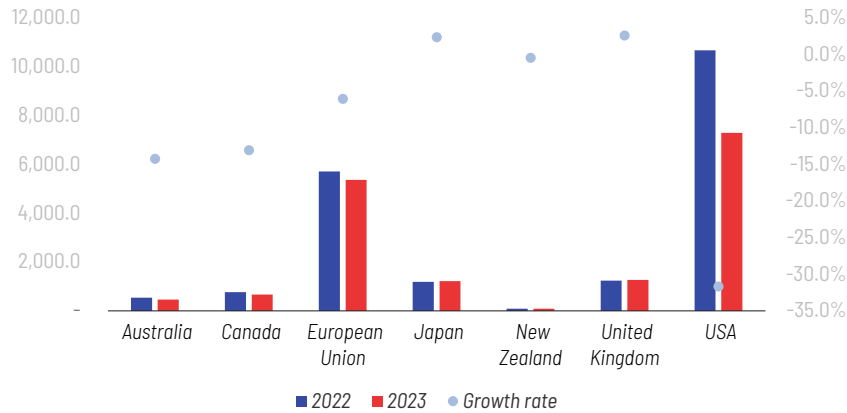


Source: UN Comtrade

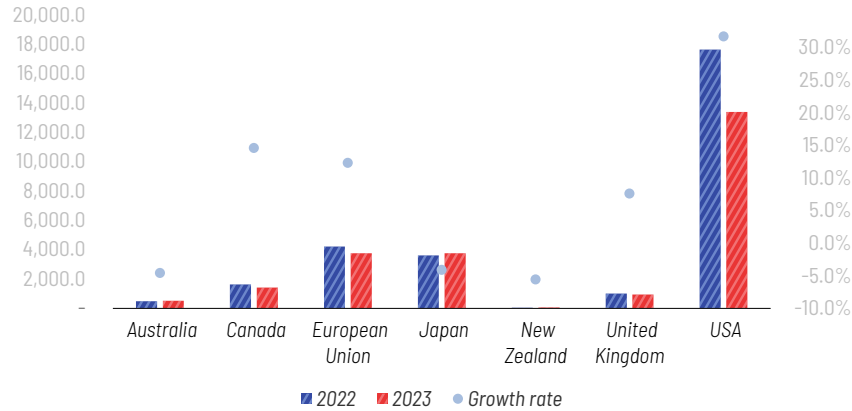
It can be seen that Vietnam is not the only country whose export value of footwear and textiles decreased due to the impact of the economic recession and brands' high inventory level after the pandemic. Specifically, Vietnam's main competitors in key export markets including UK, Japan, EU, US, China, Bangladesh and Indonesia also saw a decrease in export turnover value in 2023 and Vietnam lost less than other competitors.

Vietnam's footwear export in key markets

Vietnam's footwear export value in key markets 11M2023 (USD mn.)



Vietnam's textile and garment export value in key markets 11M2023 (USD mn.)



Source: UNCOMTRADE and STK aggregated

- In 11M2023, the export value of Vietnam's textiles & garments and footwear in most markets decreased. Specifically, for footwear, exports to Australia, Canada, EU, New Zealand decreased by 14.3%, 13.1%, 6.1%, 0.5% respectively and especially the US decreased by 31.7%. The bright spot in footwear exports is the increase in the Japanese and UK markets by 2.3% and 2.6% respectively.
- For textiles and garments, exports to Canada, EU, and UK markets decreased by 12.8%, 11%, and 7.1% respectively. The bright spot in textile and garment exports is the increase in the markets of Australia, Japan, and New Zealand by 4.8%, 4.2%, and 5.8% respectively.

Textile and garment industry domestically and internationally

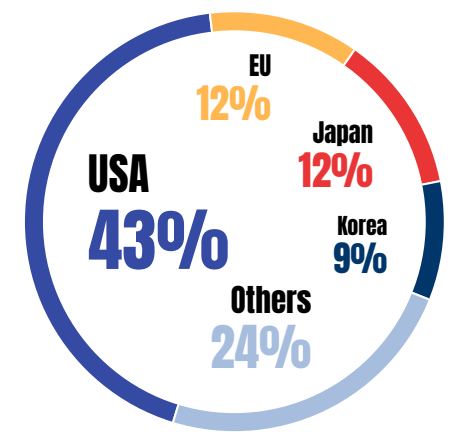
Vietnam's textile and garment export turnover is estimated at 40.3 billion USD, down 9.2% over the same period due to the global economic recession, weak market demand and brands' high inventory level.

Vietnam textile and garment export (USD bn.)



Source: General Department of Vietnam Customs

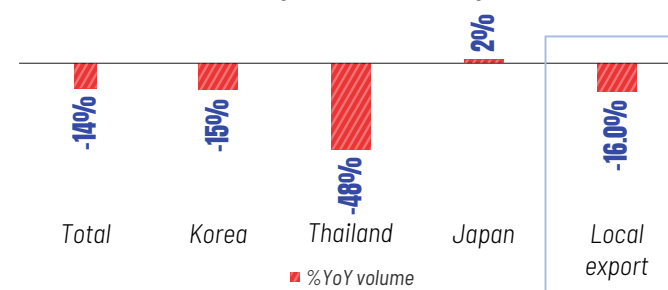
Vietnam's textile and garments export markets in 2023



Source: Vietnam Textile and Apparel Association

Polyester Filament sector

Vietnam's polyester filament export growth rate by markets in 2023 compared to the same period



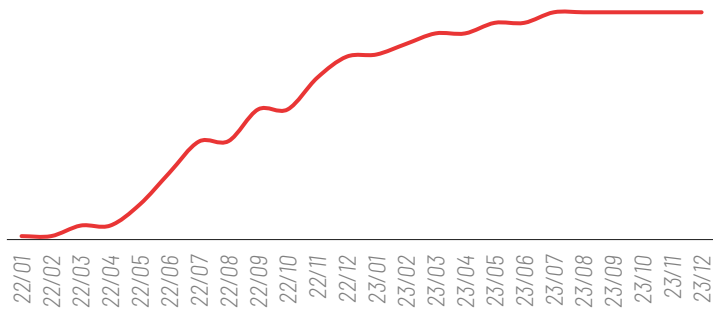
Source: STK aggregated

Vietnam's Polyester Filament industry recorded a negative growth rate in output. Except for the Japanese market, which achieved positive growth, other key markets all experienced negative growth compared to 2022. In particular, the Thai market decreased significantly.

Interest rate in 2023

In 2023, to control inflation, the Fed increased interest rates and implemented tightening monetary policy. Thanks to that, in 2023 the US exceeded projected growth, while inflation continues to decelerate.

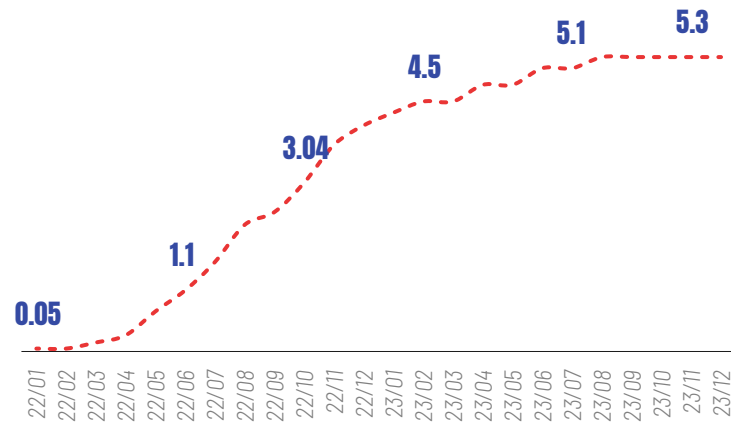
Federal Fund Rate 2023 (%)



Source: www.global-rates.com

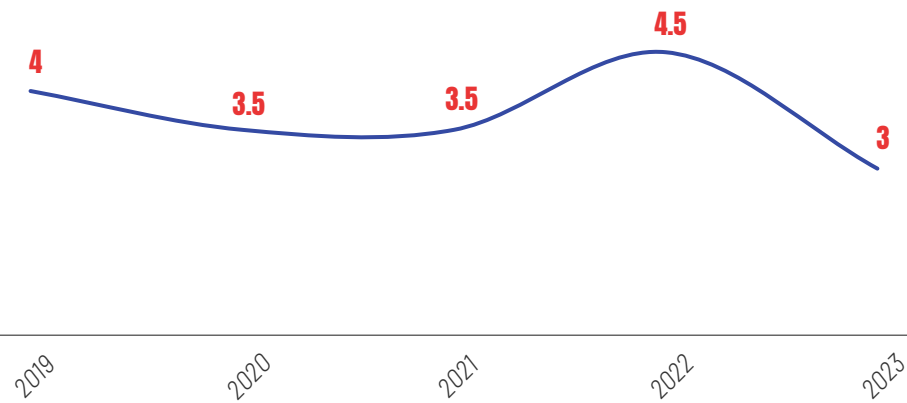
Meanwhile, the State Bank of Vietnam reduced interest rates in 2023 to reduce difficulties for the economy, businesses and people. Therefore, commercial banks' lending interest rates also decreased correspondingly during the period.

Secured Overnight Financing Rate (%)



Source: Investing.com

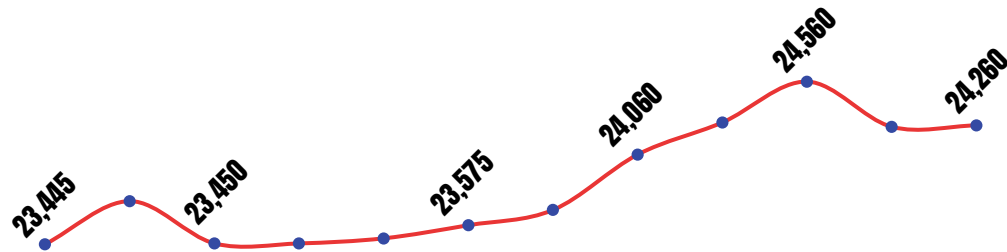
Rediscount interest rate of SBV



Source: sbv.gov.vn

Exchange rate of VND/USD and other currencies in 2023

Exchange rate of VND/USD in 2023



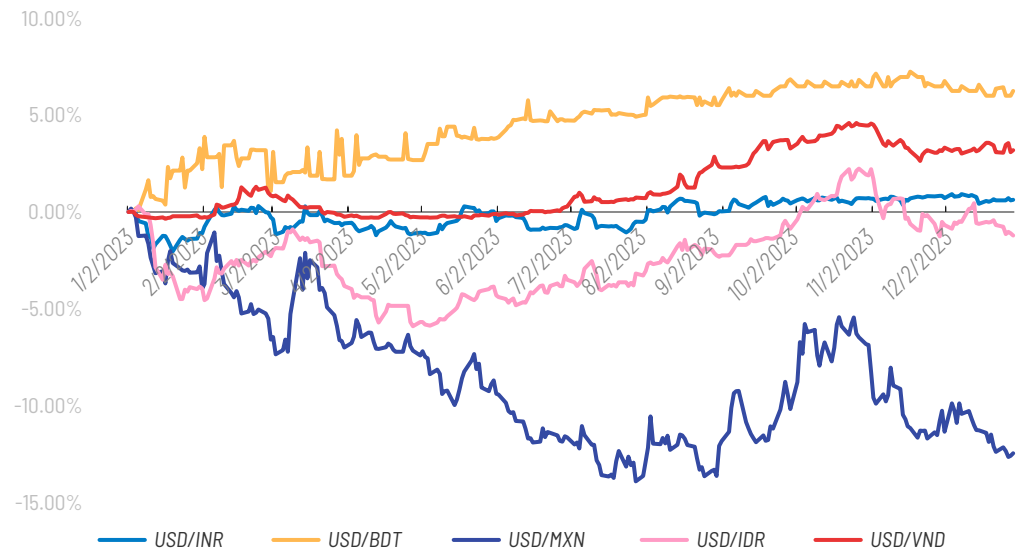
Source: Investing.com

Due to the strengthening of the USD along with the instability of Vietnam's financial market, the VND/USD exchange rate increased by 4.8% before cooling down at the end of the year. For the whole year 2023, the VND/USD exchange rate increased by 3.5%. Unexpected fluctuations in exchange rates in the period August-October 2023 increased the Company's net financial expenses to VND12.1 billion compared to the set plan.

To cope with financial risks such as fluctuations in exchange rates, interest rates, and prices, the Company has focused on setting plans to optimize purchases, manage inventories, and flexibly utilize capital resources for paying debts to limit interest costs and exchange rate losses.

Level of depreciation of rival currencies against USD: Indian Rupee (INR), Bangladeshi Taka (BDT), Mexican Peso (MXN), Indonesian Rupial (IDR), Vietnamese Dong.

USD compared to other currencies



Source: Investing.com

Chip price and Price gap in 2023 (VND)



Source: Investing.com

The average price of PET chip in 2023 decreased by 3.5% compared to 2022, of which the price of vPET decreased by 7.2% and the price of rPET increased by 2%.

The average selling price in 2023 decreased by 3.2% compared to the previous year, while virgin yarn price remained almost the same, recycled yarn price decreased by 5.3% mainly because the portion of premium products in total sales of recycled yarn in 2023 was lower than that of 2022. In addition, the Company also proactively lowered selling prices to earn more orders in the context of weak market demand.

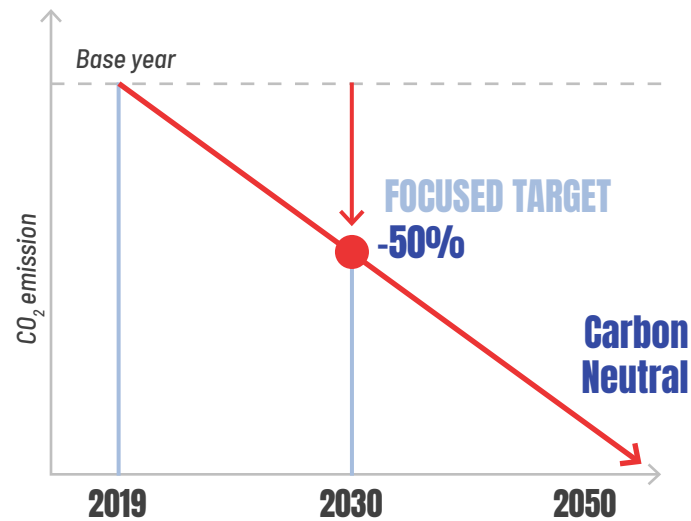
It can be seen that recycled yarn in 2023 showed signs of slowing down, but still brought a stable source of revenue and profit for STK.



Aligning economic growth with sustainability

Sustainable development is a key trend in Vietnam and around the world in general, and for the textile industry in particular.

- In recent years, due to increasing consumer awareness of environmental protection, human rights protection and social responsibility, leading fashion brands have also actively changed their business strategies to meet consumer demands.
- “Greening” the textile industry is a global trend, not just in Vietnam. Currently, the “green” factor is no longer an option but is gradually being legalized in key export markets of Vietnam’s textile and garment industry. It is forecasted that in the next 2-4 years there will be 35 various laws affecting the textile and garment industry. Previously, the regulation were only applied to chemicals and dyes used on fabric platforms, now the regulation stipulates the percentage of recycled materials and how much can be recycled, and the product’s lifespan... Accelerating the pace of “greening” is becoming the industry’s goal to seek orders.
- Facing the increasing requirement of customers on environmental protection, climate change prevention, and social responsibility, the Company has oriented to switch to using recycled materials, renewable energy, and developing environmentally friendly products.

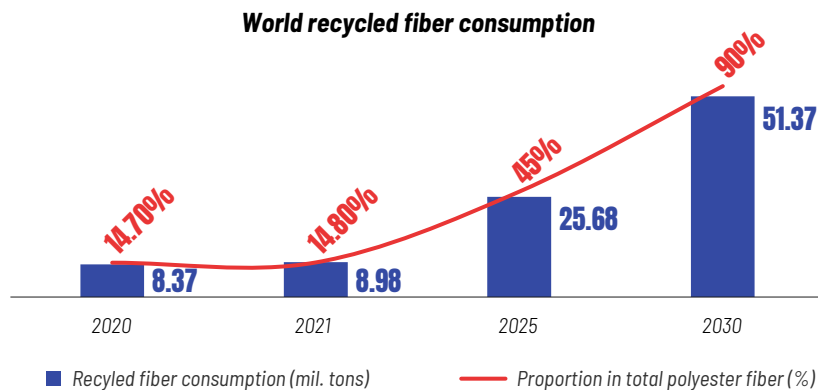


Action plan to reach target of fighting climate change:

- Pursue energy efficiency;
- Secure 100% of electricity from renewable sources;
- Source 100% of priority materials
- Engage all suppliers to implement the targets

Source: FICCA

To achieve the above-mentioned climate action commitment, in April 2021, the brands committed to raise the portion of recycled polyester in total polyester usage from 14.7% (2020) to 45% (2025). Thus, the volume of recycled polyester consumption is expected to rise from 8.37 million tons (2020) to 17.1 million tons (2025). Total global fiber consumption in 2022 was about 116 million tons, of which the proportion of recycled polyester fiber accounted for 13.56%.



Source: Textile Exchange

According to the report “2025 Recycled Polyester Challenge - Textile Exchange” as of 2021, there are 132 brands including Adidas, Puma, Inditex, Old Navy, New Balance, H&M, Lululemon, VFGroup, Decathlon, Gap, Kering, Kmart has committed to a roadmap to increase the proportion of recycled fiber use until 2025. According to Textile Exchange statistics, by 2021 the proportion of recycled polyester fiber in the total volume of polyester fiber consumed (60.53 million tons) will reach 14.8% (equivalent to 8.9 million tons). It is expected that the proportion of recycled Polyester fiber will increase from 14.8% (2021) to 45% (2025) and reach 90% by 2030 (source: Textile Exchange). In addition, brands have committed to keep global temperature increases from exceeding 1.5% compared to pre-industrial levels, reducing GHG emissions by 50% by 2030 and aiming for net-zero by 2050. To achieve those goals, brands are implementing strategies such as using energy efficiently, aiming to use 100% renewable electricity, aiming to use 100% recycled materials, encouraging suppliers to join hands in sustainable development.

To protect water sources, brands also committed not to release toxic chemicals into the environment under the Zero Discharge Hazardous Chemical (“ZDHC”) program initiative. Therefore, products that help brands reduce water and chemical consumption, such as doped dyed yarn will also have opportunities to grow.

In order to ensure human rights and workers’ rights such as non-discrimination, non-use of forced labor, ensuring a safe working environment, ensuring rest time, etc., brands conduct periodic audits of vendors in their supply chains.

In STK’s strategic orientation, revenue and profit growth must align with environmental protection, harmonizing interests between related parties and social development.

STK’s sustainable development strategy includes 3 main goals:

- Revenue and profit growth goal: To achieve this goal, the Company focuses on developing environmentally friendly products with high added value to meet the needs of consumers and customers and receive their recognition, expanding markets and customers.
- Environmental protection goal: To achieve this goal, the Company:
 - (i) invest in environmentally friendly, high-performance technology, limit waste, and save raw materials;
 - (ii) apply measures to reduce, reuse and recycle raw materials, electricity and water;
 - (iii) use renewable energy.
- Human and social development goals: The Company’s salary, bonus and welfare policies are built on the basis that the Company always shares benefits with employees, ensuring a balance of benefits between related parties. In addition, the Company also creates a safe, healthy working environment and cares about training employees as well as giving them promotion opportunities in career.

LABOR - SOCIETY

- Sharing benefits
- Building positive corporate culture
- Training and promotion
- Career development

Recycled yarn remains a strategic product until 2025, with high profit margins and stable price trends.

REVENUE & PROFIT GROWTH

- Eco-friendly Products
- Markets Expansion
- New Products Development

ENVIRONMENT

- Investment in + Environmentally friendly technology
- Reduce, Reuse and Recycle
- Using renewable energy

FOCUSING ON ECO-FRIENDLY AND HIGH ADDED VALUE PRODUCTS

2023

*Recycled plus functionality (dope dyed black/beige/grey,)
Mélange yarn*



Opportunities and challenges that may impact the Company's business

Impact of major industrial and market factors on STK in 2023 and expected affects in 2024

- ↑ Positive impact on the Company ↓ Negative impact on the Company
↑↑ Continuously positive impact ↓↓ Continuously negative impact

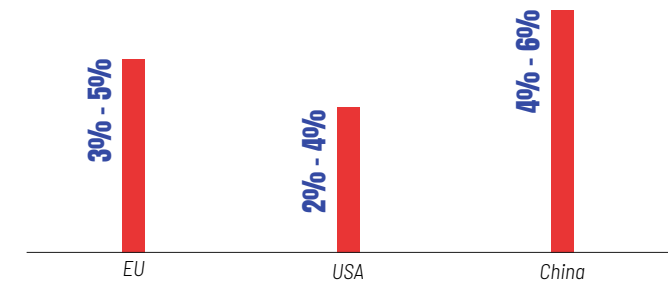
Factors	2023	2024	Notes
Demand for apparel products is expected to decline in major markets such as US and EU due to energy crisis, inflation and economic depression	↓	↓↓↓	GDP growth of the US is estimated to be 2.54% in 2023 and forecasted to be 1.5% in 2024. GDP growth of the EU is estimated to be 3.1% in 2023 and forecasted to be 0.5% in 2023. IMF forecasts Euro area's GDP growth rate will recover in 2024, reaching 0.9% from only 0.5% in 2023.
The trend of sourcing near the supply chain (near-shoring) aims to reduce costs for fashion brands	↓	↓↓↓	
Trend of textile and garment enterprises shifting production from China	↑	↑↑↑	
The high-end segment is forecast to be less affected by the economic downturn.	↑	↑↑↑	
Trend of sustainability development	↑	↑↑↑	Commitment of leading fashion brands to combat climate change. Recycled fiber will continue to get attention of brands and its consumption demand is forecast to be stable.
The USD exchange rate is still high and is forecast to increase slightly.	↓	↓↓↓	
Brands give priority in sourcing decision to countries with favourable tariff treatment and stable political environment.	↑	↑↑↑	Vietnam satisfies both criteria and is considered as one of the best sourcing destinations in Asia of brands
Increased freight cost due to Red Sea crisis	↓	↓↓↓	Freight cost across the Red Sea increased by nearly 250%.
Increase in raw material prices due to armed conflict and oil crisis.	↓	↓↓↓	

STK's action plan to cope with opportunities and challenges

DEMAND FOR TEXTILES AND GARMENTS IS FORECAST TO DECREASE IN 2024

Although consumption is forecast to decrease and spending on apparel is somewhat tighter, the high-end sportswear segment is still considered to be positive in 2024.

Forecasted growth rate of luxury segment in 2024



Century has about 80% of its revenue from providing high-end products for major fashion brands in the world such as Nike, Adidas, Fast Retailing (Uniqlo), Lululemon (among the top 20 most profitable corporations). Source: McKinsey Global Fashion Index.

Thanks to a network of customers specializing in supplying major brands, STK has many advantages to promote sales activities and increase profit margins compared to other competitors in the same industry; From there, we aim to develop environmentally friendly products with high added value.

BRANDS ARE MORE STRINGENT IN SELECTING SOURCING DESTINATIONS

Vietnam is still a country with many advantages in becoming a sourcing place for brands.

In recent years, Vietnam has been transforming to become a major global manufacturing center. Especially after the Covid-19 pandemic and economic and political instability, many corporations and trading channels are enhancing diversification strategies, ensuring sustainable supply, and Vietnam is a strategic location in their global supply chain.

- Vietnam has many tariff incentives, helping to reduce prices of products exported to regional countries and key markets.
- Vietnam's textile production chain is getting complete with all of stages: weaving, dyeing, and garment, contributing to shortening delivery time and increasing flexibility to meet the requirements of brands.
- Vietnam has a relatively stable political system and better disease control than other Asian countries.
- Textile and garment enterprises in Vietnam are increasingly focusing on integrating sustainable development factors into their business activities.
- According to surveys of brands and retailers evaluating the competitiveness of suppliers, in addition to achieving a total score of 46, the highest among the 6 countries surveyed (Bangladesh, Cambodia, Laos, Nepal, China and Vietnam), Vietnam also achieved impressive scores in some indicators such as product quality, the ability to create added value for products, innovation and the ability to develop products with buyers, efficiency, flexibility of order quantity and political stability (mostly at a score of 4 to 4.5 and the highest score is 5).

Criteria/Country	Bangladesh	Campuchia	Laos	Nepal	China	Vietnam
Production quality	3.5	3.5	3.5	2	4.5	4.5
Ability to create value added products	3	3	2.5	2	4.5	4
Vertical integration/ability to source raw materials	2	2	2.5	3	5	3
Innovation and ability to develop products with buyers	3	2	2.5	2.5	4.5	4
Efficiency	3	3	2	3	4.5	4
Lead time	3.5	3	2	2	4	4
Price	4.5	4.5	3	3	3	4
Tariff advantages	3.5	2	3	3	2	3
Flexibility of order quantity	3	2.5	2.5	2.5	4	4
Financial stability	2	1.5	2	2	3	3
Political stability	2.5	3.5	3	3	2.5	4.5
Compliance/Sustainability	2	2.5	2	2	2	3.5
Total	35.5	33.0	30.5	30.0	43.5	46.0
Benchmark	60	60	60	60	60	60

Source: Textiles and clothing in Asia graduating LDCs – WTO

Note: The results were based on respondents' average rating for each country on a scale of 1 (much lower performance than the average) to 5 (much higher performance than the average).

Sourcing destination	Speed to market	Sourcing cost	Flexibility and agility	Risk of labor and social compliance	Risk of environmental compliance
USA	●	■	▲	●	●
Mexico	●	■	▲	▲	▲
CAFTA-DR	●	▲	▲	▲	▲
China	▲	▲	●	■	■
Vietnam	▲	▲	●	■	■
Bangladesh	■	●	▲	■	■
Indonesia	■	●	▲	▲	▲
India	■	▲	▲	▲	■
Sri Lanka	■	▲	▲	▲	▲
Cambodia	■	▲	▲	■	▲

● means strength as a sourcing base ▲ means average performance ■ means weak as a sourcing base

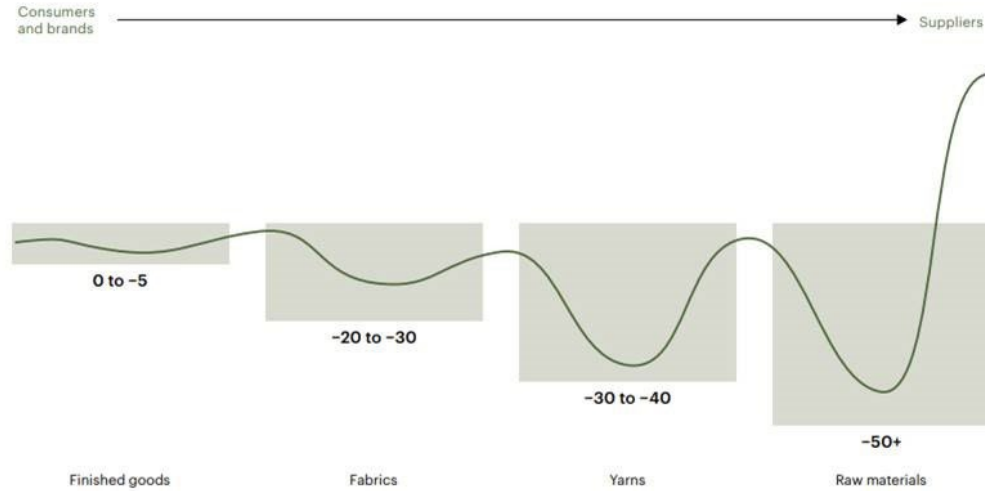
According to the results of the US-FIA purchasing managers' survey in 2023, the scores for the factors "Risk of Social Labor Compliance" and "Risk of Environmental Compliance" in Vietnam decreased compared to previous years due to concerns about the risk that Vietnam may indirectly violate labor, social and environmental regulations due to its heavy dependence on fabric supplies from China - the country being accused of violating environmental and social regulations such as using forced labor in Xinjiang. However, it can be seen that Indonesia and Vietnam are generally highly rated in the Asian region based on 5 evaluation factors. In particular, Vietnam is highly appreciated for its flexibility and agility, while speed to market and sourcing costs are assessed at an average level.

Source: US-FIA 2023 benchmarking study

Industry bright spots

SUPPLY CHAIN DEMAND

Demand across the supply chain,¹ year-on-year change Q1 2023 vs Q1 2022, %



¹ Approximate changes in order demand as proxied by export trade data from seven top textile producing markets: China, Hong Kong, Germany, Italy, India, Pakistan, Turkey. Includes cotton and synthetic fabrics, yarns and fibers.

Source: UN Comtrade data, McKinsey analysis

Source: Mc.Kinsey

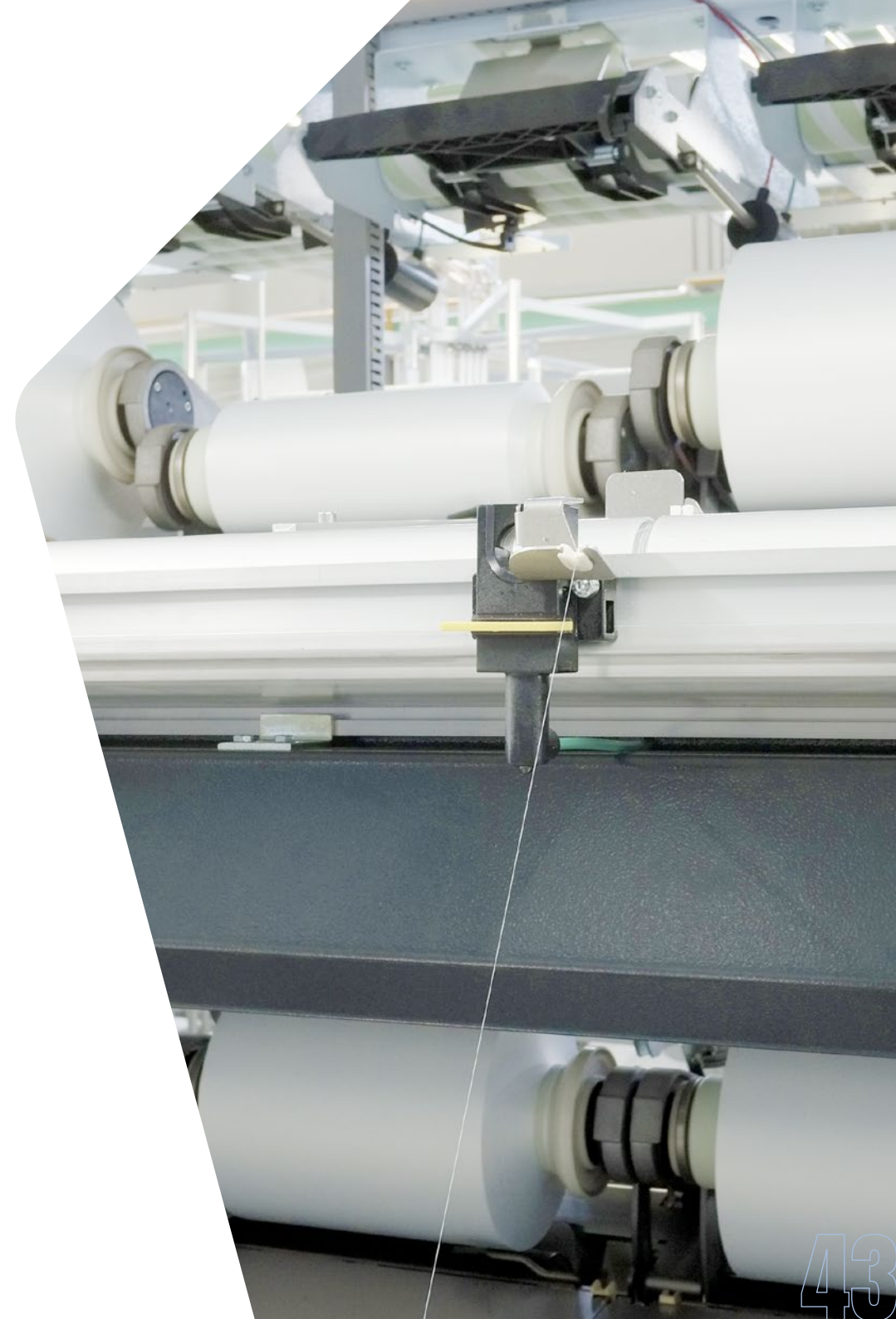
Based on UNComtrade data, Mc. Kinsey calculated annual changes in demand (export data) across the textile supply chain. Small changes in consumer demand will have a larger impact on the supply chain when it moves further to the upstream (this supply chain phenomenon is called the "bullwhip effect").

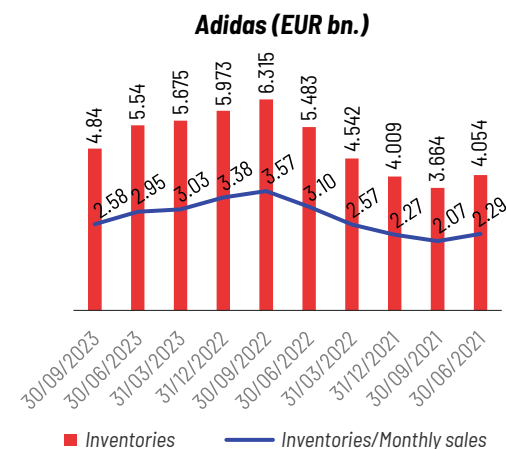
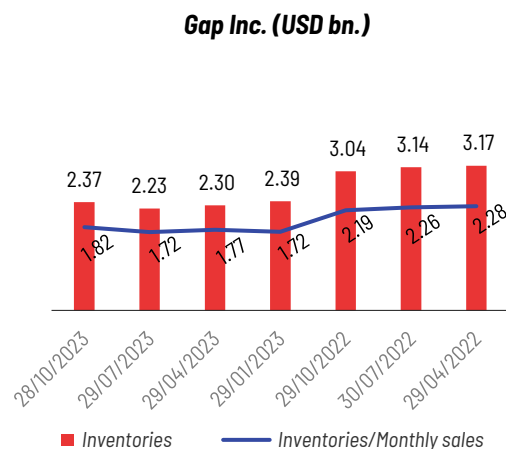
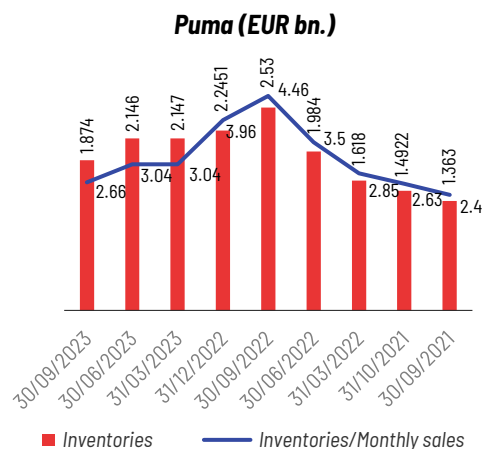
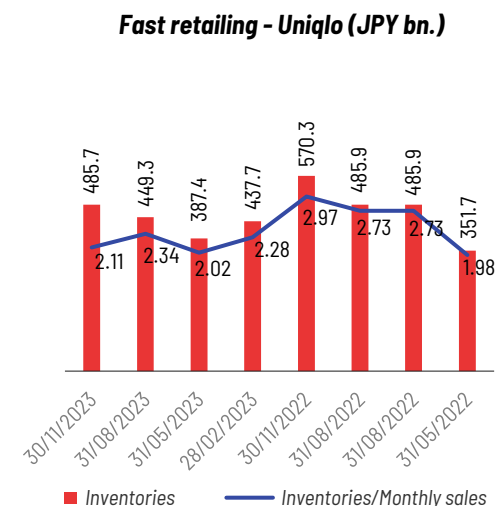
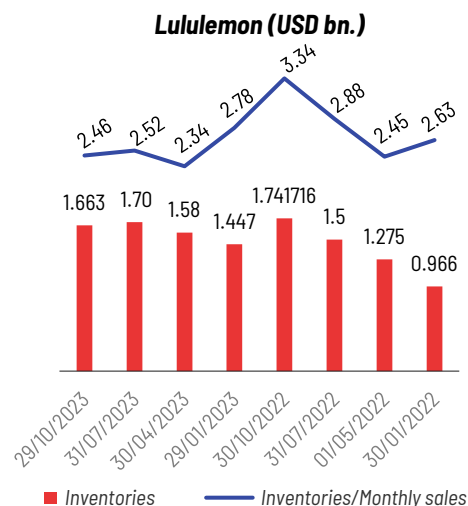
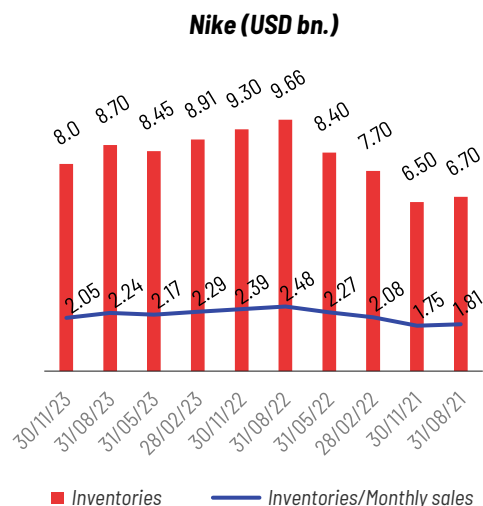
Specifically: (going from downstream -> upstream)

Finished products → **Fabrics** → **Yarn** → **Raw material**
0 to -5% → **-20% to -30%** → **-30% to -40%** → **-50%+**

Because it is the upstream of the supply chain, the fiber industry in general and Polyester Filament in particular are negatively affected when fashion brands predict demand will slow down due to the negative impact of inflation and economic recession. The decline in orders for yarn was much higher than the decline in apparel orders. Therefore, in 2023, Vietnam's Polyester Filament industry recorded such a large decrease in value.

This means that when textile industry orders recover, Polyester Filament export is likely to have stronger recovery.





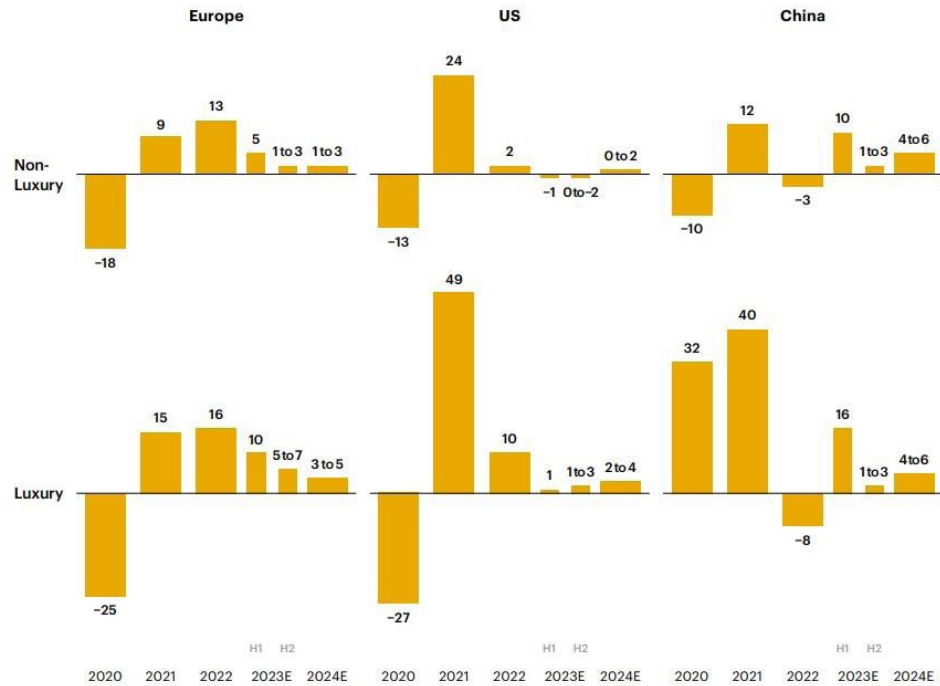
It can be seen that the inventory of these brands has stabilized and is showing signs of restocking:

- Nike (down from 9.6 billion USD in August 2022 to 7.9 billion USD in December 2023).
- Adidas (down from 6.3 billion Euro in September 2022 to 4.8 billion Euro in September 2023).
- Gap Inc (down from 3.1 billion USD in July 2022 to 2.4 billion USD in October 2023).

Reducing brands' inventory will have a positive impact on ordering, so it is expected that garment exports will improve.

CONSUMER AWARENESS AND PREFERENCES FOR HEALTH AND WELL-BEING ARE GROWING

Retail sales year-on-year growth by region and segment, %



Note: Growth forecasts reflective of inflation; growth rates calculated on actuals expressed in local currencies.

Source: McKinsey State of Fashion Forecasts; McKinsey Global Fashion Index

Source: Mc.Kinsey

According to the results of a survey of fashion business purchasing managers by Mc. Kinsey, the growth rates of popular and high-end fashion segments in the Euro, US and Chinese markets in 2024 are forecast as follows:

Region	Popular fashion segment		High-end fashion segment	
	H2 - 2023F	2024F	H2 - 2023F	2024F
Euro	1%-3%	1%-3%	5%-7%	3%-5%
US	0%-(-2)%	0%-2%	1%-3%	2%-4%
China	1%-3%	4%-6%	1%-3%	4%-6%

It can be seen that, although the market is slowly recovering, the growth rates of the US and Chinese markets in the popular and high-end fashion segments are largely more positive than in 2023, and the third quarter of 2024 will see improvement.

- In China; increase 4%-6% in both fashion segments in 2024F.
- In US: Increase 0-2% for the popular fashion segment and 2%-4% for the high-end fashion segment in 2024F. Growing consumer awareness and preferences for health and wellbeing will drive demand for sportswear and activewear products.

EXPECT THE FASHION INDUSTRY TO BE BRIGHTER IN 2024

Expectations for how fashion industry conditions will evolve in the year ahead compared to prior year, % of respondents

Better Same Worse



Note: Numbers are rounded and may not add to 100

Source: BoF-McKinsey State of Fashion 2024 Executive Survey, BoF-McKinsey State of Fashion 2023 Executive Survey, BoF-McKinsey State of Fashion 2022 Executive Survey

Source: Mc.Kinsey

MAIN TRENDS AFFECTING THE INDUSTRY IN THE NEAR FUTURE

European countries and the US have and will promulgate regulations on sustainable development to achieve the goals of combating climate change and protecting the environment.

For example: EU's Ecodesign for sustainable product Regulation ("ESPR"), Digital product passport, EU's amended Waste Framework Directive, Extended Producer Responsibility to increase the use of recycled materials.

These regulations will promote the need to use environmentally friendly fibers and brands will choose suppliers more strictly to ensure they do not violate greenhouse gas emission regulations, of which STK is one of the businesses following the direction of sustainable development, meeting regulations on combating climate change.

- Highly appreciated by brands for ESG criteria.
- Contributing to reduce recycled waste in the ocean, reducing carbon footprint emissions compared to traditional fibers.
- In the process of signing a SBTi commitment with a brand customer with the goal of reducing electricity consumption by 4.2% per year for 5 consecutive years for Trang Bang factory.

So, this can be considered a challenge for fiber manufacturing businesses but an opportunity for STK.

STRENGTHS

- Focus on core business lines;
- Business strategy to stay ahead of market trends;
- Developing environmentally friendly products, using renewable energy sources, aiming for sustainable development;
- Modern machinery and technology, experienced and skilled human resources;
- Stable and transparent financial situation;
- Strong brand highly appreciated by customers thanks to outstanding product quality and professional product service;
- Transparent corporate governance, oriented towards international practices.

WEAKNESSES

- High-level and middle-level staff lack experience in managing and training lower-level employees
- Being an export enterprise but still dependent on imported raw materials;
- The Company records short and long-term loans in foreign currency USD, so it must set up a provision for exchange rate losses when VND depreciates compared to USD, affecting the Company's profit after tax.

S.W.O.T analysis

OPPORTUNITIES

- Polyester fibers in general and Polyester Filament fibers in particular still dominate the structure of the fiber industry; Demand for environmentally friendly fibers continues to increase;
- The trend of shifting textile and garment orders to Vietnam to take advantage of tariff incentives under trade agreements;
- The sports and outdoor clothing segment are expected to recover stronger than other segments and is likely to grow due to changes in consumer behavior.

CHALLENGES

- Economic recession and falling demand may affect the Company's business operations;
- Impact of high interest rates and weakened consumer spending power (decreased spending budget);
- Risk that the exporting company may be subject to anti-dumping lawsuits in export markets;
- The Red Sea War caused an increase in shipping rates to the US;
- Price competition with recycled yarn from China;
- The Hamas-Israel conflict caused oil price to skyrocket;
- Bullwhip effect causes upstream businesses to be more affected when the market declines.

Medium and long-term strategy up to 2025

Strengthen internal competency and expand market shares

- Investing in developing environmentally friendly products: recycled yarns, colored yarns, other special yarns...;
- Perfecting the system to improve production efficiency and product quality;
- Enhancing capacity for production managers and workers;
- Expanding capacity by 60,000 tons/year (Unitex Factory):
 - + Phase 1: +36,000 tons/year (Expected to come into operation in the 3rd quarter of 2024),
 - + Phase 2: +24,000 tons/year;
- Apply automation and information technology to reduce reliance on manual operations and experiences of operators.

Management of operating and sustainability risks

- Implementing internal audit to control risks especially those related to production and costing system.
- Improving remuneration and benefit policies, reward policies, KPIs as well as working environment to attract and retain skillful and professional work force;
- Providing regular training courses for employees at all level; Controlling environmental risks, adopting initiatives to cut energy consumption, water consumption, adopting Life Cycle Assessment (LCA) to measure impacts to environment (for example CO₂ emission per kg of product).

In recent years, Century has been considered one of the leading enterprises in the field of sustainable development, highly appreciated by customers and partners in the following aspects:

- Using raw materials from used plastic bottles (Recycled yarn);
- Developing dope-dyed yarn to reduce clean water consumption;
- Install and operate rooftop solar power systems and have plans to expand capacity;
- Recycle waste yarn to reduce plastic emissions into the environment.

Therefore, in the year 2024, **The Company's short-term strategy and development plan are:**

- Complete phase 1 of the Unitex factory and put it into operation in the third quarter of 2024;
- Maintain a high proportion of recycled yarn in revenue, expected to be 48% in 2024;
- Manage the Company's financial status in the direction of balancing the interests of related parties;
- Complete the Internal Audit system to thoroughly control risks.

See also **Sustainable Development Strategy**, section **Environmental, Labor and Social Impact Report**, page 76, **2023 Annual Report**.



RISK MANAGEMENT

In a context where businesses always face unpredictable challenges and risks from the macro economy and business conditions, risk management becomes even more important for the survival of businesses. and is a prerequisite for demonstrating its ability to improve or turn around adversity.

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Objectives of risk management

Objectives of risk management

1

Identify the Company's external and internal risks, thereby proactively managing risks, minimizing damage and taking advantage of opportunities from risks, thereby improving operational and production processes.

2

Ensuring the Company's business operations are stable and sustainable, maintaining growth rate, and completing set goals.

3

Clearly define the powers and responsibilities of each department in risk management.

4

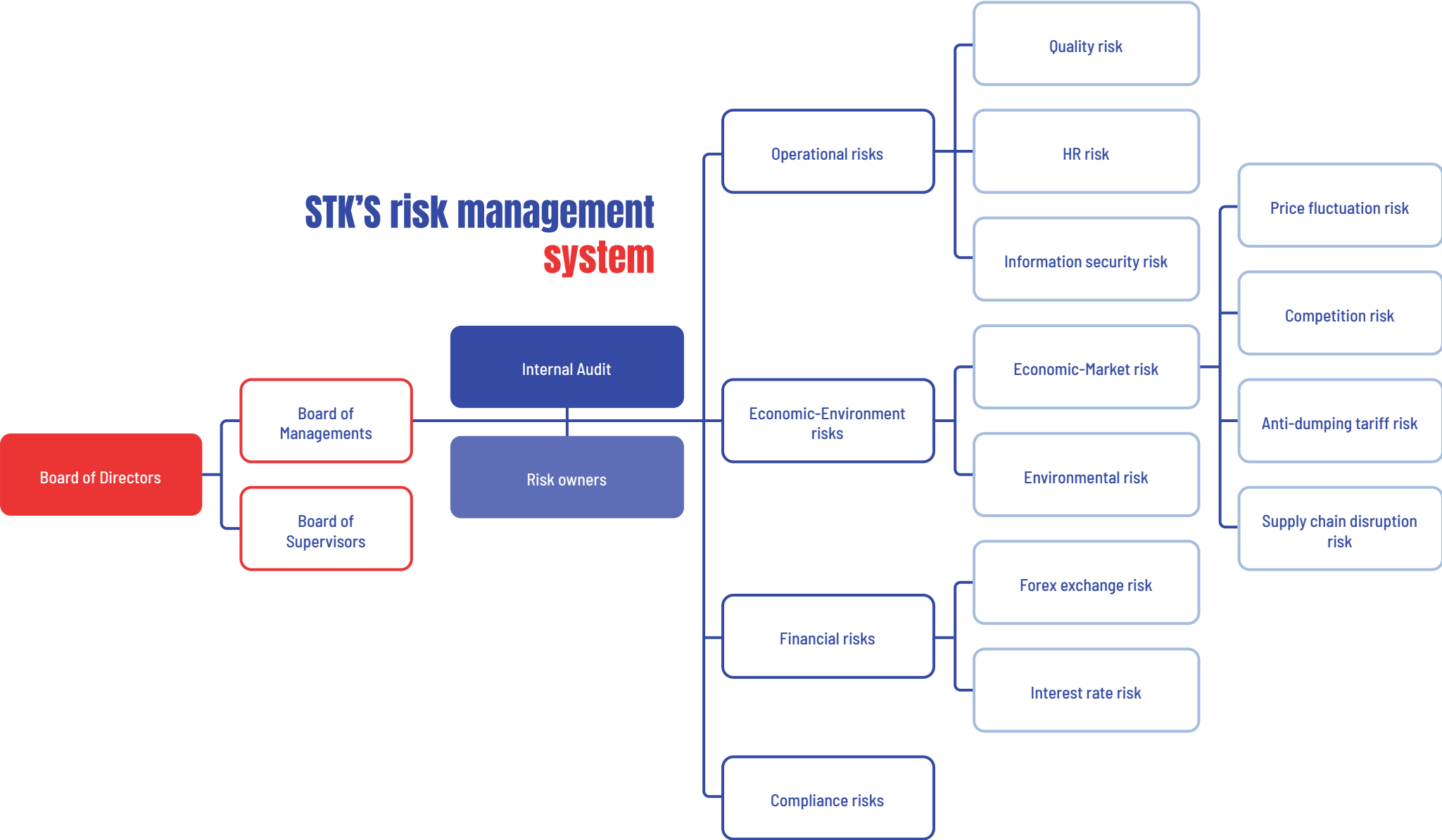
Build awareness and a culture of prevention and risk management rather than problem solving.

In 2023, STK will continue to coordinate with the consulting unit to internally audit the business's operations, thereby serving as a basis for an overall assessment of existing and potential risks.

Effective risk management is important for realizing strategic goals and sustainable development in our business operations.

We often face unfavorable business conditions, but an effective risk management policy can help businesses have the ability to respond, minimize risks and detect opportunities from those risks.

STK'S risk management system



Three lines of defense in risk management

1 Managing Director and Heads of Departments

- Build risk matrix for each department and the whole Company.
- Assess and classify risks after evaluating the impact of risks to the Company.
- Offer improvements to limit risks in each daily production and business activity.

2 Internal Audit

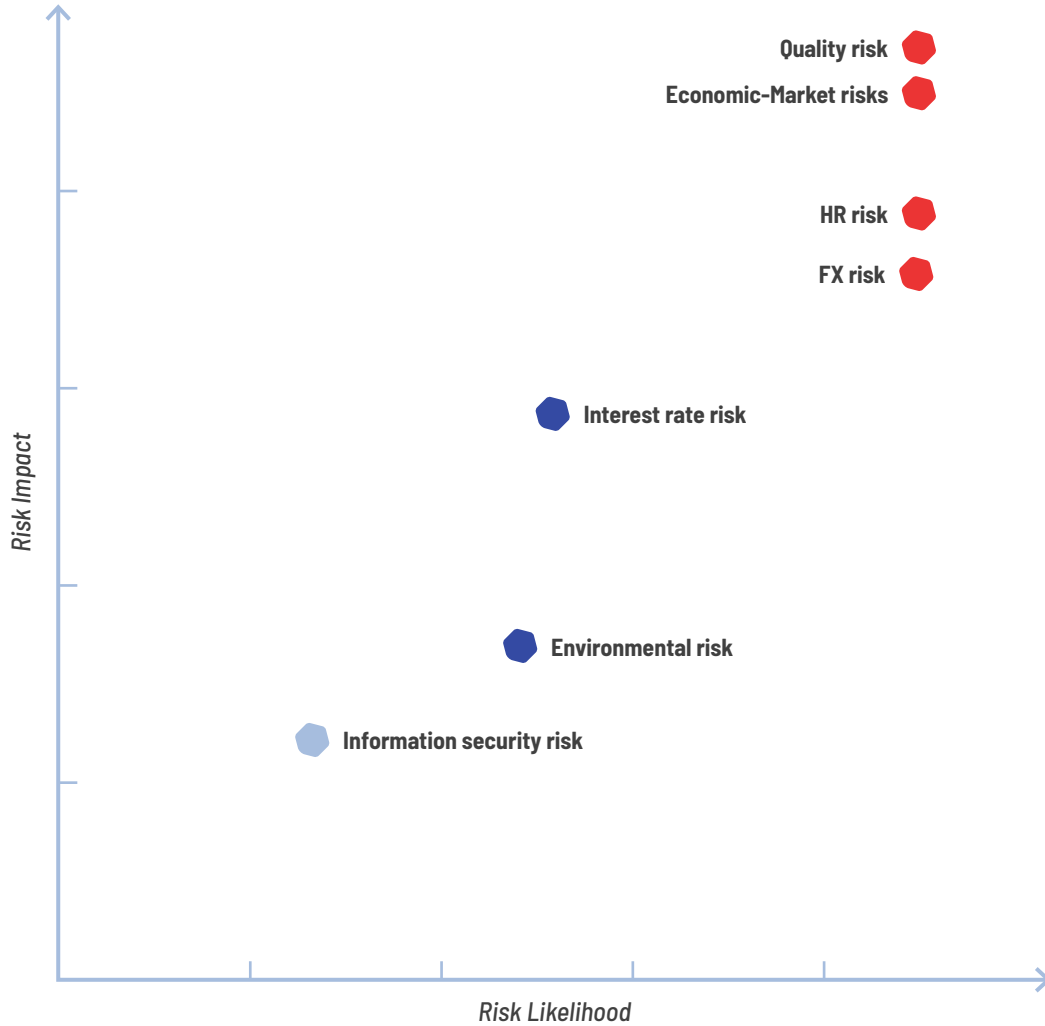
- Evaluate risk control mechanisms of departments/divisions then develop evaluation criteria.
- Monitor operations and evaluate based on set criteria.
- Timely prevent and handle violations or inherent risks.
- Although the Company has not currently established a separate Internal Control Board, from 2022 the Company has hired AFC Auditing Company to perform annual internal audit work.

3 Board of Supervisors

- Evaluate the effectiveness and timeliness of internal control department.
- Outline measures to improve the risk governance mechanism.

Determination of Risk Materiality

Through departments' operation, the Board of Management and the internal audit unit have established risk matrix, evaluated and ranked risks by materiality.



Analysis and evaluation of critical risks

Price fluctuation risk

Risk analysis	Risk mitigations
<p>The global economic crisis, natural disasters, and epidemics can affect consumer demand for textile and garment products with a major impact on prices.</p> <p>Fluctuations in raw material prices on the commodity market (oil prices) can affect a business's input costs.</p> <p>Increased sea freight rates due to war and conflict (Red Sea War) can affect the costs of businesses.</p>	<p>Monitor macro factors to predict trends in the economy and textile industry.</p> <p>Actively develop new customers and new markets.</p> <p>Continuously improve product quality to retain loyal customers.</p> <p>Focus on research and development to produce products with special technical features that are popular with sports fashion brands.</p> <p>Diversify suppliers and customer portfolios as well as a mechanism to match raw material purchase contracts with finished product sales contracts to maintain the profit margin between the selling price of finished products and the purchase price of Polyester chip plastic resins.</p>
Risk owners	Sales department and Purchasing department
Risk tendency in 2024	Increase

Competition risk

Risk analysis	Risk mitigations
<p>The trend of shifting textile production from China and other countries such as Korea and Taiwan to Vietnam along with the investment wave to take advantage of opportunities from FTA will lead to greater competition in the fiber manufacturing industry.</p> <p>Competitors moved into the premium segment or produced recycled fibers.</p>	<p>Enhance competitive advantage in price and quality.</p> <p>Set up barriers in technology, quality management, production management, and branding to create a difference in product quality.</p>
Risk owners	Sales department and factory supervisor/ manager
Risk tendency in 2024	Unchanged

Analysis and evaluation of critical risks *(continued)*

Anti-dumping tariff risk

Risk analysis	Risk mitigations
<p>In the current context of trade liberalization, trade defense measures (such as anti-dumping lawsuits and anti-subsidy lawsuits) are often applied by the governments of importing countries to protect their domestic production.</p> <p>The requests by domestic manufacturers to apply these trade defense measures are sometimes very unreasonable and to refute those unreasonable requests requires a lot of effort and time.</p>	<p>Apply a reasonable price policy for export and domestic markets and have a complete reporting system to prove that STK is not dumping.</p> <p>Diversify markets, do not concentrate too much revenue on one market.</p>
Risk owners	Import-export department and sales department
Risk tendency in 2024	Unchanged

Quality risk

Risk description	Risk mitigations
<p>Product quality is the Company's top priority. Failure of quality will greatly affect customers, leading to the Company receiving complaints or compensation for damages, losing customers, and losing orders.</p> <p>The quality of main input materials and auxiliary materials can also impact product quality.</p>	<p>The company establishes processes and cross-quality control mechanisms at each stage of production.</p> <p>Improve skills and operational skills for workers.</p> <p>Diversify raw material suppliers.</p> <p>Evaluate supplier quality periodically.</p> <p>Upgrade the technology platform and automate some production stages to reduce manual operations.</p> <p>Take advantage of new machines from the new factory (Unitex) to process recycled fiber orders because Unitex's machines are designed to optimize recycled fiber.</p>
Risk owners	Production block and Purchasing department
Risk tendency in 2024	Increase

Human resources quality risk

Risk description	Risk mitigations
<p>Insufficient or incompetent human resources also greatly affect production and business activities, especially at the middle and grassroots management levels.</p> <p>A negative work environment and inadequate social benefits can increase the turnover rate.</p> <p>Assigning a scope of work that is too large or inappropriate for employees and managers can lead to poor productivity and ineffective management.</p> <p>Inappropriate human resource allocation in departments, departmental tasks and functions are unclear, overlapping, and ineffective.</p>	<p>Focus on recruiting labor resources, training and developing human resources to meet job needs.</p> <p>Ensure the best salary, benefits, compensation and working environment policies for employees.</p> <p>Focus on training, improving qualifications and skills of employees, building a succession team.</p> <p>Assign specific scope of work and appropriate workload to employees and managers.</p> <p>Arrange the functional structure of departments without overlapping, ensuring specialization in accordance with the tasks and functions of the department.</p>
Risk owners	Human Resources department and General Affairs department
Risk tendency in 2024	Increase

FX loss risk

Risk description	Risk mitigations
<p>Exchange rate fluctuations may affect the Company's business results.</p> <p>An increase in exchange rates will increase unrealized exchange rate losses, reducing the enterprise's after-tax profit; At the same time, interest expenses also increased because the Company used debt mainly in US dollars.</p> <p>In 2024, it is expected that the exchange rate will be more stable than in 2023, so the impact of this risk will also decrease accordingly.</p>	<p>51% of Revenue is Export Revenue, so the Company still has cash inflow in US Dollars.</p> <p>In case unrealized exchange rate losses increase, because this is a reserve, it does not affect the Company's actual business results.</p>
Risk owners	Sales department and Accounting department
Risk tendency in 2024	Decrease


Analysis and evaluation of critical risks *(continued)*

Environmental risk

Risk analysis	Risk mitigations
<p>STK's main raw materials are PET chips - a petroleum product - and auxiliary raw materials are paper tubes and cartons, products whose production can cause environmental pollution and decrease natural resources. Therefore, regulations and policies around the world on the environment, especially on the exploitation of oil and forest resources, will significantly affect the supply of these raw materials, thereby causing impacts. strongly affects STK's production and business activities.</p> <p>During the Company's production and operations, it may cause impacts on the environment such as solid and liquid waste, emissions, wastewater, noise and dust; Using electricity continuously 24 hours a day can also increase greenhouse gas emissions into the environment.</p>	<p>STK has conducted research to develop new types of products such as Recycled yarn (using Recycled PET chips recycled from Polyester plastic bottles to reduce petroleum exploitation), colored yarn (reducing water usage and not using to toxic chemicals) and coordinate with suppliers to improve the quality of POY paper tube products so that they can be reused many times (thereby limiting forest exploitation).</p> <p>The Company is operating a rooftop solar power system with a capacity of 10.5pMWh, expected to increase to 37.4pMWh in 2024 (contracts are being implemented), helping to save power consumption and reduce emissions. CO₂.</p> <p>For wastewater: there is a wastewater collection system for treatment before being put into the wastewater treatment network of the Industrial Park.</p> <p>For toxic and non-toxic waste: classify and collect centrally at designated places for each type of waste.</p> <p>Regarding noise and dust: The company uses modern, advanced machinery with dust containment and noise reduction parts, minimizing the impact on the environment.</p> <p>Measures to prevent fire and explosion and prevent environmental incidents: Install automatic fire alarm systems and fire extinguishing systems; Regularly check the electrical system to avoid electrical short circuits; establish a fire prevention and fighting team; Periodically train and practice fire prevention and fighting operations according to regulations. When an incident occurs, promptly turn off power inside and outside the facility area; Notify the agency with the function of approving fire prevention and fighting to promptly support and prevent the fire from spreading.</p> <p>The Company also makes commitments, issues an Environmental Handbook and policies guiding the management and use of toxic chemicals to minimize the negative impacts of production and business processes on the surrounding environment. around.</p>
Risk owners	General Affairs, Purchasing, Electromechanical department and Production block
Risk tendency in 2024	Unchanged

Scope of work and internal audit reports for the years 2022-2023

Year	2022	2023
Scope of internal audit	<p>2022 report.</p> <p>Production process in POY unit.</p> <p>Standard cost calculation process in the finance department.</p> <p>Salary and bonus calculation process.</p>	<p>2023 preliminary report</p> <p>Management of inventory raw materials process, components, semi-finished products and finished products.</p>
Progress	Finished	Processing
Result	<p>According to the assessment of the internal audit unit:</p> <p>The Company's POY production and classification process has clearly defined the functions and tasks of the departments and has been fully implemented.</p> <p>Based on the audit unit's comments, the Company has perfected the work of calculating raw material consumption norms for each product code, specifically:</p> <ul style="list-style-type: none"> • Calculate standard cost for products; • Order finalization; • Payroll; • Develop KPIs for each job position. 	



REPORT OF THE BOARD OF MANAGEMENT OF THE COMPANY'S PERFORMANCE

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The Company's performance in 2023

In 2023, due to the general weakened textile and garment industry, the Company's 2023 consolidated net revenue reached 1,425.1 billion VND, gross profit reached 192.1 billion VND, pre-tax profit reached 91 billion VND, profit after tax reached 87.8 billion VND. The company still promotes flexible sales strategies, developing orders and new customers, at the same time, try to stabilize selling prices.

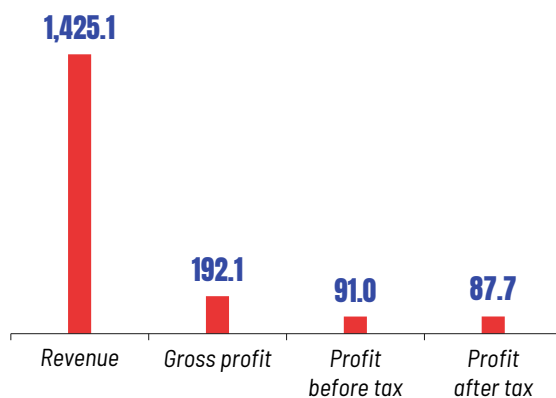
The 12-month average price of main raw materials (PET chips) in 2023 decreased by 3.2% compared to 2022, sales decreased by 30.4%, causing gross profit to decrease by 48.5%, profit after tax decreased by 63.8%.

In 2023, the Company remains steadfast with its strategy of developing foreign markets and new products. Thanks to stable product quality and the ability to produce value-added products, the Company still maintains orders in export markets such as Japan and the US. Thanks to that, the proportion of revenue from foreign markets increased from 32.2% (in 2022) to 36.3% in 2023. The number of new customers developed in 2023 was 50 customers.

The proportion of recycled yarn in 2023 reached 49.5% of revenue, the average selling price of recycled yarn decreased by 5.3%; Recycled yarn gross profit margin reached 23.2%. This is the result of the continuous efforts of the Board of Management and the sales team in maintaining sustainable profits of the recycled yarn segment.

Year 2023	Virgin yarn	Recycled yarn
Proportion in revenue	50.5%	49.5%
Gross profit margin	3.9%	23.2%

Consolidated business results of the entire Company in 2023 (billion VND)



Actual performance compared to the same period

Indicators (VND bn)	Actual 2023	Actual 2022	+/- %
Net revenue	1,425,10	2,114,50	-32,60%
Gross profit	192,1	373,3	-48,50%
Gross profit margin (%)	13,50%	17,70%	-23,60%
Profit before tax	91	269,5	-66,20%
Profit after tax	87,8	242,3	-63,80%

BUSINESS RESULTS OF THE PARENT COMPANY

Indicators (VND bn)	Actual 2023	Actual 2022	+/- %
Net revenue	1,425,10	2,114,50	-32,60%
Gross profit	192,1	373,3	-48,50%
Gross profit margin (%)	13,50%	17,70%	-23,60%
Profit before tax	90,6	273,3	-66,90%
Profit after tax	87,4	246,1	-64,50%

In 2023, the consolidated revenue and profit results were quite modest. Of which, revenue reached 1,425.1 billion VND, down 32.6%. Gross profit reached 192.1 billion VND, down 48.5% over the same period. Gross profit margin decreased from 17.7% in 2022 to 13.5% in 2023. Pre-tax profit reached VND 91 billion, down 66.2%. Profit after tax reached 87.8 billion VND, down 63.8% over the same period.

In general, most revenue and profit targets were down compared to 2022. The main reason was due to weak demand in the industry, leading to reduced sales output and reduced selling prices.

In the context of a difficult market and declining orders, the Company has made efforts to develop products with high added value such as colored yarn products and special yarns (CD, FD, HCR, QD) to meet the needs of customers in the high-end segment to maintain revenue and profits.

In addition, the Company remains steadfast in its vision of sustainable development and developing environmentally friendly products such as Dope Dyed, Recycle Dope Dyed, Ocean Repreve... thereby attracting brands and customers, improving revenue and profit growth for the Company to achieve the set goals in 2024.

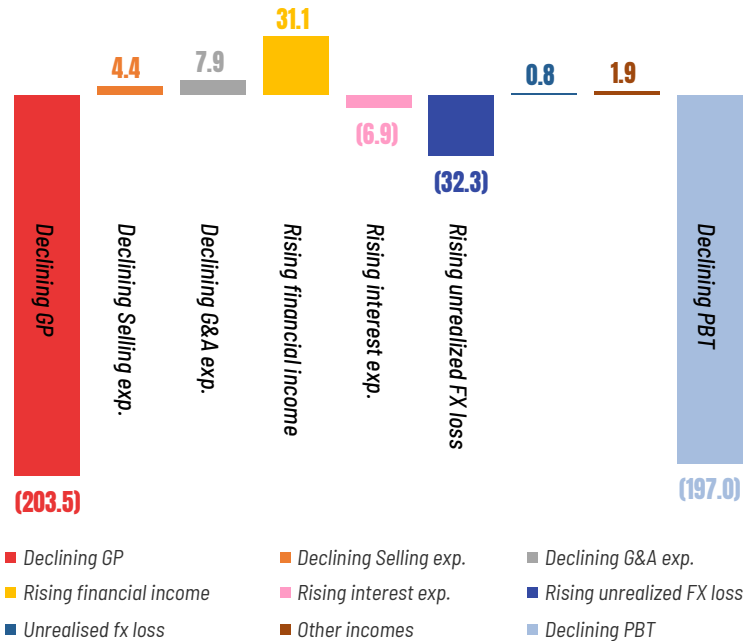
Actual performance compared to the set plan

Indicators (VND bn)	Actual 2023	Forecast 2023	Actual/Forecast
Net revenue	1.425,1	2.149,3	66,3%
Profit before tax	91,0	287,5	31,7%
Profit after tax	87,8	253,1	34,7%

Faced with the general difficulties of the industry, the Company did not achieve results compared to the plan.

Specifically, in 2023, the consolidated results of revenue, pre-tax profit, and after-tax profit reached 66.3%, 31.7% and 34.7% respectively compared to the plan.

Analysis of reasons for not achieving the set plan (VND bn).



The main reason for not reaching the profit target was because sales were lower than planned. Although the Company saved sales and administrative expenses, it could not compensate for the decline in gross profit and increased financial costs.

Financial status

OVERVIEW OF CONSOLIDATED AND PARENT COMPANY FINANCIAL SITUATION IN 2023 COMPARED TO THE SAME PERIOD IN 2022

Indicators (VND bn)	Consolidated			Parent		
	2023	2022	%+/-	2023	2022	%+/-
Total assets	2.973,9	2.125,0	39,9%	2.396,0	2.124,5	12,8%
Net revenue	1.425,1	2.114,5	-32,6%	1.425,1	2.114,5	-32,6%
Gross profit	192,1	373,3	-48,5%	192,1	373,3	-48,5%
Profit from business activities	89,0	270,7	-67,1%	89,9	274,5	-67,2%
Other profits	2,0	(1,2)	-262,5%	0,7	(1,2)	-152,5%
Profit before tax	91,0	269,5	-66,2%	90,6	273,3	-66,9%
Profit after tax	87,8	242,3	-63,8%	87,4	246,1	-64,5%
Dividend rate	15%	15%	0			

CONSOLIDATED AND SEPARATE CAPITAL STRUCTURE

Indicators (VND bn)	Consolidated			Separate		
	2023	2022	%+/-	2023	2022	%+/-
Liabilities	1.345,0	583,9	130,3%	763,6	579,4	31,8%
Current liabilities	935,6	583,7	60,3%	763,4	579,2	31,8%
Short-term trade payables	237,8	219,8	8,2%	237,3	215,3	10,2%
Short-term advances from customers	39,2	8,8	346,5%	39,2	8,8	346,5%
Statutory obligations	3,0	3,6	-16,8%	3,0	3,6	-16,9%
Payables to employees	25,6	24,6	4,0%	24,9	24,6	1,0%
Short-term accrued expenses	8,0	6,4	23,4%	7,9	6,4	22,9%
Other short-term payables	5,2	6,7	-21,9%	5,2	6,7	-22,4%
Short-term loans	609,5	308,1	97,8%	438,6	308,1	42,4%
Bonus and welfare funds	7,3	5,7	28,4%	7,3	5,7	27,6%
Non-current liabilities	409,4	0,3	150.969%	0,3	0,3	-4,7%
Other long-term liabilities	-	-		-	-	
Long-term loans	409,1	-		-	-	
Long-term provision	0,3	0,3	-4,7%	0,3	0,3	-4,7%
OWNERS' EQUITY	1.628,9	1.541,1	5,7%	1.632,4	1.545	5,7%
Share capital	966,4	843,6	14,5%	966,4	843,6	14,5%
Share premium	40,8	40,8	0,0%	40,8	40,8	0,0%
Treasury share	(42,4)	(42,4)	0,0%	(42,4)	(42,4)	0,0%
Investment and development fund	1,2	1,2	0,0%	1,2	1,2	0,0%
Undistributed earnings	662,9	697,8	-5,0%	666,4	701,8	-5,0%
TOTAL RESOURCES	2.973,9	2.125	39,9%	2.396,0	2.124,5	12,8%

The company timely and fully made payments for debts. In 2023, there are no overdue debts.

CONSOLIDATED AND SEPARATE ASSET STRUCTURE

Indicators (VND bn)	Consolidated			Separate		
	2023	2022	%+/-	2023	2022	%+/-
CURRENT ASSETS	1.395,9	1.200,0	16,3%	1.131,9	1.085,3	4,3%
Cash and cash equivalents	109,5	235,3	-53,5%	108,6	92,0	18,1%
Short-term investment	54,1	180,0	-70,0%	-	130,0	-100,0%
Current accounts receivable	450,1	226,0	99,2%	277,4	315,5	-12,1%
Inventories	615,0	466,1	31,9%	614,7	466,1	31,9%
Other current assets	167,2	92,5	80,7%	131,2	81,7	60,6%
NON-CURRENT ASSETS	1.577,9	925,1	70,6%	1.264,1	1.039,2	21,6%
Long-term receivable	-	-		-	-	
Fixed assets	642,4	730,6	-12,1%	642,4	730,6	-12,1%
Long-term asset in progress	783,1	40,9	1.812,7%	25,3	11,0	130,5%
Long-term investments	13,8	13,8	0,0%	535,8	235,9	127,1%
Other long-term assets	138,7	139,8	-0,8%	60,6	61,7	-1,8%
TOTAL ASSETS	2.973,9	2.125,0	39,9%	2.396,0	2.124,5	12,8%

TAX AND STATUTORY OBLIGATIONS

Indicators (VND bn)	Consolidated		Separate	
	2023	2022	2023	2022
Corporate income tax	0	0,78	0	0,78
Individual income tax	0,3	0,49	0,29	0,49
Value added tax	2,5	2,31	2,5	2,30
Total	2,97	3,57	2,97	3,57

The company did timely and fully pay tax amounts including corporate income tax, Individual income tax, Value added tax, in compliance with statutory regulations.

PROVISION OF REQUIRED FUNDS

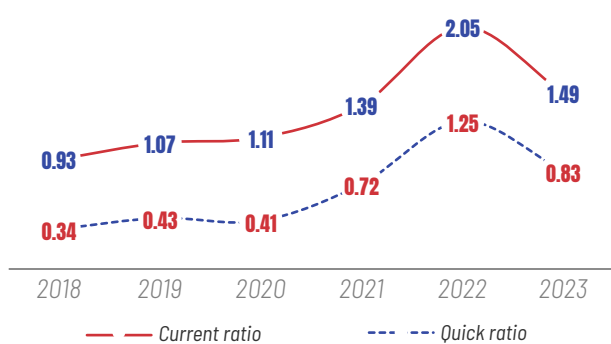
Provision of required funds was made in accordance with the Charter and the laws.

Indicators (VND bn)	2023	2022
Investment and Development Fund	1,22	1,22

KEY FINANCIAL INDICATORS

Indicators (VND bn)	Unit	Consolidated			Separate		
		2023	2022	+/-	2023	2022	+/-
Liquidity ratio							
Current ratio	Time	1,49	2,06	-0,56	1,48	1,87	-0,39
Quick ratio	Time	0,83	1,26	-0,42	0,68	1,07	-0,39
Financial leverage							
Debt/Equity ratio	Time	0,63	0,20	0,43	0,27	0,20	0,07
Debt/Total assets	Time	0,34	0,14	0,20	0,18	0,15	0,04
Efficiency							
Inventory Turnover	Time	2,28	3,72	-1,44	2,281	3,72	-1,44
Net revenue/Total Assets	Time	0,6	1,00	-0,44	0,630	1,00	-0,37
Profitability							
Return from operating activities on sales	%	6,2%	12,8%	-6,6%	6,3%	13,0%	-6,7%
Return on Asset (ROA)	%	6,2%	11,5%	-5,3%	6,1%	11,6%	-5,5%
Return on Equity (ROE)	%	3,0%	11,4%	-8,4%	3,6%	11,6%	-7,9%
Return on Equity (ROE)	%	5,4%	15,7%	-10,3%	5,4%	15,9%	-10,6%
EPS	VND	1.008	3.341	(2.333)			

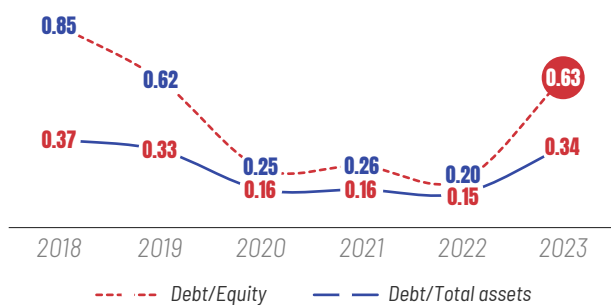
LIQUIDITY RATIOS



The short-term liquidity ratio in 2023 reached 1.49, as short-term assets increased by 16.3% while short-term debt increased by 60.3%. However, this ratio was still greater than 1, showing that short-term assets were enough to finance short-term debt.

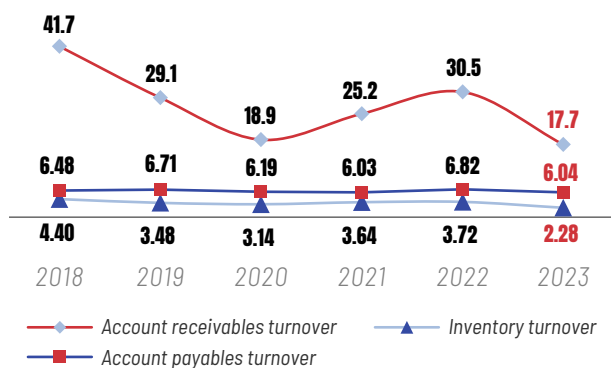
The quick ratio in 2023 also decreased compared to 2022, reaching 0.83 because short-term assets increased less than the increase in short-term debt, and because inventory increased by 32%.

RESOURCE STRUCTURE



In 2023, short-term debt increased by 98% over the same period, long-term debt was VND409 billion while in the same period there was no long-term debt. While equity increased by only 5.7%, total assets increased by 40%, which led to a sharp increase in debt-to-equity and debt-to-total asset ratios, reaching 0.63 and 0.34 respectively.

EFFICIENCY RATIOS

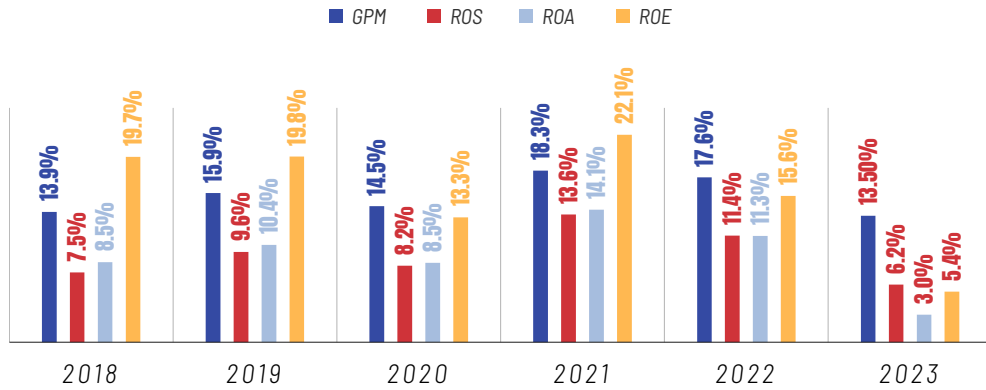


The Company's performance indicators in 2023 all decreased compared to 2022.

Account receivables turnover of the Company, inventory turnover and accounts payable turnover reached 17.7 times, 6.04 times and 2.28 times respectively.



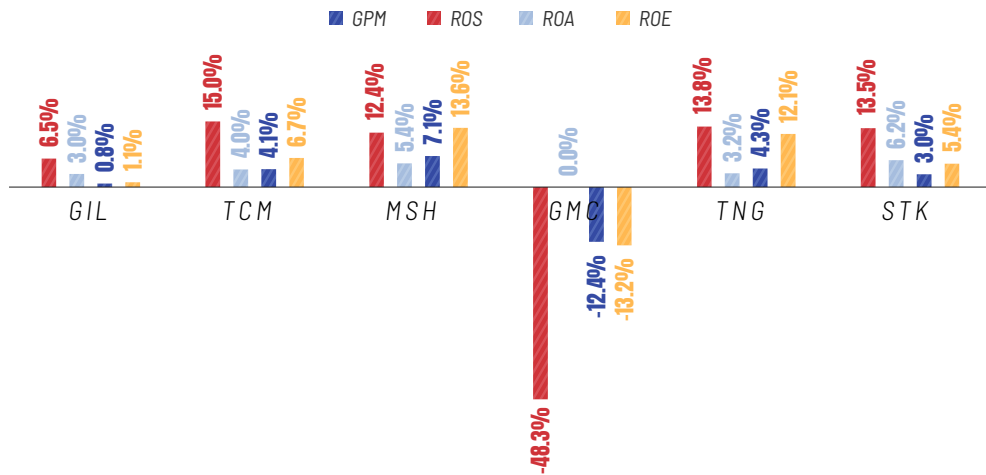
PROFITABILITY RATIOS



Because revenue and profit after tax in 2023 decreased compared to the same period in 2022, profitability ratios all decreased over the same period.

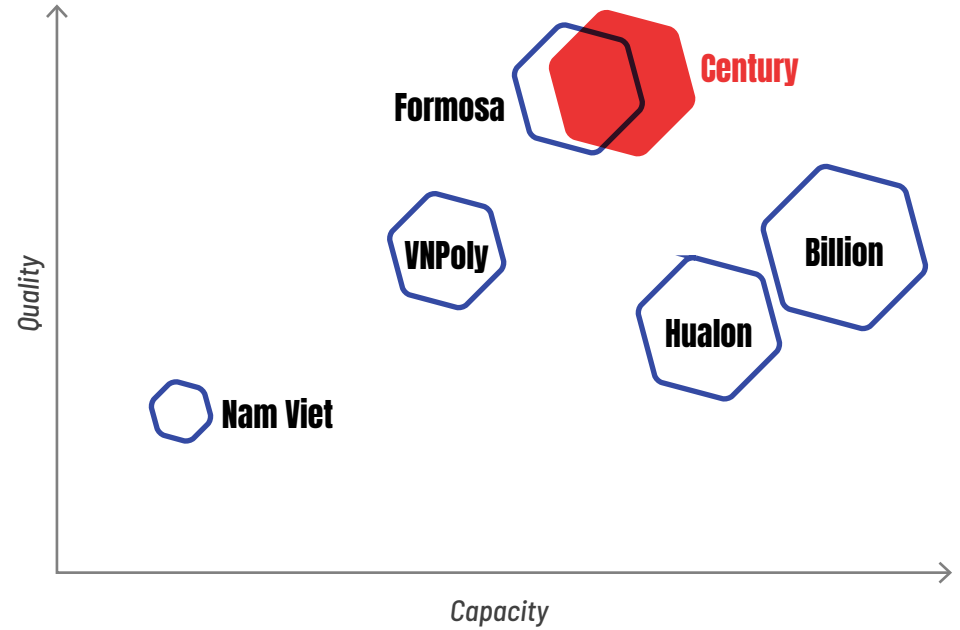
Gross profit margin (GPM), net profit on revenue (ROS), net profit on total assets (ROA), net profit on equity (ROE) reached 13.5%, 6.2%, 3%, and 5.4% respectively.

COMPARISON OF PROFITABILITY INDICATORS BETWEEN STK AND OTHER LISTED COMPANIES IN THE SAME INDUSTRY IN 2023



COMPANY POSITION COMPARED TO BUSINESSES IN THE SAME INDUSTRY

Top polyester filament export companies



2023 was a difficult year for the textile industry in general and polyester yarn exporters, but the Company still maintained its position as one of the leading polyester yarn exporters with sales market share and export value ranks 3rd in Vietnam.

Assessment of Company performance

Board of Management's shares ownership



Mr. Dang Trieu Hoa

Chairman, Managing Director

Year: 1969

Education: Business Administration

Working experience:

06/2010 to present: Chairman/Managing Director, CENTURY.

1995-2000: Director, Hoan A Trading & Services Co., Ltd.

1991-1995: Director, Viet Phu Trading & Services Co., Ltd.

% STK's ownership: **13.92%**

Mr. Phan Nhu Bich

Deputy CFO/ Chief Accountant

Year: 1970

Education: MBA

Working experience:

11/2010 to present: Chief Accountant, CENTURY

03/2004 - 03/2010: Controller/ Accountant, Thanh Cong Textile
Garment & Investment Trading JSC.

1997 - 03/2004: Accountant, Binh Phuoc Electricity Company.

% STK's ownership: **0.08%**

Mdm. Nguyen Phuong Chi

*Chief Strategic Officer, Corporate Governance officer,
Authorized person disclosing information*

Year: 1972

Education: Master of Applied Finance

Working experience:

01/2015 to present: CSO, CENTURY

3/2008 - 12/2014: Investment Advisory Manager, Tri Tin Consulting & Investment JSC.

4/2005 - 2/2008: Senior Project Manager, Openasia Consulting Ltd.

10/2004 - 2/2005: Business Development Officer, Mekong Private Sector Facility ("MPDF").

10/2002 - 10/2004: Senior Financial Analyst, PricewaterhouseCoopers (Vietnam) Ltd.

3/1997 - 3/2000: Legal Assistant, Deacons Graham & James, Hanoi Branch.

% STK's ownership: **0.014%**

Board of Management's shares ownership

No.	Name	Position at STK	Share ownership at STK	Percentage (%)	Membership at other entities	Percentage (%)
1	Dang Trieu Hoa	Chairman, Managing Director	13.454.126	13,922%	20.863.760	21,59%
2	Phan Nhu Bich	Deputy CFO/ Chief Accountant	82.036	0,085%	0	0,00%
3	Nguyen Phuong Chi	Chief Strategic Officer, Corporate Governance officer, Authorized person disclosing information	13.882	0,014%	0	0,00%

Changes in the BOM's members in 2023: None.

Overall assessment

KPIs (VND billion)	Actual 2023	Actual 2023/2022	Actual 2023/Forecast 2023
Sales revenue	1.425,1	-32,6%	66,3%
Profit before tax	91,0	-66,2%	31,7%
Profit after tax	87,8	-63,8%	34,7%

Accomplished results

Faced with the difficulties of the industry, the board of directors still retained existing customers and expanded to 50 new customers.

Compared to competitors in the industry, the Company's profitability ratios are still relatively more positive in the context of general difficulties.

Sales and administrative expenses decreased by 4% from 83.5 billion to 80 billion, showing that the Company controls these two types of costs well.

Unaccomplished points

Targets on profit, profitability ratio, financial targets, asset structure and capital sources, efficiency of asset use and capital resources all worsened in 2023.

Consolidated Assets - Resources structures

VND billion	%	2023	2022	+/-
Current assets	46,9%	1,395,94	1.199,95	16,3%
Non-current assets	53,1%	1,577,92	925,08	70,6%
TOTAL ASSETS	100,0%	2,973,86	2.125,03	39,9%
Liabilities	45,2%	1,345,0	583,9	130,3%
Current liabilities	31,5%	935,6	583,7	60,3%
Non-current liabilities	13,8%	409,4	0,3	150969,1%
Owner's equity	54,8%	1.628,89	1.541,09	5,7%
TOTAL RESOURCES	100,0%	2.973,86	2.125,03	39,9%

CONSOLIDATED ASSET GROWTH

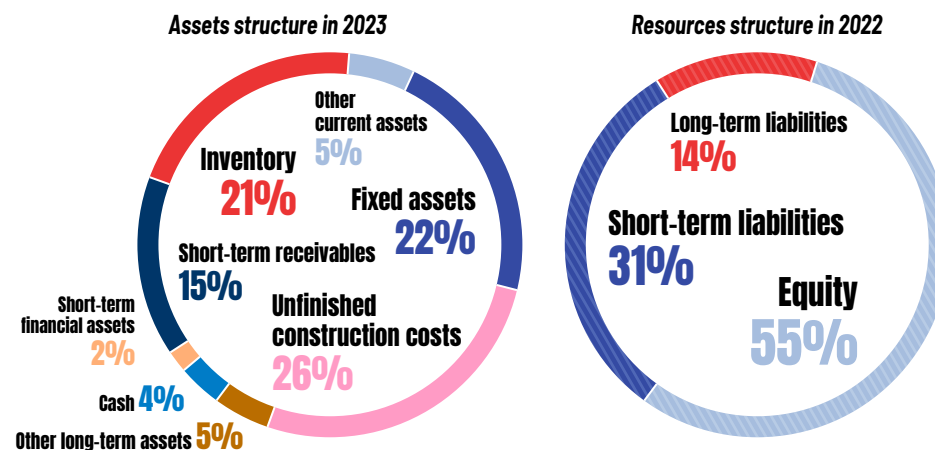
Total assets in 2023 increased by 40% compared to the same period in 2022. Mainly increasing in the following items:

- Prepayment to the seller (related to the purchase of machinery and equipment for the Unitex project), increased by 134%, accounting for 12% of the asset structure.
- Inventories increased by 32%, accounting for 20.7% of the asset structure.
- And especially long-term unfinished construction costs increased over 700 billion, accounting for 26.3% of the total asset structure. Mainly due to investment in building the Unitex factory.

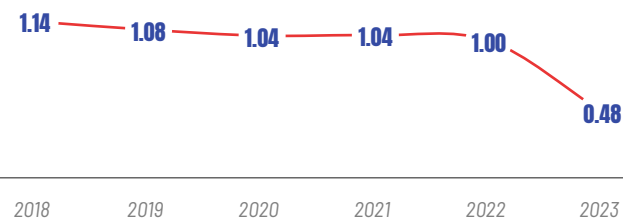
CONSOLIDATED RESOURCES GROWTH

In the capital structure, liabilities increased by 130%, accounting for 45.2% of the capital structure, mainly increasing in the following items:

- Short-term loans and debt increased by 98%, accounting for 20.5% of the total capital structure
- Long-term debt increased by 409 billion, accounting for 13.8% of the total capital structure.
- Owner's equity increased by 5.7%, mainly due to a 14.5% increase in share capital due to the issuance of shares to pay dividends.



The assets turnover Sales revenue/ Total assets

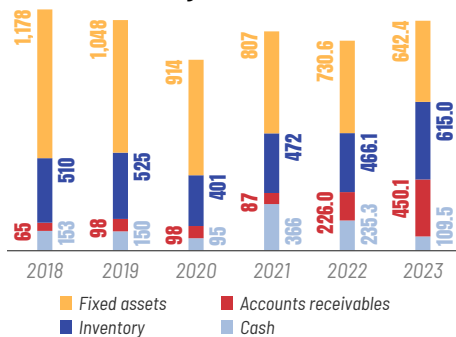


Asset turnover in 2023 reached 0.48, a sharp decrease compared to previous years.

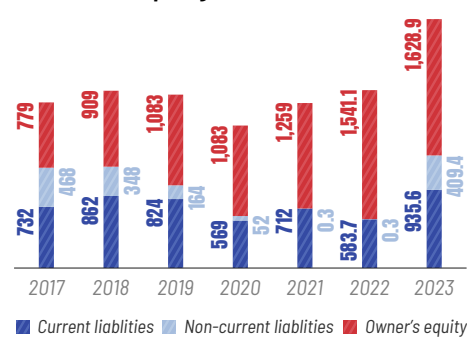
BAD DEBTS AND BAD ASSETS

The bad debts and bad assets which cause impact on the business performance in fiscal year: None.

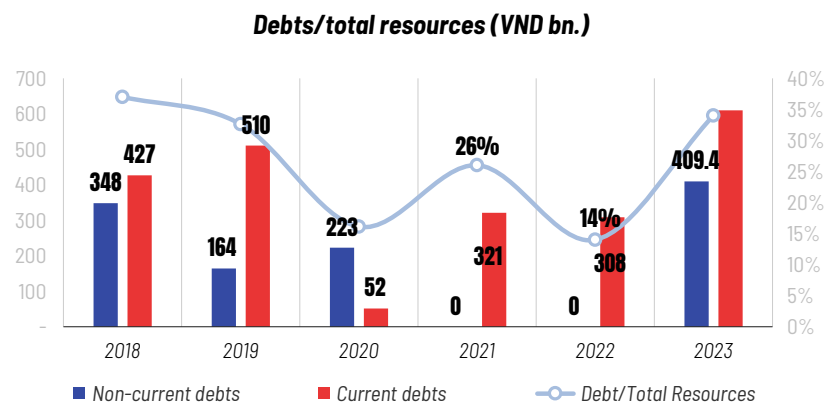
Asset growth (VND bn.)



Capital growth (VND bn.)



Assessment of debts



In 2023, the Company's total debt reached 1,018.7 billion VND, accounting for 34.3% of total resources, increasing by 231% over the same period, mainly due to loans to finance the new Unitex factory.

VND billion	2023	2022	+/-
Short-term debts	609,5	308,1	98%
Long-term debts	409,1	-	
Total amount of debt	1.018,67	308,10	231%

In 2023, the Company did not recognize any overdue debt.

Impact of interest rates and exchange rates

YEAR-ON-YEAR COMPARISON OF FINANCIAL INCOME AND EXPENSES

Indicators (VND bn.)	2023	2022	+/-
Financial incomes	31,1	29,3	5,9%
Interest income	20,4	11,6	75,4%
Foreign exchange gain	10,7	17,7	-39,7%
Financial expenses	54,1	48,4	11,8%
Foreign exchange loss	36,7	39,2	-6,4%
Interest expenses	17,3	9,1	89,9%
Financial profits	-23,0	-19,1	20,4%
Foreign exchange loss	-16,3	-27,6	-40,9%
Deposit interest	-6,6	8,6	-176,7%

The VND/USD exchange rate closing on December 26, 2023 is 24,080 VND, increasing by 2.86% compared to the closing exchange rate on December 30, 2022 of 23,410 VND.

Indicators (VND)	2023
Financial incomes	28,792,054,999
Interest on term deposits	5,001,885,240
Interest on demand deposits	26,615,241
Interest on internal loans	5,430,602,316
C/I interest rate, foreign currency trading rate, payment discount	
Realized foreign exchange gain	18,330,409,343
Unrealized foreign exchange gain	2,542,859
Financial expenses	52,998,026,704
Financial costs (excluding loan interest)	35,662,926,803
Realized foreign exchange loss	34,656,331,928
Loss due to long-term payment exchange rate differences	
FDY realized foreign exchange differences	
Loss from financial investment activities	
Unrealized foreign exchange loss	1,006,594,875
FDY revaluation exchange rate differences	
- In which: Loan interest expenses	17,335,099,901

Thanks to the revenue in USD being enough to pay for importing raw materials and paying interest and debt on foreign currency loans, the majority of the Company's exchange rate losses are unrealized losses, related to the revaluation of foreign currency loans at the end of the accounting period.

Assessment of financial status

	Current ratio	Quick ratio	Debt/Owner's Equity	ROS	ROA	ROE
2018	0,93	0,34	0,37	8%	8,50%	19,70%
2019	1,07	0,43	0,62	9,62%	10,35%	19,80%
2020	1,11	0,41	0,25	8,18%	8,47%	13,33%
2021	1,38	0,72	0,26	13,63%	14,12%	22,12%
2022	2,05	1,25	0,20	11,5%	11,4%	15,7%
2023	1,49	0,83	0,63	6,2%	3,0%	5,4%

Financial indicators of solvency and profitability indicators were all lower than 2022. At the same time, the Company's debt-to-capital ratios in 2023 were all higher than in 2022.

Although debt increased, the debt/equity ratio was still lower than 1, showing that the Company was cautious in managing financial risks.

Improvements in organizational structure, policies and management systems

Applying Internal Audit to strengthen risk management system of the Company

Based on independent assessment of the external internal audit firm, the Board of Management reviewed the procedures and standards and set up proper improvement plans which are suitable with the actual circumstances. Supplementing quality KPIs for each type of product, thereby identify the reason of underperforming KPIs. In addition, for each production order, the production unit also makes assessment and adjusts production conditions to achieve higher efficiency. The production unit cooperates with the accounting department to control the consumption norm of each type of product, creating a foundation for cost management, increasing the Company's competitive advantages. Improving the procedures of inventory management including raw materials, tools, finished products... for each single day, goods receipt and delivery, avoiding losses and differences between inventory records and actual figures.

FUTURE DEVELOPMENT PLAN

SHORT-TERM

Complete the construction of the Capacity Expansion Project at the Subsidiary Company to increase the scale and market share in the market and Revenue for the Company.

Focus on training and improving the qualifications for production team.

Effectively using Internal Audit function to identify and improve potential internal risks as well as prevent external risks.

MEDIUM AND LONG TERM

Developing investment projects in order to expand the supply chain as well as develop high value-added products. Maintaining human resources, building the production successor team.

Performance forecast for the fiscal year 2024

Indicators (VND bn.)	2024 Forecast	2023 Actual	2024 Forecast vs. 2023 Actual
Parent Company			
Net revenue	2.077,8	1.425,1	145,8%
Profit after tax	220,3	87,4	252,2%
Consolidated			
Net revenue	2.703,5	1.425,1	189,7%
Profit after tax	300,6	87,8	342,3%

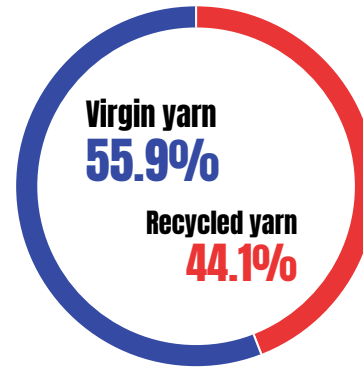
2024 Forecast may be adjusted according to the approval of the 2024 Annual General Meeting of Shareholders.

ASSUMPTIONS

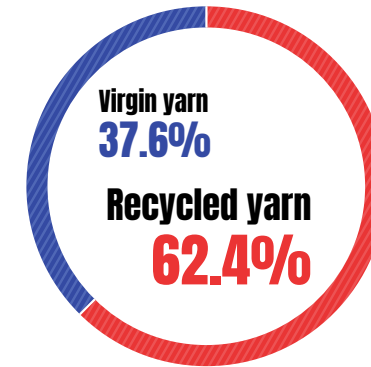
For Parent Company:

- Revenue increases by 45.8% compared to 2023, of which revenue from virgin fibers and recycled fibers increases by 61.4% and 30%, respectively.
- Sales increase by 42.5% compared to 2023, in which sales of virgin fibers and recycled fibers increase by 52.7% and 27%, respectively.
- The proportion of recycled fiber in revenue is expected to reach about 44.1% in 2024, due to the expected transfer of many recycled fiber orders to Unitex subsidiary.
- The average selling price increased by 2.3% compared to the implementation in 2023, in which the selling price of virgin fiber and recycled fiber increased by 5.7% and the selling price of recycled fiber decreased by 18.2%.
- Chip prices are expected to decrease by 1.2% compared to the implementation in 2023, of which the price of virgin chips increases by 7.3% and the price of recycled chips decreases by 10.8%.
- The difference between the selling price and the average price of plastic resins is expected to increase by 7.4% compared to the implementation in 2023. In particular, the price gap (i.e. difference between the selling price and the price of virgin plastic resins) increases by 3.4%, while the price gap (the difference between Selling prices and recycled plastic pellets) increased by 17.4%.
- Gross profit margin in 2024 is expected to reach 17.8%.
- Selling, general and administrative expenses are expected to account for 4.7% of total revenue.
- The exchange rate on the closing date of December 31, 2024 is expected to increase by 2% compared to the exchange rate on the closing date of December 31, 2023;
- The average corporate income tax rate is expected to be about 12.4%.

Expected net revenue in 2024 by product (Parent company)



Expected net revenue in 2024 by product (Unitex)



For Subsidiary:

- The proportion of recycled fiber in revenue is expected to reach about 62.4% in 2024, because the Unitex factory has an advantage in producing recycled fiber.
- Gross profit margin in 2024 is expected to reach 17.8%.
- Selling, general and administrative expenses are expected to account for 2.1% of total revenue.
- The exchange rate on the closing date of December 31, 2024 is expected to increase by 2% compared to the exchange rate on the closing date of December 31, 2023.
- The average corporate income tax rate is 0%.

Explanation of the Board of Management for audit opinions

E&Y Auditing Company has no objection to the consolidated audited financial statements and separate financial statements for fiscal year 2023.

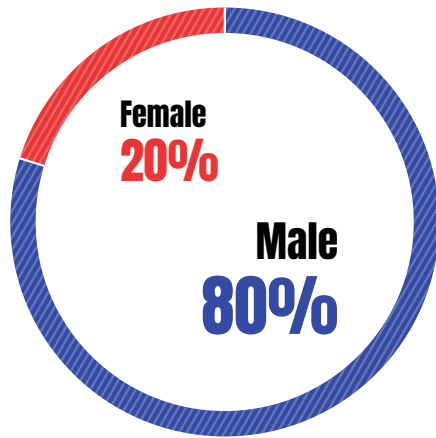
Human resource development

Recognizing the great importance of human resource development is one of the Company's sustainable development strategies, the Company's Board of Management always pay attention on recruiting, training and developing human resources, aiming to build an experienced successor team, holding a spirit of dedicated to the success of the Company.

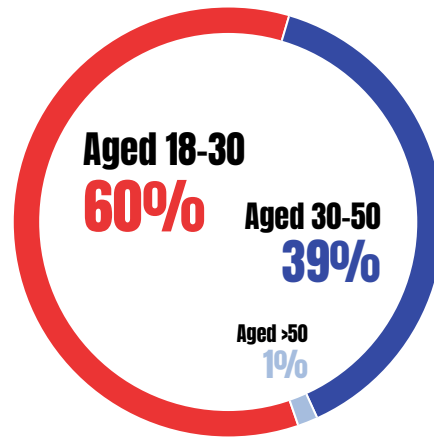
Personnel structure

Total number of employees in 2023: **797** people

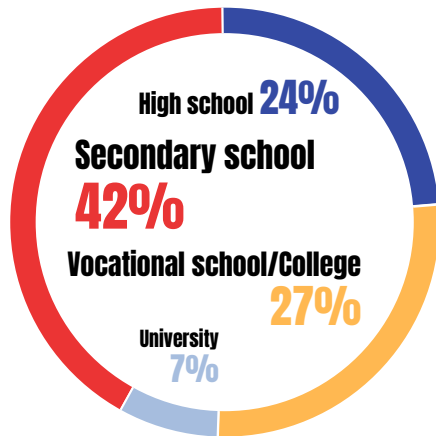
By Gender



By Age



By Education Level



By Working Position



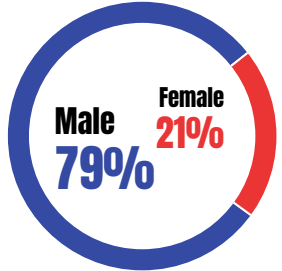


Recruitment in 2023

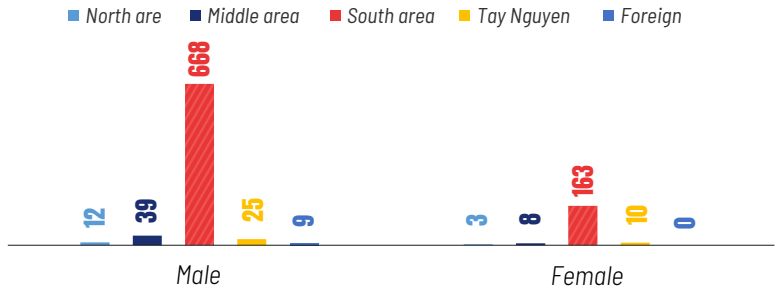
TK's recruitment policy does not discriminate between gender, age, professional qualifications and experience, but focuses on building a spirit of learning, responsibility and improvement. Each individual, regardless of position, is encouraged to develop themselves and get promotion. Each individual is considered an integral part which is meaningful for the implementation of the Company's goals.

One of the sustainable development goals is to maintain a stable human resources and provide sufficient employees. In 2023, the Company recruited 937 new employees, of which male candidates accounted for 79%, women accounted for 21%, concentrated mainly in the South.

By Genders



By Geography



Welfare for employees

BASIC SALARY POLICY

The company commits to always base on the regional minimum wage to build and adjust the salary scale system in accordance with State regulations.

The salary as the basis for participating in insurance for employees is based on the Company's salary scale.

Every year, employees always have their basic salary changed promptly according to State regulations.

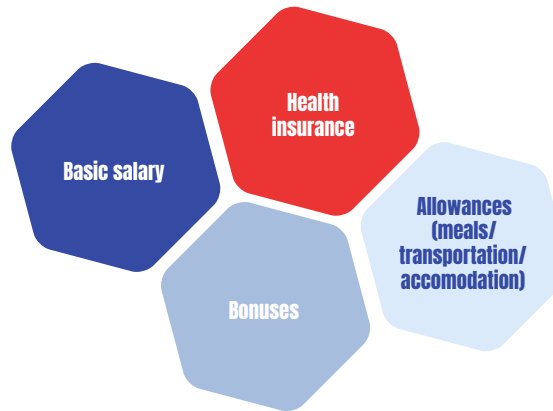
The company also made a commitment not to apply employee salary deductions for labor disciplinary measures, except for material compensation measures for causing damage according to the judgment of the Company's Disciplinary Council with the participation of the Union Executive Committee.

REWARD AND PENALTY POLICY

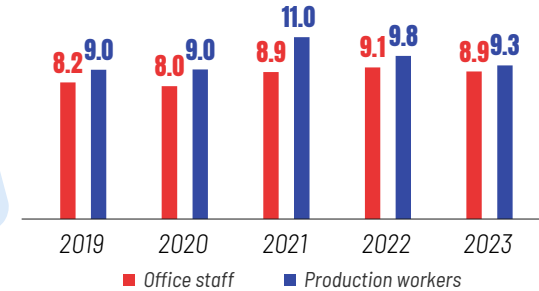
The Company always issues regulations on rewards and penalties each year in the spirit of openness, transparency, clear rewards and penalties, and prior notice to employees to encourage employees to improve working efficiency and implementation. in accordance with the Company's regulations. Every month, employees who meet work performance standards will be rewarded with an additional portion of income as a bonus for completing tasks; Bonus for compliance with Company rules; Specific bonus levels bases on each department's characteristics; Other allowances such as gasoline,... and necessary equipment for work such as personal laptops for employees to use,...

Periodically every year, in addition to the 13th month salary and Tet bonus, the Company's Board of Directors also shares operating results with employees. Depending on the business situation in the year and next year's strategy, employees will receive an additional income equivalent to 1 month's average income.

WELFARE SYSTEM AT CENTURY



Monthly average income of employees (VNDmil/person/month)



Source: Century Synthetic Fiber Corporation, Human Resources department

Assessing the change in the situation, the average income of the entire Company decreased by 0.6% compared to 2022, of which workers' income dropped by 5.8% and office staff's income reduced by 2.7%. Reasons for this:

- Due to the general difficult situation of Vietnam's textile and garment industry and STK is no exception, in 2023 the Company did not have a salary increase policy for employees.
- The production sector is paid based on output, so income decreases when the factory is not operating at maximum capacity.
- Some workers with high seniority quit their jobs.

Although 2023 was a year with many unfavorable macro factors, the Company still strived to maintain production and business activities and pay salaries and bonuses on time to employees, to help employees feel secure in their work/job and to have stable life.

IMPROVE THE WORKING EFFICIENCY OF WORKERS

The company builds a quality management system for each individual in each unit. Each department has a table of target performance (KPIs) for each year, quarter and month. All departments are responsible for upgrading KPIs every quarter and reassessing the appropriateness of that department's KPIs.

For the production sector, from operators to management levels, there is a daily check-list of work and daily record of work productivity based on SAP and POC systems.

In addition, the Company's welfare policy is also built into the work efficiency of each employee. In addition to basic income, the Company also has a salary and bonus regime for individuals who complete their monthly targets.

LABOR POLICY CHANGES IN 2023

Identify KPIs for each job position to have a reasonable evaluation and reward and punishment regime.

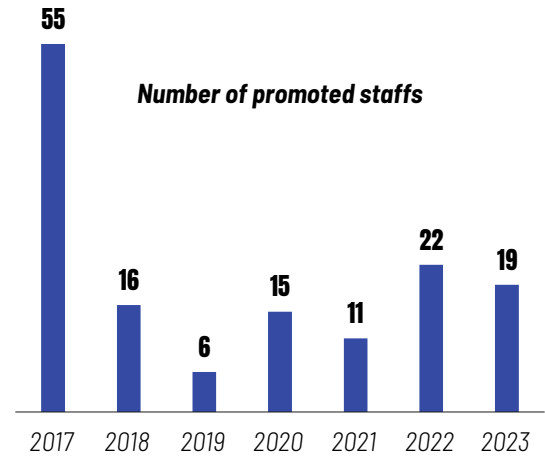
Adjust welfare policies to attract and retain employees.

Strengthen recruitment and training, improve qualifications and skills for workers.

PROMOTION POLICY

The Company focuses on encouraging and maintaining a reasonable promotion policy, appointing the Company's employees in a transparent and serious manner.

If the employee is qualified and can apply for a higher position, the human resources department will cooperate with management in monitoring, orienting and evaluating the employee's capacity, if the employee's skills are satisfactorily above 70% of the standards, that employee will go through a training and testing process for 2-3 months before being officially appointed to a higher position. In 2023, the number of employees promoted to higher positions is 19 employees.



ENSURING OCCUPATIONAL SAFETY & HEALTH FOR WORKERS

Not only paying attention to employee welfare policies, Century also prioritizes ensuring a safe and hygienic working environment, preventing fire, explosion and labor accidents.

STK proactively implements environmental measurement measures to prevent occupational diseases and ensure the health of workers.

In 2023, the Company coordinates with Southern Environmental Health Joint Stock Company to conduct labor environment testing to check and identify environmental factors that can affect the health of workers as well as Propose measures to reduce the impact of those risks on the working environment of workers.

100% of workers are trained in special labor safety for specific jobs (loading and unloading, driving forklifts, in charge of warehouses, cleaning machinery), and fire and explosion safety at the workplace.

The Company organizes annual health checks and periodic occupational disease examinations for workers in high noise areas. The Company has a medical room and medical staff to take care of health and provides 24/7 accident insurance for employees.

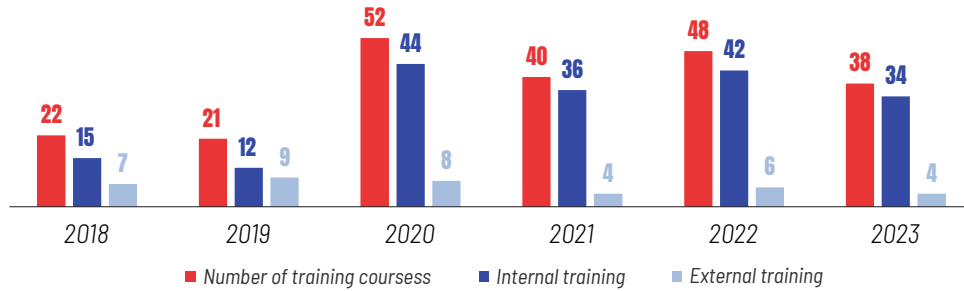
In 2023, there were no occupational accidents.

Training activities

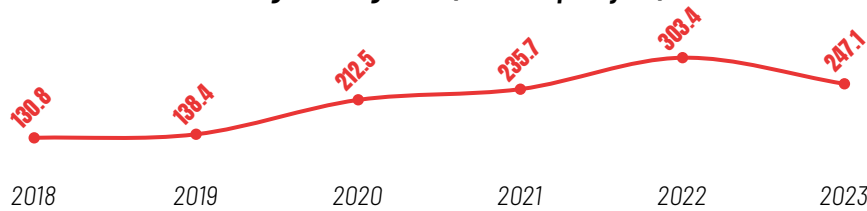
Along with recruitment, the Company always appreciates training for employees: training before work, training while working and training so that employees have the opportunity to get promotion to higher positions.

The company organized training courses for all employees during the year. Therefore, the average number of training hours by employee level and gender are equal.

Number of training courses



Average training hours (hours/capita/year)



	2018	2019	2020	2021	2022	2023
Training budget (VND mil.)	184,9	205,8	133,9	183,4	186,8	141,9
Actual training expenses (VND mil.)	51,4	43,4	17,5	24,2	53,7	88,4
Actual training cost/training budget	28%	21%	13%	13%	29%	62%
Average training hours (hours/capita/year)	130,83	138,4	206,33	235,07	303,4	247,07

SKILLS ENHANCEMENT PROGRAMS FOR WORKERS

Training on occupational safety standards	Training on Chemical Safety standards	Training on fire safety standards
Training standards on 5S, devotion to product quality	Social policies	Fire protection training
First Aid Training	Working skill enhancement, advanced training for multi-skills	Training for forklift drivers
Training on new regulations on Incoterms 2020	Training on recruitment skills	Production process training

MANAGER-LEVEL TRAINING COURSES

Name of training courses	Trained department	Training time (hour/person)	Number of participants (people)	
			Management	
			Number	Duration
Training company regulations for new employees	Officers and employees	0,5	10	5
Training on labor safety standards according to SOP	Management and staff	0,33	10	3,3
Training on chemical safety standards according to SOP		0,33	10	3,3
Training on Fire Safety standards according to SOP		0,33	10	3,3
Training on 5S standards VP		0,25	10	2,5
Training on Product Respect Regulations		0,25	10	2,5
Training course: competency building for managers		Officers and employees	24	42

In 2023, the number of training hours decreased and training costs increased because the Company organized training courses for middle managers.

Social and community

Items (VND bil)	2018	2019	2020	2021	2022	2023
Total salary-bonus paid to employees	117.7	107.7	107.5	113.2	120.0	101.8
Total value of transactions with suppliers	1,855	1,484	953.5	1,321	1,452.3	994.4
<i>Value of transactions with local suppliers</i>	<i>237.6</i>	<i>197.4</i>	<i>93.2</i>	<i>140.1</i>	<i>216.6</i>	<i>175.6</i>
Total tax paid in the year (including VAT, import and export tax, corporate income tax, personal income tax, natural resources tax and other taxes ...)	125.4	167.8	68.5	116.6	152.7	113

AWARDING SCHOLARSHIPS IN 2023

School name	Quantity	Budget (VND)
Secondary schools Cu Chi	1	7,000,000
Secondary schools Duc Hoa	1	4,000,000
Vocational colleges Tay Ninh	1	7,000,000
Total		18,000,000

The company offers scholarships to students of vocational schools.

ANTI-CORRUPTION - BRIBERY

The Company's Board of Directors always focuses on promoting anti-corruption activities and ensuring fairness in the working environment. Throughout the Company's entire operating system, it always ensures compliance with legal regulations as well as basic ethical principles to create integrity in operations. Since 2016, the Company has issued a Code of Conduct with basic ethical rules that Company members including members of the Board of Directors, Board of Supervisors, Board of Management and employees need to comply with. Any employee who is found of demanding or accepting bribery from customers and supplier shall be strictly punished and there will be no exception for bribery, illegitimate benefit which is contrary to regulations, the company's rules and policies and moral principles in those countries where the Company has businesses.



ENVIRONMENTAL - SOCIAL IMPACT REPORT

5.4
5.5

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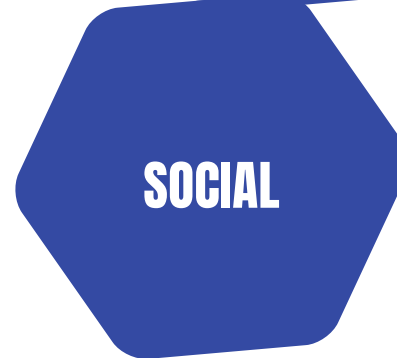
Sustainable development strategy



- Use renewable energy.
- Apply automatic system in the production process.
- Consistently implement measures to reduce energy and water consumption and limit the rate of emissions and waste products.



- Increase revenue and profits according to set goals.
- Develop environmentally friendly products.
- Market development.
- Maintain high value-added orders from high-end customers.



- Share benefits with stakeholders.
- Improve workforce capacity through training programs.
- Improve the working environment and ensure safety, hygiene, and labor.
- Improve labor policies, improve working skills and career development for employees.



- Invest in a waste recycling line.
- Increase waste fiber recycling rate.
- Increase the rate of reuse of paper tube materials, packaging, pallets and domestic water in production.
- Increase renewable energy sources

The focus of Century Fiber's sustainable development strategy is choosing products that are environmentally friendly and highly economically feasible.

Recycle fiber products are one of the key products that help the Company develop further on its sustainable development path with high economic value, recycling plastic bottles contributes to environmental protection (helps reduce 40%-50% carbon footprint compared to virgin fiber products).

The company is also developing more colored fiber products (dope dyed) to help customers reduce water consumption and wastewater. Colored fiber products will meet the market demand for environmentally friendly products. This is also a trend that the fashion industry around the world (especially leading brands such as Nike, Adidas, Puma, H&M, Inditex) is aiming for to limit toxic chemical emissions into the environment. In addition, the Company has also researched and added special features to recycled fiber products (such as moisture absorption, high elasticity, etc.) to create added value for consumers and boost consumption of recycled fibers. The company is implementing Smart Factory for Trang Bang 3 factory. When applying this project, the factory controls the flow of goods in real time, from monitoring carts to controlling errors that arise when running the product. Artificial intelligence (AI) will analyze and learn the error type. Through this learning, AI will know what the error type is without needing a human to do it, thereby predicting upcoming error trends to help the factory intervene. Timely production will reduce the number of defective goods and indirectly save raw materials and energy.

Research and implement an energy monitoring project to monitor power consumption. Expected to save 3-5% of electricity consumption each year.

In terms of labor and society, with the motto of developing together, the Company advocates sharing benefits with employees through constantly improving remuneration, enhancing employee capacity and creating a safe and comfortable working environment for workers.

Century is always committed to transparency in the recruitment process and ensures a fair and transparent working environment for applicants, creating conditions for employees to develop.

Medium-Long Term goals 2024-2026

- The Company continues to expand its production scale with new factories (Unitex, Yarn-Textile-Garment Alliance project) to gain the advantage of scale.
- Implementing solar projects for Unitex factory (rooftop solar and DPPA).
- Focusing on development of **environmentally friendly yarns** (Recycle, Dope dye, Recycle Plus...) to meet the needs of domestic and export customers.
- Raising the proportion of environmentally friendly products in total output and sales revenue.
- Raising the proportion of recycled yarn in the total sales revenue of existing factories with the tentative target from **49.5%** in 2023 to **60%-70%** in 2026-2027.
- Reducing carbon footprint through reducing consumption of electrical energy at the plant.
- Adopting AI systems in production, deploying POC software - production control center in POY and DTY factories, helping to increase production efficiency and reduce waste.
- Applying automation technology in quality checking and packaging process.
- Researching and implementing an energy monitoring project to monitor total power consumption. The project is expected to save **3-5%** of electricity consumption each year.
- Conducting monitoring and measurement of the product's environmental impact (Life Cycle Assessment (LCA)).

Short-Term goals 2024

- Putting Phase 1 of Unitex factory (**36,000 tons/year**) into operation to optimize production capacity from the end of **Q3.2024**.
- Increasing the capacity of solar energy projects for 2 factories in Trang Bang and Cu Chi by signing a DPPA contract with a strategic partner for Trang Bang factory.
- Promoting and selling Recycled yarn products and improving product quality.
- The proportion of recycled yarn revenue on total revenue in 2024 is forecast to be **44.1% for Trang Bang and Cu Chi factories** and **62.4% for Unitex factory**.
- Pushing for research and development of new products with outstanding features such as recycled plus yarn, quick-dry (hygroscopic), CD yarn, soft package, AAA products.
- Developing new colors of dope-dyed yarn, environmentally friendly products.
- Thoroughly complying with production standards of **REACH 168, OEKO-TEX 100, GRS**, and standards of brands to protect the health of consumers.
- Diversifying more customer portfolios to reduce the risk of having to depend on a few customers.
- **Applying Smart Factory** to improve factory efficiency, helping reduce errors and reducing defective goods, thereby saving raw materials and energy.
- Applying an automatic packaging and quality control system helps shorten time compared to conventional packaging, significantly reducing the workforce required for packaging. It also overcomes risks of dirty yarn, abraded yarn, and human errors.

Evaluate the results of implementing the sustainable development strategy

Despite the unfavorable macroeconomic context in 2023, the Board of Management remains steadfast in its sustainable development strategy - as well as risk management to achieve the Company's set goals and bring benefits to its stakeholders.

ENVIRONMENT

- Increase the proportion of environmentally friendly products:
The proportion of recycled yarn has increased dramatically from 44% in the revenue structure in 2020 to 54% in 2022 and decreased slightly to 49.5% in 2023. The Company is aiming for a ratio of 60- 70% by 2026-2027 on existing factories; Since starting to produce recycled yarn until the end of 2023, the Company has indirectly reused about 4.6 billion PET plastic bottles thanks to the production of Recycled yarn, minimizing the impact on the environment, especially reducing the source of plastic bottle waste in the ocean.
The proportion of colored yarn has also increased from 0.2% of revenue (2021) to 0.9% (2022) and 8% in 2023.
- Recycle waste yarn into PET chips, reduce the consumption of plastic pellets from crude oil and gas, indirectly protecting the environment.
- Reusing POY paper tubes reduces the number of paper tubes by 2.2 million in 2023.
- Thanks to the water condensation system from the refrigeration system, clean water consumption in 2023 is reduced.
- No environmental violations occurred.

ECONOMY

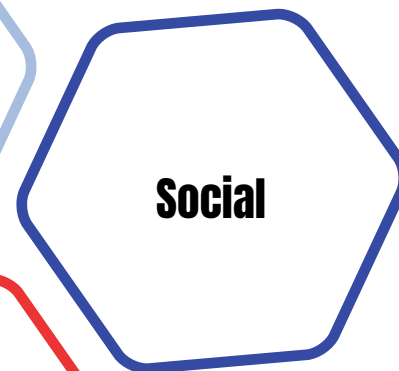
- Revenue reached VND1,425.1 billion.
- Profit after tax reached VND87.8 billion.
- Minimum average increase in quantity.
- Pay dividends to shareholders of at least 15%.
- Year-end bonus for employees: In 2023, due to the general difficult situation of Vietnam's textile and garment industry and STK was no exception, in 2023 the Company did not have a salary increase policy for employees. In addition, due to some workers with high seniority quitting their jobs, the average income of workers in 2023 decreased slightly by 0.6% compared to 2022.
- Give Tet gifts and building funds to help financially disadvantaged employees.
- Maintain reward policy for employees who complete assigned tasks well.

SOCIETY

- Complete tax obligations, pay 113.01 billion VND in taxes to the State budget in 2023.
- Comply with regulations of industrial parks, tax laws, regulations on import and export activities, regulations of the Enterprise Law, Securities Law...
- Directly and indirectly create many jobs for local workers through the Company's recruitment activities.

STK has chosen the base year of 2021 when there is sufficient data on the implementation plan and actual implementation of the economic, environmental and social criteria that the Company has set. Specific indicators for each criterion are as follows:

- The average rate of reusing of POY paper tubes
- The rate of using circulating water of the total amount of water used
- Target water consumption m³/kg of yarn
- Target electricity consumption Kw/kg yarn
- Increasing/decreasing the carbon footprint of electricity.
- The proportion of recycled yarn in total sales revenue

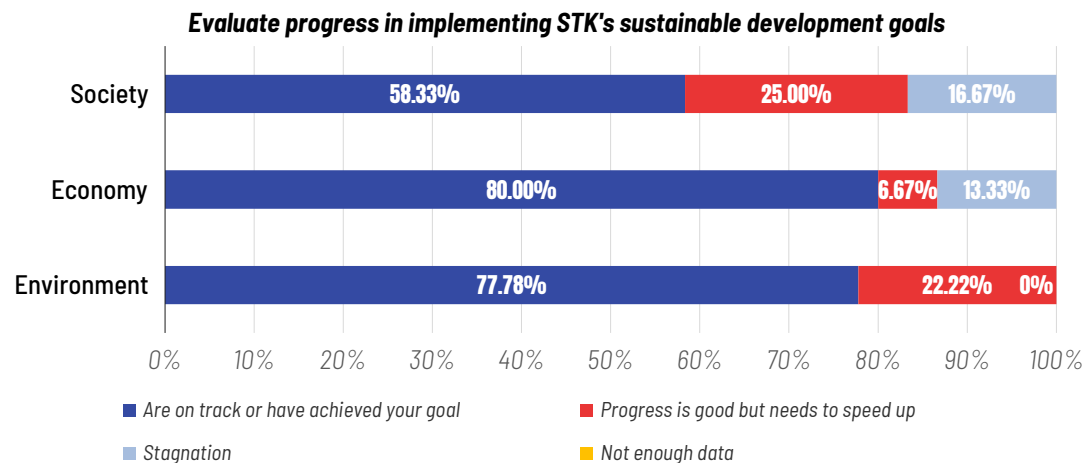


- Employee turnover rate
- Failed recruitment rate
- Meeting human resource needs
- Salary Budget Management

- Revenue
- Profit after tax
- Maintaining the average salary increase
- Paying a minimum dividend of 15%/par value.
- Year-end bonus of 1-month average salary for employees

EVALUATE PROGRESS IN IMPLEMENTING STK'S SUSTAINABLE DEVELOPMENT GOALS

STK has implemented its sustainable development goals well. The company's economic goals are still on track, with a performance rating of 80%, and environmental goals are still on track, with a 77.8% performance rating. However, the company's social goals need more appropriate strategies in the coming years so that the percentage of assessments on "on track" can increase. From 2021 to 2023, the portion of STK's social indicators, that were "on track" was 58.3%, while the portion of "fair progress, but the acceleration needed" was 25%, and "stagnation or regression" was 16.7%.



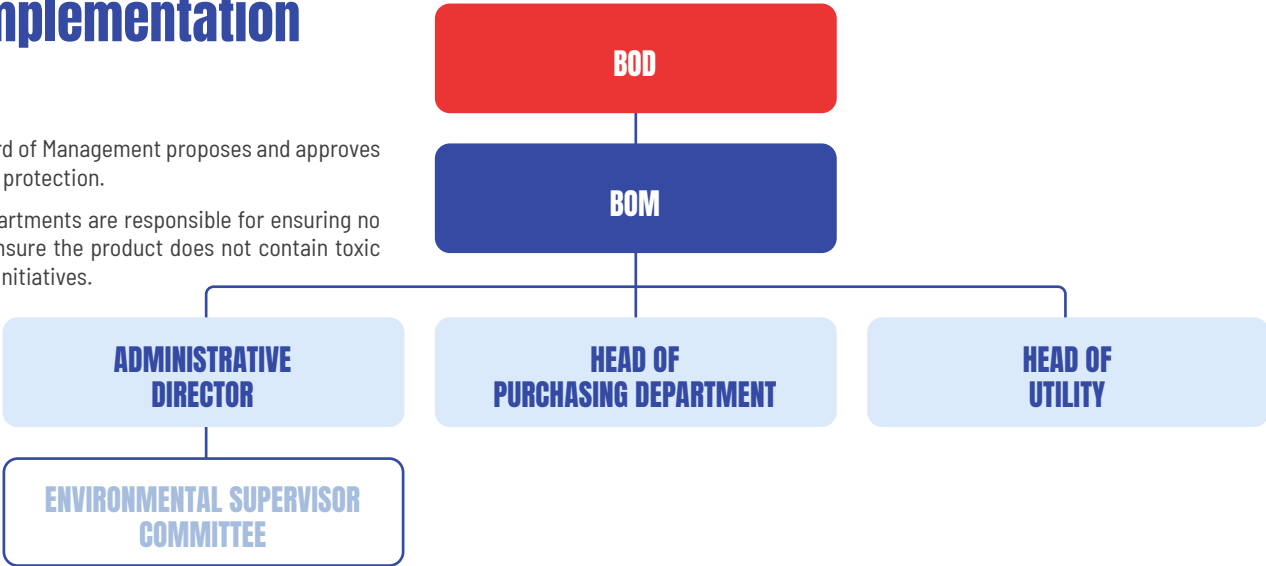
Responsibility for ensuring implementation of environmental policies

Under the direction and direction of the Board of Directors, the Board of Management proposes and approves policies and mechanisms to control compliance with environmental protection.

Middle managers (directors/heads of departments) of relevant departments are responsible for ensuring no environmental violations such as waste, wastewater, emissions; ensure the product does not contain toxic chemicals; Implement environmental protection and energy saving initiatives.

Information about the person responsible for policies and issues related to the environment

Name: Nguyen Phuong Chi
 Position: Chief Strategic Officer, Corporate Governance officer, Authorized person disclosing information
 Email: chinguyen@century.vn



Environmental impact report

ENVIRONMENTAL PROTECTION POLICY

Issue	General management measures	Specific management measures	Measured results	Possible consequences on the environment (*)
Concentration of dust	Establish targets and norms for each relevant unit; Responsible for weekly, monthly, quarterly, semi-annual and annual reporting to the General Director (the person most responsible for implementing environmental policies).	Periodic air quality measurement process.	Maximum allowable concentration value for non-silica dust.	Low
Noise		Periodic air quality testing procedures, equipped with noise-canceling buttons, and closed factory doors; health check for workers.		Medium
Greenhouse gas emissions		Reduce the use of DO oil, take measures to save electricity consumption, and use solar power.	Measure carbon footprint indirectly.	High
Wastewater & Waste		Daily check the domestic wastewater treatment system; classify and collect waste according to regulations; Apply measures to save clean water.	No violations occurred.	Medium

Raw materials consumption

Material classification	Types of Materials	Origin
Non-renewable materials	Polyester Chip	Korea, Taiwan, Japan...
	Oil	Taiwan, Japan, Germany
	Recycled Polyester Chip	China, Malaysia, Taiwan
Renewable materials	Paper tubes	Vietnam, Taiwan
	Pallet	Vietnam
	Carton Boxes	Vietnam

Percentage of recycled materials from direct production

$$= \frac{\text{Volume of PET chip recycled from waste yarn (kg)}}{\text{Total volume of input PET chip used (kg)}} \times 100 = \mathbf{6.5\%}$$

2019	2020	2021	2022	2023
1.6%	2.55%	6.85%	5.66%	6.5%

Thanks to recycling waste yarn into PET chips, the Company reduced the number of bought PET chips by 6.5% compared to 2023, contributing to reducing CO₂ emissions and plastic waste into the environment.

The percentage of (indirectly) recycled materials used

$$= \frac{\text{The volume of post-consumer recycled PET chip}}{\text{The total volume of PET chip consumption (kg)}} \times 100 = \mathbf{44.3\%}$$

2019	2020	2021	2022	2023
33%	35%	42.7%	41%	44.3%

By manufacturing recycled yarn, the Company replaced virgin PET chips with recycled PET chips, helping to prevent soil and water pollution. In 2023, the Company used 44.3% recycled PET chips of the total consumption.

In addition to the efficiency of using main raw materials, the Company has coordinated with reputable and quality partners to provide production of paper tubes with high quality. Therefore, the average current POY paper tubes after 1st time using could be reused more with 3.15 times, lessening the impact on the environment by reducing the number of paper tubes used in production.

In 2023, the number of used POY paper tubes is 682,817 tubes and on average 1 POY paper tube can be reused 3.15 times; Therefore, the reusing rate of materials (paper tubes) in 2023 is:

$$\begin{aligned} \text{The proportion of reuse} &= \frac{\text{Volume of reused material}}{\text{Total volume of material used in year}} \\ &= \frac{\text{Volume of POY tubes} \times \text{reusing time}}{\text{Volume of POY tubes} \times \text{reusing time} + \text{volume of DTY tubes} + \text{volume of FDY tubes}} \\ &= \frac{682,817 \times 3.15}{682,817 \times 3.15 + 11,215,901} = \mathbf{16\%} \end{aligned}$$

2019	2020	2021	2022	2023
23%	21%	22%	20%	16%

Initiatives to protect the environment from raw materials	Results
Increasing the output of recycled yarn has contributed to reducing the amount of primary plastic used, and minimizing waste (used plastic bottles) for the Earth.	The number of used plastic bottles indirectly recycled was 4.6 billion bottles by the end of 2023.
Recycling wasted yarn into PET chips for reuse during the production process.	The reuse rate was 6.5%.
Collect and reuse POY paper tube.	Number of reuses of paper tubes: 3.15 times, increasing the reuse rate of paper tubes (including POY, DTY and FDY) to 16%.

In 2024, the reuse rate of paper tubes is expected to reach 3.0. According to the POY production division, because POY is a semi-finished product for further production of DTY yarn and to control errors in the DTY production process, the number of times the paper tube is reused must be reduced. Because using paper tubes many times can cause dents or stains on the paper tubes and not meet the standards for the DTY division, reducing the rate of using paper tubes by three times ensures that the tube is not protruding during the winder process and does not affect the following stages.

Energy consumption

THE ENERGY CONSUMPTION AT THE COMPANY

Due to the nature of the industry, machines operate almost continuously 24/7 (except for maintenance time) to ensure efficiency. Therefore, the Company always focuses on saving electricity consumption to reduce greenhouse emissions to the environment.

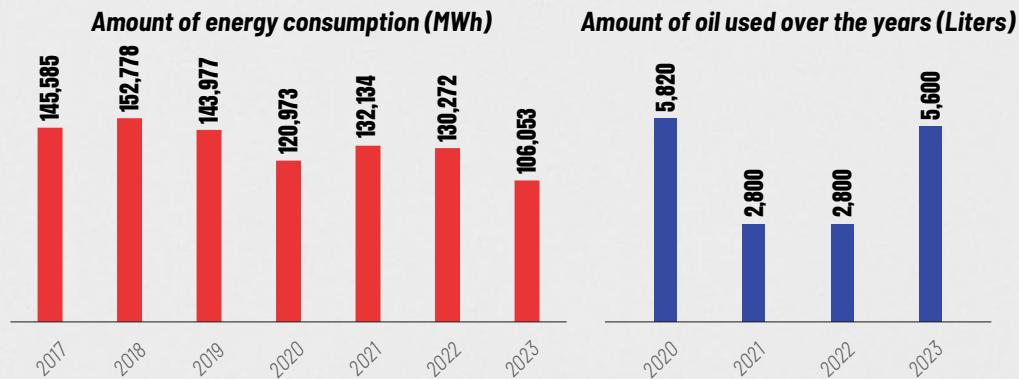
The Company only uses electricity and Diesel oil (DO) in its production activities. In there:

1

Non-renewable energy: DO and EVN electricity. The volume of DO used in 2023 was 4.48 tons, equivalent to 5,600 liters. DO is used for two primary purposes: to run the generator during a power outage and a small amount to charge the fire pump. The amount of electricity EVN used in 2023 was 99.2 million kWh.

2

Renewable energy: Solar power. The amount of solar power used in 2023 was 6.9 million kWh.



Energy sources	2023	Conversion factor to MJ	Mj
Total electricity consumption (Solar and EVN - Kwh)	106,052,949.46	3.6	381,790,618
Diesel oil (DO - Liters)	5,600	36,845	206,332,000

Total energy consumption at STK = Used volume of non-renewable energy + Used volume of renewable = 588.1 billion Kjoules.



Note:

<https://converlive.com/vi/u/chuy%E1%BB%83n%C4%91%E1%BB%95i/kilowattgi%E1%BB%9D/%C4%91%E1%BB%83/megajoules#83815848> (quy đổi 1Kwh sang Mj)

<https://veia.com.vn/he-so-chuyen-doi-don-vi-nang-luong-mj-cua-mot-so-nhien-lieu-pha-bien> (hệ số quy đổi 1 lít dầu DO sang MJ)

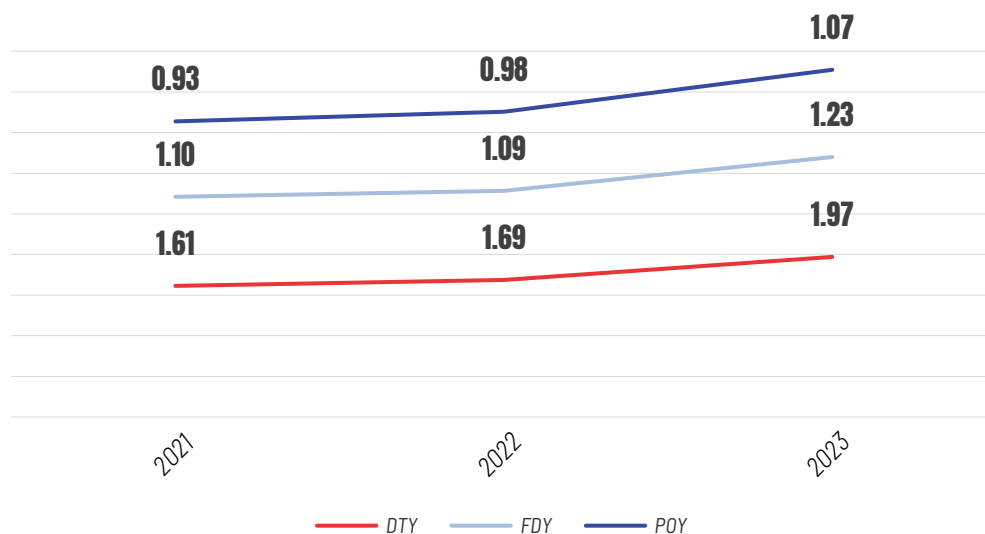
<https://converlive.com/vi/u/chuy%E1%BB%83n-%C4%91%E1%BB%95i/megajoules/%C4%91%E1%BB%83/kilojoules> (Quy đổi Mj sang Kj)

INTENSITY OF ENERGY USE

- The Company has 3 main types of yarn products: POY, DTY and FDY.
- The Company built a system to monitor and measure energy consumption (kwh) per product unit (kg).

In particular, electricity consumed for each product unit:

Electricity consumption per kilogram of yarn (kwh/kg of yarn)



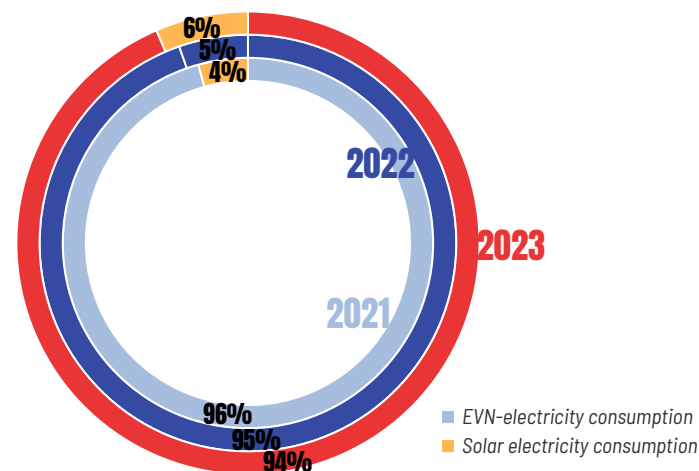
Note: Output has been converted to the standard denier for each type of yarn: DTY, FDY and POY

Total electricity consumption in 2023 decreased by 19% compared to 2022, mainly because the Company narrowed production of Cu Chi factory from Q3.2022 to the end of 2023, so the total amount of electricity used in 2023 was lower than in 2022. However, the electricity consumption per 1kg of yarn of DTY, POY, and FDY also increased by 16.8%, 10%, and 12.1%, respectively, over the same period, mainly because of the contraction of production, production output in 2023 decreased by 25% compared to the same period in 2022 while auxiliary systems such as compressed air and air conditioners still operated at 100% capacity. In addition, the Company has yet to achieve production efficiency according to the set quality KPIs and the production of more special yarns, leading to higher energy consumption.

USE RENEWABLE ENERGY SOURCES - SOLAR ENERGY

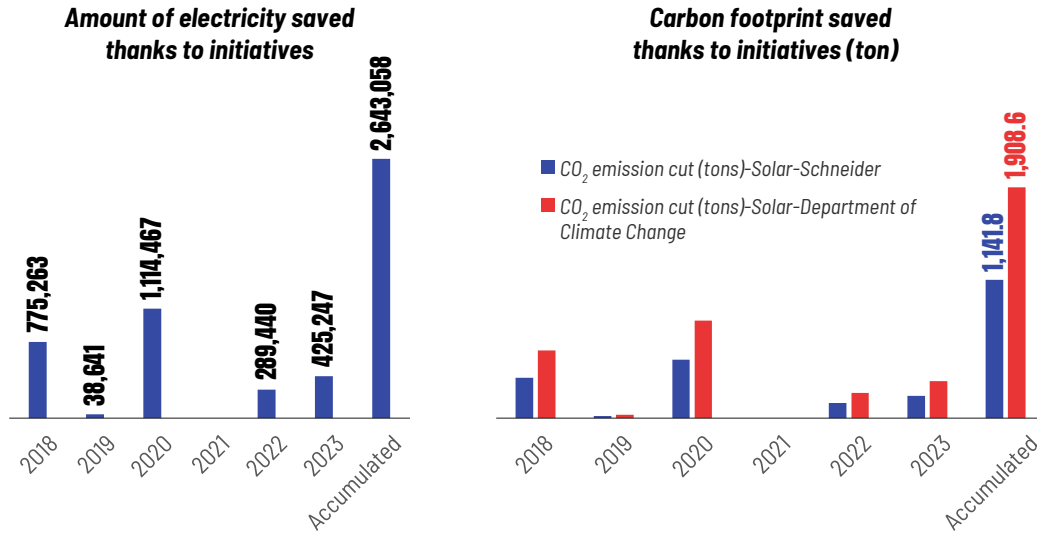
Rooftop solar power project at Cu Chi and Trang Bang factories with a capacity of 7.4 Mwp. The company has cooperated with a partner to deploy the installation of rooftop solar power systems for both Cu Chi and Trang Bang factories since 2020. In the near future, the Company plans to increase the proportion of using renewable energy through signing with strategic partners to deploy rooftop solar power projects at Unitex factory and DDPA projects at Trang Bang and Unitex factories.

Electricity consumption proportion in the period 2021-2023



AMOUNT OF ELECTRICITY SAVED FROM INITIATIVES

Since 2018, the company has continued to implement electricity-saving initiatives, such as installing inverters for the DTY engine's waste oil motor, the mist pump, and the air conditioner pump, fixing compressed air leaks, and adjusting the AC 1, 2, and 3 fan blades of Trang Bang factory... Thanks to electricity-saving initiatives, the cumulative carbon footprint reduction by 2023 was 1.14 thousand tons CO₂e according to Schneider's emission factor and 1.91 thousand tons CO₂e according to the Department of Climate Change's emission factor.



Note:

Emission coefficient calculated with Schneider Electric's Carbon Footprint data center: 0.432 tons CO₂/Mwh.

Emission coefficient calculated of Vietnam Department of Climate Change (Department of Climate Change-DCC): 0.6766 tons CO₂/Mwh.

POWER SAVING SOLUTIONS IN 2024

In 2024, the Company is going to implement the following measures to save electricity costs:

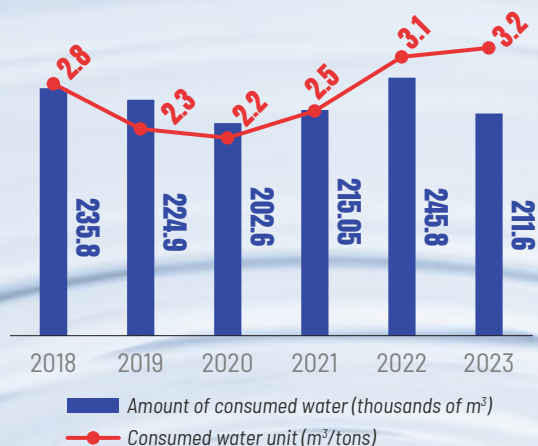
Solution	Efficiency
<ul style="list-style-type: none"> Install inverter for waste oil motor of DTY machine (3 machines). 	<ul style="list-style-type: none"> Expected saving of 89.5 million VND/year.
<ul style="list-style-type: none"> Aligning fan blades AC 1,2,3 for Trang Bang 2 factory. Installing inverter for exhaust fan motor, AC blower fan 1,2,3 	<ul style="list-style-type: none"> Expected saving of 787.8 million VND/year

Water consumption

At STK, water discharged by the central air condition system is collected and reused in the Chiller. Thanks to this system, STK saves 2,815 m³ of water per year.

Water consumed in the Company was provided and guaranteed for quality by the Industrial Zone Management.

In 2023, water consumption increased by 14% compared to 2022, mainly because the decrease in water consumption was much smaller than the decrease in output (production output decreased by 25% in 2023). Hence, the water consumption per kg of yarn in 2023 increased slightly by 3.2% compared to 2022 (0.031 m³ / kg yarn in 2022 and 0.032 m³ / kg yarn in 2023). In addition, the Company also continuously exerted to implement and improve water-saving plans used in production activities such as maintaining and reusing condensate water at AC cooling towers of Cu Chi and Trang Bang factories, helping the Company to save costs more than 21.65 million VND in 2023.



WATER SAVING INITIATIVES IN 2023

Solution	Efficiency
<ul style="list-style-type: none"> Recovering compressor discharge water 3,4 at Trang Bang 3 factor. Recovering condensate water from AC6 Cu Chi to the collection pond for reuse. 	<ul style="list-style-type: none"> Saving 3m³ /day and night equals saving 7,560,000 VND/year Saving 2m³ /day and night equals saving 6,534,000 VND/year.

Proportion of reclaimed and reused water 2023

$$= \frac{\text{Volume of reclaimed and reused water}}{\text{Total volume of used water at the Company}} \times 100 = \frac{6,571}{211,622} \times 100 = 3.1\%$$

2019	2020	2021	2022	2023
1.2%	1.2%	2.3%	2.7%	3.1%

Emissions

In fact, the Company has no emissions because it does not use boilers or coal in production activities.

Periodically, the Company conducts measurements at outdoor areas and production areas 3 times a month to have solutions to remedy emission pollution (if any) immediately.

In addition, the Company also submits to relevant authorities' environmental emission measurement reports every 6 months in accordance with the current law.

SOME MEASURES WHICH ARE CONDUCTED TO MINIMIZE EMISSION POLLUTION:

- Controlling the operation of vehicles in the Company such as: container trucks, trucks, forklifts, cars regarding emission. The Company stops using vehicles that generate excessive emissions.
- Reducing the use of gasoline and DO oil by using electrical vehicles.
- Regularly maintaining vehicles, machinery, equipment using gasoline and oil DO to minimize emissions pollution.

REDUCE GREENHOUSE GAS EMISSIONS THROUGHOUT THE COMPANY'S ENTIRE VALUE CHAIN

SCOPE 1 Direct

Greenhouse gas emissions from sources owned or controlled by the company

The Company does not own boilers, or use coal materials, to generate steam and produce greenhouse gases. The company only uses a small amount of DO oil to run the generator during power outages for that purpose and HFC-134A gas for the air conditioning system.

SCOPE 2 Indirect

Greenhouse gas emissions arise from electricity purchased by the company

The Company operates in the field of producing Poyester Filament fibers from PET plastic beads. The Company's factory only uses electric energy as the main source of energy to operate production machines.

SCOPE 3 Indirect

Greenhouse gas emissions from sources not directly owned or controlled by the company but related to the company's operations

The Company has increased its share of recycled plastic resins in recent years.

In late 2023 and early 2024, STK's Trang Bang factory cooperated with the World Wide Fund For Nature in Vietnam (WWF-Vietnam), and the Energy Conservation Research and Development Center (ENERTEAM) is the consulting partner in charge of implementing greenhouse gas inventory activities for the factory. This activity aims to promote sustainable energy solutions and reduce carbon emissions, aligning with the world's common goal of zero emissions in 2050. At the same time, ENERTEAM has proposed energy-saving solutions to reduce CO₂ emissions and a detailed roadmap for those solutions. These solutions contribute to minimizing climate change following Vietnam and world regulations.

With the actual field survey and data provided by the Company at the request of ENERTEAM. They have calculated the GHG emissions for Trang Bang factory in 2023 as follows:

Trang Bang Factory's Emissions in 2023

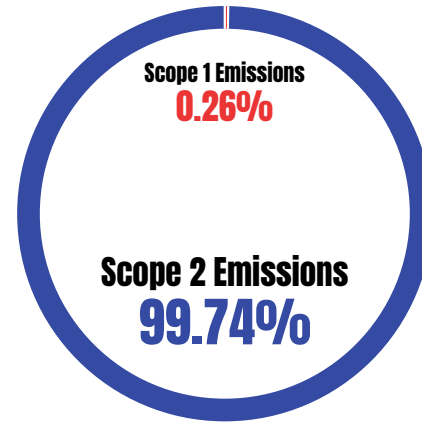
	The types of emissions	GHG emissions (tons CO ₂ e)				Total GHG emissions (tons CO ₂ e)	Proportion
		CO ₂	CH ₄	N ₂ O	HFCs		
1	Scope 1: Direct emissions	14.32	62.46	0.03	62.42	139.23	0.26%
1.1	Emissions from stationary combustion sources	13.38	0.02	0.03	-	13.43	0.03%
1.2	Emissions from waste-water treatment systems	-	62.45	-	-	62.45	0.12%
1.3	Emissions from the cooling systems	-	-	-	62.42	62.42	0.12%
1.4	Emissions from fire extinguishers	0.94	-	-	-	0.94	0.00%
2	Scope 2: Indirect emissions	52,765.40	-	-	-	52,765.40	99.74%
2.1	Emissions generated from purchased electricity	52,765.40	-	-	-	52,765.40	99.74%
Total		52,779.72	62.46	0.03	62.42	52,904.63	100.00%

Source: 2023 GHG inventory report for ENERTEAM's Trang Bang factory





Scope 1 and Scope 2 emissions proportion of Trang Bang factory in 2023



Cu Chi Factory's Emissions in 2023

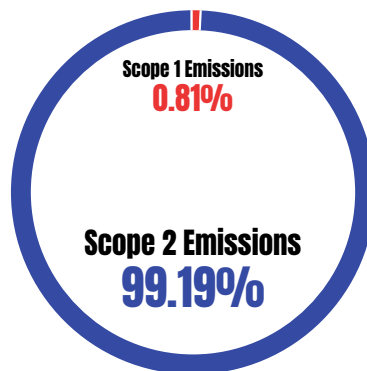
	The types of emissions	GHG emissions (tons CO ₂ e)				Total GHG emissions (tons CO ₂ e)	Proportion
		CO ₂	CH ₄	N ₂ O	HFCs		
1	Scope 1: Direct emissions	1.88	34.95	0.004	83.23	120.06	0.81%
1.1	Emissions from stationary combustion sources	1.606	0.002	0.004	-	1.61	0.01%
1.2	Emissions from waste-water treatment systems	-	34.95	-	-	34.95	0.24%
1.3	Emissions from the cooling systems	-	-	-	83.23	83.23	0.56%
1.4	Emissions from fire extinguishers	0.27	-	-	-	0.27	0.00%
2	Scope 2: Indirect emissions	14,712.55	-	-	-	14,712.55	99.19%
2.1	Emissions generated from purchased electricity	14,712.55	-	-	-		
	Total	14,714.43	34.952	0.004	83.23	14,832.62	100.00%

Source: STK calculated according to ENERTEAM methodology

Scope 1 and Scope 2 emissions proportion of Cu Chi factory in 2023

It can be seen that Scope 2 (emissions generated from consumed electricity) accounted for a high proportion of more than 99% of the GHG emissions of Trang Bang and Cu Chi factories.

Based on ENERTEAM's methodology of calculating GHG emissions for the Trang Bang factory in 2023, STK calculated the GHG emissions for Cu Chi and Trang Bang factories for four years from 2020 to 2023.



Cu Chi Factory's Scope 1 and Scope 2 Emissions

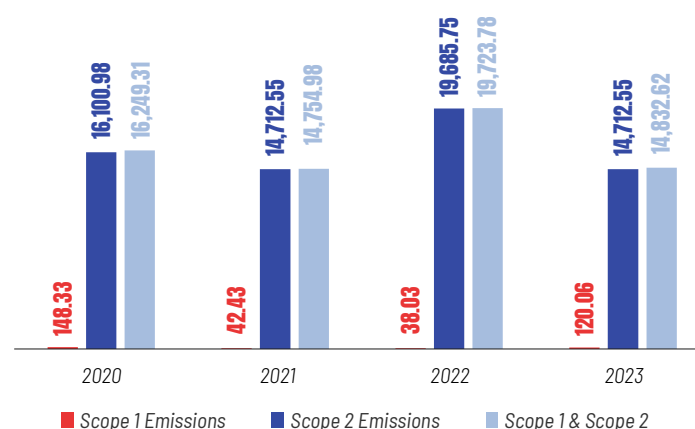
Cu Chi Factory's Emissions

Ton CO₂e

No	The types of emissions	2020	2021	2022	2023
1	Scope 1: Direct emissions	148.33	42.43	38.03	120.06
1.1	Emissions from stationary combustion sources	1.61	0.00	0.00	1.61
1.2	Emissions from waste-water treatment systems	42.40	42.16	37.76	34.95
1.3	Emissions from the cooling systems	104.04	0	0	83.232
1.4	Emissions from fire extinguishers	0.27	0.27	0.27	0.27
2	Scope 2: Indirect emissions	16,100.98	14,712.55	19,685.75	14,712.55
2.1	Emissions generated from purchased electricity	16,100.98	14,712.55	19,685.75	14,712.55
Total		16,249.31	14,754.98	19,723.78	14,832.62

Source: STK calculated according to ENERTEAM methodology

CU CHI FACTORY'S SCOPE 1 AND SCOPE 2 EMISSIONS (tons CO₂e)



Source: STK calculated according to ENERTEAM methodology

Trang Bang Factory's Scope 1 and Scope 2 Emissions

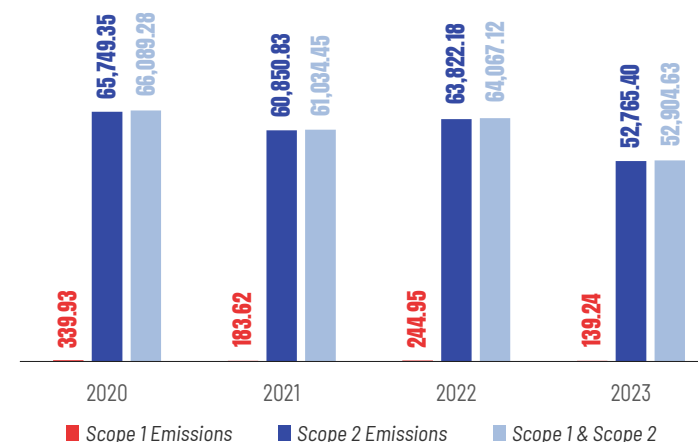
Trang Bang Factory's Emissions

Ton CO₂e

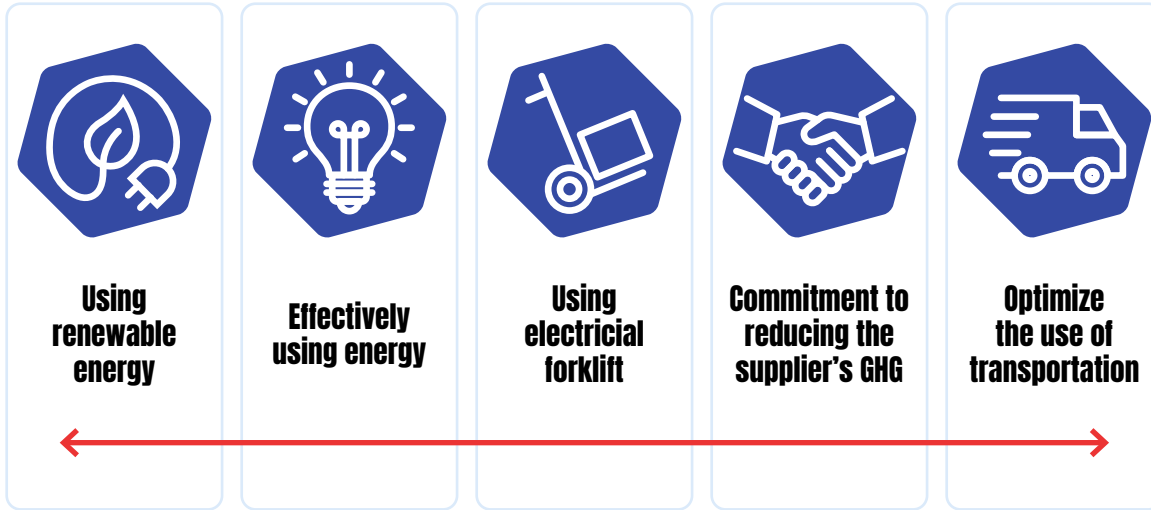
No	The types of emissions	2020	2021	2022	2023
1	Scope 1: Direct emissions	339.93	183.62	244.95	139.24
1.1	Emissions from stationary combustion sources	14.02	7.52	7.52	13.43
1.2	Emissions from waste-water treatment systems	75.28	71.12	70.02	62.45
1.3	Emissions from the cooling systems	249.70	104.04	166.46	62.42
1.4	Emissions from fire extinguishers	0.94	0.94	0.94	0.94
2	Scope 2: Indirect emissions	65,749.35	60,850.83	63,822.18	52,765.40
2.1	Emissions generated from purchased electricity	65,749.35	60,850.83	63,822.18	52,765.40
Total		66,089.28	61,034.45	64,067.12	52,904.63

Source: STK calculated according to ENERTEAM methodology

TRANG BANG FACTORY'S SCOPE 1 AND SCOPE 2 EMISSIONS (tons CO₂e)



ACTION PLAN TOWARDS THE GOAL OF REDUCING GREENHOUSE GASES EMISSIONS



Emission factor (Schneider Electric)

	Consumption 2021	CO ₂ emission facto, (Schneider Electric) ¹	Emission 2020	Emission 2021	Emission 2022	Emission 2023	% 2023/2022
Electricity	106.053 MWh/year	0,432 (tCO ₂ e/MWh)	52.260 (tCO ₂ e/year)	57.081 (tCO ₂ e/year)	56.545 (tCO ₂ e/year)	45.802 (tCO ₂ e/year)	-19%

Emission factor (Department of Climate change)

	Consumption 2021	CO ₂ emission facto, (Department of Climate Change)	Emission 2020	Emission 2021	Emission 2022	Emission 2023	% 2023/2022
Electricity	106.053 MWh/year	0,6766 (tCO ₂ e/MWh)	81,851 (tCO ₂ e/year)	89,402 (tCO ₂ e/year)	88,587 (tCO ₂ e/year)	71,756 (tCO ₂ e/year)	-19%

¹ Schneider Electric emission factor. (<https://www.se.com/ww/en/work/solutions/system/s1/data-center-and-network-systems/trade-off-tools/data-center-carbon-footprint-comparison-calculator/>)

INITIATIVES TO REDUCE CARBON FOOTPRINT GREENHOUSE GAS EMISSIONS

1. Through using renewable energy sources - solar energy

Rooftop solar project at Cu Chi and Trang Bang factories with a capacity of 7.4 Mwp. The company has cooperated with a partner to install rooftop solar power systems for both Cu Chi and Trang Bang factories since 2020. In the coming time, the Company plans to increase the proportion of renewable energy use by signing with a strategic partner to deploy rooftop solar power projects at Unitex factory and DDPA1 projects at Trang Bang and Unitex factories.

From the beginning of the project to the end of 2023	
Amount of CO ₂ (tons) reduced by the solar system	25,262
Electricity generated by solar system (Mwh)	18,870
From 2024 to the end of the project lifecycle	
Amount of CO ₂ (tons) reduced by the solar system	926,152
Electricity generated by the solar system (Mwh)	691,817
Amount of CO ₂ (tons) reduced by the solar system (DPPA TB)	2,259,099
Electricity generated by the solar system (Mwh)(DPPA TB)	1,687,500
Total CO₂ reduction:	
Amount of CO ₂ (tons) reduced by the solar system	3,185,252
Electricity generated by the solar system (Mwh)	2,379,317

Note: Emission factor of Indefol/Aurora is 1.3387 ton CO₂e/Mwh

2. Through lifting the targeted contribution of recycled yarn in total sales revenue by 2026-2027

The company aims to increase the proportion of consumption of environmentally friendly products- "Recycle yarn," from 49.5% in 2023 to 60%-70% in 2026-2027 in existing factories.

	2023	2026-2027
The proportion of Recycled yarn in total sales revenue	49.5%	60%-70%
The amount of CO ₂ (tons) can be reduced by using recycled materials - Recycle PET chips from post-consumer-used plastic bottles	20.35 million tons	around 123.05 million tons

Note: The emission coefficients of recycled PET chips and virgin PET chips are 0.5 tons CO₂e/ton of chips and 2.36 tons of CO₂e/ton of chips respectively according to STK's PET chip suppliers.

During the survey, ENERTEAM found that the Company has implemented many energy saving solutions and some good practices have been implemented by the company such as using energy efficient LED lights, using air compressors, refrigeration compressors, solar power, using inverters for motors, pumps, fans, using electric forklifts, highly automated production machinery and equipment...

In addition, ENERTEAM has made proposals to identify solutions to improve resource and energy utilization to reduce GHG emissions.

No	Solutions	Annually electricity saving (kWh)	Reduce GHG emissions				Saving (million VND/year)	Investment (Million VND)	Payback Period (Years)
			Scope 1 (tons CO ₂ e)	Scope 2 (tons CO ₂ e)	Total (tons CO ₂ e)	Emission reduction rate			
1	Using high-performance LED lights	63,878	-	43.2	43.2	0.08%	115	62	0.5
2	Replacing belt drive fans with direct drive fans	127,258	-	86.1	86.1	0.16%	228	Not much	Immediately
3	Installing inverters to control the oil suction fans	197,012	-	133.3	133.3	0.25%	354	45	0.1
4	Reducing the inlet temperature of the air compressor at TB 3&4	225,400	-	152.5	152.5	0.29%	405	0	Immediately
5	Using electromagnetic induction heating instead of resistance	296,609	-	200.7	200.7	0.38%	532	1,102	2.1
6	Installing inverter to control pump/fan in AC areas	1,490,603	-	1,008.5	1,008.5	1.91%	2,676	859	0.3
7	Energy efficient controls for cooling tower pumps and fans	595,143	-	402.7	402.7	0.76%	1,068	477	0.4
8	Building an energy management system	838,158	-	567.1	567.1	1.07%	1,504	532	0.4
9	Buying carbon credits or purchasing electricity from renewable energy electricity suppliers	-	-	13,329.0	13,329.0	25.19%	-	296	-
Total		3,834,061	-	15,923.1	15,923.1	30.10%	6,882	3,372	-
Savings rate/Emission reduction rate		4.57%	-	30.18%	30.10%	-	-	-	-

Source: 2023 GHG inventory report for Trang Bang factory by ENERTEAM

Effluent and waste

EFFLUENT

Century identifies the Company's wastewater from 2 sources: sanitary water and production wastewater (wastewater from sample dyeing room, inspection unit).

For wastewater management, the Company implements the following methods:

- Treat wastewater sources in accordance with current laws.
- To keep separate drainage systems for surface water runoff, sanitary waste water and industrial waste water which are connected to the with the drainage system, sewage of the Industrial zones.
- Regularly monitor wastewater quality parameters, ensure the wastewater quality indicators are in accordance to GRS standards.
- Make environmental monitoring reports to the relevant authorities about wastewater every 6 months in accordance with prevailing regulations.
- Measure the amount of wastewater discharged daily, and keep full records.
- Disclose volume and pay environmental protection fees for wastewater in full in accordance with current laws.
- The Company's wastewater comes from two primary sources: domestic wastewater from employees and production wastewater. In 2023, there was a contraction of production at the Cu Chi factory from Q3.2022 to the end of 2023; output decreased by 25% over the same period, indirectly reducing the Company's water usage from 245.8 thousand m³ in 2022 to 211.6 thousand m³ in 2023, equivalent to a decrease of 14%. In addition, the Company continued to maintain water-saving policies that reduce the amount of water used, leading to lower wastewater volume in 2023.

Annual statistics of effluent amount:

	Unit	2018	2019	2020	2021	2022	2023
Annual effluent amount	m ³	26,932	26,617	34,269	28,633	33,092	28,380

WASTE

2 types of solid wastes identified by the Company are hazardous waste and industrial waste. The Company has been taking measures to treat solid waste:

- **For domestic solid waste and non-hazardous industrial waste:**
 1. Collecting into the storage areas in accordance with procedures for waste classification and management;
 2. Transferring the waste to authorized entities for collection, transportation and treatment.
- **For hazardous waste:**
 1. Attaching hazardous warning signs;
 2. Setting up a separate storage for hazardous wastes;
 3. Transferring to authorized entities for collection, transportation and treatment

Waste types	Hazardous waste code	Quantity (kg)	Organizations and individuals receiving waste
TRANG BANG			
Fuel oil	170601	29,548	Sen Vang Environmental Company Limited
Metal waste rigid packaging	180103	196	
Plastic waste rigid packaging	180103	43,760	Moi Truong Xanh Vietnam Joint Stock Company
Membrane	070109	0	Tan Thien Nhien Environmental Joint Stock Company
Rubbish dust	180201	1,240	
Waste bulbs	160106	0	
Waste ink cartridges	080204	0	
Total quantity		74,690	
CU CHI			
Plastic waste rigid packaging	180103	7,620	Sen Vang Environmental Company Limited
Metal waste rigid packaging	180102	210	Moi Truong Xanh Vietnam Joint Stock Company
Waste oil	170601	2000	
Total quantity		8,830	

- At STK, solid wastes from production and operation activities are strictly collected, classified and monitored in accordance with the regulation of wastes classification of GRS 4.0 - waste management.
- The Company has signed contracts with waste collecting Companies, in which:
 - Collection, transportation and treatment of hazardous waste - Responsible Service: *Sen Vang Environmental Company Limited, Moi Truong Xanh Vietnam Joint Stock Company, and Tan Thien Nhien Environmental Joint Stock Company.*
 - Collecting, transporting and treating domestic and industrial solid waste - responsible Service: *Cuchi District Public Services Company Limited. and Hien Luong Garbage Collection One Member Limited Company.*
- The Company also makes the waste management report and submits it to the department of natural resources and environment of Ho Chi Minh city and Tay Ninh province.
- The Company registered as the hazardous waste owner with registration no.- QLCTNH79,002938, T (3rd issuance)

Environmental compliance

- As shown in the environmental measurement reports which are prepared quarterly (conducted 4 times/year) and the annual environmental impact assessment of STK, recorded measured environmental indicator are within the acceptable range in accordance with environmental laws.
- Violations of OSH, fire protection and environment occur when the state inspection team comes to inspect the Company: 0 times;
- The cases of violation of environmental regulations and laws: 0 cases.

ENVIRONMENTAL PROTECTION GOALS IN 2023

Collaborate with an independent entity to assess CO₂ emissions throughout the entire yarn production process (LCA);

The Company will work with Control Union to conduct a GRS certification audit for the recycling process of wasted yarn into rPET chips, to ensure that all recycling activities at the Company meet current international standards.



Green capital market

Recycled yarn

STK has been producing Recycled Yarn since 2016. In 2022, the proportion of recycled yarn on total sales revenue reached 52%. Through the production of recycled yarn, the Company has indirectly recycled 4.1 billion used bottles, contributing to environment protection from plastic bottle waste, which is one of the globe's alarming environmental problems.

Recycling the waste yarn from production processes

The Company has been utilizing a production line of 1,500 tons of recycled PET chip/ year, raising the Company's profitability and cutting the cost of input material through recycling waste yarn into PET chip and protecting the environment, which helps the Company to increase profit, reduce cost and emissions.

Dope dyed yarn

The Company continues to develop more dope dyed yarns in gray, black and navy blue, developing offers for customers in the domestic and export markets, which meets the market's need for environmentally friendly products. This is also a trend that the fashion industry around the world (especially leading brands such as Nike, Adidas, Puma, H&M, Inditex) is aiming to limit hazardous chemicals into the environment.

Solar project

The Company has cooperated with a partner to install rooftop solar power systems for both Cu Chi and Trang Bang factories from 2020.

Implementation of investment projects

Implementation of investment project of the Parent company

Yarn-Textile -Garment Alliance project

Yarn-Textile –Garment Alliance project

In 2021, STK made capital contribution to Dintsun Vietnam Ltd., to acquire land for construction and infrastructure developments for this project in Da Xay B Industrial Zone, Chau Thanh district, Soc Trang province. Da Xay B Industrial Zone is under construction.

Implementation of investment project of the Subsidiary Project “Unitex yarn factory”

Project overview:

- Maximum capacity: 60,000 tons/annum; including 02 phases
- Location: Lot A17.1 C1 Street, Thanh Thanh Cong Industrial Zone, An Hoa Commune, Trang Bang Town, Tay Ninh Province.
- Total area: 100,183 m²
- Main product: DTY yarn: Recycled, other high-value-added yarns.
- Overall construction volume up to Jan 2024: ~75% of POY system, ~50% of DTY system, automatic system <10%.
- Construction is expected to finish at the end of Q1.2024 and put into operation Phase 1 (36.000 tons) from Q3.2024.
- Total contributed capital at the subsidiary “Unitex Corporation” up to the end of 2023: VND522,000,000,000.





STOCK VIEW AND INVESTOR RELATION

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Stock overview

Stock name	SHARES OF CENTURY SYNTHETIC FIBER CORPORATION
Stock code	STK
Listed stock exchange	HOSE
Total trading sessions in 2023	249 sessions
Total matched volume	13,765,600 shares
Total matched value	455.13 VND bn.

STOCK TRADING PERFORMANCE IN 2023



Source: Fiiipro

HISTORY OF DIVIDEND PAYMENT

Time	Ratio
04/07/2023	Dividend in shares, ratio 15%
04/08/2022	Preferential sales, ratio 20%
22/04/2022	Cash dividend, ratio 15%
13/07/2021	Cash dividend, ratio 15%
16/07/2020	Cash dividend, ratio 15%
17/06/2019	Cash dividend, ratio 15%
24/04/2019	Preferential sales, ratio Dividend in shares, ratio 7%
28/03/2019	ESOP 0.1%
14/06/2018	Cash dividend, ratio 8%
24/07/2017	Dividend in shares, ratio 12%
30/06/2017	Cash dividend, ratio 3%
01/06/2016	Bonus in shares, ratio 5% Dividend in shares, ratio 10%
19/04/2016	Cash dividend, ratio 5%
03/11/2015	Bonus in shares, ratio 10%

Reasons to invest in STK

One of top filament yarn manufacturers

Stable financial status
Transparent governance policy

Value stock

Business strategy towards sustainable development

Book value

Share and shareholder structure

As at 31/12/2023, the number of shares of Century as below:

Registered Owner's Equity (VND)	966.369.240.000
Total number of listed shares	96.636.924
Total number of outstanding shares	94.095.274
Total number of treasury shares	2.541.650
Market capitalization	2.442 VND bn. (29/12/2023)
Abroad trade stock	0
Total number of free transferring shares	96.636.924
Total number of restricted transferring shares	0

SHAREHOLDERS STRUCTURE (FINALIZED ON 28/02/2023)

TYPES OF SHARES			
Type of share	Number of voting rights	Number of shares	Ratio
Common share	01 share: 01 voting right	94.095.274	97,4%
Preferred share		0	0,0%
Treasury shares		2.541.650	2,6%
Total		96.636.924	100,0%

MAJOR SHAREHOLDER LIST (OWNED ABOVE 5% OF COMPANY'S SHARES) AND MAJOR SHAREHOLDER'S TRANSACTIONS IN 2023

Shareholder names	Ownership type	Nationality	Beginning period		Ending period		Changes
			No. of owned shares	% ownership	No. of owned shares	% ownership	
Huong Viet JSC.	Organization	VN	16.965.111	20,11%	19.509.877	20,19%	0,08%
Mr. Dang Trieu Hoa	Individual	VN	11.699.240	13,87%	13.454.126	13,92%	0,05%
Mdm. Dang My Linh	Individual	VN	12.161.166	14,42%	13.985.340	14,47%	0,05%
Mr. Dang Huong Cuong	Individual	VN	5.981.235	7,09%	6.878.420	7,12%	0,03%
Total			46.806.752	55,48%	53.827.763	55,70%	0,22%

Type of shareholders				
	Number of shareholders	Ratio/Total number of shareholders	Total number of owned shares	Ownership share ratio
By ownership ratio				
Major	5	0,32%	53.827.763	55,70%
Minor	1.573	99,68%	42.809.161	44,30%
Total	1.578	100%	96.636.924	100%
By ownership entities				
State-owned	0	0%	0	0%
Others	1.578	100%	96.636.924	100%
Total	1.578	100%	96.636.924	100%
By geography				
Local	1.473	93,35%	79.994.605	82,78%
Individual	1.452	92,02%	57.061.140	59,05%
Institution	21	1,33%	22.933.465	23,73%
Foreign	105	6,65%	16.642.319	17,22%
Individual	74	4,69%	1.241.746	1,28%
Institution	31	1,96%	15.400.573	15,94%
Total	1.578	100%	96.636.924	100%
By individual or organization				
Organization	52	3,30%	38.334.038	39,7%
Local	21	1,33%	22.933.465	23,7%
Foreign	31	1,96%	15.400.573	15,9%
Individual	1.526	96,70%	58.302.886	60,3%
Local	1452	92,02%	57.061.140	59,0%
Foreign	74	4,69%	1.241.746	1,3%
Total	1.578	100%	96.636.924	100%

LIST OF INTERNAL PERSONS AND RELATED PERSONS

No.	Stock code	Full name	Position in listed company/Relation with internal persons (if any)	No. of owned shares	% ownership	Starting date as related person
1	STK	Dang My Linh	BOD chairwoman	13,985,340	14.47%	3/30/2023
1.01	STK	LIEN AN INVESTMENT AND TRADING CORPORATION	Related organization (CEO)			3/30/2023
1.02	STK	KHAI TIEN REAL ESTATE DEVELOPMENT CO., LTD	Related organization (CEO)			3/30/2023
1.03	STK	HUNG LOI SERVICE TRADING INVESTMENT COMPANY LIMITED	Related organization (Husband is CEO)			3/30/2023
1.04	STK	Dang Kim Hoa	Father			3/30/2023
1.05	STK	Trieu Hung Moi	Mother			3/30/2023
1.06	STK	Hua Minh Nghia	Father-in-law			3/30/2023
1.07	STK	Au Phung San	Mother-in-law			3/30/2023
1.08	STK	Hua Vi Hoa	Husband			3/30/2023
1.09	STK	Dang Thua Hien	Child			3/30/2023
1.1	STK	Dang Thua Khanh	Child			3/30/2023
1.11	STK	Dang Trieu Hoa	Vice-chairperson, Brother	13,454,126	13.92%	3/30/2023
1.12	STK	Dang Huong Cuong	BOD MEMBER, Brother/Sister	6,878,420	7.12%	3/30/2023
1.13	STK	Trinh Phung My	Sister-in-law			3/30/2023
1.14	STK	Dang Vicky	Sister-in-law			3/30/2023
2	STK	Dang Trieu Hoa	Vice-chairperson, CEO	13,454,126	13.92%	3/30/2023
2.01	STK	Dang Kim Hoa	Father			3/30/2023
2.02	STK	Trieu Hung Moi	Mother			3/30/2023
2.03	STK	Trinh Phung My	Wife			3/30/2023
2.04	STK	Dang Gia Han	Child			3/30/2023
2.05	STK	Dang Gia Doanh	Child			3/30/2023
2.06	STK	Dang Gia Hue	Child			3/30/2023
2.07	STK	Dang My Linh	BOD chairwoman, Brother/Sister	13,985,340	14.47%	3/30/2023
2.08	STK	Dang Huong Cuong	BOD MEMBER, Brother/Sister	6,878,420	7.12%	3/30/2023
2.09	STK	Hua Vi Hoa	Brother/Sister-in-law			3/30/2023
2.1	STK	Dang Vicky	Sister-in-law			3/30/2023

No.	Stock code	Full name	Position in listed company/Relation with internal persons (if any)	No. of owned shares	% ownership	Starting date as related person
3	STK	Dang Huong Cuong	BOD MEMBER	6,878,420	7.12%	3/30/2023
3.01	STK	P.A.N Asia Co., Ltd.	Related organization (CEO)			3/30/2023
3.02	STK	Dang Kim Hoa	Father			3/30/2023
3.03	STK	Trieu Hung Moi	Mother			3/30/2023
3.04	STK	Dang Vicky	Wife			3/30/2023
3.05	STK	Trinh Hoai Thanh	Father-in-law			3/30/2023
3.06	STK	Trinh Anh To	Mother-in-law			3/30/2023
3.07	STK	Dang Tiffany	Child			3/30/2023
3.08	STK	Dang Christina	Child			3/30/2023
3.09	STK	Dang Bryan	Child			3/30/2023
3.1	STK	Dang Trieu Hoa	Vice-chairperson, CEO, Brother	13,454,126	13.92%	3/30/2023
3.11	STK	Dang My Linh	BOD chairwoman, Sister	13,985,340	14.47%	3/30/2023
3.12	STK	Hua Vi Hoa	Brother-in-law			3/30/2023
3.13	STK	Trinh Phung My	Sister-in-law			3/30/2023
4	STK	Cao Thi Que Anh	BOD MEMBER			3/30/2023
4.01	STK	GREENFOOD JOINT STOCK COMPANY	Related organization (CEO)	686268	0.71%	3/30/2023
4.02	STK	Cao Xuan Uy	Father			3/30/2023
4.03	STK	Nguyen Thi Dan Que	Mother			3/30/2023
4.04	STK	Trinh Van Tru	Father-in-law			3/30/2023
4.05	STK	Tran Thi Loc	Mother-in-law			3/30/2023
4.06	STK	Trinh Van Tuan	Husband			3/30/2023
4.07	STK	Trinh Thi Mai Anh	Child			3/30/2023
4.08	STK	Trinh Mai Linh	Child			3/30/2023
4.09	STK	Trinh Mai Phuong – Paula	Child			3/30/2023
4.1	STK	Trinh Mai Van	Child			3/30/2023
4.11	STK	Cao Que Lam	Brother/Sister			3/30/2023

No.	Stock code	Full name	Position in listed company/Relation with internal persons (if any)	No. of owned shares	% ownership	Starting date as related person
4.12	STK	Cao Que Phong	Brother/Sister			3/30/2023
4.13	STK	Cao Que Son	Brother/Sister			3/30/2023
4.14	STK	Bui Thi Thu Ha	Sister-in-law			3/30/2023
4.15	STK	Dao Mai Huong	Sister-in-law			3/30/2023
4.16	STK	Nguyen Thi Thu Trang	Sister-in-law			3/30/2023
5	STK	Vo Quang Long	BOD MEMBER	5	0.00%	3/30/2023
5.01	STK	HUONG VIET INVESTMENT CONSULTANT CORPORATION	Related organization (CEO)	19,509,877	20.19%	3/30/2023
5.02	STK	Vo Quang Trung	Father			3/30/2023
5.03	STK	Nguyen Thi Luu Hue	Mother			3/30/2023
5.04	STK	Vo Thi Thanh Giang	Wife			3/30/2023
5.05	STK	Vo Quang Da	Father-in-law			3/30/2023
5.06	STK	Nguyen Thi Bich Thuy	Mother-in-law			3/30/2023
5.07	STK	Vo Quang Tri	Child			3/30/2023
5.08	STK	Vo Quang Nhan	Child			3/30/2023
5.09	STK	Vo Thi Kim Loan	Sister			3/30/2023
5.1	STK	Nguyen Anh Tuan	Brother-in-law			3/30/2023
5.11	STK	Vo Thi Kim Nhut	Sister			3/30/2023
5.12	STK	Nguyen Van Sy	Brother-in-law			3/30/2023
5.13	STK	Vo Thi Minh Chau	Sister			3/30/2023
5.14	STK	Vo Thi Kim Chau	Sister			3/30/2023
5.15	STK	Vo Thi Minh Hieu	Sister			3/30/2023
5.16	STK	Chau Tan Thi	Brother-in-law			3/30/2023
5.17	STK	Vo Quang Khai	Brother			3/30/2023
5.18	STK	Tong Thi My Dung	Sister-in-law			3/30/2023
5.19	STK	Vo Quang Phu	Brother			3/30/2023
5.2	STK	Vo Thi My Lien	Sister-in-law			3/30/2023

No.	Stock code	Full name	Position in listed company/Relation with internal persons (if any)	No. of owned shares	% ownership	Starting date as related person
5.21	STK	Vo Quang Quy	Brother			3/30/2023
5.22	STK	Nguyen Thi Thanh Tam	Sister-in-law			3/30/2023
5.23	STK	Vo Quang Thang	Brother			3/30/2023
5.24	STK	Nguyen Thi Bich Hanh	Sister-in-law			3/30/2023
5.25	STK	Vo Quang Tri	Brother/Sister			3/30/2023
5.26	STK	Ly Nhu Quynh	Sister-in-law			3/30/2023
6	STK	Chen Che Jen	BOD MEMBER			3/30/2023
6.02	STK	Chen Lan Chao	Mother			3/30/2023
6.03	STK	Chang Feng Ying	Wife			3/30/2023
6.04	STK	Chen Ju Fang	Child			3/30/2023
6.05	STK	Chen Chih Yu	Child			3/30/2023
6.06	STK	Chen Huang Jen	Brother			3/30/2023
7	STK	Nguyen Quoc Huong	BOD MEMBER			3/30/2023
7.01	STK	Nguyen Manh Khoi	Father			3/30/2023
7.02	STK	Le Thi Thoa	Mother			3/30/2023
7.05	STK	Nguyen Le Quoc Anh	Child			3/30/2023
7.06	STK	Nguyen Tran Nhu Y	Child			3/30/2023
7.07	STK	Nguyen Vinh Quang	Brother			3/30/2023
7.08	STK	Nguyen Manh Ha	Brother			3/30/2023
7.09	STK	Nguyen Minh Hai	Brother			3/30/2023
7.12	STK	Phan Thi Thu Hien	Sister-in-law			3/30/2023
7.13	STK	Nguyen Xuan Yen	Sister-in-law			3/30/2023
8	STK	Nguyen Tu Luc	HEAD OF BOS			3/30/2023
8.01	STK	Nguyen Van Pha	Father			3/30/2023
8.02	STK	Nguyen Thi Con	Mother			3/30/2023
8.03	STK	Nguyen Van Au	Father-in-law			3/30/2023

No.	Stock code	Full name	Position in listed company/Relation with internal persons (if any)	No. of owned shares	% ownership	Starting date as related person
8.04	STK	Nguyen Thi Que	Mother-in-law			3/30/2023
8.05	STK	Nguyen Kim Sang	Wife			3/30/2023
8.06	STK	Nguyen Minh Luong	Brother			3/30/2023
8.07	STK	Nguyen Hoa Hiep	Sister			3/30/2023
8.08	STK	Nguyen Thi Thu Thuy	Brother/Sister			3/30/2023
8.09	STK	Nguyen Thi Thu Hang	Brother/Sister			3/30/2023
8.1	STK	Tran Bach Tuyet	Sister-in-law			3/30/2023
8.11	STK	Daniel Dupree	Brother-in-law			3/30/2023
8.12	STK	Phan Hong Thai	Brother/Sister-in-law			3/30/2023
8.13	STK	Nguyen Duc Tuan	Brother/Sister-in-law			3/30/2023
8.14	STK	Nguyen Kim Phung	Sister-in-law			3/30/2023
8.15	STK	Nguyen Huu Phu	Brother/Sister-in-law			3/30/2023
8.16	STK	Nguyen Ngoc Nhu Y	Child			3/30/2023
8.17	STK	Nguyen Thanh Long	Son-in-law			3/30/2023
8.18	STK	Nguyen Tu Cuong	Child			3/30/2023
9	STK	Ha Kiet Tran	BOS MEMBER			3/30/2023
9.01	STK	Ha Nghiep Tu	Father			3/30/2023
9.02	STK	Dang Tu Phuong	Mother			3/30/2023
9.03	STK	Ha Kiet Thuan	Brother/Sister			3/30/2023
10	STK	Dinh Ngoc Hoa	BOS MEMBER	9	0.00%	3/30/2023
10.01	STK	Dinh Van Tieu	Father			3/30/2023
10.02	STK	Vo Thi So	Mother			3/30/2023
10.03	STK	Pham Van Tu	Husband			3/30/2023
10.04	STK	Dinh Van Sen	Brother/Sister			3/30/2023
10.05	STK	Dinh Van Thuan	Brother/Sister			3/30/2023
10.06	STK	Dinh Van Loi	Brother/Sister			3/30/2023

No.	Stock code	Full name	Position in listed company/Relation with internal persons (if any)	No. of owned shares	% ownership	Starting date as related person
10.07	STK	Pham Thao Ly	Child			3/30/2023
10.08	STK	Pham Gia Nguyen	Child			3/30/2023
10.09	STK	Thi Gai	Sister-in-law			3/30/2023
10.1	STK	Le Phuong Bao Giang	Sister-in-law			3/30/2023
10.11	STK	Pham Van Tieng	Father-in-law			
10.12	STK	Phan Thi Um	Mother-in-law			
11	STK	Phan Nhu Bich	Chief Finance Officer, Chief accountant	82.036	0.08%	10/26/2016
11.01	STK	Phan Van Dong	Father			10/26/2016
11.02	STK	Nguyen Thi Thu	Mother			10/26/2016
11.03	STK	Ngo Van Ne	Father-in-law			10/26/2016
11.04	STK	Ha Thi Hanh	Mother-in-law			10/26/2016
11.05	STK	Ngo Thuy Nhung	Wife			10/26/2016
11.06	STK	Phan Tay Thy	Child			10/26/2016
11.07	STK	Phan Ngoc Han	Child			10/26/2016
11.08	STK	Phan Thanh Vu	Brother			10/26/2016
11.09	STK	Phan Thanh Trang	Brother			10/26/2016
11.1	STK	Phan Thanh Trung	Brother/Sister			10/26/2016
11.11	STK	Phan Thanh Cang	Brother/Sister			10/26/2016
11.12	STK	Phan Thi Thu Sang	Brother/Sister			10/26/2016
11.13	STK	Phan Thi Kieu Oanh	Sister-in-law			10/26/2016
11.14	STK	Hoang Thi Dong Trang	Sister-in-law			10/26/2016
11.15	STK	Nguyen Quang Duc	Brother/Sister-in-law			10/26/2016

No.	Stock code	Full name	Position in listed company/Relation with internal persons (if any)	No. of owned shares	% ownership	Starting date as related person
12	STK	Nguyen Phuong Chi	Authorised information disclosure person, Person in charge of corporate governance, Chief Strategy Officer	13.882	0.01%	10/9/2019
12.01	STK	Nguyen Van Vinh	Father			10/9/2019
12.02	STK	Nguyen Thi Phuong	Mother			10/9/2019
12.03	STK	Nguyen Vinh Quang	Brother			10/9/2019
12.04	STK	Nguyen Phuc An	Child			10/9/2019

Transactions by internal persons and related persons on shares of the Company in 2023

None.

Treasury stock trading

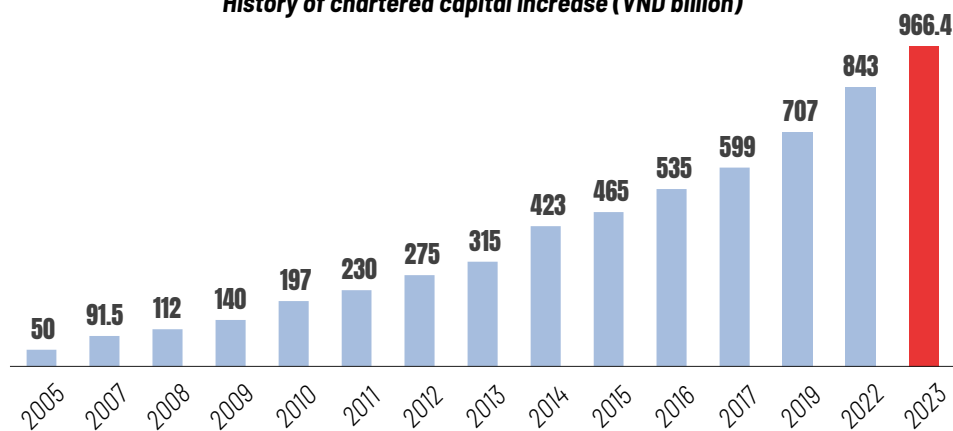
None.

Other stock trading

None.

History of chartered capital increase and change in owner's equity

History of chartered capital increase (VND billion)



Issuance time	Subjects released	Capital increase (VND bn.)	Charter capital after release (VND bn.)
05/2005	Equitization: initial chartered capital	-	50
05/2007	Founding partners; Workers	15	65
09/2007	Existing shareholders; Strategic partnership	26,5	91,5
01/2008	Strategic partnership	8,5	100
12/2008	Existing shareholders (bonus shares: 12%)	12	112
11/2009	Existing shareholder (additional issuance: 25%)	28	140
01/2010	Strategic partnership (Issued separately)	40	180
09/2010	Existing shareholders (bonus shares: 10%)	17,3	197,3

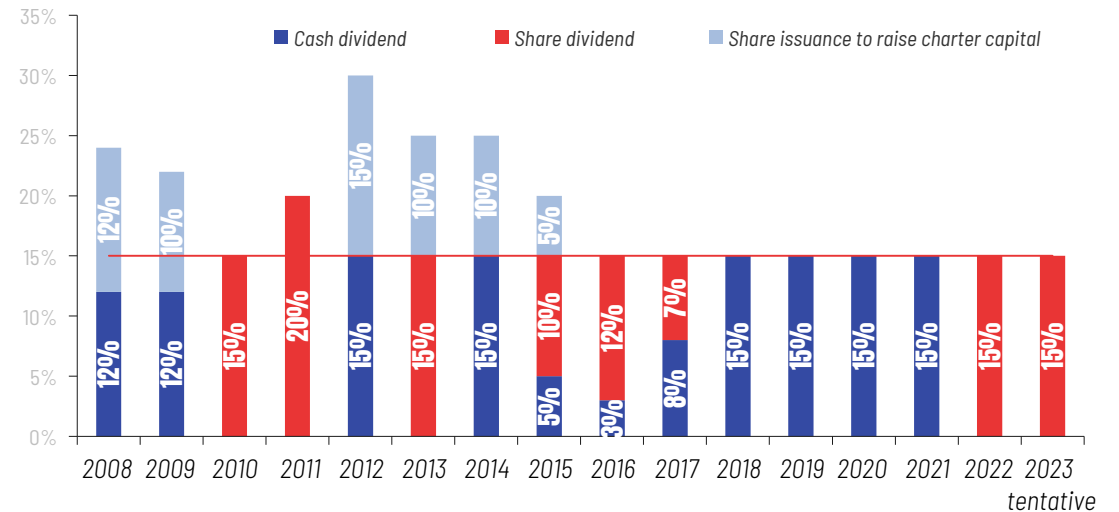
Issuance time	Subjects released	Capital increase (VND bn.)	Charter capital after release (VND bn.)
06~07/2011	Existing shareholders (stock dividends: 15%); employees (ESOP 2010)	32,6	229,9
05/2012	Existing shareholders (stock dividends: 20%)	45	274,9
06/2013	Existing shareholders (issued shares to increase equity from ownership equity: 15%)	40,5	315,4
06/2014	Existing shareholders (- stock dividends: 15%) (-Issues shares to increase equity from ownership equity: 10%)	77,6	393,1
12/2014	Auction to the public	30,0	423,1
12/2015	Existing shareholders (-Issues shares to increase equity from ownership equity: 10%)	42,3	465,4
06/2016	Existing shareholders (- stock dividends: 10%) (-Issues shares to increase equity from ownership equity: 05%)	69,8	535,2
09/2017	Existing shareholders (- stock dividends: 12%)	64,2	599,4
05/2019	Existing shareholders (-stock dividends: 7%) (- public offering: 10%) (- ESOP: 0.1%)	107,9	707,3
09/2022	Existing shareholders (-public offering: 20%)	136,3	843,6
04/07/2023	Existing shareholders (- stock dividends: 15%)	122,7	996,4

Changes in owner's equity

In 2023, the Company issued shares to pay FY2022 dividend

1. Share name: Century Synthetic Fiber Corporation
2. Type of shares: Common share
3. Number of shares before issuance: 84.363.825 shares
 - Number of outstanding shares: 81.822.175 shares
 - Number of treasury shares: 2.541.650 shares.
4. Number of distributed shares: 12.273.099 shares
5. Dividend rate: 15%/par value, equivalent to 100:15.
6. Issuance source: Undistributed profit after tax in 2023 consolidated financial statement audited by E&Y Vietnam.
7. Number of shares after issuance: 96.636.924 shares. In which:
 - Number of outstanding shares: 94.095.274 shares
 - Number of treasury shares: 2.541.650 shares
8. After this issuance to pay dividend on Jul 05, 2023, the Company's chartered capital increased from VND843,638,250,000 up to VND966,369,240,000.

Dividend policy



The Company maintains a regular dividend policy and minimum dividend rate of 15% over par value for shareholders. Depending on business results and annual investment plan, dividends can be paid in cash or in shares this proportion can be more than 15% but not lower than 15%.

In 2023, the Company paid dividends for fiscal year 2023 in shares with 15% par value.

Investor relations activities

2023 Annual General Shareholders' meeting

In addition to the main goal of submitting to the General Meeting of Shareholders the orientations and operating plans for the year, this is an opportunity for the Board of Directors and Board of Management to listen and discuss directly with shareholders, thereby coming up with a plan to meet expectations of shareholders.

- Held the 2023 Annual General Meeting of Shareholders on March 30, 2023.
- Complete information disclosure on time as required on documents for the General Meeting of Shareholders, Resolutions and Resolutions approved by the General Meeting of Shareholders after the General Meeting of Shareholders....



Articles and analytical reports

Every quarter, the Company releases "IR Newsletter" to update the situation of the textile industry and fiber sub-sector to shareholders and investors.

- Announced:
 - 32nd IR newsletter issue (in January);
 - 33rd IR newsletter issue 33 (in April);
 - 34th IR newsletter issue 34 (in July);
 - 35th IR newsletter issue 35 (in October).

In addition, the IR team also provides information for analysts and press agencies to write articles on mass media.

Electronic newspapers: support writing articles on electronic and print newspapers: Securities Investment Newspaper, Vietstock, Cafef, Vietnambiz newspaper, Investment Newspaper, NDH.



Investor relations activities *(continued)*

Earnings call

The IR team also regularly organizes tours of the Company for investors; in-person and online meetings.

The Company also periodically connects with securities companies to hold meetings to announce quarterly business results (Earnings calls) to answer investors' questions in the most timely and complete manner.

- Organizing STK Earnings calls with funds/investors to update information quarterly, and attend Earnings calls of securities companies such as HSC, Rong Viet, SSI.
- Organizing Earnings call with Rong Viet securities Q4.2022 - February 02, 2023.
- Organizing Earning Calls with HSC on February 03, 2023.
- Organizing with HSC-Earning Call Q1/2023 on May 4, 2023, updating industry and market data for investors.
- Participating in HSC's EMERGING VIETNAM 2023 Investor Conference on June 15, 2023.
- Organizing Earnings call with HSC Q2.2023 on July 31, 2023.
- Organizing Earnings call Q2.2023 with RONG VIET on August 1, 2023.
- Organizing STK Earnings call on August 4, 2023.
- Coordinating with HSC to organize Q3.2023 earnings call on October 30, 2023.
- Coordinating with SSI to organize Q3.2023 earnings call on November 1, 2023.
- Meeting with domestic and foreign investment funds, factory tour: 08 times (VinaCapital, Vietcap, Bao Viet Securities, ...).

The Company's website update

- Information disclosure activities and news related to the industry and the Company are quickly updated in the Investor Relations Section on the Company's Website in both Vietnamese and English; ensuring accurate, transparent and timely information to investors.
- Continuously update and adjust images, Company information, industry information, recruitment information, financial information, and information disclosure on the website.

Information disclosure

- Information on the website has been updated.
- Implement full information disclosure pursuant to regulations of the State Securities Commission and HOSE.





CORPORATE GOVERNANCE

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Corporate governance principles

Century has promulgated Internal Regulations of Corporate Governance, Operating Regulations of the Board of Directors and the Board of Supervisors, aiming to improve the quality of Corporate Governance towards sustainable development, building the Company's prestige and trust among stakeholders such as authorities, investors, partners, suppliers, customers, employees...

Corporate governance model

STK is organized and operated according to a corporate governance model as stipulated in Article 137.1.a of the Law on Enterprise No. 59/2020/QH14 issued on June 17th 2020. Accordingly, the organizational, management and control structure of the Company is comprised of General Shareholder Meeting ("GSM"), Board of Directors ("BOD"), Board of Supervisors ("BOS"), Managing Director ("MD"), Board of Management, functional divisions and departments.

In STK, the GSM has the highest authority. Annual GSM is organized once a year. Matters to be passed by GSM are stipulated in Article 14 of the Company's Charters and provisions of prevailing regulations.

The BOD is the governance authority at the Company. Rights and obligations of the BOD is stipulated in Article 25 of the Company's Charter. The BOD is responsible to implement and supervise the implementation of the GSM's resolutions and responsible before the GSM for the Company's operations.

The BOS is elected with the functions to present the GSM to supervise all of the Company's business activities. The rights and responsibility of the BOS (including supervising the BOD and the MD, requesting the BOD and the MD to explain on the Company's financial standings) are stipulated in Article 36 of the Company's Charter. The Company's BOS comprise of 3 members with 5-year tenure.

The MD is appointed by the Board of Directors with 5-year tenure. The rights and responsibility of the MD are stipulated in Article 30 of the Company's Charter.

The Board of Management comprising of 4 members shall support the MD in managing the Company's operations.

Please see the [Organizational Structure](#) section on page 28 of the [2023 Annual Report](#).

CHANGE OF BOARD OF DIRECTORS PERSONNEL

In 2023, there were no changes in Board of Directors personnel.



Board of Directors of the Company

Mdm. Dang My Linh (52 years old)

Education level: Master

Qualification: Business Administration

History of career:

Company	Title
1993-1999 Worldtex Enterprise Co., Ltd	MD assistant
2000-2020 Century Corp	BOD member
2001-now Liantex LTD.	MD
Khai Tien Real Estate Development	Chairperson
2020-now Century Corp	Chairperson

Date of appointment: 14/02/2020



Mr. Dang Trieu Hoa (55 years old)

Education level: Bachelor

Qualification: Business Administration

History of career:

Company	Title
1991 - 1995 Viet Phu Trading and Service Company LTD.	MD
1995 - 2000 Hoan A Trading and Service Company LTD.	MD
2000 - 02/2020 Century Corp.	Chairman cum MD
02/2020 - now Century Corp.	Vice chairman cum MD

Date of appointment: 14/02/2020



Mr. Dang Huong Cuong (48 years old)

Education level: Bachelor

Qualification: Business Administration

History of career:

Company	Title
2004-now P.A.N Asia LTD.	Director
2005-now Century Corp.	BOD member

Date of appointment: 2005



Mdm. Cao Thi Que Anh (58 years old)

Education level: Master

Qualification: Food technology

History of career:

Company	Title
1991-2008	Self-employment
2008 - now Green Food JSC	MD
2009-2012 International Securities JSC.	Chairman
2015-now Century Corp.	BOD member

Date of appointment: 2015



Board of Directors of the Company *(continued)*

Mr. Vo Quang Long *(46 years old)*

Education level: Master

Qualification: Business Administration

History of career:

	Company	Title
2006-2009	ACB Fund Management	Head of investment
1/2010-9/2010	HD Bank	Head of investment
10/2010-01/2018	OCB	Deputy manager of investment
02/2018-now	Huong Viet consulting and investment JSC.	MD
2018-now	Century Corp.	BOD member

Date of appointment: 2018



Mr. Chen Che Jen *(60 years old)*

Education level: Bachelor

Qualification: Technology

History of career:

	Company	Title
1990-1997	Formosa Taffeta Co, Ltd	Sales team
1997-1999	Formosa Taffeta HK	Manager
2002-now	Formosa Taffeta VN	Marketing manager
2018-now	Century Corp.	BOD member

Date of appointment: 2018



Mr. Nguyen Quoc Huong *(53 years old)*

Education level: Master

Qualification: Business Administration

History of career:

	Company	Title
2013-2014	Eximbank	MD
2014-2017	Eximbank	Vice president
2018-now	Self-employment	
2018-now	Century Corp.	BOD member

Date of appointment: 2018



SHARE OWNERSHIPS AT STK AND MEMBERSHIP AT OTHER ENTITIES (TENURE 2018-2023)

No.	Name	Position at STK	Share ownership at STK	Percentage (%)	Membership at other entities	Ownership of other related persons	Percentage (%)
1	Dang My Linh	Chairwoman	12,161,166	14.42%	None	17,680,475	20.96%
2	Dang Trieu Hoa	Vice chairman	11,699,240	13.87%		18,142,401	21.51%
3	Dang Huong Cuong	Member	5,981,235	7.09%		23,860,406	28.29%
4	Cao Thi Que Anh	Member	0	0%		596,755	0.71%
5	Vo Quang Long	Member	0	0%		16,965,111	20.11%
6	Chen Che Jen	Member	0	0%		0	0%
7	Nguyen Quoc Huong	Member	0	0%		0	0%

The Board of Directors of Century Fiber Joint Stock Company (term 2023-2028) includes 07 members, including:

01 member is an executive member of the Board of Directors;

06 members are non-executive members of the Board of Directors;

02 members are independent, non-executive members of the Board of Directors.

Report of the Board of Directors 2023

BOD meetings

The Board of Directors conducted 31 meetings in person and sent emails asking for opinions to resolve issues within the functions and authority of the Board of Directors.

The Board of Directors has issued 28 BOD Resolutions.

Minutes and Resolutions of the Board of Directors were fully sent to members of the Board of Directors and Board of Supervisors.

In the BOD meetings, the BOS and BOM were invited to exchange information, discuss and reach an agreement in strategies, business orientations and directions.

No.	Board of Director' member	Number of meetings attended by Board of Directors	Attendance rate	Reasons for absence
1	Mdm. Dang My Linh	31/31	100%	
2	Mr. Dang Trieu Hoa	31/31	100%	
3	Mr. Dang Huong Cuong	30/31	96,77%	Conflicting Business schedule
4	Mdm. Cao Thi Que Anh	30/31	96,77%	Conflicting Business schedule
5	Mr. Vo Quang Long	31/31	100%	
6	Mr. Chen Che Jen	30/31	96,77%	Conflicting Business schedule
7	Mr. Nguyen Quoc Huong	31/31	100%	

Separate meetings of Independent BOD members

None.

BOD resolutions

No.	Resolution No.	Date	Content	Approval rate
1	01-2023/NQHĐQT	11/01/2023	Approving the loan facility agreement between UNITEX and CTBC	100%
2	01A-2023/NQHĐQT	11/01/2023	Approving the short-term credit facility between UNITEX and CTBC	100%
3	01B-2023/NQHĐQT	11/01/2023	Approving the long-term credit limit of UNITEX at CTBC Bank Co., Ltd – Hochiminh City Branch 2023	100%
4	02-2023/NQHĐQT	06/02/2023	Approving the 2023 Annual General Shareholder Meeting's record date	100%
5	03-2023/NQHĐQT	09/03/2023	Approving 2023 AGSM's documents	100%
6	04-2023/NQHĐQT	13/03/2023	Approving the capital contribution to the subsidiary UNITEX	100%
7	05-2023/NQHĐQT	17/03/2023	Approving credit limit for STK at SinoPac - Ho Chi Minh branch 2023	100%
8	06-2023/NQHĐQT	21/03/2023	Approving the adjustment of BOD Resolution No.04-2023/NQHĐQT dated 13 Mar 2023 regarding to the increasing capital contribution to the subsidiary UNITEX	100%
9	07-2023/NQHĐQT	22/03/2023	Approving the credit line at Orient Commercial Bank 2023	100%
10	08-2023/NQHĐQT	30/03/2023	Appointment of Managing Director of tenure 2023-2028	100%
11	09-2023/NQHĐQT	30/03/2023	Appointment of Managing Director of tenure 2023-2028	100%
12	10-2023/NQHĐQT	10/04/2023	Approving the implementation of share issuance plan to pay FY2022 dividend	100%
13	11-2023/NQHĐQT	10/04/2023	Approving the registration dossiers for share issuance plan to pay FY2022's dividend	100%
14	12-2023/NQHĐQT	18/04/2023	Approving temporary delay of the 2022 private placement plan	100%
15	13-2023/NQHĐQT	26/04/2023	Approving the credit facility(ies) with KASIKORNBANK Public Company Limited – Hochiminh City Branch	100%
16	14-2023/NQHĐQT	18/05/2023	Approving credit limit for STK at VCB 2023	100%
17	15-2023/NQHĐQT	19/06/2023	Approving the finalizing company's shareholder list to pay 2022 dividend by shares	100%
18	16-2023/NQHĐQT	26/06/2023	Choosing an independent auditing company for the fiscal year 2023	100%
19	17-2023/NQHĐQT	10/07/2023	Approving the results of shares issuance to pay FY2022 dividends	100%
20	18-2023/NQHĐQT	11/07/2023	Approving short-term credit limit at Eximbank in 2023	100%
21	19-2023/NQHĐQT	11/08/2023	Approving a short-term credit limit of UNITEX at CTBC in 2023	100%
22	20-2023/NQHĐQT	29/08/2023	Approving the appointment of Chairperson and General Director of UNITEX	100%
23	21-2023/NQHĐQT	29/08/2023	Approving credit limit and allowing the Company's Branch to use the granted credit limit of the Company at Woori Bank in 2023	100%
24	22-2023/NQHĐQT	16/10/2023	Approving credit limit at SinoPac – Ho Chi Minh branch in 2023	100%
25	23-2023/NQHĐQT	09/11/2023	Approving the implementation of private placement	100%
26	24-2023/NQHĐQT	09/11/2023	Approving the implementation of treasury stocks selling	100%
27	25-2023/NQHĐQT	09/11/2023	Approving the use of treasury stock resources to distribute to employees under ESOP	100%
28	26-2023/NQHĐQT	19/12/2023	Approving the remuneration payment of the Company's BOD and BOS FY2023	100%

Implementation of GSM Resolutions

Type of meeting: Annual General Shareholders' Meeting

Date of meeting: 30/03/2023

No.	Approved contents of AGSM 2022	Results
1	Approving Report of the BOD 2022	
2	Approving Report of the BOS 2022	
3	Approving 2022 financial statements audited by E&Y Vietnam	
4	Approving the profit distribution plan FY2022: share dividend of 15% on par value	Already paid in 07/2023.
5	Approving the revenue-profit budget FY2023. - Revenue: VND2,149.3 billion. - Profit after tax: VND253.1 billion.	2023 actual performance: - Revenue: VND1,425 billion (66.3% of the budget); - Profit after tax: VND87.7 billion (34,7% of the budget).
6	Approving the authorization to the BOD to appoint the independent audit firm for auditing 2023 financial statements	Appointed E&Y Vietnam to be the independent audit firm for auditing 2023 financial statements.
7	Approving share issuance to pay FY2022 dividend	Finished on 10/04/2023.
8	Approving BOD and BOS's remuneration FY2023 - BOD members' remuneration: VND1.2 billion. - BOS members' remuneration: VND180 million.	Already paid on 19/12/2023.
9	Approving list of BOD members tenure 2023-2028	
10	Approving list of BOS members tenure 2023-2028	

IMPLEMENTATION OF 2022-2023 GSM RESOLUTIONS

No.	Approved content of Resolution of the 2022 General Meeting of Shareholders	Result
1	Approved the Plan to use treasury shares to issue under the employee selection program.	The Company received SSC dispatch approving using treasury shares to issue ESOP. Expected issuance time is March – April 2024.
2	Approving the private placement plan.	The private offering documents were submitted in November 2023, but the State Securities Commission stopped reviewing the documents because the documents did not meet the requirements of the State Securities Commission. The company will continue to submit the application in the first quarter of 2024.
3	Approving the plan to sell treasury shares.	The documents for selling treasury shares were submitted to the State Securities Commission in November 2023 and the Company is preparing to supplement the documents as requested by the State Securities Commission.



Report the activities of independent members of the Board of Directors

The BOD members play vital roles in evaluating and monitoring the activities of the BOM, ensuring the prevention of conflicts of interest between related parties; improving equality and functional efficiency, guiding strategic direction, risk managements, production quality managements.

The independent-BOD-members are all high-experienced in manufacturing, trading, finance and management. The independent-BOD-members were actively involved in discussion to form the Company's strategies, supervision of the management's implementation of the Company's strategy and business plan and in building the Company's corporate governance.

- Mr. Chen Che Jen has many years of experience in yarn production and trading, he has frequently monitored the quality KPIs to come up with solutions and experience in risk managements in production activities.
- Ms. Cao Thi Que Anh has many years of experience in the garment industry and finance, she has always monitored and supervised the production cost structure, fixed costs, and the ability to optimize profits.
- Mr. Nguyen Quoc Huong has extensive experience in finance, he has always supervised the working capital flow, debt standings and profit distribution plans of the Company.

MEETINGS OF THE BOARD OF DIRECTORS

- Meetings of the Board of Directors were convened and conducted with a specific schedule and in accordance with regulations on meeting organization.
- The content of the meetings was discussed and evaluated fully and carefully by members of the Board of Directors to provide the best directions and solutions for the Company.
- Issues related to business strategy, financial strategy, corporate culture, building a management system... are regularly discussed/exchanged between the Board of Directors and the Board of Management.
- New investment projects are researched, discussed and criticized in meetings of the Board of Directors and Board of Management.
- Transactions with related parties are carefully reviewed and approved by the Board of Directors before implementation.

THE BOARD OF DIRECTORS' ROLE IN SUPERVISING THE BOARD OF MANAGEMENT

- The Board of Directors has performed a good job of supervising The Board of Management, ensuring that the Company's operations are always controlled to follow the right strategic direction and adjust decisions promptly when practically required.
- The Board of Directors regularly monitors and directs the operating process of the CEO and Board of Management, ensuring compliance with decisions on decentralization and policies and plans of the Board of Directors, and at the same time complying with legal regulations.
- The Board of Directors is especially interested in risk management solutions, to support the Board of Directors in early identification of problems, help the Company maintain sustainability and stability in operations, and protect the interests of investors.

GENERAL ASSESSMENT OF THE BOARD OF DIRECTORS' ACTIVITIES

- The work of the Board of Directors was carried out in 2023 in accordance with the resolutions of the General Meeting of Shareholders and in compliance with the Company Charter, Management Regulations and Company governance standards.
- All members of the Board of Directors have a sense of responsibility, are highly professional and careful in performing their role of protecting the interests of the Company.
- Board members proposed and advised on improving the Company's governance capacity, management policies and solutions to handle risks arising in the Company's operations.
- The Board of Directors has oriented many effective solutions to help the Board of Management overcome some challenges during the Company's operations.
- The Board of Directors operates effectively in reviewing, approving and monitoring the implementation of goals, strategies and business plans (operational and financial results).
- The Board of Directors operates effectively in evaluating senior managers.
- The Board of Directors has been effective in building a corporate governance environment that ensures timely and effective information disclosure, accountability for corporate financial performance, high levels of ethical standards and compliance. comply with current regulations.
- The Board of Directors has been effective in building a corporate governance structure to create conditions for the Board of Directors to fulfill its obligations.
- The Board of Directors has been effective in questioning, advising and supporting the Company's senior managers.



List of Board members having certificates on corporate governance training

There are 4/7 members of the Board of Directors (term 2023-2028), 2/3 members of the Board of Supervisors (term 2023-2028) who have been certified in corporate governance at training facilities certified by the Commission. State-recognized securities. The Company always creates conditions for all members of the Board of Directors, Board of Supervisors, and Board of General Directors to participate in training courses on corporate governance. However, because the training courses often coincide with the Board of Management's work schedule, members cannot attend the courses. In addition, STK has 01 member of the Board of Directors who is a foreigner. Because the course does not support a second language, it also affects the completion of the Corporate Governance certificate according to regulations.

List of members of the Board of Directors and Board of Supervisors who have been granted certificate of corporate governance:

Dang My Linh	Chairman of the Board of Directors
Dang Trieu Hoa	Vice Chairman of the Board of Directors
Dang Huong Cuong	Member of the Board of Directors
Cao Thi Que Anh	Member of the Board of Directors
Nguyen Tu Luc	Head of the Board of Supervisors
Dinh Ngoc Hoa	Member of the Board of Supervisors

BOD sub-committees

Not yet established so there are no activities of the BOD's sub-committees.

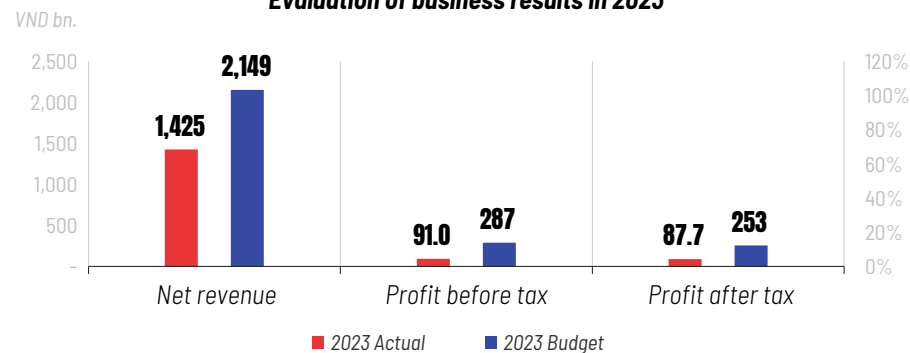
Assessment on the BOD performance

- Strategic orientation - control/Leading - Supervising
- Independent, non-executive members of the Board of Directors actively participated in meetings of the Board of Directors, supervised the activities of The Board of Management and provided practical suggestions to The Board of Management and the Board of Directors in building business strategies, implementing business plans and improving the quality of corporate governance activities.
- Board members have been provided with complete and timely information to be able to make correct analytical assessments of the business situation and perform their obligations honestly and carefully for their rights, the ultimate benefit of shareholders and the Company.
- Board of Directors meetings are organized and conducted in accordance with the Company's Charter. Minutes, Resolutions, and Decisions of the Board of Directors are based on the consensus of the members and are archived according to regulations..

Assessment of the Board of Directors on the Company's operations and the activities of the Board of Management

OVERALL ASSESSMENT OF THE COMPANY'S PERFORMANCE

Evaluation of business results in 2023



The company did not maintain growth momentum in 2023. In particular, revenue decreased by 32.6% compared to the same period in 2022, pre-tax profit decreased by 66.2% and profit after tax decreased by 63.8% compared to 2022.

Due to unfavorable business conditions as well as the decline in textile and garment demand in the world, the Company also did not achieve the plan set for 2023. In particular, net revenue reached 66.3% of the plan, profit Pre-tax profit reached 31.7% and after-tax profit reached 34.7% compared to plan.

However, the Company also achieved certain achievements in 2023:

Maintaining the competitive advantage of Recycled Fiber, the proportion of Recycled Fiber reached 49.5%, greatly contributing to the Company's overall profit results

Maintain and expand customer network; Research & develop new products

Implement investment projects to expand capacity

Ensure a stable and healthy financial status

Besides, the Company needs to focus resources to manage production quality well and achieve business results goals to maintain trust with shareholders, partners...; Allocate investment capital appropriately to ensure solvency and stable financial situation for the Company.

ASSESSMENT OF THE BOARD OF DIRECTORS ON THE ACTIVITIES OF THE BOARD OF MANAGEMENT

Monitoring methods

The Board of Directors carries out periodic and regular supervision of the Board of Management through periodic Board of Directors meetings, meetings via email, on the implementation of the General Meeting of Shareholders' Resolutions.

The Board of Directors discussed and approved the Resolutions of the Board of Directors based on the proposal of The Board of Management.

The Board of Management is responsible for explaining in detail quarterly and annual business results and forecasting business results for the next quarter or year.

Implementation results

The Board of Management has implemented its tasks in accordance with the spirit of the Resolution of the Board of Directors.

The Board of Directors has proposed solutions to improve operations, risk management, and support The Board of Management, thereby achieving certain achievements in 2023.

Business performance results for 2023 have not met the set goals.

The Board of Management needs to make more efforts in 2024 to cope with challenging business environment. The Board of Directors must come up with a specific strategy for business activities, continue to develop and stabilize the market, increase the contribution of recycled fibers, develop new products, and balance the financial situation of the Company.

Functional directors need to perform their functions well to support the General Director in operating and monitoring the activities of departments, detecting areas that need improvement to prevent risks originating from within. The company thereby strengthens its internal resources to respond to external risks.

KEY TASKS SET FOR 2024

Achieve revenue and profit plan in 2024

Maintain a high proportion of recycled yarn in revenue contribution

Completed the item of Factory expansion to increase capacity at the Subsidiary Company

Assessment of the Board of Directors on the implementation of environmental-labor-social goals

The Board of Directors plays a key role in planning goals and sustainable development directions for the Company. In particular, the sustainable development orientation is specified according to each goal for departments, divisions and other grassroots units. The Board of Directors will be responsible for monitoring, inspecting and ensuring that sustainable development goals which are set out to be deployed and implemented at the enterprise.

By having the goals of each department and department quantified into indicators (KPIs), the Board of Management can accurately and effectively evaluate and measure the results of implementing sustainable development orientations of each department according to the Company's overall goals.

Quarterly, the Board of Directors will hold meetings to listen to reports from the Company's Board of Management and promptly provide direction for STK's business and production activities. Each economic - social - environmental aspect is presented directly to the Board of Directors in meetings by representatives of The Board of Management. Members of the Board of Directors will evaluate and provide directions to improve the Company's operating results.

The Board of Directors assigned The Board of Management and the Investor Relations department to be responsible for implementing the sustainable development report, ensuring the report content is built based on international practices, Vietnamese regulations and in accordance with the current situation. Actual status of the Company.

Environment

The Board of Directors highly appreciated the Company's initiatives in protecting the environment; in addition to maintaining a high recycled fiber ratio of 49.5% in revenue. Subsidiary Unitex is in the process of negotiating and signing a contract to install and operate a rooftop solar power system, helping to contribute to reducing greenhouse emissions.

The company has completed a closed value chain from raw materials to finished products: waste products are remanufactured into raw materials.

In addition, the Company also reuses paper tubes and other packaging materials.

Labor

Bonuses for holidays, Tet and business performance are still paid fully and on time, helping to stabilize the lives of workers.

Community - Social

The company still fulfills its obligations to contribute to the state budget and pay suppliers on time.

Assessment on the implementation of Corporate Governance in 2023

ASSESSMENT ON THE COMPANY'S CORPORATE GOVERNANCE BASED ON ASEAN CORPORATE GOVERNANCE SCORECARDS

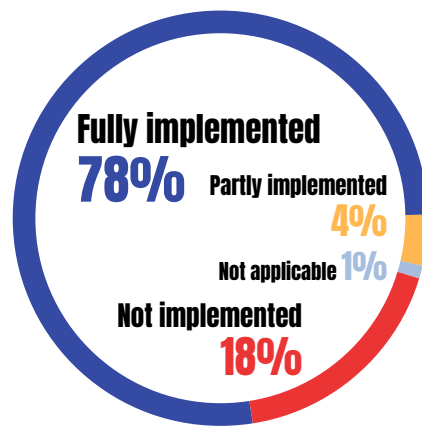
Based on ASEAN Corporate Governance Scorecards on corporate governance, STK has implemented 114/149 good practices of Corporate Governance.

Criterion which fully implemented at STK:

- (1) Ensuring basic rights of shareholders;
- (2) Ensuring equitable treatment of shareholders;
- (3) Protecting rights of stakeholders;
- (4) Ensuring transparent information disclosures;
- (5) Ensuring fulfilment of the BOD's responsibilities;

Criterion need to be improved:

- (6) BOD's structure: no sub-committees under the BOD have established



IMPLEMENTATION OF CORPORATE GOVERNANCE IN ACCORDANCE WITH THE LAW

Regulations	Reasons of non-compliance	Remedies
The Company's Managing Director is a family member of the Company's managers, which is not met the provisions of Point b, Clause 5, Article 162 of the Enterprise Law 2020.	The Company has not yet found qualified and capable personnel to be in charge of the position of Managing Director of the Company.	The Company will continue to find qualified personnel to perform this function.

Plans and orientations of the Board of Directors in 2024

- Continue to supervise and direct the activities of the CEO and Board of Management to implement business plans in 2024.
- Support the CEO and Board of Management in identifying business expansion opportunities and planning sustainable business strategies for STK.
- Plan strategies and policies to improve the quality of human resources.
- Monitor cost management and operational efficiency of The Board of Management.
- Integrate sustainable development factors into Company governance.

Expected meeting schedule of the Board of Directors in 2024

No.	Expected meeting schedule	Expected date
1	Quarter 1	April 26, 2024
2	Quarter 2	July 26, 2024
3	Quarter 3	October 25, 2024
4	Quarter 4	January 31, 2025

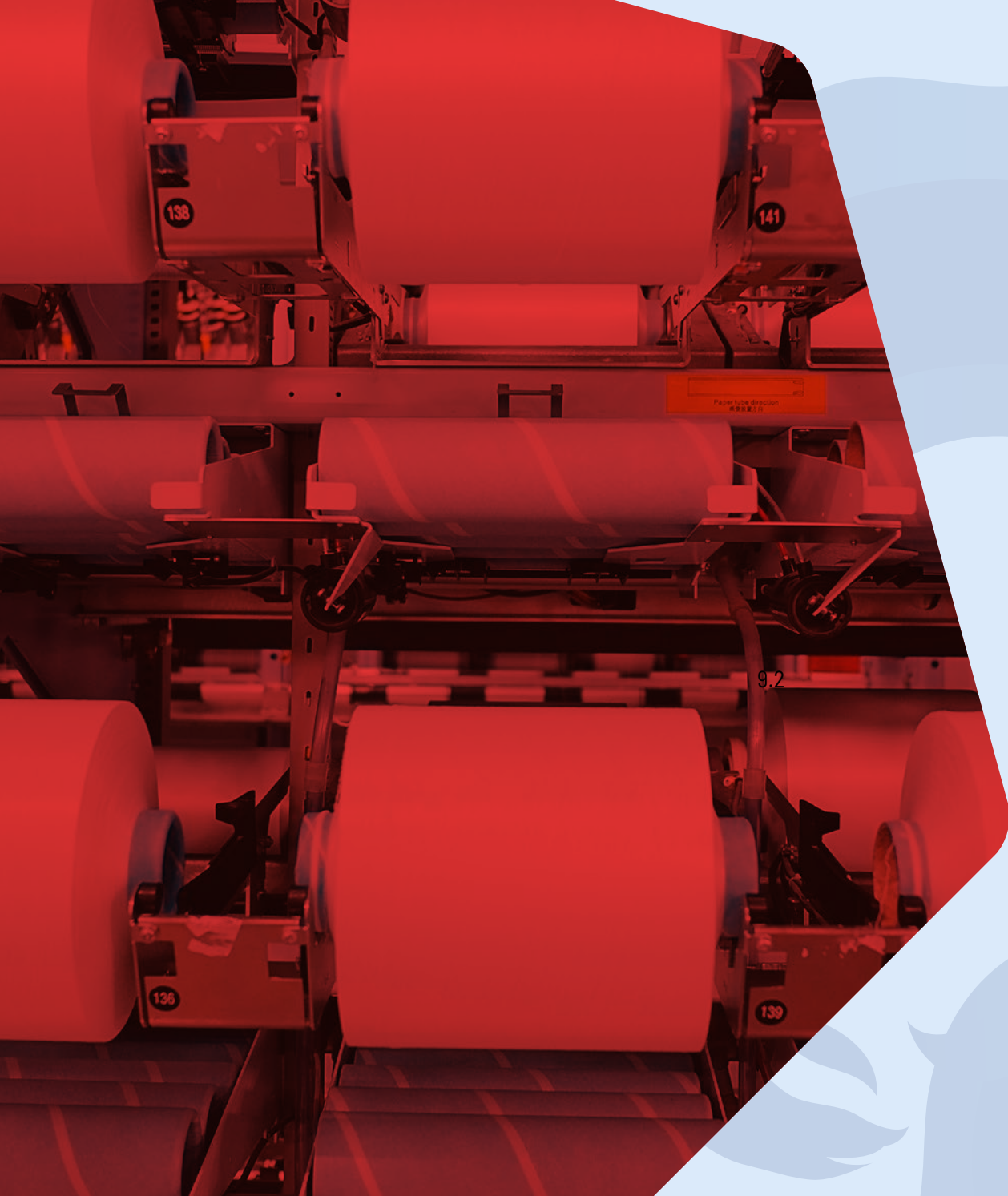
Plan to improve the quality of corporate governance in 2024

Improving the Company's Corporate Governance by applying international best practices in order to effectively develop the Company's sources, create long-term sustainable value and attract investment capital for the Company.
Strengthening Internal Audit function, enhancing risk management in unfavorable market conditions.

Plan to raise capital to finance investment projects

In 2023, the Company signed a term syndicated credit contract with a total value of 52.5 million USD with a group of foreign banks led by CTBC to finance the capacity expansion project at the Company's subsidiary. The Company is implementing a private placement to supplement equity capital for the Company.

See more [Project investment status](#) section, page 91, [2023 Annual Report](#).



REPORT OF THE BOARD OF SUPERVISORS

Composition of the BOS

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BOS activities

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Report on the performance
of the Board of Supervisors

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Composition of the BOS

BOS members of tenure 2018-2023 (started on 17/04/2018)

Mr. Nguyen Tu Luc

Head of the BOS

Year: 1952

Education: Bachelor of Accounting

Working experience:

1984 - 2000 Chief Accountant, South Asia Shoes
 2000 - 2006 Chief Accountant, STK
 2026 - 2021 MD assistant, STK
 2007 - present Head of BOS, STK



Mdm. Ha Kiet Tran

BOS Member

Year: 1986

Education: Master

Working experience:

2013 - 2015 Investment Department Specialist - Dong A Securities Joint Stock Company.
 2015 - 2017 Head of IB Department, Currency Business and Investment Division - Orient Commercial Joint Stock Bank.
 2018 - present Head of Investment Department - Huang Viet Investment Consulting Joint Stock Company.



Mdm. Dinh Ngoc Hoa

BOS Member

Year: 1979

Education: Bachelor

Working experience:

2002 - 2004 Accountant, Vi Hop Ltd,
 2005 - present Head of Planning-production department, STK

OWNERSHIP RATIO OF MEMBERS OF THE BOARD OF SUPERVISORS IN 2023 (TERM 2023-2028)

No.	Full name	Position	Number of shares owned	Percentage (%)	Concurrent positions in the Board of Supervisors of other companies	Percentage (%)
1	Nguyen Tu Luc	Head of BOS	0	0.00%	None	0.00%
2	Ha Kiet Tran	BOS member	0	0.00%	None	0.00%
3	Dinh Ngoc Hoa	BOS member	9	0.00%	None	0.00%

BOS activities

The operating program of the Board of Supervisors in 2023 is to conduct meetings to develop the operating plan of the Board of Supervisors for the year, including assigning tasks to each member of the Board of Supervisors. During the year, the Board of Supervisors met 4 times, specifically as follows:

- Monitor the Company's operations and finances
- Status of implementing resolutions of the General Meeting of Shareholders
- Supervise the activities of the Board of Directors and Board of Management of the Company
- Evaluate the coordination of the Board of Directors with The Board of Management.
- Evaluation of the Company's investment situation, projects that have been and are being implemented according to the Board of Directors' resolutions.

From there, the BOS makes recommendations to the Board of Directors in the following years.

BOS meetings

No.	Contents	Date of meeting	Result
1	Evaluate business performance in 2023	February 22, 2023	100% approved
2	Discuss 2024 operation plan	May 05, 2023	100% approved
3	Discuss and assess business operation in Q2 & 6M2023	July 25, 2023	100% approved
4	Discuss and assess business operation in Q3 & 9M2023	October 25, 2023	100% approved

Report on the performance of the Board of Supervisors

Assessment of the Board of Supervisors on the implementation of the Resolution of the 2023 Annual General Meeting of Shareholders

- Board of Directors meetings are fully attended by the Head of the Board of Supervisors.
- In general, the Board of Directors of the Company has fully and strictly implemented the duties and powers of the Board of Directors according to the Company's charter, ensuring the direction and management of the Company in accordance with the law.

FY2022'S PROFIT DISTRIBUTION

Share dividend 15% par value	Implementation time July 2023
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CONSOLIDATED BUSINESS RESULTS 2023

Indicators (VND bn.)	Actual 2023	Compared to Actual 2022	Compared to 2023 budget
Net revenue	1,425	-32,6%	66,3%
Profit before tax	91	-66,2%	31,7%
Profit after tax	87,8	-63,8%	34,7%

SOME INDICATORS ON CONSOLIDATED FINANCIAL STATUS

Indicators	Unit	2023	2022	Compare (absolute number)
Liquidity ratios				
Current ratio	Time	1,49	2,06	(0,56)
Quick ratio	Time	0,83	1,26	(0,42)
Capital structure				
Debt to Equity	Time	0,63	0,20	0,43
Debt to Total Assets	Time	0,34	0,14	0,20
Efficiency				
Inventory turnover	Time	2,28	3,72	(1,44)
Asset turnover	Time	0,56	1,03	(0,47)
Profitability				
Profit margin	%	6,2%	12,8%	(6,6%)
ROS	%	6,2%	11,5%	(5,3%)
ROA	%	3,0%	11,4%	(8,4%)
ROE	%	5,4%	15,7%	(10,3%)

INFORMATION DISCLOSURE

The Company has fully fulfilled its obligations on public disclosure regulations.

Results of the BOS supervision of the Board of Directors' activities

The BOS has participated in the BOD's meetings as a role of observer in order to get informed on the Company's business activities, implementation of investment projects and to contribute opinions at the meetings within its rights and responsibilities.

The BOS has monitor and check the implementation of business plan and the resolutions of the AGSM and the BOD to ensure transparency.

The BOS has periodically and occasionally checked the Company's compliance with its Charter, rules and the reasonability in its operations.

In 2023, the BOS has continued its focus on risk control by reviewing the existing rules and regulations to ensure compliance with the laws on enterprise, the Company's charters and relevant regulations, with an aim to propose supplement of missing rules and procedures so that the Company can have safe operation and prevent inherent risks.

Conducted meetings (face to face meetings and via email) to get consensus on the Company's business results, development strategies and targets on quarterly, semi-annual and annual basis.

Results of the BOS supervision of the BOM's activities

The Managing Director has fully implemented Resolutions of the BOD and strictly complied with the laws and regulations, in particular:

- Instructing the Company on implementation of business plan as approved by 2022 AGSM.
- Complying with laws on capital contribution, construction, investment and business registration.
- Organizing meetings to get consensus on strategy formation and settle outstanding obstacles in the operation and manage risks arising from the Company's activities as well as outside environment.

Based on the business results in 2022, the BOS considers that the BOM has fulfilled its core responsibility in management of the Company's operation to reach the Company's goal of profit. However, the target of revenue and profit was still not fulfilled.

Supervision of the Company's financial status

- The Company has prepared quarterly financial reports (4 reports per year) and disclosed in accordance with the regulations on public disclosure of listed companies.
- The Company's semi-annual and annual financial reports was audited by Ernst & Young Vietnam Ltd.
- 2023 financial reports reflected accurately and reasonably in all important matters of the Company's financial standings as at 31 December 2023 and is complied with Vietnam Accounting Standards and relevant regulations. There are no substantial differences between unaudited quarter reports with the ones reviewed or audited by E&Y Vietnam





Prevention of interest conflict

Significant transactions with related parties during the year	130
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Transactions with other entities	130
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Prevention of interest conflict

Members of the BOD, BOS, BOM, and other managers (“Managers”) must comply with STK’s Charter regarding transparency and must avoid conflict of interest as follows:

1. Managers should not take advantages of company’s opportunities for their self-interests. In addition, they should not take advantages of company’s information for their self-interests or other organizations, entities or persons.
2. Managers have obligations to disclose to the BOD all benefits, which they can get from other economic institutions, transactions or other individuals and which may conflict with the Company’s interest.
3. The Company should not offer loans or guarantee to Managers and their related persons or related entities in which the Managers have financial interests, unless the loans or the guarantees were approved by the general shareholder meeting.
4. A contract or transaction between the Company and one or several Managers, their related persons or institutions, entities, will be valid in the following circumstances:
 - a. For the contract, which have value of being lower than 20% of total asset in recent financial statements, the key points of that transaction, relationships, and interests, which relate to Managers or member of the BOD, were reported to the BOD or its Committees. In addition, the transaction was approved by majority of the BOD members, who have no relevant interests; or
 - b. For the contract which has value of being 20% higher than total asset in recent financial statements, the key points, relationships, and interests relating to Managers, were disclosed to and approved by shareholders who have no relevant interest.
 - c. Such a contract or transaction, which was considered by independent consultant as being fair and reasonable in all aspects in term of shareholders’ interests or it was approved by the BOD, or shareholders.

Significant transactions with related parties during the year

None.

Transactions in shares of internal shareholders in 2023

Please see section **Transactions in shares by internal and related persons of the Company in 2023**, page 102 of the **2023 Annual Report**.

Transactions with other entities

The transaction between the Century and its subsidiary (UNITEX Corporation) was approved by the Board of Directors in Resolution No. 06-2023/NQHDT dated March 21, 2023.

Organization’s name	Business Registration Number/Issue date	Relationship with the Company	Transaction time	Contents	Total transaction value (VND)
UNITEX corporation	3901206611 first issued on June 29th, 2015. fourth issued on November 08, 2022.	Subsidiary	2023	Capital contribution from STK for loan capital for the Subsidiary.	295.599.000.000

Salary, bonus and remuneration of the Board of Directors, Board of Supervisors and Board of Management

Salary, bonus and remuneration of the Board of Directors


No.	Full name	Position	Remuneration (before tax)	Salary (%)	Bonus (%)	Duration of holding position
1	Dang My Linh	Chairperson	150,000,000	-	-	01/01/2023-31/12/2023
2	Dang Trieu Hoa	Vice chairman cum MD	150,000,000		Refer to the BOM's	01/01/2023-31/12/2023
3	Dang Huong Cuong	BOD member	150,000,000	-	-	01/01/2023-31/12/2023
4	Cao Thi Que Anh	BOD independent member	150,000,000	-	-	01/01/2023-31/12/2023
5	Vo Quang Long	BOD member	150,000,000	-	-	01/01/2023-31/12/2023
6	Chen Che Jen	BOD independent member	225,000,000	-	-	01/01/2023-31/12/2023
7	Nguyen Quoc Huong	BOD independent member	225,000,000	-	-	01/01/2023-31/12/2023
Total (VND)			1,200,000,000	-		

Salary, bonus and remuneration of the Board of Supervisors

No.	Full name	Position	Remuneration (before tax)	Salary & Bonus	Duration of holding position
1	Nguyen Tu Luc	Head of the BOS	60.000.000		01/01/2023-31/12/2023
2	Hoang Nu Mong Tuyen	Member of the BOS	60.000.000		01/01/2023-31/12/2023
3	Dinh Ngoc Hoa	Member of the BOS	60.000.000	157.588.325	01/01/2023-31/12/2023
Total (VND)			180.000.000	157.588.325	

Salary, bonus and remuneration of the Board of Management

No.	Full name	Position	Remuneration (before tax)	Salary & Bonus	Duration of holding position
1	Dang Trieu Hoa	Managing Director	Refer to the BOD's	1,376,600,000	01/01/2023-31/12/2023
2	Nguyen Phuong Chi	CSO	-	1,419,857,942	01/01/2023-31/12/2023
3	Phan Nhu Bich	CFO	-	836,885,835	01/01/2023-31/12/2023
Total (VND)				3,624,343,777	



CONSOLIDATED AUDITED FINANCIAL STATEMENTS

For the year ended 31 December 2023

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GENERAL INFORMATION

THE COMPANY

Century Synthetic Fiber Corporation (“the Company”) is a shareholding company incorporated under the Law on Enterprise of Vietnam and currently operates based on 21th Amended Enterprise Registration Certificate (“ERC”) No. 0302018927 issued by the Department of Planning and Investment of Ho Chi Minh City on 14 August 2023.

The Company listed its shares on the Ho Chi Minh Stock Exchange with trading code STK in accordance with Decision No. 410/QĐ-SGDHCM issued by the Ho Chi Minh Stock Exchange on 10 September 2015.

The current principal activity of the Company is to manufacture synthetic yarn and knitting.

The Company’s registered head office is located at Lot B1-1 North West Cu Chi Industrial Zone, Cu Chi District, Ho Chi Minh City, Vietnam. In addition, the Company has Trang Bang Branch, located at Street No.8, Trang Bang Industrial Zone, Trang Bang Commune, Tay Ninh Province, and one representative office, located at 102-104-106 Bau Cat, Ward 14, Tan Binh District, Ho Chi Minh City, Vietnam.

BOARD OF DIRECTORS

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

<i>Ms Dang My Linh</i>	<i>Chairwomen</i>
<i>Mr Dang Trieu Hoa</i>	<i>Vice Chairman</i>
<i>Mr Dang Huong Cuong</i>	<i>Member</i>
<i>Ms Cao Thi Que Anh</i>	<i>Member</i>
<i>Mr Chen Che Jen</i>	<i>Member</i>
<i>Mr Vo Quang Long</i>	<i>Member</i>
<i>Mr Nguyen Quoc Huong</i>	<i>Member</i>

BOARD OF SUPERVISION

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

<i>Mr Nguyen Tu Luc</i>	<i>Head</i>	
<i>Ms Ha Kiet Tran</i>	<i>Member</i>	<i>appointed on 30 March 2023</i>
<i>Ms Hoang Nu Mong Tuyen</i>	<i>Member</i>	<i>resigned on 30 March 2023</i>
<i>Ms Dinh Ngoc Hoa</i>	<i>Member</i>	

MANAGEMENT

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

<i>Mr Dang Trieu Hoa</i>	<i>General Director</i>
<i>Ms Nguyen Phuong Chi</i>	<i>Chief Strategic Officer</i>
<i>Mr Phan Nhu Bich</i>	<i>Chief Financial Officer</i>

LEGAL REPRESENTATIVE

The legal representative of the Company during the year and at the date of this report is Mr Dang Trieu Hoa.

AUDITOR

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

REPORT OF MANAGEMENT

Management of Century Synthetic Fiber Corporation (“the Company”) is pleased to present this report and the consolidated financial statements of the Company and its subsidiary (“the Group”) for the year ended 31 December 2023.

MANAGEMENT’S RESPONSIBILITY IN RESPECT OF THE CONSOLIDATED FINANCIAL STATEMENTS

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

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the consolidated financial statements; and
- prepare the consolidated financial statements on the going concern basis unless it is inappropriate to presume that the Group will continue in business.

Management is responsible for ensuring that proper accounting records are kept which disclose, with reasonable accuracy at any time, the consolidated financial position of the Group and to ensure that the accounting records comply with the applied accounting system. It is also responsible for safeguarding the assets of the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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

STATEMENT BY MANAGEMENT

Management does hereby state that, in its opinion, the accompanying consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2023, and of the consolidated results of its operations and its consolidated cash flows for the year then ended in accordance with Vietnamese Accounting Standards, Vietnamese Enterprise Accounting System and the statutory requirements relevant to preparation and presentation of the consolidated financial statements.

For and on behalf of the management:

Dang Trieu Hoa
General Director
Ho Chi Minh City, Vietnam
8 March 2024

INDEPENDENT AUDITORS' REPORT

To: The Shareholders of Century Synthetic Fiber Corporation

We have audited the accompanying consolidated financial statements of Century Synthetic Fiber Corporation ("the Company") and its subsidiary (collectively referred to as "the Group") as prepared on 8 March 2024 and set out on pages 5 to 35, which comprise the consolidated balance sheet as at 31 December 2023, and the consolidated income statement and the consolidated cash flow statement for the year then ended and the notes thereto.

Management's responsibility

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

Auditors' responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated financial statement, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the Group's preparation and fair presentation of the consolidated financial statement 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 Group's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

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

Opinion

In our opinion, the consolidated financial statements give a true and fair view, in all material respects, of the consolidated financial position of the Group as at 31 December 2023, and of the consolidated results of its operations and its consolidated cash flows for the year then ended in accordance with the Vietnamese Accounting Standards, Vietnamese Enterprises Accounting System and the statutory requirements relevant to preparation and presentation of the consolidated financial statements.

Ernst & Young Vietnam Limited

Ernest Yoong Chin Kang

Deputy General Director

Audit Practicing Registration Certificate
No. 1891-2023-004-1

Pham Xuan Tuan

Auditor

Audit Practicing Registration Certificate
No. 4639-2023-004-1

Ho Chi Minh City, Vietnam

8 March 2024

B01-DN/HN

CONSOLIDATED BALANCE SHEET

as at 31 December 2023

VND

Code	ASSETS	Notes	Ending balance	Beginning balance
100	A. CURRENT ASSETS		1,395,936,217,102	1,199,951,103,248
110	I. Cash and cash equivalents	4	109,476,256,782	235,284,187,347
111	1. Cash		5,989,452,153	20,784,187,347
112	2. Cash equivalents		103,486,804,629	214,500,000,000
120	II. Short-term investment		54,050,637,373	180,000,000,000
123	1. Held-to-maturity investment	5	54,050,637,373	180,000,000,000
130	III. Current accounts receivable		450,138,868,654	225,986,702,005
131	1. Short-term trade receivables	6.1	91,305,667,931	69,400,071,855
132	2. Short-term advances to suppliers	6.2	354,529,855,008	151,583,002,310
135	3. Short-term loan receivable	7	3,471,000,000	3,471,000,000
136	4. Other short-term receivables	8	832,345,715	1,532,627,840
140	IV. Inventories	9	615,023,248,456	466,136,524,256
141	1. Inventories		621,333,490,652	472,682,334,984
149	2. Provision for obsolete inventories		(6,310,242,196)	(6,545,810,728)
150	V. Other current assets		167,247,205,837	92,543,689,640
151	1. Short-term prepaid expenses	14	2,793,026,285	3,067,765,320
152	2. Value-added tax deductible	17	162,695,833,297	84,182,005,136
153	3. Tax receivable from the State	17	1,758,346,255	5,293,919,184

Code	ASSETS	Notes	Ending balance	Beginning balance
200	B. NON-CURRENT ASSETS		1,577,922,927,005	925,081,840,609
220	I. Fixed assets		642,368,814,999	730,566,913,801
221	1. Tangible fixed assets	10	642,368,814,999	730,566,913,801
222	Cost		2,092,008,447,857	2,088,323,320,799
223	Accumulated depreciation		(1,449,639,632,858)	(1,357,756,406,998)
227	2. Intangible asset	11	-	-
228	Cost		14,385,298,205	14,385,298,205
229	Accumulated amortisation		(14,385,298,205)	(14,385,298,205)
240	II. Long-term asset in progress		783,102,433,377	40,942,507,371
242	1. Construction in progress	12	783,102,433,377	40,942,507,371
250	III. Long-term investment		13,800,000,000	13,800,000,000
253	1. Investment in other entity	13	13,800,000,000	13,800,000,000
260	IV. Other long-term assets		138,651,678,629	139,772,419,437
261	1. Long-term prepaid expenses	14	135,708,407,488	136,348,216,385
262	2. Deferred tax assets	27.3	2,943,271,141	3,424,203,052
270	TOTAL ASSETS		2,973,859,144,107	2,125,032,943,857

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CONSOLIDATED BALANCE SHEET *(continued)*

as at 31 December 2023

VND

Code	RESOURCES	Notes	Ending balance	Beginning balance
300	C. LIABILITIES		1,344,969,752,937	583,942,885,374
310	I. Current liabilities		935,575,186,771	583,671,887,207
311	1. Short-term trade payables	15	237,754,934,541	219,788,323,822
312	2. Short-term advances from customers	16	39,224,518,554	8,783,975,931
313	3. Statutory obligations	17	2,970,767,020	3,568,641,115
314	4. Payable to employees		25,610,480,880	24,626,980,550
315	5. Short-term accrued expenses	18	7,954,740,536	6,447,916,477
319	6. Other short-term payables	19	5,203,790,319	6,659,866,578
320	7. Short-term loans	20	609,537,812,760	308,095,357,806
322	8. Bonus and welfare fund	3.15	7,318,142,161	5,700,824,928
330	II. Non-current liabilities		409,394,566,166	270,998,167
338	1. Long-term loan	20	409,136,361,334	-
342	2. Long-term provision		258,204,832	270,998,167

Code	RESOURCES	Notes	Ending balance	Beginning balance
400	D. OWNERS' EQUITY		1,628,889,391,170	1,541,090,058,483
410	I. Capital	21.1	1,628,889,391,170	1,541,090,058,483
411	1. Share capital		966,369,240,000	843,638,250,000
411a	Shares with voting rights		966,369,240,000	843,638,250,000
412	2. Share premium		40,824,578,872	40,824,578,872
413	3. Treasury share		(42,410,550,000)	(42,410,550,000)
418	4. Investment and development fund		1,219,011,000	1,219,011,000
421	5. Undistributed earnings		662,887,111,298	697,818,768,611
421a	Undistributed earnings at the end of prior year		575,087,778,611	455,544,390,374
421b	Earnings of current year		87,799,332,687	242,274,378,237
440	TOTAL LIABILITIES AND OWNERS' EQUITY		2,973,859,144,107	2,125,032,943,857

Preparer
Nguyen Thi Hong Tham

Chief Accountant
Phan Nhu Bich

General Director
Dang Trieu Hoa

Ho Chi Minh City, Vietnam
8 March 2024

B02-DN/HN

CONSOLIDATED INCOME STATEMENT

for the year ended 31 December 2023

VND

Code	ITEMS	Notes	Current year	Previous year
01	1. Revenue from sale of goods	22.1	1,425,624,612,200	2,116,780,568,379
02	2. Deductions	22.1	(561,587,822)	(2,248,877,567)
10	3. Net revenue from sale of goods	22.1	1,425,063,024,378	2,114,531,690,812
11	4. Cost of goods sold	26	(1,232,981,228,387)	(1,741,237,965,679)
20	5. Gross profit from sale of goods		192,081,795,991	373,293,725,133
21	6. Finance income	22.2	31,061,416,006	29,340,143,578
22	7. Finance expenses	23	(54,057,483,005)	(48,364,243,092)
23	<i>In which: Interest expense</i>		<i>(17,335,099,901)</i>	<i>(9,128,352,047)</i>
25	8. Selling expenses	24, 26	(19,663,775,726)	(19,448,338,303)
26	9. General and administrative expenses	25, 26	(60,439,695,454)	(64,115,797,999)
30	10. Operating profit		88,982,257,812	270,705,489,317
31	11. Other income		2,074,019,048	713,832,657
32	12. Other expenses		(54,346,623)	(1,956,678,674)
40	13. Other profit (loss)		2,019,672,425	(1,242,846,017)
50	14. Accounting profit before tax		91,001,930,237	269,462,643,300

Code	ITEMS	Notes	Current year	Previous year
51	15. Current corporate income tax expense	27.1	(2,721,665,639)	(27,549,749,939)
52	16. Deferred tax (expense) income	27.3	(480,931,911)	361,484,876
60	17. Net profit after tax		87,799,332,687	242,274,378,237
61	18. Net profit after tax attributable to shareholders of the parent		87,799,332,687	242,274,378,237
70	19. Basic earnings per share	29	933	2,882
71	20. Diluted earnings per share	29	933	2,882

Preparer
Nguyen Thi Hong Tham

Chief Accountant
Phan Nhu Bich

General Director
Dang Trieu Hoa

Ho Chi Minh City, Vietnam
8 March 2024

CONSOLIDATED CASH FLOW STATEMENT

for the year ended 31 December 2023

VND

Code	ITEMS	Notes	Current year	Previous year
I. CASH FLOWS FROM OPERATING ACTIVITIES				
01	Accounting profit before tax		91,001,930,237	269,462,643,300
	Adjustments for:			
02	Depreciation and amortisation	10, 11	91,883,225,860	106,360,870,108
03	Reversal of provision		(235,568,532)	(12,869,445,268)
04	Foreign exchange losses arising from revaluation of monetary accounts denominated in foreign currency		805,777,484	11,564,710,655
05	Profits from investing activities	22.2	(10,689,149,403)	(17,725,426,686)
06	Interest expense	23	17,335,099,901	9,128,352,047
08	Operating profit before changes in working capital		190,101,315,547	365,921,704,156
09	Increase in receivables		(95,441,161,606)	(308,390,925,789)
10	(Increase) decrease in inventories		(148,651,155,668)	18,237,912,671
11	Increase in payables		57,158,656,087	169,333,161,750
12	Decrease in prepaid expenses		914,547,932	61,110,922
13	Interest paid		(17,710,432,108)	(8,515,119,480)
14	Corporate income tax paid		(59,110,914)	(24,802,880,291)
20	Net cash flows (used in) from operating activities		(13,687,340,730)	211,844,963,939
II. CASH FLOWS FROM INVESTING ACTIVITIES				
21	Purchase and construction of fixed assets		(949,806,432,497)	(188,651,811,052)
23	Placement of bank term deposits		(54,050,637,373)	(180,000,000,000)
24	Proceeds from bank term deposit		180,000,000,000	-
27	Interest received		10,948,211,565	17,114,857,133
30	Net cash flows used in investing activities		(812,908,858,305)	(351,536,953,919)

Code	ITEMS	Notes	Current year	Previous year
III. CASH FLOWS FROM FINANCING ACTIVITIES				
31	Issuance of shares	21.1	-	142,100,190,000
33	Drawdown of borrowings	20	1,788,770,227,336	1,057,928,818,066
34	Repayment of borrowings	20	(1,087,984,771,145)	(1,088,272,662,348)
36	Dividends paid	21.2	-	(102,213,100,650)
40	Net cash flows from financing activities		700,785,456,191	9,543,245,068
50	Net decrease in cash and cash equivalents for the year		(125,810,742,844)	(130,148,744,912)
60	Cash and cash equivalents at the beginning of the year		235,284,187,347	366,205,978,093
61	Impact of exchange rate fluctuation		2,812,279	(773,045,834)
70	Cash and cash equivalents at the end of the year	4	109,476,256,782	235,284,187,347

Preparer
Nguyen Thi Hong Tham

Chief Accountant
Phan Nhu Bich

General Director
Dang Trieu Hoa

Ho Chi Minh City, Vietnam
8 March 2024

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

as at 31 December 2023 and for the year then ended

1. CORPORATE INFORMATION

Century Synthetic Fiber Corporation (“the Company”) is a shareholding company incorporated under the Law on Enterprise of Vietnam and currently operates based on 21th Amended Enterprise Registration Certificate (“ERC”) No. 0302018927 issued by the Department of Planning and Investment of Ho Chi Minh City on 14 August 2023.

The Company listed its shares on the Ho Chi Minh Stock Exchange with trading code STK in accordance with Decision No. 410/QĐ-SGDHCM issued by the Ho Chi Minh Stock Exchange on 10 September 2015.

The current principal activity of the Company is to manufacture synthetic yarn and knitting.

The Company’s normal course of business cycle is 12 months.

The Company’s registered head office is located at Lot B1-1 North West Cu Chi Industrial Zone, Cu Chi District, Ho Chi Minh City, Vietnam. In addition, the Company has Trang Bang Branch, located at Street No.8, Trang Bang Industrial Zone, Trang Bang Commune, Tay Ninh Province, and one representative office, located at 102-104-106 Bau Cat, Ward 14, Tan Binh District, Ho Chi Minh City, Vietnam.

The number of employees of the Company and its subsidiary (“the Group”) as at 31 December 2023 was 891 (31 December 2022: 882).

Corporate structure

As at 31 December 2023, the Company has a subsidiary as follows:

Unitex Corporation (“Unitex”) formerly is a shareholding company established in Vietnam pursuant to Investment Certificate No. 452033000336 issued by the Management Board of Tay Ninh Economic Zone on 29 June 2015 and Enterprise Registration Certificate (“ERC”) No. 3901206611 issued by Department of Planning and Investment of Tay Ninh Province on 29 June 2015, and the subsequently amended ERCs.

The principal activity of Unitex is to manufacture fibers and fabrics. The registered head office of Unitex is located at A17.1, C1 Street, Thanh Thanh Cong Industrial Zone, An Hoa Commune, Trang Bang Commune, Tay Ninh Province, Vietnam. Currently, Unitex is in pre-operation progress.

As at 31 December 2023, the Company holds 100% ownership and voting rights of Unitex.

2. BASIS OF PREPARATION

2.1 Accounting standards and system

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

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

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

2.2 Applied accounting documentation system

The Group’s applied accounting documentation system is the General Journal system.

2.3 Fiscal year

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

2.4 Accounting currency

The consolidated financial statements are prepared in VND which is also the Company’s accounting currency.

2.5 Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiary for the year ended 31 December 2023.

Subsidiary is fully consolidated from the date of acquisition, being the date on which the Group obtains control, and continued to be consolidated until the date that such control ceases.

The financial statements of subsidiary are prepared for the same reporting year as the Company, using consistent accounting policies.

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

Impact of change in the ownership interest of a subsidiary, without a loss of control, is recorded in undistributed earnings.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

3.1 Cash and cash equivalents

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

3.2 Inventories

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

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

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

<u>Raw materials</u>	- cost of purchase on a weighted average basis.
Finished goods	- cost of direct materials and labour plus attributable manufacturing overheads based on the normal operating capacity on a weighted average basis.

Provision for obsolete inventories

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

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

3.3 Receivables

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

The provision for doubtful debts represents the estimated loss due to non-collection of receivables that were outstanding at the balance sheet date. Increases or decreases to the provision balance are recorded as general and administration expense in the consolidated income statement.

3.4 Tangible fixed assets

Tangible fixed assets are stated at cost less accumulated depreciation.

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

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

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

3.5 Intangible assets

Intangible assets are stated at cost less accumulated amortisation.

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

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

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

3.6 Depreciation and amortisation

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

Buildings, structures	4 - 25 years
Machinery and equipment	2 - 15 years
Motor vehicles	4 - 10 years
Office equipment	3 - 5 years
Computer software	4 - 5 years

3.7 Borrowing costs

Borrowing costs consist of interest and other costs that the Group incurs in connection with the borrowing of funds.

Borrowing costs are recorded as expense during the year in which they are incurred, except to the extent that they are capitalized as explained in the following paragraph.

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

3.8 Prepaid expenses

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

The following types of expenses are recorded as long-term prepaid expenses and are amortised to the consolidated income statement:

- Prepaid rental; and
- Tools and consumables with large value issued into production and can be used for more than one year.

Prepaid land rental

The prepaid land rental represents the unamortised balance of advance payment made in accordance with the lease contract signed with Cidico Corporation on 3 July 2000 for a period of 50 years and Tay Ninh Industrial Park Infrastructure Development Joint Stock Company on 21 July 2009 for a period of 45 years, and on 31 October 2017 to 14 July 2053.

Such prepaid rental is recognised as a long-term prepaid expense for allocation to the consolidated income statement over the remaining lease year according to Circular 45/2013/TT-BTC issued by the Ministry of Finance on 25 April 2013.

3.9 Construction in process

Construction in progress represents costs that are directly attributable to the acquisition, construction to produce an asset in the course of construction at the balance sheet date.

3.10 Business combinations and goodwill

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

3.11 Investments

Investment in another entity

Investment in another entity is stated at acquisition cost.

Provision for diminution in value of an investment

Provision for the investment is made when there are reliable evidences of the diminution in value of the investment at the balance sheet date.

Increases or decreases to the provision balance are recorded as finance expense in the consolidated income statement.

Held-to-maturity investment

Held-to-maturity investment is stated at acquisition cost. After initial recognition, held-to-maturity investment is measured at recoverable amount. Any impairment loss incurred is recognised as finance expenses in the consolidated income statement and deducted against the value of such investment.

3.12 Payables and accruals

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

3.13 Accrual for severance pay

The severance pay to employee is accrued at the end of each reporting period for all employees who have been in service for more than 12 months up to the consolidated balance sheet date at the rate of one-half of the average monthly salary for each year of service up to 31 December 2008 in accordance with the Labour Code and related implementing guidance. The average monthly salary used in this calculation will be revised at the end of each reporting year following the average monthly salary of the 6-month period up to the reporting date. Increase or decrease to the accrued amount other than actual payment to employees will be taken to the consolidated income statement.

This accrued severance pay is used to settle the termination allowance to be paid to employee upon termination of their labour contract following Article 48 of the Labour Code.

3.14 Foreign currency transactions

The Company applies the guidance of Circular 53/2016/TT-BTC dated 21 March 2016 amending and supplementing some articles of Circular 200/2014/TT-BTC dated 22 December 2014 on foreign currency transactions.

Transactions in currencies other than the Group's accounting currency are recorded at the exchange rate that approximates the average of buying and selling transfer exchange rates announced by the commercial bank where the Group most frequently conducts its transactions ("the average transfer exchange rate"). This approximate exchange rate does not exceed +/- 1% of the average transfer exchange rate. The average transfer exchange rate is determined daily based on the average of daily buying and selling transfer exchange rates of the commercial bank.

At the end of the year, balances of monetary items denominated in foreign currencies are translated at the transfer exchange rate announced by the commercial bank where the Group most frequently conducts its transactions. This transfer exchange rate is the buying transfer exchange rate of the commercial bank.

All foreign exchange differences incurred are taken to the consolidated income statement.

3.15 Appropriation of net profit

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

The Group maintains the following reserve funds which are appropriated from the Group's net profit as proposed by the Board of Directors and subject to approval by shareholders at the annual general meeting.

Investment and development fund

This fund is set aside for use in the Group's expansion of its operation or of in-depth investment.

Bonus and welfare fund

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

3.16 Revenue recognition

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

Sale of goods

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

Interest

Revenue is recognised as the interest accrues unless collectability is in doubt.

3.17 Taxation

Current income tax

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

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

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

Deferred tax

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

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

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

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

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

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

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

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

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

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

3.18 Earnings per share

Basic earnings per share amounts are calculated by dividing net profit (loss) after tax for the year attributable to ordinary shareholders of the Company (after adjusting for the bonus and welfare fund) by the weighted average number of ordinary shares outstanding during the year.

Diluted earnings per share amounts are calculated by dividing the net profit after tax attributable to ordinary equity holders of the Company (after adjusting the interest on the convertible preference shares) by the weighted average number of ordinary shares outstanding during the year plus the weighted average number of ordinary shares that would be issued on conversion of all the dilutive potential ordinary shares into ordinary shares.

3.19 Segment information

The Group's principal activities are to manufacture synthetic yarn and knitting. In addition, these activities are mainly taking place within Vietnam. Therefore, the Group's risks and returns are not impacted by the Group's products that the Group is manufacturing or the locations where the Group is trading. As a result, the Group's management is of the view that there is only one segment for business and geography and therefore presentation of segmental information is not required.

3.20 RELATED PARTIES

Parties are considered to be related parties of the Group if one party has the ability to control the other party or exercise significant influence over the other party in making financial and operating decisions, or when the Group and other party are under common control or under common significant influence. Related parties can be enterprise or individual, including close members of their families.

4. CASH AND CASH EQUIVALENTS

VND

	Ending balance	Beginning balance
Cash on hand	4,587,230	16,586,058
Cash in banks	5,984,864,923	20,767,601,289
Time deposits at banks (*)	103,486,804,629	214,500,000,000
TOTAL	109,476,256,782	235,284,187,347

(*) These represent short-term deposits at commercial banks with original maturities of less than three (3) months and earn market rate interest.

5. HELD-TO-MATURITY INVESTMENT

This represents the term deposit at Orient Commercial Joint Stock bank – Tan Binh Branch with original maturity of six (6) months and interest at 7.8% per annum.

6. SHORT-TERM TRADE RECEIVABLES AND ADVANCES TO SUPPLIERS

6.1 Short-term trade receivables

VND

	Ending balance	Beginning balance
Coats Phong Phu Co., Ltd.	30,329,992,959	9,602,862,329
Nam Phuong Textile and Dyeing Co., Ltd.	17,000,354,250	7,331,860,800
Unifi Asia Pacific (Hong Kong)	15,353,899,789	21,883,037,796
Chori Osaka Ltd Ptd	13,683,713,805	8,798,473,838
Thai Toray Synthetics Co., Ltd.	-	8,902,945,036
Others	14,937,707,128	12,880,892,056
TOTAL	91,305,667,931	69,400,071,855

6.2 Short-term advances to suppliers

VND

	Ending balance	Beginning balance
Vietnam Giza Engineering and Construction JSC	298,016,528,971	-
Multicom Machinery Taiwan LTD	50,762,970,184	149,091,159,230
Vietnam Hong Duong Air Conditioning Co., Ltd.	2,396,736,000	-
Slack & Parr Co., Ltd.	454,651,445	-
VBS Technology Co., Ltd.	-	880,000,000
Truong Hai Investment and Development Co., Ltd.	-	346,500,000
Oerlikon Barmag Zweigniederlassung	-	277,735,068
Zhangjiagang Shuoxiang International	-	222,402,560
Others	2,898,968,408	765,205,452
TOTAL	354,529,855,008	151,583,002,310

7. SHORT-TERM LOAN RECEIVABLE

VND

	Ending balance	Beginning balance
Dintsun Vietnam Company Limited	3,471,000,000	3,471,000,000

The balance represents interest-free loan to Dintsun Vietnam Company Limited ("Dintsun") under Capital Contribution Agreement No. DTVN – 2019001 dated 12 December 2019 and the latest Appendix dated 29 December 2023 to raise capital for the Soc Trang Industrial Zone Project.

8. OTHER SHORT-TERM RECEIVABLES

VND

	Ending balance	Beginning balance
Deposits interest	504,397,615	1,125,222,222
Others	327,948,100	407,405,618
TOTAL	832,345,715	1,532,627,840

9. INVENTORIES

VND

	Ending balance		Beginning balance	
	Cost	Provision	Cost	Provision
Finished goods	447,284,438,381	(2,458,780,034)	283,606,536,566	(3,112,425,296)
Raw materials	149,533,927,024	(3,851,462,162)	165,479,464,761	(3,433,385,432)
Goods in transit	24,515,125,247	-	23,596,333,657	-
TOTAL	621,333,490,652	(6,310,242,196)	472,682,334,984	(6,545,810,728)

Detail of movements of provision for obsolete inventories:

VND

	Current year	Previous year
Beginning balance	(6,545,810,728)	(19,415,255,996)
Add: Provision made during the year	(174,972,119)	-
Less: Reversal of provision	410,540,651	12,869,445,268
Ending balance	(6,310,242,196)	(6,545,810,728)

10. TANGIBLE FIXED ASSETS

VND

	Buildings and structures	Machinery and equipment	Motor vehicles	Office equipment	Total
Cost:					
Beginning balance	304,608,626,458	1,592,121,478,104	186,801,490,157	4,791,726,080	2,088,323,320,799
New purchases	-	1,627,627,058	2,057,500,000	-	3,685,127,058
Ending balance	304,608,626,458	1,593,749,105,162	188,858,990,157	4,791,726,080	2,092,008,447,857
<i>In which:</i>					
Fully depreciated	88,291,213,408	592,516,250,722	105,416,508,786	3,838,565,694	790,062,538,610
Accumulated depreciation:					
Beginning balance	(160,147,413,483)	(1,033,583,954,846)	(159,353,174,127)	(4,671,864,542)	(1,357,756,406,998)
Depreciation for the year	(9,046,843,996)	(72,620,163,485)	(10,096,356,841)	(119,861,538)	(91,883,225,860)
Ending balance	(169,194,257,479)	(1,106,204,118,331)	(169,449,530,968)	(4,791,726,080)	(1,449,639,632,858)
Net carrying amount:					
Beginning balance	144,461,212,975	558,537,523,258	27,448,316,030	119,861,538	730,566,913,801
Ending balance	135,414,368,979	487,544,986,831	19,409,459,189	-	642,368,814,999

11. INTANGIBLE ASSET

VND

	Computer software
Cost:	
Beginning and ending balances	14,385,298,205
<i>In which:</i>	
Fully amortised	14,385,298,205
Accumulated amortisation:	
Beginning and ending balances	(14,385,298,205)
Net carrying amount:	
Beginning and ending balances	-

12. CONSTRUCTION IN PROGRESS

VND

	Ending balance	Beginning balance
<i>Unitex factory project</i>	757,817,607,354	29,973,680,699
Machinery and equipment under installation	25,223,157,379	10,928,370,930
Others	61,668,644	40,455,742
TOTAL	783,102,433,377	40,942,507,371

13. INVESTMENT IN OTHER ENTITY

VND

	Ending balance		Beginning balance	
	% of interest	Cost VND	% of interest	Cost VND
Dintsun Vietnam Company Limited	5	13,800,000,000	5	13,800,000,000

Dintsun Vietnam Company Limited ("Dintsun") is a limited company established pursuant to Enterprise Registration Certificate No. 2200764052 issued by the Department of Planning and Investment of Ho Chi Minh City on 29 May 2019. Its principal activity is to invest in business infrastructure. The registered head office of Dintsun is located at Xay Da B Hamlet, Ho Dac Kien Commune, Chau Thanh District, Soc Trang Province, Vietnam.

14. PREPAID EXPENSES

VND

	Ending balance	Beginning balance
Short-term	2,793,026,285	3,067,765,320
Insurance premium	1,904,838,455	1,250,123,438
Tools and supplies in use	489,317,732	944,488,607
Prepaid car rental	320,000,000	320,000,000
Others	78,870,098	553,153,275
Long-term	135,708,407,488	136,348,216,385
Prepaid land rental	111,709,374,794	112,833,871,240
Tools and supplies in use	20,748,154,809	19,921,580,213
Others	3,250,877,885	3,592,764,932
TOTAL	138,501,433,773	139,415,981,705

(*) As at 31 December 2023, a part of prepaid land rental with the amount of VND 78,035,144,535 of land plot No. 30, map sheet No. 69, Thanh Thanh Cong Industrial Park, Hoa An commune, Trang Bang district, Tay Ninh province with an area of 100,183.13 m² owned by Unitex Corporation is being used as mortgage for bank loans (Note 20).

15. SHORT-TERM TRADE PAYABLES

VND

	Ending balance	Beginning balance
Unifi Textile (Suzhou) Co., Ltd.	117,400,338,000	53,768,088,000
Chori Co., Ltd.	62,895,417,000	30,323,800,800
32,910,848,100Tainan Spinning Co., Ltd.	32,910,848,100	105,308,480,400
Others	24,548,331,441	30,387,954,622
TOTAL	237,754,934,541	219,788,323,822

16. SHORT-TERM ADVANCES FROM CUSTOMERS

VND

	Ending balance	Beginning balance
Lear Corporation - Kenansville	29,140,194,914	3,681,251,674
2,089,870,242Chori Vietnam Co., Ltd.	2,089,870,242	1,037,528,377
Hung Yen Knitting & Dyeing Co., Ltd.	1,073,521,449	-
Others	6,920,931,949	4,065,195,880
TOTAL	39,224,518,554	8,783,975,931

17. STATUTORY OBLIGATIONS

VND

	Beginning balance	Increase during the year	Decrease during the year	Ending balance
Payables				
Corporate income tax	775,172,210	4,027,335,333	(4,802,507,543)	-
Export import tax	-	15,161,983,635	(14,990,681,430)	171,302,205
Personal income tax	488,764,403	2,613,998,504	(2,805,082,461)	297,680,446
Value-added tax	2,304,704,502	252,804,818,704	(252,607,738,837)	2,501,784,369
Others	-	93,136,290	(93,136,290)	-
TOTAL	3,568,641,115	274,701,272,466	(275,299,146,561)	2,970,767,020
Receivables				
Corporate income tax	5,080,546,040	589,608,398	(4,027,335,333)	1,642,819,105
Export import tax	205,628,626	14,350,140,882	(14,441,345,582)	114,423,926
Value-added tax deductible	84,182,005,136	397,245,262,685	(318,731,434,524)	162,695,833,297
Others	7,744,518	977,045,734	(983,687,028)	1,103,224
TOTAL	89,475,924,320	413,162,057,699	(338,183,802,467)	164,454,179,552

18. SHORT-TERM ACCRUED EXPENSES

VND

	Ending balance	Beginning balance
Utilities	6,733,250,971	4,913,918,642
Sales commission	865,656,539	753,799,125
Interest expense	355,833,026	780,198,710
TOTAL	7,954,740,536	6,447,916,477

19. SHORT-TERM OTHER PAYABLES

VND

	Ending balance	Beginning balance
Union fees	2,326,315,136	3,068,865,705
Social insurance	458,994,129	843,221,735
Dividends	327,500,530	327,500,530
Others	2,090,980,524	2,420,278,608
TOTAL	5,203,790,319	6,659,866,578

20. LOANS

VND

	Beginning balance	Movement during the year		Revaluation due to foreign exchange difference	Reclassification	Ending balance
		Increase	Decrease			
Short-term						
Loans from bank (Note 20.1)	308,095,357,806	1,210,886,348,875	(1,087,984,771,145)	9,980,877,224	-	440,977,812,760
Current portion (Note 20.2)	-	-	-	(54,713,668)	168,614,713,668	168,560,000,000
Long-term						
Loan from bank (Note 20.2)	-	577,883,878,461	-	(132,803,459)	(168,614,713,668)	409,136,361,334
TOTAL	308,095,357,806	1,788,770,227,336	(1,087,984,771,145)	9,793,360,097	-	1,018,674,174,094

The Company obtained loans from banks to finance its working capital requirements and factory construction for Unitex Corporation at interest rates ranging from 3.5% to 7.54% per annum (for foreign currencies) and from 2.9% to 6% per annum (for VND). Further details are as follows

20.1 Short-term loans

Bank	Ending balance VND	Original amount USD	Term and maturity date	Purposes	Descriptions of collateral
CTBC Bank Co., Ltd - Ho Chi Minh Branch	168,560,000,000	7,000,000	From 30 September 2024 to 30 December 2024	Factory construction for Unitex Corporation	Factory and lease rights
KASIKORNBANK Public Company Limited - Ho Chi Minh Branch	157,779,468,653	-	From 4 January 2024 to 27 March 2024	Working capital requirements	Unsecured
Joint Stock Commercial Bank for Foreign Trade of Vietnam - Ho Chi Minh Branch	124,710,412,708	5,179,004	From 19 February 2024 to 27 April 2024	Working capital requirements	Unsecured
Vietnam Export Import Bank - Ho Chi Minh Branch	118,138,781,566	4,906,096	From 28 March 2024 to 28 June 2024	Working capital requirements	Unsecured
CTBC Bank Co., Ltd - Ho Chi Minh Branch	37,463,743,688	-	From 8 April 2024 to 13 May 2024	Working capital requirements	Unsecured
CTBC Bank Co., Ltd - Ho Chi Minh Branch	2,370,160,206	98,429	21 June 2024	Factory construction for Unitex Corporation	Land use right
Vietnam Export Import Bank - Ho Chi Minh Branch	515,245,939	-	13 March 2024	Working capital requirements	Unsecured
TOTAL	609,537,812,760	17,183,528			

20.2 Long-term loan

Bank	Ending balance VND	Original amount USD	Term and maturity date	Purposes	Descriptions of collateral
CTBC Bank Co., Ltd - Ho Chi Minh Branch	577,696,361,334	23,990,713	From 30 March 2025 to 17 January 2028	Factory construction for Unitex Corporation	Factory and lease rights
<i>In which:</i>					
Current portion	168,560,000,000	7,000,000			
Non-current portion	409,136,361,334	16,990,713			

21. OWNERS' EQUITY

21.1 Movements in owners' equity

VND

	Share capital	Share premium	Treasury shares	Investment and development fund	Undistributed earnings	Total
Previous year:						
Beginning balance	707,269,440,000	35,093,198,872	(42,410,550,000)	1,219,011,000	557,822,331,374	1,258,993,431,246
Increase in share capital	136,368,810,000	5,731,380,000	-	-	-	142,100,190,000
Net profit for the year	-	-	-	-	242,274,378,237	242,274,378,237
Dividends declared	-	-	-	-	(102,277,941,000)	(102,277,941,000)
Ending balance	843,638,250,000	40,824,578,872	(42,410,550,000)	1,219,011,000	697,818,768,611	1,541,090,058,483
Current year:						
Beginning balance	843,638,250,000	40,824,578,872	(42,410,550,000)	1,219,011,000	697,818,768,611	1,541,090,058,483
Net profit for the year	-	-	-	-	87,799,332,687	87,799,332,687
Dividends by shares	122,730,990,000	-	-	-	(122,730,990,000)	-
Ending balance	966,369,240,000	40,824,578,872	(42,410,550,000)	1,219,011,000	662,887,111,298	1,628,889,391,170

21.2 Capital transactions with owners and distribution of dividends/profits

VND

	Current year	Previous year
Issued share capital		
Beginning balance	843,638,250,000	707,269,440,000
Issuance of shares	122,730,990,000	136,368,810,000
Ending balance	966,369,240,000	843,638,250,000
Dividends declared		
Dividends paid in cash	-	(102,213,100,650)
Dividends paid in shares (*)	(122,730,990,000)	-

(*) In accordance with the Resolution of Shareholders 02-2023/NQ-DHDCD dated 30 March 2023 and the Resolution of the Board of Directors 20-2023/NQ-HDQT dated 19 June 2023, approving the issuance plan of bonus shares to existing shareholders at the ratio of 100:15 from undistributed earnings to pay dividends for 2022, the Company additionally completed issuance of 12,273,099 shares on 14 January 2020. The Company's registered charter capital has been increased from VND 843,638,250,000 to VND 966,369,240,000. The increase in charter capital was approved by the Department of Planning and Investment of Ho Chi Minh City via the issuance of the 21st amended Enterprise Registration Certificate No. 0302018927 on 14 August 2023.

21.3 Shares

VND

	Ending balance		Beginning balance	
	Quantity	Amount (VND)	Quantity	Amount (VND)
Authorized shares	96,636,924	966,369,240,000	84,363,825	843,638,250,000
Issued shares				
Issued and paid-up shares	96,636,924	966,369,240,000	84,363,825	843,638,250,000
Ordinary shares	96,636,924	966,369,240,000	84,363,825	843,638,250,000
\Treasury shares				
Ordinary shares	(2,541,650)	(42,410,550,000)	(2,541,650)	(42,410,550,000)
Shares in circulation				
Ordinary shares	94,095,274	923,958,690,000	81,822,175	801,227,700,000

Par value of outstanding share: VND 10,000 per share. The holders of the Company's ordinary shares are entitled to receive dividends as and when declared by the Company. Each ordinary share carries one vote per share without restriction.

22. REVENUES

22.1 Revenue from sale of goods

VND

	Current year	Previous year
Gross revenue	1,425,624,612,200	2,116,780,568,379
Less:		
Sales returns	(561,587,822)	(2,248,877,567)
Net revenue	1,425,063,024,378	2,114,531,690,812

22.2 Finance income

VND

	Current year	Previous year
Foreign exchange gains	20,372,266,603	11,614,716,892
Interest income	10,689,149,403	17,725,426,686
TOTAL	31,061,416,006	29,340,143,578

23. FINANCE EXPENSES

VND

	Current year	Previous year
Foreign exchange losses	36,722,383,104	39,235,891,045
Interest expense	17,335,099,901	9,128,352,047
TOTAL	54,057,483,005	48,364,243,092

24. SELLING EXPENSES

VND

	Current year	Previous year
Transportation	7,986,552,183	9,109,582,228
Letter of credit and documentary fees	7,574,931,856	5,393,435,037
Commission fee	554,678,691	2,344,551,101
Others	3,547,612,996	2,600,769,937
TOTAL	19,663,775,726	19,448,338,303

25. GENERAL AND ADMINISTRATION EXPENSES

VND

	Current year	Previous year
Labour costs	31,195,816,130	32,601,644,783
External services	12,079,570,434	13,781,628,224
Stationery and other tools costs	9,579,378,915	9,527,080,924
Depreciation and amortisation	1,499,423,578	1,577,509,247
Others	6,085,506,397	6,627,934,821
TOTAL	60,439,695,454	64,115,797,999

26. PRODUCTION AND OPERATING COSTS

VND

	Current year	Previous year
Raw materials	855,629,530,014	1,277,763,972,568
External services	214,842,272,280	247,909,931,827
Labour costs	113,563,925,627	139,698,790,039
Depreciation and amortisation (Notes 10 and 11)	91,883,225,860	106,360,870,108
Others	37,165,745,786	53,068,537,439
TOTAL	1,313,084,699,567	1,824,802,101,981

27. CORPORATE INCOME TAX

The applicable corporate income tax ("CIT") rates to the Company are as follows:

- For the Cu Chi Operation, the CIT rate is 20% of taxable profit.
- For the Trang Bang Branch, the CIT is applied according to each product type. In particular:
 - Income from FDY and DTY products onwards was exempted for four years (2011 – 2014), and is subject to 50% deduction in the following nine years (2015 – 2023). The applicable rate is 10% for 15 years from 2011.
 - Income from FDY and DTY products of expansion projects was exempted for four years (2016 – 2019), and is subject to 50% deduction in the following nine years (2020 – 2028). The applicable rate is 10% for 15 years from 2016.
 - Income from POY products at stage 3 was exempted for two years (2016 – 2017), and is subject to 50% deduction in the following four years (2018 – 2021). The applicable rate is 10% for 15 years from 2016.

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

27.1 CIT expense

VND

	Current year	Previous year
Current tax expense	5,936,938,896	28,516,255,103
Adjustment for over accrual of CIT from prior years	(3,215,273,257)	(966,505,164)
Deferred tax expense (income)	480,931,911	(361,484,876)
TOTAL	3,202,597,550	27,188,265,063

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

27.2 Current CIT

Reconciliation between CIT expense and the accounting profit before tax multiplied by CIT rate is presented below:

VND

	Current year	Previous year
Accounting profit before tax	91,001,930,237	269,462,643,300
At the applicable CIT rate for the Group	18,200,386,047	53,892,528,660
Adjustments:		
Non-deductible expenses	1,547,561,822	890,040,642
Tax incentive for the Trang Bang branch	(19,346,270,333)	(28,330,081,489)
Adjustment for over-accrual of tax from prior years	(3,215,273,257)	(966,505,164)
Unrealised profit	5,358,258,602	943,595,911
Unrecognized deferred tax assets on tax loss carry forward	657,934,669	758,686,503
CIT expense	3,202,597,550	27,188,265,063

27.3 Deferred tax

The deferred tax asset items recognised by the Group, and the movements thereon, are as follows:

VND

	Consolidated balance sheet		Consolidated income statement	
	Ending balance	Beginning balance	Current year	Previous year
Deferred tax assets				
Accrued expenses	2,019,826,977	2,361,618,377	(341,791,400)	(263,447,108)
Provision for obsolete inventories	877,123,667	950,483,191	(73,359,524)	613,332,278
Foreign exchange arising from revaluation of monetary accounts denominated in foreign currency	2,421,631	66,600,232	(64,178,601)	11,984,379
Accrual for severance pay	43,898,866	45,501,252	(1,602,386)	(384,673)
	2,943,271,141	3,424,203,052		
Net deferred tax (charge) credit to consolidated income statement			(480,931,911)	361,484,876

28. TRANSACTIONS WITH RELATED PARTIES

The related parties with the Company as at 31 December 2023 are as follows:

Related party	Relationship
Hung Loi Service Trading Investment Company Limited	Related party due to a BOD member of the Group investing therein
P.A.N Asia Co., Ltd	Related party due to a BOD member of the Company investing therein

Details of remuneration of the Board of Directors ("BOD"), Board of Supervision ("BOS") and management are as follows:

VND

Individuals	Position	Remuneration	
		Current year	Previous year
Ms Dang My Linh	Chairwoman	150,000,000	150,000,000
Mr Dang Trieu Hoa	Deputy of Chairman cum General Director	1,517,600,000	1,460,900,000
Mr Dang Huong Cuong	Member of BOD	150,000,000	150,000,000
Mr Chen Che Jen	Member of BOD	225,000,000	225,000,000
Ms Cao Thi Nguyet Anh	Member of BOD	150,000,000	225,000,000
Mr Vo Quang Long	Member of BOD	150,000,000	150,000,000
Mr Nguyen Quoc Huong	Member of BOD	225,000,000	225,000,000
Mr Nguyen Tu Luc	Head of Audit function	60,000,000	60,000,000
Ms Hoang Nu Mong Tuyen	Member of BOS up to 30 March 2023	-	60,000,000
Ms Ha Kiet Tran	Member of BOS from 30 March 2023	60,000,000	-
Ms Dinh Ngoc Hoa	Member of BOS	167,748,325	352,272,489
Ms Nguyen Phuong Chi	Director	1,419,857,942	1,451,556,387
Mr Phan Nhu Bich	Financial Director cum Chief Accountant	836,885,835	864,751,531
TOTAL		5,112,092,102	5,374,480,407

29. EARNINGS PER SHARE

The following reflects the income and share data used in the basic and diluted earnings per share computations:

VND

	Current year	Previous year
Net profit after tax attributable to ordinary equity holders adjusted for the effect of dilution	87,799,332,687	242,274,378,237
Weighted average number of ordinary shares for basic earnings per share (*)	94,095,274	84,064,841
Earnings per share (par value of VND 10,000/share)		
Basic	933	2,882
Diluted	933	2,882

(*) The weighted average number of shares in circulation for the year ended 31 December 2023 and 31 December 2022 were adjusted to reflect the issuance of 12,273,099 shares from undistributed earnings to pay dividends for 2022 on 25 July 2023.

There have been no dilutive ordinary shares during the year and the date of completion of these consolidated financial statements.

30. OPERATING LEASE COMMITMENTS

The Group leases assets under an operating lease arrangement, with future minimum lease commitments due as follows:

VND

	Ending balance	Beginning balance
Less than 1 year	1,961,680,720	769,388,400
From 1 to 5 years	2,364,405,800	2,420,769,251
More than 5 years	8,884,960,020	12,350,772,653
TOTAL	13,211,046,540	15,540,930,304

31. OFF CONSOLIDATED BALANCE SHEET ITEM

VND

	Ending balance	Beginning balance
Major foreign currency:		
United States dollar (USD)	74,162	112,156

32. PROFESSIONAL SERVICE FEES

Professional service fees with the global network of EY firms (“EY Firms”) incurred in current year and prior year were as follows:

VND

	Current year	Previous year
Review services and audit fee of separate and consolidated financial statements	500,000,000	310,000,000

33. EVENT AFTER THE BALANCE SHEET DATE

There is no matter or circumstance that has arisen since the consolidated balance date that requires adjustment or disclosure in the consolidated financial statements of the Group.

Preparer
Nguyen Thi Hong Tham

Chief Accountant
Phan Nhu Bich

General Director
Dang Trieu Hoa

Ho Chi Minh City, Vietnam

8 March 2024

APPENDIX: ASEAN CORPORATE GOVERNANCE SCORECARD

Code	Criteria		Notes/Recommended improvements
A. Shareholders' Rights			
A.1	Basic Shareholder Rights		
A.1.1	Does the company pay (interim and final/annual) dividends in an equitable and timely manner; that is, all shareholders are treated equally and paid within 30 days after being (i) declared for interim dividends and (ii) approved by shareholders at general meetings for final dividends? In case the company has offered Scrip dividend, did the company paid the dividend within 60 days.	Applied/Executed	2022 share dividend payment was completed in 60 days. Please refer to the reference appendix
A.2	Right to participate effectively in and vote in general shareholder meetings and should be informed of the rules, including voting procedures, that govern general Guiding Reference shareholder meetings.		
A.2.1	Do shareholders have the opportunity, evidenced by an agenda item, to approve remuneration (fees, allowances, benefit-in-kind and other emoluments) or any increases in remuneration for the non-executive directors/commissioners?	Applied/Executed	The Company's proposal on BOD and BOS's remuneration. Please refer to 2023 AGSM resolutions and minutes.
A.2.2	Does the company provide non-controlling shareholders a right to nominate candidates for board of directors/commissioners?	Applied/Executed	The Company's Charter stipulates that shareholders have the right to combine votes to nominate candidates.
A.2.3	Does the company allow shareholders to elect directors/commissioners individually?	Applied/Executed	Election regulations are clearly stated and votes for members of the Board of Directors and members of the Board of Supervisors are designed for shareholders to distribute votes to each candidate for the Board of Directors and Board of Supervisors. See Election Regulations for the 2023 General Meeting of Shareholders.
A.2.4	Does the company disclose the voting procedures used before the start of meeting?	Applied/Executed	Voting and vote counting rules and Election Regulations are clearly announced on the Company website before the Meeting takes place. See the reference appendix and documents for the 2023 General Meeting of Shareholders.
A.2.5	Do the minutes of the most recent AGM record that the shareholders were given the opportunity to ask questions and the questions raised by shareholders and answers given recorded?	Applied/Executed	The 2023 General Meeting of Shareholders' minutes reported in detail shareholders' questions and BOD/BOM's responses.
A.2.6	Does the company disclose the voting results including approving, dissenting, and abstaining votes for all resolutions/each agenda item for the most recent AGM?	Applied/Executed	The Minutes of the 2023 General Meeting of Shareholders recorded detailed voting results for each content that needs the General Meeting of Shareholders' approval.
A.2.7	Does the company disclose the list of board members who attended the most recent AGM?	Applied/Executed	The minutes of the 2023 General Meeting of Shareholders recorded the full list of attending members of the Board of Directors
A.2.8	Does the company disclose that all board members and the CEO (if he is not a board member) attended the most recent AGM?	Applied/Executed	7/7 members of the Board of Directors for the 2018-2023 term and 7/7 members of the Board of Directors for the 2023-2028 term attended the 2023 General Meeting of Shareholders
A.2.9	Does the company allow voting in absentia?	Applied/Executed	The Company's Charter and Voting Regulations allow shareholders to have authorized representatives to exercise voting rights. See Article 13.6.b and Article 16 – The Charter

Code	Criteria		Notes/Recommended improvements
A.2.10	Did the company vote by poll (as opposed to by show of hands) for all resolutions at the most recent AGM?	Applied/Executed	The Company Charter and Voting Regulations stipulate this issue. All resolutions of the General Meeting of Shareholders are approved by voting. Article 21 – The Charter stipulates the percentage of votes for approval of issues requiring shareholders' approval. See Minutes and resolutions of the 2023 General Meeting of Shareholders.
A.2.11	Does the company disclose that it has appointed an independent party (scrutineers/ inspectors) to count and/or validate the votes at the AGM?	Applied/Executed	The 2023 General Meeting of Shareholders invited shareholders to participate in the vote counting committee. However, no one volunteered so the meeting chairperson recommended a company staff to participate.
A.2.12	Does the company make publicly available by the next working day the result of the votes taken during the most recent AGM/EGM for all resolutions?	Applied/Executed	AGSM's resolutions and minutes are disclosed within 24 hours on the Company's website. Please refer to the appendix
A.2.13	Does the company provide at least 21 days notice for all AGMs and EGMs?	Applied/Executed	The notice finalizing the list of shareholders to attend the General Meeting of Shareholders states the expected meeting date is announced 51 days before the meeting date. Meeting documents of the General Meeting of Shareholders are announced 21 days before the meeting date. See reference appendix
A.2.14	Does the company provide the rationale and explanation for each agenda item which require shareholders' approval in the notice of AGM/circulars and/or the accompanying statement?	Applied/Executed	The Company's reports to the General Meeting of Shareholders clearly state the information and foundation for the issues that needs to be approved. See 2023 General Meeting of Shareholders meeting documents
A.2.15	Does the company give the opportunity for shareholders to place item/s on the agenda of general meetings and/or to request for general meetings subject to a certain percentage?	Applied/Executed	The Company's Charter stipulates this issue (see Article 18.4 - Charter) and in fact the Company always encourages shareholders to raise issues for discussion in the agenda (See Meeting Minutes)
A.3	Markets for corporate control should be allowed to function in an efficient and transparent manners		
A.3.1	In cases of mergers, acquisitions and/or takeovers requiring shareholders' approval, does the board of directors/commissioners of the company appoint an independent party to evaluate the fairness of the transaction price?	Applied/Executed	Article 38.5 - The Company's Charter regulates this.
A.4	The exercise of ownership rights by all shareholders, including institutional investors, should be facilitated.		
A.4.1	Does the company disclose its practices to encourage shareholders to engage with the company beyond general meetings?	Applied/Executed	The Company's Annual Report states the contact channels for shareholders and on the Company's website there is contact of investor relations department
A.5	Shares and voting rights		
A.5.1	Where the company has more than one class of shares, does the company publicise the voting rights attached to each class of shares (e.g. through the company website / reports/ the stock exchange/ the regulator's website)?	Applied/Executed	No case recorded at STK

Code	Criteria		Notes/Recommended improvements
A.6	Notice of AGM		
A.6.1	Does each of the resolutions tabled at the most recent annual general meeting deal with only one item, i.e., there is no bundling of several items into the same resolution?	Applied/Executed	The Company has prepared separate proposals for each issue to get opinions from the General Meeting of Shareholders and the meeting minutes contain information on the number of votes for, against, and no opinions for each issue. However, the Resolution still includes many issues related to the Company's business activities in one document. See Meeting documents, Minutes and Resolutions of the 2023 General Meeting of Shareholders
A.6.2	Are the company's notice of the most recent AGM/circulars fully translated into English and published on the same date as the local-language version?	Applied/Executed	Fully executed since 2017 AGSM
	Does the notice of AGM/circulars have the following details:		
A.6.3	Are the profiles of directors/commissioners (at least age, academic qualification, date of first appointment, experience, and directorships in other listed companies) in seeking election/re-election included?	Applied/Executed	The curriculum vitae of the Board of Directors candidates is published on the Company's website before the meeting and enclosed in meeting documents
A.6.4	Are the auditors seeking appointment/re-appointment clearly identified?	Applied/Executed	The 2023 General Meeting of Shareholders' proposal on this issue includes a list of nominated auditing companies and criteria to choose.
A.6.5	Were the proxy documents made easily available?	Applied/Executed	The authorization letter to attend the General Meeting of Shareholders is included in the meeting invitation and posted on the website of the Company.
A.7	Insider trading and abusive self-dealing should be prohibited.		
A.7.1	Are the directors / commissioners required to report their dealings in company shares within 3 business days?	Applied/Executed	Internal persons and persons related to internal people of the Company are complying with information disclosure regulations when trading stocks. The Company has drafted and submitted to the 2024 General Meeting of Shareholders for approval of Information disclosure regulations, in which Article 9.2 stipulates that internal persons and related persons must disclose information on the Company's website 3 days before conducting stock trading transactions.
A.8	Related party transactions by directors and key executives.		
A.8.1	Does the company have a policy requiring a committee of independent directors/commissioners to review material RPTs to determine whether they are in the best interests of the company and shareholders?	Applied/Executed	Article 38.5 - The Charter regulates this.
A.8.2	Does the company have a policy requiring board members (directors/commissioners) to abstain from participating in the board discussion on a particular agenda when they are conflicted?	Applied/Executed	Article 29.11.b - The Charter regulates this.
A.8.3	Does the company have policies on loans to directors and commissioners either forbidding this practice or ensuring that they are being conducted at arm's length basis and at market rates?	Applied/Executed	Article 38.4 - The Charter regulates this.

Code	Criteria		Notes/Recommended improvements
A.9	Protecting minority shareholders from abusive actions		
A.9.1	Does the company disclose that RPTs are conducted in such a way to ensure that they are fair and at arms' length?	Applied/Executed	Annual reports include this content in the section of preventing interest conflicts with relevant parties
A.9.2	In case of related party transactions requiring shareholders' approval, is the decision made by disinterested shareholders?	Applied/Executed	Article 38.5.d - The Company's Charter has provisions on this issue and in fact the Company has complied with the regulations.
C.			
C.1	Sustainability-related disclosure should be consistent, comparable and reliable, and include retrospective and forward-looking material information that a reasonable investor would consider important in making an investment or voting decision.		
C.1.1	Does the company identify/report ESG topics that are material to the organization's strategy?	Applied/Executed	Sustainable development is one of STK's top goals and this goal has been concretized in the Company's business strategy. The company consists of 3 main pillars: developing environmentally friendly products to meet consumer demand and increase revenue and profit; Apply advanced technologies as well as solutions to save materials, energy, water, and limit waste to the environment, limiting greenhouse gas emissions, using renewable energy; Share benefits with community and relevant parties, training and creating promotion opportunities for employees, ensuring environmental protection Safe working environment for workers. See Section 5 of the 2022 Annual Report and Section V of the 2022 Sustainability Development Report
C.1.2	Does the company identify climate change as an issue?	Applied/Executed	With the awareness that climate change is a potential risk to the Company's operations so STK has carried out climate change assessments and implemented solutions to reduce climate change and greenhouse gas emissions such as producing products with low carbon emissions (recycled yarn, dope dyed yarn), using renewable energy, applying solutions to save electricity and water consumption, Switching from diesel forklifts to electric forklifts, reusing paper tubes, recycling waste yarn into PET chips. See section V- 2022 Annual Report and sections V.4, V.5, V.6, V.7 - 2022 Annual Report.
C.1.3	Does the company adopt an internationally recognized reporting framework or standard for sustainability (i.e. GRI, Integrated Reporting, SASB, IFRS Sustainability Disclosure Standards)?	Applied/Executed	STK's 2022 Sustainability Development Report followed GRI Universal Standard 2016
C.1.4	Does the company disclose quantitative sustainability target?	Applied/Executed	STK's 2022 Sustainability Development Report specifically presents quantitative goals for sustainable development of 2023 (e.g. POY paper tube reuse rate, circulating water usage rate, water target, electricity consumed per 1 kg of product, proportion of renewable energy in total consumption, number of violations on OSH, fire protection, environment, revenue contribution rate of recycled yarn. See Section V - 2022 Sustainability Development Report
C.1.5	Does the company disclose sustainability-related performance progress in relation to its previously set targets?	Applied/Executed	The 2022 Sustainability Development Report compares implementation results in 2022 with quantitative sustainable development goals. See Section V - 2022 Sustainability Development Report

Code	Criteria		Notes/Recommended improvements
C.1.6	Does the company confirm that its Sustainability Report / Reporting is reviewed and / or approved by the Board or Board Committee?	Applied/Executed	During quarterly meetings, the Board of Management reports to the Board of Directors on operations status, environmental and social aspects. The Board of Directors assigned the Board of Management to prepare the Sustainability Development Report according to international practices. However, the company's Sustainability Development Report has not been approved by the Board of Directors
C.2	Corporate governance frameworks should allow for dialogue between a company, its shareholders and stakeholders to exchange views on sustainability matters		
C.2.1	Does the company engage internal stakeholders to exchange views and gather feedback on sustainability matters that are material to the business of the company?	Applied/Executed	Quarterly, the Company organizes dialogues at the workplace between employees and the Employee Union to listen to employees' comments and shares about the policies and activities of the enterprise. The Company organizes annual employee conference. The opinions of employees are collected, analyzed, evaluated and classified according to importance. See Section III.6 - 2022 Sustainability Development Report
C.2.2	Does the company engage external stakeholders to exchange views and gather feedback on sustainability matters that are material to the business of the company?	Applied/Executed	Activities towards sustainable development are proactively and actively shared by STK together with related parties, to identify concerned issues; then evaluated by the Company in relation to the Company's current operations, sustainable development strategy and global sustainable development, thereby identifying key issues to tackle. See Section III.6 - 2022 Sustainability Development Report
C.3	The corporate governance framework should ensure that boards adequately consider material sustainability risks and opportunities when fulfilling their key functions in reviewing, monitoring and guiding governance practices, disclosure, strategy, risk management and internal control systems, including with respect to climate-related physical and transition risks		
C.3.1	Does the company disclose that the board reviews on an annual basis that the company's capital and debt structure is compatible with its strategic goals and its associated risk appetite?	Applied/Executed	The Company's loans are approved by the Board of Directors based on whether the Company's financial risk assessment is consistent with the Company's strategic direction. See 2023 Corporate Governance Report.
C.4	The corporate governance framework should recognise the rights of stakeholders established by law or through mutual agreements and encourage active co-operation between corporations and stakeholders in creating wealth, jobs, and the sustainability of financially sound enterprises.		
C.4.1	The existence and scope of the company's efforts to address customers' welfare?	Applied/Executed	Section "Principles of treating customers" - the Company's Code of Conduct regulates this issue. In addition, to ensure product quality, the Company applies strict quality management standards such as ISO 9001:2005, REACH 168; Oerkotex 100, GRS. See "https://thekey.vn/index.php/kiem-soat-chat-luong/". In addition, when customers have complaints about quality, the Company proactively and actively coordinate to handle the problem. Thanks to that, the level of customer satisfaction with quality service and product quality according to survey results every 6 months are all high.
C.4.2	Supplier/contractor selection procedures?	Applied/Executed	According to the provisions in Section "Principles for Treating Suppliers" - Code of Conduct of the Company, the company is committed to treating all suppliers fairly. The Company has built an evaluation process and set standards for supplier control based on quality and social responsibility criteria (e.g.ISO9001 and ISO14001, 5s, SA8000, emission standards)

Code	Criteria		Notes/Recommended improvements
C.4.3	The company's efforts to ensure that its value chain is environmentally friendly or is consistent with promoting sustainable development?	Applied/Executed	To produce recycled yarn, an environmentally friendly product, the Company uses recycled PET chips by suppliers who have achieved GRS certificate (to achieve this certificate, suppliers must achieve chemical control standards, environmental protection, social responsibility). The Company also announces commitment to sustainable development to suppliers and requires suppliers' commitment.
C.4.4	The company's efforts to interact with the communities in which they operate?	Applied/Executed	The Company has created jobs and promoted the development of the local economy (purchasing local goods and services). The Company also provides scholarships to a local vocational school and actively participates in local activities organized by local authorities.
C.4.5	The company's anti-corruption programmes and procedures?	Applied/Executed	The Company's Code of Conduct prohibits Company members from accepting bribes or taking advantage of assets, information or position at the Company for personal gain and disadvantage to the Company. The Company's regulations also prohibits self-serving acts and disciplinary measures when violating this regulation.
C.4.6	How creditors' rights are safeguarded?	Applied/Executed	The Company always complies with the terms of the loan contract, paying interest and debt on time. See entry III.6 2022 Sustainability Development Report
C.4.7	Does the company have a separate report/section that discusses its efforts on environment/economy and social issues?	Applied/Executed	Section III - Sustainability Development Report clearly states the company's efforts in the field of sustainable development (environmental protection, responsibility to employees and contributions to the social community)
C.5	Where stakeholder interests are protected by law, stakeholders should have the opportunity to obtain effective redress for violation of their rights.		
C.5.1	Does the company provide contact details via the company's website or Annual Report which stakeholders (e.g. customers, suppliers, general public etc.) can use to voice their concerns and/or complaints for possible violation of their rights?	Applied/Executed	The Company's website has contact phone numbers and emails of sales, human resources and investor relation departments.
C.6	Mechanisms for employee participation should be permitted to develop.		
C.6.1	Does the company explicitly disclose the policies and practices on health, safety and welfare for its employees?	Applied/Executed	Sections V.10 and V.12, - 2022 Sustainability Development Report clearly state policies and practices on ensuring health, safety and welfare for workers
C.6.2	Does the company explicitly disclose the policies and practices on training and development programmes for its employees?	Applied/Executed	Section V.11 - 2022 Sustainability Development Report clearly states the policies and practices of human resource training programs.
C.6.3	Does the company have a reward/compensation policy that accounts for the performance of the company beyond short-term financial measures?	Applied/Executed	In addition to salary and bonus policies linked to work performance, the Company also issues ESOP shares for employees in 2011, 2015, 2018. See Section V.10 - 2022 Sustainability Development Report
C.7	Stakeholders including individual employee and their representative bodies, should be able to freely communicate their concerns about illegal or unethical practices to the board and their rights should not be compromised for doing this.		
C.7.1	Does the company have a whistle blowing policy which includes procedures for complaints by employees and other stakeholders concerning alleged illegal and unethical behaviour and provide contact details via the company's website or annual report	Applied/Executed	The Company has a policy of receiving and responding to employees' opinions on handling and feedback mechanisms Accordingly, workers can put the letters in the box letter and the human resources department will open the box letter, gather comments and send feedback to relevant units on a weekly basis.

Code	Criteria		Notes/Recommended improvements
C.7.2	Does the company have a policy or procedures to protect an employee/person who reveals alleged illegal/unethical behaviour from retaliation?	Applied/Executed	According to the policy on receiving and responding to comments from employees: employees can give comments in real name or anonymously.
D.1	Transparent ownership structure		
D.1.1	Does the information on shareholdings reveal the identity of beneficial owners, holding 5% shareholding or more?	Applied/Executed	Annual Report has list of major shareholders (owning >5% of shares). See section 7.3 2022 Annual Report
D.1.2	Does the company disclose the direct and indirect (deemed) shareholdings of major and/or substantial shareholders?	Applied/Executed	Annual Report discloses direct ownership and indirect ownership of major shareholders. See section 7.3 2022 Annual Report
D.1.3	Does the company disclose the direct and indirect (deemed) shareholdings of directors (commissioners)?	Applied/Executed	Annual Report discloses direct ownership and indirect ownership of BOD members. See section 7.3 2022 Annual Report
D.1.4	Does the company disclose the direct and indirect (deemed) shareholdings of senior management?	Applied/Executed	Annual Report discloses direct ownership and indirect ownership of BOM members. See section 7.4 2022 Annual Report
D.1.5	Does the company disclose details of the parent/holding company, subsidiaries, associates, joint ventures and special purpose enterprises/ vehicles (SPEs)/ (SPVs)?	Applied/Executed	Annual Report has detailed information on this. See section 1.14 2022 Annual Report
D.2	Quality of Annual Report		
D.2.1	Corporate objectives	Applied/Executed	Sustainability Development Report has detailed information on this. See section II.2 2022 Sustainability Development Report
D.2.2	Financial performance indicators	Applied/Executed	Annual Report has detailed information on this. See section 4.1, 4.2 2022 Annual Report
D.2.3	Non-financial performance indicators	Applied/Executed	Annual Report has detailed information on this. See section 4.5 and 5 2022 Annual Report
D.2.4	Dividend policy	Applied/Executed	Annual Report has detailed information on this. See section 7.9 2022 Annual Report
D.2.5	Biographical details (at least age, academic qualifications, date of first appointment, relevant experience, and any other directorships of listed companies) of all directors/ commissioners	Applied/Executed	Annual Report has detailed information on this. See section 8.4 2022 Annual Report
D.2.6	Does the Annual Report contain a statement confirming the company's full compliance with the code of corporate governance and where there is non-compliance, identify and explain reasons for each such issue?	Applied/Executed	Annual Report has detailed information on this. See section 8.1 2022 Annual Report
D.3	Remuneration of Members of the Board and Key Executives		
D.3.1	Is there disclosure of the fee structure for non-executive directors/commissioners?	Applied/Executed	Annual Report has detailed information on this. See section 10.5 2022 Annual Report
D.3.2	Does the company publicly disclose [i.e. annual report or other publicly disclosed documents] details of remuneration of each non-executive director/commissioner?	Applied/Executed	Annual Report has detailed information on this. See section 10.5 2022 Annual Report
D.3.3	Does the company disclose its remuneration (fees, allowances, benefit-in-kind and other emoluments) policy/practices (i.e. the use of short term and long term incentives and performance measures) for its executive directors and CEO?	Applied/Executed	Annual Report has detailed information on this. See section 10.5 2022 Annual Report

Code	Criteria		Notes/Recommended improvements
D.3.4	Does the company publicly disclose [i.e. annual report or other publicly disclosed documents] the details of remuneration of each of the executive directors and CEO [if he/she is not a member of the Board]?	Applied/Executed	Annual Report has detailed information on this. See section 10.5 2022 Annual Report
D.4	Disclosure of related party transactions (RPT)		
D.4.1	Does the company disclose its policy covering the review and approval of material RPTs?	Applied/Executed	Annual Report has detailed information on this. See section 10.1, 10.2, 10.4 2022 Annual Report
D.4.2	Does the company disclose the name, relationship, nature and value for each material RPTs?	Applied/Executed	Annual Report has detailed information on this. See section 10.4 2022 Annual Report
D.5	Directors and commissioners dealings in shares of the company		
D.5.1	Does the company disclose trading in the company's shares by insiders?	Applied/Executed	Annual Report has detailed information on this. See page 79 2022 Annual Report
D.6	External auditor and Auditor Report		
D.6.1	Are the audit and non-audit fees disclosed?	Not yet applied/ executed	This practice has not been implemented yet because the auditing company requires keeping the audit fee confidential
D.6.2	Does the non-audit fee exceed the audit fees?	Not happen	The Company does not use non-audit services of auditing companies
D.7	Medium of communications		
D.7.1	Quarterly reporting	Applied/Executed	The Company has disclosed quarterly reportings and IR bulletin since 2016
D.7.2	Company website	Applied/Executed	The Company's website has Investor relation section
D.7.3	Analyst's briefing	Applied/Executed	On the Company's website, there is a list of analysts who have issued reports but have not yet state the assessments of analysts. The Company also organizes meetings with analysis
D.7.4	Media briefings /press conferences	Applied/Executed	When there is a big event, the Company invites the press to attend and write articles.
D.8	Timely filing/release of annual/financial reports		
D.8.1	Are the audited annual financial report / statement released within 120 days from the financial year end?	Applied/Executed	Audited financial statement for fiscal years is disclosed within 120 days. See reference appendix
D.8.2	Is the annual report released within 120 days from the financial year end?	Applied/Executed	Annual report is disclosed within 120 days. See reference appendix
D.8.3	Is the true and fairness/fair representation of the annual financial statement/reports affirmed by the board of directors/commissioners and/or the relevant officers of the company?	Not yet applied/ executed	BOD approves Annual Reports

Code	Criteria		Notes/Recommended improvements
D.9	Company website		
D.9.1	Financial statements/reports (latest quarterly)	Applied/Executed	Disclosed on the Company's website: Investor relation section
D.9.2	Materials provided in briefings to analysts and media	Applied/Executed	
D.9.3	Downloadable annual report	Applied/Executed	
D.9.4	Notice of AGM and/or EGM	Applied/Executed	
D.9.5	Minutes of AGM and/or EGM	Applied/Executed	
D.9.6	Company's constitution (company's by-laws, memorandum and articles of association)	Applied/Executed	
D.10	Investor relations		
D.10.1	Does the company disclose the contact details (e.g. telephone, fax, and email) of the officer / office responsible for investor relations?	Applied/Executed	Disclosed on the Company's website
E. Board Duties and Responsibilities			
E.1	Board Duties and Responsibilities		
	Clearly defined board responsibilities and corporate governance policy		
E.1.1	Does the company disclose its corporate governance policy / board charter?	Applied/Executed	Corporate Governance and the Company's Charter are disclosed on the Company's website
E.1.2	Are the types of decisions requiring board of directors/commissioners' approval disclosed ?	Applied/Executed	BOD resolutions are disclosed according to prevailing laws and stated in Annual Report and Corporate Governance Report.
E.1.3	Are the roles and responsibilities of the board of directors/commissioners clearly stated ?	Applied/Executed	The Company's Charter and Corporate Governance Regulations clearly define BOD's responsibilities.
E.1.4	Does the company have an updated vision and mission statement?	Applied/Executed	The Company's Charter and Corporate Governance Regulations clearly define BOD's responsibilities.
E.1.5	Does the board of directors play a leading role in the process of developing and reviewing the company's strategy at least annually?	Applied/Executed	Board of Directors meetings regularly review the implementation of business strategy
E.1.6	Does the board of directors have a process to review, monitor and oversee the implementation of the corporate strategy?	Applied/Executed	Board of Directors meetings regularly review the implementation of business strategy
E.2	Board structure		
E.2.1	Are the details of the code of ethics or conduct disclosed?	Applied/Executed	The Code of Conduct is posted on the Company's website
E.2.2	Are all directors/commissioners, senior management and employees required to comply with the code/s?	Applied/Executed	Section II – Scope of application - The Code of Conduct has regulations on this issue
E.2.3	Does the company have a process to implement and monitor compliance with the code/s of ethics or conduct?	Applied/Executed	Section VI – Responsibility for compliance. About this issue, the Code of Conduct has provisions on feedback mechanism.

Code	Criteria		Notes/Recommended improvements
	Board Structure & Composition		
E.2.4	Do independent directors/commissioners make up at least 50% of the board of directors/commissioners?	Applied/Executed	2/7 BOD members are independent members.
E.2.5	Does the company have a term limit of nine years or less or 2 terms of five years ¹ each for its independent directors/ commissioners? The five years term must be required by legislation which pre-existed the introduction of the ASEAN Corporate Governance Scorecard in 2011	Not yet applied/ executed	STK has not yet applied this practice.
E.2.6	Has the company set a limit of five board seats that an individual independent/non-executive director/commissioner may hold simultaneously?	Partly applied/ executed	Although the Company's Charter has not yet regulates this issue, The Company and BOD members comply with the prevailing laws.
E.2.7	Does the company have any executive directors who serve on more than two boards of listed companies outside of the group?	Not yet applied/ executed	No case recorded at STK
	Nominating Committee		
E.2.8	Does the company have a Nominating Committee?	Not yet applied/ executed	The company is in the process of researching to establish this committee
E.2.9	Is the Nominating Committee comprised of a majority of independent directors/ commissioners?	Not yet applied/ executed	The company is in the process of researching to establish this committee
E.2.10	Is the chairman of the Nominating Committee an independent director/commissioner?	Not yet applied/ executed	The company is in the process of researching to establish this committee
E.2.11	Does the company disclose the terms of reference/ governance structure/charter of the Nominating Committee?	Not yet applied/ executed	The company is in the process of researching to establish this committee
E.2.12	Is the meeting attendance of the Nominating Committee disclosed and if so, did the Nominating Committee meet at least twice during the year?	Not yet applied/ executed	The company is in the process of researching to establish this committee
E.2.13	Does the company have a Remuneration Committee?	Not yet applied/ executed	The company is in the process of researching to establish this committee
E.2.14	Is the Remuneration Committee comprised entirely of non-executive directors/ commissioners with a majority of independent directors/commissioners ?	Not yet applied/ executed	The company is in the process of researching to establish this committee
E.2.15	Is the chairman of the Remuneration Committee an independent director/ commissioner?	Not yet applied/ executed	The company is in the process of researching to establish this committee
E.2.16	Does the company disclose the terms of reference/ governance structure/ charter of the Remuneration Committee?	Not yet applied/ executed	The company is in the process of researching to establish this committee
E.2.17	Is the meeting attendance of the Remuneration Committee disclosed and, if so, did the Remuneration Committee meet at least twice during the year?	Not yet applied/ executed	The company is in the process of researching to establish this committee

Code	Criteria		Notes/Recommended improvements
Audit Committee			
E.2.18	Does the company have an Audit Committee?	Not yet applied/ executed	The company is in the process of researching to establish this committee
E.2.19	Is the Audit Committee comprised entirely of non-executive directors/commissioners with a majority of independent directors/commissioners?	Not yet applied/ executed	The company is in the process of researching to establish this committee
E.2.20	Is the chairman of the Audit Committee an independent director/commissioner?	Not yet applied/ executed	The company is in the process of researching to establish this committee
E.2.21	Does the company disclose the terms of reference/governance structure/charter of the Audit Committee?	Not yet applied/ executed	The company is in the process of researching to establish this committee
E.2.22	Does at least one of the independent directors/commissioners of the committee have accounting expertise (accounting qualification or experience)?	Not yet applied/ executed	The company is in the process of researching to establish this committee
E.2.23	Is the meeting attendance of the Audit Committee disclosed and, if so, did the Audit Committee meet at least four times during the year?	Not yet applied/ executed	The company is in the process of researching to establish this committee
E.2.24	Does the Audit Committee have primary responsibility for recommendation on the appointment, and removal of the external auditor?	Not yet applied/ executed	The company is in the process of researching to establish this committee
E.3 Board Processes			
Board meetings and attendance			
E.3.1	Are the board of directors meeting scheduled before the start of financial year?	Not yet applied/ executed	The Annual Report does not state the expected working schedule of the Board of Directors
E.3.2	Does the board of directors/commissioners meet at least six times during the year?	Applied/Executed	In addition to direct meetings (4 times/year), the Board of Directors also has non-direct meetings (exchanging email, phone). In 2023, the number of non-face-to-face meetings is 27
E.3.3	Has each of the directors/commissioners attended at least 75% of all the board meetings held during the year?	Applied/Executed	Each member of the Board of Directors fully attended over 75% of the Board of Directors meetings
E.3.4	Does the company require a minimum quorum of at least 2/3 for board decisions?	Applied/Executed	Currently, the approval of decisions of the Board of Directors follows the over-50% principle as required by Law of enterprises. However, in fact, all of STK's Board of Directors resolutions were approved at a rate of 100%
E.3.5	Did the non-executive directors/commissioners of the company meet separately at least once during the year without any executives present?	Applied/Executed	Meetings are attended by both executive and non-executive members
Access to information			
E.3.6	Are board papers for board of directors/commissioners meetings provided to the board at least five business days in advance of the board meeting?	Applied/Executed	STK has applied this practice

Code	Criteria		Notes/Recommended improvements
E.3.7	Does the company secretary play a significant role in supporting the board in discharging its responsibilities?	Applied/Executed	The role of the Company Secretary is stipulated in the Charter and taken on by the investor relation department in reality.
E.3.8	Is the company secretary trained in legal, accountancy or company secretarial practices and has kept abreast on relevant developments?	Applied/Executed	The investor relations department is regularly updated on legal issues
Board Appointments and Re-Election			
E.3.9	Does the company disclose the criteria used in selecting new directors/commissioners?	Applied/Executed	Notify shareholders about the candidacy and nomination of Board of Directors members, clearly stating the criteria for selecting BOD members
E.3.10	Did the company describe the process followed in appointing new directors/commissioners?	Applied/Executed	The regulations for candidacy, nomination and election of members of the Board of Directors are clearly stated
E.3.11	Are all directors/commissioners subject to re-election every 3 years; or 5 years for listed companies in countries whose legislation prescribes a term of 5 years ² each? The five years term must be required by legislation which pre-existed the introduction of the ASEAN Corporate Governance Scorecard in 2011	Applied/Executed	Article 26.2 - The Company's Charter regulates this.
Remuneration Matters			
E.3.12	Do the shareholders or the Board of Directors approve the remuneration of the executive directors and/or the senior executives?	Applied/Executed	The Company has prepared a separate proposal for the General Meeting of Shareholders to approve
E.3.13	Does the company have measurable standards to align the performance-based remuneration of the executive directors and senior executives with long-term interests of the company, such as claw back provision and deferred bonuses?	Not yet applied/ executed	STK hasn't had detailed policies
Internal Audit			
E.3.14	Does the company have a separate internal audit function?	Partly applied/ executed	STK does not have its own internal audit department. However, since 2023 the Company has hired the external audit company to perform the internal audit function
E.3.15	Is the head of internal audit identified or, if outsourced, is the name of the external firm disclosed?	Partly applied/ executed	STK does not have its own internal audit department. However, since 2023 the Company has hired the external audit company to perform the internal audit function
E.3.16	Does the appointment and removal of the internal auditor require the approval of the Audit Committee?	Partly applied/ executed	STK does not have its own internal audit department. However, since 2023 the Company has hired the external audit company to perform the internal audit function
Risk Oversight			
E.3.17	Does the company establish a sound internal control procedures/risk management framework and periodically review the effectiveness of that framework?	Applied/Executed	Annual report has addressed these issues. See section 3 2022 Annual Report
E.3.18	Does the Annual Report/Annual CG Report disclose that the board of directors/commissioners has conducted a review of the company's material controls (including operational, financial and compliance controls) and risk management systems?	Applied/Executed	BOS report has addressed these issues

Code	Criteria		Notes/Recommended improvements
E.3.19	Does the company disclose the key risks to which the company is materially exposed to (i.e. financial, operational including IT, environmental, social, economic)?	Applied/Executed	Annual report has addressed these issues. See section 3 2022 Annual Report
E.3.20	Does the Annual Report/Annual CG Report contain a statement from the board of directors/commissioners or Audit Committee commenting on the adequacy of the company's internal controls/risk management systems?	Partly applied/ executed	Annual report has addressed these issues. See section 8.5 2022 Annual Report
E.4	People on the Board		
	Board Chairman		
E.4.1	Do different persons assume the roles of chairman and CEO?	Partly applied/ executed	From 2020, the Chairman of the Board of Directors and the General Director are two separate individuals.
E.4.2	Is the chairman an independent director/commissioner?	Not yet applied/ executed	STK has not applied this practice because it has not found personnel with appropriate expertise and experience for this position
E.4.3	Is any of the directors a former CEO of the company in the past 2 years?	Not yet applied/ executed	STK has not yet applied this practice.
E.4.4	Are the roles and responsibilities of the chairman disclosed?	Applied/Executed	The role and responsibilities of the Chairman are specified in Article 28 - Charter and Corporate governance regulations which are published on the Company's website
	Lead Independent Director		
E.4.5	If the Chairman is not independent, has the Board appointed a Lead/Senior Independent Director and has his/her role been defined?	Not yet applied/ executed	STK has not yet applied this practice.
	Skills and Competencies		
E.4.6	Does at least one non-executive director/commissioner have prior working experience in the major sector that the company is operating in?	Applied/Executed	Number of non-executive members with industry experience: 3
E.5	Board Performance		
	Directors Development		
E.5.1	Does the company have orientation programmes for new directors/commissioners?	Applied/Executed	The company has provided the Charter and Corporate Governance Regulations for new members of the Board of Directors
E.5.2	Does the company have a policy and actual practice and programs that encourages directors/commissioners to attend on-going or continuous professional education programmes?	Applied/Executed	BOD members are encouraged to participate in training courses on Corporate Governance

Code	Criteria		Notes/Recommended improvements
	CEO/Executive Management Appointments and Performance		
E.5.3	Does the company disclose the process on how the board of directors/commissioners plans for the succession of the CEO/Managing Director/President and key management?	Not yet applied/ executed	STK hasn't disclosed
E.5.4	Does the board of directors/commissioners conduct an annual performance assessment of the CEO/Managing Director/President?	Applied/Executed	BOD reports include assessment of BOM's efficiency
	Board Appraisal		
E.5.5	Did the company conduct an annual performance assessment of the board of directors/commissioners and disclose the criteria and process followed for the assessment?	Partly applied/ executed	STK does annually evaluate the performance of the Board of Directors but has not yet evaluated the performance of each member. See section 8.5.8 Annual Report 2022
	Director Appraisal		
E.5.6	Did the company conduct an annual performance assessment of the individual directors/commissioners and disclose the criteria and process followed for the assessment?	Applied/Executed	STK conducts annual assessments and publishes in annual reports.
	Committee Appraisal		
E.5.7	Did the company conduct an annual performance assessment of the board committees and disclose the criteria and process followed for the assessment?	Not yet applied	Because the committee has not yet been established, this practice has not been applied

Date	31-Dec-22	7-Feb-23	1-Mar-23	9-Mar-23	10-Mar-24	16-Mar-23	28-Mar-23	30-Mar-23	31-Mar-23	19-Apr-23	19-Jun-23	26-Jun-23	5-Jul-23	10-Jul-23	20-Jul-23	26-Jul-23	27-Jul-23	7-Aug-23	29-Aug-23	20-Oct-23	11-Jan-24	19-Jan-24	
Fiscal year ending date	X																						
Notice of finalisation date of shareholder list		X																					
Finalisation date of shareholder list			X																				
AGSM documents posting date				X																			
Sending AGSM invitation letters					X																		
Annual report disclosure							X																
Audited financial statement disclosure						X																	
Date of AGSM								X															
AGSM resolution and minutes disclosure									X														
Sending AGSM minutes									X														
Notice of finalisation date of shareholder list for dividends in shares										X													
Finalisation date of shareholder list for dividends in shares													X										
Reports of issuance results and change of the number of listed shares															X								
Notice of shares listing																X							
Valid date of change of the number of listed shares																	X						
Officially listed																		X					
Q1 quarterly financial statement disclosure										X													
Q2 quarterly financial statement disclosure															X								
Audited semi-annual financial statement disclosure																			X				
Q3 quarterly financial statement disclosure																				X			
Q4 quarterly financial statement disclosure																							X
Semi-annual corporate governance report disclosure															X								
Annual corporate governance report disclosure																						X	
BOD resolution regarding choosing an independent auditing company												X											
Time for paying dividends in shares is from the announcement date to the reporting date of issuance results												31											
Time for paying dividends in shares is from the announcement date to the date of listing																		49					
Amount of time from date of AGSM to AGSM resolutions and minutes' posting date (days)									1														
Amount of time from notice of finalisation date of shareholder list to AGSM date (days)								51															
Amount of time from finalisation date of shareholder list to AGSM date (days)								29															
Amount of time from disclosure date of AGSM documents to AGSM date (days)								21															
Amount of time from fiscal year ending date to disclosure date of audited financial statements (days)						75																	