

Garmex Saigon Corporation

Separate financial statements

For the year ended 31 December 2020

Garmex Saigon Corporation

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Garmex Saigon Corporation

GENERAL INFORMATION

THE COMPANY

Garmex Saigon Corporation ("the Company") is a joint stock company established by the equitization of a State-owned enterprise - Saigon Garment Manufacturing - Export Import Company according to the Decision No. 1663/QD-UB on 5 May 2003 issued by Chairman of Ho Chi Minh City People's Committee. The Company is currently operating pursuant to the Enterprise Registration Certificate ("ERC") No. 0300742387 issued by the Department of Planning and Investment of Ho Chi Minh City dated 7 January 2004, as amended.

The Company's shares were listed on the Ho Chi Minh Stock Exchange in accordance with the Decision No. 101/UBCK-GPNY issued by the Chairman of the State Securities Commission of Vietnam on 6 December 2006.

The current principal activities of the Company are to manufacture and process garment products and kinds of ready-made garments.

The Company's registered head office is located at No. 252 Nguyen Van Luong Street, Ward 17, Go Vap District, Ho Chi Minh City, Vietnam and three (3) branches are:

- ▶ Binh Tien Garment Factory located at No. 55E Minh Phung Street, Ward 5, District 6, Ho Chi Minh City;
- ▶ An Phu Garment Factory located at No. 14/5 Hamlet Chanh 2, Tan Xuan Commune, Hoc Mon District, Ho Chi Minh City; and
- ▶ An Nhon Garment Factory located at No. 252 Nguyen Van Luong Street, Ward 17, Go Vap District, Ho Chi Minh City.

BOARD OF DIRECTORS

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

Mr Bui Tuan Ngoc	Chairman
Mr Bui Minh Tuan	Member
Mr Le Hung	Member
Mr Nguyen Viet Cuong	Member
Mr Lam Tu Thanh	Member
Ms Nguyen Thi Thu Huong	Member
Ms Nguyen Minh Hang	Member

BOARD OF SUPERVISION

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

Ms Phan Thi Phuong	Head
Ms Le Thi Chin	Member
Mr Tu Vi Tri	Member

Garmex Saigon Corporation

GENERAL INFORMATION (continued)

MANAGEMENT

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

Mr Le Hung	General Director
Ms Nguyen Thi Thu Ha	Deputy General Director
Ms Nguyen Minh Hang	Deputy General Director cum Finance Director

LEGAL REPRESENTATIVE

The legal representative of the Company during the year and at the date of this report is Mr Le Hung.

AUDITORS

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

Garmex Saigon Corporation

REPORT OF MANAGEMENT

Management of Garmex Saigon Corporation (“the Company”) is pleased to present this report and the separate financial statements of the Company for the year ended 31 December 2020.

MANAGEMENT’S RESPONSIBILITY IN RESPECT OF THE SEPARATE FINANCIAL STATEMENTS

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

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

Management is responsible for ensuring that proper accounting records are kept which disclose, with reasonable accuracy at any time, the separate financial position of the Company and to ensure that the accounting records comply with the applied accounting system. It is also responsible for safeguarding the assets of the Company 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 separate financial statements.

STATEMENT BY MANAGEMENT

Management does hereby state that, in its opinion, the accompanying separate financial statements give a true and fair view of the separate financial position of the Company as at 31 December 2020 and of the separate results of its operations and its separate cash flows for the year then ended in accordance with Vietnamese Accounting Standards, Vietnamese Enterprise Accounting System and the statutory requirements relevant to the preparation and presentation of the separate financial statements.

The Company has subsidiaries as disclosed in the separate financial statements. The Company prepared these separate financial statements to meet the prevailing requirements in relation to disclosure of information, specifically the Circular No. 155/2015/TT-BTC on disclosure of information on the securities market. In addition, as required by these regulations, the Company is also in the process of preparation of the consolidated financial statements of the Company and its subsidiaries (“the Group”) for the year ended 31 December 2020.

Users of the separate financial statements should read them together with the said consolidated financial statements in order to obtain full information on the consolidated financial position, the consolidated results of operations and the consolidated cash flows of the Group.

For and on behalf of management:



Le Hung
General Director

Ho Chi Minh City, Vietnam

31 March 2021

Reference: 61192495/21953053

INDEPENDENT AUDITORS' REPORT

To: The Shareholders of Garmex Saigon Corporation

We have audited the accompanying separate financial statements of Garmex Saigon Corporation ("the Company") as prepared on 31 March 2021 and as set out on pages 6 to 37, which comprise the separate balance sheet as at 31 December 2020, the separate income statement and the separate cash flow statement for the year then ended and the notes thereto.

Management's responsibility

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

Auditors' responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the separate financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the separate financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the separate financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the separate financial statements.

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

Opinion

In our opinion, the separate financial statements give a true and fair view, in all material respects, of the separate financial position of the Company as at 31 December 2020, and of the separate results of its operations and its separate cash flows for the year then ended in accordance with Vietnamese Accounting Standards, Vietnamese Enterprise Accounting System and the statutory requirements relevant to the preparation and presentation of the separate financial statements.

Ernst & Young Vietnam Limited



Nguyễn Thị Thu Quỳnh
Deputy General Director
Audit Practicing Registration Certificate
No: 3040-2019-004-1

Nguyễn An Khang
Auditor
Audit Practicing Registration Certificate
No: 4611-2018-004-1

Ho Chi Minh City, Vietnam

31 March 2021

SEPARATE BALANCE SHEET
as at 31 December 2020

VND

Code	ASSETS	Notes	Ending balance	Beginning balance
100	A. CURRENT ASSETS		1,007,181,594,339	801,859,033,429
110	I. Cash and cash equivalents	4	571,950,296,562	229,769,985,766
111	1. Cash		571,950,296,562	211,769,985,766
112	2. Cash equivalents		-	18,000,000,000
130	II. Current accounts receivable		185,564,108,041	220,102,541,588
131	1. Short-term trade receivables	5.1	224,867,196,745	260,587,965,763
132	2. Short-term advances to suppliers	5.2	7,197,258,459	6,271,378,869
136	3. Other short-term receivables		284,819,765	160,588,286
137	4. Provision for doubtful short-term receivables	5.1, 6	(46,785,166,928)	(46,917,391,330)
140	III. Inventories	7	233,470,654,249	316,522,760,789
141	1. Inventories		240,277,592,155	324,479,030,662
149	2. Provision for obsolete inventories		(6,806,937,906)	(7,956,269,873)
150	IV. Other current assets		16,196,535,487	35,463,745,286
151	1. Short-term prepaid expenses	8	1,878,642,773	1,030,510,087
152	2. Value-added tax deductible	14	14,317,892,714	34,433,235,199
200	B. NON-CURRENT ASSETS		210,911,854,896	234,493,555,042
220	I. Fixed assets		80,838,909,880	89,839,529,004
221	1. Tangible fixed assets	9	79,269,761,542	89,034,807,775
222	Cost		251,705,849,092	261,932,871,223
223	Accumulated depreciation		(172,436,087,550)	(172,898,063,448)
227	2. Intangible assets	10	1,569,148,338	804,721,229
228	Cost		6,018,865,523	5,037,509,173
229	Accumulated amortisation		(4,449,717,185)	(4,232,787,944)
240	II. Long-term asset in progress		13,130,494,545	11,863,383,000
242	1. Construction in progress	11	13,130,494,545	11,863,383,000
250	III. Long-term investments	12	100,743,524,574	113,424,524,629
251	1. Investments in subsidiaries		102,700,000,000	102,700,000,000
252	2. Investment in an associate		4,341,000,000	4,341,000,000
253	3. Investments in other entities		15,395,180,000	15,395,180,000
254	4. Provision for long-term investments		(21,692,655,426)	(9,011,655,371)
260	IV. Other long-term assets		16,198,925,897	19,366,118,409
261	1. Long-term prepaid expenses	8	12,435,761,096	13,034,904,934
262	2. Deferred tax assets	27.3	3,763,164,801	6,331,213,475
270	TOTAL ASSETS		1,218,093,449,235	1,036,352,588,471

SEPARATE BALANCE SHEET (continued)
as at 31 December 2020

VND

Code	RESOURCES	Notes	Ending balance	Beginning balance
300	C. LIABILITIES		594,854,133,083	595,181,693,904
310	I. Current liabilities		585,833,713,583	585,212,602,156
311	1. Short-term trade payables	13.1	150,168,726,661	236,094,651,246
312	2. Short-term advances from customers	13.2	3,429,687,611	3,123,284,213
313	3. Statutory obligations	14	4,529,621,132	7,148,344,983
314	4. Payables to employees		53,208,735,776	62,992,918,147
315	5. Short-term accrued expenses	15	6,053,005,907	7,394,037,205
319	6. Other short-term payables	16	2,628,703,063	15,922,128,187
320	7. Short-term loans	17	364,417,918,906	248,523,249,005
322	8. Bonus and welfare fund	18	1,397,314,527	4,013,989,170
330	II. Non-current liabilities		9,020,419,500	9,969,091,748
342	1. Long-term provisions	19	9,020,419,500	9,969,091,748
400	D. OWNERS' EQUITY		623,239,316,152	441,170,894,567
410	I. Capital	20.1	623,239,316,152	441,170,894,567
411	1. Share capital		300,052,800,000	178,809,280,000
411a	- Shares with voting rights		300,052,800,000	178,809,280,000
412	2. Share premium		72,687,827,370	28,314,942,370
415	3. Treasury shares		(863,138,686)	(863,138,686)
418	4. Investment and development fund		67,754,774,402	67,754,774,402
421	5. Undistributed earnings		183,607,053,066	167,155,036,481
421a	- Undistributed earnings by the end of prior year		130,119,307,910	51,354,956,592
421b	- Undistributed earnings of the current year		53,487,745,156	115,800,079,889
440	TOTAL LIABILITIES AND OWNERS' EQUITY		1,218,093,449,235	1,036,352,588,471



Nguyen Thi Diem
Preparer



Tran Thi My Hanh
Chief Accountant





Le Hung
General Director

31 March 2021

SEPARATE INCOME STATEMENT
for the year ended 31 December 2020

VND

Code	ITEMS	Notes	Current year	Previous year
01	1. Revenues from sale of goods and rendering of services	21.1	1,487,788,107,182	1,732,925,865,832
02	2. Deductions	21.1	395,745,150	338,568,968
10	3. Net revenues from sale of goods and rendering of services	21.1	1,487,392,362,032	1,732,587,296,864
11	4. Cost of goods sold and services rendered	22	1,293,994,689,278	1,462,278,054,377
20	5. Gross profit from sale of goods and rendering of services		193,397,672,754	270,309,242,487
21	6. Finance income	21.2	11,548,066,095	13,174,629,202
22	7. Finance expenses	23	32,642,595,120	17,294,278,203
23	<i>In which: Interest expense</i>		8,120,811,733	7,935,437,715
25	8. Selling expenses	24	12,197,488,807	17,399,658,253
26	9. General and administrative expenses	24	95,621,372,736	105,034,670,044
30	10. Operating profit		64,484,282,186	143,755,265,189
31	11. Other income	25	2,552,791,210	1,360,699,746
32	12. Other expenses	25	3,261,909	1,222,158,812
40	13. Other profit	25	2,549,529,301	138,540,934
50	14. Accounting profit before tax		67,033,811,487	143,893,806,123
51	15. Current corporate income tax expense	27.1	10,978,017,657	27,772,115,519
52	16. Deferred tax expense	27.3	2,568,048,674	321,610,715
60	17. Net profit after tax		53,487,745,156	115,800,079,889




 Nguyen Thi Diem
 Preparer



 Tran Thi My Hanh
 Chief Accountant





 Le Hung
 General Director

31 March 2021

SEPARATE CASH FLOW STATEMENT
for the year ended 31 December 2020

VND

Code	ITEMS	Notes	Current year	Previous year
	I. CASH FLOWS FROM OPERATING ACTIVITIES			
01	Accounting profit before tax		67,033,811,487	143,893,806,123
	<i>Adjustments for:</i>			
02	Depreciation and amortization of fixed assets	9, 10	16,015,302,175	18,155,557,481
03	Provisions		10,450,771,438	20,432,168,628
04	Foreign exchange losses arising from revaluation of monetary accounts denominated in foreign currencies		2,732,041,336	1,244,767,916
05	Profits from investing activities		(1,829,097,076)	(6,442,272,016)
06	Interest expense	23	8,120,811,733	7,935,437,715
08	Operating profit before changes in working capital		102,523,641,093	185,219,465,847
09	Decrease in receivables		56,275,296,915	112,428,748,274
10	Decrease (increase) in inventories		84,201,438,507	(56,286,729,306)
11	(Decrease) increase in payables		(110,261,576,758)	12,841,157,074
12	(Increase) decrease in prepaid expenses		(248,988,848)	1,068,079,670
14	Interest paid		(8,216,832,166)	(8,310,690,808)
15	Corporate income tax paid	14	(13,404,392,167)	(45,976,551,114)
17	Other cash outflows for operating activities		(7,563,253,214)	(3,173,082,775)
20	Net cash flows from operating activities		103,305,333,362	197,810,396,862
	II. CASH FLOWS FROM INVESTING ACTIVITIES			
21	Purchase and construction of fixed assets		(10,199,616,719)	(4,418,607,560)
22	Proceeds from disposals of fixed assets		1,525,285,950	-
27	Dividends and interest received		307,073,035	6,442,272,016
30	Net cash flows (used in) from investing activities		(8,367,257,734)	2,023,664,456

SEPARATE CASH FLOW STATEMENT (continued)
for the year ended 31 December 2020

VND

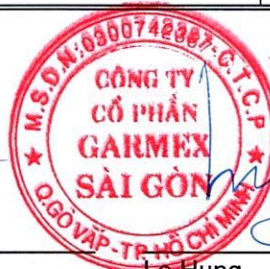
Code	ITEMS	Notes	Current year	Previous year
	III. CASH FLOWS FROM FINANCING ACTIVITIES			
31	Issuance of shares		133,527,255,000	-
33	Drawdown of borrowings	17	844,756,929,173	1,418,549,453,411
34	Repayment of borrowings	17	(730,360,355,435)	(1,509,026,729,512)
36	Dividends paid	20.3	-	(4,456,325)
40	Net cash flows from (used in) financing activities		247,923,828,738	(90,481,732,426)
50	Net increase in cash for the year		342,861,904,366	109,352,328,892
60	Cash and cash equivalents at beginning of year		229,769,985,766	120,427,425,740
61	Impact of exchange rate fluctuation		(681,593,570)	(9,768,866)
70	Cash and cash equivalents at end of year	4	571,950,296,562	229,769,985,766



Nguyen Thi Diem
Preparer



Tran Thi My Hanh
Chief Accountant



Le Hung
General Director

31 March 2021

NOTES TO THE SEPARATE FINANCIAL STATEMENTS
as at 31 December 2020 and for the year then ended

1. CORPORATE INFORMATION

Garmex Saigon Corporation ("the Company") is a joint stock company established by the equitization of a State-owned enterprise - Saigon Garment Manufacturing - Export Import Company according to the Decision No. 1663/QD-UB on 5 May 2003 issued by Chairman of Ho Chi Minh City People's Committee. The Company is currently operating pursuant to the Enterprise Registration Certificate ("ERC") No. 0300742387 issued by the Department of Planning and Investment of Ho Chi Minh City dated 7 January 2004, as amended.

The Company's shares were listed on the Ho Chi Minh Stock Exchange in accordance with the Decision No. 101/UBCK-GPNY issued by the Chairman of the State Securities Commission of Vietnam on 6 December 2006.

The current principal activities of the Company are to manufacture and process garment products and kinds of ready-made garments.

The Company's registered head office is located at No. 252 Nguyen Van Luong Street, Ward 17, Go Vap District, Ho Chi Minh City, Vietnam and three (3) branches are:

- ▶ Binh Tien Garment Factory located at No. 55E Minh Phung Street, Ward 5, District 6, Ho Chi Minh City;
- ▶ An Phu Garment Factory located at No. 14/5 Hamlet Chanh 2, Tan Xuan Commune, Hoc Mon District, Ho Chi Minh City; and
- ▶ An Nhon Garment Factory located at No. 252 Nguyen Van Luong Street, Ward 17, Go Vap District, Ho Chi Minh City.

The number of the Company's employees as at 31 December 2020 was 2,612 (31 December 2019: 2,480).

2. BASIS OF PREPARATION

2.1 *Purpose of preparing the separate financial statements*

The Company has subsidiaries as disclosed in Note 12.1. The Company prepared these separate financial statements to meet the prevailing requirements in relation to disclosure of information, specifically the Circular No.155/2015/TT-BTC on disclosure of information on the securities market. In addition, as required by these regulations, the Company is also in the process of preparation of the consolidated financial statements of the Company and its subsidiaries ("the Group") for the year ended 31 December 2020.

Users of the separate financial statements should read them together with the said consolidated financial statements in order to obtain full information on the consolidated financial position, consolidated results of operations and consolidated cash flows of the Group.

NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)
as at 31 December 2020 and for the year then ended

2. BASIS OF PREPARATION (continued)

2.2 *Applied accounting standards and system*

The separate financial statements of the Company, expressed in Vietnam dong ("VND"), are prepared in accordance with the Vietnamese Enterprise Accounting System and Vietnamese Accounting Standards issued by the Ministry of Finance as per:

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

Accordingly, the accompanying separate financial statements including their utilization 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 financial position and results of operations and cash flows in accordance with accounting principles and practices generally accepted in countries other than Vietnam.

2.3 *Applied accounting documentation system*

The Company's applied accounting documentation system is the General Journal system.

2.4 *Fiscal year*

The Company's fiscal year applicable for the preparation of its separate financial statements starts on 1 January and ends on 31 December.

2.5 *Accounting currency*

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

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 not more than three months that are readily convertible into known amounts of cash and that are subject to an insignificant risk of change in value.

3.2 *Receivables*

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

The provision for doubtful receivables represents amounts of outstanding receivables at the balance sheet date which are doubtful of being recovered. Increases and decreases to the provision balance are recorded into the general and administrative expenses in the separate income statement.

NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)
as at 31 December 2020 and for the year then ended

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.3 Inventories

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

Net realisable value ("NRV") 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:

Raw materials, tools and supplies	- cost of purchase on a weighted average basis.
Finished goods and work-in process	- 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, and other inventories owned by the Company, 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 in the separate 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 separate income statement as incurred.

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

3.5 Intangible assets

Intangible assets are stated at cost less accumulated amortization.

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 separate income statement as incurred.

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

NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)
as at 31 December 2020 and for the year then ended

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.6 Depreciation and amortisation

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

Buildings and structures	5 - 50 years
Machinery and equipment	3 - 8 years
Means of transportation	6 - 10 years
Office equipment	3 - 8 years
Computer software	4 - 8 years

3.7 Borrowing costs

Borrowing costs consist of interest and other costs that the Company incurs in connection with the borrowing of funds and are recorded as expense during the year in which they are incurred.

3.8 Prepaid expenses

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

Prepaid land rental

Prepaid land rental represents the unamortised balance of advanced payment made in accordance with lease contract No. 02/HĐ-TĐ on 26 October 2007 for a period of 43 years signed with Phu My Corporation. Such prepaid rental is recognized as a long-term prepaid expense for allocation to the income statement over the remaining lease period according to Circular No. 45/2013/TT-BTC issued by the Ministry of Finance on 25 April 2013 guiding the management, use and depreciation of fixed assets.

3.9 Investments

Investments in subsidiaries

Investments in subsidiaries over which the Company has control are carried at cost.

Distributions from accumulated net profits of the subsidiaries arising subsequent to the date of acquisition are recognised in the separate income statement. Distributions from sources other than from such profits are considered a recovery of investment and are deducted to the cost of the investment.

Investments in an associate

Investments in an associate over which the Company has significant influence are carried at cost.

Distributions from accumulated net profits of the associates arising subsequent to the date of acquisition are recognised in the separate income statement. Distributions from sources other than from such profits are considered a recovery of investment and are deducted to the cost of the investment.

Investments in other entities

Investments in other entities are stated at their acquisition costs.

NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)
as at 31 December 2020 and for the year then ended

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.9 *Investments* (continued)

Provision for diminution in value of investments

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

Increases and decreases to the provision balance are recorded as finance expenses in the separate income statement.

3.10 *Payables and accruals*

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

3.11 *Accrual for severance pay*

The severance pay to employee is accrued at the end of each reporting year for all employees who have been in service for more than 12 months up to 31 December 2008 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 period following the average monthly salary of the 6-month period up to the reporting date. Any increase to the accrued amount will be taken to the separate 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.

3.12 *Foreign currency transactions*

Transactions in currencies other than the Company's reporting currency of VND are recorded at the actual transaction exchange rates at transaction dates which are determined as follows:

- Transactions resulting in receivables are recorded at the buying exchange rates of the commercial banks designated for collection; and
- Transactions resulting in liabilities are recorded at the selling exchange rates of the commercial banks designated for payment.

At the end of the year, monetary balances denominated in foreign currencies are translated at the actual transaction exchange rates at the balance sheet dates which are determined as follows:

- Monetary assets are translated at buying exchange rate of the commercial bank where the Company conducts transactions regularly; and
- Monetary liabilities are translated at selling exchange rate of the commercial bank where the Company conducts transactions regularly.

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

NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)
as at 31 December 2020 and for the year then ended

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.13 *Treasury shares*

Own equity instruments which are reacquired (treasury shares) are recognised at cost and deducted from equity. No gain or loss is recognised in profit or loss upon purchase, sale, issue or cancellation of the Company's own equity instruments.

3.14 *Appropriation of net profits*

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 Company maintains the following reserve funds which are appropriated from the Company's net profit after tax 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 Company'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 separate balance sheet.

3.15 *Revenue recognition*

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company 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 recognized:

Sale of goods

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

Rendering of services

Revenue is recognized when services are rendered and completed.

Interest

Revenue is recognized as the interest accrues (taking into account the effective yield on the asset) unless collectability is in doubt.

Dividends

Income is recognized when the Company's entitlement as an investor to receive the dividend is established.

Rental income

Rental income arising from operating leases is accounted for on a straight-line basis over the lease term.

NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)
as at 31 December 2020 and for the year then ended

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.16 Taxation

Current income tax

Current 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 by the balance sheet date.

Current income tax is charged or credited to the separate income statement, except when it relates to items recognized 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 Company to set off current tax assets against current tax liabilities and when the Company intends to settle its current tax assets and liabilities on a net basis.

Deferred tax

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

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;
- ▶ 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 utilized, 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;
- ▶ 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 utilized.

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 utilized. Previously unrecognized deferred tax assets are re-assessed at each balance sheet date and are recognized to the extent that it has become probable that future taxable profit will allow the deferred tax assets to be recovered.

NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)
as at 31 December 2020 and for the year then ended

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.16 Taxation (continued)

Deferred tax (continued)

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year 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 separate income statement, except when it relates to items recognized directly to equity, in which case the deferred tax is also dealt with in equity account.

Deferred tax assets and liabilities are offset when there is a legally enforceable right for the Company 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 Company intends to either settle current tax liabilities and assets on a net basis or to realize the assets and settle the liabilities simultaneously, in each future year in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

3.17 Related parties

Parties are considered to be related parties of the Company 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 Company 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	
	<i>Ending balance</i>	<i>Beginning balance</i>
Cash on hand	176,065,928	171,428,863
Cash in banks	571,774,230,634	211,598,556,903
Cash equivalents	-	18,000,000,000
TOTAL	<u>571,950,296,562</u>	<u>229,769,985,766</u>

NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)
as at 31 December 2020 and for the year then ended

5. SHORT TERM TRADE RECEIVABLES AND ADVANCES TO SUPPLIERS

5.1 Short term trade receivable

	VND	
	<i>Ending balance</i>	<i>Beginning balance</i>
Due from other parties	133,137,045,758	212,627,572,456
- Columbia Sportswear Company (Hongkong) Ltd	72,231,382,993	52,923,690,284
- Promiles S.N.C	55,751,336,617	117,012,421,543
- Others	5,154,326,148	42,691,460,629
Due from related parties (Note 28)	91,730,150,987	47,960,393,307
TOTAL	224,867,196,745	260,587,965,763
Provision for doubtful short-term receivables	(46,785,166,928)	(46,917,391,330)
NET	178,082,029,817	213,670,574,433

Details of movements of provision for doubtful short-term receivables are as follows:

	VND	
	<i>Current year</i>	<i>Previous year</i>
Beginning balance	46,917,391,330	41,319,397,285
Add: Provision made during the year	39,919,865	5,597,994,045
Less: Utilisation and reversal of provision during the year	(172,144,267)	-
Ending balance	46,785,166,928	46,917,391,330

5.2 Short term advances to suppliers

	VND	
	<i>Ending balance</i>	<i>Beginning balance</i>
W.L. Gore & Associates (Hong Kong) Ltd	2,202,437,737	-
4/10 Fire Protection Equipment Center	1,734,753,340	1,375,773,840
Viking Torch Far East Limited	-	1,940,433,856
Others	3,260,067,382	2,955,171,173
TOTAL	7,197,258,459	6,271,378,869

NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)
as at 31 December 2020 and for the year then ended

6. BAD DEBTS

	<i>Ending balance</i>			<i>Beginning balance</i>			VND
	<i>Cost</i>	<i>Provision</i>	<i>Recoverable amount</i>	<i>Cost</i>	<i>Provision</i>	<i>Recoverable amount</i>	
	Blue Saigon LLC	46,651,095,658	(46,651,095,658)	-	46,823,239,925	(46,823,239,925)	-
Others	134,071,270	(134,071,270)	-	134,071,270	(94,151,405)	39,919,865	
TOTAL	46,785,166,928	(46,785,166,928)	-	46,957,311,195	(46,917,391,330)	39,919,865	

NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)
as at 31 December 2020 and for the year then ended

7. INVENTORIES

	VND			
	<i>Ending balance</i>		<i>Beginning balance</i>	
	<i>Cost</i>	<i>Provision</i>	<i>Cost</i>	<i>Provision</i>
Raw materials	134,264,367,454	(3,305,758,200)	214,121,840,216	(3,761,884,472)
Finished goods	93,617,187,541	(3,501,179,706)	99,830,873,444	(4,194,385,401)
Goods in transit	10,146,862,167	-	4,671,097,658	-
Work in process	1,582,353,817	-	4,019,219,824	-
Tools and supplies	666,821,176	-	1,401,531,520	-
Merchandise goods	-	-	434,468,000	-
TOTAL	<u>240,277,592,155</u>	<u>(6,806,937,906)</u>	<u>324,479,030,662</u>	<u>(7,956,269,873)</u>

Detail of movements of provision for obsolete inventories

	VND	
	<i>Ending balance</i>	<i>Beginning balance</i>
Beginning balance	7,956,269,873	627,014,415
Add: Provision created during the year	-	7,354,797,412
Less: Utilisation and reversal of provision during the year	<u>(1,149,331,967)</u>	<u>(25,541,954)</u>
Ending balance	<u>6,806,937,906</u>	<u>7,956,269,873</u>

8. PREPAID EXPENSES

	VND	
	<i>Ending balance</i>	<i>Beginning balance</i>
Short-term	1,878,642,773	1,030,510,087
Repair expenses	556,510,247	252,461,334
Others	1,322,132,526	778,048,753
Long-term	12,435,761,096	13,034,904,934
Prepaid land rentals	8,134,193,692	8,368,833,895
Tools and suppliers	3,785,350,124	2,710,974,715
Machine and equipment	340,663,652	1,227,151,811
Others	175,553,628	727,944,513
TOTAL	<u>14,314,403,869</u>	<u>14,065,415,021</u>

NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)
as at 31 December 2020 and for the year then ended

9. TANGIBLE FIXED ASSETS

	VND				
	<i>Buildings and structures</i>	<i>Machinery and equipment</i>	<i>Means of transportation</i>	<i>Office equipment</i>	<i>Total</i>
Cost:					
Beginning balance	113,062,110,609	124,717,678,131	12,275,187,785	11,877,894,698	261,932,871,223
New purchases	1,571,301,409	1,656,267,200	84,000,000	2,725,020,001	6,036,588,610
Disposals	-	(15,497,725,105)	(336,495,650)	(429,389,986)	(16,263,610,741)
Ending balance	<u>114,633,412,018</u>	<u>110,876,220,226</u>	<u>12,022,692,135</u>	<u>14,173,524,713</u>	<u>251,705,849,092</u>
<i>In which:</i>					
Fully depreciated	23,991,793,059	67,419,742,278	7,114,452,134	9,745,520,472	108,271,507,943
Accumulated depreciation:					
Beginning balance	49,656,349,492	102,976,279,354	9,746,740,255	10,518,694,347	172,898,063,448
Depreciation for the year	3,712,892,943	9,951,668,121	855,615,037	1,278,196,833	15,798,372,934
Disposals	-	(15,494,463,196)	(336,495,650)	(429,389,986)	(16,260,348,832)
Ending balance	<u>53,369,242,435</u>	<u>97,433,484,279</u>	<u>10,265,859,642</u>	<u>11,367,501,194</u>	<u>172,436,087,550</u>
Net carrying amount:					
Beginning balance	<u>63,405,761,117</u>	<u>21,741,398,777</u>	<u>2,528,447,530</u>	<u>1,359,200,351</u>	<u>89,034,807,775</u>
Ending balance	<u>61,264,169,583</u>	<u>13,442,735,947</u>	<u>1,756,832,493</u>	<u>2,806,023,519</u>	<u>79,269,761,542</u>

NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)
as at 31 December 2020 and for the year then ended

10. INTANGIBLE ASSETS

	VND
	<i>Software</i>
Cost:	
Beginning balance	5,037,509,173
New purchases	981,356,350
Ending balance	<u>6,018,865,523</u>
<i>In which:</i>	
<i>Fully amortized</i>	3,546,134,623
Accumulated amortization:	
Beginning balance	4,232,787,944
Amortization for the year	216,929,241
Ending balance	<u>4,449,717,185</u>
Net carrying amount:	
Beginning balance	<u>804,721,229</u>
Ending balance	<u>1,569,148,338</u>

11. CONSTRUCTION IN PROGRESS

	VND	
	<i>Ending balance</i>	<i>Beginning balance</i>
Land located at 213 Hong Bang Tan My Garment Factory project at the Hac Dich Industry Zone	10,020,000,000	10,020,000,000
Others	1,843,383,000	1,843,383,000
	1,267,111,545	-
TOTAL	<u>13,130,494,545</u>	<u>11,863,383,000</u>

NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)
as at 31 December 2020 and for the year then ended

12. LONG-TERM INVESTMENTS

	VND			
	<i>Ending balance</i>		<i>Beginning balance</i>	
	<i>Cost</i>	<i>Provision</i>	<i>Cost</i>	<i>Provision</i>
Investment in subsidiaries (Note 12.1)	102,700,000,000	(16,461,522,717)	102,700,000,000	(6,052,110,371)
Investment in an associate (Note 12.2)	4,341,000,000	(2,271,587,709)	4,341,000,000	-
Investment in other entities (Note 12.3)	15,395,180,000	(2,959,545,000)	15,395,180,000	(2,959,545,000)
TOTAL	<u>122,436,180,000</u>	<u>(21,692,655,426)</u>	<u>122,436,180,000</u>	<u>(9,011,655,371)</u>

12.1 Investment in subsidiaries

Name	Location	Business activities	<i>Ending balance</i>				<i>Beginning balance</i>			
			<i>Voting right</i>	<i>Cost of investment</i>	<i>Provision</i>	<i>Net</i>	<i>Voting right</i>	<i>Cost of investment</i>	<i>Provision</i>	<i>Net</i>
			%	VND	VND	VND	%	VND	VND	VND
Garmex Quangnam Company Limited	Ho Chi Minh City, Vietnam	Garment	100	86,000,000,000		86,000,000,000	100	86,000,000,000	-	86,000,000,000
Tan My Garment Company Limited	Ba Ria - Vung Tau Province, Vietnam	Garment	100	15,000,000,000	(15,000,000,000)	-	100	15,000,000,000	(4,535,827,377)	10,464,172,623
Sai Gon Tuong Long Company Limited	Binh Duong Province, Vietnam	Garment	51	1,700,000,000	(1,461,522,717)	238,477,283	51	1,700,000,000	(1,516,282,994)	183,717,006
TOTAL				<u>102,700,000,000</u>	<u>(16,461,522,717)</u>	<u>86,238,477,283</u>		<u>102,700,000,000</u>	<u>(6,052,110,371)</u>	<u>96,647,889,629</u>

NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)
as at 31 December 2020 and for the year then ended

12. LONG-TERM INVESTMENTS (continued)

12.2 Investment in an associate

Name	Business activities	Ending balance				Beginning balance			
		Ownership %	Cost of investment VND	Provision VND	Net VND	Ownership %	Cost of investment VND	Provision VND	Net VND
Phu My Corporation	Garment	32.47	<u>4,341,000,000</u>	<u>(2,271,587,709)</u>	<u>2,069,412,291</u>	32.47	<u>4,341,000,000</u>	-	<u>4,341,000,000</u>

12.3 Investment in other entities

Name of entity	Ending balance			Beginning balance		
	Number of shares	Cost of investment VND	Provision VND	Number of shares	Cost of investment VND	Provision VND
Gia Dinh Development Corporation	843,950	10,127,400,000	-	843,950	10,127,400,000	-
Viet A Joint Stock Commercial Bank	207,701	3,998,050,000	(2,959,545,000)	207,701	3,998,050,000	(2,959,545,000)
Joint Stock Commercial Bank for Foreign Trade of Vietnam	25,266	<u>1,269,730,000</u>	-	25,266	<u>1,269,730,000</u>	-
TOTAL		<u>15,395,180,000</u>	<u>(2,959,545,000)</u>		<u>15,395,180,000</u>	<u>(2,959,545,000)</u>

NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)
as at 31 December 2020 and for the year then ended

13. SHORT TERM TRADE PAYABLES AND ADVANCES FROM CUSTOMERS

13.1 Short term trade payables

	VND	
	Ending balance	Beginning balance
Due to other parties	70,044,097,290	150,457,401,344
- Desipro Pte. Ltd.	9,086,289,436	51,799,778,485
- N.I.Teijin Shoji	8,906,053,356	27,013,676,403
- YKK Vietnam Co., Ltd.	8,348,286,635	18,154,822,930
- Others	43,703,467,863	53,489,123,526
Due to related parties (Note 28)	80,124,629,371	85,637,249,902
TOTAL	<u>150,168,726,661</u>	<u>236,094,651,246</u>

13.2 Short term advances from customers

	VND	
	Ending balance	Beginning balance
Game Guard	2,895,753,279	-
Topo Designs	-	2,686,337,125
Others	533,934,332	436,947,088
TOTAL	<u>3,429,687,611</u>	<u>3,123,284,213</u>

14. STATUTORY OBLIGATIONS

	VND			
	Beginning balance	Increase in year	Decrease in year	Ending balance
Receivables				
Value added tax	34,433,235,199	57,593,947,779	(77,709,290,264)	14,317,892,714
Payables				
Corporate income tax	6,815,734,408	10,978,017,657	(13,404,392,167)	4,389,359,898
Personal income tax	317,344,308	6,124,764,802	(6,316,031,405)	126,077,705
Value added tax	-	14,726,195,564	(14,726,195,564)	-
Others	15,266,267	2,948,146,943	(2,949,229,681)	14,183,529
TOTAL	<u>7,148,344,983</u>	<u>34,777,124,966</u>	<u>(37,395,848,817)</u>	<u>4,529,621,132</u>

NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)
as at 31 December 2020 and for the year then ended

15. SHORT-TERM ACCRUED EXPENSES

	<i>Ending balance</i>	<i>VND Beginning balance</i>
Annual leave salary	4,570,000,000	4,895,559,179
Penalty expense	-	1,207,500,000
Others	<u>1,483,005,907</u>	<u>1,290,978,026</u>
TOTAL	<u>6,053,005,907</u>	<u>7,394,037,205</u>

16. OTHER SHORT-TERM PAYABLES

	<i>Ending balance</i>	<i>VND Beginning balance</i>
Insurance and union fee	2,101,615,119	1,736,430,943
Deposit received	-	9,000,000,000
Advance received from shareholders for purchase of new shares	-	4,499,857,479
Others	<u>527,087,944</u>	<u>685,839,765</u>
TOTAL	<u>2,628,703,063</u>	<u>15,922,128,187</u>

NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)
as at 31 December 2020 and for the year then ended

17. SHORT-TERM LOANS

	<i>Beginning balance</i>	<i>Drawdown in year</i>	<i>Repayment in year</i>	<i>Foreign exchange differences</i>	<i>Ending balance</i>
					VND
Loan from banks (*)	<u>248,523,249,005</u>	<u>844,756,929,173</u>	<u>(730,360,355,435)</u>	<u>1,498,096,163</u>	<u>364,417,918,906</u>

(*) The Company obtained short-term loans from a bank to finance for working capital requirements. Details of loans are as follows:

<i>Bank</i>	<i>Ending balance</i>	<i>Original amount</i>	<i>Interest rate</i>	<i>Maturity date</i>	<i>Description of collateral</i>
	<i>VND</i>	<i>USD</i>	<i>% p.a</i>		
Joint Stock Commercial Bank for Foreign Trade of Vietnam - Ho Chi Minh City Branch	<u>364,417,918,906</u>	<u>15,697,520</u>	From 2.4 to 3.3	From 8 March 2021 to 13 November 2021	Unsecured

NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)
as at 31 December 2020 and for the year then ended

18. BONUS AND WELFARE FUND

	<i>Current year</i>	<i>Previous year</i>
		<i>VND</i>
Beginning balance	4,013,989,170	5,466,837,861
Utilization of fund	<u>(2,616,674,643)</u>	<u>(1,452,848,691)</u>
Ending balance	<u>1,397,314,527</u>	<u>4,013,989,170</u>

19. LONG-TERM PROVISION

Long-term provision represents the accrued severance allowance in accordance with Article 48 of the Labour Code, as mentioned in Note 3.11.

NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)
as at 31 December 2020 and for the year then ended

20. OWNERS' EQUITY

20.1 Increase and decrease in owners' equity

	VND					
	Share capital	Share premium	Treasury shares	Investment and development fund	Undistributed earnings	Total
Previous year						
Beginning balance	155,556,200,000	28,314,942,370	(863,138,686)	67,754,774,402	76,328,270,676	327,091,048,762
Net profit for the year	-	-	-	-	115,800,079,889	115,800,079,889
Bonus to the Board of Directors, the management and the Board of Supervision	-	-	-	-	(1,720,234,084)	(1,720,234,084)
Share dividends	23,253,080,000	-	-	-	(23,253,080,000)	-
Ending balance	<u>178,809,280,000</u>	<u>28,314,942,370</u>	<u>(863,138,686)</u>	<u>67,754,774,402</u>	<u>167,155,036,481</u>	<u>441,170,894,567</u>
Current year						
Beginning balance	178,809,280,000	28,314,942,370	(863,138,686)	67,754,774,402	167,155,036,481	441,170,894,567
Increase in capital (*)	89,154,370,000	44,372,885,000	-	-	-	133,527,255,000
Net profit for the year	-	-	-	-	53,487,745,156	53,487,745,156
Bonus to the Board of Directors, the management and the Board of Supervision	-	-	-	-	(4,946,578,571)	(4,946,578,571)
Share dividends (**)	32,089,150,000	-	-	-	(32,089,150,000)	-
Ending balance	<u>300,052,800,000</u>	<u>72,687,827,370</u>	<u>(863,138,686)</u>	<u>67,754,774,402</u>	<u>183,607,053,066</u>	<u>623,239,316,152</u>

(*) In accordance with the Annual General Meeting Resolution No. 01/NQ-DHDCD.2019 dated 25 April 2019, the Company was approved to issue 8,915,437 shares at the price of VND 15,000 per share to existing shareholders. The Company's share capital increased from VND 178,809,280,000 to VND 267,963,650,000. On 14 February 2020, the Department of Planning and Investment of Ho Chi Minh City granted the 17th amended ERC, approving the said increase of the Company's share capital, and the Company completed the transaction on 14 January 2020.

(**) In accordance with the Annual General Meeting Resolution No. 01/NQ-DHDCD/2020 dated 24 June 2020 and the Board of Directors' Resolution No. 35/NQ-HDQT/2020 dated 7 August 2020, the Company issued 3,208,915 shares to pay the 2nd dividend for 2019 to its existing shareholders. The Company's share capital increased from VND 267,963,650,000 to VND 300,052,800,000. On 22 September 2020, the Department of Planning and Investment of Ho Chi Minh City granted the 18th amended ERC, approving the said increase of the Company's share capital, and the Company completed the transaction on 31 August 2020.

NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)
as at 31 December 2020 and for the year then ended

20. OWNERS' EQUITY (continued)

20.2 Capital transactions with owners

	Current year	VND Previous year
Contributed share capital		
Beginning balance	178,809,280,000	155,556,200,000
Increase in the year	89,154,370,000	-
Share dividends	32,089,150,000	23,253,080,000
Ending balance	<u>300,052,800,000</u>	<u>178,809,280,000</u>

20.3 Dividends

	Current year	VND Previous year
Declared during the year	32,089,150,000	23,253,080,000
Share dividends	32,089,150,000	23,253,080,000
Paid during the year	32,089,150,000	23,257,536,325
Share dividends	32,089,150,000	23,253,080,000
Paid by cash	-	4,456,325

20.4 Shares

	Quantity	
	Ending balance	Beginning balance
Authorized shares	30,005,280	17,880,928
Issued and paid-up shares		
Ordinary shares	30,005,280	17,880,928
Treasury shares		
Ordinary shares	(49,260)	(49,260)
Shares in circulation		
Ordinary shares	29,956,020	17,831,668

NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)
as at 31 December 2020 and for the year then ended

21. REVENUES

21.1 Revenues from sale of goods and rendering of services

	VND	
	Current year	Previous year
Gross revenue	1,487,788,107,182	1,732,925,865,832
Export sale	1,342,707,691,217	1,718,045,070,596
Domestic sale	145,080,415,965	14,880,795,236
Less	(395,745,150)	(338,568,968)
Sales allowances	(395,745,150)	(338,568,968)
NET REVENUE	<u>1,487,392,362,032</u>	<u>1,732,587,296,864</u>
<i>In which:</i>		
Net revenue from other parties	1,346,366,384,150	1,726,092,176,021
Net revenue from related parties	141,025,977,882	6,495,120,843

21.2 Finance income

	VND	
	Current year	Previous year
Foreign exchange gains	11,214,055,772	6,732,357,186
Interest income	286,860,235	5,719,146
Early payment discount	26,937,288	-
Dividend and profit shared	20,212,800	6,436,552,870
TOTAL	<u>11,548,066,095</u>	<u>13,174,629,202</u>

22. COST OF GOODS SOLD AND SERVICES RENDERED

	VND	
	Current year	Previous year
Cost of goods sold and services rendered	1,295,144,021,245	1,454,948,798,919
(Reversal of provision) provision for obsolete inventories	(1,149,331,967)	7,329,255,458
TOTAL	<u>1,293,994,689,278</u>	<u>1,462,278,054,377</u>

23. FINANCE EXPENSES

	VND	
	Current year	Previous year
Provision for long-term investments	12,681,000,055	4,535,827,377
Foreign exchange losses	11,840,783,332	4,823,013,111
Loan interests	8,120,811,733	7,935,437,715
TOTAL	<u>32,642,595,120</u>	<u>17,294,278,203</u>

NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)
as at 31 December 2020 and for the year then ended

24. SELLING EXPENSES AND GENERAL AND ADMINISTRATIVE EXPENSES

	VND	
	<i>Current year</i>	<i>Previous year</i>
Selling expenses	12,197,488,807	17,399,658,253
Transportation expenses	12,197,488,807	17,399,658,253
General and administrative expenses	95,621,372,736	105,034,670,044
Labour cost	73,145,529,495	73,853,117,084
Expenses for external services	9,808,581,824	9,251,769,271
Depreciation and amortization of fixed assets	6,740,913,706	7,771,853,710
Tool and supplies	1,438,332,669	1,121,868,980
(Reversal) provision for doubtful receivables	(132,224,402)	5,597,994,045
Others	4,620,239,444	7,438,066,954
TOTAL	<u>107,818,861,543</u>	<u>122,434,328,297</u>

25. OTHER INCOME AND EXPENSES

	VND	
	<i>Current year</i>	<i>Previous year</i>
Other income	2,552,791,210	1,360,699,746
Disposal fixed assets	1,525,285,950	-
Others	1,027,505,260	1,360,699,746
Other expenses	(3,261,909)	(1,222,158,812)
Penalty	-	(1,207,500,000)
Others	(3,261,909)	(14,658,812)
NET OTHER PROFIT	<u>2,549,529,301</u>	<u>138,540,934</u>

26. PRODUCTION AND OPERATING COSTS

	VND	
	<i>Current year</i>	<i>Previous year</i>
Raw materials	753,436,469,852	962,957,413,521
Labour costs	356,870,369,109	363,356,746,812
Expenses for external services	249,677,443,554	238,492,589,994
Depreciation and amortization of fixed assets (Notes 9 and 10)	16,015,302,175	18,155,557,481
Tools and supplies	4,705,883,769	4,454,446,488
(Reversal) provision for doubtful receivables	(132,224,402)	5,597,994,045
Others	14,156,864,406	18,048,547,174
TOTAL	<u>1,394,730,108,463</u>	<u>1,611,063,295,515</u>

NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)
as at 31 December 2020 and for the year then ended

27. CORPORATE INCOME TAX

The statutory corporate income tax ("CIT") rate applicable to the Company is 20% of taxable income.

The tax returns filed by the Company are subject to examination by the tax authorities. Because the application of tax laws and regulations to many types of transactions is susceptible to varying interpretations, amounts reported in the separate financial statements could be changed at a later date upon final determination by the tax authorities.

27.1 CIT expense

	VND	
	<i>Current year</i>	<i>Previous year</i>
Current tax expense	10,978,017,657	27,278,403,756
Adjustment for under accrual of tax from prior years	-	493,711,763
	<u>10,978,017,657</u>	<u>27,772,115,519</u>
Deferred tax expense	2,568,048,674	321,610,715
TOTAL	<u>13,546,066,331</u>	<u>28,093,726,234</u>

A reconciliation between CIT expenses and the accounting profit multiplied by CIT rate is presented below:

	VND	
	<i>Current year</i>	<i>Previous year</i>
Accounting profit before tax	<u>67,033,811,487</u>	<u>143,893,806,123</u>
At CIT rate of 20% applicable to the Company	13,406,762,297	28,778,761,225
<i>Adjustments:</i>		
Non-deductible expenses	124,707,159	170,839,464
Foreign exchange losses (gains) arising from revaluation of monetary accounts denominated in foreign currency	157,280,574	(62,275,644)
Dividend income	(4,042,560)	(1,287,310,574)
Change in provision for obsolete inventory	(138,641,139)	-
Adjustment for under accrual of tax from prior years	-	493,711,763
CIT expenses	<u>13,546,066,331</u>	<u>28,093,726,234</u>

27.2 Current tax

The current tax payable is based on taxable income for the current year. The taxable income of the Company for the year differs from the profit as reported in the separate 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 Company's liability for current tax is calculated using tax rates that have been enacted by the balance sheet date.

NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)
as at 31 December 2020 and for the year then ended

27. CORPORATE INCOME TAX (continued)

27.3 Deferred tax

The followings are the deferred tax assets recognised by the Company and the movements thereon during the current and previous years:

	<i>Separate balance sheet</i>		<i>Separate income statement</i>	
	<i>Ending balance</i>	<i>Beginning balance</i>	<i>Current year</i>	<i>Previous year</i>
	VND			
Provision for doubtful receivables	1,959,080,901	4,337,395,126	(2,378,314,225)	(915,429,064)
Accrual for severance pay	1,804,083,900	1,993,818,349	(189,734,449)	593,818,349
Net deferred tax assets	<u>3,763,164,801</u>	<u>6,331,213,475</u>		
Deferred tax expense charge to separate income statement			<u>(2,568,048,674)</u>	<u>(321,610,715)</u>

28. TRANSACTIONS WITH RELATED PARTIES

Significant transactions with related parties during the year were as follows:

<i>Related party</i>	<i>Relationship</i>	<i>Transaction</i>	<i>VND</i>	
			<i>Current year</i>	<i>Previous year</i>
Binh Thanh Import Export Production & Trade JSC	Same key personnel	Processing services	124,609,858,400	-
		Penalty	86,554,890	-
Garmex Quangnam Company Limited	Subsidiary	Sewing and embroidery processing	102,551,173,959	86,585,303,504
		Sale of goods and rendering services	4,058,760,934	537,764,669
		Purchase of materials	-	1,040,325
Tan My Garment Company Limited	Subsidiary	Sewing and embroidery processing	95,190,080,261	88,622,479,273
		Sale of goods and rendering services	12,357,358,548	5,957,356,174
		Dividends received	-	6,436,552,870
		Purchase of fixed assets	-	320,745,600
Transimex Corporation	Same key personnel	Transportation fee	2,455,394,453	2,926,026,284

NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)
as at 31 December 2020 and for the year then ended

28. TRANSACTIONS WITH RELATED PARTIES (continued)

Amounts due from and due to related parties at the balance sheet date were as follows:

Related party	Relationship	Transaction	VND	
			Ending balance	Beginning balance
Short-term trade receivables				
Blue Saigon LLC	Indirect subsidiary	Sale of finished goods	46,651,095,658	46,823,239,925
Binh Thanh Import Export Production & Trade JSC	Same key personnel	Processing services	32,084,326,213	-
Tan My Garment Company Limited	Subsidiary	Sale of goods and rendering services	9,345,904,015	1,023,496,279
Garmex Quangnam Company Limited	Subsidiary	Sale of goods and rendering services	3,648,825,101	113,657,103
			91,730,150,987	47,960,393,307
Short-term trade payables				
Garmex Quangnam Company Limited	Subsidiary	Sewing and embroidery processing	76,830,446,308	82,111,842,064
Tan My Garment Company Limited	Subsidiary	Sewing and embroidery processing	2,660,270,637	2,380,451,405
Transimex Corporation	Same key personnel	Transportation fee	250,667,579	834,650,622
Blue Saigon LLC	Indirect subsidiary	Commission fee	310,238,992	310,305,811
Binh Thanh Import Export Production & Trade JSC	Same key personnel	Penalty	73,005,855	-
			80,124,629,371	85,637,249,902

Remuneration to members of the Board of Directors, Management and the Board of Supervision during the year was as follows:

	VND	
	Current year	Previous year
Salary and remuneration	7,219,280,094	7,226,516,058

NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)
as at 31 December 2020 and for the year then ended

29. OFF SEPARATE BALANCE SHEET ITEM

	<i>Ending balance</i>	<i>Beginning balance</i>
Foreign currency:		
- United States dollar (USD)	24,786,556.10	8,873,783.61

30. EVENTS AFTER THE BALANCE SHEET DATE

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



Nguyen Thi Diem
Preparer



Tran Thi My Hanh
Chief Accountant



Le Hung
General Director

31 March 2021