

Century Synthetic Fiber Corporation

Annual Report

2022





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Annual Report for year 2022

The Annual Report of Century Synthetic Fiber Corporation for year 2022 provides a full range of financial and non-financial information related to environment, labor and society in the fiscal year 2022.

The report is issued in the electronic PDF format and publicly posted on the Company's Website at the link www.thekey.vn. The report is written in Vietnamese and translated into English.

“ RISK MANAGEMENT, ADVERSITY OVERCOMING, SUSTAINABLE DEVELOPMENT ”

To survive and thrive in a constantly changing and unpredictable world, it is not enough for a business to have endurance to withstand adversity, but to focus on risk management to prevent internal and external risks and mitigate the negative impact on its performance. Therefore, it is necessary to identify weaknesses and make improvement towards sustainable developments.

Assurance of reliability and standards applied in the report

COMPONENTS OF THE REPORT

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

SCOPE OF THE REPORT

The fiscal year is from January 1st, 2022 to December 31st, 2022

APPLIED STANDARDS

- › Circular 96/2020/TT-BTC
- › Vietnam accounting standards
- › IFRS standards
- › ASEAN corporate governance scorecards
- › ISO standards
- › GRS certificate, Oekotex-100.

RESPONSIBILITY FOR ENSURING THE INFORMATION TO BE ACCURATE AND TRUSTWORTHY

- › The financial data is consistent with the independent audited financial reports by E&Y Ltd.
- › Data on global and Vietnam's industry comes from Customs departments of the relevant markets; published reports on macro economy-industry.
- › Data of the Company's operations.
- › BOD and BOS reports are in line with FY2022 Corporate Governance Report.
- › Shareholder information is provided by Vietnam depository department.

Message from Chairperson

Dear esteemed shareholders and investors,

First of all, as the Chair Person of the Board of Directors of Century Synthetic Fiber Corporation (“STK”), on behalf of the Company I would like to extend our deep gratitude to our customers, partners, suppliers, staffs and shareholders for your continued supports to the Company’s developments over the years.

It is my pleasure to share with you the Annual report for fiscal year 2022 of Century Synthetic Fiber Corporation. I hope that the report will provide useful information on STK’s operation in the passing year as well as the Company’s vision and business strategy in the coming years.

Difficulties followed difficulties in 2022. Demand for yarn after Covid 19 pandemic was just started to recover in Q1-2023 but then gradually declined in the following quarter as consumers in large markets such as US, EU cut spending under pressure of inflation and unemployment when economic downturn is looming. In that context, risk management, strengthening operation and enhancing competency is the main action plan that the Company’s Board of Directors and Board of Management pursuit to remain our competitiveness in the market. Thanks to our reputation in development of premium products with special functionality, the Company still received orders for high-value-added products in the 2nd half of 2022. Therefore, the Company was able to fulfill 81% of annual revenue target and ~81% of annual profit target, equivalent to revenue of VND2,114 billion and net profit after tax of VND242 billion.

Hardship will continue in 2023 as the Russian – Ukraine war continues. However, we believe that with strong foundation being built by Century over the years, the Company will be able to quickly recover when the demand bounces back. With portfolio of eco-friendly products such as recycled yarn and dope dyed yarn, abilities to develop functionality yarn, quick delivery, excellence customer service and company’s good reputation in harmonizing the interests of stakeholders (customers, partners, suppliers, employees, shareholders and the social community), the STK will achieve sustainable development in coming years.

With the entire STK staffs’ exceptional efforts alongside the continued solid support from the shareholders and investors, I believed that STK will maintain the sustainable growth in the coming years.



Chairperson - DANG MY LINH



Managing Director - DANG TRIEU HOA

Message from Managing Director

Dear esteemed shareholders and investors,

Adversity remained for the yarn industry in 2022. Due to inflation and global economic downturn, fashion brands anticipated consumer demand would get weaker and hence restrained order placing to control inventory risks. As results, STK's sales volume in 2022 declined by 5% year-on-year. However, thank to high-value-added orders coupled with rising selling price, STK sales revenue increased 3.5% year-on-year and the Company's gross profit was maintained at the same level of 2021. As a result of operation streamlining and cost controlling, the Company could save operating costs to offset rising financial expenses. The year net profit after tax of VND242 billion was a result of the team's collective and continuous efforts. Continuing the company's sustainability journey, in 2022, recycled yarn accounted for 52% of total revenue, indirectly contributing to recycle of 1.04 billion of post-consumer-used bottles.

In order to effectively control internal as well as external risks, in 2022, the Company established internal audit system and engaged AFC to conduct internal audit for fiscal year 2022. Based on audit findings, the Company will strengthen production, financial management as well as sales management, setting strong foundation to implement sustainability strategies which focus on eco-friendly product offering such as recycled, dope dyed and high-value added yarn. The company has also been exploring new markets and acquiring new customers.

2023 will still be a challenging and tough year. However, I believe that STK's achievement in environmental protection and social responsibility as well as our outstanding production capability will enable us to further integrate with supply chain of leading brandnames, attracting more orders when the demand recovers. In addition, Unitex project which is scheduled in operation in 2024 will open a new chapter for the Company's revenue and profit growth in coming years.

We hope that with the guidance of the Board of Directors and shareholders' support, the Company will reap the set objectives and bring more interest to shareholders, employees and the community.

Performance highlight in 2022

Unit: VND billion

Consolidated Total Assets **2,125**

Consolidated Owner's Equity **1,541**

Consolidated Turnover **2,114**

Consolidated Profit after tax **242.3**

Charter capital **843.6**

Recycled yarn's contribution **52%**

GPM % **17.7%**

ROS % **11.4%**

ROA % **11.3%**

ROE % **15.6%**



2022 Listed Companies Award held by HOSE

Ranked in Top 10 for the **Best Corporate Governance** of Mid-Cap Companies.

Ranked in **1st place** for the **Best Sustainability Report**



Corporate Social Index 100 Award: Top 100 Vietnam Sustainable Companies

Ranked in top 100 Vietnam Sustainable Companies (for the 7th consecutive year)



Ranked in top 50 Listed Companies selected by Forbes Magazine



About the Company

Name of the Company	Century Synthetic Fiber Corporation
Trading name	Century Corp.
Stock code	CENTURY (HSX)
Headquarter	B1-1 North West Cu Chi Industrial Zone, Cu Chi District, Ho Chi Minh City
Branch	Street 8, Trang Bang Industrial Zone, Trang Bang District, TayNinh Province
Representative office	102-104-106 Bau Cat, Ward 14, Tan Binh District, Ho Chi Minh City
Chartered Capital	VND843,638,250,000
Telephone	+84.028 3790 7565 / +84.276 389 9536
Fax	+84.028 3790 7566 / +84.276 389 9537
Email	csf@century.vn
Website	www.theky.vn
Tax Registration Number	0302018927

Key milestones

2016

Began to produce Recycled yarn
Expanding Trang Bang factory in phase 4, raising total capacity of company to 60,000 tons of DTY and FDY per year.

2011

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

2005

Converted into JSC.-A strategic reform
Converted into a JSC. and the name was changed to Century Synthetic Fiber Corp.

2015

Officially listed on HOSE, successfully develop "Recycled yarn".
Raising the total capacity to 52,000 tons of DTY and FDY per year.

2008

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

2000

Established first factory at Cu Chi District
Established on 01/06/2000.
Main product: DTY
Initial designed capacity: 4,800 tons of DTY per year.

Key milestones (cont.)

2017

Taking advantage from markets, harvesting success
Raising total capacity to 63,300 tons per year.

2019

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

2020

Remarkable recovery after the pandemic
Fulfilling the revised profit target for year 2020
The strategic product Recycled yarn maintained high profit margin.
Implementation of solar rooftop project

2021

Fire proves gold, adversity proves men
Implemented expansion project at its subsidiary.
Solar Rooftop project has operated, reducing CO₂ emission.
Net profit of 2021 surpassed the budget.

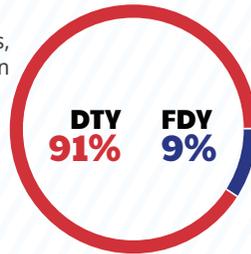
2022

Persistent with core-business strategy
Implementing capacity expansion project at the subsidiary.
Applying initiatives in sustainable developments, recycling and reusing materials in production process.
Continuously raising contribution of Recycled yarn in revenue mix.

Industry and Business Areas

Scope of business

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



Apparel



Auto textile



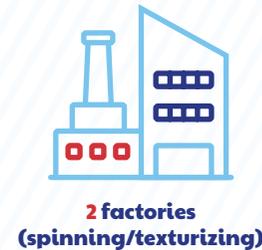
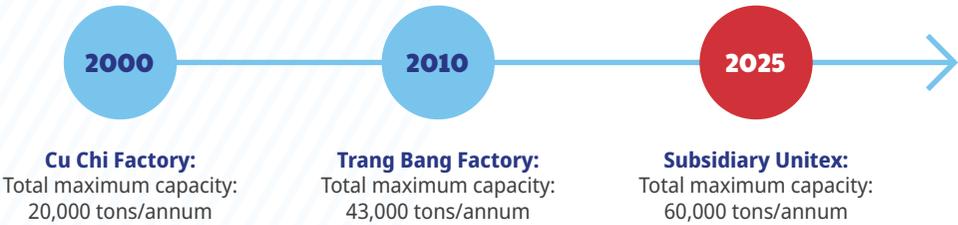
Home textile



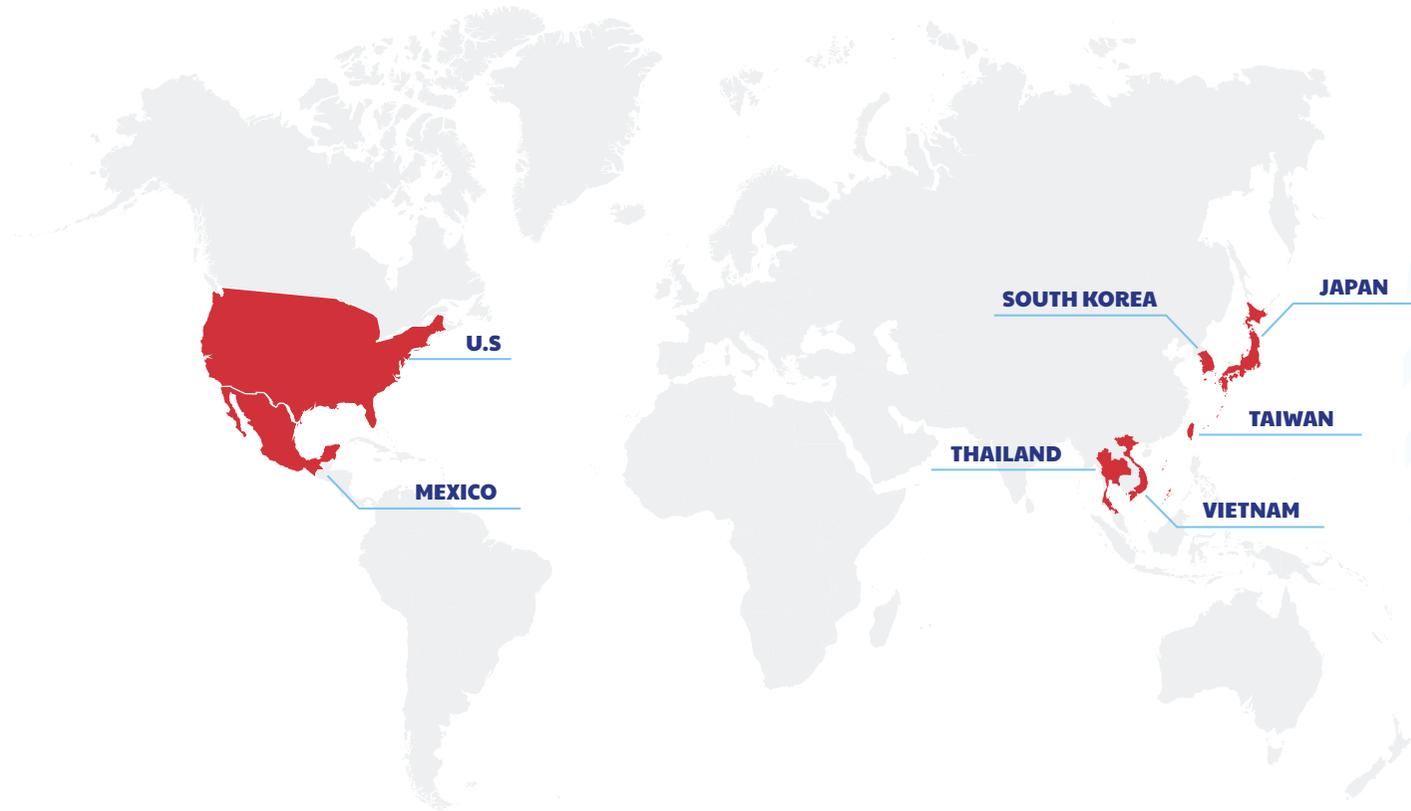
CENTURY's products are used to make sport clothes, sport shoes, swimming suits, polyester bags, curtains, car seat covers, medical bandages.

Production capacity

The Company has two factories located in Cu Chi and Trang Bang on a total area of 80,000 m².



Global presence



800 customers worldwide with
690 active customers.



New customers in 2022: **54** entities

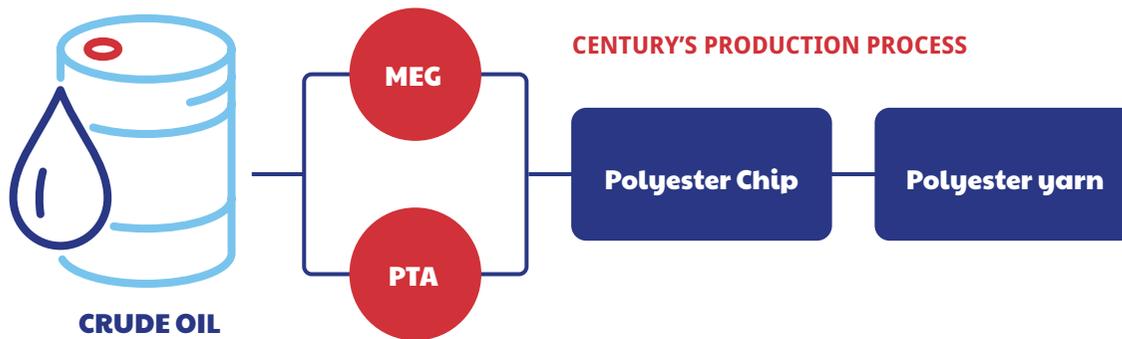
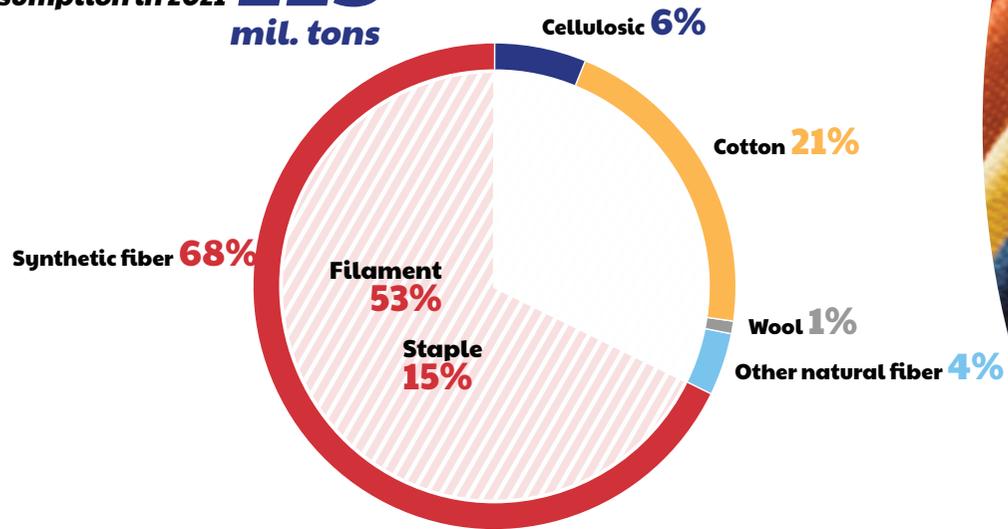


Value chain of textile industry



In terms of fiber:

Total global fiber consumption in 2021 **113** mil. tons



Business philosophy

VISSION

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

MISSION

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

OUR VALUES

SERVING CUSTOMERS

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

- › Serving customers the high quality products with reasonable prices;
- › Eco-friendly products;
- › Globally standardized production process; materials with clear origins.

UNITING OURSELVES

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

- › Close-knit engagement with stakeholders;
- › Using the resources to bring the highest values to stakeholders;

IMPROVING CONTINUOUSLY

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

- › Researching and developing new products and markets in order to enhance the economic efficiency;
- › Applying improving measures in production-cost-profit managements; internal risks of the Company;

DEVELOPING TOGETHER

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

- › Sharing benefits with stakeholders: shareholders, employees such as dividend issuance, share offering with preferential prices;
- › Contributing to the community developments.

OUR COMMITMENTS

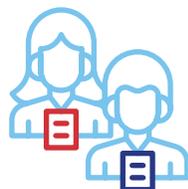
We always appreciate our customers. We take responsibility and initiatives and cooperate with each other in carrying out the works.



Stakeholder alignment



CLIENTS



STAFFS



SUPPLIERS



SHAREHOLDERS



COMMUNITY



GOVERNMENT

Stakeholders	Communication channels	Scope of consultation and expectation of stakeholders	STK's actions to meet the expectation of stakeholders
Shareholders	<p>Via General Meetings of Shareholders.</p> <p>Direct meetings with investors.</p> <p>The Company's seminars and factory visits.</p> <p>Shareholder survey in writing, phone calls, and emails.</p> <p>IR newsletter, Investor Day, Analyst's meetings.</p>	<p>Transparent information to shareholders.</p> <p>Protection of investor interests.</p> <p>Good corporate governance.</p> <p>The Company's orientations for sustainable development.</p> <p>Effective use of investment capital.</p> <p>The Company's attention to social issues, environment, and community.</p> <p>Dividends payment to investors.</p> <p>The remuneration of BOD, BOS, and BOM.</p> <p>The enterprise's value.</p> <p>The share liquidity and investment opportunities.</p> <p>Environmental protection</p>	<p>Sales revenue reached VND2,114.5 bn., profit after tax reached VND242.3 bn., both completed ~81% of the set plan.</p> <p>Expanded into new markets: gradually developing more customers in the US market.</p> <p>Increased the proportion of recycled yarn in total revenue to 52% in 2022.</p> <p>Issuing rate of 20% to existing shareholders at the price of 10,000 VND/share.</p> <p>Developed new products with many features and was environmentally friendly (Recycled Plus).</p> <p>Strictly complied with regulations on information disclosure.</p> <p>Commitment to pay at least 15% dividend per year.</p> <p>Paid dividends to shareholders at the rate of 15% in cash for the fiscal year 2021.</p> <p>Diversified information disclosure channels.</p> <p>Monitoring and measuring carbon footprint at the Company.</p>

Stakeholder alignment (cont.)

Stakeholders	Communication channels	Scope of consultation and expectation of stakeholders	STK's actions to meet the expectation of stakeholders
<p>Customers</p>	<p>Direct exchange of information with customers.</p> <p>Meetings, company visits by customers.</p> <p>Customer survey and questionnaires.</p> <p>The Company's website</p> <p>Seminar, industry association forum.</p> <p>Email, phone calls.</p>	<p>Company's operation is stable, safe, and reliable.</p> <p>High quality of products and services.</p> <p>Competitive prices.</p> <p>Attractive terms of the contract.</p> <p>Outstanding customer service.</p> <p>Good technical and operational capacity.</p> <p>Professionalism in providing services.</p> <p>Development of high value-added products.</p> <p>Safe products which do not contain toxic substances.</p> <p>Environmental protection, carbon footprint reduction.</p>	<p>Researching and developing premium finer yarns.</p> <p>Ensuring the Company's product quality, building up the trust of customers.</p> <p>Strengthening professional knowledge of the Company's sales team and quality management team.</p> <p>Delivery on time and no shortage of goods.</p> <p>Continuously train domestic and export sales team resources.</p> <p>Enhancing the customer's service quality.</p> <p>The Company's product is certified by the SGS organization to be free of toxic substances (REACH 168).</p> <p>The Company's product is certified with OEKO -TEX 100 standard, proving that the Company's product does not contain toxic substances harming to customer's health.</p> <p>Obtaining GRS certificate (Global Recycle Standard).</p> <p>The Company was highly appreciated by its domestic and international customers.</p> <p>Using renewable energy – solar energy in order to reduce electricity consumption during production process, contributing to annual CO₂ emission reduction.</p>
<p>Employees</p>	<p>Weekly vision and mission program.</p> <p>Managerial weakly meetings.</p> <p>Periodical dialogue with employees.</p> <p>Dialogue at the Employee Benefits Conference.</p> <p>Direct communication with management level.</p> <p>Direct communication with the Human Resource department.</p> <p>Collective negotiation meeting.</p>	<p>Safe working environment, good occupational health.</p> <p>Ensuring health safety in the working environment.</p> <p>Balancing between working and personal life.</p> <p>High salary, bonus, welfare policy.</p> <p>Opportunity to be trained, to improve skills.</p> <p>Opportunity to be promoted.</p> <p>Broad vision of leaders.</p> <p>Fairness and democracy.</p> <p>No discriminations.</p> <p>Stable and guided work.</p>	<p>Improving salary policy, bonus, welfare, training, promotion, and working environment for employees.</p> <p>Average salary increased by 5% depending on the job positions.</p> <p>The number of people promoted to higher positions was 29 people.</p> <p>The Executive Board is committed to democratic rights, the right to be treated fairly and respectfully of employees.</p> <p>Ensured the salary rate for employees is higher than the regional minimum wage and the industry's average salary.</p> <p>Implemented 5S mechanism, to improve the working environment.</p> <p>Ensured safe working conditions, employees' health is taken care of.</p> <p>Complied with the law on social responsibility.</p> <p>Carried out annual health check-up – 15,16 December 2022.</p> <p>Maintaining stable order flow, creating jobs and stable income for employees.</p>

Stakeholder alignment (cont.)

Stakeholders	Communication channels	Scope of consultation and expectation of stakeholders	STK's actions to meet the expectation of stakeholders
Suppliers	<p>Direct meetings and exchanging information.</p> <p>Factory visits.</p> <p>Communication through emails, phone calls.</p> <p>Collecting the information through surveys.</p>	<p>Prestige, long-term cooperation.</p> <p>Cooperation whereby both parties are benefited and can mutually develop.</p> <p>Setting up a stable value chain.</p> <p>Ensuring ESG activities, carbon footprint reduction.</p>	<p>Enhancing the quality of products and bringing benefits for both parties.</p> <p>Ensuring equality and fair competition in selecting suppliers.</p> <p>Frequent evaluation of suppliers to ensure effective cooperation.</p> <p>Negotiating and offering solutions to improve the relationship between the Company and suppliers.</p> <p>Ensuring the minimum benefits of both parties.</p> <p>Using renewable energy – solar energy in order to reduce electricity consumption during production process, contributing to annual CO₂ emission reduction.</p>
Authorities	<p>The Company makes frequent contacts with the authorities (HEPZA, TANIZA) via meetings, response to inspection, reporting, and exchanges of administrative documents.</p>	<p>Compliance with policies and regulations.</p> <p>Obtaining necessary certificates and permits as prescribed.</p> <p>Supporting community development.</p> <p>Deploying and supporting the government's policies.</p> <p>Green business, CO₂ emission reduction and environmental protection.</p>	<p>Complying with government policies and regulations.</p> <p>Committing no breach or non-compliance violations.</p> <p>Preparing and submitting reports to HEPZA and TANIZA regarding the Company's operation, safety-environment- health protection.</p> <p>Supporting and implementing the government's policies.</p> <p>Making full tax payment.</p> <p>Supporting local development.</p> <p>Using renewable energy – solar energy in order to reduce electricity consumption during production process, contributing to annual CO₂ emission reduction.</p> <p>Raising the contribution of eco-friendly products in the sales mix in order to minimize the negative impacts and protective measures to the environment.</p>
Banks	<p>Through meetings and company visits.</p> <p>Through phone calls and emails.</p>	<p>The Company is sustainable and prestigious.</p> <p>Transparency in corporate governance.</p> <p>Professional financial management system.</p> <p>Long term alliance and co-development.</p> <p>Environmental protection, carbon footprint reduction.</p> <p>Using renewable energy, contributing to annual CO₂ emission reduction.</p> <p>ESG activities, carbon footprint reduction.</p>	<p>Improving the Company's corporate governance.</p> <p>Making full and timely repayment of loan principles and interest payments.</p> <p>Regularly monitoring the implementation of credit contracts with banks.</p> <p>Using renewable energy – solar energy in order to reduce electricity consumption during production process, contributing to annual CO₂ emission reduction.</p>

Stakeholder alignment (cont.)

Stakeholders	Communication channels	Scope of consultation and expectation of stakeholders	STK's actions to meet the expectation of stakeholders
Local Community	Via meetings, exchanging correspondence with the local associations, and participating in social activities, the Company can understand the concerns and expectations of the local community.	To be responsible, to share and to join hand to develop the local community; Support local community to improve the quality of life through income improvement; Improve quality and enhance the local community infrastructure system; Using renewable energy, contributing to annual CO ₂ emission reduction.	Enhancing the annual average income of local labors. Raising funds to support the Company's employee's children. Giving scholarships to local colleges. Contributing to the development of the local economy. Facilitating urbanization. Using renewable energy – solar energy in order to reduce electricity consumption during production process, contributing to annual CO ₂ emission reduction. Increasing the contribution of eco-friendly products in the sales mix in order to minimize the negative impacts and protective measures to the environment.
Industrial Association (VCOSA)	Via forums, dialogues, exchanging correspondences and emails between the Company and the Industrial association.	To become an active member, sharing information and contributing to the industry's development. Using renewable energy, contributing to annual CO ₂ emission reduction.	Providing information support and actively cooperating with industry associations. Paying annual membership fee. Participating as a member of the Executive Committee of the Vietnam Cotton and Yarn Association (VCOSA). Using renewable energy – solar energy in order to reduce electricity consumption during production process, contributing to annual CO ₂ emission reduction. Increasing the contribution of eco-friendly products in the sales mix in order to minimize the negative impacts and protective measures to the environment.

Business model

MACHINE

Investing in modern machineries (energy savings, quality ensuring)

SAP Business All-in-One

POC

MAN

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



Core targets

To be in the top tier/market leader

To offer excellent product quality at a competitive price

To achieve excellent growth while maintain healthy financial standing

MATERIAL

Purchasing high quality materials to ensure the quality standards



METHOD

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



Market position - Key growth drivers

Market position

Century is one of seven¹ companies making polyester filament in Vietnam. Though Century is ranked in Top 04 in terms of capacity, Century is one of the leading high-quality brand -names in the sector.

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

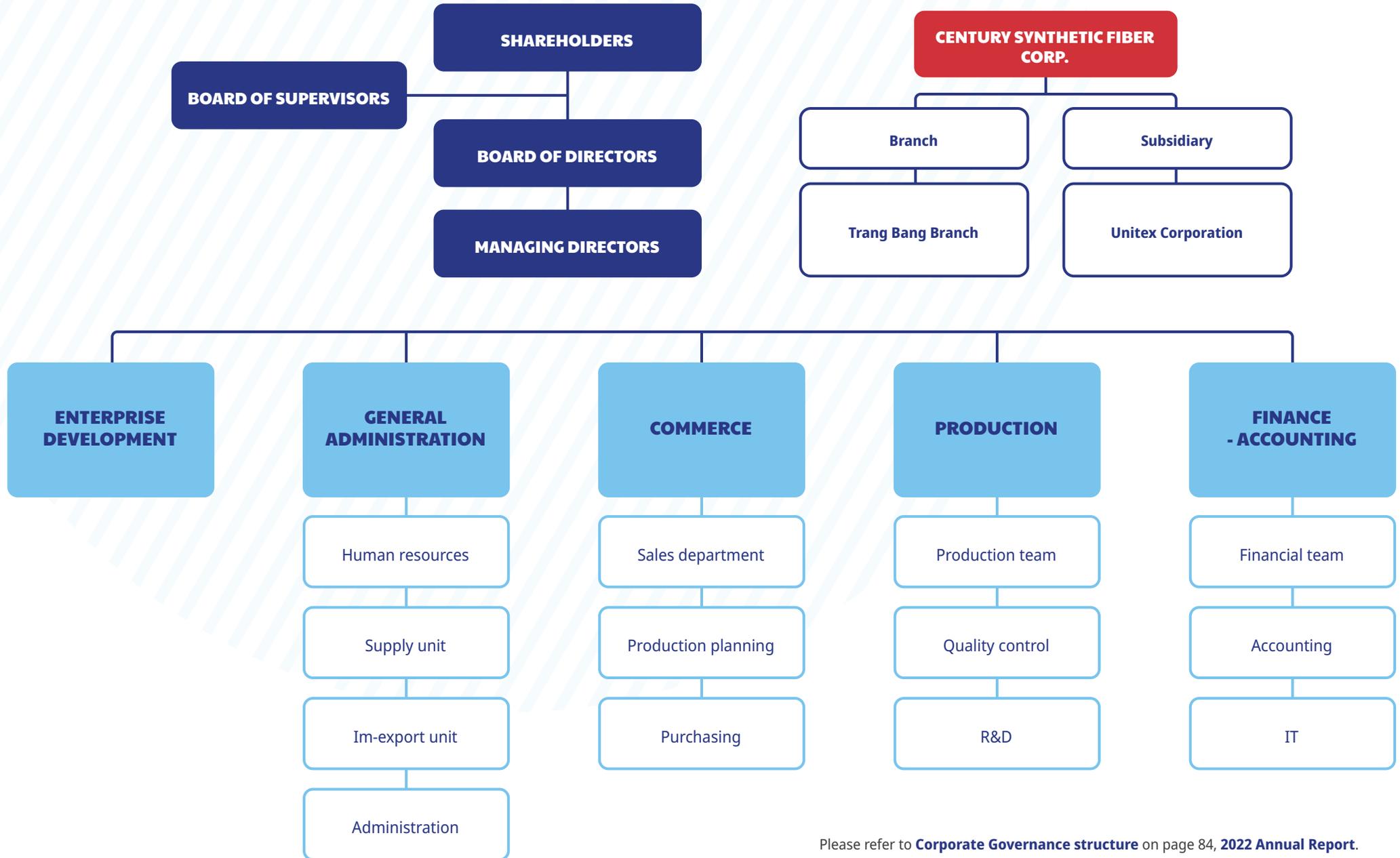
¹ According to STK's research



Key growth drivers

Input resources	Explanation of input resources	Outcomes
Financial resources	Owners' equity (from shareholders)	Effectively financing investment projects, capacity expansion projects; Maintaining the annual growth rates of revenue and profit; Dividend payment of 15%/par value.
Financial resources	Loans from credit institutions	Reasonably and safely taking advantage of financial leverages to finance projects to increase capacity, working capital, increase profits for shareholders. Ensuring debt repayment obligations on time.
Human resources	Employees	Building competent and highly responsible successor team. Developing and enhancing the human resources quality via recruitment and training. Creating the Company's culture to strengthen the bonds/connection with employees. Appropriate welfare packages, creating motivation for employees to increase production efficiency.
Production resources, tangible assets and intangible assets	Designed capacity: 63,000 tons/annum. Total consolidated assets: VND2,125 bn. Integrated management system for production, financial-accounting, HR. Domestic and export customer network. Reputation and market position of the Company.	Imported machineries with the world's most modern and advanced technology from Germany. Applying IT to increase production efficiency and lower production cost; monitoring and applying the findings to improve product quality, meet customer's growing and diversified demands. The Company is pioneering in the yarn industry in terms of high quality and reasonable price, always expands and maintains the customer network.
Corporate Governance	Risk management system Incorporating local and international best practice into the company's corporate governance model	Applying Internal Audit to strengthen the "lines of defense" in internal risk management. The person who is in charge of Corporate governance plays a role of monitoring and launching initiatives to improve the Corporate Governance; simultaneously, following the directions of the Board of Directors to maintain transparency in the Company's governance in accordance with local and international standards.
Social factors	Opportunities from sustainable development trends and demographic changes such as ages, genders, national and territorial cultures, etc...	Catching opportunities from the shifting of customer behaviors in order to develop new products and market segments; to catch new trends in the industry and supply chains in local and global markets.
Environmental factors	Opportunities from the movements for environmental protection, climate change fighting and greening the industry.	Implementing sustainable development initiatives to reduce CO ₂ emission, decrease non-renewable energy and clean water consumption.

Organizational structure



Please refer to **Corporate Governance structure** on page 84, **2022 Annual Report**.

The subsidiary



Chartered capital: VND**222,100,190,000**

Century's ownership: **100%**

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

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

In 2022, UNITEX Corporation increased its chartered capital from VND80 bn. to VND222,100,190,000 as results of capital injection from its parent company (Century), registered at the Business registration certificate No. 3901206611 firstly issued on 29 June 2015 and fourthly adjusted on 08 November 2022.

Financial indicators of the Subsidiary

Unit: VND

Indicators	2022 Actual	2021 Actual	±%, YoY
Financial income	2,018,205,268	21,417,563	9323.13%
Financial expenses	(4,218,968,733)	(84,716,237)	4880.12%
Operating profit	(3,793,432,514)	(79,341,668)	4681.14%
Profit after tax	(3,793,432,514)	(114,341,668)	3217.63%
Current assets	354,473,954,246	19,104,338,452	1755.46%
Long-term assets	108,008,825,234	78,369,689,989	37.82%
Liabilities	244,341,262,334	17,639,268,781	1285.21%
Owner's equity	218,141,517,146	79,834,759,660	173.24%
Total assets	462,482,779,480	97,474,028,441	374.47%

Source: 2022 Audited Financial statements of Unitex Corporation

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

development costs.

Details of Unitex' Finance income

	2022	2021
Interest income	1,966,384,962	57,563
Realized FX gains	50,006,237	
Unrealized FX gains	1,814,069	21,360,000
Total	2,018,205,268	21,417,563

Details of Unitex' Finance expenses

	2022	2021
Interest expenses	3,925,728,233	
Realized FX loss		
Unrealized FX loss	293,240,500	84,716,237
Total	4,218,968,733	84,716,237

(Please refer to **Investment projects**, page 75)

Strategic developments

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Opportunities and challenges that may impact the Company's business	32
Medium and long-term strategies toward 2025	34

S.W.O.T analysis

STRENGTHS

- › Focusing on core business;
- › Early catching trend approach;
- › State of art equipment, skillful, experienced and loyal work force;
- › Healthy and transparent financial standing;
- › High quality product and services which are highly appreciated by customers.
- › Transparent corporate governance, applying international best practices.

WEAKNESSES

- › Insufficiency of high and middle management who have managerial and technical experience to manage and train lower managerial officers;
- › Being an exporter but still dependent on imported raw materials.
- › The Company recognizes USD-denominated short- and long-term loans, unrealized FX loss is provisioning when VND depreciates against USD, affecting the Company's after-tax profit.

OPPORTUNITIES

- › Polyester fiber in general and polyester filament in particular will continue to dominate the fiber and yarn industry; rising trend of using eco-friendly materials;
- › Opportunities from relocation of textile and garments orders to take advantage of free trade agreements;
- › Due to impacts of the Covid-19 pandemic, domestic sales, including local exports has great growth potentials when demand bounces back.
- › High-quality sport-wear segment is forecasted to experience stronger recovery than other segments and has growth potentials due to the shift of customer behaviors.

THREATS

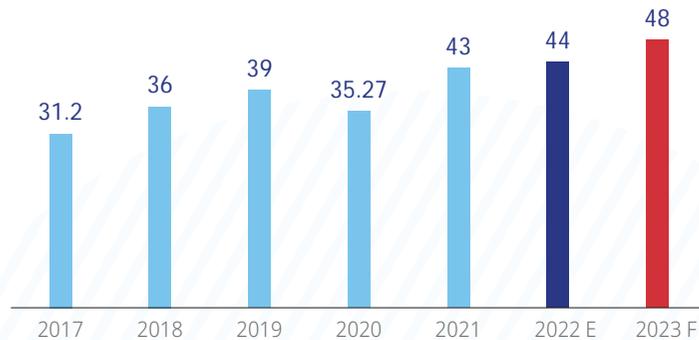
- › The risks of economic recession and the falling demands would affect the Company's operations.
- › The social distancing due to the pandemics would reduce the factory utilization rate, leading an increase in the Company's expenditures.
- › The risk of imposed anti-dumping duties in exporting markets;

Overview of the garment and textile industry and polyester filament segment

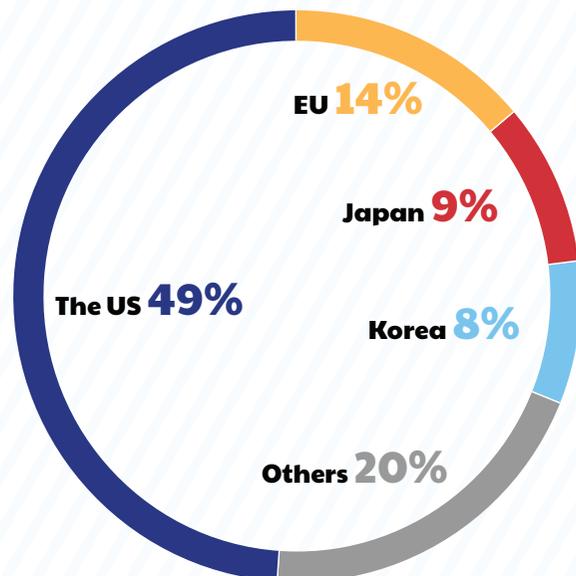
Domestic and international market conditions

Vietnam's garment and textile export revenue maintained a positive growth of 2.3% year-on-year, reaching USD44 billion as consumer demands in major markets such as the US, EU and Japan recovered strongly in 1st 9 months of 2023 when Covid 19 pandemic was well controlled.

Vietnam's garment and textile export (in USD billion)



Vietnam's major exporting markets in 2022

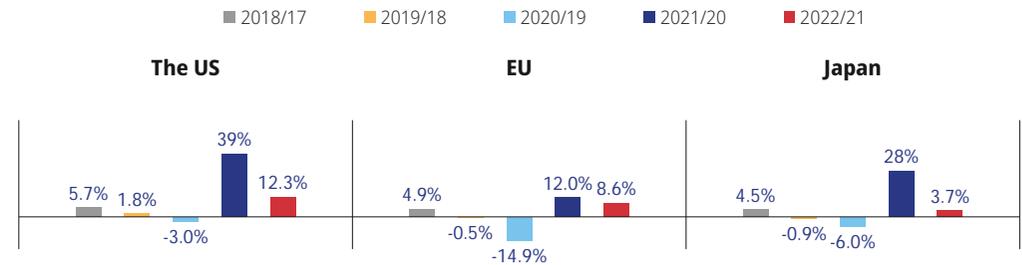


Source: VITAS

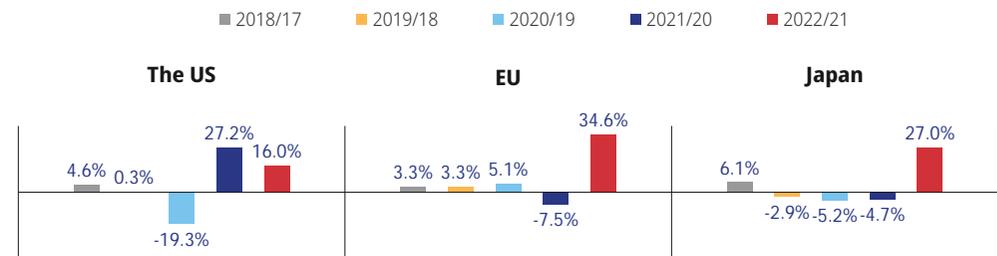




Import volume growth in 3 major markets

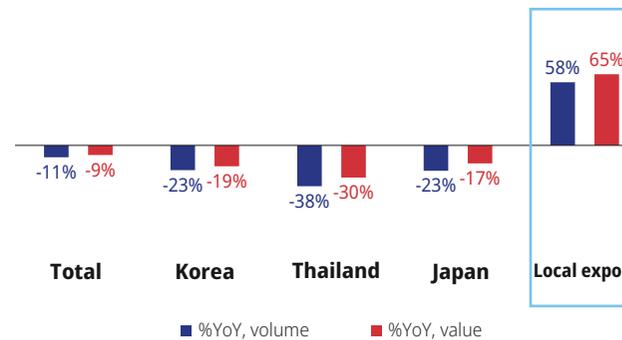


Import value growth in 3 major markets



Source: OTEXA, EUROPA, JP e-stat

Growth rate of Vietnam's polyester filament export in different markets in 2022



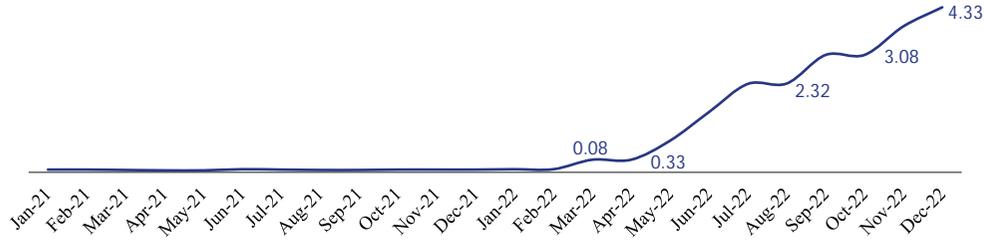
Source: STK compilation from various sources

POLYESTER FILAMENT SEGMENT

Given its position in the upstream of garment supply chain, the fiber industry in general and the polyester filament segment in particular was negatively impacted when fashion brands forecasted that the demand would decline due to inflation and economic downturn. Therefore, Vietnam Polyester Filament sector recognized a negative growth rate in terms of export volume and value. Except for the local market (Vietnam) which has high positive growth rate, other major markets experienced declines as compared to 2021.

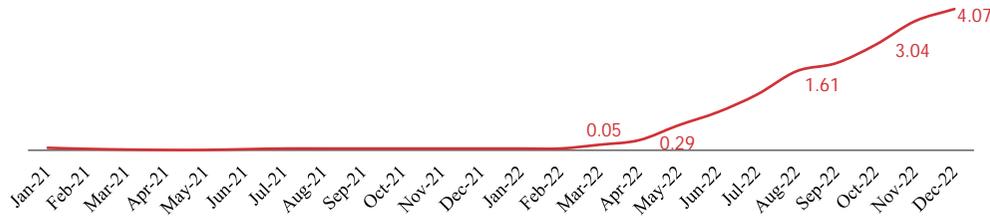
INTEREST RATE MOVEMENT IN 2022

Federal Fund Rate



Source: investing.com

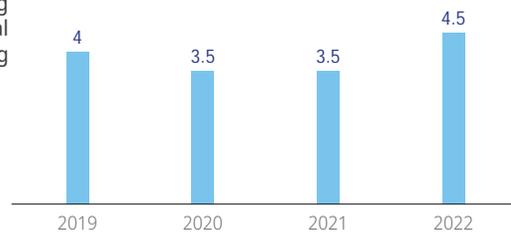
Secured Overnight Financing Rate (SOFR)



Source: www.global-rates.com

To contain inflation, the US Federal Reserve as well as State Bank of Vietnam have been raising interest rate in 2022. Therefore, commercial banks also increase their lending rates during this period.

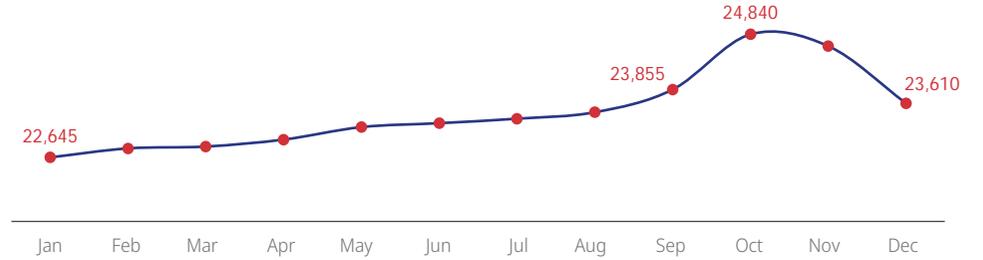
SBV refinancing rate (%)



Source: sbv.gov.vn

USD/VND EXCHANGE RATE MOVEMENT IN 2022

USD/VND rate movement in 2022



Source: investing.com

As the USD suddenly strengthened in early Quarter 4-2022 coupled with vulnerability of Vietnam's financial market during that period, USD/VND rate surged 9.7% before cooling down by the year end. For the whole year 2022, USD/VND rate increased 3.4%. Unexpected movements of the exchange rate during September - November 2022 caused an increase of VND9.6 billion in net financial expenses as compared to the budget.

PET chip price and price gap in 2022



Source: STK compilation from various sources

In 2022 PET chip price increased 15.5% as compared to 2021, in which the virgin and recycled PET chip prices surged 23% and 5% year-on-year, respectively.

Selling price in 2022 also increased 9.5% year-on-year, of which virgin and recycled yarn selling price rose 6% and 12%, respectively.

Thus, recycled yarn still brings stable and high profitability for STK.

Aligning economic growth with sustainability

In STK's strategic direction, revenue and profit growth should be aligned with environmental protection, interest of related parties and society development.

The Company's sustainability strategies focus on 3 core objectives:

- > Revenue and profit growth target: To achieve this objective, the Company focuses on development of eco-friendly products which have high added value and are highly demanded by consumers and customers, expand markets and customer base.
- > Environmental protection target: To achieve this objective, the Company (i) invests in eco-friendly technology which ensures high efficiency, limit wastage, saving material consumption; (ii) adopts measures to reduce, reuse and recycled raw material, water and electricity; (iii) uses renewable energy.
- > Human resource and society development targets: The Company's remuneration policies are based on principle of sharing benefit with employees, aligning interests of related parties. In addition, the Company creates safe and healthy working environment, provides trainings and promotion opportunities to employees.

Recycled polyester will remain to be strategic products up to 2025 with high profitability and stable price.

FOCUSING ON ECO-FRIENDLY AND HIGH VALUE ADDED PRODUCTS

*Recycled plus functionality such as anti-UV, high stretch, quick dry...
(dope dyed black/beige/grey.)*

Melange yarn



2023
forward



LABOR & SOCIETY

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

REVENUE & PROFIT GROWTH

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

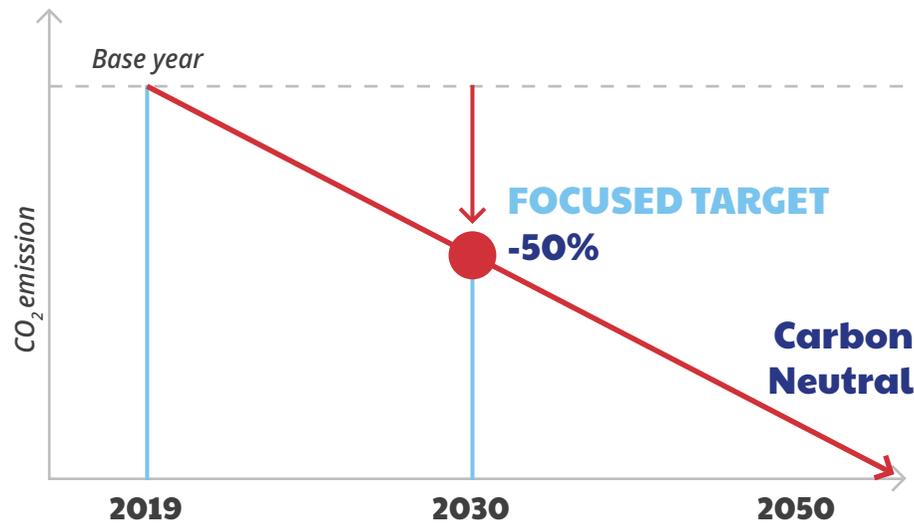
ENVIRONMENT

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

Sustainable development trends in garment and textile industry

In recent years, as consumers' awareness about environmental protection, human right and social responsibility have been gradually improving, prominent brands have actively changed their business strategies to meet consumers' demand.

Regarding environmental protection, the brands made a commitment to prevent climate change and protect water resources. In order to keep global temperature rise below 1.5 degree Celsius, in 2018 the brands committed to cut green house gas emission by 50% by 2030 and reach zero net emission by 2050. By 2021 there were 132 brands (including Adidas, H&M, Inditex, Lululemon, VF Group) participated in this campaign.



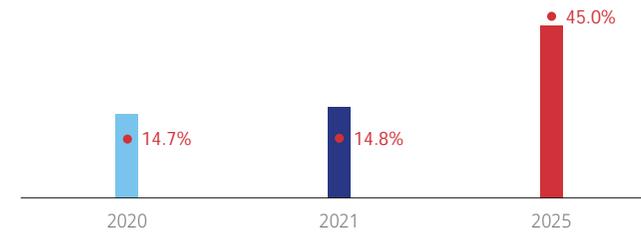
Action plan to reach target of fighting climate change:

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

Source: FICCA

To achieve the above mentioned climate action commitment, in April 2021, the brands committed to raise the portion of recycled polyester in total polyester usage from 14.7% (2020) to 45% (2025). Thus, the volume of recycled polyester consumption is expected to rise from 8.37 million tons (2020) to 17.1 million tons (2025).

World recycled fiber consumption (mil. tons)



Source: Textile Exchange

Recycled polyester accounted for 14.83% in total global polyester fiber consumption (113 mil. tons) in 2021, and the portion of recycled polyester filament was just 4%. This is huge opportunity for STK to raise the contribution of recycled yarn in total revenue in the coming years.

To protect water resources, the brands also commit not discharging hazardous chemical into the environment under the Zero Discharge Hazardous Chemical ("ZDHC") campaign. Therefore, those products that help brands to cut water and chemical consumption such as STK's dope dyed yarn will have growth opportunities.

To ensure human rights and workers' rights such as non-discrimination, no forced labour, providing safe and healthy working environment, leave time, the brands conduct periodic ESG audit at the suppliers in the supply chain.

Opportunities and challenges that may impact the Company's business

Impact of major industrial and market factors on STK in 2022 and expected affects in 2023

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

Factors	2022	2023	Notes
Demand for apparel products is expected to decline in major markets such as US and EU due to energy crisis, inflation and economic depression	↓	↓↓	GDP growth of the US is estimated to be 1.6% in 2022 and forecasted to be 1% in 2023. GDP growth of the EU is estimated to be 3.1% in 2022 and forecasted to be 0.5% in 2023.
The brands follow the trend of near shoring in order to cut costs	↓	↓	
Luxury segment is forecasted to be less impacted by economic recession.	↑	↑	
Trends of sustainability	↑	↑	Commitment by prominent brands in combating climate change. Recycled yarn remains to receive brands' attention and its consumption is forecasted to be strong.
The tendency that USD and interest rate to be kept at high level.	↓	↓↓	
Covid 19 pandemic may be outbroken in Asia due to emergence of new variants.	↓	↓	
Brands give priority in sourcing decision to countries with favourable tariff treatment and stable political environment.	↑	↑	Vietnam satisfies both criterion and is considered as one of the best sourcing destinations in Asia of brands
Decision of the Trade Remedies Authority of Vietnam to review antidumping tariff on yarn imported from China	↑	↑	Potentially helps to prevent antidumping activities of Chinese producers.

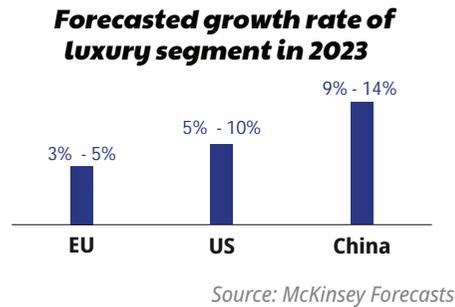
STK's action plan to cope with opportunities and challenges

DISCRETIONARY SPENDING AND APPAREL DEMAND IS EXPECTED TO REDUCE IN 2023

Although it is forecasted that apparel demand would decline and spendings for apparel would be tightened, sport wear segment is considered to have positive prospects.

Around 80% of STK revenue is from sales to ultimate customers who are well-known brands such as Nike, Adidas, Fast Retailing (Uniqlo), Lululemon which are in the top 20 most profitable groups in the world. (Source: McKinsey Global Fashion Index).

Thanks to the network of customers who mainly supply to prominent brandname, STK has many advantage to push sales and improve margin as well as develop eco-friendly and high value added products.



BRANDS ARE MORE STRINGENT IN SELECTING SOURCING DESTINATIONS

Vietnam has several advantages as a sourcing destination for brands

- > Vietnam has favourable tariff treatments, helping to lower selling prices in major exporting markets.
- > Vietnam's garment and textile supply chain has been gradually completed with all steps from yarn, textile, garment production which can help shortening delivery time, improving agility in meeting brands' requirements.
- > Vietnam has considerably stable political environment and control pandemic better than other countries.
- > Vietnam textile companies are increasingly focusing on the integration of sustainable developments into their business.

Sourcing destination	Speed to market	Sourcing cost	Flexibility and Agility	Risk of labour and social compliance	Risk of environmental compliance
USA	●	■	▲	●	●
Mexico	●	▲	▲	▲	▲
CAFTA-DR	▲	▲	▲	▲	▲
China	▲	▲	▲	■	■
Vietnam	▲	●	▲	▲	▲
Bangladesh	■	●	▲	■	■
Indonesia	■	▲	▲	■	■
India	■	▲	▲	■	■
Srilanka	■	▲	▲	▲	▲
Cambodia	■	●	▲	■	■

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

Source: US-FIA 2022 benchmarking study

In general, based on marks for 5 criterion above, Vietnam is highly regarded in Asia.

Medium and long-term **strategies** toward 2025

Strengthen internal competency and expand market shares

Developing eco-friendly products: recycled, dope dyed and functional yarn;

Perfecting the system to improve production efficiency and product quality;

Enhancing capacity for production managers and workers;

Expanding capacity of 60,000 tons p.a. (Unitex factory);

Applying automation and information technology to reduce reliance on manual operation and experiences of operators.

Management of operating and sustainability risks

Implementing internal audit to control risks especially those related to production and costing system.

Improving remuneration and benefit policies, reward policies, KPIs as well as working environment to attract and retain skillful and professional work force;

Providing regular training courses for employees at all level;

Controlling environmental risks, adopting initiatives to cut energy consumption, water consumption, adopting Life Cycle Assessment (LCA) to measure impacts to environment (for example CO₂ emission per kg of product).

In the recent years, STK is considered as a leading company in sustainability development, highly appreciated by customers and partners in the following aspects:

- › Using PET chip from post-consumer bottles to make recycled yarn;
- › Developing colour yarn to minimize water consumption;
- › Installing and operating solar rooftop system and increasing solar energy capacity;
- › Recycling waste yarn into PET chip to minimize disposal of waste yarn to the environment.

Please refer to **Sustainability Strategies, Sustainable Development Report**, page 64 of the **Annual Report 2022**.

Risk Management

As we are always facing with unpredictable challenges and risks in the macro-economy and business conditions, risk management becomes even more important for the survival of the business and is a prerequisite for demonstrating its ability to improve or turn around in adversity.

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Risk management system	37
Determination of Risk Materiality	39
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Risk management objectives

1

Recognize the internal and external risks of the Company in order to actively control risks, minimize potential damage and take advantage of opportunities which may arise from the risks.

2

Ensure stability and sustainability of the Company's operations and maintain growth and achieve the Company's targets.

3

Clearly define authority and responsibility of each department in their risk management.

4

Instill risk awareness and the mindset that it is better to prevent and control risks rather than solve its aftermath

Objectives

In 2022, STK has established and issued the Internal Audit Regulation and coordinated with a consulting firm to internally audit the operation of the Company, thereby setting up a foundation for an overview assessment of existing and potential risks.

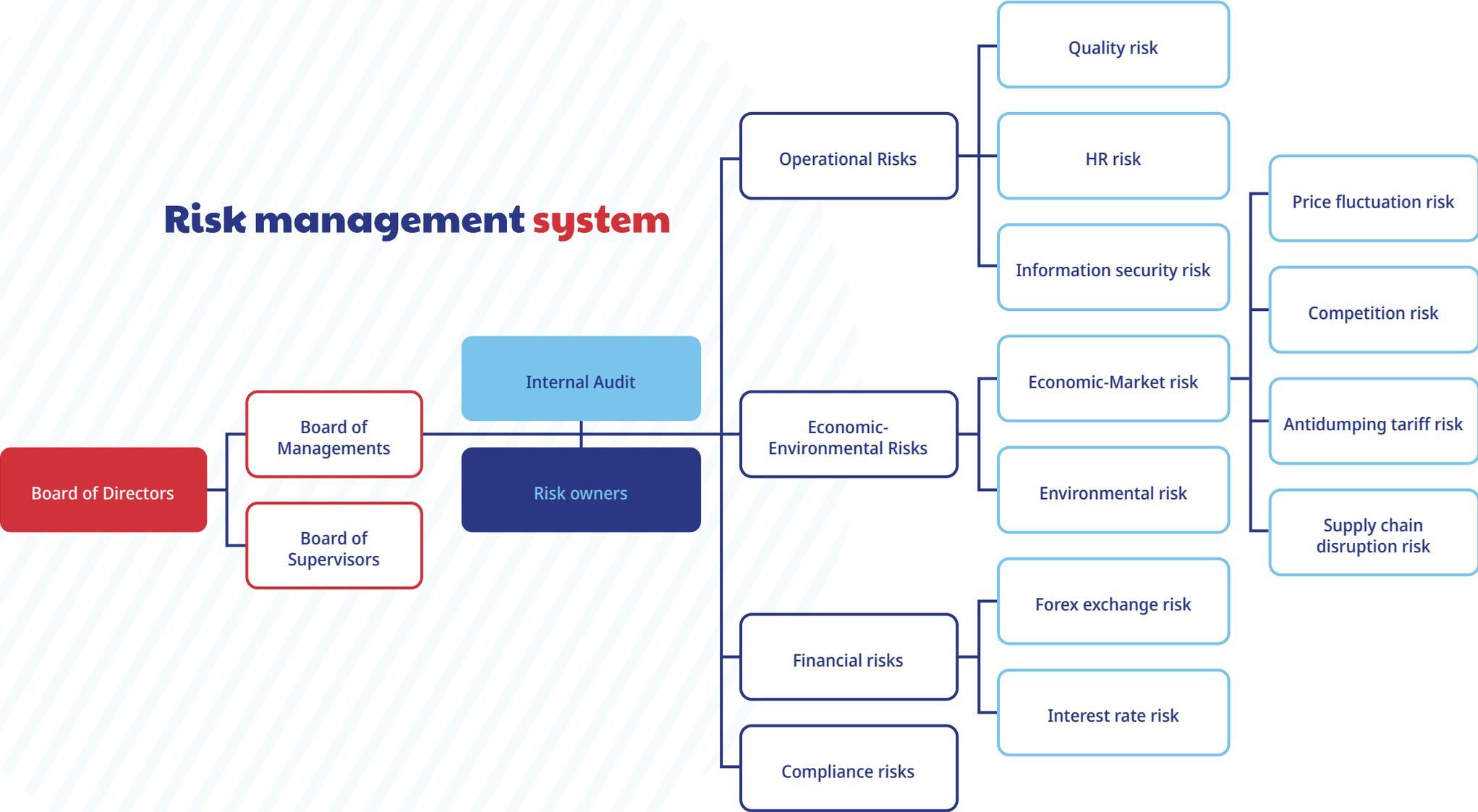
Effective risk management is important for the implementation of strategic goals and sustainable developments in its business operations.

Risk in sustainable development happens when environmental, social or governance risks have a potentially serious and negative impacts on the value of investments.

As we are often facing with unfavorable business conditions, effective risk management policies can give the Company the ability to respond, mitigate risks and identify opportunities from those risks.

Despite the fact that there were many challenges in 2022 such as the global economy's slow recovery after the Covid 19 pandemic, rising inflation, volatile foreign exchange rates and insufficient human resources in textile industry, the Company has shown its resilience and maintained the performance at acceptable levels.

Risk management system



3 lines of defense in risk management

1 Managing Director and Heads of Departments

- › Build risk matrix for each department and whole Company.
- › Assess and classify risks after evaluate the impact of risks to the Company.
- › Outline measures to improve risk control in each day to day activity of the Company.

2 Internal Audit

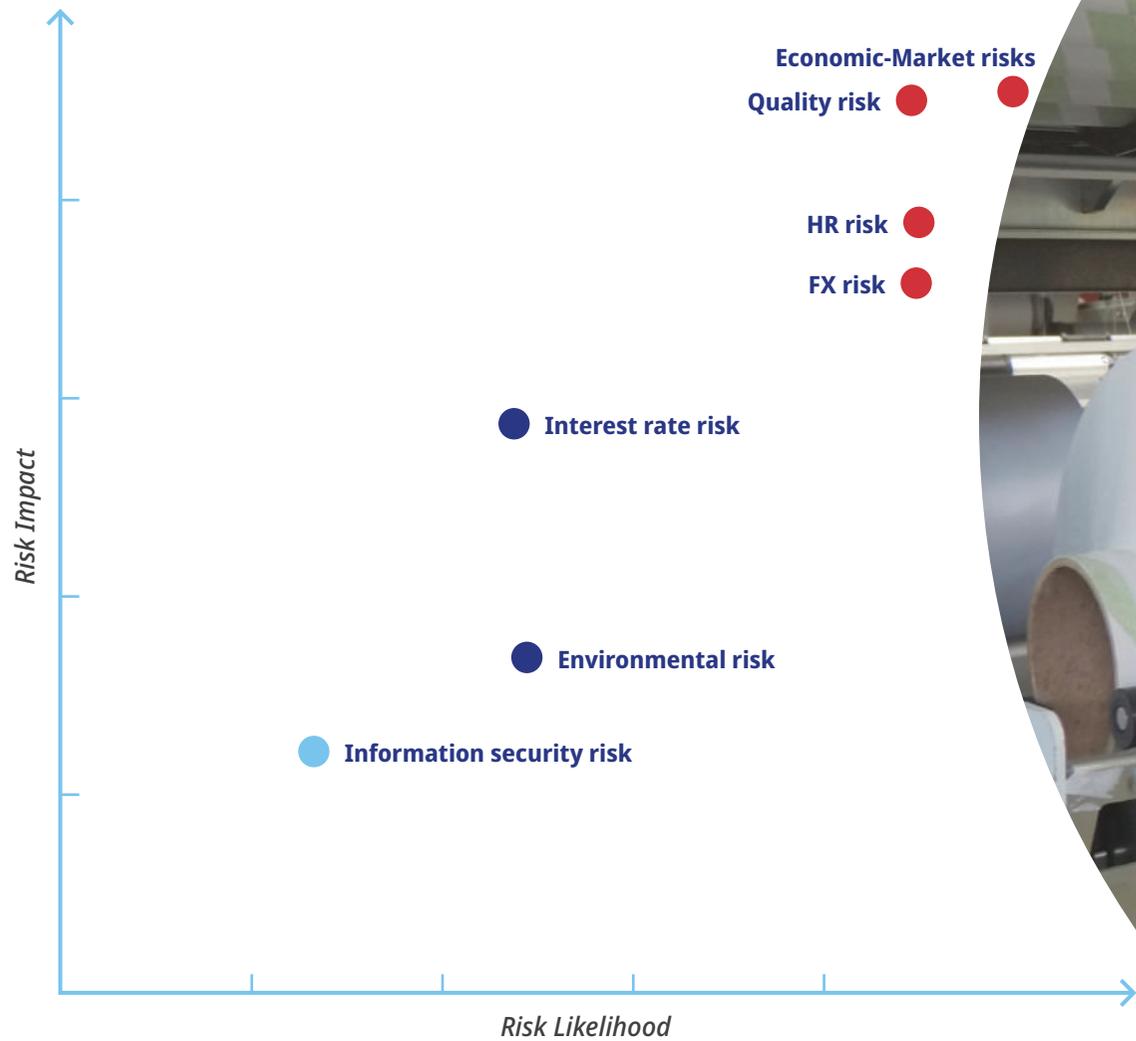
- › Evaluate risk control mechanism of each department/division, then develop evaluation criterion.
- › Monitor operations and evaluate based on set criterion.
- › Timely prevent and handle violations or inherent risks.

3 Board of Supervisors

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

Determination of Risk Materiality

Through departments' operations, the Board of Managements and the Internal Audit unit has established risk matrix, evaluated and ranked risks by materiality.



Analysis and evaluation of critical risks

Price fluctuation risk

Risk analysis	Risk mitigations
<p>Global economic crisis, natural disasters, epidemics can affect consumer demand for textile products with great impact on prices;</p> <p>Fluctuations in commodity prices (oil price) can affect input costs of Companies.</p>	<p>Monitoring macro-economic factors to forecast upcoming trends in the economy and textile industry.</p> <p>Making great efforts to diversify customer base, develop new markets. Continuously enhancing product quality and customer services, strictly controlling costs in order to retain customers.</p> <p>Focusing on R&D activities to develop product with special functions which are preferable by sport-wear brand names.</p> <p>Diversifying suppliers and customers as well as the price fixing mechanism between raw material purchases and sales of finished products in order to maintain its target price gap between selling price and polyester chip price.</p>
Risk owners	Sales and Procurement teams
Risk tendency in 2023	Increasing

Competition risk

Risk analysis	Risk mitigations
<p>The relocation trend of garment and textile production from China, Taiwan and Korea to Vietnam together with the investment wave to catch the opportunities brought by FTAs will lead to more competition in the yarn subsector.</p> <p>Competitors move into premium segmentation of products or towards recycled production.</p>	<p>To strengthen competitive advantages in term of pricing and quality;</p> <p>To create barriers regarding technology, quality assurance, production management and brand awareness in order to create product quality differentiation.</p>
Risk owners	Sales and Production management teams
Risk tendency in 2023	Unchanged

Anti-dumping tariff risk

Risk analysis	Risk mitigations
<p>In the context of free trade throughout global markets, trade safeguard measures (including anti-dumping, anti-subsidy investigations) are frequently used by the governments of importing countries in order to protect their local producers. The requests for application of those trade safeguard measures are sometime absurd and it will take times and efforts to reject those absurd requests.</p>	<p>Applying reasonable selling price policies for domestic and exporting markets and maintain a good reporting system to help proving that the Company does not dump prices.</p> <p>Diversifying its sales markets, not concentrating major sales revenue on one market.</p>
Risk owners	Im-Export and Sales teams
Risk tendency in 2023	Unchanged

Quality risk

Risk analysis	Risk mitigations
<p>Product quality is the Company's top priority, disqualified products will have negative impacts on customers, causing customer complaints or compensations for damage, losing customers and orders.</p> <p>The quality of the main and auxiliary materials can also affect the quality of the product.</p>	<p>Setting up SOPs (Standard of Procedure), cross-checking mechanism in each production stage.</p> <p>Enhancing skills and professional knowledge for employees;</p> <p>Diversifying the raw material suppliers</p> <p>Periodically evaluation the quality of suppliers</p> <p>Adopting cutting-edge technology and automation at certain production stages to reduce manual operation.</p>
Risk owners	Production and Procurement teams
Risk tendency in 2023	Increasing

Analysis and evaluation of critical risks

(cont.)

Human resources quality risk

Risk analysis	Risk mitigations
<p>Insufficient or incompetent human resources also vastly affect production and business activities, especially at middle and grassroot management levels.</p> <p>Widespread pandemics would lead to labour shortage.</p> <p>Unfriendly working environment, inadequate welfare benefits can cause higher staff turnover rate.</p>	<p>Insufficient or incompetent human resources also vastly affect production and business activities, especially at middle and grassroot management levels.</p> <p>Widespread pandemics would lead to labour shortage.</p> <p>Unfriendly working environment, inadequate welfare benefits can cause higher staff turnover rate.</p> <p>Focusing on trainings, qualification and skill improvements, building successor teams.</p>
Risk owners	HR and Administration teams
Risk tendency in 2023	Increasing

Risk of disruption and raw material shortage

Risk analysis	Risk mitigations
<p>Epidemics, natural disasters, insufficient supply, logistical delays, or supplier quality problems can lead to insufficient supply of raw materials and affect the Company's operations</p>	<p>The Company always maintains at least 3 suppliers for each type of raw materials and components.</p> <p>In case of supply chain disruption risk due to epidemics or natural disasters, the Company will place more orders in advance in order to ensure the sufficiency of production demands in the near future. Thanks to the policy of supplier diversity, especially for imported raw materials, the Company is always looking for suppliers with different geographical locations to reduce the risk of material shortage.</p>
Risk owners	Procurement team
Risk tendency in 2023	Decreasing

FX loss risk

Risk analysis	Risk mitigations
<p>Fluctuation of interest rates can affect the Company's profitability.</p> <p>An increase in the FX rate will increase the unrealized FX loss as well as interest expenses related to the Company's USD-denominated-long-term debts, reducing the Company's profit after tax.</p>	<p>The Company has enough USD denominated cashflow from the export revenue which account for 50% of the total revenue.</p> <p>Provisioning for unrealized FX loss (if any) will not affect the Company's actual cashflow in case it increases.</p>
Risk owners	Sales and Finance-Accounting teams
Risk tendency in 2023	Increasing

Compliance risk

Risk analysis	Risk mitigations
<p>The Company's non-compliance with the regulations and best practices related to corporate governance, commerce, tax, accounting, finance, import and export, environment, labor may lead to fines, litigation, damaged reputation, boycott by customers, employees, partners, suppliers, shareholders and banks.</p>	<p>Functional departments must regularly update new regulations and practices to the relevant operating regulations of the Company.</p> <p>Heads of the departments are responsible for proactively updating and researching, thereby training and educating staffs to grasp the necessary new regulations, creating a foundation for changing the policies timely.</p>
Risk owners	Administration, Sales, Finance-Accounting and Im-Export teams
Risk tendency in 2023	Unchanged



Analysis and evaluation of critical risks (cont.)

Environmental risk

Risk analysis	Risk mitigations
<p>The main raw material of the Company is PET chip which is the derivative of oil while the auxiliary materials are paper tubes and paper boxes. Therefore, the global policies and regulations on environment, especially the ones regarding oil and forest resources exploration will significantly influence the supply of these materials, thereby causing a strong impact on production and business of the Company.</p> <p>During production process and operations, the Company may cause environmental impacts such as solid and liquid wastes, emission, wastewater, noise and dust; the continuous consumption of electricity (24 hours-per-day) can also indirectly cause an increase in greenhouse gas emission into the environment.</p>	<p>The Company has researched and developed new products such as Recycled yarns (using Recycled PET chip recycled from polyester plastic bottles in order to reduce oil exploration), dope dyed yarn (reducing the water usage and not using toxic chemicals) and cooperated with suppliers in order to enhance quality of POY paper tubes in order to increase reuse times (reducing deforestation).</p> <p>A rooftop solar power system with a capacity of 10.5MWp is operated, helping to save electricity consumption, reduce CO₂ emissions.</p> <p>In terms of wastewater: There is a wastewater collection system for treatment before discharging into the network of water treatment system of the Industrial Zone.</p> <p>Hazardous and non-hazardous wastes is classified and collected at the specified place for each type of waste.</p> <p>In terms of noise and dust: The Company uses modern machines, with dust storage parts and noise reduction, minimizing the impact to the environment.</p> <p>Protective measures to prevent from fire and explosion, environmental incidents: Install automatic fire alarm systems, fire extinguishing systems; regularly check the electrical system to avoid short circuits; establishment of fire protection teams; periodically train and practice fire prevention according to regulations. When a breakdown occurs, timely cut off power inside and outside the factory; notify the local fire protection department to get in time support and prevent from fire spreads.</p> <p>The Company also makes commitments, issues an Environmental Handbook and policies guiding the management and use of hazardous chemicals to minimize the negative impacts to the production and operation process on the surrounding environment.</p>
Risk owners	Administration, Procurement, Utility and Production teams
Risk tendency in 2023	Unchanged

Report of Internal audit

In 2022, the Company has co-operated with an independent audit firm to establish internal audit function.

Initially, the audit team assessed the risk overview of the Company's entire operations, creating the risk matrix and identify the departments which have highest risk level to conduct the internal audit.

As follows:

**POY
PRODUCTION UNIT**



**FINANCE-ACCOUNTING
TEAM**



**HUMAN
RESOURCES**



Implemented tasks

Review existing SOPs to detect inconsistencies, thereby proposing adjustments to limit risks during operation.



Support the Board of Managements to establish pivot control points so that risks can be detected timely.



Re-check the results and assess risks after functional department made improvement to procedures based on opinions of internal auditors, thereby proposing a risk monitoring plan in the future, supporting the Board of Managements to improve cross-check mechanism, contributing to enhance operational efficiency.



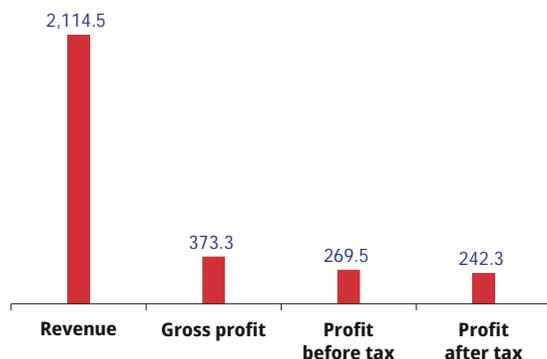
Make plan and expand the scope of internal audit to other departments in 2023.

Report of Board of management of the Company's performance

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The Company's performance in 2022

Consolidated business results FY2022



The Company's Consolidated net revenue in 2022 was VND2,114.5 billion, a slightly increase of 3.5% as compared to the same period. To cope with weak demand in due to the slow growth of the global economy, the Company followed flexible sales strategies, developed new orders and customers, and boosted sales of recycled and other high valued-added yarns. Although sales of virgin yarn decreased by 6.8% as compared to 2021, sales of recycled yarn only decreased by 3.4%. Thanks to

the increase in the selling price of 9.5% as compared to 2021, the drop in sales volume was partially offsetted, accordingly, revenue in 2022 still slightly increased as compared to 2021.

However, due to the high competition, the rise of virgin yarn's selling price (6.2%) was still lower than the rise of main material's cost (virgin PET chip increased by 23.4% as compared to 2021). Despite the fact that the gross profit of the recycled yarn increased by 37%, it is not sufficient to offset declining profit of virgin yarn as well as sales volume reduction. As a result, the total gross profit reached VND373.3 billion, a slight decrease of 0.3% as compared to the previous year.

The VND/USD exchange rate in 2022 significantly surged by 9.7% from September to November 2022, and increased by 3.4% as compared to 2021, leading to a significant increase of Company's financial expenses by more than 5 times as compared to the same period and causing a decrease in profit before tax by 5.7% and a decrease in profit after tax in 2022 by 13% as compared to 2021.

In 2022, the Company consistently implemented its strategies in developing new markets and products. The number of new customers in 2022 was 54 subjects. The Company boosted sales in domestic market, the proportion of revenue in the domestic market accounted for 68% in 2022 while this proportion was 62% in 2021.

The recycled yarn's contribution in 2022 was 52% of the revenue, the average selling price of recycled yarn increased by 12% as compared to the same period. This result is attributable to the relentless efforts of the Boards of Management and the sales team in maintaining the sustainable profit of recycled yarn.

2022	Virgin yarn	Recycled yarn
% of revenue	48%	52%

Performance as compared to the previous year

CONSOLIDATED BUSINESS PERFORMANCE:

KPIs (VND billion)	2022 Actual	2021 Actual	+/- %
Net revenue	2,114.5	2,042.4	3.5%
Gross profit	373.3	374.5	-0.3%
Gross profit margin (%)	17.7%	18.3%	-0.7%
Net profit before tax	269.5	285.7	-5.7%
Net profit after tax	242.3	278.5	-13.0%

SEPARATED BUSINESS PERFORMANCE:

KPIs (VND billion)	2022 Actual	2021 Actual	+/- %
Net revenue	2,114.5	2,042.4	3.5%
Gross profit	373.3	374.5	-0.3%
Gross profit margin (%)	17.7%	18.3%	-0.7%
Net profit before tax	273.3	286.2	-4.5%
Net profit after tax	246.1	278.9	-11.8%

Consolidated net revenue in 2022 of the whole Company reached VND2,114.5 billion, a rise of 3.5% as compared to the same period. In which, the average selling price increased by 9.5% and the sales volume in 2022 decreased by 5.4% as compared to 2021.

Profit indicators in 2022 decreased as compared to 2021 mainly due to an increase in cost of goods sold of 4.5% and a surge in the VND/USD exchange rate, leading to a rise in financial expenses due to FX loss provisioning related to short-term debts and USD-denominated pre-payments.

Performance as compared to the budget forecast

KPIs (VND bil.)	2022 Actual	2022 Forecast	Actual /Forecast
Net revenue	2,114.5	2,605.7	81.1%
Net profit before tax	269.5	340.3	79.2%
Net profit after tax	242.3	300.3	80.7%

Revenue in 2022 did not meet the initial forecast due to the insufficient sales volume which reached only 81% of the budget; mainly due to fashion brands' decision to constrain orders to reduce inventories in the face of worldwide declining consumer demand.

Although the SG&A expenses were still within the budget, the financial expenses significantly exceeded the budget. Therefore, Profit before tax and Profit after tax only reached 79.2% and 80.7% of the set target, respectively.

Financial standings

OVERVIEW OF CONSOLIDATED AND SEPARATED FINANCIAL STANDINGS FY2022 AS COMPARED TO THE LAST YEAR

Indicators (VND bil.)	Consolidated			Separated		
	2022	2021	%+/-	2022	2021	%+/-
Total assets	2,125.0	1,971.1	7.8%	2,124.5	1,969.9	7.8%
Net revenue	2,114.5	2,042.4	3.5%	2,114.5	2,042.4	3.5%
Gross profit	373.3	374.5	-0.3%	373.3	374.5	-0.3%
Operating profit	270.7	285.2	-5.1%	274.5	285.6	-3.9%
Other profit	(1.24)	0.56		(1.24)	0.60	
Profit before tax	269.5	285.7	-5.7%	273.3	286.2	-4.5%
Profit after tax	242.3	278.5	-13.0%	246.1	278.9	-11.8%
Dividend ratio	15%	15%		15%	15%	



CONSOLIDATED AND SEPARATED RESOURCES STRUCTURE

Indicators (VND bil.)	Consolidated			Separated		
	31/12/2022	31/12/2021	+/-%	31/12/2022	31/12/2021	+/-%
LIABILITIES	583.9	712.1	-18.0%	579.4	710.8	-18.5%
<i>Current liabilities</i>	583.7	711.9	-18.0%	579.2	710.5	-18.5%
Short-term trade payables	219.8	291.4	-24.6%	215.3	290.0	-25.8%
Short-term advances from customers	8.8	41.6	-78.9%	8.8	41.6	-78.9%
Statutory obligations	3.6	11.8	-69.8%	3.6	11.8	-69.8%
Payables to employees	24.6	26.6	-7.5%	24.6	26.6	-7.5%
Short-term accrued expenses	6.4	8.3	-22.0%	6.4	8.3	-22.0%
Other short-term payables	6.7	6.2	6.8%	6.7	6.2	6.8%
Short-term loans	308.1	321.3	-4.1%	308.1	321.3	-4.1%
Bonus and welfare funds	5.7	4.6	24.4%	5.7	4.6	24.4%
<i>Non-current liabilities</i>	0.3	0.3	-3.3%	0.3	0.3	-3.3%
Other long-term liabilities						
Long-term loans						
Long-term provision	0.3	0.3	-3.3%	0.3	0.3	-3.3%
OWNERS' EQUITY	1,541.1	1,259.0	22.4%	1,545.0	1,259.2	22.7%
Share capital	843.6	707.3	19.3%	843.6	707.3	19.3%
Share premium	40.8	35.1	16.3%	40.8	35.1	16.3%
Treasury share	(42.4)	(42.4)		(42.4)	(42.4)	
Investment and development fund	1.2	1.2		1.2	1.2	
Undistributed earnings	697.8	557.8	25.1%	701.8	558.0	25.8%
TOTAL RESOURCES	2,125.0	1,971.1	7.8%	2,124.5	1,969.9	7.8%

The Company timely and fully make payment for debts. In 2022, there is no overdue liabilities.

CONSOLIDATED AND SEPARATED ASSET STRUCTURE

Indicators (VND bil.)	Consolidated			Separated		
	31/12/2022	31/12/2021	+/-%	31/12/2022	31/12/2021	+/-%
CURRENT ASSETS	1,200.0	986.2	21.7%	1,085.3	983.4	10.4%
Cash and cash equivalents	235.3	366.2	-35.8%	92.0	366.1	-74.9%
Short-term investment	180.0			130.0		
Current accounts receivable	226.0	87.0	159.7%	315.5	92.2	242.2%
Inventories	466.1	471.5	-1.1%	466.1	471.5	-1.1%
Other current assets	92.5	61.5	50.5%	81.7	53.6	52.5%
NON-CURRENT ASSETS	925.1	984.9	-6.1%	1,039.2	986.5	5.3%
Long-term receivable		11.3			11.3	
Fixed assets	730.6	806.7	-9.4%	730.6	806.7	-9.4%
Long-term asset in progress	40.9	24.2	69.3%	11.0	23.8	-54.0%
Long-term investments	13.8	6.1	126.3%	235.9	86.1	174.0%
Other long-term assets	139.8	136.6	2.3%	61.7	58.6	5.4%
TOTAL ASSETS	2,125.0	1,971.1	7.8%	2,124.5	1,969.9	7.8%

TAX AND STATUTORY OBLIGATIONS

Indicators (VND bil.)	Consolidated		Separated	
	31/12/2022	31/12/2021	31/12/2022	31/12/2021
Corporate income tax	0.78	6.50	0.78	6.50
Individual income tax	0.49	0.11	0.49	0.11
Value added tax	2.31	5.20	2.31	5.20
Total	3.57	11.81	3.57	11.81

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

PROVISION OF REQUIRED FUNDS

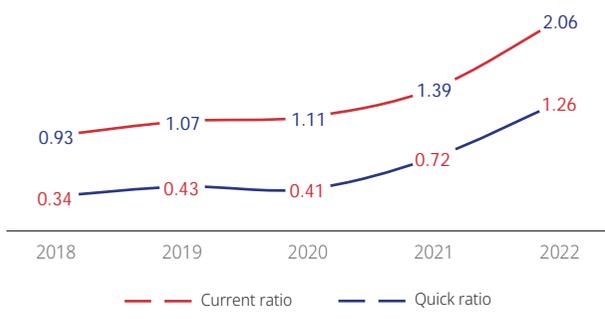
Provision of required funds was made in accordance with the Charter and the laws.

Fund	2022	2021
Investment and Development Fund (VND billion)	1.219	1.219

KEY FINANCIAL INDICATORS

Indicators	Unit	Consolidated			Separated		
		2022	2021	+/-	2022	2021	+/-
Liquidity ratio							
Current ratio	Time	2.06	1.39	0.67	1.87	1.38	0.49
Quick ratio	Time	1.26	0.72	0.53	1.07	0.72	0.35
Financial leverage							
Debt/Equity ratio	Time	0.20	0.26	(0.06)	0.20	0.26	(0.06)
Debt/Total assets	Time	0.14	0.16	(0.02)	0.15	0.16	(0.02)
Efficiency							
Inventory Turnover	Time	3.71	3.64	0.07	3.71	3.64	0.07
Net revenue/Total Assets	Time	1.00	1.04	(0.04)	1.00	1.04	(0.04)
Profitability							
Return from operating activities on sales	%	12.80%	13.96%	-1.16%	12.80%	13.96%	-1.16%
Return on Asset (ROA)	%	11.46%	13.63%	-2.18%	11.64%	13.66%	-2.18%
Return on Equity (ROE)	%	11.40%	14.13%	-2.73%	11.58%	14.16%	-2.73%
Return on Equity (ROE)	%	15.72%	22.12%	-6.40%	15.93%	22.15%	-6.40%
EPS	VND	3,341	4,084				

LIQUIDITY RATIOS

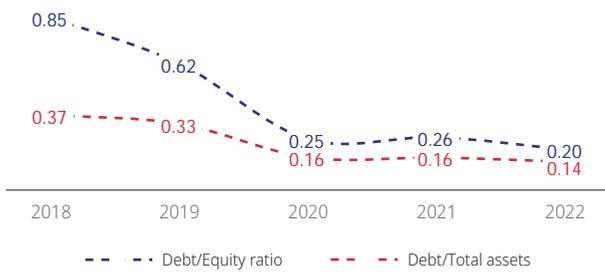


Current ratio in 2022 reached 2.06x, indicating that the current assets is sufficient to cover the current liabilities.

Quick ratio in 2022 also increased as compared to 2021, since the short-term assets rose by 21.7% while the short-term debt fell by 18% as compared to 2021.

As the Company focused on liabilities management, the liquidity ratios in 2022 were better than 2021.

RESOURCE STRUCTURE



In 2022, the Company has proactively reduced short-term debt especially in the circumstance of increasing tendency rising trajectory of interest rate and FX rate, helping limit risks and ensure a sound financial standing.

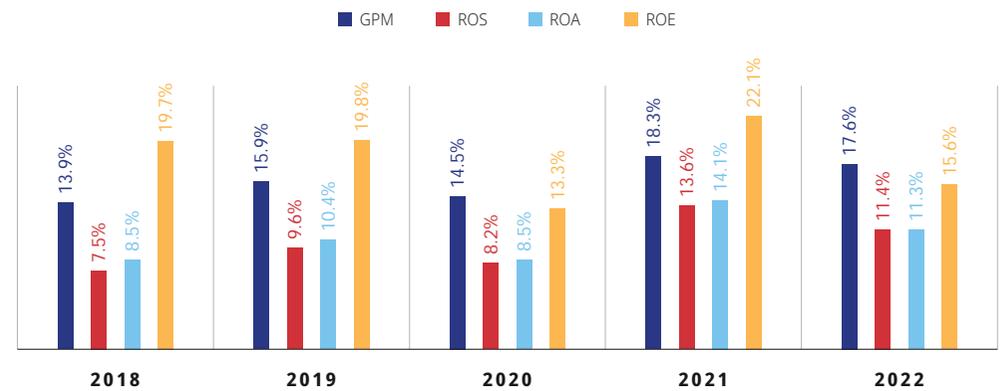
EFFICIENCY RATIOS



The Company's performance indicators in 2022 all improved as compared to 2021.

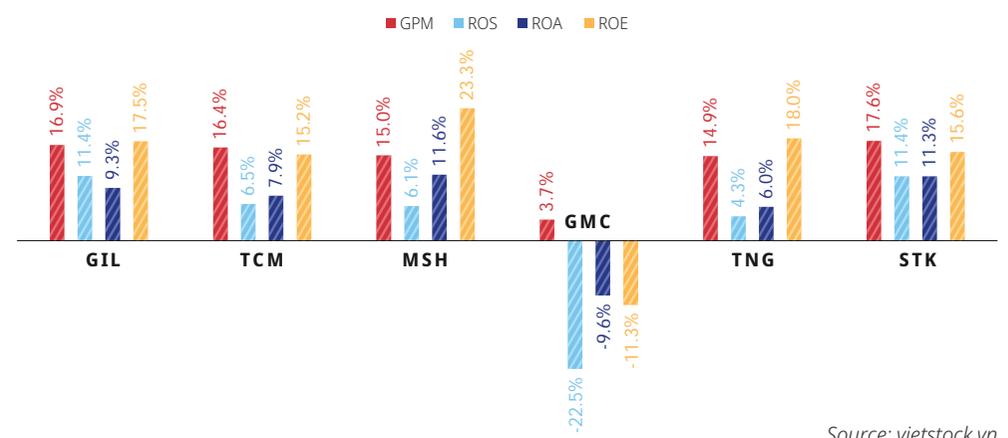
- > Account receivables turnover of the Company reached 30.5x.
- > Inventory turnover increased from 3.64x to 3.71x.
- > Accounts payable turnover decreased to 6.81x.

PROFITABILITY RATIOS



Due to the decline in profit after tax in 2022 as compared to the same period, the profitability ratios slightly decreased as compared to 2021.

COMPARISON OF PROFITABILITY INDICATORS BETWEEN STK AND OTHER LISTED COMPANIES IN THE SAME INDUSTRY IN 2022



Source: vietstock.vn

Assessment of Company performance

Board of Managements (BOM)



Mdm. Nguyen Phuong Chi

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

Year: 1972

Education: Master of Applied Finance

Working experience:

- 01/2015 to present: CSO, CENTURY
- 03/2008 – 12/2014: Investment Advisory Manager, Tri Tin Consulting & Investment JSC.
- 04/2005 – 02/2008: Senior Project Manager, Openasia Consulting Ltd.
- 10/2004 – 02/2005: Business Development Officer, Mekong Private Sector Facility (“MPDF”).
- 10/2002 – 10/2004: Senior Financial Analyst, PricewaterhouseCoopers (Vietnam) Ltd.
- 03/1997 – 03/2000: Legal Assistant, Deacons Graham & James, Hanoi Branch.

% STK’s ownership: **0.014%**



Mr. Dang Trieu Hoa

Chairman, Managing Director

Year: 1969

Education: Business Administration

Working experience:

- 06/2010 to present: Chairman/Managing Director, CENTURY.
- 1995 - 2000: Director, Hoan A Trading & Services Co., Ltd.
- 1991 - 1995: Director, Viet Phu Trading & Services Co., Ltd.

% STK’s ownership: **13.87%**



Mr. Phan Nhu Bich

Deputy CFO/ Chief Accountant

Year: 1970

Education: MBA

Working experience:

- 11/2010 to present: Chief Accountant, CENTURY.
- 03/2004 – 03/2010: Controller/ Accountant, Thanh Cong Textile Garment & Investment Trading JSC.
- 1997 – 03/2004: Accountant, Binh Phuoc Electricity Company.

% STK’s ownership: **0.0085**

Changes in the BOM’s members in 2022: None

Overall assessment

KPIs (VND billion)	Actual 2022	Actual 2022/2021	Actual 2022/Forecast 2022
Sales revenue	2,114.5	3.5%	81.1%
Profit before tax	269.5	-5.7%	80.3%
Profit after tax	242.3	-13.0%	81.9%

Achievements

Although the Company's performance slowed down in the second half of 2022, 2022 total revenue slightly increased as compared to 2021.

Stable financial situation, low debt/equity ratio.

Inventory at the end of 2022 was equal to production volume in 1 month due to the relentless efforts in inventory release.

The SG&A expenses was well-managed, these two expense items declined by 28% and 10% as compared to 2021, respectively.

Unachievements

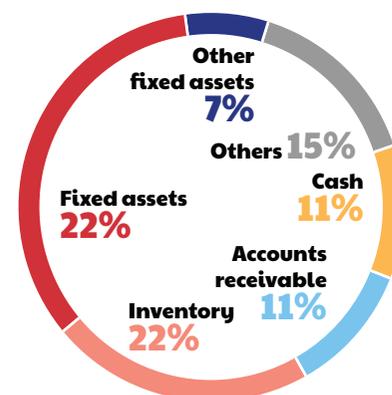
Although the total revenue grew as compared to the last year, the profit before tax dropped by 5.7% and profit after tax dropped by 13% as compared to 2021.

KPIs of performance did not achieve 2022 set targets, reaching only 80-81% of the budget.

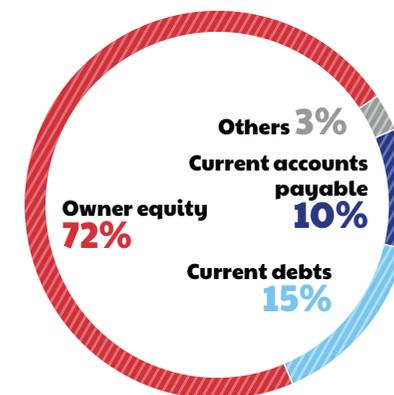
Consolidated Assets – Resources structures

VND billion	%	2022	2021	% YoY
Current assets	56.5%	1,200.0	986.2	21.7%
Non-current assets	43.5%	925.1	984.9	-6.1%
TOTAL ASSETS	100%	2,125.0	1,971.1	7.8%
Liabilities	27.5%	583.9	712.1	-18.0%
Current liabilities	27.5%	583.7	711.9	-18.0%
Non-current liabilities	0.0%	0.27	0.28	-3.3%
Owner's equity	72.5%	1,541.1	1,259.0	22.4%
TOTAL RESOURCES	100.0%	2,125.0	1,971.1	7.8%

Assets structure in 2022



Resources structure in 2022



CONSOLIDATED ASSETS GROWTH

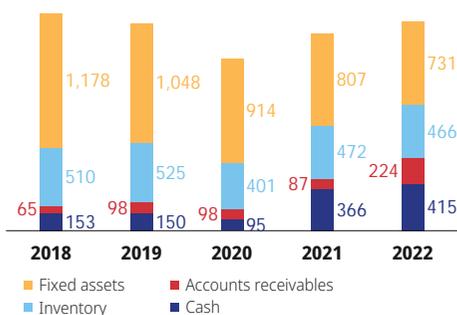
Total assets in 2022 rose by 21.7% as compared to 2021. In 2022, the Company did not recognize any increase in fixed asset value.

CONSOLIDATED RESOURCES GROWTH

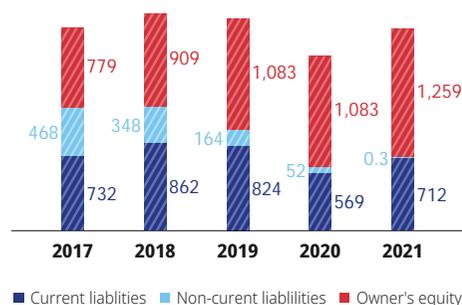
In 2021, total short-term liabilities dropped by 18% year-on-year. The Company did not recognize any long-term debt in 2022.

The owner's equity increased by 22.4% due to the capital raising from existing shareholders.

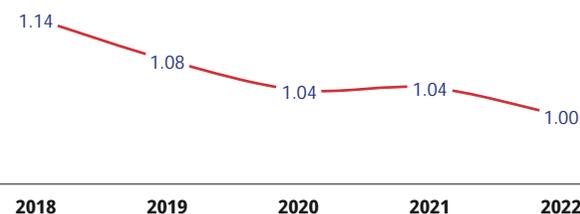
Consolidated assets growth (VND bn.)



Consolidated resources growth (VND bn.)



The assets turnover Sales revenue/ Total assets



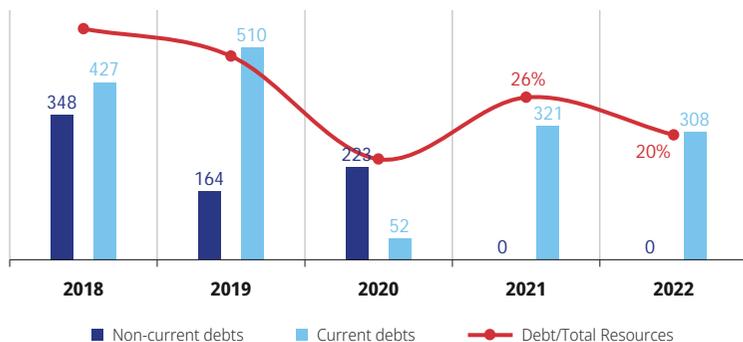
The assets turnover in 2022 reached 1x which is greater than 1 indicating that Company has been effectively using the assets to generate the revenue.

BAD DEBTS AND BAD ASSETS

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

Assessment of borrowing debts

Debts/ total resources
Unit: VND bil.



In 2022, the total debts accounted for 20% in total resources. The Company did not have long-term debts and proactively repaid short-term debts in advance in order to reduce the financial expenses and ensuring healthy financial standing.

VND billion	2022	2021	+/-
Short-term debts	308.1	321.3	-4.1%
Long-term debts	0	0	
Total amount of debt	308.1	321.3	-4.1%

In 2022, the Company did not recognize any overdue debt.

Impact of interest rate and foreign exchange rate

YEAR-ON YEAR COMPARISON OF FINANCIAL INCOME AND EXPENSES

KPIs (VND billion)	2022	2021	+/-
Financial incomes	29.3	18.0	62.6%
<i>Interest income</i>	17.7	6.3	180.2%
<i>Foreign exchange gain</i>	11.6	11.7	-0.9%
Financial expenses	48.36	8.69	456.4%
<i>Interest expenses</i>	9.13	5.32	71.6%
<i>Foreign exchange rate loss</i>	39.24	3.37	1063.5%

The exchange rate as at 31/12/2022 was VND23,410, increasing 3.4% as compared to the exchange rate of VND22,640 as at 31/12/2021.

Assessment of Financial Indicators

	Current ratio	Quick ratio	Debt/Owner's Equity	ROS	ROA	ROE
2018	0.93	0.34	0.37	8%	8.50%	19.70%
2019	1.07	0.43	0.62	9.62%	10.35%	19.80%
2020	1.11	0.41	0.25	8.18%	8.47%	13.33%
2021	1.38	0.72	0.26	13.63%	14.12%	22.12%
2022	2,05	1,25	0,20	11,37%	11,32%	15,62%

In general, the liquidity ratios and debt to equity ratio in 2022 were improved as compared to 2021; however, efficiency ratios declined as compared to 2021.

Future development plan

SHORT-TERM

Implementing capacity expansion project at the Company's subsidiary, creating foundation to boost sales volume and revenue for the Company.

Focusing on training and improving qualifications for production team.

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

MEDIUM AND LONG-TERM

Developing investment projects in order to expand the supply chain as well as develop high value added products.

Maintaining human resources, building the production successor team.

Improvements on organizational structure, policies and management systems

Applying Internal Audit to strengthen risk management system of the Company

Based on independent assessment of the external internal audit firm, the Board of Management reviewed the procedures and standards and set up proper improvement plans which are suitable with the actual circumstances.

Supplementing quality KPIs for each type of product, thereby identify the reason of underperforming KPIs. In addition, for each production order, the production unit also makes assessment and adjusts production conditions to achieve higher efficiency. The production unit cooperates with the accounting department to control the consumption norm of each type of product, creating a foundation for cost management, increasing the Company's competitive advantages.

Improving the procedures of inventory management including raw materials, tools, finished products... for each single day, goods receipt and delivery, avoiding losses and differences between inventory records and actual figures.

Performance forecast for the fiscal year 2023

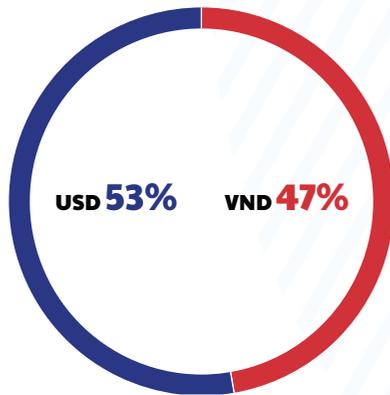
KPI (VND Billion)	2023 Forecast	2022 Actual	Forecast/Actual
Net revenue	2,149	2,114.5	101.6%
Net profit after tax	253	242.3	104.5%

The above forecast for 2023 will be submitted to approval of the Annual General Shareholder Meeting 2023.

ASSUMPTIONS:

- > Recycled Yarn's contribution of total revenue is 60%;
- > The average selling price is estimated to increase 3% as compared to 2022;
- > The average chip price is projected to increase by 1% as compared to 2022;
- > The selling expenses is projected to increase by 25%, primarily due to the higher proportion of direct export sales;
- > The FX rate as at 31/12/2023 is forecasted to increase by 2% as compared to 31/12/2022;
- > The projected corporate income tax rate is 11.9%;

Estimated net sales revenue by currencies



Estimated net sales revenue by products

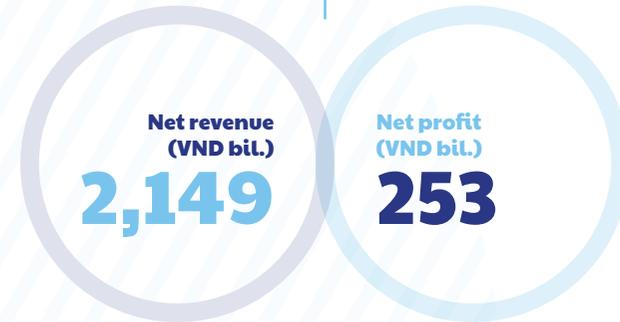


Explanation of the BOM to the audit firm's opinions

The auditing firm Ernst & Young does not have any comments on the 2022 Consolidated and Separated financial statements.

SHORT-TERM ORIENTATION AND DEVELOPMENT PLAN FOR YEAR 2023

Risk management towards sustainable developments



ACTION PLANS FOR YEAR 2023

Sales activities

- > Developing and maintaining customer network to ensure stability and targeted revenue growth.
- > Continuing to complete the construction of the UNITEX factory to create a foundation for capacity growth in the future.
- > Developing eco-friendly products with high added value; creating competitive advantages over competitors.

Production

- > Strengthening internal audit function to manage quality risk in production, thereby managing costs and consumption norms as well.
- > Applying automation technology for packaging and AI technology in yarn production, minimising manual operations that can affect product quality.

Supporting activities

- > Diversifying suppliers to limit the risk of supply chain disruption, especially for main raw materials.
- > Managing FX rate and interest rate risks to have timely action, avoiding affecting the Company's financial standings.
- > Strengthening and developing the Internal Audit system, expanding auditing scope to other procedures.
- > Strengthening the management and training of employees, avoiding labor shortage in case of capacity expansion.

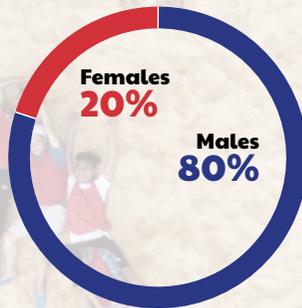
Human resource developments

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

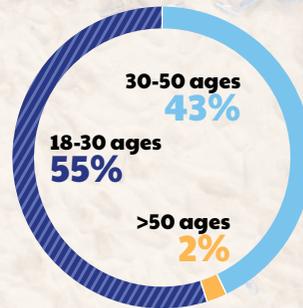
Human resources structure

Total number of employees in 2022: **882**

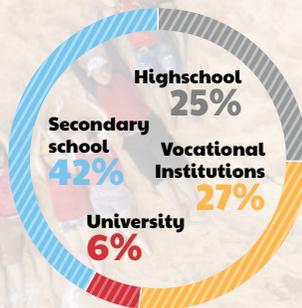
By Genders



By Ages



By Education Level



By Working Positions

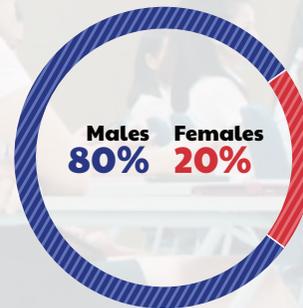


Recruitment in 2022

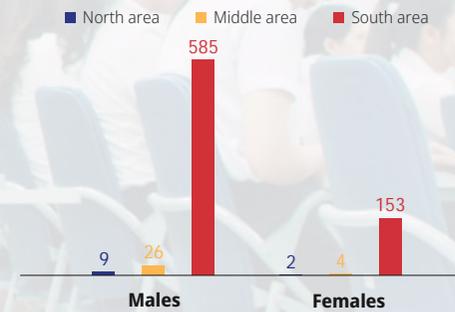
STK's recruitment policy does not discriminate between gender, age, professional qualifications and experience, but focuses on building a spirit of learning, responsibility and improvement. Each individual, regardless of position, is encouraged to develop themselves and get promotion, each individual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

One of the sustainable development goals is to maintain a stable human resources and provide sufficient employees. In 2022, the Company recruited 779 new employees, of which male candidates accounted for 80%, women accounted for 20%, mainly from the Southern and Central Highlands.

By Genders



By Geography



Welfare Benefits

BASIC SALARY POLICY

The Company commits to base on the regulated regional minimum wage to build and adjust the salary scale system in accordance with the State's regulations.

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

The Company's basic salary is adjusted in a timely manner according to the State's regulations. Company commits not applying employee salary deduction as a labor discipline measures, excepted for material compensation for damages caused to the Company, which is in accordance to the judgment of the Company Disciplinary Council with the participation of the Grassroots Trade Union Committee.

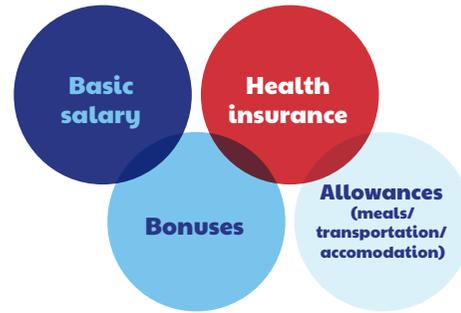
REWARD – PENALTY POLICY

The Company promulgates the regulation on bonuses and penalties every year which is published and ensured the transparency. The policies are announced early to employees, encouraging them to improve work efficiency and compliance with the Company's regulations.

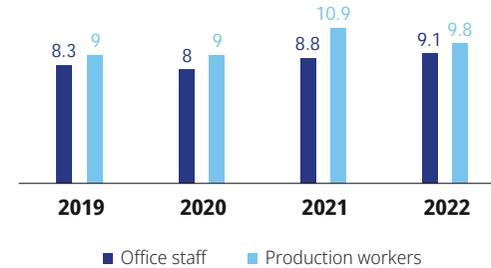
Every month, employees who meet the standards of working performance will be rewarded with extra bonuses apart from basic income such as bonus for their completing tasks; bonus for compliance with company rules; specific bonuses according to the nature of each department; and other allowances.

Every year, in addition to the 13th month salary and Tet bonus, the Company's Board of Management also shares annual profit to employees, depending on the business situation and next year's strategy, employees will receive an additional income equivalent to 1-2 months of their average income.

WELFARE SYSTEM OF THE COMPANY



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



Source: STK, HR team

The average income of the production team in 2022 declined by 10% as compared to 2021, mainly because the Company stopped the operation of Cu Chi factory since Q3.2022, causing lower total output and production efficiency in 2022 as 2021, resulting in lower incomes of direct production people.

Although 2022 is an unfavorable market condition year, the Company still strived to maintain production and business activities, ensuring salary payment on time for employees as well as job security and stability.

WELFARE POLICY FOR MATERNITY LEAVE

In addition to the general welfare regimes for employees, female employees working at STK are also entitled to special maternity and post-maternity regimes.

Female employees are entitled to have adequate social insurance for the duration of maternity leave and health insurance related to pregnancy check-up and child-birth costs.

After maternity leave, female employees are also entitled to work only 7 hours a day and receive in-kind allowances when their children are under 12 months old.

IMPROVING THE WORKING EFFICIENCY OF EMPLOYEES

The Company builds a management system of individuals' performance in each department. Each department has its own KPIs set target by monthly, quarterly and annually. Departments are responsible for upgrading KPIs every quarter and re-assessing the compatibility of their KPIs.

For the production unit from staff to the management level, there is a daily check-list and daily productivity monitored and supervised by SAP and POC systems.

In addition, the Company's welfare policy is also based on productivity of each employee. In addition to basic income, the Company also has a salary and bonus regime for individuals who fulfill their tasks each month.

CHANGES IN LABOR POLICY IN 2022

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

Adjusting welfare policies to attract and retain workers.

Strengthening recruitment and training activities, improving qualifications and skills for workers.

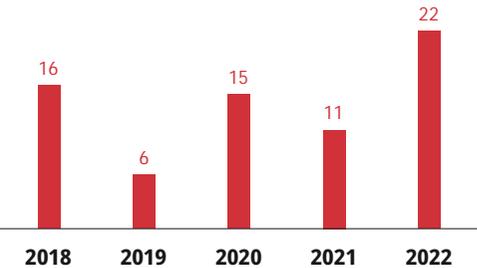
PROMOTION POLICY

The Company focuses on encouraging and maintaining a reasonable promotion policy, transparently and seriously promoting Company's employees to higher positions.

If the employee is qualified and can apply for a higher position, the human resources department and their managers will take responsibilities for monitoring, orientating and evaluating the employee's capacity. The employee who meets 70% of the requirements will be given chances to the specific training and probation for 2-3 months before being officially appointed to a higher position.

In 2022, the number of employees promoted to higher positions is 29 employees, including 24 males and 5 females.

Number of promoted employees



ENSURING OCCUPATIONAL SAFETY & HEALTH FOR EMPLOYEES

Not only paying attention to the welfare policy of employees, Century also ensures a safe, hygienic working environment, fire prevention and labor accidents.

STK actively implements environmental inspection measures to prevent occupational diseases and protect the health of employees.

In 2022, the Company cooperated with Southern Environmental Health Joint Stock Company to conduct a labor environment test to check and identify environmental factors that may affect the health of employees as well as propose measures to reduce the impact of such as risks on the working environment of employees.

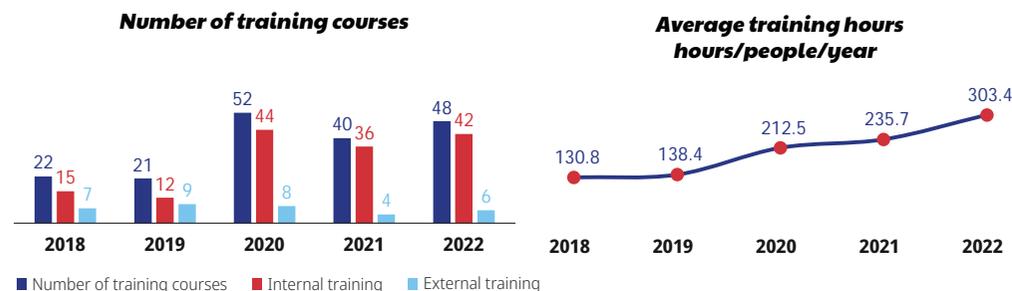
100% of workers are trained in occupational safety especially for specific jobs (product loaders, forklift drivers, warehousing staffs, cleaning machinery staffs), and fire safety in the workplace.

In 2022, there were no cases of labor accidents.

Training activities

In tandem with recruitment activities, the Company always focuses on training: pre-recruitment training, on-the-job training and especially training for employees who have the opportunity to be promoted to higher positions.

The Company organizes training courses for all employees during the year. So, the average number of training hours by employee levels and gender are equal:



	2018	2019	2020	2021	2022
Training budget (VND mil.)	184.9	205.8	133.9	183.4	186.8
Actual training expenses (VND mil.)	51.4	43.4	17.5	24.2	53.7
Actual training cost/training budget	28%	21%	13%	13%	29%
Average training hours (hours/person/year)	130.83	138.4	206.33	235.07	303.4

SKILLS ENHANCEMENT PROGRAMS FOR WORKERS

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

Social and community

Items (VNDbil)	2018	2019	2020	2021	2022
Total salary-bonus paid to employees	117.7	107.7	107.5	113.2	120.0
Total value of transactions with suppliers	1,855	1,484	953.5	1,321	1,452
Value of transactions with local suppliers	237.6	197.4	93.2	140.1	216.5
Total tax paid in the year (including VAT, import and export tax, corporate income tax, personal income tax, natural resources tax and other taxes...)	125.4	167.8	68.5	116.6	152.7

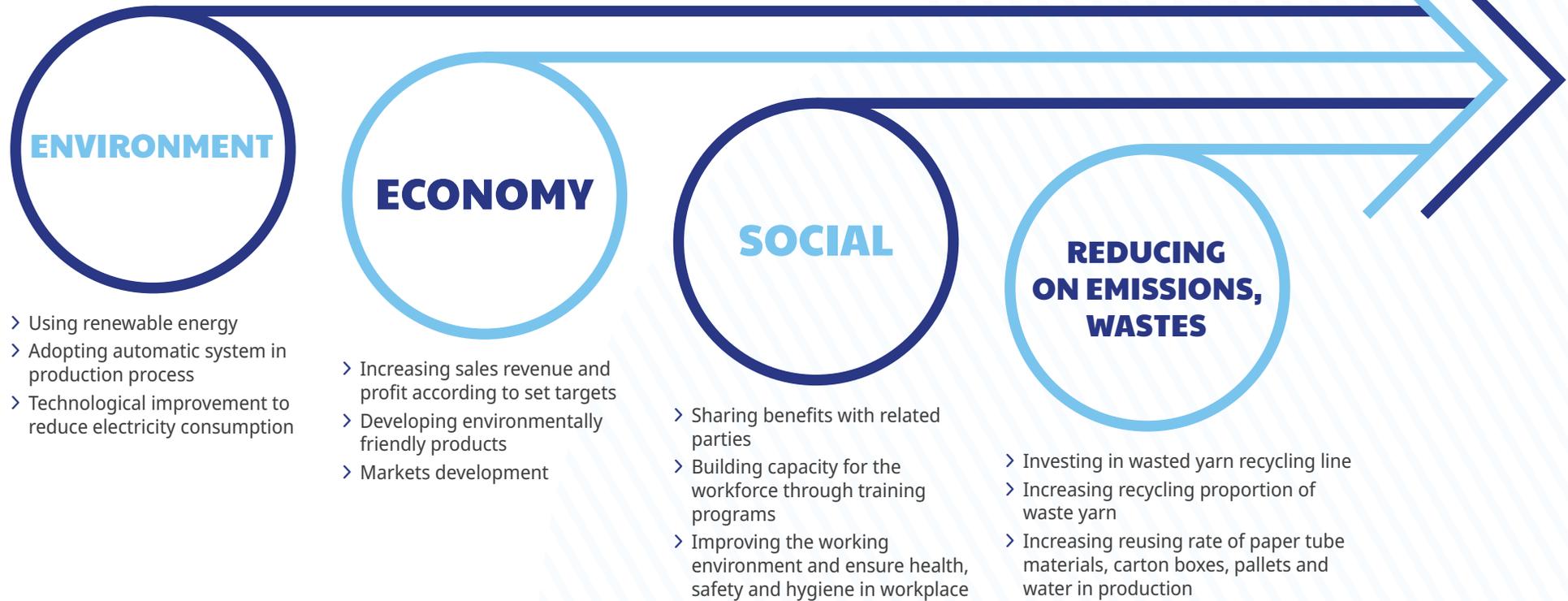
ANTI-CORRUPTION - BRIBERY

The Company's management team pay great attention to anti-corruption and equality at work. The Company's entire system is required to comply to regulations and universal code of conduct in order to ensure integrity in all activities. Any employee who is found of demanding or accepting bribery from customers and supplier shall be strictly punished and there will be no exception for bribery, illegitimate benefit which is contrary to regulations, the company's rules and policies and moral principles in those countries where the Company has businesses.

Report on environment – social impacts

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Sustainable development strategies



The cornerstone in Century's sustainable development strategy is to choose environmentally friendly and economically products. Recycled yarn is one of the key products that help the Company to develop further on its sustainability development journey, bringing higher economic value, helping to recycle more wasted plastic bottles and contributing to environmental protection (reducing carbon footprint by 30%-50% as compared to virgin yarn).

The Company is also developing dope dyed yarn (which replaces the traditional dyeing process, helping customers to reduce water consumption and discharging of wastewater and chemicals into the environment) and adding special features for recycled yarn (such as high absorption, high elasticity, etc), aiming to create added value for consumers and hence boost demand for recycle yarn.

In addition to the environmentally friendly product portfolio, the Company also invests in advanced technology equipment to reduce energy consumption (e-saving technology), wasted yarn in production process as well as encourage technical improvement to save materials, electricity and water consumption, to raise the reusing rate of auxiliary materials, recycle wasted yarn and use renewable energy.

In terms of labor and social, aligning with the motto of together development, the Company intentionally shares benefits with employees through continuously improving welfare packages, capacity building and creating safe and convenience working environment.

MEDIUM & LONG TERM STRATEGY

- Continuously expanding capacity (new factory – Unitex Corporation).
- Focusing on eco-friendly products.
- Increasing proportion of eco-friendly products in sales mix and product mix.
- Increasing Recycled yarn proportion based on set targets, from 54% in 2022 to 70% in 2025.
- Reducing carbon footprint by cutting electricity consumption in factories and using solar energy.
- Applying automation to raise productivity and reduce wasted yarn.
- Managing the business according to processes and technology, avoiding dependence on personal operating experience.

SHORT TERM STRATEGY

- Implementing Phase 1 of Unitex project (36,000 tons/year).
- Monitoring and measuring environmental impacts of products (Life Cycle Assessment)
- Raising target of recycle proportion in 2023 to 60% of total revenue.
- Boosting new product development with specialty functions such as Recycled Plus yarn, Quick dry yarn, CD yarn, Soft packaged and AAA quality yarn.
- Developing new variety of dope dye yarn, eco-friendly products.
- Diversifying customer base and markets.
- Diversifying raw material suppliers.

Assessment of the BOM towards Environment - Labor - Social

Despite unfavourable macro-economic situation in 2022, the BOM has persistently implementing the Company's sustainable development strategy - as well as risk management in order to achieve the Company's goals and share benefits with stakeholders.



ENVIRONMENT

- › Raising the proportion of environmentally friendly products:
 - The proportion of recycle yarn increased from 50% (2021) to 52% (2022) in total sales revenue - recycled yarn sales revenue increased by VND83 billion, equivalent to 8% over the same period; indirectly recycled 1.04 billion post consumer used plastic bottles.*
 - The proportion of dope dye yarn has also inclined from 0.2% of sales revenue (2021) to 0.9% (2022).*
- › Thanks to the rooftop solar system, the Company has reduced consumption of traditional electricity by 10%.
- › Recycling wasted yarn into input PET chip, reducing the consumption of plastic resins formed by crude oil and gas, indirectly protecting the environment.
- › Reusing POY paper tubes, saving 2.5 million tubes.
- › Thanks to the water condensation system from the cooling towers, it helps to reduce clean water consumption in 2022.
- › There were no recorded cases of environmental violations.

LABOR

- › The income of employees in 2022 was increased by an average of 5% as compared to 2021;
- › Giving Tet gifts, building funds to help employees having difficult circumstances;
- › Maintaining a bonus policy for employees who successfully complete assigned KPIs;
- › Periodically apply assessment on employee performances as a basis for employee promotions;
- › The Company has continued to improve its complaints and response mechanisms in accordance with Code of Conduct at the Company;
- › Periodically performing the inspection and maintenance of machinery and equipment;
- › Ensuring labor safety for employees while working at the Company.

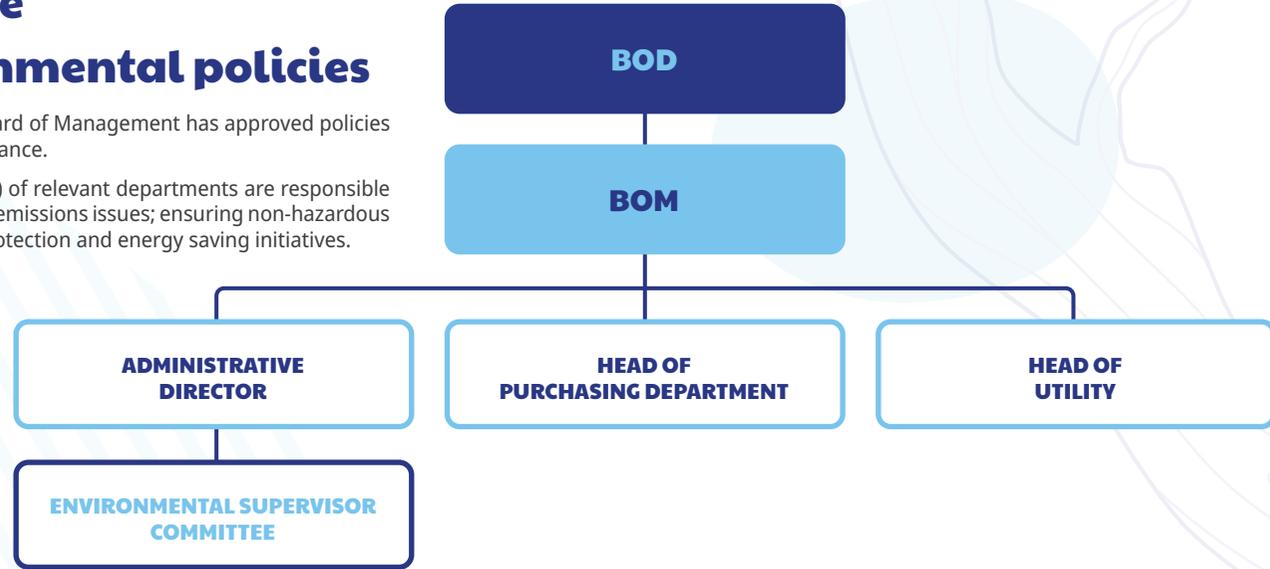
SOCIAL

- › The total value of budget contribution in 2022 reached VND116.6 billion.
- › Complying to the regulations of industrial parks, tax laws, regulations on import and export activities, regulations of the Law on Enterprises, the Law on Securities...
- › Directly and indirectly create more jobs for local workers, through the Company's recruitment activities.

Responsibility to ensure the implementation of environmental policies

Under the direction of the Board of Directors, the Company's Board of Management has approved policies and mechanisms which help to ensure the environmental compliance.

Mid-level managers (operation managers/heads of departments) of relevant departments are responsible for no environmental violations regarding to wastes, wastewater, emissions issues; ensuring non-hazardous chemicals in products as well as implementing environmental protection and energy saving initiatives.



Environmental Impact Report

ENVIRONMENTAL PROTECTION POLICY

Problem	General management measures	Specific management measures	Measurement results	Possible environmental consequences (*)
Dust density	Set targeted KPIs for each related division which are required to report on actual achievement on weekly, monthly, quarterly, bi-annually and annual basis to the Managing Director (the Company's highest-ranking officer in charge of environmental protection)..	Periodic air quality measurement and inspection	Concentration value of silicon-free dust is in acceptable limit	Low
Noise		Procedures on periodical inspection of air quality, ear plug for noise protection, airlock door for workshops, health check for employees	No case of illness caused by noise. However, by the nature of this industry, there is noise generated by running machines	Average
Greenhouse gas emissions		Reduce using of DO oil, saving energy consumption and using solar power	Measure indirect carbon footprint	High
Discharged water and solid waste		Daily monitor sanitary waste water treatment system, classify and collect solid waste in accordance with regulations	No case of violation	Average

Raw Materials consumption

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

The percentage of the material which is recycled from the direct production

$$= \frac{\text{The volume of PET chip is recycled from wasted yarn (kg)}}{\text{Total volume PET chip used (kg)}} \times 100 = \mathbf{5.66\%}$$

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

Thanks to the pelletizing machines from to wasted yarn to PET chip, the Company has reduced the purchased PET chip volume by approximately 5.66% in 2022 total consumption, contributing to reduction of CO₂ emissions and plastic waste discharge into the environment.

The percentage of the recycled PET chip from external sources

$$= \frac{\text{The volume of post-consumer recycled PET chip}}{\text{The total volume of PET chip consumption}} \times 100 = \mathbf{41\%}$$

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

Through production of recycled yarn, the Company has replaced virgin PET chip by recycled one from used plastic bottles, preventing pollution to the soil and water environment. In 2022, the Company used 41% of recycled PET chip in total consumption.

In addition to effectively using the main raw materials, the Company has coordinated with the suppliers to improve the quality of POY paper tubes to be re-used. With good quality, currently the a POY paper tube can be reused by 3.15 times, reducing environmental impact.

In 2022, the number of used POY paper tubes was 796,180 tubes and an average of 1 tube of POY paper could be reused 3.15 times; therefore, the reusing rate of raw materials (paper tubes) in 2022 is:

$$\begin{aligned} \text{The reusing rate} &= \frac{\text{Volume of reused material}}{\text{Total volume of material used in year}} \\ &= \frac{\text{Volume of POY tubes} \times \text{reusing time}}{\text{Volume of POY tubes} \times \text{reusing time} + \text{volume of DTY tubes} + \text{volume of FDY tubes}} \\ &= \frac{796,180 \times 3.15}{796,180 \times 3.15 + 9,969,775} = \mathbf{20\%} \end{aligned}$$

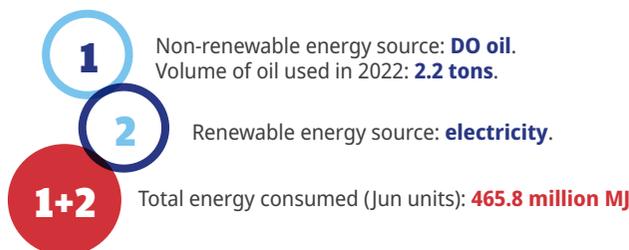
2019	2020	2021	2022
23%	21%	22%	20%

Initiatives to protect the environment from raw materials	Results
Increasing production of recycle yarn has contributed to declining amount of virgin PET chip used in production, while also helping to reduce waste water bottles (used plastic bottles) otherwise dumped to environment.	The number of indirectly recycled water bottles is 4.1 billion bottles by the end of 2022.
Recycling wasted yarn into PET chip that are used in the manufacturing process.	The reuse rate is 5.66%.
Collecting and reusing of POY paper tubes	Paper tube reused time: 3.15 times, raising the reuse rate for all paper tubes (including POY, DTY and FDY) to 20%.

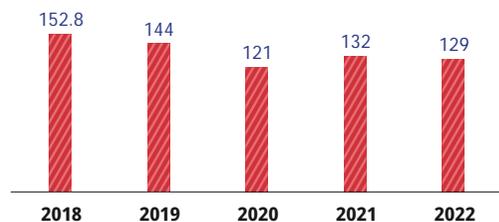
Energy consumption

Total electricity consumption in 2022 decreased by 2.1% as compared to 2021, mainly because the Company narrowed the production of Cu Chi factory since Q3.2022, so the total amount of electricity used in 2022 was lower than in 2021. However, the electricity consumption per 1kg of yarn of DTY, FDY and POY also increased by 1.4%, 1.9% and 13.3% respectively over the same period, mainly because the Company has not reached production efficiency according to the set quality KPIs along with the production of more special yarns, leading to higher energy consumption in production.

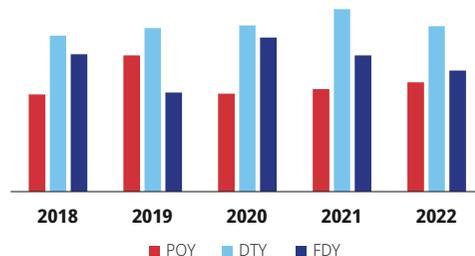
The Company uses only DO oil and electric fuel sources in its production activities. In which:



Energy Consumption (million kWh)



Electricity consumption of each type of product (kWh/kg yarn)



Total electricity consumption in 2022 declined by 2.1% as compared to 2021, mainly because the Company temporarily scaled down its Cu Chi factory production since Q3.2022, so the total amount of electricity used in 2022 is lower than 2021. The electricity unit consumption of DTY and FDY also decreased by 9% and 11% respectively as compared to the same period due to the increase of higher-denier yarn volume with faster speed. However, the electricity unit consumption of POY increased by 7% as compared to 2021, mainly because the Company has researched, developed and produced more high value-added products such as Recycled yarn for export customers in 2022.

ENERGY SAVING PLAN FOR 2023

In 2023, the Company expects to take the following measures to save on electricity costs:

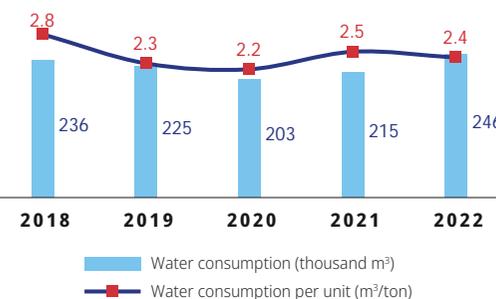
Solutions	Results
At Cu Chi factory: Installing inverter for cooling pump of air conditioning 1.	Save 83,311,200 VND/year.
At Trang Bang factory: Installing inverter for DTY TB2 waste oil discharge device.	Save 116,016,000 VND/month

Water consumption

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

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

In 2022, water consumption increased by 14% as compared to 2021, mainly because the Company has not reached the production efficiency in POY process in accordance to its set quality KPIs, leading to higher water consumption in production of the year. Accordingly with lower production volume in 2022 than 2021 (due to the impact of the economic downturn) the amount of water consumed per 1 kg of yarn in 2022 increased by 24% as compared to 2021 (0.0025m³/kg yarn -2021 and 0.0031m³/kg -2022). In addition, the Company also continuously exerted to implement and improve water saving plans used in production activities such as maintaining and reusing condensate water at AC cooling towers of Cu Chi and Trang Bang factories, helping the Company to save costs more than 52.2 million VND/year.



WATER SAVING INITIATIVES IN 2022

Solutions	Results
Collecting and reusing condensated water from TB2 and TB3 plants.	Save 2,190 m ³ of water equivalent to ~15,120,000 VND/year.
Collecting and reusing water from the TB2 plant's air compressor.	Save 730 m ³ of water equivalent to ~5,040,000 VND/year.
Using condensated water of AC 45 from TB2 and TB3 plants.	Save 1,861 m ³ of water equivalent to ~12,856,000 VND/year.

The percentage of circular water and reused water

$$= \frac{\text{The volume of water which was circulated and reused}}{\text{Total input water volume}} \times 100 = \frac{6,571}{245,840} \times 100 = 2.7\%$$

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

Emissions

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

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

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

SOME MEASURES WHICH ARE CONDUCTED TO MINIMIZE EMISSION POLLUTION:

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

REDUCING GREENHOUSE GASES EMISSIONS ACROSS THE COMPANY'S VALUE CHAIN



Greenhouse gas emissions from sources owned or controlled by the company

Greenhouse gas emissions from electricity purchased by the company

GHG emissions from sources not directly owned or controlled by the company but related to its operations

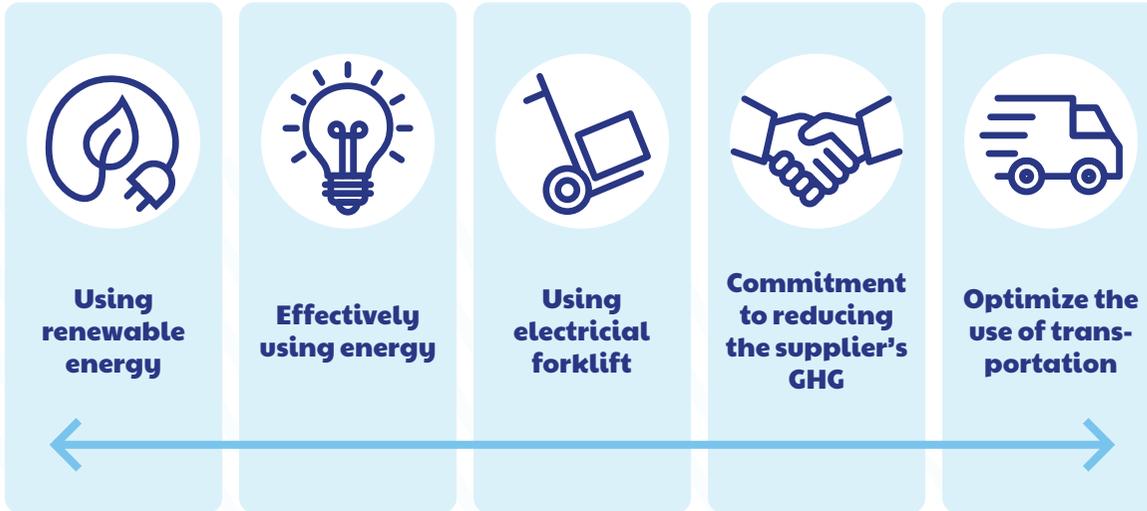
The Company does not own a boiler, or use coal, petroleum, or petroleum products to generate steam and produce greenhouse gases.

The Company operates in the field of manufacturing Polyester Filament yarn from PET chips. The Company's factories only uses electrical energy as the main source of energy to operate the production machine.

Not applicable



ACTION PLAN TOWARDS THE GOAL OF REDUCING GREENHOUSE GASES EMISSIONS



	Consumption 2021	CO ₂ emission factor (Schneider Electric)	Emissions 2020	Emissions 2021	Emissions 2022
Electricity	129,365 MWh/year	0.000432 ¹ (tCO ₂ e/MWh)	52.3 (tCO ₂ e/year)	57.1 (tCO ₂ e/year)	55.9 (tCO ₂ e/year)

Direct greenhouse emissions: 0

¹ Emissions coefficient by Schneider Electric's Carbon Footprint data center. (<https://www.se.com/ww/en/work/solutions/system/s1/data-center-and-network-systems/trade-off-tools/data-center-carbon-footprint-comparison-calculator/>)

INITIATIVES TO REDUCE GREENHOUSE GASES EMISSIONS CARBON FOOTPRINT

1. By using renewable energy sources - solar energy:

Rooftop solar project at Cu Chi and Trang Bang factories with a capacity of 10.5 Mwp. The Company has cooperated with a partner to deploy rooftop solar power systems for both Cu Chi and Trang Bang factories since 2020. Upon completion of the installation, the rooftop solar power system could supply about 10% of the Company's electricity consumption and contribute to saving electricity costs by about 10%, reducing carbon footprint by about 10.7% annually and 530 thousand tons of CO₂ during the project life cycle.

	2021	2022
From the beginning of the projects to the end of the projects		
Amount of CO ₂ (tons) reduced-Indefol system	4,489	13,475
Electricity generated from the Solar System (Mwh)	3,400	10,100
Accumulated from the beginning of the project to the end of the year		
Amount of CO ₂ (tons) reduced-Indefol system	529,978	1,293,500
Electricity generated from the Solar System (Mwh)	401,497	975,468

2. By increasing the proportion of recycled yarn in total revenue by 2025:

The Company has raised proportion of environmentally friendly products to 52% in 2022.

	2022	2025
The proportion of Recycle yarn in total sales revenue	52%	67%
The amount of CO ₂ (tons) is reduced due to the use of recycled materials - recycled PET chip from used bottles.	18,374	47,712

Effluent and Waste

EFFLUENT

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

For wastewater management, the Company implements the following methods:

- › Treat wastewater sources in accordance with current laws.
- › To keep separate drainage systems for surface water runoff, sanitary waste water and industrial waste water which are connected to the with the drainage system, sewage of the Industrial zones.
- › Regularly monitor wastewater quality parameters, ensure the wastewater quality indicators are in accordance to GRS standards.
- › Make environmental monitoring reports to the relevant authorities about wastewater every 6 months in accordance with prevailing regulations.
- › Measure the amount of wastewater discharged daily, and keep full records.
- › Disclose volume and pay environmental protection fees for wastewater in full in accordance with current laws..

Wastewater report:

	Unit	2018	2019	2020	2021	2022
Annual wastewater intake	m ³	26,932	26,617	34,269	28,633	33,092

WASTE

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

› For domestic solid waste and non-hazardous industrial waste:

1. Collecting into the storage areas in accordance with procedures for waste classification and management ;
2. Transferring the waste to authorized entities for collection, transportation and treatment.

› For hazardous waste:

1. Attaching hazardous warning signs ;
2. Setting up a separate storage for hazardous wastes ;
3. Transferring to authorized entities for collection, transportation and treatment.

Waste types	Quantity (kg)	Organizations and individuals receiving wastes
TRANG BANG:		
Fuel oil	30,730	Tan Thien Nhien Environment Ltd
Plastic waste rigid packaging	9,720	Thai Tuan Environment Joint Stock Company
Membrane	11,499	Dai Phuc Services and Production Mechanical Co., Ltd.
Rubbish dust	1,251	
Waste bulbs	184	Dai Phuc Services and Production Mechanical Co., Ltd.
Gloves, rags sticked with oil	1,388	
Waste ink cartridges	120	
Total quantity	54,892	
CU CHI:		
Plastic waste rigid packaging	5,717	Tan Thien Nhien Environment Ltd
Waste bulbs	20	Dai Phuc Services and Production Mechanical Co., Ltd.
Gloves, rags sticked with oil	260	
Waste ink cartridges	18	Dai Phuc Services and Production Mechanical Co., Ltd.
Total quantity	6,015	

- › At STK, solid wastes from production and operation activities are strictly collected, classified and monitored in accordance with the regulation of wastes classification of GRS 4.0 – waste management.
- › The Company signs contracts with waste collecting Companies, in which:
 - Collection, transportation and treatment of hazardous waste – Responsible Service: *Tan Thien Nhien Environment Ltd, Company.*
 - Collecting, transporting and treating domestic and industrial solid waste – responsible Service: *Cuchi District Public Services Company Limited. and Hien Luong Garbage Collection One Member Limited Company.*
- › In addition, annually, the Company also makes the waste management report and submits it to the department of natural resources and environment of Ho Chi Minh city and Tay Ninh province.
- › The Company registered the hazardous waste owner with registration no.- QLCTNH79,002938, T (thirdly issue).

Environmental compliance

As shown in the environmental measurement reports which are prepared quarterly (conducted 4 times/year) and the annual environmental impact assessment of STK, recorded measured environmental indicator are within the acceptable range in accordance with environmental laws.

The cases of violation of environmental regulations and laws: **0 cases.**

ENVIRONMENTAL PROTECTION GOALS IN 2023

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

Violations of OSH, fire protection and environment occur when the state inspection team comes to inspect the Company: **0 times;**

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

Green capital market

Recycled yarn

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

Recycling the waste yarn from production processes

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

The recycling proportion of wasted yarn reached 90% on the total wasted yarn produced.

Dope dyed yarn

The Company continues to develop further dope dye yarn with more colors such gray, black and blue navy (dope dyed yarn sales revenue accounts for 0.9% of total revenue in 2022, up 4.5 times as compared to 2021), provided more product samples to domestic and export customers. The Dope dyed will meet the market demand for environmentally friendly products. This is also a global trend that top leading fashion brands such as Nike, Adidas, Puma, H&M, Inditex have been pursuing in order to limit disposal of hazardous chemicals to the environment.

Solar project

The Company cooperated with a strategic partner to install the roof-top solar power systems for both Cu Chi and Trang Bang plants since 2020. It is expected that after completing the installation, the rooftop solar power systems will meet about 10% of the Company's electricity demand and saving electricity costs by 1 - 2%, reducing carbon footprint by 10.7% annually and 530 thousand tons of CO₂ over the life of the projects. It is expected that the Company will expand the solar energy capacity by 15Mwp/year for Trang Bang factory through the DPPA project with strategic partners.

Implementation of investment projects

General

Implementation of investment project of the **Parent company**

Yarn-Textile -Garment Alliance project

In 2021, Century has made capital contribution to acquire land for construction and infrastructure developments for this project. The project was unfinished in 2022 due to the progress of partners and Covid-19 pandemic.

Implementation of investment project of the **Subsidiary**

Project “Unitex yarn factory”

Project overview:

- > Maximum capacity: 60,000 tons/annum; including 02 phases:
- > Location: Lot A17.1 C1 Street, Thanh Thanh Cong Industrial Zone, An Hoa Commune, Trang Bang Town, Tay Ninh Province.
- > Total area: 100,183 m²
- > Main product: DTY yarn: Recycled, other high-value-added yarns.

Total contributed capital at the subsidiary “Unitex Corporation” in 2022: **VND142,100,190,000.**

Phase 1 of the Project would be put into official operation by 2024.

Stock overview and investor relation

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Stock overview

Stock name	CENTURY SYNTHETIC FIBER CORPORATION
Stock code	STK
Listed stock exchange	HOSE
Total trading sessions in 2022	249 sessions
Average order-matching volume per session	23.975 shares

STOCK TRADING PERFORMANCE IN 2022



Nguồn: tradingview.com

Reasons to invest STK

1
Stable financial status
Transparent governance policy

2
One of top listed company in textile industry

3
Value stock

4
P/E lower than P/E of VNIndex

5
Business strategy towards sustainable development

Share and shareholder structure

As at 31/12/2022, the number of shares of Century as below:

Registered Owner's Equity	843,638,250,000
Total number of listed shares	84,363,825
Total number of outstanding shares	81,822,175
Total number of treasury shares	2,541,650
Market capitalization	VND2,250 billion (30/12/2022)
Total number of restricted transferring shares	310,842
Total number of free transferring shares	81,511,333
Stocks trading abroad	0

MAJOR SHAREHOLDER LIST (OWNED ABOVE 5% OF COMPANY'S SHARES) AND MAJOR SHAREHOLDER'S TRANSACTIONS IN 2022

Shareholder names	Ownership type	Nationality	Beginning period		Ending period		Changes
			No. of owned shares	% ownership	No. of owned shares	% ownership	
Huong Viet JSC.	Organization	VN	14,137,593	19.99%	16,965,111	20.11%	Exercising the right issue
Mr. Dang Trieu Hoa	Individual	VN	9,749,367	13.78%	11,699,240	13.87%	Exercising the right issue
Mdm. Dang My Linh	Individual	VN	6,481,235	9.16%	12,161,166	14.42%	Exercising the right issue
Mr. Dang Huong Cuong	Individual	VN	5,981,235	8.46%	5,981,235	7.09%	Exercising the right issue
Total			36,349,430	51.39%	46,806,752	55.48%	

SHAREHOLDERS STRUCTURE (FINALIZED ON 26/09/2022)

TYPES OF SHARES			
Type of share	Number of voting rights	Number of shares	Ratio
Common share	01 share : 01 voting right	81,822,175	97%
Preferred share	/	0	0%
Treasury share	/	2,541,650	3%
Total		84,363,825	100%

Types of shareholder	Number of shareholders	Ratio/Total number of shareholders	Total number of owned shares	Ownership share ratio
By ownership ratio				
Major	4	0.33%	46,806,752	55.48%
Minor	1,214	99.67%	37,557,073	44.52%
Total	1,218	100%	84,363,825	100%

By ownership entities				
State-owned	0	0%	0	0%
Others	1,218	100%	84,363,825	100%
Total	1,218	100%	84,363,825	100%

By geographies				
Local	1,104	90.64%	73,856,342	87.55%
Individual	1,068	87.68%	53,653,302	63.60%
Institution	36	2.96%	20,203,040	23.95%
Foreign	114	9.36%	10,507,483	12.45%
Individual	75	6.16%	1,003,803	1.19%
Institution	39	3.20%	9,503,680	11.27%
Total	1,218	100%	84,363,825	100%

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

No.	Transaction executor	Relationship with internal person	No. of shares owned at the beginning of the period		No. of shares owned at the end of the period		Reasons for increase/decrease (purchase, sale, convert, reward...)
			No. of shares	%	No. of shares	%	
1	Dinh Ngoc Hoa	BOS member	5,008	0.01%	5,008	0.01%	Selling shares for managing portfolio
2	Dinh Ngoc Hoa	BOS member	5,008	0.01%	8	0.00001%	Selling shares for managing portfolio
3	Dang My Linh	BOD Chairperson	10,134,305	14.33%	12,161,166	14.42%	Exercising the right issue
4	Dang Trieu Hoa	BOD Vice Chairperson	9,749,367	13.78%	11,699,240	13.87%	Exercising the right issue
5	Nguyen Phuong Chi	CSO/Person in charge of Corporate Governance	10,000	0.01%	12,000	0.01%	Exercising the right issue
6	Phan Nhu Bich	CFO cum Head of accounting	59,447	0.08%	71,336	0.08%	Exercising the right issue
7	Hong Nu Mong Tuyen	BOS Member	1,147	0.002%	1,376	0.00%	Exercising the right issue
8	Green Food JSC.	Related party of BOD Member	497,296	0.70%	596,755	0.71%	Exercising the right issue
9	Huong Viet Investment and Consulting JSC	Related party of BOD Member	14,137,593	19.99%	16,965,111	20.11%	Exercising the right issue

Treasury stock trading

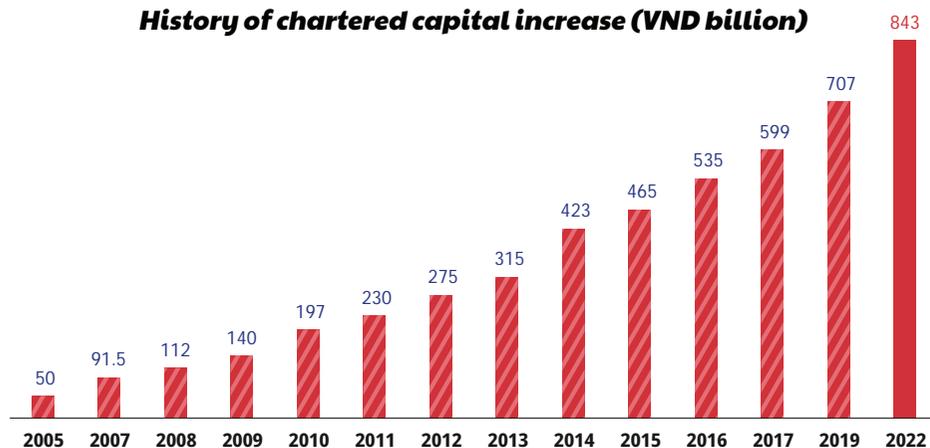
No transactions in 2022.

Other stock trading

None.

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

History of chartered capital increase (VND billion)



Issuance time	Subjects released	Capital increase (VND bil.)	Charter capital after release (VND bil.)
05/2005	Equitization: initial chartered capital	-	50
05/2007	Founding partners; Workers	15	65
09/2007	Existing shareholders; Strategic partnership	26.5	91.5
01/2008	Strategic partnership	8.5	100
12/2008	Existing shareholders (bonus shares: 12%)	12	112
11/2009	Existing shareholder (additional issuance: 25%)	28	140
01/2010	Strategic partnership (Issued separately)	40	180

Issuance time	Subjects released	Capital increase (VND bil.)	Charter capital after release (VND bil.)
09/2010	Existing shareholders (bonus shares: 10%)	17.3	197.3
06-07/2011	Existing shareholders (stock dividends: 15%); employees (ESOP 2010)	32.6	229.9
05/2012	Existing shareholders (stock dividends: 20%)	45	274.9
06/2013	Existing shareholders (issued shares to increase equity from ownership equity: 15%)	40.5	315.4
06/2014	Existing shareholders (- stock dividends: 15%) (- Issues shares to increase equity from ownership equity: 10%)	77.6	393.1
12/2014	Auction to the public	30.0	423.1
12/2015	Existing shareholders (- Issues shares to increase equity from ownership equity: 10%)	42.3	465.4
06/2016	Existing shareholders (- stock dividends: 10%) (- Issues shares to increase equity from ownership equity: 05%)	69.8	535.2
09/2017	Existing shareholders (- stock dividends: 12%)	64.2	599.4
05/2019	Existing shareholders (-stock dividends: 7%) (- public offering: 10%) (- ESOP: 0.1%)	107.9	707.3
09/2022	Existing shareholders (- public offering: 20%)	136.3	843.6

Changes in owner's equity

During 2022, the Company completed the right issue for existing shareholders

1. Share name: Century Synthetic Fiber Corporation
2. Type of share: Common share
3. Number of shares to be issued: 13,637,058 shares

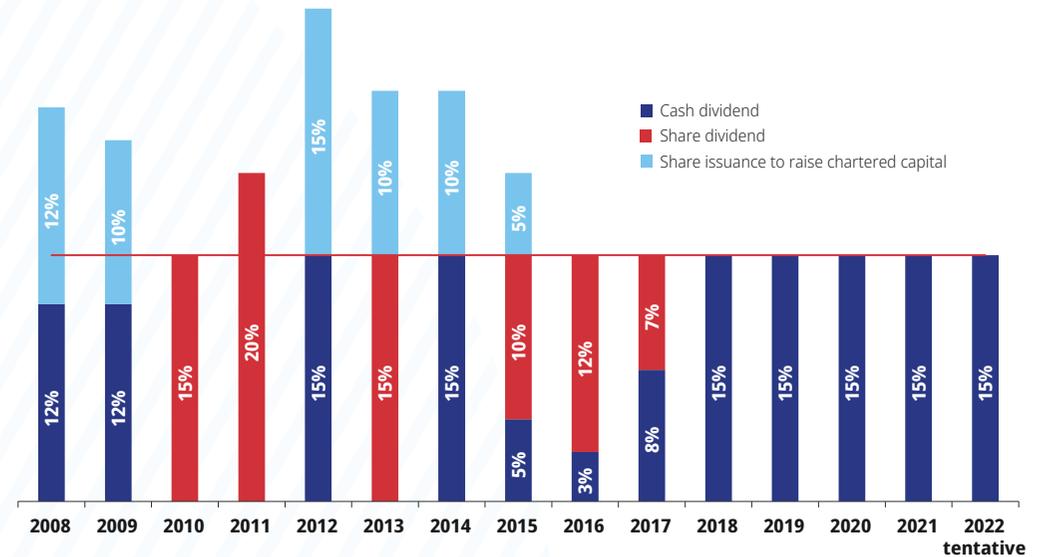
Number of actual issued shares: **13.636.881 shares**

4. Issuing price: 10,000VND/share
5. Total amount of raising capital from the right issue: **VND136,368,810,000**
6. Ratio: 20% (5:1). At the recorded date, 01 share is entitled to receive 01 right, 05 rights can purchase 01 new share.
7. The end date of the issuance: 26/09/2022

After this right issue, the Company's chartered capital increased from VND707,269,440,000 up to **VND843,638,250,000**.

Dividend policy

Dividend policy



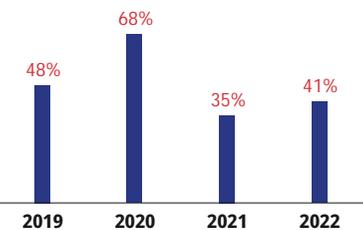
The Company maintains a regular dividend policy and minimum dividend rate of 15% over par value for shareholders. Depending on business results and annual investment plan, dividends can be paid in cash or in shares this proportion can be more than 15% but not lower than 15%.

STK paid dividend in cash of 15% at par value for FY2021.

Dividend pay-out ratio

	2019	2020	2021	2022
Dividend (VND/share)	1,500	1,500	1,500	1,500
Paid amount (VND bil.)	102.3	98.5	98.8	98.8
% Dividend/Net profit	48%	68%	35%	41%

Dividend pay-out ratio



Investor relation activities

Annual General Shareholders Meeting

Apart from the main purpose to submit GSM the development orientation and business plan for the year, GSM creates an opportunity for the BOD, BOM to understand and directly discuss with shareholders, thereby develop strategies to meet shareholders' expectations.

Investor meetings

IR team usually organizes factory tours, virtual meetings, and offline meetings for investors.

IR team also co-operates with securities firms to organize quarterly earnings calls, therefore creating a channel to timely and effectively address investors' concerns.

Articles, Analysis Reports

Quarterly, STK publishes "IR Bulletin" to provide update of garment and textile industry and polyester filament sector as well as the Company's business performance to valued shareholders and investors.

In addition, IR team also provides information for analysts, journalists upon request.

Company's website updates

In terms of information disclosure, industry and the Company's news, "Investor relation" tab on the Company's website is always quickly updated both in Vietnamese and English, ensuring that the provided information is transparent, accurate and up-to-date to investors.

During 2022, IR team organized 57 meetings with local and foreign investors.

Report on corporate governance

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Corporate Governance Principles

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



Corporate governance model

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

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

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

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

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

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

The Company's Organizational structure is presented in page 16.

Changes in BOD's composition

In 2022, there's no changes of BOD's composition.



Board of Directors of the Company



Mdm. Dang My Linh (51 years old)

Education level: Master
Qualification: Business Administration
History of career:

Company	Title
1993-1999 Worldtex Enterprise Co.,Ltd	MD assistant
2000-2020 Century Corp	BOD member
2001-now Liantex LTD.	MD
Khai Tien Real Estate Development	Chairperson
2020-now Century Corp	Chairperson
Date of appointment: 14/02/2020	

Mr. Dang Trieu Hoa (54 years old)

Education level: Bachelor
Qualification: Business Administration
History of career:

Company	Title
1991 - 1995 Viet Phu Trading and Service Company LTD.	MD
1995 - 2000 Hoan A Trading and Service Company LTD.	MD
2000 - 02/2020 Century Corp.	Chairman cum MD
02/2020 - now Century Corp.	Vice chairman cum MD
Date of appointment: 14/02/2020	



Mr. Dang Huong Cuong (47 years old)

Education level: Bachelor
Qualification: Business Administration
History of career:

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

Mdm. Cao Thi Que Anh (57 years old)

Education level: Master
Qualification: Food technology
History of career:

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



Board of Directors of the Company (cont.)

Mr. Vo Quang Long (45 years old)

Education level: Master
Qualification: Business Administration
History of career:

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

Date of appointment: 2018

Mr. Chen Che Jen (59 years old)

Education level: Bachelor
Qualification: Technology
History of career:

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

Date of appointment: 2018

Mr. Nguyen Quoc Huong (52 years old)

Education level: Master
Qualification: Business Administration
History of career:

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

Date of appointment: 2018

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

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

Board of Directors of the Company (tenure 2018-2023) comprises 07 members, of which:

- 03 members are independent members.
- 06 members are non-executive members;
- 03 members are non-executive, independent members.

Report of the BODs for year 2022

BOD meetings

The BOD has conducted 31 offline and via-email-meetings to solve matters belonging to the BOD's functions and authorities.

The BOD has issued 34 Resolutions in 2022.

The Minutes and Resolutions of the BOD were sufficiently sent to BOD members and BOS members.

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

No.	Board of Director' member	Number of meetings attended by Board of Directors	Attendance rate	Reasons for absence
1	Mdm. Dang My Linh	30/31	96.77%	Conflicting Business schedule
2	Mr. Dang Trieu Hoa	31/31	100%	
3	Mr. Dang Huong Cuong	30/31	96.77%	Conflicting Business schedule
4	Mdm. Cao Thi Que Anh	31/31	100%	
5	Mr. Vo Quang Long	31/31	100%	
6	Mr. Chen Che Jen	31/31	100%	
7	Mr. Nguyen Quoc Huong	31/31	100%	

Separate meetings of Independent BOD members

None.

BOD's Resolutions

No.	Resolution No.	Date	Content	Approval rate
1	01A-2022/NQHĐQT	21/01/2022	Approving the adjustment to the fund using purposes for the right issue	100%
2	01B-2022/NQHĐQT	21/01/2022	Approving the implementation of the right issue and the registration dossier	100%
3	01C-2022/NQHĐQT	21/01/2022	Approving the plan of handling odd shares, unsubscribed shares	100%
4	02-2022/NQHĐQT	07/02/2022	Approving the 2022 business forecast and 2022 AGSM's organization.	100%
5	03-2022/NQHĐQT	10/03/2022	Approving 2022 AGSM's documentations	100%
6	04A-2022/NQHĐQT	21/03/2022	Approving the capital contribution to the Company's subsidiary from the right issue	100%
7	04B-2022/NQHĐQT	21/03/2022	Approving the registration dossier submitting to SSC for the right issue	100%
8	05-2022/NQHĐQT	30/03/2022	Approving the Regulation of ESOP issuance from the treasury stock.	100%
9	06-2022/NQHĐQT	05/04/2022	Approving the record date to pay dividend for year 2021	100%
10	07-2022/NQHĐQT	06/04/2022	Approving the supplementation of the minimum successful rate for the right issue	100%
11	07A-2022/NQHĐQT	07/04/2022	Approving the credit line provided by OCB.	100%
12	08-2022/NQHĐQT	12/04/2022	Approving the credit line provided by SinoPac Bank.	100%
13	08A-2022/NQHĐQT	16/05/2022	Approving the credit line provided by Vietcombank.	100%
14	09-2022/NQHĐQT	20/05/2022	Approving the replacement of the BOD Resolution No.07-2022/NQHĐQT dated on 06/04/2022 regarding to the adjustment and supplementation of the right issue	100%
15	09A-2022/NQHĐQT	26/05/2022	Approving the credit line provided by Eximbank.	100%
16	10-2022/NQHĐQT	13/06/2022	Approving the selection of independent auditing firm to audit the financial statements for the fiscal year 2022	100%
17	11-2022/NQHĐQT	07/07/2022	Approving the record date to final the shareholders of the right issue	100%

No.	Resolution No.	Date	Content	Approval rate
18	11A-2022/NQHĐQT	08/07/2022	Approving the credit line provided by OCB.	100%
19	12-2022/NQHĐQT	12/07/2022	Approving the explanation of exercising ratio of the right issue	100%
20	13-2022/NQHĐQT	25/07/2022	Approving the implementation of the private placement	100%
21	14-2022/NQHĐQT	08/08/2022	Approving the credit line provided by Wooribank.	100%
22	15A-2022/NQHĐQT	17/08/2022	Approving the adjustment of private placement's contents	100%
23	15B-2022/NQHĐQT	17/08/2022	Approving the capital contribution to UNITEX	100%
24	15C-2022/NQHĐQT	17/08/2022	Approving the capital borrowing for UNITEX	100%
25	15D-2022/NQHĐQT	17/08/2022	Approving the adjustment of the registration dossier for the private placement	100%
26	16-2022/NQHĐQT	21/09/2022	Approving the handling of un-subscribed shares of the right issue	100%
27	17-2022/NQHĐQT	28/09/2022	Approving the issuance results of the right issue	100%
28	18-2022/NQHĐQT	04/10/2022	Approving the adjustment of investment certificate of UNITEX	100%
29	19-2022/NQHĐQT	07/10/2022	Approving the adjustment to fund's using purposes of the private placement	100%
30	20-2022/NQHĐQT	21/10/2022	Approving the capital contribution raising from the right issue to UNITEX	100%
31	21-2022/NQHĐQT	07/11/2022	Approving the promulgation of Internal Audit's Regulations	100%
32	22-2022/NQHĐQT	24/11/2022	Approving the adjustment of private placement's contents	100%
33	23-2022/NQHĐQT	25/11/2022	Approving the adjustment of investment certificate of UNITEX	100%
34	24-2022/NQHĐQT	19/12/2022	Approving the payment of the BOD and BOS's remuneration FY2022.	100%

Implementation of GSM Resolutions

Type of Meeting: Annual General Shareholders' Meeting

Date: 31/03/2022

No.	Approved contents of AGSM 2022	Results
1	Approving the profit distribution plan FY2021: cash dividend of 15% on par value	Already paid on May 2022
2	Approving the revenue-profit budget FY2022 - Revenue: VND2,605 billion - Profit after tax: VND300.3 billion	2022 actual performance: - Revenue: VND2,114 billion (81% of budget); - Profit after tax: VND242.4 billion (80.7% of budget)
3	Approving the authorization to the BOD to appoint the independent audit firm for auditing 2022 financial statements.	Appointed E&Y Vietnam to be the independent audit firm for auditing 2022 financial statements.
4	Approving BOD and BOS's remuneration FY2022 - BOD members' remuneration: VND1.275 billion. - BOS members' remuneration: VND180 million.	Already paid on 30/12/2022.

IMPLEMENTATION OF GSM RESOLUTIONS

No.	Approved Contents	Results
1	Approving the plan of using treasury stocks to issue shares under ESOP	Due to high volatility of the stock market in 2022, the Company's stock price significantly dropped and was unfavorable for issuance. The Company will complete these GSM resolutions in 2023.
2	Approving private placement plan	
3	Approving treasure stock selling sell	

Report of the Independent BOD Members

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

The independent-BOD-members are all high-experienced in manufacturing, trading, finance and management.

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

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



THE INDEPENDENT BOD MEMBERS HAVE MADE ASSESSMENT ON THE FOLLOWING ISSUES:

Composition of the BOD

The BOD has an adequate number of members.

The composition of the BOD, including the mix of independent and non-independent directors, diversity, talent and experience is appropriate to ensure its optimum effectiveness.

BOD independent members recognize the role which they and each of their colleagues are expected to play and have the appropriate skills and experience for that roles.

BOD independent members do not place the interest of the Company above any representative or constituent interests they may hold.

The process for selecting new directors is effective.

Oversight of management

The BOD sets itself objectives and measures its performance against them on annual basis.

The BOD is effective in reviewing, approving and monitoring operating, financial and other corporate plans, strategies and objectives (in term of operational and financial results).

The BOD is effective in evaluating the performance of the Company's senior executives.

The BOD is effective in establishing a corporate environment that promotes timely and effective disclosure, fiscal accountability, high ethical standards and compliance with applicable laws and regulations.

The BOD is effective in developing a corporate governance structure that allows and encourages the BOD to fulfill its responsibilities.

The BOD is effective in questioning and providing advice and assistance to the Company's senior executives.

The BOD ensures management identifies the principal financial and non-financial risks of the Company and implements appropriate systems and programs to manage these risks

The Company's systems of control are effective for identifying material risks and reporting material violations of policies and law.

The non executive directors contribute effectively to the development of strategy and the monitoring of the performance of the executive BOD, providing both support and challenge.

Understanding the Company and its business

The BOD can clearly articulate and communicate the Company's core business, strategic plan and the financial and human resources necessary to meet its objective.

The BOD is knowledgeable about the competitive factors affecting the Company.

The BOD is effective in identifying threats and opportunities critical to the future of the Company.

BOD members keep themselves informed of trends and issues affecting the Company's performance.

The BOD is provided with sufficient information about the following matters:

1. The principal operational and financial objectives and plans of the Company.
2. The financial results of the Company and its business segments.
3. The risks and problems that affect the Company's business and prospects.
4. The major long-term trends and strategic alternatives available to the Company.

There is an adequate program for the orientation of new directors.

The Company's secretary acts as an appropriate conduit for the provision of information to the BOD and as support to the Chairman and the non-executive directors.

The terms of reference for the BOD are appropriate with clearly defined roles and responsibility, ensuring that the right issues are being addressed.

BOD meetings

BOD meetings are conducted in a manner that encourages open communication, constructive/ meaningful participation, and timely resolution of issues.

The BOD responds positively and constructively to events in orders to enable effective decisions and their implementation and to encourage transparency.

The Chairman's leadership style and tone promotes effective decision making and constructive debate and ensure that the BOD works as a team.

BOD members make decision objectively and collaboratively in the best interest of the Company and feel collectively responsible for achieving organizational success.

The BOD strikes the right balance in discussing operational and strategic issues.

The BOD is given sufficient opportunity to meet with senior staff and operating management.

The BOD is provided with sufficient information and time to address issues that might present a conflict of interest.

There is sufficient time and opportunity for independent directors to meet and discuss issues by themselves.

The information, including budget and financial reports when appropriate, provided to directors prior to BOD meetings meets my expectations in terms of level of detail and focus.

The presentations made to the BOD at its meetings meets my expectations in terms of level of detail and focus, data-driven, accurate, and unbiased.

BOD receives appropriate, responsive, and timely follow-up from the management in response to issues raised by BOD.

BOD meeting time is appropriately allocated between BOD discussion and management presentations.

The length of each meeting is generally adequate for the BOD to effectively cover appropriate business./

The number of meetings during the year is sufficient for the BOD to be effective.

BOD members come prepared to meetings and ask appropriate questions of management.

List of BOD Members having certificate on corporate governance training

4 (out of 7) BOD members (term 2018-2023) and 3 (out of 3) BOS members (term 2018-2023) were granted a certificate of corporate governance by the training centers recognized by Securities Commission State. The Company always facilitated all members of the BOD, BOS and BOM to participate in training courses on corporate governance. However, the training time often coincides with the business travel of the Managing Board members, so some of them could not participate in courses fully. Besides, STK has one BOD member who is a foreigner and the language barrier also affects his completion of the certificate on corporate governance as mentioned above.

List of members who have the certificate of corporate governance:

Dang My Linh	<i>Chairwoman</i>
Dang Trieu Hoa	<i>Vice Chairman</i>
Dang Huong Cuong	<i>BOD Member</i>
Cao Thi Que Anh	<i>BOD Member</i>
Nguyen Tu Luc	<i>Head of BOS</i>
Hoang Nu Mong Tuyen	<i>BOS member</i>
Dinh Ngoc Hoa	<i>BOS member</i>

BOD sub-committees

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

Assessment on the BOD performance

STRATEGIC PLANNING – SUPERVISING

BOD members has considered the budget proposed by the BOM and direct the BOM to achieve the targets.

Based on the business context and quarterly meetings of BOD, BOD also raised ideas and gave solutions for BOM to adjust business strategies, reduce cost, increase productivity, assure healthy financial standings.

The BOD has instructed the BOM in investment, capital contribution, fund raising from credit institutions and owner's equity, ensured the Company's liquidity.

The BOD has also delivered messages regarding potential risks related to the business context and macro-economic issues so that the BOM could have a comprehensive vision, strengthen the defense lines, improve unfavorable factors from markets and competitors.

The composition of the BOD is compliance with the regulations which are 3 out of 7 members are independent ones.

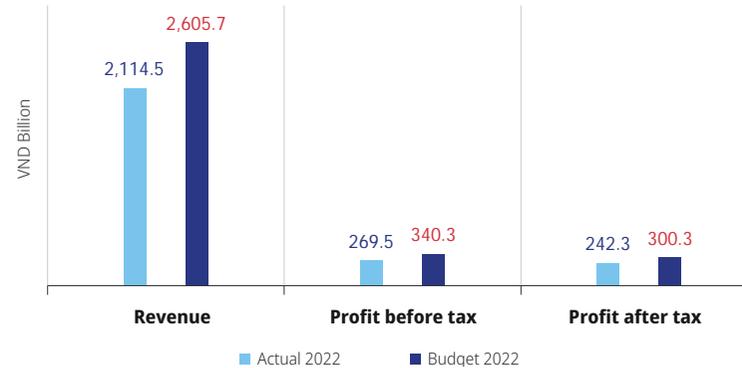
The independent also non-executive members have proactively participated in the BOD's meetings, supervised the BOM's performance, contributed practical ideas to the BOM and the BOD in building business strategies, implementing business plan and enhancing the Corporate Governance.

BOD members were provided sufficient information on timely manner to properly evaluate the Company's performance and fulfill their responsibilities truthfully and conservatively for the interests of the Company and its shareholders.

The BOD's meetings were organized and conducted in accordance with the Company's Charter. The BOD meeting Minutes, Resolutions and Decisions were made with consensus of its members and were archived in accordance with regulations.

Assessment on the Company business performance and the BOM activities

Assessment on the Company's performance



The Company couldn't maintain the growth rate in 2022, although revenue slightly increased by 3.5% as compared to 2021, but profit before tax dropped by 5.7% and profit after tax declined 13% as compared to 2021.

Due to the unfavorable market conditions as well as weak demand of global textile and garment industry, the Company could not reach 2022 set targets, revenue completed 81% of the budget, profit before tax and profit after tax fulfilled 79% and ~81% of the budget, respectively.

Nevertheless, the Company has obtained some achievements in 2022:

Maintaining competitive advantages of Recycled yarn, accounted for 52% of total revenue - major contribution to the Company's profit.

Maintaining and developing customer network, researching and developing new products.

Implementing investment project to expand capacity

Ensuring stable financial status

Moreover, the Company needs to focus on quality control in production, goal achievements in order to maintain the confidence of shareholders, partners,...; effectively allocate investment capital to assure the Company's liquidity and stabilize the Company's financial standings.

ASSESSMENT OF THE BOM'S ACTIVITIES

Supervising methods

The BOD has periodically regularly supervised the BOM through regular BOD meetings, meetings via email, on the implementation of the General Meeting of Shareholders' Resolutions.

The BOD has discussed and approved the BOD Resolutions based on proposals of the BOM;

The BOM is responsible for explaining the quarterly and annually business performance in details, forecasting the business results of the next quarter or the following year.

Outcomes

The BOM has carried out its tasks in accordance with the Resolutions of the GSM and the BOD.

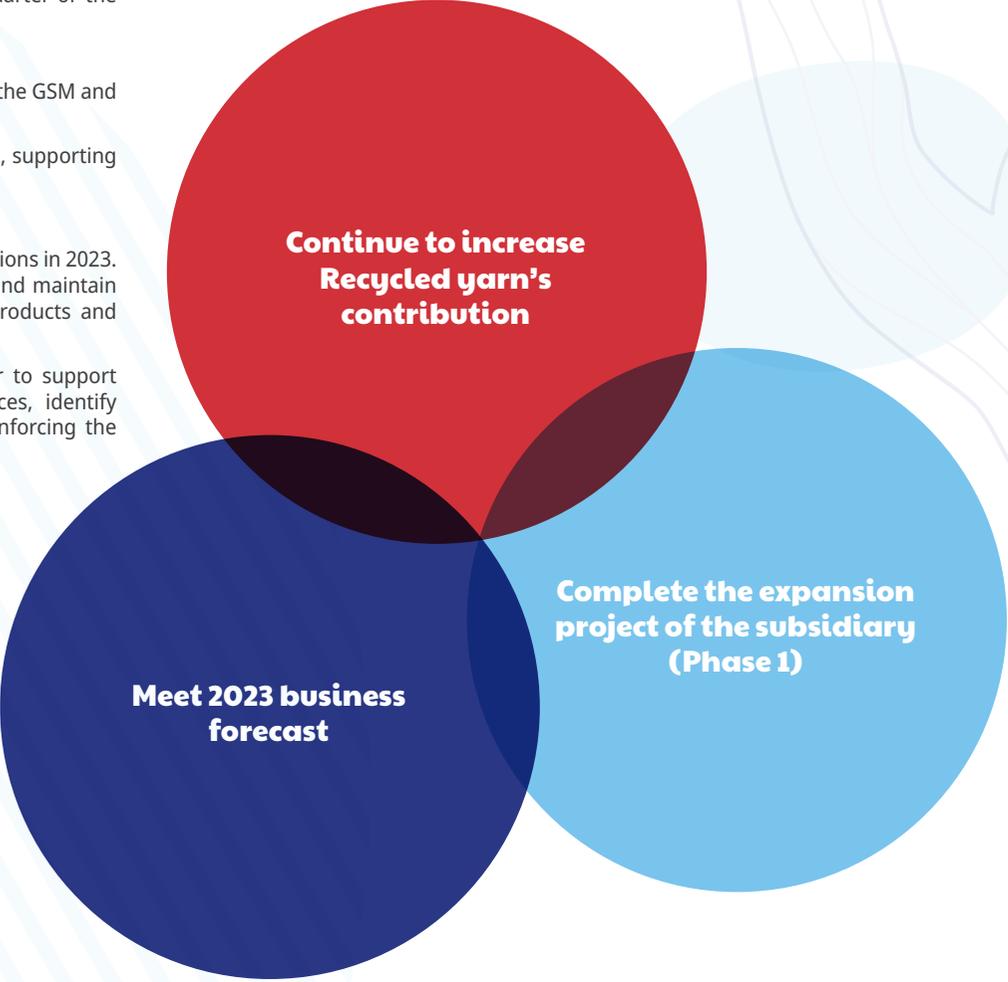
The BOD has made initiatives to improve operations, risk management, supporting the BOM, therefore gained certain achievements in 2022.

However, 2022 actual results did not meet the budget.

The BOM needs to be more conscientious in a challenging market conditions in 2023. The BOM has to set specific business strategies, continue to develop and maintain markets, raise revenue contribution of recycled yarn, develop new products and maintain stable financial standings.

The functional directors should perform well their functions in order to support the Managing Director and supervise the departments' performances, identify the potential problems in order to prevent internal risks, thereby reinforcing the Company's internal strength to encounter with external risks.

KEY OBJECTIVES IN 2023



**Continue to increase
Recycled yarn's
contribution**

**Meet 2023 business
forecast**

**Complete the expansion
project of the subsidiary
(Phase 1)**

Implementation of environmental and social goals

The Company's BOD plays important role in setting sustainable development goals for the Company. At STK, the sustainable development goals are specified into objectives of each department and other units. The BOD is responsible for supervising, examining and ensuring the implementation of sustainable development goals at the Company.

The sustainable development goals of the Company are also quantified as the indicators (KPI) to evaluate and measure the implementation result of the sustainable development goals from each Company's department, ensuring adherence to the common goals of the Company.

The BOD conducts quarterly meetings to update and timely provide guidance for STK's operation and production activities. Each social-economic-environmental aspect will be presented directly to the BOD by the BOM's members.

The BOD assigns the BOM and IR team to be responsible for preparing the sustainability report, ensuring that the content of the report is disclosed in accordance with international practices, Vietnamese regulations and to reflect the actual situation of the Company.

Environment

The BOD highly appreciated the Company's initiatives in environmental protection. In addition to increasing the contribution of recycled yarns in revenue to 52% and boosting the sales of dope dyed yarns (from 0.2% in 2021 to 0.9% in 2022), the Company has installed and operated a rooftop solar energy systems, contributing to the reduction of greenhouse gas emissions. Furthermore, the Company has co-operated with partners to expand the solar energy's capacity.

The Company has been building and improving closed-loop supply chain from raw materials to finished products: waste products are recycled into raw materials.

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

Labor

Despite the unfavorable macro-economic factors, the Company still ensured the basic welfare packages, safety working environment for employees.

Average income of employees in 2022 increased by 5% as compared to 2021.

The bonus for holidays, Tet and business performance are still paid in full and on time, helping them to have stable lives.

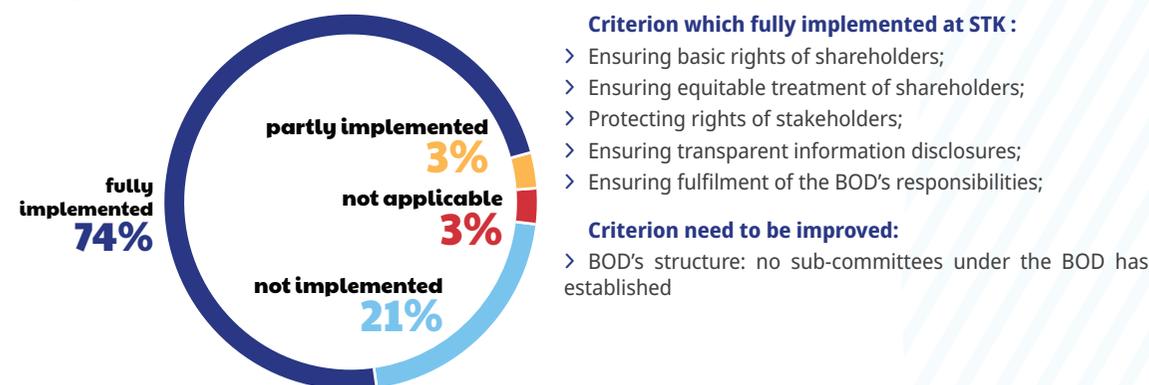
Society

The Company still fulfilled obligations pertaining to national budgets and suppliers timely.

Assessment on the implementation of Corporate Governance in 2022

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

Among 146 criterion, STK has implemented 108 good practices of Corporate Governance.



IMPLEMENTATION OF CORPORATE GOVERNANCE IN ACCORDANCE WITH THE LAW

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

Plans and Orientations of the BOD in 2023

Continuing to supervise and direct the activities of Managing Director and the BOM in order to achieve 2023 business plan

Accompanying Managing Director and the BOM in identifying business opportunities and developing business strategies for a sustainable development;

Setting strategies and policies to improve the quality of human resources; Monitoring the cost managements, overall efficiency of the BOM.

Integrating sustainable development KPIs in the Company's Corporate Governance.

Plan of enhancement in Corporate Governance in 2023

Improving the Company's Corporate Governance by applying international best practices in order to effectively develop the Company's sources, create long-term sustainable value and attract investment capital for the Company.

Strengthening Internal Audit function, enhancing risk management in unfavorable market conditions.

Plan to raise capital to finance investment projects

The Company is submitting application dossiers of the private placement in order to finance the expansion project at its subsidiary.

Please see more details in **Investment projects**, trang 75, **Annual Report FY2022**

Report of board of supervisors

Composition of the BOS

Activities of the BOS

Report on the BOS activities

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Composition of the BOS

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



Mr. Nguyen Tu Luc

Head of the BOS

Year: 1952

Education: Bachelor of Accounting

Working experience:

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



Mdm. Hoang Nu Mong Tuyen

BOS member

Year: 1990

Education: Bachelor

Working experience:

- 2012 - 2019 Sales admin, STK
- 2019 - 2020 MD assistant, STK.
- 2020 - present Senior sale staff, Kpack Ltd.



Mdm. Dinh Ngoc Hoa

BOS member

Year: 1979

Education: Bachelor

Working experience:

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

In 2022, there were no changes in the BOS composition.

BOS AND OWNERSHIP RATIOS

No.	Name	Position at STK	Share ownership at STK	Percentage (%)	Membership at other entities	Percentage (%)
1	Nguyen Tu Luc	Head of BOS	0	0%	-	-
2	Hoang Nu Mong Tuyen	BOS Member	1,376	0.0016%	-	-
3	Dinh Ngoc Hoa	BOS Member	8	0.00001%	-	-

Activities of the BOS

The working program of the BOS in 2022 is set after AGSM, the BOS conducts the meeting to build the working plan for the next year, which assigns the tasks for each BOS's member, held 04 meetings during the year in accordance with Company's Charter and Century Synthetic Corporation activities as below:

- > Supervising the operation and financial standings of the Company;
- > Supervising the implementation of the AGSM's Resolutions;
- > Supervising the activities of the BOD, BOM and management system of the Company;
- > Making assessment on cooperation between the BOD and the BOM;
- > Make assessment on the Company's investment projects including those projects already implemented and being implemented in accordance with the BOD's Resolutions.
- > Based on that to make proposal to the BOD for the coming years.

9.2.29.2.1 BOS meetings

No.	Contents	Meeting dates	Results
1	Assessments of 2022 performance	21/01/2022	Approval ratio: 100%
2	Discussion of 2023 business plan	27/04/2022	Approval ratio: 100%
3	Discussion and assessments of Q2.2022 and 6M2022 performance	28/08/2022	Approval ratio: 100%
4	Discussion and assessments of Q3.2022 and 9M2022 performance.	28/11/2022	Approval ratio: 100%

Report on the BOS activities

Evaluation of the BOS on the implementation of the 2022 AGSM Resolutions

Based on the AGSM's Resolutions, the Company's BOD has implemented these Resolutions throughout the Company.

- > The Head of BOS was invited to participate all the BOD's meetings
- > In general, the Company's BOD has fully implemented their rights and responsibilities in accordance with the Company's Charter, ensuring that the company's corporate governance is conducted in accordance with the laws.

DISTRIBUTION OF 2021 PROFIT

Cash dividend 15%/par value	Payment period May 2022
-----------------------------	----------------------------

2022 CONSOLIDATED BUSINESS RESULTS

KPIs (VND bil.)	2022 Actual	+/- YoY	Actual/Forecasr
Net revenue	2,114.5	3.5%	81.1%
Net profit before tax	269.5	-5.7%	79.2%
Net profit after tax	242.3	-13%	80.7%

CONSOLIDATED FINANCIAL INDICATORS

Indicators	Unit	2022	2021	So sánh
Liquidity ratios				
Current ratio	Time	2.06	1.39	0.67
Quick ratio	Time	1.26	0.72	0.53
Capital structure				
Debt to Equity	Time	0.20	0.26	(0.06)
Debt to Total Assets	Time	0.14	0.16	(0.02)
Profitability				
ROS	Time	3.71	3.64	0.07
ROA	Time	1.00	1.04	(0.04)
ROE				
KPI	%	12.80%	13.96%	-1.16%
Liquidity ratios	%	11.46%	13.63%	-2.18%
Current ratio	%	11.40%	14.13%	-2.73%
Quick ratio	%	15.72%	22.12%	-6.40%

PUBLIC DISCLOSURE

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

Supervision of the BOD's activities

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

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

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

In 2022, the BOS has continued its focus on risk control by reviewing the existing rules and regulations to ensure compliance with the laws on enterprise, the Company's charters and relevant regulations, with an aim to propose supplement of missing rules and procedures so that the Company can have safe operation and prevent inherent risks.

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

Supervision of the BOM's activities

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

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

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

Supervision of the Company's financial standings

- › The Company has prepared quarterly financial reports (4 reports per year) and disclosed in accordance with the regulations on public disclosure of listed companies.
- › The Company's semi-annual and annual financial reports was audited by Ernst & Young Vietnam Ltd,.
- › 2022 financial reports reflected accurately and reasonably in all important matters of the Company's financial standings as at 31 December 2022 and is complied with Vietnam Accounting Standards and relevant regulations. There are no substantial differences between unaudited quarter reports with the ones reviewed or audited by E&Y Vietnam.

Evaluation of the BOS on the co-operation between the BOS, BOD and BOM in 2022

THE BOD'S VISION AND BUSINESS KNOWLEDGE AND COMPETENCY:

Most of BOD members are knowledgeable and experienced in yarn production and have knowledge on corporate governance since they were trained on this matter and gained experiences from their leadership positions in various entities. Therefore, the BOD is visionary on strategies and able to lead the company.

Based on the GSM's Resolutions, the BOD has implemented the GSM Resolutions throughout the company.

The BOS comprises of 3 members, who have university degree and experiences gaining from their long-term services in various entities. Therefore, the BOS Members are competent and has fully fulfilled their responsibilities.

The BOS has set working plan for the first year in 2018-2023 tenure, has assigned tasks for each members in order to make report to the GSM.

Settlement of shareholders' complaints (if any)

In 2022, the BOS did not received any complaints/requests for extraordinary inspection of the Company's operation.

BOS's recommendation and action plan for 2023

The BOS's action plan for 2023: continue to implement tasks in accordance with the Company's strategies and directions.

Recommendation: As STK is operated in accordance with the prevailing regulation, the BOS did not realize any mistakes during the course of its supervision and the BOS has no other opinion/recommendation.

Prevention of interest conflict of interest and transactions with related parties

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Transactions of internal shareholders in 2022	102
Transactions with other entities	102
Salary, remunerations and benefits of the BOD, BOS and BOM	103



Prevention of conflict of interest

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

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

Significant transactions with related parties during the year

Không có

Transactions of internal shareholders in 2022

Please refer to **Transactions between internal persons and related persons on shares of the Company**, page 62, **Annual Report FY2022**.

Transactions with other entities

Transactions between Century and its subsidiary (UNITEX Corporation) has approved by the BOD based on the BOD Resolution No.15C-2022/NQHĐQT dated on 17 Aug 2022.

Name of Company	B.R.C No./Date of issue	Relationship with the Company	Trading period	Purpose	Amount of capital (VND)
UNITEX Corporation	3901206611 issued on 29/06/2015	Subsidiary	During 2022	Lending capital	VND169,550,461,000

Salary, remunerations and benefits of the BOD, BOS and BOM

Salary, bonus and remuneration of the BOD

No.	Full name	Title	Remuneration (before tax)	Salary & Bonus	Duration of holding position
1	Dang My Linh	Chairperson	150,000,000	-	12 months
2	Dang Trieu Hoa	Vice chairman cum MD	150,000,000	Refer to the BOM's	12 months
3	Dang Huong Cuong	BOD member	150,000,000	-	12 months
4	Cao Thi Que Anh	BOD independent member	225,000,000	-	12 months
5	Vo Quang Long	BOD member	150,000,000	-	12 months
6	Chen Che Jen	BOD independent member	225,000,000	-	12 months
7	Nguyen Quoc Huong	BOD independent member	225,000,000	-	12 months
Total (VND)			1,275,000,000		

Salary, bonus and remunerations of the BOS

No.	Full name	Title	Remuneration (before tax)	Salary & Bonus	Duration of holding position
1	Nguyen Tu Luc	Head of BOS	60,000,000		12 months
2	Hoang Nu Mong Tuyen	BOS member	60,000,000		12 months
3	Dinh Ngoc Hoa	BOS member	60,000,000	352,272,489	12 months
Total (VND)			180,000,000	352,272,489	

Salary, bonus and remunerations of BOM

No.	Full name	Title	Remuneration (before tax)	Salary & Bonus	Duration of holding position
1	Dang Trieu Hoa	Managing Director	Refer to the BOD's	1,310,900,000	12 months
2	Nguyen Phuong Chi	CSO	-	1,451,556,387	12 months
3	Phan Nhu Bich	CFO	-	864,751,531	12 months
Total amount (VND)				3.627.207.918	

Consolidated audited financial statements

For the year ended 31 December 2022

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GENERAL INFORMATION

THE COMPANY

Century Synthetic Fiber Corporation (“the Company”) is a shareholding company incorporated under the Law on Enterprise of Vietnam and currently operates based on 20th Amended Enterprise Registration Certificate No. 0302018927 issued by the Department of Planning and Investment of Ho Chi Minh City on 12 November 2022.

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

The current principal activities of the Company during the year are to manufacture synthetic yarn and knitting.

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

BOARD OF DIRECTORS

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

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

BOARD OF SUPERVISION

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

<i>Mr Nguyen Tu Luc</i>	<i>Head</i>
<i>Ms Hoang Nu Mong Tuyen</i>	<i>Member</i>
<i>Ms Dinh Ngoc Hoa</i>	<i>Member</i>

MANAGEMENT

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

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

LEGAL REPRESENTATIVE

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

AUDITOR

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

REPORT OF MANAGEMENT

Management of Century Synthetic Fiber Corporation (“the Company”) is pleased to present this report and the consolidated financial statements of the Company and its subsidiary (“the Group”) for the year ended 31 December 2022.

MANAGEMENT’S RESPONSIBILITY IN RESPECT OF THE CONSOLIDATED FINANCIAL STATEMENTS

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

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

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

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

STATEMENT BY MANAGEMENT

Management does hereby state that, in its opinion, the accompanying consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2022 and of the results of its consolidated operations and its consolidated cash flows for the year then ended in accordance with Vietnamese Accounting Standards, Vietnamese Enterprise Accounting System and the statutory requirements relevant to preparation and presentation of the consolidated financial statements.

For and on behalf of the management:

Dang Trieu Hoa

General Director

Ho Chi Minh City, Vietnam

13 March 2023

INDEPENDENT AUDITORS' REPORT

To: The Shareholders of Century Synthetic Fiber Corporation

We have audited the accompanying consolidated financial statements of Century Synthetic Fiber Corporation ("the Company") and its subsidiary (collectively referred to as "the Group") as prepared on 13 March 2023 and set out on pages 5 to 33, which comprise the consolidated balance sheet as at 31 December 2022, and the consolidated income statement and the consolidated cash flow statement for the year then ended and the notes thereto.

Management's responsibility

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

Auditors' responsibility

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

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

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

Opinion

In our opinion, the consolidated financial statements give a true and fair view, in all material respects, of the consolidated financial position of the Group as at 31 December 2022, and of the consolidated results of its operations and its consolidated cash flows for the year then ended in accordance with the Vietnamese Accounting Standards, Vietnamese Enterprises Accounting System and the statutory requirements relevant to preparation and presentation of the consolidated financial statements.

Ernst & Young Vietnam Limited

Maria Cristina M. Calimbias

Deputy General Director

Audit Practicing Registration Certificate
No.: 1073-2023-004-1

Dang Minh Tai

Auditor

Audit Practicing Registration Certificate
No.: 2815-2019-004-1

Ho Chi Minh City, Vietnam

13 March 2023

B01-DN/HN

CONSOLIDATED BALANCE SHEET

as at 31 December 2022

VND

Code	ASSETS	Notes	Ending balance	Beginning balance
100	A. CURRENT ASSETS		1,199,951,103,248	986,230,344,776
110	I. Cash and cash equivalents	4	235,284,187,347	366,205,978,093
111	1. Cash		20,784,187,347	24,205,978,093
112	2. Cash equivalents		214,500,000,000	342,000,000,000
120	II. Short-term investment		180,000,000,000	-
123	1. Held-to-maturity investments	5	180,000,000,000	-
130	III. Current accounts receivable		225,986,702,005	87,022,805,785
131	1. Short-term trade receivables	6.1	69,400,071,855	69,083,156,471
132	2. Short-term advances to suppliers	6.2	151,583,002,310	16,351,481,025
135	3. Short-term loan receivables	7	3,471,000,000	-
136	4. Other short-term receivables	8	1,532,627,840	1,588,168,289
140	IV. Inventories	9	466,136,524,256	471,504,991,659
141	1. Inventories		472,682,334,984	490,920,247,655
149	2. Provision for obsolete inventories		(6,545,810,728)	(19,415,255,996)
150	V. Other current assets		92,543,689,640	61,496,569,239
151	1. Short-term prepaid expenses	14	3,067,765,320	5,930,866,811
152	2. Value-added tax deductible	17	84,182,005,136	42,013,872,115
153	3. Tax receivable from the State	17	5,293,919,184	13,551,830,313

Code	ASSETS	Notes	Ending balance	Beginning balance
200	B. NON-CURRENT ASSETS		925,081,840,609	984,909,304,450
210	I. Long-term receivable		-	11,279,690,982
215	1. Long-term loan receivable	7	-	11,279,690,982
220	II. Fixed assets		730,566,913,801	806,745,403,454
221	1. Tangible fixed assets	10	730,566,913,801	806,644,500,122
222	Cost		2,088,323,320,799	2,058,140,940,344
223	Accumulated depreciation		(1,357,756,406,998)	(1,251,496,440,222)
227	2. Intangible assets	11	-	100,903,332
228	Cost		14,385,298,205	14,385,298,205
229	Accumulated amortisation		(14,385,298,205)	(14,284,394,873)
240	III. Long-term asset in progress		40,942,507,371	24,178,132,004
242	1. Construction in progress	12	40,942,507,371	24,178,132,004
250	IV. Long-term investments	13	13,800,000,000	6,097,134,018
253	1. Investment in another entity		13,800,000,000	6,097,134,018
260	V. Other long-term assets		139,772,419,437	136,608,943,992
261	1. Long-term prepaid expenses	14	136,348,216,385	133,546,225,816
262	2. Deferred tax assets	27.3	3,424,203,052	3,062,718,176
270	TOTAL ASSETS		2,125,032,943,857	1,971,139,649,226

CONSOLIDATED BALANCE SHEET (cont.)

as at 31 December 2022

VND

Code	RESOURCES	Notes	Ending balance	Beginning balance
300	C. LIABILITIES		583,942,885,374	712,146,217,980
310	I. Current liabilities		583,671,887,207	711,866,113,607
311	1. Short-term trade payables	15	219,788,323,822	291,395,910,347
312	2. Short-term advances from customers	16	8,783,975,931	41,623,436,088
313	3. Statutory obligations	17	3,568,641,115	11,810,815,168
314	4. Payable to employees		24,626,980,550	26,624,030,474
315	5. Short-term accrued expenses	18	6,447,916,477	8,266,264,038
319	6. Other short-term payables	19	6,659,866,578	6,233,724,905
320	7. Short-term loans	20	308,095,357,806	321,327,876,336
322	8. Bonus and welfare fund	3.15	5,700,824,928	4,584,056,251
330	II. Non-current liability		270,998,167	280,104,373
342	1. Long-term provision		270,998,167	280,104,373

Code	RESOURCES	Notes	Ending balance	Beginning balance
400	D. OWNERS' EQUITY		1,541,090,058,483	1,258,993,431,246
410	I. Capital	21.1	1,541,090,058,483	1,258,993,431,246
411	1. Share capital		843,638,250,000	707,269,440,000
411a	Shares with voting rights		843,638,250,000	707,269,440,000
412	2. Share premium		40,824,578,872	35,093,198,872
413	3. Treasury share		(42,410,550,000)	(42,410,550,000)
418	4. Investment and development fund		1,219,011,000	1,219,011,000
421	5. Undistributed earnings		697,818,768,611	557,822,331,374
421a	Undistributed earnings at the end of prior year		455,544,390,374	279,342,679,536
421b	Earnings of current year		242,274,378,237	278,479,651,838
440	TOTAL LIABILITIES AND OWNERS' EQUITY		2,125,032,943,857	1,971,139,649,226

Preparer
Nguyen Thi Hong Tham

Chief Accountant
Phan Nhu Bich

General Director
Dang Trieu Hoa

13 March 2023

B02-DN/HN

CONSOLIDATED INCOME STATEMENT

for the year ended 31 December 2022

VND

Code	ITEMS	Notes	Current year	Previous year
01	1. Revenue from sale of goods	22.1	2,116,780,568,379	2,043,370,881,890
02	2. Deductions	22.1	(2,248,877,567)	(982,169,267)
10	3. Net revenue from sale of goods	22.1	2,114,531,690,812	2,042,388,712,623
11	4. Cost of goods sold	26	(1,741,237,965,679)	(1,667,905,910,801)
20	5. Gross profit from sale of goods		373,293,725,133	374,482,801,822
21	6. Finance income	22.2	29,340,143,578	18,043,108,556
22	7. Finance expenses	23	(48,364,243,092)	(8,691,611,219)
23	<i>In which: Interest expenses</i>		<i>(9,128,352,047)</i>	<i>(5,319,270,025)</i>
25	8. Selling expenses	24, 26	(19,448,338,303)	(27,145,444,741)
26	9. General and administrative expenses	25, 26	(64,115,797,999)	(71,510,694,737)
30	10. Operating profit		270,705,489,317	285,178,159,681

Code	ITEMS	Notes	Current year	Previous year
31	11. Other income		713,832,657	722,041,900
32	12. Other expenses		(1,956,678,674)	(161,637,493)
40	13. Other (loss) profit		(1,242,846,017)	560,404,407
50	14. Accounting profit before tax		269,462,643,300	285,738,564,088
51	15. Current corporate income tax expense	27.1	(27,549,749,939)	(4,754,187,463)
52	16. Deferred tax income (expense)	27.3	361,484,876	(2,504,724,787)
60	17. Net profit after tax		242,274,378,237	278,479,651,838
61	19. Net profit after tax attributable to shareholders of the parent		242,274,378,237	278,479,651,838
70	18. Basic earnings per share	29	3,341	4,084
71	19. Diluted earnings per share	29	3,341	4,084

Preparer
Nguyen Thi Hong Tham

Chief Accountant
Phan Nhu Bich

General Director
Dang Trieu Hoa

13 March 2023

CONSOLIDATED CASH FLOW STATEMENT

for the year ended 31 December 2022

VND

Code	ITEMS	Notes	Current year	Previous year
I. CASH FLOWS FROM OPERATING ACTIVITIES				
01	Accounting profit before tax		269,462,643,300	285,738,564,088
	<i>Adjustments for:</i>			
02	Depreciation and amortisation	10, 11	106,360,870,108	110,577,079,644
03	Reversal of provisions		(12,869,445,268)	(5,108,829,897)
04	Foreign exchange losses (gains) arising from revaluation of monetary accounts denominated in foreign currency		11,564,710,655	(2,465,573,499)
05	Profits from investing activities		(17,725,426,686)	(6,327,104,473)
06	Interest expense	23	9,128,352,047	5,319,270,025
08	Operating profit before changes in working capital		365,921,704,156	387,733,405,888
09	Increase in receivables		(308,390,925,789)	(34,345,039,507)
10	Decrease (increase) in inventories		18,237,912,671	(65,853,422,700)
11	(Decrease) increase in payables		169,333,161,750	24,333,144,265
12	Decrease (increase) decrease in prepaid expenses		61,110,922	(2,671,101,512)
13	Interest paid		(8,515,119,480)	(5,481,366,305)
14	Corporate income tax paid	17	(24,802,880,291)	(16,351,031,025)
15	Other cash inflows from operating activities		-	2,784,708,236
16	Other cash outflows for operating activities		-	(7,719,336)
20	Net cash from operating activities		211,844,963,939	290,141,566,004
II. CASH FLOWS FROM INVESTING ACTIVITIES				
21	Purchase and construction of fixed assets		(188,651,811,052)	(3,400,740,060)
23	Placement of bank term deposits		(180,000,000,000)	-

Code	ITEMS	Notes	Current year	Previous year
24	Proceeds from bank term deposit		-	26,000,000,000
25	Payment for investment in other entity		-	1,519,092,895
27	Collection from investment in other entity		17,114,857,133	6,327,149,578
30	Net cash (used in) from investing activities		(351,536,953,919)	30,445,502,413
III. CASH FLOWS FROM FINANCING ACTIVITIES				
31	Issuance of shares	21.1	142,100,190,000	-
33	Drawdown of borrowings	20	1,057,928,818,066	1,070,324,713,667
34	Repayment of borrowings	20	(1,088,272,662,348)	(1,018,171,245,277)
36	Dividends paid	21.2	(102,213,100,650)	(102,197,517,784)
40	Net cash from (used in) financing activities		9,543,245,068	(50,044,049,394)
50	Net (decrease) increase in cash and cash equivalents for the year		(130,148,744,912)	270,543,019,023
60	Cash and cash equivalents at the beginning of the year		366,205,978,093	95,106,312,655
61	Impact of exchange rate fluctuation		(773,045,834)	556,646,415
70	Cash and cash equivalents at end of the year	4	235,284,187,347	366,205,978,093

Preparer
Nguyen Thi Hong Tham

Chief Accountant
Phan Nhu Bich

General Director
Dang Trieu Hoa

13 March 2023

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

as at 31 December 2022 and for the year then ended

1. CORPORATE INFORMATION

Century Synthetic Fiber Corporation (“the Company”) is a shareholding company incorporated under the Law on Enterprise of Vietnam and currently operates based on 20th Amended Enterprise Registration Certificate No. 0302018927 issued by the Department of Planning and Investment of Ho Chi Minh City on 12 November 2022.

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

The current principal activities of the Company during the year are to manufacture synthetic yarn and knitting.

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

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

The number of employees of the Company and its subsidiary (“the Group”) as at 31 December 2022 was 882 (31 December 2021: 927).

Corporate structure

As at 31 December 2022, the Company has a subsidiary as follows:

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

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

On 21 October 2022, the Company increased its contributed share capital in Unitex Corporation (“Unitex”) with the amount of VND 142,100,190,000 according to Shareholders’ Resolution No. 273-22/CV-CTTK dated 21 March 2022.

As at 31 December 2022, the Company holds 100% ownership and voting rights at Unitex.

2. BASIS OF PREPARATION

2.1 Accounting standards and system

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

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

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

2.2 Applied accounting documentation system

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

2.3 Fiscal year

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

2.4 Accounting currency

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

2.5 Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiary for the year ended 31 December 2022.

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

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

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

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

3.1 Cash and cash equivalents

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

3.2 Inventories

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

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

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

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

Provision for obsolete inventories

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

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

3.3 Receivables

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

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

3.4 Tangible fixed assets

Tangible fixed assets are stated at cost less accumulated depreciation.

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

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

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

3.5 Intangible assets

Intangible assets are stated at cost less accumulated amortisation.

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

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

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

3.6 Depreciation and amortisation

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

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

3.7 Borrowing costs

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

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

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

3.8 Prepaid expenses

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

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

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

Prepaid land rental

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

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

3.9 Construction in process

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

3.10 Business combinations and goodwill

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

3.11 Investments

Investments in associate

Under the equity method, the investment is carried in the consolidated balance sheet at cost plus post acquisition changes in the Group's share of net assets of the associates.

The share of post-acquisition profit (loss) of the associates is presented on face of the consolidated income statement and its share of post-acquisition movements in reserves is recognised in reserves. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. Dividend/profit sharing receivable from associates reduces the carrying amount of the investment.

Investments in another entity

Investments in another entity are stated at their acquisition costs.

Provision for diminution in value of an investment

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

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

Held-to-maturity investmen

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

3.12 Payables and accruals

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

3.13 Accrual for severance pay

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

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

3.14 Foreign currency transactions

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

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

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

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

3.15 Appropriation of net profit

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

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

Investment and development fund

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

Bonus and welfare fund

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

3.16 Revenue recognition

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

Sale of goods

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

Interes

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

3.17 Taxation

Current income tax

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

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

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

Deferred tax

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

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

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

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

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

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

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

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

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

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

3.18 Earnings per share

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

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

3.19 Segment information

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

3.20 Related parties

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

4. CASH AND CASH EQUIVALENTS

VND

	Ending balance	Beginning balance
Cash on hand	16,586,058	35,847,322
Cash in banks	20,767,601,289	24,170,130,771
Time deposits at banks	214,500,000,000	342,000,000,000
TOTAL	235,284,187,347	366,205,978,093

(*) Cash equivalents represent short-term deposits at commercial banks with original maturity of less than three (3) months and interest at rates ranging from 1.0% to 6.0% per annum.

5. HELD-TO-MATURITY INVESTMENTS

This comprises term deposits at commercial banks with original maturity of three (3) months but less than one (1) year and interest at 7.1% per annum.

6. SHORT-TERM TRADE RECEIVABLES AND ADVANCES TO SUPPLIERS

6.1 Short-term trade receivables

VND

	Ending balance	Beginning balance
Unifi Asia Pacific (Hong Kong)	21,883,037,796	10,545,551,846
Phong Phu Coats Company Limited	9,602,862,329	13,412,446,823
Thai Toray Synthetics Co., Ltd.	8,902,945,036	-
Chori Osaka Ltd Ptd	8,798,473,838	12,352,370,186
Nam Phuong Textile and Dyeing Co., Ltd	7,331,860,800	-
Others	21,783,837,092	32,772,787,616
TOTAL	69,400,071,855	69,083,156,471

The detail of beginning balance is disclosed in corresponding with the ending balance.

6.2 Short-term advances to suppliers

VND

	Ending balance	Beginning balance
Multicom Machinery Taiwan LTD	149,091,159,230	10,643,457,000
VBS Technology Company Limited	880,000,000	1,090,594,122
Truong Hai Investment and Development Company Limited	346,500,000	1,705,000,000
Oerlikon Barmag Zweigniederlassung	277,735,068	-
Zhangjiagang Shuoxiang Internationa	222,402,560	-
Schill +Seilacher GMBH Boeblingen	-	1,086,189,280
Others	265,205,452	1,826,240,623
TOTAL	151,583,002,310	16,351,481,025

7. SHORT-TERM LOAN RECEIVABLE

VND

	Ending balance	Beginning balance
Short-term	3,471,000,000	-
Dintsun Vietnam Company Limited	3,471,000,000	-
Long-term	-	11,279,690,982
Dintsun Vietnam Company Limited	-	11,279,690,982
TOTAL	3,471,000,000	11,279,690,982

The balance represents interest-free loan to Dintsun Vietnam Company Limited (“Dintsun”) under the Capital Contribution Agreement No. DTVN – 2019001 dated 12 December 2019 to 30 June 2023 to raise the capital for the Soc Trang Industrial Zone Project and earn no interest. On 16 June 2022, the Company completed additional investment in Dintsun amounting to VND 7,702,865,982 under the form of through the conversion of a long-term loan receivable in accordance with Capital Contribution Agreement No. DTVN-2019000.

9. INVENTORIES

VND

	Ending balance		Beginning balance	
	Cost	Provision	Cost	Provision
Finished goods	283,606,536,566	(3,112,425,296)	249,440,713,272	(16,104,310,749)
Raw materials	165,479,464,761	(3,433,385,432)	208,061,491,372	(3,310,945,247)
Goods in transit	23,596,333,657	-	33,418,043,011	-
TOTAL	472,682,334,984	(6,545,810,728)	490,920,247,655	(19,415,255,996)

Detail of movements of provision for obsolete inventories:

VND

	Current year	Previous year
Beginning balance	(19,415,255,996)	(24,524,085,893)
<i>Add: Provision made during the year</i>	-	(4,635,353,349)
<i>Less: Reversal of provision</i>	12,869,445,268	9,744,183,246
Ending balance	(6,545,810,728)	(19,415,255,996)

8. OTHER SHORT-TERM RECEIVABLES

VND

	Ending balance	Beginning balance
Social insurance	-	801,791,320
Others	1,532,627,840	786,376,969
TOTAL	1,532,627,840	1,588,168,289

10. TANGIBLE FIXED ASSETS

VND

	Buildings and structures	Machinery and equipment	Motor vehicles	Office equipment	Total
Cost:					
Beginning balance	304,608,626,458	1,565,972,049,649	182,768,538,157	4,791,726,080	2,058,140,940,344
New purchase	-	2,903,711,599	4,032,952,000		6,936,663,599
Transfer from construction in progress	-	23,245,716,856	-	-	23,245,716,856
Ending balance	304,608,626,458	1,592,121,478,104	186,801,490,157	4,791,726,080	2,088,323,320,799
<i>In which:</i>					
<i>Fully depreciated</i>	<i>88,291,213,410</i>	<i>570,109,047,670</i>	<i>101,158,012,334</i>	<i>3,838,565,694</i>	<i>763,396,839,108</i>
Accumulated depreciation:					
Beginning balance	(150,939,967,561)	(952,160,023,166)	(143,778,284,908)	(4,618,164,587)	(1,251,496,440,222)
Depreciation for the year	(9,207,445,922)	(81,423,931,680)	(15,574,889,219)	(53,699,955)	(106,259,966,776)
Ending balance	(160,147,413,483)	(1,033,583,954,846)	(159,353,174,127)	(4,671,864,542)	(1,357,756,406,998)
Net carrying amount:					
Beginning balance	153,668,658,897	613,812,026,483	38,990,253,249	173,561,493	806,644,500,122
Ending balance	144,461,212,975	558,537,523,258	27,448,316,030	119,861,538	730,566,913,801

11. INTANGIBLE ASSET

VND

	Computer software
Cost:	
Beginning and ending balances	14,385,298,205
<i>In which:</i>	
<i>Fully amortised</i>	<i>13,834,916,387</i>
Accumulated depreciation:	
Beginning balance	(14,284,394,873)
Amortisation for the year	(100,903,332)
Ending balance	(14,385,298,205)
Net carrying amount:	
Beginning balance	100,903,332
Ending balance	-

12. CONSTRUCTION IN PROGRESS

VND

	Ending balance	Beginning balance
Unitex factory project	29,973,680,699	-
Machinery and equipment	10,928,370,930	23,843,586,550
Others	40,455,742	334,545,454
TOTAL	40,942,507,371	24,178,132,004

13. LONG-TERM INVESTMENTS

VND

	Ending balance	Beginning balance
Investment in another entity (Note 13.1)	13,800,000,000	6,097,134,018

13.1 Investment in another entity

VND

	Ending balance		Beginning balance	
	% of interest	Cost VND	% of interest	Cost VND
Dintsun Vietnam Company Limited	5	13,800,000,000	5	6,097,134,018

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

On 16 June 2022, the Company completed additional investment in Dintsun amounting to VND 7,702,865,982 through the form of conversion of a long-term loan receivable in accordance with Capital Contribution Agreement No. DTVN-2019000.

14. PREPAID EXPENSES

VND

	Ending balance	Beginning balance
Short-term	3,067,765,320	5,930,866,811
Insurance expense	1,250,123,438	-
Tools and supplies in used	944,488,607	4,237,790,753
Car rental	320,000,000	1,658,228,059
Others	553,153,275	34,848,000
Long-term	136,348,216,385	133,546,225,816
Land rental	112,833,871,240	113,811,689,249
Tools and supplies in used	19,921,580,213	18,710,893,905
Others	3,592,764,932	1,023,642,662
TOTAL	139,415,981,705	139,477,092,627

15. SHORT-TERM TRADE PAYABLES

VND

	Ending balance	Beginning balance
Tainan Spinning Co., Ltd.	105,308,480,400	91,222,587,200
Unifi Textile (Suzhou) Co., Ltd	53,768,088,000	63,461,746,000
Chori Co., Ltd	30,323,800,800	46,151,762,440
Pt. Indo-Rama Synthetics TBK	-	60,490,976,000
Other suppliers	30,387,954,622	30,068,838,707
TOTAL	219,788,323,822	291,395,910,347

16. SHORT-TERM ADVANCES FROM CUSTOMERS

VND

	Ending balance	Beginning balance
Lear Corporation - Kenansville	3,681,251,674	9,398,398,464
Treasure Star International Limited	417,331,620	5,794,349,760
Nam Phuong Textile and Dyeing Co., Ltd	-	5,373,566,979
Others	4,685,392,637	21,057,120,885
TOTAL	8,783,975,931	41,623,436,088

17. STATUTORY OBLIGATIONS

VND

	Beginning balance	Increase during the year	Decrease during the year	Ending balance
Payables				
Corporate income tax	6,499,586,755	17,582,009,349	(24,856,768,314)	775,172,210
Personal income tax	113,431,355	10,036,100,094	(9,660,767,046)	488,764,403
Value-added tax	5,197,797,058	228,690,349,163	(231,583,441,719)	2,304,704,502
TOTAL	11,810,815,168	256,308,458,606	(266,100,977,079)	3,568,641,115
Receivables				
Corporate income tax	13,551,830,313	-	(8,286,052,993)	5,080,546,040
Value-added tax deductible	42,013,872,115	268,657,345,928	(226,489,212,907)	84,182,005,136
Import tax	-	205,628,626	-	205,628,626
Other	-	983,342,198	(975,597,680)	7,744,518
TOTAL	55,565,702,428	269,846,316,752	(235,936,094,860)	89,475,924,320

18. SHORT-TERM ACCRUED EXPENSES

VND

	Ending balance	Beginning balance
Utilities	4,913,918,642	7,191,132,150
Sales commission	753,799,125	868,165,745
Interest expense	780,198,710	76,631,638
Others	-	130,334,505
TOTAL	6,447,916,477	8,266,264,038

19. SHORT-TERM OTHER PAYABLES

VND

	Ending balance	Beginning balance
Social insurance	843,221,735	3,245,911,456
Dividends	327,500,530	262,660,180
Others	5,489,144,313	2,725,153,269
TOTAL	6,659,866,578	6,233,724,905

20. SHORT-TERM LOANS

VND

	Beginning balance	Movement during the year		Revaluation due to foreign exchange difference	Ending balance
		Increase	Decrease		
Loans from banks	321,327,876,336	1,057,928,818,066	(1,088,272,662,348)	17,111,325,752	308,095,357,806

The Company obtained unsecured loans from banks to finance its working capital requirements at interest rates ranging from 2.2% to 4.5% per annum. Further details are as follows:

VND

Banks	Ending balance VND	Original amount USD	Term and maturity date
Vietnam Export Import Bank – Ho Chi Minh Branch	118,455,076,628	5,060,020	From 12 January 2023 to 26 March 2023
CTBC Bank Co., Ltd – Ho Chi Minh Branch	109,018,438,675	4,656,917	From 2 February 2023 to 29 May 2023
Joint Stock Commercial Bank for Foreign Trade of Vietnam – Ho Chi Minh Branch	68,203,305,703	2,913,426	From 11 January 2023 to 29 June 2023
Orient Commercial Joint Stock Bank – Tan Binh Branch	12,418,536,800	530,480	From 5 March 2023 to 30 May 2023
TOTAL	308,095,357,806	13,160,844	

21. OWNERS' EQUITY

21.1 Movements in owners' equity

VND

	Share capital	Share premium	Treasury shares	Investment and development fund	Undistributed earnings	Total
Previous year:						
Beginning balance	707,269,440,000	35,093,198,872	(42,410,550,000)	1,219,011,000	381,620,620,536	1,082,791,720,408
Net profit for the year	-	-	-	-	278,479,651,838	278,479,651,838
Dividend declared	-	-	-	-	(102,277,941,000)	(102,277,941,000)
Ending balance	707,269,440,000	35,093,198,872	(42,410,550,000)	1,219,011,000	557,822,331,374	1,258,993,431,246
Current year:						
Beginning balance	707,269,440,000	35,093,198,872	(42,410,550,000)	1,219,011,000	557,822,331,374	1,258,993,431,246
Increase in share capital (*)	136,368,810,000	5,731,380,000	-	-	-	142,100,190,000
Net profit for the year	-	-	-	-	242,274,378,237	242,274,378,237
Dividend declared (**)	-	-	-	-	(102,277,941,000)	(102,277,941,000)
Ending balance	843,638,250,000	40,824,578,872	(42,410,550,000)	1,219,011,000	697,818,768,611	1,541,090,058,483

(*) On 26 September 2022, the Company completed the issuance of 13,636,881 new shares to its existing shareholders at a par value of 10,000VND/share in accordance with Minute of General Shareholders No. 03-2021/NQ-DHDCD/TK dated 22 April 2021 and Board of Directors No. 11-2022/NQHDQT dated 7 July 2022. On 12 November 2022, the Company received the 20th amended Enterprise Registration Certificate issued by the DPI of Ho Chi Minh City, approving the increase in charter capital from VND 707,269,440,000 to VND 843,638,250,000.

(**) The Resolutions of Annual Shareholder Meeting dated 22 April 2022, and of Board of Directors No. 06-2022/NQHDQT/TK dated 5 April 2022 approved the cash dividends of 15% par value of share with total amount of VND 102,277,941,000.

21.2 Capital transactions with owners and distribution of dividends, profits

VND

	Current year	Previous year
Issued share capital		
Beginning balance	707,269,440,000	707,269,440,000
Issuance of shares	136,368,810,000	-
Ending balance	843,638,250,000	707,269,440,000
Dividends declared	(102,277,941,000)	(102,277,941,000)
Dividend paid in cash	(102,213,100,650)	(102,197,517,784)

21.3 Shares

VND

	Ending balance		Beginning balance	
	Quantity	Amount (VND)	Quantity	Amount (VND)
Authorized shares	84,363,825	843,638,250,000	70,726,944	707,269,440,000
Issued shares				
<i>Issued and paid-up shares</i>	84,363,825	843,638,250,000	70,726,944	707,269,440,000
Ordinary shares	84,363,825	843,638,250,000	70,726,944	707,269,440,000
Treasury shares				
Ordinary shares	(2,541,650)	(42,410,550,000)	(2,541,650)	(42,410,550,000)
Shares in circulation				
Ordinary shares	81,822,175	801,227,700,000	68,185,294	664,858,890,000

22. REVENUES

22.1 Revenue from sale of goods

VND

	Current year	Previous year
Gross revenue	2,116,780,568,379	2,043,370,881,890
<i>Less:</i>		
<i>Trade discount</i>	-	(805,683,048)
<i>Sales returns</i>	(2,230,118,022)	(176,486,219)
Net revenue	2,114,531,690,812	2,042,388,712,623

22.2 Finance income

VND

	Current year	Previous year
Interest income	17,725,426,686	6,327,104,473
Foreign exchange gains	11,614,716,892	11,716,004,083
TOTAL	29,340,143,578	18,043,108,556

23. FINANCE EXPENSES

VND

	Current year	Previous year
Foreign exchange losses	39,235,891,045	3,372,341,194
Interest expense	9,128,352,047	5,319,270,025
TOTAL	48,364,243,092	8,691,611,219

24. SELLING EXPENSES

VND

	Current year	Previous year
Transportation	9,109,582,228	12,887,594,470
Letter of credit and documentary fees	5,393,435,037	8,357,779,614
Commission fee	2,344,551,101	2,517,539,901
Others	2,600,769,937	3,382,530,756
TOTAL	19,448,338,303	27,145,444,741

25. GENERAL AND ADMINISTRATION EXPENSES

VND

	Current year	Previous year
Labour costs	32,601,644,783	31,887,770,364
External services	13,781,628,224	21,814,899,153
Stationery and other tools costs	9,527,080,924	10,280,604,921
Depreciation and amortisation	1,577,509,247	1,469,700,501
Other expenses	6,627,934,821	6,057,719,798
TOTAL	64,115,797,999	71,510,694,737

26. PRODUCTION AND OPERATING COSTS

VND

	Current year	Previous year
Raw materials	1,277,763,972,568	1,187,454,840,331
External services	247,909,931,827	272,537,233,024
Depreciation and amortisation expenses (Notes 10 and 11)	106,360,870,108	110,577,079,644
Labour costs	139,698,790,039	144,522,919,401
Other expenses	53,068,537,439	51,469,977,879
TOTAL	1,824,802,101,981	1,766,562,050,279

27. CORPORATE INCOME TAX

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

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

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

27.1 CIT expenses

VND

	Current year	Previous year
Current tax expense	28,516,255,103	28,130,207,047
Adjustment for over accrual of CIT from prior years	(966,505,164)	(23,376,019,584)
Deferred tax (income) expense	(361,484,876)	2,504,724,787
TOTAL	27,188,265,063	7,258,912,250

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

27.2 Current CIT

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

VND

	Current year	Previous year
Accounting profit before tax	269,462,643,300	285,738,564,088
At the applicable CIT rate for the Group	53,892,528,660	57,147,712,818
Adjustments:		
Non-deductible expenses	890,040,642	2,145,823,035
Tax incentive for the Trang Bang branch	(28,330,081,489)	(31,842,022,978)
Adjustment for over-accrual of tax from prior years	(966,505,164)	(23,376,019,584)
Unrealised profit	943,595,911	3,183,418,959
Unrecognized deferred tax assets on subsidiary's tax loss carry forward	758,686,503	-
CIT expense	27,188,265,063	7,258,912,250

27.3 Deferred tax

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

VND

	Consolidated balance sheet		Consolidated income statement	
	Ending balance	Beginning balance	Current year	Previous year
Accrued expenses	2,361,618,377	2,625,065,485	(263,447,108)	(158,505,665)
Provision for obsolete inventories	950,483,191	337,150,913	613,332,278	(621,014,307)
Foreign exchange arising from revaluation of monetary accounts denominated in foreign currency	66,600,232	54,615,853	11,984,379	32,867,909
Accrual for severance pay	45,501,252	45,885,925	(384,673)	(21,497,592)
Tax loss carry forward	-	-	-	(1,736,575,132)
	3,424,203,052	3,062,718,176		
Net deferred tax credit (charge) to consolidated income statement			361,484,876	(2,504,724,787)

28. RELATED PARTY DISCLOSURE

The related parties that have a controlling relationship with the Company as at 31 December 2022 are as follows:

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

Significant transactions with related parties were as follows:

VND

Related party	Relationship	Transactions	Current year	Previous year
Hung Loi Service Trading Investment Company Limited	Related party due to family member of a BOD member of the Group investing therein	Sale of goods	-	21,857,929,365

Details of remuneration of the Board of Directors, Board of Supervision and management are as follows:

VND

Individuals	Position	Remuneration	
		Current year	Previous year
Ms Dang My Linh	Chairman	150,000,000	150,000,000
Mr Dang Trieu Hoa	Deputy of Chairman cum General Director	1,460,900,000	1,517,400,001
Mr Dang Huong Cuong	Member of BOD	150,000,000	150,000,000
Mr Chen Che Jen	Member of BOD	225,000,000	225,000,000
Ms Cao Thi Nguyet Anh	Member of BOD	225,000,000	225,000,000
Mr Vo Quang Long	Member of BOD	150,000,000	150,000,000
Mr Nguyen Quoc Huong	Member of BOD	225,000,000	225,000,000
Mr Nguyen Tu Luc	Head of Audit function	60,000,000	60,000,000
Ms Hoang Nu Mong Tuyen	Member of Audit function	60,000,000	60,000,000
Ms Dinh Ngoc Hoa	Member of Audit function	352,272,489	351,987,385
Ms Nguyen Phuong Chi	Director	1,451,556,387	1,271,233,115
Mr Phan Nhu Bich	Financial Director cum Chief Accountant	864,751,531	832,379,070
TOTAL		5,374,480,407	5,217,999,571

29. EARNINGS PER SHARE

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

VND

	Current year	Previous year
Net profit after tax attributable to ordinary equity holders adjusted for the effect of dilution	242,274,378,237	278,479,651,838
Weighted average number of ordinary shares for basic earnings per share	72,519,207	68,185,294
Earnings per share (<i>par value of VND 10,000/share</i>)		
Basic	3,341	4,084
Diluted	3,341	4,084

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

30. OPERATING LEASE COMMITMENTS

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

VND

	Ending balance	Beginning balance
Less than 1 year	769,388,400	340,500,000
From 1 to 5 years	2,420,769,251	1,362,000,000
More than 5 years	12,350,772,653	9,902,875,000
TOTAL	15,540,930,304	11,332,215,412

31. OFF BALANCE SHEET ITEM

VND

	Ending balance	Beginning balance
Major foreign currency:		
United States dollar (USD)	112,156	101,190

32. EVENT AFTER THE BALANCE SHEET DATE

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

Preparer
Nguyen Thi Hong Tham

Chief Accountant
Phan Nhu Bich

General Director
Dang Trieu Hoa

13 March 2023

APPENDIX: ASEAN CORPORATE GOVERNANCE SCORECARDS

Code	Criteria	STK's compliance	Notes/Recommended improvements
A. Rights of Shareholders			
A.1	Basic Shareholder Rights		
A.1.1	Paying dividends within 30 days after being announced	not yet applied this practice	STK just paid dividend within 6 months from AGSM date in accordance with Vietnam's regulations
A.2	Right to participate in decisions concerning fundamental corporate changes		
	<i>Do shareholders have the right to participate in:</i>		
A.2.1	Amendments to the company's constitution?	already applied this practice	STK get shareholders' approval for Charter amendment
A.2.2	The authorisation of additional shares?	already applied this practice	STK get shareholders' approval for new share issues
A.2.3	The transfer of all or substantially all assets, which in effect results in the sale of the company?	not applicable	this type of situation has not yet happened with STK
A.3	Right to participate effectively in and vote in general shareholder meetings and should be informed of the rules, including voting procedures, that govern general shareholder meetings.		
A.3.1	Do shareholders have the opportunity, evidenced by an agenda item, to approve remuneration (fees, allowances, benefit-in-kind and other emoluments) or any increases in remuneration for the non- executive directors/commissioners?	already applied this practice	STK get shareholders' approval for BOD Members' remuneration
A.3.2	Does the company provide non-controlling shareholders a right to nominate candidates for board of directors/commissioners?	already applied this practice	The Company's Charter stipulates that shareholders can accumulate their votes to nominate candidates
A.3.3	Does the company allow shareholders to elect directors/commissioners individually?	already applied this practice	The self-nomination, nomination and election rules have clear provisions on this matter
A.3.4	Does the company disclose the voting procedures used before the start of meeting?	already applied this practice	The self-nomination, nomination and election rules are posted on the Company's website
A.3.5	Do the minutes of the most recent AGM record that the shareholders were given the opportunity to ask questions and the questions raised by shareholders and answers given recorded?	already applied this practice	2022 AGSM minutes noted details of shareholders' questions and the BOM's answers
A.3.6	Does the company disclose the voting results including approving, dissenting, and abstaining votes for all resolutions/each agenda item for the most recent AGM?	already applied this practice	2022 AGSM minutes noted details of voting for each proposal
A.3.7	Does the company disclose the list of board members who attended the most recent AGM?	already applied this practice	2022 AGSM minutes had the full list of BOD Members attending the AGSM
A.3.8	Does the company disclose that all board members and the CEO (if he is not a board member) attended the most recent AGM?	already applied this practice	2022 AGSM minutes addressed this matter
A.3.9	Does the company allow voting in absentia?	already applied this practice	the Company's Charter and the Voting rules clearly stipulate this matter

Code	Criteria	STK's compliance	Notes/Recommended improvements
A.3.10	Did the company vote by poll (as opposed to by show of hands) for all resolutions at the most recent AGM?	already applied this practice	the Company's Charter and the Voting rules clearly stipulate this matter
A.3.11	Does the company disclose that it has appointed an independent party (scrutineers/ inspectors) to count and/or validate the votes at the AGM?	already applied this practice	2022 AGSM has complied with this practice
A.3.12	Does the company make publicly available by the next working day the result of the votes taken during the most recent AGM/EGM for all resolutions?	already applied this practice	AGSM minutes and resolutions are disclosed within 24 hours on the Company's website
A.3.13	Does the company provide at least 21 days notice for all AGMs and EGMs?	already applied this practice	The invitation to AGSM and AGSM documents were sent 21 days before the AGSM.
A.3.14	Does the company provide the rationale and explanation for each agenda item which require shareholders' approval in the notice of AGM/circulars and/or the accompanying statement?	already applied this practice	AGSM proposals stated clearly the rationales and explanation for each agenda items
A.3.15	Does the company give the opportunity for shareholder to place item/s on the agenda of AGM?	already applied this practice	The Company's Charter stipulate this matter and in reality the Company always gave opportunities for shareholders to contribute on the AGSM agenda
A.4	Markets for corporate control should be allowed to function in an efficient and transparent manner.		
A.4.1	In cases of mergers, acquisitions and/or takeovers requiring shareholders' approval, does the board of directors/commissioners of the company appoint an independent party to evaluate the fairness of the transaction price?	already applied this practice	the Company's Charter stipulates this matter
A.5	The exercise of ownership rights by all shareholders, including institutional investors, should be facilitated		
A.5.1	Does the company disclose its practices to encourage shareholders to engage with the company beyond AGM?	already applied this practice	Annual report mentioned channels for shareholders' communication and contact details of the IR team is posted on the Company's website
B. Equitable Treatment of Shareholders			
B.1	Shares and voting rights		
B.1.1	Does the company's ordinary or common shares have one vote for one share?	already applied this practice	The Company's Charter and the Voting rules clearly stipulate this matter
B.1.2	Where the company has more than one class of shares, does the company publicise the voting rights attached to each class of shares (e.g. through the company website / reports/ the stock exchange/ the regulator's website)?	not applicable	this type of situation has not yet happed with STK
B.2	Notice of AGM		
B.2.1	Does each resolution in the most recent AGM deal with only one item, i.e., there is no bundling of several items into the same resolution?	already applied this practice	The Company submit separate proposal for each agenda item
B.2.2	Are the company's notice of the most recent AGM/circulars fully translated into English and published on the same date as the local-language version?	already applied this practice	Already complied with this practice since 2017 AGSM
<i>Does the notice of AGM/circulars have the following details:</i>			

Code	Criteria	STK's compliance	Notes/Recommended improvements
B.2.3	Are the profiles of directors/commissioners (at least age, academic qualification, date of appointment, experience, and directorships in other listed companies) in seeking election/re- election included?	already applied this practice	BOD candidates' resumes are disclosed on the Company's website
B.2.4	Are the auditors seeking appointment/re-appointment clearly identified?	already applied this practice	2022 AGSM proposal on this matter listed names of nominated auditing firms and selection criterion
B.2.5	Were the proxy documents made easily available?	already applied this practice	Proxy template is attached to invitation to AGSM and posted on the Company's website
B.3	Insider trading and abusive self-dealing should be prohibited.		
B.3.1	Does the company have policies and/or rules prohibiting directors/commissioners and employees to benefit from knowledge which is not generally available to the market?	already applied this practice	the Company's Charter and Code of Conducts stipulates this matter
B.3.2	Are the directors / commissioners required to report their dealings in company shares within 3 business days?	already applied this practice	the Company's Rules on public disclosure stipulates this matter
B.4	Related party transactions by directors and key executives		
B.4.1	Does the company have a policy requiring directors/commissioners to disclose their interest in transactions and any other conflicts of interest?	already applied the practice	the Company's Charter stipulates this matter
B.4.2	Does the company have a policy requiring a committee of independent directors/commissioners to review material RPTs to determine whether they are in the best interests of the company and shareholders?	already applied this practice	the Company's Charter stipulates this matter
B.4.3	Does the company have a policy requiring board members (directors/commissioners) to abstain from participating in the board discussion on a particular agenda when they are conflicted?	already applied this practice	the Company's Charter stipulates this matter
B.4.4	Does the company have policies on loans to directors and commissioners either forbidding this practice or ensuring that they are being conducted at arm's length basis and at market rates?	already applied this practice	the Company's Charter stipulates this matter
B.5	Protecting minority shareholders from abusive actions		
B.5.1	Does the company disclose that RPTs are conducted in such a way to ensure that they are fair and at arms' length?	partially applied the practice	2022 Annual report clearly mentioned the policies to prevent conflicts of interest that the Company already applied. Although the Annual report provided the list of related party transaction but was still lack of the confirmation that these transactions were carried out fairly at arm's length
B.5.2	In case of related party transactions requiring shareholders' approval, is the decision made by disinterested shareholders?	already applied this practice	The Company's Charter clearly stipulate this matter and the Company actually complied with this practice.

C. Role of Stakeholders

Code	Criteria	STK's compliance	Notes/Recommended improvements
C.1	The rights of stakeholders that are established by law or through mutual agreements are to be respected.		
	<i>Does the company disclose a policy and practices that address:</i>		
C.1.1	The existence and scope of the company's efforts to address customers' welfare?	already applied this practice	the Company's Code of Conducts stipulates this matter
C.1.2	Supplier/contractor selection procedures?	already applied this practice	the Company's Code of Conducts stipulates this matter
C.1.3	The company's efforts to ensure that its value chain is environmentally friendly or is consistent with promoting sustainable development?	already applied this practice	the Sustainability Report clearly mentioned this matter since 2015
C.1.4	The company's efforts to interact with the communities in which they operate?	already applied this practice	the Sustainability Report clearly mentioned this matter since 2015
C.1.5	The company's anti-corruption programmes and procedures?	already applied this practice	the Company's Code of Conducts stipulates this matter
C.1.6	How creditors' rights are safeguarded?	already applied this practice	the Company's Code of Conducts stipulates this matter
C.1.7	Does the company have a separate report/section that discusses its efforts on environment/economy and social issues?	already applied this practice	the Company's Code of Conducts stipulates this matter
C.2	Where stakeholder interests are protected by law, stakeholders should have the opportunity to obtain effective redress for violation of their rights.		
C.2.1	Does the company provide contact details via the company's website or Annual Report which stakeholders (e.g. customers, suppliers, general public etc.) can use to voice their concerns and/or complaints for possible violation of their rights?	already applied this practice	Contact details of the Sales team and the IR team are posted in the Company's website
C.3	Mechanisms for employee participation should be permitted to develop.		
C.3.1	Does the company explicitly disclose the policies and practices on health, safety and welfare for its employees?	already applied this practice	the Sustainability Report clearly mentioned this matter
C.3.2	Does the company explicitly disclose the policies and practices on training and development programmes for its employees?	already applied this practice	the Sustainability Report clearly mentioned this matter
C.3.3	Does the company have a reward/compensation policy that accounts for the performance of the company beyond short-term financial measures?	already applied this practice	The Company issued ESOP in 2011, 2015 and intended to issue ESOP in 2018
C.4	Stakeholders including individual employee and their representative bodies, should be able to freely communicate their concerns about illegal or unethical practices to the board and their rights should not be compromised for doing this.		
C.4.1	Does the company have a whistle blowing policy which includes procedures for complaints by employees and other stakeholders concerning alleged illegal and unethical behaviour and provide contact details via the company's website or annual report	partially applied this practice	The Code of Conducts define the feedback mechanism. However, the Company has not provided the contact details for feed back on code of conducts on the Company's website
C.4.2	Does the company have a policy or procedures to protect an employee/person who reveals alleged illegal/unethical behaviour from retaliation?	already applied this practice	The Code of Conducts define the mechanism for feedbacks and reporting of violations

D. Disclosure and Transparency

Code	Criteria	STK's compliance	Notes/Recommended improvements
D.1	Transparent ownership structure		
D.1.1	Does the information on shareholdings reveal the identity of beneficial owners, holding 5% shareholding or more?	already applied this practice	Annual reports provided list of major shareholders (with >5% share ownership)
D.1.2	Does the company disclose the direct and indirect (deemed) shareholdings of major and/or substantial shareholders?	partially applied this practice	Annual reports provided direct ownership of major shareholders but lack of information on their indirect ownership
D.1.3	Does the company disclose the direct and indirect (deemed) shareholdings of directors (commissioners)?	partially applied this practice	Annual reports provided direct ownership of BOD members but lack of information on their indirect ownership. 2017 Annual report will supplement the missing information
D.1.4	Does the company disclose the direct and indirect (deemed) shareholdings of senior management?	partially applied this practice	Annual reports provided direct ownership of senior management but lack of information on their indirect ownership. 2017 Annual report will supplement the missing information
D.1.5	Does the company disclose details of the parent/holding company, subsidiaries, associates, joint ventures and special purpose enterprises/ vehicles (SPEs)/ (SPVs)? information necessary for a proper understanding of the company's relationship with its public shareholders.	already applied this practice	Annual reports provided details information on this matter
D.2	Quality of Annual Report		
	<i>Does the company's annual report disclose the following items:</i>		
D.2.1	Corporate objectives	already applied this practice	the Annual Reports clearly mentioned this matter
D.2.2	Financial performance indicators	already applied this practice	the Annual Reports clearly mentioned this matter
D.2.3	Non-financial performance indicators	already applied this practice	the Annual Reports clearly mentioned this matter
D.2.4	Dividend policy	already applied this practice	the Annual Reports clearly mentioned this matter
D.2.5	Biographical details (at least age, academic qualifications, date of first appointment, relevant experience, and any other directorships of listed companies) of all directors/commissioners	partially applied this practice	The Annual reports provided resume of BOD members but was still lacked of information on the number of directorship they have in other entities. 20117 Annual report will supplement this missing information
D.2.6	Attendance details of each director/commissioner in all directors/commissioners meetings held during the year	already applied this practice	the Annual Reports clearly mentioned this matter
D.2.7	Total remuneration of each member of the board of directors/commissioners	already applied this practice	the Annual Reports clearly mentioned this matter
	Corporate Governance Confirmation Statement		
D.2.8	Does the Annual Report contain a statement confirming the company's full compliance with the code of corporate governance and where there is non-compliance, identify and explain reasons for each such issue?	already applied this practice	the Annual Reports clearly mentioned this matter
D.3	Disclosure of related party transactions (RPT)		

Code	Criteria	STK's compliance	Notes/Recommended improvements
D.3.1	Does the company disclose its policy covering the review and approval of material RPTs?	already applied this practice	the Annual Reports clearly mentioned this matter
D.3.2	Does the company disclose the name,relationship, nature and value for each material RPTs?	already applied this practice	the Annual Reports clearly mentioned this matter
D.4	Directors and commissioners dealings in shares of the company		
D.4.1	Does the company disclose trading in the company's shares by insiders?	already applied this practice	the Annual Reports clearly mentioned this matter
D.5	External auditor and Auditor Report		
D.5.1	Are the audit and non-audit fees disclosed?	not yet applied this practice	The Company has not yet applied this practice since the auditing firm requested to keep the information on auditing fee confidential
D.5.2	Does the non-audit fee exceed the audit fees?	not applicable	The Company did not used non-audit services from its auditing firm
D.6	Medium of communications		
	<i>Does the company use the following modes of communication?</i>		
D.6.1	Quarterly reporting	already applied this practice	The Company disclosed quarter financial statements and IR Bulletin since 2015
D.6.2	Company website	already applied this practice	the Company's website contains an IR page
D.6.3	Analyst's briefing	partially applied this practice	the Company's website provide list of analysts who issued analyst reports on STK but is lack of mentioning the analysts' opinions. The Company also hosted analyst meetings.
D.6.4	Media briefings /press conferences	already applied this practice	the Company invited reporters to its big events
D.7	Timely filing/release of annual/financial reports		
D.7.1	Are the audited annual financial report / statement released within 120 days from the financial year end?	already applied this practice	
D.7.2	Is the annual report released within 120 days from the financial year end?	already applied this practice	
D.7.3	Is the true and fairness/fair representation of the annual financial statement/ reports affirmed by the board of directors/commissioners and/or the relevant officers of the company?	already applied this practice	
D.8	Company website		

Code	Criteria	STK's compliance	Notes/Recommended improvements
	<i>Does the company have a website disclosing up-to-date information on the following</i>		
D.8.1	Financial statements/reports (latest quarterly)	already applied this practice	
D.8.2	Materials provided in briefings to analysts and media	already applied this practice	
D.8.3	Downloadable annual report	already applied this practice	
D.8.4	Notice of AGM and/or EGM	already applied this practice	
D.8.5	Minutes of AGM and/or EGM	already applied this practice	
D.8.6	Company's constitution (company's by-laws, memorandum and articles of association)	already applied this practice	
D.9	Investor relations		
D.9.1	Does the company disclose the contact details (e.g. telephone, fax, and email) of the officer / office responsible for investor relations?	already applied this practice	
E. Responsibilities of the Board			
E.1	Board Duties and Responsibilities		
	<i>Clearly defined board responsibilities and corporate governance policy</i>		
E.1.1	Does the company disclose its corporate governance policy / board charter?	already applied this practice	The Company's Corporate Governance Rules and Charter are posted on the Company's website.
E.1.2	Are the types of decisions requiring board of directors/commissioners' approval disclosed ?	already applied this practice	The BOD's resolutions are disclosed in accordance with the prevailing regulations and stated in the Annual reports and Corporate Governance reports
E.1.3	Are the roles and responsibilities of the board of directors/commissioners clearly stated?	already applied this practice	The Company's Corporate Governance Rules and Charter clearly stipulate this matter
	<i>Corporate Vision/Mission</i>		
E.1.4	Does the company have an updated vision and mission statement?	already applied this practice	This information was posted in the Company's website and stated in its Annual reports
E.1.5	Does the board of directors play a leading role in the process of developing and reviewing the company's strategy at least annually?	already applied this practice	BOD meetings regularly review the implementation of strategies
E.1.6	Does the board of directors have a process to review, monitor and oversee the implementation of the corporate strategy?	already applied this practice	BOD meetings regularly review the implementation of strategies
E.2	Board structure		

Code	Criteria	STK's compliance	Notes/Recommended improvements
Code of Ethics or Conduct			
E.2.1	Are the details of the code of ethics or conduct disclosed?	already applied this practice	The Company's Code of Conducts is posted on the Company's website
E.2.2	Are all directors/commissioners, senior management and employees required to comply with the code/s?	already applied this practice	The Company's Code of Conducts addresses this matter
E.2.3	Does the company have a process to implement and monitor compliance with the code/s of ethics or conduct?	already applied this practice	The Company's Code of Conducts addresses this matter
Board Structure & Composition			
E.2.4	Do independent directors/commissioners make up at least 50% of the board of directors/commissioners?	already applied this practice	3 out of 6 BOD members are independent ones
E.2.5	Does the company have a term limit of nine years or less or 2 terms of five years each for its independent directors/ commissioners?	not yet applied this practice	
E.2.6	Has the company set a limit of five board seats that an individual independent/ non-executive director/commissioner may hold simultaneously?	already applied this practice	Although the Company's Charter does not stipulate this matter, the Company and BOD Members strictly comply with the prevailing regulations
E.2.7	Does the company have any executive directors who serve on more than two boards of listed companies outside of the group?	already applied this practice	The Company does not have any BOD member of this type
Nominating Committee			
E.2.8	Does the company have a Nominating Committee?	not yet applied this practice	The Company is considering establishment of this sub-committee
E.2.9	Is the Nominating Committee comprised of a majority of independent directors/ commissioners?	not yet applied this practice	The Company is considering establishment of this sub-committee
E.2.10	Is the chairman of the Nominating Committee an independent director/ commissioner?	not yet applied this practice	The Company is considering establishment of this sub-committee
E.2.11	Does the company disclose the terms of reference/ governance structure/charter of the Nominating Committee?	not yet applied this practice	The Company is considering establishment of this sub-committee
E.2.12	Is the meeting attendance of the Nominating Committee disclosed and if so, did the Nominating Committee meet at least twice during the year?	not yet applied this practice	The Company is considering establishment of this sub-committee
Remuneration Committee/ Compensation Committee			
E.2.13	Does the company have a Remuneration Committee?	not yet applied this practice	The Company is considering establishment of this sub-committee
E.2.14	Is the Remuneration Committee comprised of a majority of independent directors/ commissioners?	not yet applied this practice	The Company is considering establishment of this sub-committee
E.2.15	Is the chairman of the Remuneration Committee an independent director/ commissioner?	not yet applied this practice	The Company is considering establishment of this sub-committee
E.2.16	Does the company disclose the terms of reference/ governance structure/ charter of the Remuneration Committee?	not yet applied this practice	The Company is considering establishment of this sub-committee

Code	Criteria	STK's compliance	Notes/Recommended improvements
E.2.17	Is the meeting attendance of the Remuneration Committee disclosed and, if so, did the Remuneration Committee meet at least twice during the year?	not yet applied this practice	The Company is considering establishment of this sub-committee
	Audit Committee		
E.2.18	Does the company have an Audit Committee?	not yet applied this practice	The Company is considering establishment of this sub-committee
E.2.19	Is the Audit Committee comprised entirely of non- executive directors/ commissioners with a majority of independent directors/commissioners?	not yet applied this practice	The Company is considering establishment of this sub-committee
E.2.20	Is the chairman of the Audit Committee an independent director/commissioner?	not yet applied this practice	The Company is considering establishment of this sub-committee
E.2.21	Does the company disclose the terms of reference/governance structure/charter of the Audit Committee?	not yet applied this practice	The Company is considering establishment of this sub-committee
E.2.22	Does at least one of the independent directors/commissioners of the committee have accounting expertise (accounting qualification or experience)?	not yet applied this practice	The Company is considering establishment of this sub-committee
E.2.23	Is the meeting attendance of the Audit Committee disclosed and, if so, did the Audit Committee meet at least four times during the year?	not yet applied this practice	The Company is considering establishment of this sub-committee
E.2.24	Does the Audit Committee have primary responsibility for recommendation on the appointment, and removal of the external auditor?	not yet applied this practice	The Company is considering establishment of this sub-committee
E.3	Board Processes		
	Board meetings and attendance		
E.3.1	Are the board of directors meeting scheduled before the start of financial year?	already applied this practice	The Annual reports already listed the tentative working agenda of the BOD
E.3.2	Does the board of directors/commissioners meet at least six times during the year?	already applied this practice	In 2022, beside 4 direct BOD meetings, the BOD also have 27 indirect meetings (via email, phone).
E.3.3	Has each of the directors/commissioner attended at least 75% of all the board meetings held during the year?	already applied this practice	
E.3.4	Does the company require a minimum quorum of at least 2/3 for board decisions?	already applied this practice	The passing of BOD resolutions currently follow the majority rule as required by the Law on Enterprises. However, in reality, all of STK's BOD resolutions were passed with 100% approval.
E.3.5	Did the non-executive directors/commissioners of the company meet separately at least once during the year without any executives present?	not yet applied this practice	This practice will be applied in 2023
	Access to information		

Code	Criteria	STK's compliance	Notes/Recommended improvements
E.3.6	Are board papers for board of directors/commissioners meetings provided to the board at least five business days in advance of the board meeting?	already applied this practice	The secretary team has complied strictly this practice since 2021.
E.3.7	Does the company secretary play a significant role in supporting the board in discharging its responsibilities?	already applied this practice	The role of Company's secretary is stipulated in the Charter and is currently carried out by the IR team.
E.3.8	Is the company secretary trained in legal, accountancy or company secretarial practices and has kept abreast on relevant developments?	already applied this practice	The IR team is regularly updated on newly promulgated rules related to corporate governance
Board Appointments and Re-Election			
E.3.9	Does the company disclose the criteria used in selecting new directors/commissioners?	already applied this practice	Notice to shareholders on self-nomination and nomination clearly set out criterion for BOD Member selection
E.3.10	Did the company describe the process followed in appointing new directors/commissioners?	already applied this practice	The Rules on self-nomination, nomination and election stipulate this matter
E.3.11	Are all directors/commissioners subject to re-election every 3 years; or 5 years for listed companies in countries whose legislation prescribes a term of 5 years each?	already applied this practice	
Remuneration Matters			
E.3.12	Does the company disclose its remuneration (fees, allowances, benefit-in-kind and other emoluments) policy/practices (i.e. the use of short term and long term incentives and performance measures) for its executive directors and CEO?	already applied this practice	This information is disclosed in the Annual report
E.3.13	Is there disclosure of the fee structure for non-executive directors/commissioners?	already applied this practice	This information is disclosed in the Annual report
E.3.14	Do the shareholders or the Board of Directors approve the remuneration of the executive directors and/or the senior executives?	already applied this practice	The Company submitted a separate proposal for this matter
E.3.15	Does the company have measurable standards to align the performance-based remuneration of the executive directors and senior executives with long-term interests of the company, such as claw back provision and deferred bonuses?	not yet applied this practice	
Internal Audit			
E.3.16	Does the company have a separate internal audit function?	partially applied the practice	Although the internal control is not officially appointed, the Company has appointed personnels to control some activities such as production, finance
E.3.17	Is the head of internal audit identified or, if outsourced, is the name of the external firm disclosed?	not yet applied this practice	
E.3.18	Does the appointment and removal of the internal auditor require the approval of the Audit Committee?	not yet applied this practice	
Risk Oversight			

Code	Criteria	STK's compliance	Notes/Recommended improvements
E.3.19	Does the company establish a sound internal control procedures/risk management framework and periodically review the effectiveness of that framework?	partially applied this practice	The previous Annual reports listed risks and mitigants but were lack of information on the internal control mechanism. 2017 Annual report will supplement this missing information.
E.3.20	Does the Annual Report/Annual CG Report disclose that the board of directors/commissioners has conducted a review of the company's material controls (including operational, financial and compliance controls) and risk management systems?	already applied this practice	The BOS' reports already mentioned this matter
E.3.21	Does the company disclose the key risks to which the company is materially exposed to (i.e. financial, operational including IT, environmental, social, economic)?	already applied this practice	The Annual reports listed risks and mitigants
E.3.22	Does the Annual Report/Annual CG Report contain a statement from the board of directors/commissioners or Audit Committee commenting on the adequacy of the company's internal controls/risk management systems?	not yet applied this practice	
E.4	People on the Board		
	Board Chairman		
E.4.1	Do different persons assume the roles of chairman and CEO?	not yet applied this practice	
E.4.2	Is the chairman an independent director/commissioner?	not yet applied this practice	
E.4.3	Is any of the directors a former CEO of the company in the past 2 years?	not yet applied this practice	
E.4.4	Are the roles and responsibilities of the chairman disclosed?	already applied this practice	The roles and responsibilities of the BOD Chairman are stipulated in the Company's Charter, Rules on Corporate Governance and these documents are posted in the Company's website
	Lead Independent Director		
E.4.5	If the Chairman is not independent, has the Board appointed a Lead/Senior Independent Director and has his/her role been defined?	not yet applied this practice	
	Skills and Competencies		
E.4.6	Does at least one non-executive director/commissioner have prior working experience in the major sector that the company is operating in?	already applied this practice	
E.5	Board Performance		
	Directors Development		
E.5.1	Does the company have orientation programmes for new directors/commissioners?	partially applied the practice	The Company provided Charter and Corporate Governance Rules to new BOD Members
E.5.2	Does the company have a policy that encourages directors/commissioners to attend on-going or continuous professional education programmes?	already applied this practice	BOD Members are encouraged to take training courses on corporate governance
	CEO/Executive Management Appointments and Performance		

Code	Criteria	STK's compliance	Notes/Recommended improvements
CEO/Executive Management Appointments and Performance			
E.5.3	Does the company disclose the process on how the board of directors/commissioners plans for the succession of the CEO/Managing Director/President and key management?	not yet applied this practice	
E.5.4	Does the board of directors/commissioners conduct an annual performance assessment of the CEO/Managing Director/President?	already applied this practice	The BOD's Reports had evaluation of the BOM's performance
Board Appraisal			
E.5.5	Did the company conduct an annual performance assessment of the board of directors/commissioners and disclose the criteria and process followed for the assessment?	not yet applied this practice	This practice will be implemented in 2018
Director Appraisal			
E.5.6	Did the company conduct an annual performance assessment of the individual directors/commissioners and disclose the criteria and process followed for the assessment?	not yet applied this practice	
Committee Appraisal			
E.5.7	Did the company conduct an annual performance assessment of the board committees and disclose the criteria and process followed for the assessment?	not yet applied this practice	