



Hoa Tho Textile-Garment Joint Stock Corporation

Separate Interim Financial Statements
for the six-month period ended
30 June 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 30 July 2020. The Enterprise Registration Certificate was issued by the Da Nang Department of Planning and Investment.

Board of Management	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

Supervisory Board	Ms. Nguyen Thi Kim Khanh	Chairman
	Mr. Nguyen Thanh Son	Member
	Mr. Nguyen Ngoc Cach	Member

Board of Directors	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

Registered Office	36 Ong Ich Duong Street Hoa Tho Dong Ward, Cam Le District Da Nang City Vietnam
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Auditor	KPMG Limited Vietnam
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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 interim financial statements of the Corporation for the six-month period ended 30 June 2021.

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

- (a) the separate interim 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 30 June 2021, and of its unconsolidated results of operations and its unconsolidated cash flows for the six-month period then ended in accordance with Vietnamese Accounting Standards, the Vietnamese Accounting System for Enterprises and the relevant statutory requirements applicable to interim 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 interim financial statements for issue.

On behalf of the Board of Directors



Nguyễn Văn Hai
General Director

Da Nang, 11 August 2021



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INTERIM FINANCIAL STATEMENTS REVIEW REPORT

To the Shareholders

Hoa Tho Textile-Garment Joint Stock Corporation

We have reviewed the accompanying separate interim financial statements of Hoa Tho Textile-Garment Joint Stock Corporation ("the Company"), which comprise the separate balance sheet as at 30 June 2021, the separate statements of income and cash flows for the six-month period then ended and the explanatory notes thereto which were authorised for issue by the Corporation's Board of Directors on 11 August 2021, 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 interim financial statements in accordance with Vietnamese Accounting Standards, the Vietnamese Accounting System for Enterprises and the relevant statutory requirements applicable to interim financial reporting, and for such internal control as the Board of Directors determines is necessary to enable the preparation of separate interim financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express a conclusion on these separate interim financial statements based on our review. We conducted our review in accordance with Vietnamese Standard on Review engagements 2410 - Review of interim financial information performed by the independent auditor of the entity.

A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Vietnamese Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Hoa Tho Textile-Garment Joint Stock Corporation
Separate balance sheet as at 30 June 2021

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

	Code	Note	30/6/2021 VND	1/1/2021 VND
ASSETS				
Current assets (100 = 110 + 120 + 130 + 140 + 150)	100		1,124,444,665,599	903,874,975,508
Cash and cash equivalents	110	8	45,133,344,511	31,978,925,915
Cash	111		5,533,344,511	4,769,925,915
Cash equivalents	112		39,600,000,000	27,209,000,000
Short-term financial investments	120		78,037,800,000	24,357,800,000
Held-to-maturity investments	123	9(a)	78,037,800,000	24,357,800,000
Accounts receivable – short-term	130		388,731,843,573	348,912,806,303
Accounts receivable from customers	131	10	349,883,518,190	328,293,580,969
Prepayments to suppliers	132		31,238,534,304	20,151,453,649
Loans receivable	135		426,400,000	591,200,000
Other receivables	136	11	13,081,620,350	5,381,647,297
Allowance for doubtful debts	137	12	(5,898,229,271)	(5,540,350,289)
Shortage of assets awaiting resolution	139		-	35,274,677
Inventories	140	13	580,999,751,677	465,224,592,977
Inventories	141		581,843,517,530	469,854,979,554
Allowance for inventories	149		(843,765,853)	(4,630,386,577)
Other current assets	150		31,541,925,838	33,400,850,313
Short-term prepaid expenses	151	17(a)	7,749,701,679	6,262,364,210
Deductible value added tax	152		23,792,224,159	27,138,486,103

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

Hoa Tho Textile-Garment Joint Stock Corporation
Separate balance sheet as at 30 June 2021 (continued)

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

	Code	Note	30/6/2021 VND	1/1/2021 VND
Long-term assets (200 = 210 + 220 + 240 + 250 + 260)	200		614,439,264,258	622,602,219,739
Accounts receivable – long-term	210		973,096,000	1,165,096,000
Loans receivable – long-term	215		588,200,000	710,200,000
Other long-term receivables	216		384,896,000	454,896,000
Fixed assets	220		489,993,850,863	510,979,330,930
Tangible fixed assets	221	14	487,795,681,033	509,739,561,698
Cost	222		1,468,842,466,233	1,446,173,345,962
Accumulated depreciation	223		(981,046,785,200)	(936,433,784,264)
Intangible fixed assets	227	15	2,198,169,830	1,239,769,232
Cost	228		11,599,495,156	10,308,304,109
Accumulated amortisation	229		(9,401,325,326)	(9,068,534,877)
Long-term work in progress	240		1,934,290,608	3,708,155,197
Construction in progress	242	16	1,934,290,608	3,708,155,197
Long-term financial investments	250		99,008,263,394	85,882,976,572
Investments in subsidiaries	251	9(b)	92,748,900,000	92,748,900,000
Investments in associates	252	9(b)	10,428,000,000	10,428,000,000
Equity investments in other entities	253	9(b)	7,755,702,000	7,755,702,000
Allowance for diminution in the value of long-term financial investments	254	9(b)	(11,924,338,606)	(25,049,625,428)
Other long-term assets	260		22,529,763,393	20,866,661,040
Long-term prepaid expenses	261	17(b)	22,529,763,393	20,866,661,040
TOTAL ASSETS (270 = 100 + 200)	270		1,738,883,929,857	1,526,477,195,247

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

Hoa Tho Textile-Garment Joint Stock Corporation
Separate balance sheet as at 30 June 2021 (continued)

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

	Code	Note	30/6/2021 VND	1/1/2021 VND
RESOURCES				
LIABILITIES (300 = 310 + 330)	300		1,296,716,278,027	1,084,681,934,024
Current liabilities	310		1,072,103,705,201	858,784,280,099
Accounts payable to suppliers	311	18	241,742,180,813	194,902,149,019
Advances from customers	312		13,434,643,139	33,068,610,755
Taxes and others payable to State Treasury	313	19	20,609,262,054	9,790,972,826
Payables to employees	314		224,196,427,414	230,636,580,011
Accrued expenses	315	20	3,587,920,562	4,041,127,905
Unearned revenue – short-term	318		580,474,844	1,090,909,090
Other payables – short-term	319	21	42,659,364,640	19,156,055,225
Short-term borrowings	320	22(a)	455,450,194,453	293,574,083,910
Bonus and welfare fund	322	23	69,843,237,282	72,523,791,358
Long-term liabilities	330		224,612,572,826	225,897,653,925
Long-term advances from customers	332		10,740,759,952	10,740,759,952
Long-term borrowings	338	22(b)	213,871,812,874	215,156,893,973
EQUITY (400 = 410)	400		442,167,651,830	441,795,261,223
Owners' equity	410	24	442,167,651,830	441,795,261,223
Share capital	411	25	225,000,000,000	225,000,000,000
- Ordinary shares with voting rights	411a		225,000,000,000	225,000,000,000
Investment and development fund	418	26	137,428,205,782	128,382,421,384
Retained profits	421		79,739,446,048	88,412,839,839
- Retained profits brought forward	421a		43,076,706,676	31,193,614,548
- Retained profit for the current period/year	421b		36,662,739,372	57,219,225,291
TOTAL RESOURCES (440 = 300 + 400)	440		1,738,883,929,857	1,526,477,195,247

11 August 2021

Prepared by:



Dang Thi Oanh Nu
Specialist

Approved by:



Nguyen Thi Tuong Long
Chief Accountant




Nguyen Van Hai
General Director

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

Hoa Tho Textile-Garment Joint Stock Corporation
Separate statement of income for the six-month period ended 30 June 2021

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

	Code	Note	Six-month period ended 30/6/2021 VND	30/6/2020 VND
Revenue from sales of goods and provision of services	01	29	1,402,326,284,232	1,498,400,929,509
Revenue deductions	02		333,695,004	747,523,899
Net revenue (10 = 01 - 02)	10		1,401,992,589,228	1,497,653,405,610
Cost of sales	11		1,295,078,589,144	1,390,207,707,113
Gross profit (20 = 10 - 11)	20		106,914,000,084	107,445,698,497
Financial income	21	30	12,204,378,574	14,713,456,618
Financial expenses	22	31	(5,304,367,102)	14,474,355,131
<i>In which: Interest expense</i>	23		5,034,323,807	7,990,483,471
Selling expenses	25	32	33,765,816,108	29,700,364,746
General and administration expenses	26	33	50,137,794,688	48,230,319,483
Net operating profit {30 = 20 + (21 - 22) - (25 + 26)}	30		40,519,134,964	29,754,115,755
Other income	31	34	845,844,728	2,000,515,917
Other expenses	32	35	697,726,953	827,387,794
Results of other activities (40 = 31 - 32)	40		148,117,775	1,173,128,123
Accounting profit before tax (50 = 30 + 40)	50		40,667,252,739	30,927,243,878
Income tax expense – current	51	37	4,004,513,367	3,227,055,049
Net profit after tax (60 = 50 - 51)	60		36,662,739,372	27,700,188,829

11 August 2021

Prepared by:



Dang Thi Oanh Nu
Specialist

Approved by:



Nguyen Thi Tuong Long
Chief Accountant



 Nguyen Van Hai
General Director

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

Hoa Tho Textile-Garment Joint Stock Corporation
Separate statement of cash flows for the six-month period ended 30 June 2021
(Indirect method)

Form B 03a – DN
*(Issued under Circular No. 200/2014/TT-BTC
dated 22 December 2014 of the Ministry of Finance)*

	Code	Note	Six-month period ended 30/6/2021 VND	30/6/2020 VND
CASH FLOWS FROM OPERATING ACTIVITIES				
Profit before tax	01		40,667,252,739	30,927,243,878
Adjustments for				
Depreciation and amortisation	02		53,825,712,322	63,740,727,928
Allowances and provisions	03		(16,147,903,811)	9,488,694,564
Exchange losses arising from revaluation of monetary items denominated in foreign currencies	04		977,103,222	950,285,727
Profits from investing activities	05		(3,570,031,910)	(3,571,410,461)
Interest expense	06		5,034,323,807	7,990,483,471
Operating profit before changes in working capital	08		80,786,456,369	109,526,025,107
Change in receivables	09		(36,706,745,248)	(19,386,954,125)
Change in inventories	10		(111,988,537,976)	17,088,141,693
Change in payables and other liabilities	11		26,435,889,161	(7,605,298,493)
Change in prepaid expenses	12		(3,150,439,822)	126,655,716
			(44,623,377,516)	99,748,569,898
Interest paid	14		(5,015,836,507)	(8,000,018,936)
Corporate income tax paid	15		(2,590,578,145)	(1,604,344,551)
Other receipts from operating activities	16		206,719,141	215,821,774
Other payments for operating activities	17		(5,377,621,982)	(6,846,318,758)
Net cash flows from operating activities	20		(57,400,695,009)	83,513,709,427
CASH FLOWS FROM INVESTING ACTIVITIES				
Payments for additions to fixed assets and other long-term assets	21		(26,536,743,480)	(77,463,400,246)
Proceeds from disposals of fixed assets and other long-term assets	22		235,454,546	681,818,182
Payments for granting loans, purchase of debt instruments of other entities	23		(61,310,000,000)	(8,755,000,000)
Receipts from collecting loans, sales of debt instruments of other entities	24		7,916,800,000	114,600,000
Receipts of interests and dividends	27		1,782,187,364	1,282,592,279
Net cash flows from investing activities	30		(77,912,301,570)	(84,139,389,785)

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

Hoa Tho Textile-Garment Joint Stock Corporation
Separate statement of cash flows for the six-month period ended 30 June 2021
(Indirect method - continued)

Form B 03a – DN
*(Issued under Circular No. 200/2014/TT-BTC
dated 22 December 2014 of the Ministry of Finance)*

			Six-month period ended	
	Code	Note	30/6/2021 VND	30/6/2020 VND
CASH FLOWS FROM FINANCING ACTIVITIES				
Proceeds from borrowings	33		1,294,853,242,269	1,198,872,516,034
Payments to settle loan principals	34		(1,134,596,822,094)	(1,204,205,691,805)
Payments of dividends	36		(11,789,005,000)	(35,212,447)
Net cash flows from financing activities	40		148,467,415,175	(5,368,388,218)
Net cash flows during the period (50 = 20 + 30 + 40)	50		13,154,418,596	(5,994,068,576)
Cash and cash equivalents at the beginning of the period	60		31,978,925,915	16,093,433,378
Cash and cash equivalents at the end of the period (70 = 50 + 60)	70	8	45,133,344,511	10,099,364,802

11 August 2021

Prepared by:



Dang Thi Oanh Nu
Specialist

Approved by:



Nguyen Thi Tuong Long
Chief Accountant




Nguyen Van Hai
General Director

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

Hoa Tho Textile-Garment Joint Stock Corporation
Notes to the separate interim financial statements for the six-month period
ended 30 June 2021

Form B 09a – 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 interim 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.

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

The Covid-19 pandemic was initially recognised in Vietnam on 23 January 2020 and has greatly affected people's income and business activities of many businesses in many different industries. Vietnam Government has performed significant control and preventive measures, notably the implementation of the social distancing and is gradually promoting universal vaccination. However, the spread and development of the disease in Vietnam these days is very complicated. The extent of the impact of the COVID-19 pandemic on the Corporation's business operations will depend on future developments, including the duration and spread of the outbreak and other unpredictable information at the date of these interim separate financial statements.

Hoa Tho Textile-Garment Joint Stock Corporation
Notes to the separate interim financial statements for the six-month period
ended 30 June 2021 (continued)

Form B 09a – DN

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

(e) Corporation structure

The separate interim financial statements of the Corporation for the six-month period ended 30 June 2021 comprise the Corporation and its dependent accounting entities:

Name of entities	Background information
▪ 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 30 June 2021, the Corporation had 5 subsidiaries and 2 associates (1/1/2021: 5 subsidiaries and 2 associates), as listed in Note 9(b).

As at 30 June 2021, the Corporation had 8,534 employees (1/1/2021: 8,751 employees).

Hoa Tho Textile-Garment Joint Stock Corporation
Notes to the separate interim financial statements for the six-month period
ended 30 June 2021 (continued)

Form B 09a – 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 interim financial statements have been prepared in accordance with Vietnamese Accounting Standards, the Vietnamese Accounting System for Enterprises and the relevant statutory requirements applicable to interim financial reporting. The Corporation prepares and issues its consolidated interim 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 interim financial statements

(b) Basis of measurement

The separate interim 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 interim 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 interim financial statements.

The accounting policies that have been adopted by the Corporation in the preparation of these separate interim financial statements are consistent with those adopted in the preparation of the latest separate annual financial statements.

(a) Foreign currency transactions

Transactions in currencies other than VND during the period 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 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.

Hoa Tho Textile-Garment Joint Stock Corporation
Notes to the separate interim financial statements for the six-month period
ended 30 June 2021 (continued)

Form B 09a – DN
(Issued under Circular No. 200/2014/TT-BTC
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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 interim 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 Corporation noted signs of diminution in the value of its investments in the investee. The allowance is reversed if the investee subsequently made a profit that offsets the previous loss for which the allowance had been made. An allowance is reversed only to the extent that the investment's carrying amount does not exceed the carrying amount that would have been determined if no allowance had been recognised.

(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 Corporation noted signs of diminution in the value of its investments in the investee. The allowance is reversed if the investee subsequently made a profit that offsets the previous loss for which the allowance had been made. An allowance is reversed only to the extent that the investment's carrying amount does not exceed the carrying amount that would have been determined if no allowance had been recognised.

(d) Accounts receivable

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

Hoa Tho Textile-Garment Joint Stock Corporation
Notes to the separate interim financial statements for the six-month period
ended 30 June 2021 (continued)

Form B 09a – DN
(Issued under Circular No. 200/2014/TT-BTC
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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 direct selling expenses.

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 period in which the cost is incurred. In situations where it can be clearly demonstrated that the expenditure has resulted in an increase in the future economic benefits expected to be obtained from the use of tangible fixed assets beyond their originally assessed standard of performance, the expenditure is capitalised as an additional cost of tangible fixed assets.

(ii) Depreciation

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

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

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

Hoa Tho Textile-Garment Joint Stock Corporation
Notes to the separate interim financial statements for the six-month period
ended 30 June 2021 (continued)

Form B 09a – DN
(Issued under Circular No. 200/2014/TT-BTC
dated 22 December 2014 of the Ministry of Finance)

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

(l) Taxation

Income tax on the unconsolidated profit or loss for the period 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 period, using tax rates enacted at the end of the accounting period, and any adjustment to tax payable in respect of previous periods.

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 accounting period.

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

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(m) Revenue and other incomes

(i) Goods sold

Revenue from the sale 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

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 period in which they are incurred.

(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.

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(q) Comparative information

Comparative information in these separate financial statements is presented as corresponding figures. Under this method, comparative information for the prior period are included as an integral part of the current period financial statements and are intended to be read only in relation to the amounts and other disclosures relating to the current period. 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 period.

4. Seasonality of operations

The Corporation does not have any business segments, the seasonality of which may affect the Corporation's operating results for the six-month period ended 30 June 2021.

5. Changes in accounting estimates

In preparing separate annual and interim financial statements, the Board of Directors has made several accounting estimates. Actual results may differ from these estimates. There are no significant changes in accounting estimates compared to the end of the most recent annual accounting period.

6. Unusual items

Except for the issue described in Note 1(d), the Corporation does not have any unusual items which may affect the Company's separate interim financial statements for the six-month period ended 30 June 2021.

7. Changes in the composition of the Corporation

There are no significant changes in the composition of the Corporation for the six-month period ended 30 June 2021.

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8. Cash and cash equivalents

	30/6/2021	1/1/2021
	VND	VND
Cash on hand	54,398,117	58,097,500
Cash in banks	5,478,946,394	4,711,828,415
Cash equivalents (i)	39,600,000,000	27,209,000,000
	<hr/> 45,133,344,511	<hr/> 31,978,925,915

- (i) Cash equivalents include deposits with original terms not exceeding 3 months and annual interest rates ranging from 3.3% to 3.8% at commercial banks (1/1/2021: from 3.5% to 4.0%).

9. Investments

(a) Held-to-maturity investments

Held-to-maturity investments include bank deposits with terms from 4 months to 12 months and annual interest rates ranging from 3.7% to 6.9% (1/1/2021: from 4.9% to 6.9%).

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(b) Equity investments in other entities

		30/6/2021					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	(1,163,705,511)	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	(268,364,872)	-	100%	100%	2,000,000,000	(52,526,485)	
					92,748,900,000	(1,432,070,383)						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 of shares	% of equity owned	% of voting rights	30/6/2021		Number of shares	% of equity owned	% of voting rights	1/1/2021	
					Carrying value VND	Allowance for diminution in value VND				Carrying value VND	Allowance for diminution in value VND
<i>Other companies</i>											
The Central Cotton Joint Stock Company	Khanh Hoa	65,000	7.12%	7.12%	855,702,000	(192,268,223)	65,000	7.12%	7.12%	855,702,000	(192,268,223)
Hoa Tho Quang Da Packaging Joint Stock Company	Quang Nam	60,000	10.91%	10.91%	600,000,000	-	60,000	10.91%	10.91%	600,000,000	-
Ho Chi Minh City Textile Garment Commercial Joint Stock Company	Ho Chi Minh City	630,000	14.00%	14.00%	6,300,000,000	(6,300,000,000)	630,000	14.00%	14.00%	6,300,000,000	(6,300,000,000)
					7,755,702,000	(6,492,268,223)					
					110,932,602,000	(11,924,338,606)					

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

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10. Accounts receivable from customers

(a) Accounts receivable from customers detailed by significant customer

	30/6/2021	1/1/2021
	VND	VND
Haggar Clothing Co.	66,813,084,629	41,683,438,845
Motives International (Hong Kong) Limited	62,930,824,210	78,078,624,227
Supreme International LLC	34,453,812,775	44,510,862,972
Gamal Ibrahim Ahmed Al Okiya	28,057,564,240	11,522,746,487
Kuraray Trading Co., Ltd	23,445,483,594	13,948,063,314
Hultafors Group AB	21,112,630,743	1,628,629,320
Destination XL Group Inc	17,675,621,522	13,065,753,409
Hoa Tho - Thang Binh Spinning Joint Stock Company	16,921,883,629	24,438,135,948
GDTEX Hongkong Limited	11,996,582,078	7,962,071,109
Haggar Canada Co.	-	24,148,352,799
Other customers	66,476,030,770	67,306,902,539
	<hr/> 349,883,518,190	<hr/> 328,293,580,969 <hr/>

(h) Accounts receivable from customers who are related parties

	30/6/2021	1/1/2021
	VND	VND
The parent company		
Vietnam National Textile and Garment Group	50,916,860	83,811,334
Subsidiaries		
Hoa Tho - Thang Binh Spinning Joint Stock Company	16,921,883,629	24,438,135,948
Hoa Tho Fashion Joint Stock Company	1,912,293,960	164,715,800
	<hr/> 18,885,094,449	<hr/> 24,686,663,082 <hr/>

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

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11. Other receivables

	30/6/2021	1/1/2021
	VND	VND
Cotton on loan	6,113,385,701	277,130,995
Short-term deposits	2,806,885,800	2,954,777,668
Advances	1,722,325,493	551,970,821
Dividends receivable	266,790,000	-
Others	2,172,233,356	1,597,767,813
	<hr/>	<hr/>
	13,081,620,350	5,381,647,297
	<hr/>	<hr/>

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12. Bad and doubtful debts

	Overdue period	30/6/2021			Overdue period	1/1/2021		
		Cost VND	Allowance VND	Recoverable amount VND		Cost VND	Allowance VND	Recoverable amount VND
Overdue debts								
Duyen Dat Trading Services Co., Ltd.	Over 3 years	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	6 months to less than 2 years	2,880,547,450	(1,064,485,235)	1,816,062,215	6 months to less than 1 year	1,001,605,000	(300,481,500)	701,123,500
		<u>7,714,291,486</u>	<u>(5,898,229,271)</u>	<u>1,816,062,215</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>(5,898,229,271)</u>				<u>(5,540,350,289)</u>	

(*) As at 30 June 2021, doubtful debts from Phong Phu Son Tra Investment Joint Stock Company were written off due to irrecoverability.

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13. Inventories

	30/6/2021		1/1/2021	
	Cost VND	Allowance VND	Cost VND	Allowance VND
Goods in transit	78,240,605,925	-	46,721,220,081	-
Raw materials	151,236,853,346	-	109,744,922,498	-
Tools and supplies	1,761,349,508	-	2,267,538,947	-
Work in progress	167,946,394,840	-	179,244,369,392	-
Finished goods	165,521,362,545	(811,238,053)	90,986,785,236	(4,458,136,712)
Merchandise inventories	2,657,389,012	-	4,493,090,254	-
Goods on consignment	14,479,562,354	(32,527,800)	36,397,053,146	(172,249,865)
	581,843,517,530	(843,765,853)	469,854,979,554	(4,630,386,577)

Included in inventories at 30 June 2021 was VND17,060 million (1/1/2021: VND20,315 million) of finished goods and goods on consignment carried at net realisable value.

At 30 June 2021 inventories with a carrying value of VND540,125 million (1/1/2021: VND362,138 million) were pledged with banks as security for short-term borrowings granted to the Corporation (Note 22(a)).

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14. Tangible fixed assets

	Buildings and structures VND	Plant and equipment VND	Motor vehicles VND	Office equipment VND	Others VND	Total VND
Cost						
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	31,818,182	8,070,545,720	60,569,800	126,462,291	441,000,000	8,730,395,993
Transfer from construction in progress	639,589,341	15,522,458,644	5,036,860,000	48,556,200	1,658,640,904	22,906,105,089
Disposals	(562,394,199)	(7,046,171,981)	(1,038,035,594)	(206,843,065)	(113,935,972)	(8,967,380,811)
Closing balance	354,631,838,180	952,572,248,913	61,497,541,872	7,425,887,109	92,714,950,159	1,468,842,466,233
Accumulated depreciation						
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 period	8,388,612,217	37,679,381,329	2,876,544,493	341,664,320	4,206,719,514	53,492,921,873
Disposals	(562,394,199)	(6,958,712,107)	(1,038,035,594)	(206,843,065)	(113,935,972)	(8,879,920,937)
Closing balance	143,278,334,801	723,674,842,623	32,943,224,159	6,135,532,056	75,014,851,561	981,046,785,200
Net book value						
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	211,353,503,379	228,897,406,290	28,554,317,713	1,290,355,053	17,700,098,598	487,795,681,033

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Included in tangible fixed assets were assets costing VND575,833 million which were fully depreciated as at 30 June 2021 (1/1/2021: VND565,571 million), but which are still in active use.

At 30 June 2021, tangible fixed assets with a carrying value of VND205,443 million (1/1/2021: VND274,014 million) were pledged with banks as security for some short-term borrowings (Note 22(a)) and long-term borrowings (Note 22(b)) granted to the Corporation.

15. Intangible fixed assets

	Software VND
Cost	
Opening balance	10,308,304,109
Additions	913,879,900
Transfer from construction in progress	377,311,147
	<hr/>
Closing balance	11,599,495,156
	<hr/>
Accumulated amortisation	
Opening balance	9,068,534,877
Charge for the period	332,790,449
	<hr/>
Closing balance	9,401,325,326
	<hr/>
Net book value	
Opening balance	1,239,769,232
Closing balance	2,198,169,830
	<hr/>

Included in intangible fixed assets were assets costing VND8,161 million which were fully amortised as at 30 June 2021 (1/1/2021: VND7,494 million), but which are still in use.

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16. Construction in progress

	Six-month period ended	
	30/6/2021	30/6/2020
	VND	VND
Opening balance	3,708,155,197	34,574,549,250
Additions during the period	21,509,551,647	61,523,806,666
Transfer to tangible fixed assets	(22,906,105,089)	(51,856,160,225)
Transfer to intangible fixed assets	(377,311,147)	-
Closing balance	1,934,290,608	44,242,195,691

Major constructions in progress were as follows:

	30/6/2021	1/1/2021
	VND	VND
Trieu Phong Garment Factory	1,318,339,527	2,363,605,351
Spinning machines and equipment	572,500,000	575,750,000
Others	43,451,081	768,799,846
	1,934,290,608	3,708,155,197

17. Prepaid expenses

(a) Short-term prepaid expenses

	30/6/2021	1/1/2021
	VND	VND
Prepaid insurance expenses	1,963,692,988	1,212,069,547
Tools and instruments	1,946,092,379	2,118,749,562
Prepaid operating lease expenses	1,466,333,201	742,175,166
Other short-term prepaid expenses	2,373,583,111	2,189,369,935
	7,749,701,679	6,262,364,210

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(b) Long-term prepaid expenses

	Tools and supplies VND	Others VND	Total VND
Opening balance	12,606,910,743	8,259,750,297	20,866,661,040
Additions	3,152,672,832	4,519,395,137	7,672,067,969
Amortisation for the period	(4,465,445,136)	(1,543,520,480)	(6,008,965,616)
Closing balance	11,294,138,439	11,235,624,954	22,529,763,393

18. Accounts payable to suppliers

(a) Accounts payable to suppliers detailed by significant suppliers

	Cost and amount within payment capacity	
	30/6/2021 VND	1/1/2021 VND
Hultafors Group AB	35,770,275,620	12,009,223,239
Devcot S.A	19,350,218,802	7,459,357,394
Vietnam National Textile and Garment Group	17,303,930,333	16,754,023,232
Tae Gwang Co., Ltd	16,899,470,785	1,706,790,907
Kwong Lung Enterprise Co., Ltd	14,431,448,974	8,354,163,269
Hoa Tho - Quang Nam Garment Joint Stock Company	11,447,214,168	12,453,389,509
Cotton Service International GmbH	9,332,392,393	-
Motives International (Hong Kong) Limited	5,851,825,286	7,140,332,328
Fujian Jingwei New Fiber Science and Technology Co., Ltd.	5,043,637,248	4,088,507,674
Louis Dreyfus Company Suisse SA	4,538,182,953	-
Hai Vuong Packing Trading Manufacture Co., Ltd	4,085,923,434	4,068,564,372
Viterra B.V	-	12,365,622,756
Other suppliers	97,687,660,817	108,502,174,339
	241,742,180,813	194,902,149,019

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(b) Accounts payable to suppliers who are related parties

	Cost and amount within payment capacity	
	30/6/2021 VND	1/1/2021 VND
The parent company		
Vietnam National Textile and Garment Group	17,303,930,333	16,754,023,232
Subsidiary		
Hoa Tho Construction Mechanics One-member Co., Ltd.	150,923,293	298,894,535
Associate		
Hoa Tho - Quang Nam Garment Joint Stock Company	11,447,214,168	12,453,389,509
Other related parties in Vietnam National Textile and Garment Group		
Coats Phong Phu Co., Ltd.	4,600,605,221	3,173,676,976
Hue Textile Garment Joint Stock Company	18,590,000	-
	<hr/>	<hr/>
	33,521,263,015	32,679,984,252

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

19. Taxes and others payable to State Treasury

	1/1/2021 VND	Incurred VND	Paid/offset VND	30/6/2021 VND
Value added tax	6,948,952,574	48,481,095,376	(41,123,985,462)	14,306,062,488
Import tax	153,955,742	950,897,594	(1,001,291,358)	103,561,978
Corporate income tax	2,588,571,415	4,004,513,367	(2,590,578,145)	4,002,506,637
Personal income tax	99,493,095	2,422,513,315	(2,437,665,787)	84,340,623
Land rental	-	2,112,790,328	-	2,112,790,328
Other taxes	-	812,479,465	(812,479,465)	-
	<hr/>	<hr/>	<hr/>	<hr/>
	9,790,972,826	58,784,289,445	(47,966,000,217)	20,609,262,054

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20. Accrued expenses

	30/6/2021 VND	1/1/2021 VND
Operating costs	1,997,027,892	2,117,493,080
Interest expense	170,519,151	152,031,851
Others	1,420,373,519	1,771,602,974
	<hr/> 3,587,920,562	<hr/> 4,041,127,905 <hr/>

21. Other payables – short-term

	30/6/2021 VND	1/1/2021 VND
Trade union fees	15,163,671,830	14,738,128,892
Short-term deposits and collaterals received	160,000,000	168,706,830
Excessive payments on behalf payables	272,245,745	311,000,301
Dividends	22,946,780,100	985,785,100
Donation fund	763,983,681	763,983,681
Others	3,352,683,284	2,188,450,421
	<hr/> 42,659,364,640	<hr/> 19,156,055,225 <hr/>

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22. Borrowings

(a) Short-term borrowings

	1/1/2021 Carrying amount and amount within repayment capacity VND	Movements during the period			30/6/2021 Carrying amount and amount within repayment capacity VND
		Increase VND	Decrease VND	Unrealised foreign exchange differences VND	
Short-term borrowings	270,082,070,758	1,288,603,242,269	(1,118,314,339,371)	1,091,074,517	441,462,048,173
Current portion of long-term borrowings	23,492,013,152	6,824,932,644	(16,282,482,723)	(46,316,793)	13,988,146,280
	293,574,083,910	1,295,428,174,913	(1,134,596,822,094)	1,044,757,724	455,450,194,453

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

	Currency	Annual interest rate	30/6/2021 VND	1/1/2021 VND
Bank borrowing 1 (i)	USD	1.30% – 1.40%	235,124,511,105	110,137,931,723
Bank borrowing 2 (i)	USD	1.45% – 1.50%	47,293,657,008	60,270,102,318
Bank borrowing 3 (i)	USD	1.45%	76,052,030,362	18,590,292,990
Bank borrowing 4 (i)	USD	1.50%	56,078,137,769	73,124,475,103
Bank borrowing 5 (ii)	USD	1.49% – 1.53%	26,664,711,929	7,779,268,624
Borrowing from Retirement Contact Board (ii)	VND	8.40%	249,000,000	180,000,000
			441,462,048,173	270,082,070,758

(i) These borrowings are secured over certain inventories (Note 13) and tangible fixed assets of the Corporation (Note 14).

(ii) These borrowings are unsecured.

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(b) Long-term borrowings

	30/6/2021 VND	1/1/2021 VND
Long-term borrowings	227,859,959,154	238,648,907,125
Repayable within twelve months	(13,988,146,280)	(23,492,013,152)
Repayable after twelve months	213,871,812,874	215,156,893,973

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

	Currency	Annual interest rate	Year of maturity	30/6/2021 VND	1/1/2021 VND
Bank borrowing 1 (i)	USD	5.0%	2022	8,613,766,611	11,633,967,686
Bank borrowing 2 (i)	USD	5.0%	2021	227,467,739	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
Environmental Protection Fund (ii)	VND	2.6%	2025	5,890,000,000	-
Kuraray Trading Co., Ltd. (ii)	USD	2.5%	2021	2,312,000,000	4,640,800,000
Vietnam National Textile and Garment Group – the parent company (iii)	USD	LIBOR + 0.7%	2039	210,816,724,804	213,565,457,843
				227,859,959,154	238,648,907,125

- (i) Borrowings are from banks and secured over some tangible fixed assets of the Corporation (Note 14).
- (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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23. 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 period were as follows:

	Six-month period ended	
	30/6/2021	30/6/2020
	VND	VND
Opening balance	72,523,791,358	70,182,908,271
Appropriation	2,540,348,765	9,459,359,816
Other additions	206,719,141	215,821,774
Other reductions	(50,000,000)	-
Utilisation	(5,377,621,982)	(6,846,318,758)
Closing balance	69,843,237,282	73,011,771,103

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24. Changes in owners' equity

	Share capital VND	Investment and development fund VND	Retained profits VND	Total VND
Balance at 1 January 2020	225,000,000,000	110,084,210,730	115,201,185,018	450,285,395,748
Net profit for the period	-	-	27,700,188,829	27,700,188,829
Appropriation to investment and development fund	-	18,298,210,654	(18,298,210,654)	-
Dividends	-	-	(56,250,000,000)	(56,250,000,000)
Appropriation to bonus and welfare fund	-	-	(9,459,359,816)	(9,459,359,816)
Balance at 30 June 2020	225,000,000,000	128,382,421,384	58,893,803,377	412,276,224,761
Balance at 1 January 2021	225,000,000,000	128,382,421,384	88,412,839,839	441,795,261,223
Net profit for the period	-	-	36,662,739,372	36,662,739,372
Appropriation to investment and development fund	-	9,045,784,398	(9,045,784,398)	-
Dividends (Note 27)	-	-	(33,750,000,000)	(33,750,000,000)
Appropriation to bonus and welfare fund	-	-	(2,540,348,765)	(2,540,348,765)
Balance at 30 June 2021	225,000,000,000	137,428,205,782	79,739,446,048	442,167,651,830

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25. Share capital

The Corporation's authorised and issued share capital are:

	30/6/2021 and 1/1/2021	
	Number of shares	VND
Authorised share capital	22,500,000	225,000,000,000
Issued share capital		
Ordinary shares	22,500,000	225,000,000,000
Shares in circulation		
Ordinary shares	22,500,000	225,000,000,000

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

The share capital issued to shareholders is as follows:

	30/6/2021 and 1/1/2021		
	Issued and in circulation		
	Number of shares	VND	%
Vietnam National Textile and Garment Group	14,615,621	146,156,210,000	64.96%
Other shareholders	7,884,379	78,843,790,000	35.04%
	22,500,000	225,000,000,000	100%

26. 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.

27. 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 (the six-month period ended 30 June 2020: VND56,250 million for 2019, equivalent to 25% of the charter capital as at 31 December 2019).

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28. Off balance sheet items

(a) Lease

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

	30/6/2021	1/1/2021
	VND	VND
Within one year	24,363,110,568	23,123,304,931
Within two to five years	93,406,221,820	93,210,006,385
More than five years	133,370,702,102	128,208,179,536
	<hr/>	<hr/>
	251,140,034,490	244,541,490,852
	<hr/>	<hr/>

(b) Foreign currencies

	30/6/2021		1/1/2021	
	Original	VND	Original	VND
	currency	equivalent	currency	equivalent
USD	100,786	2,309,957,664	121,571	2,798,346,880
EUR	221	5,918,823	221	6,180,872
		<hr/>		<hr/>
		2,315,876,487		2,804,527,752
		<hr/>		<hr/>

(c) Capital expenditure commitments

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

	30/6/2021	1/1/2021
	VND	VND
Approved but not contracted	94,160,000,000	51,100,000,000
	<hr/>	<hr/>

(d) Bad debts written off

	Reason	Written	30/6/2021	1/1/2021
	for writing off	off in year	VND	VND
Phong Phu Son Tra Investment Joint Stock Company	Irrecoverable debts	2021	406,124,753	-
			<hr/>	<hr/>

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29. 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.

30. Financial income

	Six-month period ended	
	30/6/2021	30/6/2020
	VND	VND
Interest income from deposits and loans	1,614,187,364	1,090,592,279
Dividends	1,720,390,000	1,799,000,000
Realised foreign exchange gains	8,864,216,206	11,785,418,654
Other financial income	5,585,004	38,445,685
	<hr/>	<hr/>
	12,204,378,574	14,713,456,618
	<hr/>	<hr/>

31. Financial expenses

	Six-month period ended	
	30/6/2021	30/6/2020
	VND	VND
Interest expense	5,034,323,807	7,990,483,471
Realised foreign exchange losses	1,809,492,691	5,761,826,953
Unrealised foreign exchange losses	977,103,222	950,285,727
Allowance reversed for diminution in the value of investments	(13,125,286,822)	(228,241,020)
	<hr/>	<hr/>
	(5,304,367,102)	14,474,355,131
	<hr/>	<hr/>

32. Selling expenses

	Six-month period ended	
	30/6/2021	30/6/2020
	VND	VND
Staff costs	2,040,530,958	1,829,142,419
Supplies and packages	313,395,379	230,288,670
Depreciation of fixed assets	488,667,862	403,939,144
Outside services	25,700,664,714	21,544,962,025
Other selling expenses	5,222,557,195	5,692,032,488
	<hr/>	<hr/>
	33,765,816,108	29,700,364,746
	<hr/>	<hr/>

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33. General and administration expenses

	Six-month period ended	
	30/6/2021	30/6/2020
	VND	VND
Staff costs	25,264,102,780	24,577,969,554
Depreciation of fixed assets	5,555,056,243	5,087,035,470
Taxes, fees and charges	2,665,509,305	1,599,847,622
Allowance made for doubtful debts	764,003,735	-
Outside services	5,956,071,319	5,814,957,027
Other selling expenses	9,933,051,306	11,150,509,810
	50,137,794,688	48,230,319,483

34. Other income

	Six-month period ended	
	30/6/2021	30/6/2020
	VND	VND
Gain from disposals of fixed assets	235,454,546	681,818,182
Others	610,390,182	1,318,697,735
	845,844,728	2,000,515,917

35. Other expenses

	Six-month period ended	
	30/6/2021	30/6/2020
	VND	VND
Penalties on breach of contract	50,799,062	26,256,561
Others	646,927,891	801,131,233
	697,726,953	827,387,794

36. Production and business costs by element

	Six-month period ended	
	30/6/2021	30/6/2020
	VND	VND
Raw material costs included in production costs	676,132,649,411	724,625,221,548
Staff costs	468,052,230,550	429,406,296,078
Depreciation and amortisation	53,825,712,322	63,740,727,928
Outside services and other expenses	209,822,722,566	217,810,556,369

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37. Income tax

(a) Recognised in the separate statement of income

	Six-month period ended	
	30/6/2021	30/6/2020
	VND	VND
Current tax expense		
Current period	4,004,513,367	3,227,055,049

(b) Reconciliation of effective tax rate

	Six-month period ended	
	30/6/2021	30/6/2020
	VND	VND
Accounting profit before tax	40,667,252,739	30,927,243,878
Tax at the Corporation's tax rate	4,066,725,274	3,092,724,388
Effect of different tax rate applied to other income	286,194,083	401,728,705
Non-deductible expenses	122,976,946	114,133,199
Tax exempt income	(172,039,000)	(179,900,000)
Tax reduction (*)	-	(117,349,000)
Change in unrecognised temporary differences	(299,343,936)	(84,282,243)
	4,004,513,367	3,227,055,049

(*) 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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38. Significant transactions with related parties

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

	Transaction value for six-month period ended	
	30/6/2021	30/6/2020
	VND	VND
The Parent Company - Vietnam National Textile and Garment Group		
Dividends declared	21,923,431,500	36,539,052,500
Sales of goods and services	1,126,338,637	4,561,086,182
Purchase of goods and services	10,740,257,306	11,688,283,114
Interest expenses	1,801,607,235	3,142,315,292
Subsidiaries		
<i>Hoa Tho Fashion Joint Stock Company</i>		
Sales of goods and services	2,160,743,397	4,326,162,726
Purchase of goods and services	412,049,582	441,388,719
Cash dividends declared	266,790,000	-
<i>Hoa Tho - Hoi An Garment Joint Stock Company</i>		
Sales of goods and services	451,952,494	247,914,841
Purchase of goods and services	23,304,599,367	24,001,502,512
<i>Hoa Tho - Duy Xuyen Garment Joint Stock Company</i>		
Sales of goods and services	522,259,658	371,535,367
Purchase of goods and services	20,037,078,771	15,692,733,107
<i>Hoa Tho Construction Mechanics One-member Co., Ltd.</i>		
Sales of goods and services	11,321,470	27,355,272
Purchase of goods and services	1,630,629,920	1,997,455,577
<i>Hoa Tho - Thang Binh Spinning Joint Stock Company</i>		
Sales of goods and services	23,766,828,194	37,354,428,482
Purchase of goods and services	1,985,606,784	3,049,274,592
Associates		
<i>Hoa Tho Phu Ninh Garment Joint Stock Company</i>		
Sales of goods and services	583,243,696	509,576,495
Purchase of goods and services	23,441,181,087	26,760,440,534
<i>Hoa Tho - Quang Nam Garment Joint Stock Company</i>		
Sales of goods and services	216,165,313	62,852,680
Purchase of goods and services	35,301,173,308	33,774,065,985
Dividends declared	1,285,600,000	1,607,000,000

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	Transaction value for	
	six-month period ended	
	30/6/2021	30/6/2020
	VND	VND
Other related parties in Vietnam National Textile and Garment Group		
<i>Coats Phong Phu Co., Ltd</i>		
Purchase of goods and services	9,338,297,639	7,851,594,945
<i>Hue Textile Garment Joint Stock Company</i>		
Sales of goods	202,121,472	-
Purchase of goods and services	55,250,000	36,980,000
<i>Nha Be Garment Corporation- Joint Stock Company</i>		
Sales of goods and services	492,718,317	-
General Director cum Chairman of Board of Management		
Salary, bonus and compensation	-	1,128,870,888
General Director		
Salary and bonus	783,834,551	-
Other members of Board of Directors		
Salary and bonus	4,225,855,009	4,035,086,034
Members of Supervisory Board		
Salary, bonus and compensation	261,494,526	258,429,808
Chairman of Board of Management		
Salary, bonus and compensation	1,336,054,261	-
Members of Board of Management		
Compensation	66,666,666	66,666,666
Members of Board of Management		
Compensation	66,666,666	66,666,666
Members of Board of Management		
Compensation	66,666,666	-
Members of Board of Management		
Compensation and bonus	166,666,665	170,000,000
Members of Board of Management		
Compensation and bonus	133,333,333	166,666,666

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39. Non-cash investing and financing activities

	Six-month period ended	
	30/6/2021	30/6/2020
	VND	VND
Dividends received through offsetting with liabilities	1,285,600,000	-

40. Comparative information

Comparative information were derived from the balances and amounts reported in the Corporation's separate financial statements for the year ended 31 December 2020 for balances and amounts reported in the separate balance sheet and the explanatory notes thereto, and information for the six-month period ended 30 June 2020 presented in the Corporation's separate interim financial statements for the six-month period ended 30 June 2020 for balances and amounts reported in the separate statement of income, the separate statement of cash flows and the explanatory notes thereto.

11 August 2021

Prepared by:




Dang Thi Oanh Nu
Specialist



Nguyen Thi Tuong Long
Chief Accountant



Approved by: 

Nguyen Van Hai
General Director