



**Hoa Tho Textile-Garment Joint Stock  
Corporation**

Consolidated Financial Statements for the  
year ended 31 December 2020



## Hoa Tho Textile-Garment Joint Stock Corporation Corporate Information

### Enterprise Registration

Certificate No. 0400101556 30 January 2007

The Enterprise Registration Certificate of the Corporation has been amended several times, the most recent of which is Enterprise Registration Certificate No. 0400101556 dated 30 July 2020. The Enterprise Registration Certificate was issued by the Da Nang Department of Planning and Investment.

<b>Board of Management</b>	Mr. Nguyen Duc Tri	Chairman
	Mr. Pham Van Tan	Member
	Ms. Tran Tuong Anh	Member
	Mr. Nguyen Ngoc Binh	Member
	Mr. Le Quoc An	Member
	Mr. Nguyen Van Hai	Member ( <i>from 26 June 2020</i> )
<b>Supervisory Board</b>	Ms. Nguyen Thi Kim Khanh	Chairman ( <i>from 26 June 2020</i> )
	Ms. Nguyen Thi Hue	Chairman ( <i>until 25 June 2020</i> )
	Mr. Nguyen Thanh Son	Member
	Mr. Nguyen Ngoc Cach	Member
<b>Board of Directors</b>	Mr. Nguyen Van Hai	General Director ( <i>from 1 August 2020</i> )
		Deputy General Director ( <i>until 31 July 2020</i> )
	Mr. Nguyen Duc Tri	General Director ( <i>until 31 July 2020</i> )
	Ms. Hoang Thuy Oanh	Deputy General Director
	Ms. Tran Tuong Anh	Deputy General Director
	Mr. Nguyen Ngoc Binh	Deputy General Director
	Ms. Tran Thi Hoa Chau	Deputy General Director ( <i>from 1 August 2020</i> )
		Managing Director ( <i>until 31 July 2020</i> )
	Mr. Pham Ngoc Trung	Managing Director
	Mr. Phan Van Phuoc	Managing Director
	Mr. Phan Quang Long	Managing Director
	Mr. Nguyen Phuoc Hoang	Managing Director ( <i>from 1 August 2020</i> )
	Mr. Nguyen Van Cuong	Managing Director ( <i>from 1 January 2020</i> )
		Chief Accountant ( <i>until 30 June 2020</i> )
	Ms. Nguyen Thi Tuong Long	Chief Accountant ( <i>from 1 July 2020</i> )
<b>Registered Office</b>	36 Ong Ich Duong Street	
	Hoa Tho Dong Ward, Cam Le District	
	Da Nang City	
	Vietnam	
<b>Auditor</b>	KPMG Limited	
	Vietnam	

**Hoa Tho Textile-Garment Joint Stock Corporation**  
**Statement of the Board of Directors**

The Board of Directors of Hoa Tho Textile-Garment Joint Stock Corporation (“the Corporation”) presents this statement and the accompanying consolidated financial statements of the Corporation for the year ended 31 December 2020.

The Board of Directors of the Corporation is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with Vietnamese Accounting Standards, the Vietnamese Accounting System for Enterprises and the relevant statutory requirements applicable to financial reporting. In the opinion of the Board of Directors:

- (a) the consolidated financial statements set out on pages 5 to 52 give a true and fair view of the consolidated financial position of the Corporation as at 31 December 2020, and of its consolidated results of operations and consolidated cash flows for the year then ended in accordance with Vietnamese Accounting Standards, the Vietnamese Accounting System for Enterprises and the relevant statutory requirements applicable to financial reporting; and
- (b) at the date of this statement, there are no reasons to believe that the Corporation will not be able to pay its debts as and when they fall due.

The Board of Directors has, on the date of this statement, authorised the accompanying consolidated financial statements for issue.

On behalf of the Board of Directors



Nguyen Van Hai  
General Director

Da Nang, 12 March 2021



KPMG Limited  
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## **INDEPENDENT AUDITOR'S REPORT**

### **To the Shareholders Hoa Tho Textile-Garment Joint Stock Corporation**

We have audited the accompanying consolidated financial statements of Hoa Tho Textile-Garment Joint Stock Corporation ("the Corporation"), which comprise the consolidated balance sheet as at 31 December 2020, the consolidated statements of income and cash flows for the year then ended and the explanatory notes thereto which were authorised for issue by the Corporation's Board of Directors on 12 March 2021, as set out on pages 5 to 52.

### **Management's Responsibility**

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

### **Auditor's 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 of material misstatement.

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

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





### Auditors' Opinion

In our opinion, the consolidated financial statements give a true and fair view, in all material respects, of the consolidated financial position of Hoa Tho Textile-Garment Joint Stock Corporation as at 31 December 2020 and of its consolidated results of operations and its consolidated cash flows for the year then ended in accordance with Vietnamese Accounting Standards, the Vietnamese Accounting System for Enterprises and the relevant statutory requirements applicable to financial reporting.

#### KPMG Limited

Vietnam

Audit Report No. 20-02-00270-21-2



Đoan Thanh Toàn

Practicing Auditor Registration

Certificate No. 3073-2019-007-1

*Deputy General Director*

Hanoi, 12 March 2021

Pham Thi Thuy Linh

Practicing Auditor Registration

Certificate No. 3065-2019-007-1

**Hoa Tho Textile-Garment Joint Stock Corporation**  
**Consolidated balance sheet as at 31 December 2020**

**Form B 01 – DN/HN**

*(Issued under Circular No. 202/2014/TT-BTC  
dated 22 December 2014 of the Ministry of Finance)*

	Code	Note	31/12/2020 VND	1/1/2020 VND
<b>ASSETS</b>				
<b>Current assets</b> (100 = 110 + 120 + 130 + 140 + 150)	<b>100</b>		<b>963,187,373,809</b>	<b>948,102,310,710</b>
<b>Cash and cash equivalents</b>	<b>110</b>	<b>5</b>	<b>44,218,004,444</b>	<b>30,303,763,991</b>
Cash	111		15,009,004,444	27,303,763,991
Cash equivalents	112		29,209,000,000	3,000,000,000
<b>Short-term financial investments</b>	<b>120</b>		<b>24,357,800,000</b>	<b>15,283,145,329</b>
Held-to-maturity investments	123	6(a)	24,357,800,000	15,283,145,329
<b>Accounts receivable – short-term</b>	<b>130</b>		<b>343,222,650,824</b>	<b>247,340,784,379</b>
Accounts receivable from customers	131	7	327,938,419,824	211,013,119,950
Prepayments to suppliers	132		15,160,599,151	18,131,984,326
Loans receivable	135		591,200,000	611,200,000
Other receivables	136	8	5,974,469,386	23,768,810,817
Allowance for doubtful debts	137	9	(6,477,312,214)	(6,184,330,714)
Shortage of assets awaiting resolution	139		35,274,677	-
<b>Inventories</b>	<b>140</b>	<b>10</b>	<b>514,036,868,557</b>	<b>616,188,431,966</b>
Inventories	141		519,167,562,134	616,665,418,119
Allowance for inventories	149		(5,130,693,577)	(476,986,153)
<b>Other current assets</b>	<b>150</b>		<b>37,352,049,984</b>	<b>38,986,185,045</b>
Short-term prepaid expenses	151	14(a)	8,649,177,117	10,470,773,328
Deductible value added tax	152		28,694,650,370	28,487,003,763
Taxes and others receivable from State Treasury	153		8,222,497	28,407,954



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

**Hoa Tho Textile-Garment Joint Stock Corporation**  
**Consolidated balance sheet as at 31 December 2020 (continued)**

**Form B 01 – DN/HN**  
*(Issued under Circular No. 202/2014/TT-BTC  
dated 22 December 2014 of the Ministry of Finance)*

	Code	Note	31/12/2020 VND	1/1/2020 VND
<b>Long-term assets</b> (200 = 210 + 220 + 240 + 250 + 260)	<b>200</b>		<b>788,049,995,316</b>	<b>824,398,791,588</b>
<b>Accounts receivable – long-term</b>	<b>210</b>		<b>1,165,096,000</b>	<b>4,384,390,930</b>
Loans receivable – long-term	215		710,200,000	1,010,200,000
Other long-term receivables	216		454,896,000	3,374,190,930
<b>Fixed assets</b>	<b>220</b>		<b>737,825,704,383</b>	<b>743,070,261,946</b>
Tangible fixed assets	221	11	736,529,984,178	741,595,385,797
Cost	222		1,796,593,958,831	1,672,676,992,315
Accumulated depreciation	223		(1,060,063,974,653)	(931,081,606,518)
Intangible fixed assets	227	12	1,295,720,205	1,474,876,149
Cost	228		11,224,929,405	10,402,507,069
Accumulated amortisation	229		(9,929,209,200)	(8,927,630,920)
<b>Long-term work in progress</b>	<b>240</b>		<b>4,180,723,801</b>	<b>35,047,117,854</b>
Construction in progress	242	13	4,180,723,801	35,047,117,854
<b>Long-term financial investments</b>	<b>250</b>		<b>14,873,729,511</b>	<b>14,007,853,365</b>
Investments in associates	252	6(b)	13,610,295,734	12,651,253,473
Equity investments in other entities	253	6(b)	7,755,702,000	7,755,702,000
Allowance for diminution in the value of long-term financial investments	254	6(b)	(6,492,268,223)	(6,399,102,108)
<b>Other long-term assets</b>	<b>260</b>		<b>30,004,741,621</b>	<b>27,889,167,493</b>
Long-term prepaid expenses	261	14(b)	29,934,698,270	27,679,037,447
Goodwill	269	15	70,043,351	210,130,046
<b>TOTAL ASSETS (270 = 100 + 200)</b>	<b>270</b>		<b>1,751,237,369,125</b>	<b>1,772,501,102,298</b>

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

**Hoa Tho Textile-Garment Joint Stock Corporation**  
**Consolidated balance sheet as at 31 December 2020 (continued)**

Form B 01 – DN/HN  
*(Issued under Circular No. 202/2014/TT-BTC  
dated 22 December 2014 of the Ministry of Finance)*

	Code	Note	31/12/2020 VND	1/1/2020 VND
<b>RESOURCES</b>				
<b>LIABILITIES (300 = 310 + 330)</b>	<b>300</b>		<b>1,273,247,562,149</b>	<b>1,291,040,687,666</b>
<b>Current liabilities</b>	<b>310</b>		<b>946,954,491,262</b>	<b>911,787,999,256</b>
Accounts payable to suppliers	311	16	216,717,707,406	231,456,590,694
Advances from customers	312		34,759,801,430	6,028,276,935
Taxes and others payable to State Treasury	313	17(b)	11,277,924,437	8,967,091,774
Payables to employees	314		243,297,137,352	300,612,523,921
Accrued expenses	315	18	4,356,215,044	4,752,724,114
Unearned revenue – short-term	318		1,090,909,090	-
Other payables – short-term	319	19	20,644,188,608	16,723,081,710
Short-term borrowings	320	20(a)	342,246,816,537	273,060,607,020
Provisions – short-term	321		40,000,000	-
Bonus and welfare fund	322	21	72,523,791,358	70,187,103,088
<b>Long-term liabilities</b>	<b>330</b>		<b>326,293,070,887</b>	<b>379,252,688,410</b>
Long-term advances from customers	332		10,740,759,952	11,889,559,587
Long-term borrowings	338	20(b)	315,552,310,935	367,363,128,823
<b>EQUITY (400 = 410)</b>	<b>400</b>		<b>477,989,806,976</b>	<b>481,460,414,632</b>
<b>Owners' equity</b>	<b>410</b>	<b>22</b>	<b>477,989,806,976</b>	<b>481,460,414,632</b>
Share capital	411	23	225,000,000,000	225,000,000,000
- Ordinary shares with voting rights	411a		225,000,000,000	225,000,000,000
Investment and development fund	418	24	131,581,249,354	113,283,038,700
Retained profits	421		93,703,298,049	116,974,532,760
- Retained profits brought forward	421a		32,966,962,290	622,452,819
- Retained profit for the current year	421b		60,736,335,759	116,352,079,941
Non-controlling interest	429		27,705,259,573	26,202,843,172
<b>TOTAL RESOURCES (440 = 300 + 400)</b>	<b>440</b>		<b>1,751,237,369,125</b>	<b>1,772,501,102,298</b>

12 March 2021

Prepared by:



Dang Thi Oanh Nu  
Specialist



Nguyen Thi Tuong Long  
Chief Accountant



Approved by:



Nguyen Van Hai  
General Director

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



**Hoa Tho Textile-Garment Joint Stock Corporation**  
**Consolidated statement of income for the year ended 31 December 2020**

**Form B 02 – DN/HN**  
*(Issued under Circular No. 202/2014/TT-BTC  
dated 22 December 2014 of the Ministry of Finance)*

	Code	Note	2020 VND	2019 VND
<b>Revenue from sales of goods and provision of services</b>	<b>01</b>	<b>27</b>	<b>3,257,213,652,230</b>	<b>4,254,526,901,893</b>
<b>Revenue deductions</b>	<b>02</b>		<b>949,307,105</b>	<b>919,769,881</b>
<b>Net revenue (10 = 01 - 02)</b>	<b>10</b>		<b>3,256,264,345,125</b>	<b>4,253,607,132,012</b>
<b>Cost of sales</b>	<b>11</b>		<b>2,992,286,488,413</b>	<b>3,905,682,938,627</b>
<b>Gross profit (20 = 10 - 11)</b>	<b>20</b>		<b>263,977,856,712</b>	<b>347,924,193,385</b>
Financial income	21	28	23,983,157,688	25,720,083,486
Financial expenses	22	29	29,793,279,117	42,258,329,331
<i>In which: Interest expense</i>	23		21,998,913,372	36,226,973,281
Share of profit in associates and jointly controlled entities	24		2,566,042,261	2,927,659,231
Selling expenses	25	30	81,032,237,120	87,658,706,345
General and administration expenses	26	31	109,525,490,949	123,726,790,818
<b>Net operating profit {30 = 20 + (21 - 22) - (25 + 26)}</b>	<b>30</b>		<b>70,176,049,475</b>	<b>122,928,109,608</b>
Other income	31	32	2,916,587,176	2,071,550,925
Other expenses	32	33	2,973,084,236	2,304,250,153
<b>Results of other activities (40 = 31 - 32)</b>	<b>40</b>		<b>(56,497,060)</b>	<b>(232,699,228)</b>
<b>Accounting profit before tax (50 = 30 + 40)</b>	<b>50</b>		<b>70,119,552,415</b>	<b>122,695,410,380</b>
<b>Income tax expense – current</b>	<b>51</b>	<b>35</b>	<b>7,880,800,255</b>	<b>6,042,260,733</b>
<b>Net profit after tax (60 = 50 - 51) (carried forward to next page)</b>	<b>60</b>		<b>62,238,752,160</b>	<b>116,653,149,647</b>

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

**Hoa Tho Textile-Garment Joint Stock Corporation**

**Consolidated statement of income for the year ended 31 December 2020 (continued)**

**Form B 02 – DN/HN**

*(Issued under Circular No. 202/2014/TT-BTC  
dated 22 December 2014 of the Ministry of Finance)*

	Code	Note	2020 VND	2019 VND
<b>Net profit after tax (60 = 50 - 51) (brought forward from previous page)</b>	60		62,238,752,160	116,653,149,647
<b>Attributable to:</b>				
Equity holders of the Company	61		60,736,335,759	120,645,608,015
Non-controlling interest	62		1,502,416,401	(3,992,458,368)
<b>Earnings per share</b>				<b>Restated</b>
Basic earnings per share	70	36	2,587	4,942

12 March 2021

Prepared by:



Dang Thi Oanh Nu  
Specialist

Approved by:



Nguyen Thi Tuong Long  
Chief Accountant



Nguyen Van Hai  
General Director

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

**Hoa Tho Textile-Garment Joint Stock Corporation**  
**Consolidated statement of cash flows for the year ended 31 December 2020**  
**(Indirect method)**

**Form B 03 – DN/HN**

*(Issued under Circular No. 202/2014/TT-BTC  
dated 22 December 2014 of the Ministry of Finance)*

	<b>Code</b>	<b>Note</b>	<b>2020 VND</b>	<b>2019 VND</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
<b>Profit before tax</b>	<b>01</b>		<b>70,119,552,415</b>	<b>122,695,410,380</b>
<b>Adjustments for</b>				
Depreciation and amortisation	02		145,811,183,461	169,157,547,325
Allowances and provisions	03		5,079,855,039	739,859,746
Exchange losses/(gains) arising from revaluation of monetary items denominated in foreign currencies	04		329,676,891	(730,818,875)
Profits from investing activities	05		(5,679,462,983)	(5,179,245,988)
Interest expense	06		21,998,913,372	36,226,973,281
<b>Operating profit before changes in working capital</b>	<b>08</b>		<b>237,659,718,195</b>	<b>322,909,725,869</b>
Change in receivables	09		(95,813,054,131)	3,427,125,402
Change in inventories	10		97,497,855,985	179,075,596,536
Change in payables and other liabilities	11		(40,538,752,206)	25,629,979,179
Change in prepaid expenses	12		568,641,759	(2,563,942,111)
			<b>199,374,409,602</b>	<b>528,478,484,875</b>
Interest paid	14		(22,055,570,691)	(36,564,368,059)
Corporate income tax paid	15		(6,821,726,215)	(6,608,323,686)
Other receipts from operating activities	16		280,116,099	310,144,999
Other payments for operating activities	17		(7,402,787,645)	(7,590,905,632)
<b>Net cash flows from operating activities</b>	<b>20</b>		<b>163,374,441,150</b>	<b>478,025,032,497</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Payments for additions to fixed assets and other long-term assets	21		(105,306,693,834)	(116,460,287,528)
Proceeds from disposals of fixed assets and other long-term assets	22		917,603,454	302,999,999
Payments for granting loans, purchase of debt instruments of other entities	23		(28,305,000,000)	(1,567,465,246)
Receipts from collecting loans, sales of debt instruments of other entities	24		19,550,345,329	825,300,000
Receipts of interests and dividends	27		2,196,045,600	1,781,745,500
<b>Net cash flows from investing activities</b>	<b>30</b>		<b>(110,947,699,451)</b>	<b>(115,117,707,275)</b>

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

**Hoa Tho Textile-Garment Joint Stock Corporation**  
**Consolidated statement of cash flows for the year ended 31 December 2020**  
**(Indirect method - continued)**

**Form B 03 – DN/HN**  
*(Issued under Circular No. 202/2014/TT-BTC*  
*dated 22 December 2014 of the Ministry of Finance)*

	Code	Note	2020 VND	2019 VND
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>				
Proceeds from equity issued	31		-	30,000,000
Proceeds from borrowings	33		2,485,252,609,328	2,948,315,335,828
Payments to settle loan principals	34		(2,467,822,769,452)	(3,250,276,866,284)
Payments of dividends	36		(56,058,350,947)	(56,161,728,500)
<b>Net cash flows from financing activities</b>	<b>40</b>		<b>(38,628,511,071)</b>	<b>(358,093,258,956)</b>
<b>Net cash flows during the year</b> (50 = 20 + 30 + 40)	<b>50</b>		<b>13,798,230,628</b>	<b>4,814,066,266</b>
<b>Cash and cash equivalents at the beginning of the year</b>	<b>60</b>		<b>30,303,763,991</b>	<b>25,052,150,214</b>
<b>Effect of exchange rate fluctuations on cash and cash equivalents</b>	<b>61</b>		<b>116,009,825</b>	<b>437,547,511</b>
<b>Cash and cash equivalents at the end of the year (70 = 50 + 60 + 61)</b>	<b>70</b>	<b>5</b>	<b>44,218,004,444</b>	<b>30,303,763,991</b>

12 March 2021

Prepared by:



Dang Thi Oanh Nu  
Specialist

Approved by:



Nguyen Thi Tuong Long  
Chief Accountant




Nguyen Van Hai  
General Director

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



# **Hoa Tho Textile-Garment Joint Stock Corporation**

## **Notes to the consolidated financial statements for the year ended 31 December 2020**

**Form B 09 – DN/HN**

*(Issued under Circular No. 202/2014/TT-BTC  
dated 22 December 2014 of the Ministry of Finance)*

These notes form an integral part of and should be read in conjunction with the accompanying consolidated financial statements.

### **1. Reporting entity**

#### **(a) Ownership structure**

Hoa Tho Textile-Garment Joint Stock Corporation (“the Corporation”) is incorporated as a joint stock company in Vietnam. The consolidated financial statements of the Corporation for the year ended 31 December 2020 comprise the Corporation and its subsidiaries and their interests in associates.

#### **(b) Principal activities**

The principal activities of the Corporation and its subsidiaries are to produce, trade, import and export clothes, fabric, fibre, equipment, and raw materials for the garment and textile industry.

#### **(c) Normal operating cycle**

The normal operating cycle of the Corporation and its subsidiaries is generally within 12 months.

#### **(d) Operating characteristics that have significant effects on the financial statements**

The Covid-19 pandemic was initially recognised in Vietnam on 23 January 2020, Vietnam Government has performed significant control measures including the social distancing initiated from 1 April 2020. On 23 April 2020, Vietnam basically ceased social distancing and domestic economic and social activities have gradually resumed their normal course. However, the number of infected cases in the world has increased constantly in 2020. On 28 January 2021, the Covid-19 pandemic broke out again in Quang Ninh and Hai Duong and spread to other provinces. The Covid-19 pandemic has significantly impacted business operations of multiple enterprises in different sectors. The extent of the impact of the COVID-19 pandemic on the Corporation's business operations will depend on future developments, including the duration and spread of the outbreak and other unpredictable information at the date of these consolidated financial statements.

**Hoa Tho Textile-Garment Joint Stock Corporation**  
**Notes to the consolidated financial statements for the year ended 31 December 2020**  
**(continued)**

**Form B 09 – DN/HN**  
*(Issued under Circular No. 202/2014/TT-BTC  
dated 22 December 2014 of the Ministry of Finance)*

**(e) Corporation structure**

As at 31 December 2020, the Corporation had the following subsidiaries and associates:

STT		The Corporation's % of equity owned		The Corporation's % of voting rights	
		31/12/2020	1/1/2020	31/12/2020	1/1/2020
	<b>Subsidiaries</b>				
1	Hoa Tho Fashion Joint Stock Company	76.88%	76.88%	76.88%	76.88%
2	Hoa Tho - Hoi An Garment Joint Stock Company	54.18%	54.18%	54.18%	54.18%
3	Hoa Tho - Duy Xuyen Garment Joint Stock Company	81.73%	81.73%	81.73%	81.73%
4	Hoa Tho - Thang Binh Spinning Joint Stock Company	74.49%	74.49%	74.49%	74.49%
5	Hoa Tho Construction Mechanics One-member Co., Ltd.	100%	100%	100%	100%
	<b>Associates</b>				
1	Hoa Tho Quang Nam Garment Joint Stock Company	32.14%	32.14%	32.14%	32.14%
2	Hoa Tho - Phu Ninh Garment Joint Stock Company	20.00%	20.00%	20.00%	20.00%

As at 31 December 2020, the Corporation and its subsidiaries had 9,768 employees (1/1/2020: 10,264 employees).

**2. Basis of preparation**

**(a) Statement of compliance**

These consolidated financial statements have been prepared in accordance with Vietnamese Accounting Standards, the Vietnamese Accounting System for Enterprises and the relevant statutory requirements applicable to financial reporting.

**(b) Basis of measurement**

The consolidated financial statements, except for the consolidated statement of cash flows, are prepared on the accrual basis using the historical cost concept. The consolidated statement of cash flows is prepared using the indirect method.

**(c) Annual accounting period**

The annual accounting period of the Corporation and its subsidiaries is from 1 January to 31 December.

**(d) Accounting and presentation currency**

The Corporation's and its subsidiaries' accounting currency is Vietnam Dong ("VND"), which is also the currency used for consolidated financial statement presentation purpose.

**Hoa Tho Textile-Garment Joint Stock Corporation**  
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**3. Summary of significant accounting policies**

The following significant accounting policies have been adopted by the Corporation and its subsidiaries in the preparation of these consolidated financial statements.

**(a) Basis of consolidation**

**(i) *Subsidiaries***

Subsidiaries are entities directly or indirectly controlled by the Corporation. The financial statements of the subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

**(ii) *Non-controlling interests***

Non-controlling interests ("NCI") are measured at their proportionate share of the acquiree's identifiable net assets at date of acquisition.

**(iii) *Loss of control***

When the Corporation loses control over a subsidiary, it derecognizes the assets and liabilities of the subsidiary, and any related NCI and other components of equity in the consolidated financial statements. Any resulting gain or loss is recognized in the consolidated income statement. Any interest retained in the former subsidiary when control is lost is stated at the carrying amount of the retained investment in the consolidated financial statements adjusted for appropriate shares of changes in equity of the investee since the acquisition date, if significant influence in the investee is maintained, or otherwise stated at cost.

Decreases in the Corporation's interest in a subsidiary that do not result in a loss of control are accounted for as transactions with owners. The difference between the change in the Corporation's share of net assets of the subsidiary and any consideration paid or received is recorded directly in retained profits under consolidated equity.

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**(iv) Associates**

Associates are those entities in which the Corporation has significant influence directly or indirectly, but not control, over the financial and operating policies. Associates are accounted for using the equity method. They are initially recognised at cost, which includes transaction costs. Subsequent to initial recognition, the consolidated financial statements include the Corporation's share of the profit or loss of the equity accounted investees, after adjustments to align the accounting policies with those of the Corporation, from the date that significant influence or joint control commences until the date that significant influence or joint control ceases. The carrying amount of investments in equity accounted investees is also adjusted for the alterations in the investor's proportionate interest in the investees arising from changes in the investee's equity that have not been included in the income statement (such as revaluation of fixed assets, or foreign exchange translation differences, etc.).

When the Corporation's share of losses exceeds its interest in an equity accounted investee, the carrying amount of that interest (including any long-term investments) is reduced to nil and the recognition of further losses is discontinued except to the extent that the Corporation has an obligation or has made payments on behalf of the investee.

**(v) Transactions eliminated on consolidation**

Intra-group transactions, balances, and any unrealised income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements. Unrealised gains and losses arising from transactions with associates are eliminated against the investment to the extent of the Corporation's interest in the associates.

**(vi) Business combination**

Business combinations are accounted for using the acquisition method as at the acquisition date, which is the date on which control is transferred to the Corporation. Control exists when the Corporation has the power to directly or indirectly govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, potential voting rights that presently are exercisable are taken into account.

Cost of a business combination (cost of the acquisition) is the aggregate amount of the fair values, at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued by the acquirer in the acquisition in exchange for control of the acquiree and any costs directly attributable to the business combination. Identifiable assets acquired, identifiable liabilities and contingent liabilities assumed in a business combination are recognised at fair value at the acquisition date.

Any goodwill that arises representing the excess of the cost of the acquisition over the Company's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities of the acquiree is recognised in consolidated balance sheet, then amortised through to the consolidated statement of income (see Note 3(k)). When the excess is negative (gain from bargain purchase), it is recognised in the consolidated statement of income for the current year after a reassessment has been performed to ensure that the measurement of identifiable assets acquired, liabilities and contingent liabilities assumed and the cost of the business combination appropriately reflects consideration of all available information as of the acquisition date.





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**(b) Foreign currency transactions**

Transactions in currencies other than VND during the year have been translated into VND at actual rates of exchange ruling at the transaction dates.

Monetary assets and liabilities denominated in currencies other than VND are translated into VND at the average of the account transfer buying rates and selling rates at the end of the annual accounting period quoted by the commercial bank where the Corporation or its subsidiaries most frequently conducts transactions.

All foreign exchange differences are recorded in the statement of income.

**(c) Cash and cash equivalents**

Cash comprises cash balances and call deposits. Cash equivalents are short-term highly liquid investments that are readily convertible to known amounts of cash, are subject to an insignificant risk of changes in value, and are held for the purpose of meeting short-term cash commitments rather than for investment or other purposes.

**(d) Investments**

**(i) *Held-to-maturity investments***

Held-to-maturity investments are those that the Corporation's and its subsidiaries' management has the intention and ability to hold until maturity. Held-to-maturity investments include term deposits at bank and loans receivable held to maturity. These investments are stated at costs less allowance for doubtful debts.

**(ii) *Investments in equity instruments of other entities***

Investments in equity instruments of other entities are initially recognised at cost which include purchase price plus any directly attributable transaction costs. Subsequent to initial recognition, these investments are stated at cost less allowance for diminution in value. An allowance is made for diminution in investment value if the Corporation and its subsidiaries noted signs of diminution in the value of their investments in the investee. The allowance is reversed if the investee subsequently made a profit that offsets the previous loss for which the allowance had been made. An allowance is reversed only to the extent that the investment's carrying amount does not exceed the carrying amount that would have been determined if no allowance had been recognised.

**(e) Accounts receivable**

Trade and other receivables are stated at cost less allowance for doubtful debts.

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**(f) Inventories**

Inventories are stated at the lower of cost and net realisable value. Cost is determined on a weighted average basis and includes all costs incurred in bringing the inventories to their present location and condition. Cost in the case of finished goods and work in progress includes raw materials, direct labour and attributable manufacturing overheads. Net realisable value is the estimated selling price of inventory items, less the estimated costs of completion and direct selling expenses.

The Corporation and its subsidiaries apply the perpetual method of accounting for inventories.

**(g) Tangible fixed assets**

**(i) Cost**

Tangible fixed assets are stated at cost less accumulated depreciation. The initial cost of a tangible fixed asset comprises its purchase price, including import duties, non-refundable purchase taxes and any directly attributable costs of bringing the asset to its working condition for its intended use. Expenditure incurred after tangible fixed assets have been put into operation, such as repair, maintenance and overhaul cost, is charged to the consolidated statement of income in the year in which the cost is incurred. In situations where it can be clearly demonstrated that the expenditure has resulted in an increase in the future economic benefits expected to be obtained from the use of tangible fixed assets beyond their originally assessed standard of performance, the expenditure is capitalised as an additional cost of tangible fixed assets.

**(ii) Depreciation**

Depreciation is computed on a straight-line basis over the estimated useful lives of tangible fixed assets. The estimated useful lives are as follows:

▪ buildings and structures	10 – 25 years
▪ plant and equipment	5 – 15 years
▪ motor vehicles	5 – 10 years
▪ office equipment	3 – 5 years
▪ others	2 – 5 years

**(h) Intangible fixed assets**

***Software***

Cost of acquiring of new software, which is not an integral part of the related hardware, is capitalised and treated as an intangible asset. Software is amortised on a straight-line basis over 3 to 5 years.

**(i) Construction in progress**

Construction in progress represents the costs of construction and machinery which have not been fully completed or installed. No depreciation is provided for construction in progress during the period of construction and installation.

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**(j) Long-term prepaid expenses**

**(i) *Prepaid land costs***

Prepaid land costs comprise prepaid land lease rentals, including those for which the Corporation obtained land use rights certificate but are not qualified as intangible fixed assets under prevailing regulations, and other costs incurred in conjunction with securing the use of leased land. These costs are recognised in the consolidated statement of income on a straight-line basis over the term of the lease of 50 years.

**(ii) *Tools and instruments***

Tools and instruments include assets held for use by the Corporation and its subsidiaries in the normal course of business whose costs of individual items are less than VND30 million and therefore not qualified for recognition as fixed assets. Cost of tools and instruments are amortised on a straight-line basis over a period ranging from 2 to 3 years.

**(iii) *Other long-term prepaid expenses***

Other long-term prepaid expenses are initially stated at cost and are amortised on a straight-line basis over a period ranging from 2 to 3 years.

**(k) Goodwill**

Goodwill arises on the acquisition of subsidiaries, associates and joint ventures. Goodwill is measured at cost less accumulated amortisation. Cost of goodwill represents the excess of the cost of the acquisition over the Corporation's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities of the acquiree.

Goodwill arising on acquisition of a subsidiary is amortised on a straight-line basis over 10 years or less. Carrying value of goodwill arising on acquisition of a subsidiary is written down to recoverable amount as management determines that it is not fully recoverable.

**(l) Trade and other payables**

Trade and other payables are stated at their cost.

**(m) Provisions**

A provision is recognised if, as a result of a past event, the Corporation and its subsidiaries has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability,

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***Warranties***

The provision for warranties relates mainly to goods sold and services rendered during the annual accounting period. The provision is based on estimates derived from historical warranty data associated with similar products and services,

**(n) Share capital**

***Ordinary shares***

Ordinary shares are stated at par value. The excess of proceeds over the par value of shares issued is recorded as share premium. Incremental costs directly attributable to the issue of shares, net of tax effects, are recognised as a deduction from share premium.

**(o) Taxation**

Income tax on the consolidated profit or loss for the year comprises current and deferred tax. Income tax is recognised in the statement of income except to the extent that it relates to items recognised directly to equity, in which case it is recognised in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted at the end of the annual accounting period, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided using the balance sheet method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amounts of assets and liabilities using the tax rates enacted or substantively enacted at the end of the annual accounting period.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

**(p) Revenue and other incomes**

**(i) *Goods sold***

Revenue from the sale of goods is recognised in the consolidated statement of income when the significant risks and rewards of ownership have been transferred to the buyer. No revenue is recognised if there are significant uncertainties regarding recovery of the consideration due or the possible return of goods. Revenue on sales of goods is recognised at the net amount after deducting sales discounts.



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**(ii) Processing services**

Revenue from processing services is recognised in the consolidated statement of income when the goods have been processed and accepted by the buyer. No revenue is recognised if there are significant uncertainties regarding recovery of the consideration due.

**(iii) Interest income**

Interest income is recognised on a time proportion basis with reference to the principal outstanding and the applicable interest rate.

**(iv) Dividend income**

Dividend income is recognised when the right to receive dividend is established.

**(q) Leases**

***Lease payments***

Payments made under operating leases are recognised in the statement of income on a straight-line basis over the term of the lease. Lease incentives received are recognised in the statement of income as an integral part of the total lease expense, over the term of the lease.

**(r) Borrowing costs**

Borrowing costs are recognised as an expense in the year in which they are incurred.

**(s) Earnings per share**

The Corporation presents basic and diluted earnings per share (“EPS”) for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to the ordinary shareholders after deducting any amounts appropriated to bonus and welfare funds by the weighted average number of ordinary shares outstanding during the year. As at 31 December 2020 and for the year then ended, the Corporation had no potential ordinary shares and therefore does not present diluted EPS.

**(t) Segment reporting**

A segment is a distinguishable component of the Corporation and its subsidiaries that is engaged either in providing related products or services (business segment), or in providing products or services within a particular economic environment (geographical segment), which is subject to risks and rewards that are different from those of other segments. Management is of the opinion that the Corporation and its subsidiaries operate in one single business segment, which is to trade and provide garment and textile products and services.

The geographical segment of the Corporation and its subsidiaries are determined based on the country from which revenue is generated. The Board of Directors of the Corporation assesses that any geographical segment that generates more than 10% of total revenue needs to be reported.

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**(u) Related parties**

Parties are considered to be related to the Corporation and its subsidiaries if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions, or where the Corporation and its subsidiaries and the other party are subject to common control or significant influence. Related parties may be individuals or corporate entities and include close family members of any individual considered to be a related party.

**(v) Comparative information**

Comparative information in these consolidated financial statements is presented as corresponding figures. Under this method, comparative information for the prior year are included as an integral part of the current year financial statements and are intended to be read only in relation to the amounts and other disclosures relating to the current year. Accordingly, the comparative information included in these consolidated financial statements is not intended to present the Corporation's consolidated financial position, consolidated results of operation or consolidated cash flows for the prior year.

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The Corporation and its subsidiaries have the following geographical segments based on the location of their customers:

- China
- The United States
- Japan
- Africa
- Vietnam
- The United Kingdom
- Others

	China VND'000	The United States VND'000	Japan VND'000	Africa VND'000	Vietnam VND'000	The United Kingdom VND'000	Others VND'000	Consolidated VND'000
<b>For the year ended 31 December 2020</b>								
Total segment revenue	839,318,656	424,617,148	446,620,667	390,198,760	226,428,715	9,854,846	920,174,860	3,257,213,652
Segment results	53,328,988	50,204,096	31,596,300	33,591,975	19,774,758	432,940	75,048,800	263,977,857
<hr/>								
Unallocated income								26,549,200
Unallocated expenses								220,351,008
<hr/>								
Results from operating activities								70,176,049
<hr/>								
Other income								2,916,587
Other expenses								2,973,084
Income tax								7,880,800
<hr/>								

**Hoa Tho Textile-Garment Joint Stock Corporation**

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	China VND'000	The United States VND'000	Japan VND'000	Africa VND'000	Vietnam VND'000	The United Kingdom VND'000	Others VND'000	Consolidated VND'000
Net profit after tax								62,238,752
	China VND'000	The United States VND'000	Japan VND'000	Africa VND'000	Vietnam VND'000	The United Kingdom VND'000	Others VND'000	Consolidated VND'000
<b>At 31 December 2020</b>								
Segment assets	93,403,000	103,797,000	27,357,000	29,758,000	22,659,420	-	50,964,000	327,938,420
Unallocated assets								1,423,298,949
Total assets								1,751,237,369
Segment liabilities	34,521,000	143,000	-	-	9,327,561	-	1,509,000	45,500,561
Unallocated liabilities								1,227,747,001
Total liabilities								1,273,247,562
<b>For the year ended 31 December 2020</b>								
Capital expenditure								105,306,694
Depreciation of tangible fixed assets								144,581,908
Amortization of intangible fixed assets								1,001,578



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	<b>China VND'000</b>	<b>The United States VND'000</b>	<b>Japan VND'000</b>	<b>Africa VND'000</b>	<b>Vietnam VND'000</b>	<b>The United Kingdom VND'000</b>	<b>Others VND'000</b>	<b>Consolidated VND'000</b>
<b>For the year ended 31 December 2019</b>								
Total segment revenue	1,300,534,177	852,565,457	426,805,556	344,891,845	176,874,358	54,785,978	1,098,069,531	4,254,526,902
Segment results	67,913,864	107,646,527	34,711,092	13,384,054	53,835,450	2,146,857	68,286,349	347,924,193
<hr/>								
Unallocated income								28,647,743
Unallocated expenses								253,643,826
<hr/>								
Results from operating activities								122,928,110
<hr/>								
Other income								2,071,551
Other expenses								2,304,250
Income tax								6,042,261
<hr/>								
Net profit after tax								116,653,150
<hr/>								

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	China VND'000	The United States VND'000	Japan VND'000	Africa VND'000	Vietnam VND'000	The United Kingdom VND'000	Others VND'000	Consolidated VND'000
<b>At 1 January 2020</b>								
Segment assets	64,745,149	41,275,317	19,469,653	35,690,405	15,759,601	-	34,072,995	211,013,120
Unallocated assets								1,561,487,982
Total assets								1,772,501,102
Segment liabilities	13,449,007	-	-	-	2,940,267	-	1,528,563	17,917,837
Unallocated liabilities								1,273,122,851
Total liabilities								1,291,040,688
<b>For the year ended 31 December 2019</b>								
Capital expenditure								116,460,288
Depreciation of tangible fixed assets								167,673,018
Amortization of intangible fixed assets								1,256,832



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**5. Cash and cash equivalents**

	31/12/2020 VND	1/1/2020 VND
Cash on hand	135,106,746	89,791,466
Cash in banks	14,873,897,698	27,213,972,525
Cash equivalents	29,209,000,000	3,000,000,000
	44,218,004,444	30,303,763,991

Cash equivalents represent deposits with original terms not exceeding 3 months and annual interest rates from 3.5% to 4.0% at commercial banks (1/1/2020: 5%).

**6. Investments**

**(a) Held-to-maturity investments**

	31/12/2020		1/1/2020	
	Cost VND	Fair value VND	Cost VND	Fair value VND
Term deposits	24,357,800,000	24,357,800,000	15,283,145,329	15,283,145,329
	24,357,800,000		15,283,145,329	

Held-to-maturity investments include bank deposits with term of 12 months and annual interest rates from 4.9% to 6.9% (2019: from 6.2% to 7.7%).

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**(b) Equity investments in other entities**

31/12/2020							1/1/2020				
Address	Quantity of shares	% of equity owned	% of voting rights	Carrying value VND	Allowance for diminution in value VND	Quantity of shares	% of equity owned	% of voting rights	Carrying value VND	Allowance for diminution in value VND	
Equity investments in:											
<i>Associates</i>											
Hoa Tho - Quang Nam Garment Joint Stock Company	Quang Nam	642,800	32,14%	32,14%	13,610,295,734	-	642,800	32,14%	32,14%	12,438,128,661	-
Hoa Tho - Phu Ninh Garment Joint Stock Company	Quang Nam	400,000	20,00%	20,00%	-	-	400,000	20,00%	20,00%	213,124,812	-
					13,610,295,734	-					
<i>Other companies</i>											
The Central Cotton Joint Stock Company	Khanh Hoa	65,000	7,12%	7,12%	855,702,000	(192,268,223)	65,000	7,12%	7,12%	855,702,000	(99,102,108)
Hoa Tho Quang Da Packaging Joint Stock Company	Quang Nam	60,000	10,91%	10,91%	600,000,000	-	60,000	10,91%	10,91%	600,000,000	-
Ho Chi Minh City Textile Garment Commercial Joint Stock Company	Ho Chi Minh City	630,000	14,00%	14,00%	6,300,000,000	(6,300,000,000)	630,000	14,00%	14,00%	6,300,000,000	(6,300,000,000)
					7,755,702,000	(6,492,268,223)					
					21,365,997,734	(6,492,268,223)					

The Corporate has not determined fair values of these equity investments in other entities for disclosure in the consolidated financial statements because information about their market prices is not available and there is currently no guidance on determination of fair value using valuation techniques under Vietnamese Accounting Standards or the Vietnamese Accounting System for Enterprises. The fair values of these investments may differ from their carrying amounts.



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**7. Accounts receivable from customers**

**(a) Accounts receivable from customers detailed by significant customer**

	<b>31/12/2020</b> <b>VND</b>	<b>1/1/2020</b> <b>VND</b>
Motives International (Hong Kong) Limited	78,078,624,227	-
Supreme International LLC	44,510,862,972	12,314,022,810
Haggar Clothing Co.	41,683,438,845	17,192,915,288
Haggar Canada Co.	24,148,352,799	10,190,165,438
Gamal Ibrahim Ahmed Al Okiya	23,171,574,742	34,002,486,819
Kuraray Trading Co., Ltd.	13,948,063,314	14,279,004,420
Destination XL Group Inc	13,065,753,409	6,633,439,143
Motives (Far East) Limited	-	56,398,152,308
Other customers	89,331,749,516	60,002,933,724
	<hr/> 327,938,419,824	<hr/> 211,013,119,950 <hr/>

At 31 December 2020, accounts receivable from customers with a carrying value of VND23,195 million (1/1/2020: VND184,470 million) were pledged with banks as security for the short-term loans granted to the Corporation and its subsidiaries (Note 20(a)).

**(b) Accounts receivable from customers who are related parties**

	<b>31/12/2020</b> <b>VND</b>	<b>1/1/2020</b> <b>VND</b>
<b>The parent company</b>		
Vietnam National Textile and Garment Group	85,771,834	182,883,842
<b>Associates</b>		
Hoa Tho – Phu Ninh Garment Joint Stock Company	104,079,250	-
	<hr/> 189,851,084	<hr/> 182,883,842 <hr/>

The trade related amounts due from related companies were unsecured, interest free and are due in 30 days from invoice date.

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**8. Other receivables**

	<b>31/12/2020</b> <b>VND</b>	<b>1/1/2020</b> <b>VND</b>
Short-term deposits	2,971,547,668	20,270,798,131
Advances	616,621,254	881,895,839
Others	2,386,300,464	2,616,116,847
	<hr/> 5,974,469,386	<hr/> 23,768,810,817 <hr/>

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**9. Bad and doubtful debts**

	Overdue period	31/12/2020			Overdue period	1/1/2020		
		Cost VND	Allowance VND	Recoverable amount VND		Cost VND	Allowance VND	Recoverable amount VND
Overdue debts								
Duyen Dat Trading Services Co., Ltd.	Over 3 years	5,709,989,346	(5,709,989,346)	-	1 year to 3 years	5,709,989,346	(5,709,989,346)	-
Phong Phu Son Tra Investment Joint Stock Company	Over 3 years	406,124,753	(406,124,753)	-	Over 3 years	406,124,753	(406,124,753)	-
Phu Tuong Garment Company Limited	6 months to less than 1 year	1,001,605,000	(300,481,500)	701,123,500	6 months to less than 1 year	-	-	-
Others	Over 3 years	60,716,615	(60,716,615)	-	Over 3 years	68,216,615	(68,216,615)	-
		<u>7,178,435,714</u>	<u>(6,477,312,214)</u>	<u>701,123,500</u>		<u>6,184,330,714</u>	<u>(6,184,330,714)</u>	<u>-</u>

*Of which:*

Allowance for doubtful debts

(6,477,312,214)

(6,184,330,714)

**Hoa Tho Textile-Garment Joint Stock Corporation**  
**Notes to the consolidated financial statements for the year ended 31 December 2020**  
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**10. Inventories**

	<b>31/12/2020</b>		<b>1/1/2020</b>	
	<b>Cost VND</b>	<b>Allowance VND</b>	<b>Cost VND</b>	<b>Allowance VND</b>
Goods in transit	65,810,376,595	-	61,917,550,070	-
Raw materials	123,585,974,784	-	148,709,503,215	-
Tools and supplies	2,273,738,947	-	284,805,348	-
Work in progress	183,730,754,945	-	257,075,276,427	-
Finished goods	101,575,566,512	(4,698,180,889)	127,478,095,888	(476,986,153)
Merchandise inventories	5,773,108,494	(260,262,823)	4,973,220,043	-
Goods on consignment	36,418,041,857	(172,249,865)	16,226,967,128	-
	<b>519,167,562,134</b>	<b>(5,130,693,577)</b>	<b>616,665,418,119</b>	<b>(476,986,153)</b>

Included in inventories at 31 December 2020 was VND22,308 million of finished goods, merchandise inventories and goods on consignment (1/1/2020: VND2,101 million of finished goods) carried at net realisable value.

At 31 December 2020 inventories with a carrying value of VND399,024 million (1/1/2020: VND283,979 million) were pledged with banks as security for short-term borrowings granted to the Corporation and its subsidiaries (Note 20(a)).



**Hoa Tho Textile-Garment Joint Stock Corporation**

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**11. Tangible fixed assets**

	<b>Buildings and structures VND</b>	<b>Plant and equipment VND</b>	<b>Motor vehicles VND</b>	<b>Office equipment VND</b>	<b>Others VND</b>	<b>Total VND</b>
<b>Cost</b>						
Opening balance	350,427,812,000	1,179,973,165,577	42,945,649,508	7,651,375,520	91,678,989,710	1,672,676,992,315
Additions	659,593,777	13,210,363,785	1,792,620,038	113,000,000	897,240,148	16,672,817,748
Transfer from construction in progress	73,449,649,745	32,120,018,405	17,842,681,438	676,052,346	69,300,000	124,157,701,934
Disposals	-	(15,656,872,770)	(64,277,775)	(80,890,945)	-	(15,802,041,490)
Other decreases	(1,111,511,676)	-	-	-	-	(1,111,511,676)
Closing balance	423,425,543,846	1,209,646,674,997	62,516,673,209	8,359,536,921	92,645,529,858	1,796,593,958,831
<b>Accumulated depreciation</b>						
Opening balance	136,810,066,027	695,150,874,177	31,262,125,006	6,215,963,991	61,642,577,317	931,081,606,518
Charge for the year	19,635,752,163	110,004,989,908	3,563,229,905	782,269,185	10,595,666,873	144,581,908,034
Disposals	-	(15,469,721,347)	(27,732,754)	(80,890,945)	-	(15,578,345,046)
Other decreases	(21,194,853)	-	-	-	-	(21,194,853)
Closing balance	156,424,623,337	789,686,142,738	34,797,622,157	6,917,342,231	72,238,244,190	1,060,063,974,653
<b>Net book value</b>						
Opening balance	213,617,745,973	484,822,291,400	11,683,524,502	1,435,411,529	30,036,412,393	741,595,385,797
Closing balance	267,000,920,509	419,960,532,259	27,719,051,052	1,442,194,690	20,407,285,668	736,529,984,178

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Included in tangible fixed assets were assets costing VND584,055 million which were fully depreciated as at 31 December 2020 (1/1/2020: VND471,825 million), but which are still in active use.

At 31 December 2020, tangible fixed assets with a carrying value of VND481,319 million (1/1/2020: VND528,036 million) were pledged with banks as security for some short-term borrowings (Note 20(a)) and long-term borrowings (Note 20(b)) granted to the Corporation and its subsidiaries.

## **12. Intangible fixed assets**

	<b>Software VND</b>
<b>Cost</b>	
Opening balance	10,402,507,069
Additions	822,422,336
	<hr/>
Closing balance	11,224,929,405
	<hr/>
<b>Accumulated amortisation</b>	
Opening balance	8,927,630,920
Charge for the year	1,001,578,280
	<hr/>
Closing balance	9,929,209,200
	<hr/>
<b>Net book value</b>	
Opening balance	1,474,876,149
Closing balance	1,295,720,205
	<hr/>

Included in intangible fixed assets were assets costing VND7,674 million which were fully amortised as at 31 December 2020 (1/1/2020: VND3,963 million ), but which are still in use.

**Hoa Tho Textile-Garment Joint Stock Corporation**  
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**13. Construction in progress**

	<b>2020</b> <b>VND</b>	<b>2019</b> <b>VND</b>
Opening balance	35,047,117,854	1,173,000,428
Additions during the year	93,291,307,881	84,085,846,019
Transfer to tangible fixed assets	(124,157,701,934)	(50,211,728,593)
	<hr/>	
Closing balance	4,180,723,801	35,047,117,854
	<hr/>	

Major constructions in progress were as follows:

	<b>31/12/2020</b> <b>VND</b>	<b>1/1/2020</b> <b>VND</b>
Trieu Phong Garment Factory	2,363,605,351	-
Spinning machines and equipment	575,750,000	4,442,285,100
Wastewater Treatment System in the Corporation	-	2,841,983,614
Fashion Tailoring – Showroom		
– Office Center Complex	-	26,342,272,713
Others	1,241,368,450	1,420,576,427
	<hr/>	
	4,180,723,801	35,047,117,854
	<hr/>	

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**Notes to the consolidated financial statements for the year ended 31 December 2020 (continued)**

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**14. Prepaid expenses**

**(a) Short-term prepaid expenses**

	<b>31/12/2020 VND</b>	<b>1/1/2020 VND</b>
Prepaid insurance expenses	1,779,206,472	1,852,472,641
Tools and supplies	3,441,985,406	3,432,927,233
Prepaid operating lease expenses	742,175,166	588,888,888
Other short-term prepaid expenses	2,685,810,073	4,596,484,566
	<b>8,649,177,117</b>	<b>10,470,773,328</b>

**(b) Long-term prepaid expenses**

	<b>Prepaid land costs VND</b>	<b>Tools and supplies VND</b>	<b>Others VND</b>	<b>Total VND</b>
Opening balance	4,103,089,728	14,792,964,019	8,782,983,700	27,679,037,447
Additions	-	9,822,658,558	8,109,971,198	17,932,629,756
Amortisation for the year	(87,610,452)	(10,921,499,065)	(4,667,859,416)	(15,676,968,933)
Closing balance	<b>4,015,479,276</b>	<b>13,694,123,512</b>	<b>12,225,095,482</b>	<b>29,934,698,270</b>



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**15. Goodwill**

	<b>VND</b>
<b>Cost</b>	
Opening and closing balance	1,400,866,953
	<hr/>
<b>Accumulated amortisation</b>	
Opening balance	1,190,736,907
Charge for the year	140,086,695
	<hr/>
Closing balance	1,330,823,602
	<hr/>
<b>Net book value</b>	
Opening balance	210,130,046
Closing balance	70,043,351
	<hr/>

**Hoa Tho Textile-Garment Joint Stock Corporation**  
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**16. Accounts payable to suppliers**

**(a) Accounts payable to suppliers detailed by significant suppliers**

	<b>Cost and amount within payment capacity</b>	
	<b>31/12/2020</b>	<b>1/1/2020</b>
	<b>VND</b>	<b>VND</b>
Viterra B.V	18,528,983,079	-
Vietnam National Textile and Garment Group	16,754,023,232	34,194,954,604
Hoa Tho - Quang Nam Garment Joint Stock Company	12,453,389,509	8,603,204,098
Hultafors Group AB	12,009,223,239	26,352,941,612
Multi-Fiber Handels GmbH	11,708,726,478	-
Phuong Dong Solar Energy Joint Stock Company	9,363,864,900	-
Kwong Lung Enterprise Co., Ltd	8,354,163,269	10,607,188,352
Motives International (Hong Kong) Limited	7,140,332,328	-
Carreman International Corporation	392,528,610	10,270,057,281
Toyo Cotton (Japan) Co., Ltd	-	16,290,899,039
Other suppliers	120,012,472,762	125,137,345,708
	<hr/>	<hr/>
	216,717,707,406	231,456,590,694
	<hr/>	<hr/>

**(b) Accounts payable to suppliers who are related parties**

	<b>31/12/2020</b>	<b>1/1/2020</b>
	<b>VND</b>	<b>VND</b>
<b>The parent company</b>		
Vietnam National Textile and Garment Group	16,754,023,232	34,194,954,604
<b>Associate</b>		
Hoa Tho - Quang Nam Garment Joint Stock Company	12,453,389,509	8,603,204,098
<b>Other related parties in Vietnam National Textile and Garment Group</b>		
Coats Phong Phu Co., Ltd.	3,720,306,544	3,719,966,837
Hue Textile Garment Joint Stock Company	36,776,600	103,455,000
	<hr/>	<hr/>
	32,964,495,885	46,621,580,539
	<hr/>	<hr/>

The trade related amounts due to the related parties were unsecured, interest free and are payable within 60 days from invoice date.

**Hoa Tho Textile-Garment Joint Stock Corporation**  
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**17. Taxes and others receivable from and payable to State Treasury**

**(a) Taxes and others receivable from State Treasury**

	<b>1/1/2020 VND</b>	<b>Incurred VND</b>	<b>Paid/offset VND</b>	<b>31/12/2020 VND</b>
Corporate income tax	14,843,386	-	(9,609,885)	5,233,501
Personal income tax	13,564,568	-	(10,575,572)	2,988,996
	<b>28,407,954</b>	<b>-</b>	<b>(20,185,457)</b>	<b>8,222,497</b>

**(b) Taxes and others payable to State Treasury**

	<b>1/1/2020 VND</b>	<b>Incurred VND</b>	<b>Paid/offset VND</b>	<b>31/12/2020 VND</b>
Value added tax	7,148,046,200	112,868,906,539	(111,712,056,807)	8,304,895,932
Import tax	16,162,399	697,936,125	(560,142,782)	153,955,742
Corporate income tax	1,669,475,192	7,871,190,370	(6,821,726,215)	2,718,939,347
Personal income tax	133,275,533	3,225,976,410	(3,259,512,527)	99,739,416
Land rental	-	4,609,513,146	(4,609,513,146)	-
Other taxes	132,450	2,420,634,317	(2,420,372,767)	394,000
	<b>8,967,091,774</b>	<b>131,694,156,907</b>	<b>(129,383,324,244)</b>	<b>11,277,924,437</b>

**18. Accrued expenses**

	<b>31/12/2020 VND</b>	<b>1/1/2020 VND</b>
Operating costs	2,187,848,437	2,703,714,715
Interest expense	333,712,719	390,370,038
Others	1,834,653,888	1,658,639,361
	<b>4,356,215,044</b>	<b>4,752,724,114</b>

**Hoa Tho Textile-Garment Joint Stock Corporation**  
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**19. Other payables – short-term**

	<b>31/12/2020</b>	<b>1/1/2020</b>
	<b>VND</b>	<b>VND</b>
Trade union fees	15,406,513,458	11,894,994,367
Social, health and unemployment insurance	35,015,894	10,333,666
Short-term deposits and collaterals received	168,706,830	195,595,075
Excessive payments on behalf payables	311,000,301	46,573,547
Dividends	985,785,100	794,136,047
Donation fund	763,983,681	755,485,878
Others	2,973,183,344	3,025,963,130
	<hr/>	<hr/>
	20,644,188,608	16,723,081,710
	<hr/>	<hr/>



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**20. Borrowings**

**(a) Short-term borrowings**

	<b>1/1/2020 Carrying amount and amount within repayment capacity VND</b>	<b>Movements during the year</b>			<b>31/12/2020 Carrying amount and amount within repayment capacity VND</b>
		<b>Increase VND</b>	<b>Decrease VND</b>	<b>Unrealised foreign exchange differences VND</b>	
Short-term borrowings	212,200,281,473	2,485,252,609,328	(2,404,172,366,426)	375,804,530	293,656,328,905
Current portion of long-term borrowings	60,860,325,547	48,615,797,707	(60,860,325,314)	(25,310,308)	48,590,487,632
	273,060,607,020	2,533,868,407,035	(2,465,032,691,740)	350,494,222	342,246,816,537

Terms and conditions of short-term borrowings were as follows:

	<b>Currency</b>	<b>Annual interest rate</b>	<b>31/12/2020 VND</b>	<b>1/1/2020 VND</b>
Bank borrowing 1 (i)	USD	1.7%	110,137,931,723	70,810,873,842
Bank borrowing 2 (i)	USD	1.9%	60,270,102,318	71,869,050,029
Bank borrowing 3 (i)	USD	3.0%	-	14,267,114,284
Bank borrowing 4 (i)	USD	1.75%	18,590,292,990	8,747,291,103
Bank borrowing 5 (i)	USD	3.0% - 3.3%	23,574,258,147	25,965,119,540
Bank borrowing 6 (ii)	USD	1.75%	73,124,475,103	20,360,832,675
Bank borrowing 7 (i)	USD	1.6%	7,779,268,624	-
Borrowing from Retirement Contact Board (ii)	VND	10%	180,000,000	180,000,000
			293,656,328,905	212,200,281,473



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- (i) These borrowings are secured over certain receivables (Note 7), inventories (Note 10) and tangible fixed assets of the Corporation and its subsidiaries (Note 11).
- (ii) These borrowings are unsecured.

**(b) Long-term borrowings**

	<b>31/12/2020</b> <b>VND</b>	<b>1/1/2020</b> <b>VND</b>
Long-term borrowings	364,142,798,567	428,223,454,370
Repayable within twelve months	(48,590,487,632)	(60,860,325,547)
Repayable after twelve months	315,552,310,935	367,363,128,823

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Terms and conditions of long-term borrowings were as follows:

	Currency	Annual interest rate	Year of maturity	31/12/2020 VND	1/1/2020 VND
Bank borrowing 1 (i)	USD	4.0%	2021	7,265,857,614	21,821,057,092
Bank borrowing 2 (i)	USD	3.25% - 3.75%	2020	-	2,548,445,228
Bank borrowing 3 (i)	USD	5.0%	2021	629,624,297	1,894,006,713
Bank borrowing 4 (i)	USD	5.0%	2021	913,199,685	2,285,470,415
Bank borrowing 5 (i)	USD	5.2% - 5.7%	2022	11,633,967,686	17,630,753,393
Bank borrowing 6 (i)	VND	10.4%	2020	-	600,000,000
Bank borrowing 7 (i)	USD	5.4%	2025	125,493,891,442	153,415,774,842
Bank borrowing 8 (i)	VND	11%	2021	-	1,250,000,000
Kuraray Trading Co., Ltd. (ii)	USD	2.5%	2021	4,640,800,000	9,291,600,000
Vietnam National Textile and Garment Group – the parent company (iii)	USD	LIBOR + 0.7%	2039	213,565,457,843	217,486,346,687
				<hr/> 364,142,798,567	<hr/> 428,223,454,370 <hr/>

- (i) Borrowings are from banks and secured over some tangible fixed assets of the Corporation and its subsidiaries (Note 11).
- (ii) These borrowings are unsecured.
- (iii) These are re-lent by Vietnam National Textile and Garment Group from the borrowings granted by Asia Development Bank (“ADB”) with a credit limit of USD9,042,587,

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**21. Bonus and welfare fund**

This fund is established by appropriating from retained profits as approved by shareholders at shareholders' meeting. This fund is used to pay bonus and welfare to the Corporation's and its subsidiaries' employees in accordance with the Corporation's and its subsidiaries' bonus and welfare policies. Movements of bonus and welfare fund during the year were as follows:

	<b>2020</b> <b>VND</b>	<b>2019</b> <b>VND</b>
Opening balance	70,187,103,088	53,865,672,577
Appropriation	9,459,359,816	23,602,191,144
Other additions	280,116,099	310,144,999
Utilisation	(7,402,787,645)	(7,590,905,632)
	<hr/>	<hr/>
Closing balance	72,523,791,358	70,187,103,088
	<hr/>	<hr/>



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**22. Changes in owners' equity**

	Share capital VND	Investment and development fund VND	Retained profits VND	Non-controlling interest VND	Total VND
<b>Balance at 1 January 2019</b>	225,000,000,000	98,179,356,087	95,578,326,576	25,871,773,466	444,629,456,129
Share capital issued	-	-	-	30,000,000	30,000,000
Net profit for the year	-	-	120,645,608,015	(3,992,458,368)	116,653,149,647
Appropriation to equity funds	-	15,103,682,613	(15,103,682,613)	-	-
Dividends	-	-	(56,250,000,000)	-	(56,250,000,000)
Appropriation to bonus and welfare fund	-	-	(23,602,191,144)	-	(23,602,191,144)
Movement due to increase in ownership percentage in a subsidiary	-	-	(4,293,528,074)	4,293,528,074	-
<b>Balance at 1 January 2020</b>	225,000,000,000	113,283,038,700	116,974,532,760	26,202,843,172	481,460,414,632
Net profit for the year	-	-	60,736,335,759	1,502,416,401	62,238,752,160
Appropriation to equity funds	-	18,298,210,654	(18,298,210,654)	-	-
Dividends (Note 25)	-	-	(56,250,000,000)	-	(56,250,000,000)
Appropriation to bonus and welfare fund	-	-	(9,459,359,816)	-	(9,459,359,816)
<b>Balance at 31 December 2020</b>	225,000,000,000	131,581,249,354	93,703,298,049	27,705,259,573	477,989,806,976

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The Corporation's authorised and issued share capital are:

	<b>31/12/2020 and 1/1/2020</b>	
	<b>Number of shares</b>	<b>VND</b>
<b>Authorised share capital</b>	22,500,000	225,000,000,000
<b>Issued share capital</b>		
Ordinary shares	22,500,000	225,000,000,000
<b>Shares in circulation</b>		
Ordinary shares	22,500,000	225,000,000,000

All ordinary shares have a par value of VND10,000. Each share is entitled to one vote at meetings of the Corporation. Shareholders are entitled to receive dividend as declared from time to time. All ordinary shares are ranked equally with regard to the Corporation's residual assets.

The share capital issued to shareholders is as follows:

	<b>31/12/2020 and 1/1/2020</b>		
	<b>Issued and in circulation</b>		
	<b>Number of shares</b>	<b>VND</b>	<b>%</b>
Vietnam National Textile and Garment Group	14,615,621	146,156,210,000	64,96%
Other shareholders	7,884,379	78,843,790,000	35,04%
	22,500,000	225,000,000,000	100%

**24. Investment and development fund**

Investment and development fund was appropriated from retained profits in accordance with the resolution of General Meeting of Shareholders. This fund was established for the purpose of future business expansion.

**25. Dividends**

The General Meeting of Shareholders of the Corporation on 26 June 2020 resolved to distribute dividends in cash amounting to VND56,250 million for 2019, equivalent to 25% of the charter capital as at 31 December 2019 (2019: VND56,250 million for 2018, equivalent to 25% of the charter capital as at 31 December 2018).

**Hoa Tho Textile-Garment Joint Stock Corporation****Notes to the consolidated financial statements for the year ended 31 December 2020**  
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dated 22 December 2014 of the Ministry of Finance)***26. Off balance sheet items****(a) Lease**

The future minimum lease payments under non-cancellable operating leases were:

	<b>31/12/2020</b> <b>VND</b>	<b>1/1/2020</b> <b>VND</b>
Within one year	23,123,304,931	22,699,190,756
Within two to five years	93,210,006,385	92,392,595,877
More than five years	128,208,179,536	143,821,017,920
	<hr/>	<hr/>
	244,541,490,852	258,912,804,553
	<hr/>	<hr/>

**(b) Foreign currencies**

	<b>31/12/2020</b>		<b>1/1/2020</b>	
	<b>Original currency</b>	<b>VND equivalent</b>	<b>Original currency</b>	<b>VND equivalent</b>
USD	255,149	5,870,047,243	386,277	8,925,783,421
EUR	221	6,180,872	233	6,002,634
		<hr/>		<hr/>
		5,876,228,115		8,931,786,055
		<hr/>		<hr/>

**(c) Capital expenditure commitments**

At the reporting date the Corporation had the following outstanding capital commitments approved but not provided for in the consolidated balance sheet:

	<b>31/12/2020</b> <b>VND</b>	<b>1/1/2020</b> <b>VND</b>
Approved but not contracted	51,100,000,000	69,860,000,000
	<hr/>	<hr/>

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dated 22 December 2014 of the Ministry of Finance)***27. Revenue from sales of goods and provision of services**

Total revenue represents the gross value of goods sold and services rendered exclusive of value added tax.

**28. Financial income**

	<b>2020 VND</b>	<b>2019 VND</b>
Interest income from deposits and loans	2,004,045,600	1,781,745,500
Dividends	192,000,000	192,000,000
Realised foreign exchange gains	21,725,995,264	22,947,784,162
Unrealised foreign exchange gains	-	730,818,875
Other financial income	61,116,824	67,734,949
	<b>23,983,157,688</b>	<b>25,720,083,486</b>

**29. Financial expenses**

	<b>2020 VND</b>	<b>2019 VND</b>
Interest expense	21,998,913,372	36,226,973,281
Realised foreign exchange losses	7,371,522,739	6,031,356,050
Unrealised foreign exchange losses	329,676,891	-
Allowance made for diminution in the value of investments	93,166,115	-
	<b>29,793,279,117</b>	<b>42,258,329,331</b>

**30. Selling expenses**

	<b>2020 VND</b>	<b>2019 VND</b>
Staff costs	5,151,533,995	5,593,080,289
Supplies and packages	701,855,060	674,947,472
Instruments and equipment	653,970,923	264,826,007
Outside services	62,130,360,645	67,689,618,494
Other selling expenses	12,394,516,497	13,436,234,083
	<b>81,032,237,120</b>	<b>87,658,706,345</b>



**Hoa Tho Textile-Garment Joint Stock Corporation**  
**Notes to the consolidated financial statements for the year ended 31 December 2020**  
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**31. General and administration expenses**

	<b>2020 VND</b>	<b>2019 VND</b>
Staff costs	55,290,601,365	66,439,063,920
Office equipment	3,038,713,840	2,798,245,031
Depreciation of fixed assets	10,600,881,292	9,113,674,407
Taxes, fees and charges	4,046,274,537	3,850,098,444
Allowance made for doubtful debts	292,981,500	262,873,593
Outside services	16,673,206,816	19,606,349,201
Other selling expenses	19,582,831,599	21,656,486,222
	<hr/> 109,525,490,949	<hr/> 123,726,790,818 <hr/>

**32. Other income**

	<b>2020 VND</b>	<b>2019 VND</b>
Gain from disposals of fixed assets	917,375,122	277,841,257
Others	1,999,212,054	1,793,709,668
	<hr/> 2,916,587,176	<hr/> 2,071,550,925 <hr/>

**33. Other expenses**

	<b>2020 VND</b>	<b>2019 VND</b>
Penalties on breach of contract and late payment of tax	1,989,714,367	1,242,889,523
Others	983,369,869	1,061,360,630
	<hr/> 2,973,084,236	<hr/> 2,304,250,153 <hr/>

**34. Production and business costs by element**

	<b>2020 VND</b>	<b>2019 VND</b>
Raw material costs included in production costs	1,433,887,870,836	2,167,295,013,927
Staff costs	947,429,739,396	1,126,263,191,794
Depreciation and amortisation	145,811,183,461	169,157,547,325
Outside services and other expenses	511,194,477,433	570,287,377,483
	<hr/>	<hr/>

**Hoa Tho Textile-Garment Joint Stock Corporation**  
**Notes to the consolidated financial statements for the year ended 31 December 2020**  
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**35. Income tax**

**(a) Reconciliation of effective tax rate**

	<b>2020</b> <b>VND</b>	<b>2019</b> <b>VND</b>
Accounting profit before tax	70,119,552,415	122,695,410,380
Tax at the Corporation's tax rate	7,011,955,241	12,269,541,038
Tax incentives	-	(5,215,302,607)
Effect of different tax rates in subsidiaries	547,168,029	(557,045,604)
Effect of different tax rate applied to other income	615,163,969	421,989,242
Non-deductible expenses	431,456,950	1,888,717,431
Tax exempt income	(19,200,000)	(19,200,000)
Tax reduction (*)	(196,814,000)	(664,958,500)
Temporary differences for which no deferred tax is recognised	161,235,053	(2,196,157,227)
Tax losses utilised in subsidiary	(427,603,066)	(876,918,428)
Deferred tax assets not recognised for tax loss of the current year	-	991,595,388
Tax reduction in accordance with Decree No. 114/2020/ND-CP in subsidiary	(242,561,921)	-
	<b>7,880,800,255</b>	<b>6,042,260,733</b>

(\*) The Corporation is entitled to tax reduction under Article 21 of Circular No. 78/2014/TT-BTC providing guidance on implementation of the Law on Corporation Income Tax. Accordingly, a production, construction or transportation enterprise that employs between 10 and 100 female laborers who account for more than 50% of its total regular employees, or regularly employs over 100 female laborers who account for more than 30% of its total regular employees, is entitled to a reduction of corporate income tax equivalent to the actual additional expenses for female laborers.

**(b) Applicable tax rates**

**(i) For the Corporation**

Under the regulations of the current Income Tax Law, the Corporation has an obligation to pay the Government income tax at the rate of 10% of taxable profits for 15 years starting from the year of 2007 (2007 - 2021) and at the usual tax rate for the succeeding years. The current income tax regulations allow the Corporation to be exempt from income tax for 4 years starting from the first year it generates a taxable profit (2007 - 2010) and entitled to a 50% reduction in CIT for the 9 succeeding years (2011 - 2019).

All the above tax exemption and reduction are not applicable to other income which is taxed at a rate of 20%.

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Under the regulations of the current Income Tax Law, the Corporation's subsidiaries have obligations to pay the Government income tax at the rate of 20%.

**36. Basic earnings per share****(a) Basic earnings per share**

The calculation of basic earnings per share for the year ended 31 December 2020 was based on the profit attributable to ordinary shareholders and a weighted average number of ordinary shares outstanding, calculated as follows:

	<b>2020</b>	<b>2019 Restated</b>
Net profit for the year (VND)	60,736,335,759	120,645,608,015
Appropriation to bonus and welfare fund (VND) (*)	(2,539,695,097)	(9,459,359,816)
Net profit attributable to ordinary shareholders (VND)	58,196,640,662	111,186,248,199
Weighted average number of ordinary shares during the period (number of shares)	22,500,000	22,500,000
Basic earnings per share (VND/share)	2,587	4,942

(\*) Estimated appropriation to Bonus and welfare fund was the estimation made by the Company's Board of Directors, based on the Company's operating results in 2020.

**(b) Restatement of basic earnings per share for the year ended 31 December 2019**

The General Meeting of Shareholders of the Corporation on 26 June 2020 approved the plan to distribute profits of 2019. Accordingly, the Corporation appropriated VND9,459,359,816 to the bonus and welfare fund from profits after tax. Therefore, there was a change in net profit attributable to ordinary shareholders of the year ended 31 December 2019 for calculation of basic earnings per share.

A comparison of basic earnings per share previously reported and as restated is as follows:

	<b>2019 (restated)</b>	<b>2019 (as previously reported)</b>
	<b>VND/share</b>	<b>VND/share</b>
Basic earnings per share	4,942	5,164

**Hoa Tho Textile-Garment Joint Stock Corporation****Notes to the consolidated financial statements for the year ended 31 December 2020****(continued)****Form B 09 – DN/HN***(Issued under Circular No. 202/2014/TT-BTC**dated 22 December 2014 of the Ministry of Finance)***37. Significant transactions with related parties**

In addition to related party balances disclosed in other notes to the consolidated financial statements, the Corporation and its subsidiaries had the following significant transactions with related parties during the year:

	<b>2020 VND</b>	<b>2019 VND</b>
<b>Parent company - Vietnam National Textile and Garment Group</b>		
Dividends declared and paid	36,539,052,500	36,539,052,500
Sales of goods and services	5,749,949,819	3,806,481,580
Purchase of goods and services	20,845,459,612	39,084,103,694
Management fee and interest expense	5,217,602,623	8,907,977,164
<b>Associates</b>		
<b>Hoa Tho Phu Ninh Garment Joint Stock Company</b>		
Sales of goods and services	1,352,764,328	1,292,752,188
Purchase of goods and services	50,604,480,429	70,830,839,993
<b>Hoa Tho - Quang Nam Garment Joint Stock Company</b>		
Sales of goods and services	451,519,536	91,907,845
Purchase of goods and services	78,314,662,576	83,166,271,692
Dividends received through offsetting with liabilities	1,607,000,000	1,607,000,000
<b>Other related companies in Vietnam National Textile and Garment Group</b>		
<b>Nha Be Garment Corporation - Joint Stock Company</b>		
Sales of goods and services	22,781,193	1,186,842,913
<b>Coats Phong Phu Co., Ltd</b>		
Purchase of goods and services	17,114,492,603	26,661,513,770
<b>Hue Textile Garment Joint Stock Company</b>		
Sales of goods and services	-	108,316,280
Purchase of goods and services	268,384,183	1,342,000,756
<b>Phu Bai Spinning Mill Joint Stock Company</b>		
Purchase of goods and services	-	690,415,488
<b>General Director</b>		
Salary and bonus	1,716,733,178	1,616,577,496
<b>Other members of Board of Directors</b>		
Salary and bonus	9,230,408,605	10,135,778,130
<b>Members of Supervisory Board</b>		
Salary, bonus and compensation	418,068,754	535,082,161
<b>Chairman of Board of Management</b>		
Salary and compensation	595,197,641	133,333,333



**Hoa Tho Textile-Garment Joint Stock Corporation**  
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	2020 VND	2019 VND
<b>Members of Board of Management Compensation</b>	33,333,334	-
<b>Members of Board of Management Compensation</b>	66,666,668	66,666,666
<b>Members of Board of Management Compensation</b>	66,666,668	66,666,666
<b>Members of Board of Management Compensation and bonus</b>	338,888,886	290,000,000
<b>Members of Board of Management Compensation and bonus</b>	166,666,668	166,666,666

**38. Non-cash investing and financing activities**

	2020 VND	2019 VND
Dividends received through offsetting with liabilities	-	192,000,000

**39. Comparative information**

Comparative information as at 1 January 2020 were derived from the balances and amounts reported in the Corporation's consolidated financial statements as at and for the year ended 31 December 2019.

12 March 2021

Prepared by:



Dang Thi Oanh Nu  
Specialist



Nguyen Thi Tuong Long  
Chief Accountant

Approved by:




Nguyen Van Hai  
General Director