



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

Separate Financial Statements for  
the year ended 31 December 2021



## **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 1 October 2021. 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                  |
| <b>Supervisory Board</b>   | Ms. Nguyen Thi Kim Khanh   | Chairman                |
|                            | Mr. Nguyen Thanh Son   | Member                  |
|                            | Mr. Nguyen Ngoc Cach   | Member                  |
| <b>Board of Directors</b>  | Mr. Nguyen Van Hai   | General Director        |
|                            | 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 |
|                            | Mr. Pham Ngoc Trung  | Managing Director       |
|                            | Mr. Phan Van Phuoc   | Managing Director       |
|                            | Mr. Phan Quang Long  | Managing Director       |
|                            | Mr. Nguyen Phuoc Hoang   | Managing Director       |
|                            | Mr. Nguyen Van Cuong   | Managing Director       |
|                            | Ms. Nguyen Thi Tuong Long  | Chief Accountant        |
| <b>Registered Office</b>   | 36 Ong Ich Duong Street<br>Hoa Tho Dong Ward, Cam Le District<br>Da Nang City<br>Vietnam |                         |
| <b>Auditor</b>             | KPMG Limited<br>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 separate financial statements of the Corporation for the year ended 31 December 2021.

The Corporation’s Board of Directors is responsible for the preparation and fair presentation of the separate 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 separate financial statements set out on pages 5 to 43 give a true and fair view of the unconsolidated financial position of the Corporation as at 31 December 2021, and of its unconsolidated results of operations and unconsolidated 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 separate financial statements for issue.

On behalf of the Board of Directors



Nguyễn Văn Hai  
General Director

Da Nang, 11 March 2022



KPMG Limited  
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E6 Pham Hung Road, Me Tri Ward  
South Tu Liem District, Hanoi, Vietnam  
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## **INDEPENDENT AUDITOR'S REPORT**

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

We have audited the accompanying separate financial statements of Hoa Tho Textile-Garment Joint Stock Corporation ("the Corporation"), which comprise the separate balance sheet as at 31 December 2021, the separate 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 11 March 2022, as set out on pages 5 to 43.

### **Management's Responsibility**

The Corporation's Board of Directors is responsible for the preparation and fair presentation of these separate 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 the separate 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 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 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 separate financial statements give a true and fair view, in all material respects, of the unconsolidated financial position of Hoa Tho Textile-Garment Joint Stock Corporation as at 31 December 2021 and of its unconsolidated results of operations and its unconsolidated 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.



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Doan Thanh Toan  
Practicing Auditor Registration  
Certificate No. 3073-2019-007-1  
*Deputy General Director*  
Hanoi, 11 March 2022

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Pham Thi Thuy Linh  
Practicing Auditor Registration  
Certificate No. 3065-2019-007-1



**Hoa Tho Textile-Garment Joint Stock Corporation**  
**Separate balance sheet as at 31 December 2021**

**Form B 01 – DN**

*(Issued under Circular No. 200/2014/TT-BTC  
dated 22 December 2014 of the Ministry of Finance)*

|   | Code       | Note     | 31/12/2021<br>VND        | 1/1/2021<br>VND        |
|---|------------|----------|--------------------------|------------------------|
| <b>ASSETS</b>   |            |          |                          |                        |
| <b>Current assets</b><br><b>(100 = 110 + 120 + 130 + 140 + 150)</b> | <b>100</b> |          | <b>1,492,955,787,174</b> | <b>903,874,975,508</b> |
| <b>Cash and cash equivalents</b>                                    | <b>110</b> | <b>4</b> | <b>36,498,496,869</b>    | <b>31,978,925,915</b>  |
| Cash  | 111        |          | 36,498,496,869           | 4,769,925,915          |
| Cash equivalents  | 112        |          | -                        | 27,209,000,000         |
| <b>Short-term financial investments</b>                             | <b>120</b> |          | <b>119,955,000,000</b>   | <b>24,357,800,000</b>  |
| Held-to-maturity investments  | 123        | 5(a)     | 119,955,000,000          | 24,357,800,000         |
| <b>Accounts receivable – short-term</b>                             | <b>130</b> |          | <b>528,635,756,071</b>   | <b>348,912,806,303</b> |
| Accounts receivable from customers                                  | 131        | 6        | 481,859,691,659          | 328,293,580,969        |
| Prepayments to suppliers  | 132        |          | 47,621,302,862           | 20,151,453,649         |
| Loans receivable  | 135        |          | 488,100,000              | 591,200,000            |
| Other receivables   | 136        | 7        | 4,940,679,311            | 5,381,647,297          |
| Allowance for doubtful debts  | 137        | 8        | (6,274,017,761)          | (5,540,350,289)        |
| Shortage of assets awaiting resolution                              | 139        |          | -                        | 35,274,677             |
| <b>Inventories</b>  | <b>140</b> | <b>9</b> | <b>769,136,326,803</b>   | <b>465,224,592,977</b> |
| Inventories   | 141        |          | 769,559,490,915          | 469,854,979,554        |
| Allowance for inventories   | 149        |          | (423,164,112)            | (4,630,386,577)        |
| <b>Other current assets</b>   | <b>150</b> |          | <b>38,730,207,431</b>    | <b>33,400,850,313</b>  |
| Short-term prepaid expenses   | 151        | 13(a)    | 8,237,473,464            | 6,262,364,210          |
| Deductible value added tax  | 152        |          | 30,492,733,967           | 27,138,486,103         |

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

**Hoa Tho Textile-Garment Joint Stock Corporation**  
**Separate balance sheet as at 31 December 2021 (continued)**

**Form B 01 – DN**

*(Issued under Circular No. 200/2014/TT-BTC  
dated 22 December 2014 of the Ministry of Finance)*

|  | Code       | Note  | 31/12/2021<br>VND        | 1/1/2021<br>VND          |
|--|------------|-------|--------------------------|--------------------------|
| <b>Long-term assets</b><br><b>(200 = 210 + 220 + 240 + 250 + 260)</b>          | <b>200</b> |       | <b>604,057,522,531</b>   | <b>622,602,219,739</b>   |
| <b>Accounts receivable – long-term</b>   | <b>210</b> |       | <b>3,959,430,014</b>     | <b>1,165,096,000</b>     |
| Loans receivable – long-term   | 215        |       | 994,100,000              | 710,200,000              |
| Other long-term receivables  | 216        |       | 2,965,330,014            | 454,896,000              |
| <b>Fixed assets</b>  | <b>220</b> |       | <b>465,382,921,249</b>   | <b>510,979,330,930</b>   |
| Tangible fixed assets  | 221        | 10    | 463,509,070,679          | 509,739,561,698          |
| Cost   | 222        |       | 1,494,312,101,837        | 1,446,173,345,962        |
| Accumulated depreciation   | 223        |       | (1,030,803,031,158)      | (936,433,784,264)        |
| Intangible fixed assets  | 227        | 11    | 1,873,850,570            | 1,239,769,232            |
| Cost   | 228        |       | 10,286,602,913           | 10,308,304,109           |
| Accumulated amortisation   | 229        |       | (8,412,752,343)          | (9,068,534,877)          |
| <b>Long-term work in progress</b>  | <b>240</b> |       | <b>14,352,120,576</b>    | <b>3,708,155,197</b>     |
| Construction in progress   | 242        | 12    | 14,352,120,576           | 3,708,155,197            |
| <b>Long-term financial investments</b>   | <b>250</b> |       | <b>99,814,551,193</b>    | <b>85,882,976,572</b>    |
| Investments in subsidiaries  | 251        | 5(b)  | 92,748,900,000           | 92,748,900,000           |
| Investments in associates  | 252        | 5(b)  | 10,428,000,000           | 10,428,000,000           |
| Equity investments in other entities   | 253        | 5(b)  | 7,755,702,000            | 7,755,702,000            |
| Allowance for diminution in the<br>value of long-term financial<br>investments | 254        | 5(b)  | (11,118,050,807)         | (25,049,625,428)         |
| <b>Other long-term assets</b>  | <b>260</b> |       | <b>20,548,499,499</b>    | <b>20,866,661,040</b>    |
| Long-term prepaid expenses   | 261        | 13(b) | 20,548,499,499           | 20,866,661,040           |
| <b>TOTAL ASSETS (270 = 100 + 200)</b>  | <b>270</b> |       | <b>2,097,013,309,705</b> | <b>1,526,477,195,247</b> |

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

**Hoa Tho Textile-Garment Joint Stock Corporation**  
**Separate balance sheet as at 31 December 2021 (continued)**

**Form B 01 – DN**  
*(Issued under Circular No. 200/2014/TT-BTC  
dated 22 December 2014 of the Ministry of Finance)*

|  | Code       | Note      | 31/12/2021<br>VND        | 1/1/2021<br>VND          |
|--|------------|-----------|--------------------------|--------------------------|
| <b>RESOURCES</b>                           |            |           |                          |                          |
| <b>LIABILITIES (300 = 310 + 330)</b>       | <b>300</b> |           | <b>1,516,269,411,057</b> | <b>1,084,681,934,024</b> |
| <b>Current liabilities</b>                 | <b>310</b> |           | <b>1,278,917,871,473</b> | <b>858,784,280,099</b>   |
| Accounts payable to suppliers              | 311        | 14        | 305,940,404,464          | 194,902,149,019          |
| Advances from customers                    | 312        |           | 39,583,132,300           | 33,068,610,755           |
| Taxes and others payable to State Treasury | 313        | 15        | 15,569,066,247           | 9,790,972,826            |
| Payables to employees                      | 314        |           | 307,210,490,808          | 230,636,580,011          |
| Accrued expenses                           | 315        | 16        | 3,003,710,607            | 4,041,127,905            |
| Unearned revenue – short-term              | 318        |           | 85,280,315               | 1,090,909,090            |
| Other payables – short-term                | 319        | 17        | 28,883,668,937           | 19,156,055,225           |
| Short-term borrowings                      | 320        | 18(a)     | 509,889,744,967          | 293,574,083,910          |
| Bonus and welfare fund                     | 322        | 19        | 68,752,372,828           | 72,523,791,358           |
| <b>Long-term liabilities</b>               | <b>330</b> |           | <b>237,351,539,584</b>   | <b>225,897,653,925</b>   |
| Long-term advances from customers          | 332        | 20        | 10,740,759,952           | 10,740,759,952           |
| Long-term borrowings                       | 338        | 18(b)     | 226,610,779,632          | 215,156,893,973          |
| <b>EQUITY (400 = 410)</b>                  | <b>400</b> |           | <b>580,743,898,648</b>   | <b>441,795,261,223</b>   |
| <b>Owners' equity</b>                      | <b>410</b> | <b>21</b> | <b>580,743,898,648</b>   | <b>441,795,261,223</b>   |
| Share capital                              | 411        | 22        | 236,250,000,000          | 225,000,000,000          |
| - Ordinary shares with voting rights       | 411a       |           | 236,250,000,000          | 225,000,000,000          |
| Investment and development fund            | 418        | 23        | 137,428,205,782          | 128,382,421,384          |
| Retained profits                           | 421        |           | 207,065,692,866          | 88,412,839,839           |
| - Retained profits brought forward         | 421a       |           | 43,076,706,676           | 31,193,614,548           |
| - Retained profit for the current year     | 421b       |           | 163,988,986,190          | 57,219,225,291           |
| <b>TOTAL RESOURCES (440 = 300 + 400)</b>   | <b>440</b> |           | <b>2,097,013,309,705</b> | <b>1,526,477,195,247</b> |

11 March 2022

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 separate financial statements*



**Hoa Tho Textile-Garment Joint Stock Corporation**  
**Separate statement of income for the year ended 31 December 2021**

**Form B 02 – DN**  
*(Issued under Circular No. 200/2014/TT-BTC  
dated 22 December 2014 of the Ministry of Finance)*

|   | Code      | Note      | 2021<br>VND              | 2020<br>VND              |
|---|-----------|-----------|--------------------------|--------------------------|
| Revenue from sales of goods and provision of services             | 01        | 26        | 3,516,793,389,801        | 3,063,261,637,598        |
| Revenue deductions  | 02        |           | 389,047,465              | 949,307,105              |
| <b>Net revenue (10 = 01 - 02)</b>                                 | <b>10</b> |           | <b>3,516,404,342,336</b> | <b>3,062,312,330,493</b> |
| <b>Cost of sales</b>  | <b>11</b> |           | <b>3,182,660,217,673</b> | <b>2,841,994,009,616</b> |
| <b>Gross profit (20 = 10 - 11)</b>                                | <b>20</b> |           | <b>333,744,124,663</b>   | <b>220,318,320,877</b>   |
| Financial income  | 21        | 27        | 37,162,875,797           | 24,730,696,611           |
| Financial expenses  | 22        | 28        | 6,187,860,415            | 20,176,891,980           |
| <i>In which: Interest expense</i>                                 | 23        |           | 10,313,660,066           | 13,413,767,697           |
| Selling expenses  | 25        | 29        | 84,239,742,842           | 67,508,676,261           |
| General and administration expenses                               | 26        | 30        | 99,952,758,565           | 92,770,210,634           |
| <b>Net operating profit<br/>{30 = 20 + (21 - 22) - (25 + 26)}</b> | <b>30</b> |           | <b>180,526,638,638</b>   | <b>64,593,238,613</b>    |
| Other income  | 31        | 31        | 4,024,111,957            | 2,824,063,643            |
| Other expenses  | 32        | 32        | 1,478,384,445            | 2,883,254,527            |
| <b>Results of other activities (40 = 31 - 32)</b>                 | <b>40</b> |           | <b>2,545,727,512</b>     | <b>(59,190,884)</b>      |
| <b>Accounting profit before tax<br/>(50 = 30 + 40)</b>            | <b>50</b> |           | <b>183,072,366,150</b>   | <b>64,534,047,729</b>    |
| <b>Income tax expense – current</b>                               | <b>51</b> | <b>34</b> | <b>19,083,379,960</b>    | <b>7,314,822,438</b>     |
| <b>Net profit after tax (60 = 50 - 51)</b>                        | <b>60</b> |           | <b>163,988,986,190</b>   | <b>57,219,225,291</b>    |

11 March 2022

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 separate financial statements*

**Hoa Tho Textile-Garment Joint Stock Corporation**
**Separate statement of cash flows for the year ended 31 December 2021 (Indirect method)**
**Form B 03 – DN**
*(Issued under Circular No. 200/2014/TT-BTC  
dated 22 December 2014 of the Ministry of Finance)*

|  | Code      | Note | 2021<br>VND              | 2020<br>VND              |
|--|-----------|------|--------------------------|--------------------------|
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>  |           |      |                          |                          |
| <b>Profit before tax</b>   | <b>01</b> |      | <b>183,072,366,150</b>   | <b>64,534,047,729</b>    |
| <b>Adjustments for</b>   |           |      |                          |                          |
| Depreciation and amortisation  | 02        |      | 107,006,872,701          | 122,085,337,050          |
| Allowances and provisions  | 03        |      | (16,999,004,861)         | 3,722,919,121            |
| Exchange (gains)/losses arising from revaluation of monetary items denominated in foreign currencies | 04        |      | (1,586,429,643)          | 523,512,991              |
| Profits from investing activities  | 05        |      | (6,727,082,714)          | (5,128,797,218)          |
| Interest expense   | 06        |      | 10,313,660,066           | 13,413,767,697           |
| <b>Operating profit before changes in working capital</b>  | <b>08</b> |      | <b>275,080,381,699</b>   | <b>199,150,787,370</b>   |
| Change in receivables  | 09        |      | (186,750,267,583)        | (102,282,646,237)        |
| Change in inventories  | 10        |      | (299,704,511,361)        | 112,374,117,686          |
| Change in payables and other liabilities   | 11        |      | 213,339,930,851          | (51,299,973,424)         |
| Change in prepaid expenses   | 12        |      | (1,656,947,713)          | 2,037,689,687            |
|  |           |      | <b>308,585,893</b>       | <b>159,979,975,082</b>   |
| Interest paid  | 14        |      | (10,197,829,399)         | (13,417,991,892)         |
| Corporate income tax paid  | 15        |      | (12,844,514,807)         | (6,330,595,574)          |
| Other receipts from operating activities   | 16        |      | 437,134,054              | 280,116,099              |
| Other payments for operating activities  | 17        |      | (6,698,901,349)          | (7,398,592,828)          |
| <b>Net cash flows from operating activities</b>  | <b>20</b> |      | <b>(28,995,525,608)</b>  | <b>133,112,910,887</b>   |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>  |           |      |                          |                          |
| Payments for additions to fixed assets and other long-term assets                                    | 21        |      | (83,548,713,757)         | (105,388,894,373)        |
| Proceeds from disposals of fixed assets and other long-term assets                                   | 22        |      | 218,636,364              | 875,330,727              |
| Payments for granting loans, purchase of debt instruments of other entities                          | 23        |      | (209,550,000,000)        | (28,305,000,000)         |
| Receipts from collecting loans, sales of debt instruments of other entities                          | 24        |      | 113,772,000,000          | 19,550,345,329           |
| Receipts of interests and dividends  | 27        |      | 5,216,659,457            | 2,646,694,823            |
| <b>Net cash flows from investing activities</b>  | <b>30</b> |      | <b>(173,891,417,936)</b> | <b>(110,621,523,494)</b> |

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



**Hoa Tho Textile-Garment Joint Stock Corporation**  
**Notes to the separate financial statements for the year ended 31 December 2021**

**Form B 09 – DN**

*(Issued under Circular No. 200/2014/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 separate 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.

**(b) Principal activities**

The principal activities of the Corporation 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 is generally within 12 months.

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**Hoa Tho Textile-Garment Joint Stock Corporation**  
**Notes to the separate financial statements for the year ended 31 December 2021**  
**(continued)**

**Form B 09 – DN**

*(Issued under Circular No. 200/2014/TT-BTC  
dated 22 December 2014 of the Ministry of Finance)*

**(d) Corporation structure**

The separate financial statements of the Corporation for the year ended 31 December 2021 comprise the Corporation and its dependent accounting entities:

| <b>Name of entities</b>   | <b>Background information</b>  |
|---|--|
| ▪ Hoa Tho Textile-Garment Joint Stock Corporation – Ho Chi Minh City Branch                     | Registered with Ho Chi Minh Department of Planning and Investment in accordance with Branch Operation Registration Certificate No. 0400101556-001 dated 27 December 2013 as a branch of the Corporation. |
| ▪ Hoa Tho Textile-Garment Joint Stock Corporation – Hanoi Branch                                | Registered with Hanoi Department of Planning and Investment in accordance with Branch Operation Registration Certificate No. 0400101556-003 dated 21 October 2015 as a branch of the Corporation.        |
| ▪ Hoa Tho Textile-Garment Joint Stock Corporation Branch: Hoa Tho – Dien Ban Garment Company    | Registered with Quang Nam Department of Planning and Investment in accordance with Branch Operation Registration Certificate No. 0400101556-004 dated 14 March 2007 as a branch of the Corporation.      |
| ▪ Hoa Tho Textile-Garment Joint Stock Corporation Branch: Hoa Tho – Dong Ha Garment Company     | Registered with Quang Tri Department of Planning and Investment in accordance with Branch Operation Registration Certificate No. 0400101556-008 dated 18 May 2007 as a branch of the Corporation.        |
| ▪ Hoa Tho Textile-Garment Joint Stock Corporation – Ha Long Branch, Quang Ninh Province         | Registered with Quang Ninh Department of Planning and Investment in accordance with Branch Operation Registration Certificate No. 0400101556-009 dated 31 August 2016 as a branch of the Corporation.    |
| ▪ Hoa Tho Textile-Garment Joint Stock Corporation Branch: Hoa Tho – Quang Ngai Garment Factory  | Registered with Quang Ngai Department of Planning and Investment in accordance with Branch Operation Registration Certificate No. 0400101556-014 dated 31 October 2016 as a branch of the Corporation.   |
| ▪ Hoa Tho Textile-Garment Joint Stock Corporation – Branch: Que Son – Quang Nam Garment Factory | Registered with Quang Nam Department of Planning and Investment in accordance with Branch Operation Registration Certificate No. 0400101556-019 dated 29 March 2019 as a branch of the Corporation.      |
| ▪ Hoa Tho Textile-Garment Joint Stock Corporation – Branch: Hoa Tho Trieu Phong Garment Factory | Registered with Quang Tri Department of Planning and Investment in accordance with Branch Operation Registration Certificate No. 0400101556-020 dated 29 July 2020 as a branch of the Corporation.       |

As at 31 December 2021, the Corporation had 5 subsidiaries and 2 associates (1/1/2021: 5 subsidiaries and 2 associates) as listed in Note 5(b).

As at 31 December 2021, the Corporation had 8,877 employees (1/1/2021: 8,751 employees).

**Hoa Tho Textile-Garment Joint Stock Corporation**  
**Notes to the separate financial statements for the year ended 31 December 2021**  
**(continued)**

**Form B 09 – DN**

*(Issued under Circular No. 200/2014/TT-BTC  
dated 22 December 2014 of the Ministry of Finance)*

**2. Basis of preparation**

**(a) Statement of compliance**

These separate 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. The Corporation also prepares and issues its consolidated financial statements. For a comprehensive understanding of the Corporation's consolidated financial position, its consolidated results of operations and its consolidated cash flows, these separate financial statements should be read in conjunction with the consolidated financial statements.

**(b) Basis of measurement**

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

**(c) Annual accounting period**

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

**(d) Accounting and presentation currency**

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

**3. Summary of significant accounting policies**

The following significant accounting policies have been adopted by the Corporation in the preparation of these separate financial statements.

**(a) 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 most frequently conducts transactions.

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



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**(b) 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.

**(c) Investments**

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

Held-to-maturity investments are those that the Corporation's 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 subsidiaries and associates***

For the purpose of these separate financial statements, investments in subsidiaries and associates are initially recognised at cost which includes 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 investee has suffered a loss which may cause the Corporation to lose its invested capital, unless there is evidence that the value of the investment has not been diminished. 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.

**(iii) *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 investee has suffered a loss which may cause the Corporation to lose its invested capital, unless there is evidence that the value of the investment has not been diminished. 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.

**(d) Accounts receivable**

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

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**(e) 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 estimated costs to sell.

The Corporation applies the perpetual method of accounting for inventories.

**(f) 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 separate 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 |
| ▪ machinery and equipment  | 5 - 15 years  |
| ▪ motor vehicles           | 5 - 10 years  |
| ▪ office equipment         | 3 - 5 years   |
| ▪ others                   | 2 - 5 years   |

**(g) 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.

**(h) Construction in progress**

Construction in progress represents the costs of tangible and intangible fixed assets 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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**(i) Long-term prepaid expenses**

**(i) Tools and instruments**

Tools and instruments include assets held for use by the Corporation 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 under prevailing regulation. Cost of tools and instruments are amortised on a straight-line basis over a period ranging from 2 to 3 years.

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

Other long-term prepaid expenses mainly comprise rental and asset improvement 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.

**(j) Trade and other payables**

Trade and other payables are stated at their cost.

**(k) Share capital**

**Ordinary shares**

Ordinary shares are recognized at issuance price less incremental costs directly attributable to the issue of shares, net of tax effects. Such costs are recognized as a deduction from share premium.

**(l) Taxation**

Income tax on the unconsolidated profit or loss for the year comprises current and deferred tax. Income tax is recognised in the separate 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 differences 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.

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**(m) Revenue and other incomes**

**(i) Goods sold**

Revenue from the sales of goods is recognised in the separate 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.

**(ii) Processing services**

Revenue from processing services is recognised in the separate 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.

**(n) Leases**

**(i) Leased assets**

Assets held under Corporation's leases are classified as operating leases and are not recognised in the Corporation's balance sheet.

**(ii) Lease payments**

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

**(o) Borrowing costs**

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



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**(p) Related parties**

Parties are considered to be related to the Corporation 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 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.

**(q) Comparative information**

Comparative information in these separate 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 separate financial statements is not intended to present the Corporation's unconsolidated financial position, unconsolidated results of operation or unconsolidated cash flows for the prior year.

**4. Cash and cash equivalents**

|                  | <b>31/12/2021</b> | <b>1/1/2021</b> |
|------------------|-------------------|-----------------|
|                  | <b>VND</b>        | <b>VND</b>      |
| Cash on hand     | 46,866,000        | 58,097,500      |
| Cash in banks    | 36,451,630,869    | 4,711,828,415   |
| Cash equivalents | -                 | 27,209,000,000  |
|                  | <hr/>             | <hr/>           |
|                  | 36,498,496,869    | 31,978,925,915  |

**5. Investments**

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

Held-to-maturity investments include bank deposits with terms from more than 3 months to 12 months and annual interest rates ranging from 3.3% to 5.55% (1/1/2021: from 4.9% to 6.9%).

As at 31 December 2021, term deposit contracts with a carrying amount of VND30,000 million (1/1/2021: nil) were pledged with banks as security for long-term borrowings granted to the Corporation (Note 18(b)).



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

|   | 31/12/2021 |                  |                   |                    |                    |                                       | 1/1/2021         |                   |                    |                    |                                       |                                 |
|---|------------|------------------|-------------------|--------------------|--------------------|---------------------------------------|------------------|-------------------|--------------------|--------------------|---------------------------------------|---------------------------------|
|   | Address    | Number of shares | % of equity owned | % of voting rights | Carrying value VND | Allowance for diminution in value VND | Number of shares | % of equity owned | % of voting rights | Carrying value VND | Allowance for diminution in value VND |                                 |
| Equity investments in:                              |            |                  |                   |                    |                    |                                       |                  |                   |                    |                    |                                       |                                 |
| <i>Subsidiaries</i>                                 |            |                  |                   |                    |                    |                                       |                  |                   |                    |                    |                                       |                                 |
| Hoa Tho Fashion Joint Stock Company                 | Da Nang    | 384,424          | 76.88%            | 76.88%             | 2,667,900,000      | -                                     | 266,790          | 76.88%            | 76.88%             | 2,667,900,000      | -                                     |                                 |
| Hoa Tho - Hoi An Garment Joint Stock Company        | Quang Nam  | 541,800          | 54.18%            | 54.18%             | 5,418,000,000      | (268,860,364)                         | 541,800          | 54.18%            | 54.18%             | 5,418,000,000      | (1,406,845,655)                       |                                 |
| Hoa Tho - Duy Xuyen Garment Joint Stock Company     | Quang Nam  | 817,300          | 81.73%            | 81.73%             | 8,173,000,000      | -                                     | 817,300          | 81.73%            | 81.73%             | 8,173,000,000      | -                                     |                                 |
| Hoa Tho - Thang Binh Spinning Joint Stock Company   | Quang Nam  | 7,449,000        | 74.49%            | 74.49%             | 74,490,000,000     | -                                     | 7,449,000        | 74.49%            | 74.49%             | 74,490,000,000     | (13,097,985,065)                      |                                 |
| Hoa Tho Construction Mechanics One-member Co., Ltd. | Da Nang    | -                | 100%              | 100%               | 2,000,000,000      | (340,046,437)                         | -                | 100%              | 100%               | 2,000,000,000      | (52,526,485)                          |                                 |
|   |            |                  |                   |                    | 92,748,900,000     | (608,906,801)                         |                  |                   |                    |                    |                                       | 92,748,900,000 (14,557,357,205) |
| <i>Associates</i>                                   |            |                  |                   |                    |                    |                                       |                  |                   |                    |                    |                                       |                                 |
| Hoa Tho Quang Nam Garment Joint Stock Company       | Quang Nam  | 642,800          | 32.14%            | 32.14%             | 6,428,000,000      | -                                     | 642,800          | 32.14%            | 32.14%             | 6,428,000,000      | -                                     |                                 |
| Hoa Tho - Phu Ninh Garment Joint Stock Company      | Quang Nam  | 400,000          | 20.00%            | 20.00%             | 4,000,000,000      | (4,000,000,000)                       | 400,000          | 20.00%            | 20.00%             | 4,000,000,000      | (4,000,000,000)                       |                                 |
|   |            |                  |                   |                    | 10,428,000,000     | (4,000,000,000)                       |                  |                   |                    |                    |                                       | 10,428,000,000 (4,000,000,000)  |



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|   | Address             | Number<br>of shares | % of<br>equity<br>owned | % of<br>voting<br>rights | 31/12/2021            |  | Number<br>of shares | % of<br>equity<br>owned | % of<br>voting<br>rights | 1/1/2021              |  |
|---|---------------------|---------------------|-------------------------|--------------------------|-----------------------|--|---------------------|-------------------------|--------------------------|-----------------------|--|
|   |                     |                     |                         |                          | Carrying value<br>VND | Allowance for<br>diminution in<br>value<br>VND |                     |                         |                          | Carrying value<br>VND | Allowance for<br>diminution in<br>value<br>VND |
| <b>Other companies</b>  |                     |                     |                         |                          |                       |  |                     |                         |                          |                       |  |
| The Central Cotton<br>Joint Stock Company                             | Khanh Hoa           | 65,000              | 7.12%                   | 7.12%                    | 855,702,000           | (209,144,006)                                  | 65,000              | 7.12%                   | 7.12%                    | 855,702,000           | (192,268,223)                                  |
| Hoa Tho Quang Da Packaging<br>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<br>Textile Garment Commercial<br>Joint Stock Company | Ho Chi Minh<br>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         | (6,509,144,006)                                |                     |                         |                          |                       |  |
|   |                     |                     |                         |                          | 110,932,602,000       | (11,118,050,807)                               |                     |                         |                          |                       |  |

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**6. Accounts receivable from customers**

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

|   | <b>31/12/2021</b>     | <b>1/1/2021</b>       |
|---|-----------------------|-----------------------|
|   | <b>VND</b>            | <b>VND</b>            |
| Haggar Clothing Co.                       | 126,145,167,202       | 41,683,438,845        |
| Motives International (Hong Kong) Limited | 139,699,775,309       | 78,078,624,227        |
| Supreme International LLC                 | 21,701,889,272        | 44,510,862,972        |
| Other customers                           | 194,312,859,876       | 164,020,654,925       |
|   | <hr/> 481,859,691,659 | <hr/> 328,293,580,969 |

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

|   | <b>31/12/2021</b>    | <b>1/1/2021</b>      |
|---|----------------------|----------------------|
|   | <b>VND</b>           | <b>VND</b>           |
| <b>The parent company</b>                         |                      |                      |
| Vietnam National Textile and Garment Group        | 131,545,680          | 83,811,334           |
| <b>Subsidiaries</b>                               |                      |                      |
| Hoa Tho – Thang Binh Spinning Joint Stock Company | 20,152,327,807       | 24,438,135,948       |
| Hoa Tho Fashion Joint Stock Company               | 753,141,799          | 164,715,800          |
|   | <hr/> 21,037,015,286 | <hr/> 24,686,663,082 |

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

**7. Other receivables**

|                             | <b>31/12/2021</b>   | <b>1/1/2021</b>     |
|-----------------------------|---------------------|---------------------|
|                             | <b>VND</b>          | <b>VND</b>          |
| Short-term deposits         | 227,896,000         | 2,954,777,668       |
| Advances to employees       | 1,128,256,220       | 551,970,821         |
| Provisional paid import tax | 1,190,743,899       | -                   |
| Others                      | 2,393,783,192       | 1,874,898,808       |
|                             | <hr/> 4,940,679,311 | <hr/> 5,381,647,297 |

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**8. Bad and doubtful debts**

|  | Overdue period              | 31/12/2021           |                        |                        | Overdue period               | 1/1/2021             |                        |                    |
|--|-----------------------------|----------------------|------------------------|------------------------|------------------------------|----------------------|------------------------|--------------------|
|  |                             | Cost VND             | Allowance VND          | Recoverable amount VND |                              | Cost VND             | Allowance VND          | Overdue period VND |
| Overdue debts  |                             |                      |                        |                        |                              |                      |                        |                    |
| Duyen Dat Trading Services Co., Ltd.                 | Over 3 years                | 4,833,744,036        | (4,833,744,036)        | -                      | Over 3 years                 | 4,833,744,036        | (4,833,744,036)        | -                  |
| Phong Phu Son Tra Investment Joint Stock Company (*) | Over 3 years                | -                    | -                      | -                      | Over 3 years                 | 406,124,753          | (406,124,753)          | -                  |
| Phu Tuong Garment Company Limited                    | 1 year to less than 2 years | 2,880,547,450        | (1,440,273,725)        | 1,440,273,725          | 6 months to less than 1 year | 1,001,605,000        | (300,481,500)          | 701,123,500        |
|  |                             | <u>7,714,291,486</u> | <u>(6,274,017,761)</u> | <u>1,440,273,725</u>   |                              | <u>6,241,473,789</u> | <u>(5,540,350,289)</u> | <u>701,123,500</u> |
| <i>Of which:</i>                                     |                             |                      |                        |                        |                              |                      |                        |                    |
| Allowance for doubtful debts                         |                             |                      | <u>(6,274,017,761)</u> |                        |                              |                      | <u>(5,540,350,289)</u> |                    |

(\*) As at 31 December 2021, doubtful debts from Phong Phu Son Tra Investment Joint Stock Company were written off due to irrecoverability in accordance with the Board of Directors' assessment.

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**9. Inventories**

|                         | <b>31/12/2021</b>      |                          | <b>1/1/2021</b>        |                          |
|-------------------------|------------------------|--------------------------|------------------------|--------------------------|
|                         | <b>Cost<br/>VND</b>    | <b>Allowance<br/>VND</b> | <b>Cost<br/>VND</b>    | <b>Allowance<br/>VND</b> |
| Goods in transit        | 118,211,431,983        | -                        | 46,721,220,081         | -                        |
| Raw materials           | 219,271,690,066        | -                        | 109,744,922,498        | -                        |
| Tools and supplies      | 1,041,594,692          | -                        | 2,267,538,947          | -                        |
| Work in progress        | 367,984,127,880        | -                        | 179,244,369,392        | -                        |
| Finished goods          | 13,223,229,190         | (402,545,886)            | 90,986,785,236         | (4,458,136,712)          |
| Merchandise inventories | 4,323,949,715          | (20,618,226)             | 4,493,090,254          | -                        |
| Goods on consignment    | 45,503,467,389         | -                        | 36,397,053,146         | (172,249,865)            |
|                         | <b>769,559,490,915</b> | <b>(423,164,112)</b>     | <b>469,854,979,554</b> | <b>(4,630,386,577)</b>   |

Included in inventories at 31 December 2021 was VND1,941 million (1/1/2021: VND20,315 million) of finished goods and goods on consignment carried at net realisable value.

At 31 December 2021 inventories with a carrying value of VND557,807 million (1/1/2021: VND362,138 million) were pledged with banks as security for short-term borrowings granted to the Corporation (Note 18(a)).



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**10. Tangible fixed assets**

|   | <b>Buildings and<br/>structures<br/>VND</b> | <b>Machinery and<br/>equipment<br/>VND</b> | <b>Motor<br/>vehicles<br/>VND</b> | <b>Office<br/>equipment<br/>VND</b> | <b>Others<br/>VND</b> | <b>Total<br/>VND</b> |
|---|---|--|-----------------------------------|-------------------------------------|-----------------------|----------------------|
| <b>Cost</b>                               |   |  |                                   |                                     |                       |                      |
| Opening balance                           | 354,522,824,856                             | 936,025,416,530                            | 57,438,147,666                    | 7,457,711,683                       | 90,729,245,227        | 1,446,173,345,962    |
| Additions                                 | 326,123,567                                 | 22,319,618,296                             | 67,842,527                        | 560,636,291                         | 824,500,000           | 24,098,720,681       |
| Transfer from construction in<br>progress | 2,818,282,185                               | 23,289,644,644                             | 7,814,302,591                     | 48,556,200                          | 2,244,846,359         | 36,215,631,979       |
| Disposals                                 | (1,313,916,871)                             | (9,150,161,034)                            | (1,038,035,594)                   | (348,967,314)                       | (324,515,972)         | (12,175,596,785)     |
| Closing balance                           | 356,353,313,737                             | 972,484,518,436                            | 64,282,257,190                    | 7,717,936,860                       | 93,474,075,614        | 1,494,312,101,837    |
| <b>Accumulated depreciation</b>           |   |  |                                   |                                     |                       |                      |
| Opening balance                           | 135,452,116,783                             | 692,954,173,401                            | 31,104,715,260                    | 6,000,710,801                       | 70,922,068,019        | 936,433,784,264      |
| Charge for the year                       | 16,730,500,838                              | 75,436,905,093                             | 5,800,057,743                     | 602,431,723                         | 7,759,059,595         | 106,328,954,992      |
| Disposals                                 | (1,306,980,886)                             | (8,941,208,332)                            | (1,038,035,594)                   | (348,967,314)                       | (324,515,972)         | (11,959,708,098)     |
| Closing balance                           | 150,875,636,735                             | 759,449,870,162                            | 35,866,737,409                    | 6,254,175,210                       | 78,356,611,642        | 1,030,803,031,158    |
| <b>Net book value</b>                     |   |  |                                   |                                     |                       |                      |
| Opening balance                           | 219,070,708,073                             | 243,071,243,129                            | 26,333,432,406                    | 1,457,000,882                       | 19,807,177,208        | 509,739,561,698      |
| Closing balance                           | 205,477,677,002                             | 213,034,648,274                            | 28,415,519,781                    | 1,463,761,650                       | 15,117,463,972        | 463,509,070,679      |

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Included in tangible fixed assets were assets costing VND636,749 million which were fully depreciated as at 31 December 2021 (1/1/2021: VND565,571 million), but which are still in active use.

At 31 December 2021, tangible fixed assets with a carrying value of VND213,900 million (1/1/2021: VND274,014 million) were pledged with banks as security for some short-term borrowings (Note 18(a)) and long-term borrowings (Note 18(b)) granted to the Corporation.

**11. Intangible fixed assets**

|  | <b>Software<br/>VND</b> |
|--|-------------------------|
| <b>Cost</b>                            |                         |
| Opening balance                        | 10,308,304,109          |
| Additions                              | 934,687,900             |
| Transfer from construction in progress | 377,311,147             |
| Disposals                              | (1,333,700,243)         |
|  | <hr/>                   |
| Closing balance                        | 10,286,602,913          |
|  | <hr/>                   |
| <b>Accumulated amortisation</b>        |                         |
| Opening balance                        | 9,068,534,877           |
| Charge for the year                    | 677,917,709             |
| Disposals                              | (1,333,700,243)         |
|  | <hr/>                   |
| Closing balance                        | 8,412,752,343           |
|  | <hr/>                   |
| <b>Net book value</b>                  |                         |
| Opening balance                        | 1,239,769,232           |
| Closing balance                        | 1,873,850,570           |
|  | <hr/>                   |

Included in intangible fixed assets were assets costing VND6,518 million which were fully amortised as at 31 December 2021 (1/1/2021: VND7,494 million), but which are still in use.

**Hoa Tho Textile-Garment Joint Stock Corporation**  
**Notes to the separate financial statements for the year ended 31 December 2021**  
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**12. Construction in progress**

|                                     | <b>2021<br/>VND</b> | <b>2020<br/>VND</b> |
|-------------------------------------|---------------------|---------------------|
| Opening balance                     | 3,708,155,197       | 34,574,549,250      |
| Additions during the year           | 47,236,908,505      | 93,291,307,881      |
| Transfer to tangible fixed assets   | (36,215,631,979)    | (124,157,701,934)   |
| Transfer to intangible fixed assets | (377,311,147)       | -                   |
|                                     |                     |                     |
| Closing balance                     | 14,352,120,576      | 3,708,155,197       |

Major constructions in progress were as follows:

|                                 | <b>31/12/2021<br/>VND</b> | <b>1/1/2021<br/>VND</b> |
|---------------------------------|---------------------------|-------------------------|
| Trieu Phong Garment Factory     | 1,333,000                 | 2,363,605,351           |
| Spinning machines and equipment | 12,685,845,477            | 575,750,000             |
| Others                          | 1,664,942,099             | 768,799,846             |
|                                 |                           |                         |
|                                 | 14,352,120,576            | 3,708,155,197           |

**13. Prepaid expenses**

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

|                                   | <b>31/12/2021<br/>VND</b> | <b>1/1/2021<br/>VND</b> |
|-----------------------------------|---------------------------|-------------------------|
| Prepaid insurance expenses        | 2,061,385,644             | 1,212,069,547           |
| Tools and supplies                | 2,360,097,644             | 2,118,749,562           |
| Prepaid operating lease expenses  | 592,958,334               | 742,175,166             |
| Other short-term prepaid expenses | 3,223,031,842             | 2,189,369,935           |
|                                   |                           |                         |
|                                   | 8,237,473,464             | 6,262,364,210           |

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

|                           | <b>Tools<br/>and supplies<br/>VND</b> | <b>Others<br/>VND</b> | <b>Total<br/>VND</b> |
|---------------------------|---------------------------------------|-----------------------|----------------------|
| Opening balance           | 12,606,910,743                        | 8,259,750,297         | 20,866,661,040       |
| Additions                 | 6,567,820,026                         | 5,633,403,217         | 12,201,223,243       |
| Amortisation for the year | (8,311,631,212)                       | (4,204,022,387)       | (12,515,653,599)     |
| Disposals                 | (3,731,185)                           | -                     | (3,731,185)          |
| Closing balance           | 10,859,368,372                        | 9,689,131,127         | 20,548,499,499       |

**14. Accounts payable to suppliers**

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

|                                | <b>Cost and amount<br/>within payment capacity</b> |                         |
|--------------------------------|--|-------------------------|
|                                | <b>31/12/2021<br/>VND</b>                          | <b>1/1/2021<br/>VND</b> |
| Hultafors Group AB             | 44,776,318,875                                     | 12,009,223,239          |
| Kwong Lung Enterprise Co., Ltd | 36,430,638,305                                     | 8,354,163,269           |
| Other suppliers                | 224,733,447,284                                    | 174,538,762,511         |
|                                | 305,940,404,464                                    | 194,902,149,019         |



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

|  | <b>Cost and amount<br/>within payment capacity</b> |                 |
|--|--|-----------------|
|  | <b>31/12/2021</b>                                  | <b>1/1/2021</b> |
|  | <b>VND</b>   | <b>VND</b>      |
| <b>The parent company</b>  |  |                 |
| Vietnam National Textile and Garment Group                                     | 16,103,745,493                                     | 16,754,023,232  |
| <b>Subsidiaries</b>  |  |                 |
| Hoa Tho Construction Mechanics   |  |                 |
| One-member Co., Ltd  | 230,670,451  | 298,894,535     |
| Hoa Tho Hoi An Garment Joint Stock Company                                     | 432,345,338  | -               |
| <b>Associate</b>   |  |                 |
| Hoa Tho Quang Nam Garment Joint Stock Company                                  | 8,334,074,082                                      | 12,453,389,509  |
| <b>Other related parties in Vietnam National Textile<br/>and Garment Group</b> |  |                 |
| Phong Phu Co., Ltd.  | 2,430,308,000                                      | 3,173,676,976   |
|  | <hr/>  | <hr/>           |
|  | 27,531,143,364                                     | 32,679,984,252  |

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

**15. Taxes and others payable to State Treasury**

|                      | <b>1/1/2021</b> | <b>Incurred</b> | <b>Paid/Net-off</b> | <b>31/12/2021</b> |
|----------------------|-----------------|-----------------|---------------------|-------------------|
|                      | <b>VND</b>      | <b>VND</b>      | <b>VND</b>          | <b>VND</b>        |
| Value added tax      | 6,948,952,574   | 114,540,974,032 | (115,095,591,458)   | 6,394,335,148     |
| Import tax           | 153,955,742     | 4,117,240,986   | (4,063,866,342)     | 207,330,386       |
| Corporate income tax | 2,588,571,415   | 19,083,379,960  | (12,844,514,807)    | 8,827,436,568     |
| Personal income tax  | 99,493,095      | 3,053,687,617   | (3,013,216,567)     | 139,964,145       |
| Land rental          | -               | 2,935,921,189   | (2,935,921,189)     | -                 |
| Other taxes          | -               | 1,441,921,616   | (1,441,921,616)     | -                 |
|                      | <hr/>           | <hr/>           | <hr/>               | <hr/>             |
|                      | 9,790,972,826   | 145,173,125,400 | (139,395,031,979)   | 15,569,066,247    |

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**16. Accrued expenses**

|                  | <b>31/12/2021</b> | <b>1/1/2021</b> |
|------------------|-------------------|-----------------|
|                  | <b>VND</b>        | <b>VND</b>      |
| Operating costs  | 1,388,294,431     | 2,117,493,080   |
| Interest expense | 267,862,518       | 152,031,851     |
| Others           | 1,347,553,658     | 1,771,602,974   |
|                  | <hr/>             | <hr/>           |
|                  | 3,003,710,607     | 4,041,127,905   |
|                  | <hr/>             | <hr/>           |

**17. Other payables – short-term**

|  | <b>31/12/2021</b> | <b>1/1/2021</b> |
|--|-------------------|-----------------|
|  | <b>VND</b>        | <b>VND</b>      |
| Trade union fees                             | 16,519,345,858    | 14,738,128,892  |
| Raw materials payable                        | 5,663,211,997     | 1,129,904,088   |
| Dividends                                    | 977,426,600       | 985,785,100     |
| Short-term deposits and collaterals received | 165,000,000       | 168,706,830     |
| Donation fund                                | 832,771,781       | 763,983,681     |
| Receipts for on-behalf payments              | 2,703,517,178     | 311,000,301     |
| Others                                       | 2,022,395,523     | 1,058,546,333   |
|  | <hr/>             | <hr/>           |
|  | 28,883,668,937    | 19,156,055,225  |
|  | <hr/>             | <hr/>           |

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**18. Borrowings**

**(a) Short-term borrowings**

|   | <b>1/1/2021<br/>Carrying amount<br/>and amount within<br/>repayment capacity<br/>VND</b> | <b>Movements during the year</b> |                         |  | <b>31/12/2021<br/>Carrying amount<br/>and amount within<br/>repayment capacity<br/>VND</b> |
|---|--|----------------------------------|-------------------------|--|--|
|   |  | <b>Increase<br/>VND</b>          | <b>Decrease<br/>VND</b> | <b>Unrealised foreign<br/>exchange differences<br/>VND</b> |  |
| Short-term borrowings                   | 270,082,070,758  | 3,054,623,066,262                | (2,836,281,316,261)     | 208,993,745  | 488,632,814,504  |
| Current portion of long-term borrowings | 23,492,013,152   | 22,407,511,097                   | (24,522,013,151)        | (120,580,635)  | 21,256,930,463   |
|   | 293,574,083,910  | 3,077,030,577,359                | (2,860,803,329,412)     | 88,413,110   | 509,889,744,967  |

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

|                                      | <b>Currency</b> | <b>Annual<br/>interest rate</b> | <b>31/12/2021<br/>VND</b> | <b>1/1/2021<br/>VND</b> |
|--------------------------------------|-----------------|---------------------------------|---------------------------|-------------------------|
| Bank borrowing 1 (i)                 | USD             | 1.30%                           | 205,675,587,086           | 110,137,931,723         |
| Bank borrowing 2 (i)                 | USD             | 1.45% - 1.5%                    | 77,942,926,642            | 60,270,102,318          |
| Bank borrowing 3 (i)                 | USD             | 1.56%                           | 37,633,249,507            | 18,590,292,990          |
| Bank borrowing 4 (i)                 | USD             | 1.40%                           | 167,132,051,269           | 73,124,475,103          |
| Bank borrowing 5 (ii)                | USD             | 1.49% – 1.53%                   | -                         | 7,779,268,624           |
| Borrowing from Retirement Board (ii) | VND             | 8.40%                           | 249,000,000               | 180,000,000             |
|                                      |                 |                                 | 488,632,814,504           | 270,082,070,758         |

(i) These borrowings are secured over certain inventories (Note 9) and tangible fixed assets of the Corporation (Note 10).

(ii) These borrowings are unsecured.



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**(b) Long-term borrowings**

|                                | <b>31/12/2021</b><br><b>VND</b> | <b>1/1/2021</b><br><b>VND</b> |
|--------------------------------|---------------------------------|-------------------------------|
| Long-term borrowings           | 247,867,710,095                 | 238,648,907,125               |
| Repayable within twelve months | (21,256,930,463)                | (23,492,013,152)              |
| Repayable after twelve months  | 226,610,779,632                 | 215,156,893,973               |

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

|   | <b>Currency</b> | <b>Annual<br/>interest<br/>rate</b> | <b>Year of<br/>maturity</b> | <b>31/12/2021</b><br><b>VND</b> | <b>1/1/2021</b><br><b>VND</b> |
|---|-----------------|-------------------------------------|-----------------------------|---------------------------------|-------------------------------|
| Bank borrowing 1 (i)  | USD             | 5.0%                                | 2022                        | 5,588,879,756                   | 11,633,967,686                |
| Bank borrowing 2 (i)  | USD             | 5.0%                                | 2021                        | -                               | 913,199,685                   |
| Bank borrowing 3 (i)  | USD             | 4.0%                                | 2021                        | -                               | 7,265,857,614                 |
| Bank borrowing 4 (i)  | USD             | 5.0%                                | 2021                        | -                               | 629,624,297                   |
| Bank borrowing 5 (i)  | VND             | 4.8%                                | 2024                        | 30,000,000,000                  | -                             |
| Environmental Protection<br>Fund (ii)                                       | VND             | 2.6%                                | 2025                        | 5,270,000,000                   | -                             |
| Kuraray Trading Co., Ltd. (ii)  | USD             | 2.5%                                | 2021                        | -                               | 4,640,800,000                 |
| Vietnam National Textile and<br>Garment Group – the parent<br>company (iii) | USD             | LIBOR +<br>0.7%                     | 2039                        | 207,008,830,339                 | 213,565,457,843               |
|   |                 |                                     |                             | 247,867,710,095                 | 238,648,907,125               |

- (i) Borrowings are from banks and secured over some tangible fixed assets and term deposit contracts of the Corporation (Note 10 and Note 5(a)).
- (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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**19. 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 employees in accordance with the Corporation's bonus and welfare policies. Movements of bonus and welfare fund during the year were as follows:

|                 | <b>2021<br/>VND</b> | <b>2020<br/>VND</b> |
|-----------------|---------------------|---------------------|
| Opening balance | 72,523,791,358      | 70,182,908,271      |
| Appropriation   | 2,540,348,765       | 9,459,359,816       |
| Other additions | 437,134,054         | 280,116,099         |
| Utilisation     | (6,748,901,349)     | (7,398,592,828)     |
| Closing balance | 68,752,372,828      | 72,523,791,358      |

**20. Long-term advances from customers**

Long-term advances from customers from Motives International (Hong Kong) Limited were made for the investment in production lines for manufacturing expansion to meet Motives' demands. These advances are gradually deducted from 2017.

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**21. Changes in owners' equity**

|   | Share capital<br>VND | Investment and<br>development fund<br>VND | Retained profits<br>VND | Total<br>VND     |
|---|----------------------|---|-------------------------|------------------|
| <b>Balance at 1 January 2020</b>        | 225,000,000,000      | 110,084,210,730                           | 115,201,185,018         | 450,285,395,748  |
| Net profit for the year                 | -                    | -   | 57,219,225,291          | 57,219,225,291   |
| Appropriation to equity funds           | -                    | 18,298,210,654                            | (18,298,210,654)        | -                |
| Dividends (Note 24)                     | -                    | -   | (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 1 January 2021</b>        | 225,000,000,000      | 128,382,421,384                           | 88,412,839,839          | 441,795,261,223  |
| Net profit for the year                 | -                    | -   | 163,988,986,190         | 163,988,986,190  |
| Shares issued (*)                       | 11,250,000,000       | -   | -                       | 11,250,000,000   |
| Appropriation to equity funds           | -                    | 9,045,784,398                             | (9,045,784,398)         | -                |
| Dividends (Note 24)                     | -                    | -   | (33,750,000,000)        | (33,750,000,000) |
| Appropriation to bonus and welfare fund | -                    | -   | (2,540,348,765)         | (2,540,348,765)  |
| <b>Balance at 31 December 2021</b>      | 236,250,000,000      | 137,428,205,782                           | 207,065,692,866         | 580,743,898,648  |

(\*) According to the Annual General Meeting of Shareholders Minutes No. 17/BB-DHDCD dated 17 April 2021, during 2021, the Corporation issued 1,125,000 shares to its employees at par value.



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## **22. Share capital**

The Corporation's authorised and issued share capital are:

|                                 | 31/12/2021          |                 | 1/1/2021            |                 |
|---------------------------------|---------------------|-----------------|---------------------|-----------------|
|                                 | Number of<br>shares | VND             | Number of<br>shares | VND             |
| <b>Authorised share capital</b> | 23,625,000          | 236,250,000,000 | 22,500,000          | 225,000,000,000 |
| <b>Issued share capital</b>     |                     |                 |                     |                 |
| Ordinary shares                 | 23,625,000          | 236,250,000,000 | 22,500,000          | 225,000,000,000 |
| <b>Shares in circulation</b>    |                     |                 |                     |                 |
| Ordinary shares                 | 23,625,000          | 236,250,000,000 | 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.

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Share capital issued and in circulation of shareholders is as follows:

|   | <b>31/12/2021</b>                |                 |          | <b>1/1/2021</b>                  |                 |          |
|---|----------------------------------|-----------------|----------|----------------------------------|-----------------|----------|
|   | <b>Issued and in circulation</b> |                 |          | <b>Issued and in circulation</b> |                 |          |
|   | <b>Number of<br/>shares</b>      | <b>VND</b>      | <b>%</b> | <b>Number of<br/>shares</b>      | <b>VND</b>      | <b>%</b> |
| Vietnam National Textile and<br>Garment Group | 14,615,621                       | 146,156,210,000 | 61.87%   | 14,615,621                       | 146,156,210,000 | 64.96%   |
| Other shareholders                            | 9,009,379                        | 90,093,790,000  | 38.13%   | 7,884,379                        | 78,843,790,000  | 35.04%   |
|   | 23,625,000                       | 236,250,000,000 | 100%     | 22,500,000                       | 225,000,000,000 | 100%     |

Movements in share capital during the year were as follows:

|                                      | <b>2021</b>                 |                 | <b>2020</b>                 |                 |
|--------------------------------------|-----------------------------|-----------------|-----------------------------|-----------------|
|                                      | <b>Number of<br/>shares</b> | <b>VND</b>      | <b>Number of<br/>shares</b> | <b>VND</b>      |
| Balance at the beginning of the year | 22,500,000                  | 225,000,000,000 | 22,500,000                  | 225,000,000,000 |
| Shares issued during the year        | 1,125,000                   | 11,250,000,000  | -                           | -               |
| Balance at the end of the year       | 23,625,000                  | 236,250,000,000 | 22,500,000                  | 225,000,000,000 |

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**23. 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.

**24. Dividends**

The General Meeting of Shareholders of the Corporation on 17 April 2021 resolved to distribute dividends in cash amounting to VND33,750 million for 2020, equivalent to 15% of the charter capital as at 31 December 2020 (2020: VND56,250 million for 2019, equivalent to 25% of the charter capital as at 31 December 2019).

**25. Off balance sheet items**

**(a) Lease**

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

|                          | 31/12/2021<br>VND | 1/1/2021<br>VND |
|--------------------------|-------------------|-----------------|
| Within one year          | 20,540,730,148    | 23,123,304,931  |
| Within two to five years | 77,343,171,463    | 93,210,006,385  |
| More than five years     | 96,420,735,773    | 128,208,179,536 |
|                          | 194,304,637,384   | 244,541,490,852 |

**(b) Foreign currencies**

|     | 31/12/2021           |                   | 1/1/2021             |                   |
|-----|----------------------|-------------------|----------------------|-------------------|
|     | Original<br>currency | VND<br>equivalent | Original<br>currency | VND<br>equivalent |
| USD | 101,325              | 2,294,822,989     | 121,571              | 2,798,346,880     |
| EUR | 221                  | 5,616,408         | 221                  | 6,180,872         |
|     |                      | 2,300,439,397     |                      | 2,804,527,752     |

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

|                             | <b>31/12/2021<br/>VND</b> | <b>1/1/2021<br/>VND</b> |
|-----------------------------|---------------------------|-------------------------|
| Approved but not contracted | 31,020,000,000            | 51,100,000,000          |

**(d) Bad debts written off**

|   | <b>Reason for<br/>writing off</b> | <b>Written off<br/>in year</b> | <b>31/12/2021<br/>VND</b> | <b>1/1/2021<br/>VND</b> |
|---|-----------------------------------|--------------------------------|---------------------------|-------------------------|
| Phong Phu Son Tra Investment<br>Joint Stock Company | Irrecoverable<br>debts            | 2021                           | 406,124,753               | -                       |

**26. 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.

**27. Financial income**

|   | <b>2021<br/>VND</b>   | <b>2020<br/>VND</b>   |
|---|-----------------------|-----------------------|
| Interest income from deposits and loans | 4,781,869,457         | 2,454,694,823         |
| Dividends                               | 1,720,390,000         | 1,799,000,000         |
| Realised foreign exchange gains         | 29,065,907,324        | 20,415,884,964        |
| Unrealised foreign exchange gains       | 1,586,429,643         | -                     |
| Payment discount                        | 8,279,373             | 61,116,824            |
|   | <b>37,162,875,797</b> | <b>24,730,696,611</b> |



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**28. Financial expenses**

|  | <b>2021<br/>VND</b>  | <b>2020<br/>VND</b>   |
|--|----------------------|-----------------------|
| Interest expense   | 10,313,660,066       | 13,413,767,697        |
| Realised foreign exchange losses                                 | 9,805,774,970        | 6,970,574,095         |
| Unrealised foreign exchange losses                               | -                    | 523,512,991           |
| Reversal of allowance for diminution in the value of investments | (13,931,574,621)     | (730,962,803)         |
|  | <b>6,187,860,415</b> | <b>20,176,891,980</b> |

**29. Selling expenses**

|                        | <b>2021<br/>VND</b>   | <b>2020<br/>VND</b>   |
|------------------------|-----------------------|-----------------------|
| Staff costs            | 3,735,145,558         | 3,536,370,016         |
| Supplies and packages  | 637,898,653           | 436,030,623           |
| Tools and equipment    | 186,088,092           | 653,970,923           |
| Outside services       | 68,148,107,585        | 51,323,709,052        |
| Other selling expenses | 11,532,502,954        | 11,558,595,647        |
|                        | <b>84,239,742,842</b> | <b>67,508,676,261</b> |

**30. General and administration expenses**

|                                   | <b>2021<br/>VND</b>   | <b>2020<br/>VND</b>   |
|-----------------------------------|-----------------------|-----------------------|
| Staff costs                       | 51,951,052,865        | 45,134,447,518        |
| Office equipment                  | 2,515,300,188         | 2,891,044,807         |
| Depreciation charges              | 10,788,965,039        | 10,451,539,759        |
| Taxes, fees and charges           | 3,695,808,306         | 3,410,920,238         |
| Allowance made for doubtful debts | 1,139,792,225         | 300,481,500           |
| Outside services                  | 14,187,979,480        | 12,910,384,032        |
| Other selling expenses            | 15,673,860,462        | 17,671,392,780        |
|                                   | <b>99,952,758,565</b> | <b>92,770,210,634</b> |

**Hoa Tho Textile-Garment Joint Stock Corporation****Notes to the separate financial statements for the year ended 31 December 2021**

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|                                     | <b>2021<br/>VND</b> | <b>2020<br/>VND</b> |
|-------------------------------------|---------------------|---------------------|
| Gain from disposals of fixed assets | 224,823,257         | 875,102,395         |
| Others                              | 3,799,288,700       | 1,948,961,248       |
|                                     | <hr/> 4,024,111,957 | <hr/> 2,824,063,643 |

**32. Other expenses**

|   | <b>2021<br/>VND</b> | <b>2020<br/>VND</b> |
|---|---------------------|---------------------|
| Penalties on breach of contract and late payment of tax | 523,888,337         | 1,989,714,367       |
| Others  | 954,496,108         | 893,540,160         |
|   | <hr/> 1,478,384,445 | <hr/> 2,883,254,527 |

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

|   | <b>2021<br/>VND</b> | <b>2020<br/>VND</b> |
|---|---------------------|---------------------|
| Raw material costs included in production costs | 1,851,988,814,901   | 1,448,460,235,547   |
| Staff costs                                     | 1,026,132,967,374   | 851,054,128,650     |
| Depreciation and amortisation                   | 107,006,872,701     | 122,085,337,050     |
| Outside services and other expenses             | 467,149,994,148     | 455,567,057,438     |

**34. Income tax****(a) Recognised in the separate statement of income**

|                                | <b>2021<br/>VND</b>  | <b>2020<br/>VND</b> |
|--------------------------------|----------------------|---------------------|
| <b>Current tax expense</b>     |                      |                     |
| Current year                   | 19,081,373,230       | 7,314,822,438       |
| Under provision in prior years | 2,006,730            | -                   |
|                                | <hr/> 19,083,379,960 | <hr/> 7,314,822,438 |

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

|  | <b>2021<br/>VND</b>   | <b>2020<br/>VND</b>  |
|--|-----------------------|----------------------|
| Accounting profit before tax                         | 183,072,366,150       | 64,534,047,729       |
| Tax at the Corporation's tax rate                    | 18,307,236,615        | 6,453,404,773        |
| Under provision in prior years                       | 2,006,730             | -                    |
| Effect of different tax rate applied to other income | 419,127,223           | 615,163,969          |
| Non-deductible expenses                              | 236,280,346           | 325,526,410          |
| Tax exempt income                                    | (172,039,000)         | (179,900,000)        |
| Tax reduction (*)                                    | -                     | (180,385,000)        |
| Unrecognised temporary differences                   | 290,768,046           | 281,012,286          |
|  | <b>19,083,379,960</b> | <b>7,314,822,438</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.

**(c) Applicable tax rates**

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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**35. Significant transactions with related parties**

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

|  | <b>2021<br/>VND</b> | <b>2020<br/>VND</b> |
|--|---------------------|---------------------|
| <b>The Parent Company - Vietnam National Textile and Garment Group</b>       |                     |                     |
| Dividends declared and paid  | 21,923,431,500      | 36,539,052,500      |
| Sales of goods and services  | 1,751,710,000       | 5,747,573,455       |
| Purchase of goods and services   | 19,359,892,147      | 20,845,459,612      |
| Borrowing management fee and interest expense                                | 3,507,645,104       | 5,217,602,623       |
| <b>Subsidiaries</b>  |                     |                     |
| <b><i>Hoa Tho Fashion Joint Stock Company</i></b>                            |                     |                     |
| Sales of goods and services  | 4,314,704,352       | 6,354,998,452       |
| Purchase of goods and services   | 945,760,000         | 5,182,248,537       |
| Dividends received   | 266,790,000         | -                   |
| <b><i>Hoa Tho - Hoi An Garment Joint Stock Company</i></b>                   |                     |                     |
| Sales of goods and services  | 879,089,008         | 548,360,269         |
| Purchase of goods and services   | 51,015,432,298      | 46,051,366,550      |
| Disposals of fixed assets  | 21,167,992          | -                   |
| <b><i>Hoa Tho - Duy Xuyen Garment Joint Stock Company</i></b>                |                     |                     |
| Sales of goods and services  | 715,430,641         | 752,771,643         |
| Purchase of goods and services   | 43,470,911,981      | 50,033,090,798      |
| Disposals of fixed assets  | 87,459,874          | -                   |
| <b><i>Hoa Tho - Thang Binh Spinning Joint Stock Company</i></b>              |                     |                     |
| Sales of goods and services  | 69,220,083,174      | 73,243,601,977      |
| Purchase of goods and services   | 1,985,606,784       | 5,233,458,384       |
| <b><i>Hoa Tho Construction Mechanics One-member Co., Ltd.</i></b>            |                     |                     |
| Sales of goods and services  | 14,876,562          | 37,097,091          |
| Purchase of goods and services   | 2,817,469,436       | 4,757,748,932       |
| <b>Associates</b>  |                     |                     |
| <b><i>Hoa Tho Quang Nam Garment Joint Stock Company</i></b>                  |                     |                     |
| Sales of goods and services  | 281,544,123         | 410,056,036         |
| Purchase of goods and services   | 74,639,037,251      | 78,314,662,576      |
| Dividends received through offsetting with liabilities                       | 1,285,600,000       | 1,607,000,000       |
| <b><i>Hoa Tho - Phu Ninh Garment Joint Stock Company</i></b>                 |                     |                     |
| Sales of goods and services  | 1,240,096,005       | 1,140,822,987       |
| Purchase of goods and services   | 56,109,803,069      | 50,604,480,429      |
| Disposals of fixed assets  | 113,447,714         | -                   |
| <b>Other related companies in Vietnam National Textile and Garment Group</b> |                     |                     |
| <b><i>Nha Be Garment Corporation - Joint Stock Company</i></b>               |                     |                     |
| Sales of goods and services  | 883,181,123         | 22,781,193          |
| Purchase of goods and services   | 23,452,541          | -                   |



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|   | <b>2021<br/>VND</b> | <b>2020<br/>VND</b> |
|---|---------------------|---------------------|
| <b><i>Coats Phong Phu Co., Ltd.</i></b>               |                     |                     |
| Purchase of goods and services                        | 17,421,150,091      | 15,000,965,509      |
| <b><i>Hue Textile Garment Joint Stock Company</i></b> |                     |                     |
| Sales of goods and services                           | 11,397,722,272      | 45,586,000          |
| Purchase of goods and services                        | 11,250,850,800      | -                   |
| <b>Key management personnel compensation</b>          |                     |                     |
| <b><i>General Director</i></b>                        |                     |                     |
| Salary and bonus                                      | 1,314,157,804       | 1,716,733,178       |
| <b><i>Members of Board of Directors</i></b>           |                     |                     |
| Salary and bonus                                      | 8,532,802,196       | 7,333,366,860       |
| <b><i>Members of Supervisory Board</i></b>            |                     |                     |
| Salary, bonus and compensation                        | 463,587,917         | 418,068,754         |
| <b><i>Chairman of Board of Management</i></b>         |                     |                     |
| Salary and compensation                               | 2,033,060,001       | 595,197,641         |
| <b><i>Member No.1 of Board of Management</i></b>      |                     |                     |
| Compensation and bonus                                | 133,333,334         | 166,666,668         |
| <b><i>Member No. 2 of Board of Management</i></b>     |                     |                     |
| Compensation  | 66,666,667          | 66,666,668          |
| <b><i>Member No. 3 of Board of Management</i></b>     |                     |                     |
| Compensation  | 66,666,667          | 66,666,668          |
| <b><i>Member No. 4 of Board of Management</i></b>     |                     |                     |
| Compensation and bonus                                | 299,999,997         | 338,888,886         |
| <b><i>Member No.5 of Board of Management</i></b>      |                     |                     |
| Compensation  | 66,666,667          | 33,333,334          |

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

|  | <b>2021<br/>VND</b> | <b>2020<br/>VND</b> |
|--|---------------------|---------------------|
| Dividends received through offsetting with liabilities                 | 1,285,600,000       | 1,607,000,000       |
| Disposals of fixed assets received through offsetting with liabilities | 222,075,580         | 223,468,112         |
| Transfer from bonus and welfare fund to short-term borrowings          | 50,000,000          | -                   |

**37. Comparative information**

Comparative information as at 1 January 2021 were derived from the balances and amounts reported in the Corporation's separate financial statements as at and for the year ended 31 December 2020.

11 March 2022

Prepared by:

  
Dang Thi Oanh Nu  
Specialist

  
Nguyen Thi Tuong Long  
Chief Accountant

Approved by:

  
  
Nguyen Van Hai  
General Director

