



ANNUAL REPORT

20 20



BUSINESS AGILITY

SPEED

RESEARCH & BUSINESS DEVELOPMENT

MESSAGE FROM THE CHAIRWOMAN



The year 2021 is the first year of the new term 2021 - 2026, with the message **Business Agility - Speed - R&BD** for action; a new BOD structure with new vitality for production and business activities; available strengths and competitiveness of the Company and a team of employees who are brave, creative, ready to innovate, always perform well assigned tasks...,



Dear valuable **Shareholders**,

The year 2020 has passed to leave a mark of a year with countless difficulties of the world situation because the Covid-19 epidemic spreads all over the countries, seriously affecting all sectors of the economy. In addition to the impact of political and economic variables, trade conflicts and the emergence of protectionism and nationalism in some countries, regions..., has affected the economy even more difficult. Accordingly, the Vietnamese economy, the textile industry and domestic enterprises are facing difficulties together.

Vietnam with the negative influence from the world economy and the heavy impacts of natural disasters, storms and floods and the internal limitations of the domestic economy..., has not met the socio-economic targets 2020 set out. However, with the best efforts and decision of the entire political system, sectors, businesses..., Vietnam's economy still maintained a positive GDP growth rate (2.91%) that few countries in the year have had.

Textile and Garment industry in the first months of 2020, has faced with serious difficulties such as lack of orders for production, many businesses have to produce in moderation, workers take a break and wait for work.... The main reason is due to the heavy impact of the Covid-19 epidemic in most textile

and garment import and export markets (China, the United States, the EU, Japan...), leading to the insufficient supply of raw materials by exporting countries timely issue; while importing countries reduce garment orders, prioritize resources for disease prevention,... Consequently, production of textile and garment industry plummeted - this is also the first time after 25 years, textile export growth was negative (-10.5%), only reaching 35 billion USD compared to 39 billion USD of the year 2019. However, in the context of a damaging epidemic causing total world textile demand to plummet to a negative level (- 20%), the results of the Textile and Garment Industry achieved in 2020 are encouraging.

Facing common difficulties, the Board of Directors and the collective of employees of the Company tried to think and offer many solutions to promptly respond to epidemics and market fluctuations, and performed well the anti-epidemic, ensuring health for employees; proactively develop new orders to overcome the shortage of orders, develop new products (anti-bacteria items in medical section), cut costs and shorten order time..., production and business are maintained, labor income is guaranteed and increased.



Phan Thi Hue

Chairwoman of
the Board of Directors

As a result in 2020, the Company has successfully completed the business target with profit growth of over 27% compared to the implementation of 2019. Although the revenue has not met as expected, this is a very respectable result. All collective management and employees have to make a very high effort to get it. The Board of Directors (BOD) also said that 2020 is the most successful year in the 2016-2020 term with revenue increasing 1.13 times and profit 2.4 times compared to 2016 (the first year of the term). Company efficiency is getting higher and higher.

On behalf of the Board of Directors, I would like to thanks the Board of Directors and all Management Board and employees of the Company for their efforts in the situation of too many difficulties to get this good result. At the same time, I would like to extend my gratitude to our valued shareholders, partners and customers who have trusted and accompanied Thanh Cong in the past year.

Entering 2021, difficulties from epidemics and challenges that exist from 2020 are forecasted to continue affecting the general economy, including the Textile and Garment Industry. However, there are still bright spots and new opportunities for us, that is, the world already has vaccines, epidemics will be controlled, and difficult due to reduced epidemics; total demand for apparel in major import markets

has increased; opportunities from new generation FTAs (CPTPP, EVFTA...)..., bringing many potential new markets, increasing orders..., helping textile enterprises to better perform their tasks in 2021.

The year 2021 is the first year of the new term 2021 - 2026, with the message **Business Agility - Speed - R&BD** for action; a new BOD structure with new vitality for production and business activities; available strengths and competitiveness of the Company and a team of employees who are brave, creative, ready to innovate, always perform well assigned tasks..., Board of Directors believes in the Board of Management and the collective of employees of the Company will perform well the tasks in 2021, towards the new goal of developing the Company in the next 5 years.

The Board of Directors commits to accompany with Board of Management and staffs of the Company to achieve the goals in 2021 set by the General Meeting of Shareholders

Wishing you **HEALTHY - HAPPY- SUCCESSFUL**

**CHAIRWOMAN OF
THE BOARD OF DIRECTORS**

PHAN THI HUE



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PART 1 GENERAL INFORMATION



COMPANY'S OVERVIEW

Trading name

THANH CONG TEXTILE GARMENT
INVESTMENT TRADING JOINT STOCK COMPANY

Enterprise
registration
certificate No.

0301446221, issued by Ho Chi Minh City Department of Planning and
Investment initially on June 23, 2006, the 21st amendment on October 05, 2020.

Charter capital

VND 620,683,490,000

Address

36 Tay Thanh, Tay Thanh Ward, Tan Phu District, Ho Chi Minh City

Telephone

(028) 38 153 962

Fax

(028) 38 152 757

Website

www.thanhcong.com.vn

Stock code

TCM

Stock Exchange

HOSE



VISION & MISSION

Vision

What we see...

The influence upon the society through our different way of day-to-day working while our people and business grow up with the integrity and knowledge.

Mission

Whom we work for...

Customers

Who are benefited by our product and service.

Investors

Who trust in our integrity and knowledge for their financial gain.

Employees

Who become more confident in their lives through the meaningful contribution.

Suppliers

Who are satisfied with our fair and transparent deal.

Value

Why we work...



Profitability

To Need to maintain the sustainable profit for all the stakeholders as well as the enhance of the Company.



Integrity

To try to be integrated in the course of the business.



Learning

To consider that our working place is the learning place in terms of finding talents and cultivating knowledge & character.



Serving

To serve our customers as a king and social minorities as a family with our sincerity & passion.





The process of establishment and development

Early days of establishment

1967 - 1975

"Tai Thanh Ky Nghe Det" - a small-scale private textile enterprise was formed.

In the early days of establishment, it got involved in two major manufacturing sectors of weaving and dyeing.

Number of employees: 500 people

Leading products: Oxford, Poly Soir, Sanderep...

Main markets: Southern market, Cambodia.

Transformation phase

1976

Taken over by the State and renamed Thanh Cong Textile Factory under the Union of Textile Enterprises - Ministry of Light Industry.

Thanh Cong Textile Factory marked a creativity and success in deploying triangular export model.

1985

By 1985, the Factory had exported 8.3 million meters of fabric, sales of VND 83.6 million (equivalent to USD 21 million).

1985

Thanh Cong Textile Factory was one of the first units to practice the production and business model associated with the market, the Factory had made important contributions to the renovation process of the enterprise management and the economy management mechanism.

Breakout phase

1986

1986: Created a breakthrough in production, business and investment mechanism by self-equipping modern machines and production lines in the form of self-borrowing - self-paying.

1990 - 1992

1990: Be honored the noble title "Hero of Armed Forces".

1991: Renamed into Thanh Cong Textile Company.

1992: Took over Khanh Hoi Spinning Factory; replaced all old backward equipment with modern production lines which was worth nearly USD 4 million, capacity of 2,000 tons/year.

Breakout phase

1986 - 1996

1986 - 1996: Total investment capital was roughly over USD 55 million, increasing labor productivity and improving product quality. Since the products were only consumed domestically, the Company changed to be an exporter to many big countries in the world, especially the European market.

1997 - 1999

1997 - 1999: Carried out comprehensive reforms such as staff innovation, innovation of working style and methods, innovation of marketing business as well as focus on cost management.

2000 - 2005

2000 - 2005: Be honored the title "Labor Hero in the renovation period".

Change-to-speed up phase

2006 - 2009

2006 - 2009: Proceeded to equitization, renamed to Thanh Cong Textile Garment Joint Stock Company, then followed by Thanh Cong Textile Garment - Investment - Trading Joint Stock Company and listed its shares on Ho Chi Minh City Stock Exchange (HOSE) with stock code of TCM. Issued shares to foreign strategic shareholders namely - E-land Asia Holdings Pte. Ltd (Singapore) under E-land Korea Group. E-land Group has subsequently involved in the management of the Company.

2010

2010: Applied advanced and modern management tools such as Lean in production, ERP, BSC in Company's management; focused on investing in developing high quality human resources for the future through internship program.

2011 - 2012

2011: Invested more equipment for Spinning Factory 4, Knitting Factory to increase production capacity; expanded export markets to Korea and increased portion of FOB purchase order; obtained land use right certificate for TC1 project.

2012: Implemented of ERP phase 2 for the production section; Controlled product quality, production costs and improved performance through TFT (Task Force Team).



The process of establishment and development (continued)

Comprehensive innovation phase

2013

2013: Construction of new Knitting Factory in Nhi Xuan industrial zone.

2014

2014: Obtained Investment Registration Certificate of TC Tower Company Limited; second honored the Social Responsibility (CSR) by the Government of Vietnam and Korea; Top 5 of "Typical Textile Enterprises" awarded by Vietnam Textile and Apparel Association; "Enterprise with excellent performance" awarded by the Ministry of Industry and Trade; Top 50 enterprises having the best annual reports.

2015

2015: Built Thanh Cong - Vinh Long factory and established Thanh Cong - Vinh Long One Member Limited Liability Company; established TC E.Land Company Limited; Top 10 most trusted enterprises in Vietnam with the same economic system; Awarded Top 50 best listed companies in Vietnam by Forbes Vietnam; Typical Enterprise Award of Ho Chi Minh City and many other awards.

2016 - 2017

2016: Operated the Knitting Factory 4, mainly producing orders with Single Spandex and Double of Spandex, which has better quality elastic fabric than conventional fabric; in August, the Company celebrated its 40th anniversary of establishment; in October, the Company invested additional 55 new weaving machines, increasing the amount of woven fabric by 6.6 million meter per year.

2017: Increased the Company's charter capital to VND 516,538,200,000 in August 2017. The Company has set up Knitting Fabric

2018

Sales Team to find opportunities bring new products into business; Besides, the Company has set up an export sales team who shall focus exploiting customers from the US market and initially it had positive signals.

2018: Increased the charter capital of the Company to VND 542,300,550,000 in June, 2018; In May, 2018, the Company has merged Thanh Cong - Vinh Long one member limited liability Company and acquired the Trang Bang Sewing Factory project in Trang Bang Industrial Park, Tay

Ninh Province which was owned by E.Land Vietnam Corporation in October 2018 in order to improve efficiency of production management and increase sewing capacity; the Company has converted a specialized spinning factory to concentrate on producing new yarn items, which was tested and developed by the Research and Development Department to diversify items and develop new products in order to increase product value, and expand kind of customers.

Speed-up phase

2019

2019: In May, 2019, the Company has inaugurated Weaving Factory No.2 with a capacity of 2,400,000 of woven meters of fabric/year, increasing the total capacity of woven fabric to 15,000,000 meters per year. In July, 2019, the Company's charter capital was increased to VND 580,169,180,000. The Company signed a Memorandum with Juki Singapore Group, a well-known group in sewing sector in order to implement a smart factory project.

2020

The Company's profit was equal to 146% of target and 127% higher than in 2019, which was an outstanding achievement in the year while the world economy in general and Vietnam in particular suffered many negative effects due to Covid-19.

The Smart Factory project in the Sewing Factory which has been started since October 2020, up to now has applied to 03 sewing lines, including 02 sewing lines in Ho Chi Minh City and 1 sewing line in Trang Bang, contributing to increase productivity through operational analysis from Juki software to remove redundant operations and speed up finishing products on the sewing line. On average, each production capacity increased by roughly 10%.

Deploying retail activities by new method of sales using a brand name developed by the Company: ONLEE brand is sold on the Amazon e-commerce platform (Thanh Cong is one of the pioneering companies in Vietnam- in addition to Bitis, Trung Nguyen - directly selling on Amazon e-commerce platform, USA); INNOF brand is sold e-commerce platforms since the end of 2020 aiming to optimize the Company's research - development

and production capacity to add more product value by the brand owned by the Company. In October 2020, the Company has increased its charter capital to VND 620,683,490,000.

Be honored for the Company to be given award of Typical Ho Chi Minh City Enterprise; Certificate of merit for a typical face overcoming difficulties, recovering from the Covid-19 epidemic; Typical industrial and supporting

products by Ho Chi Minh People's Committee.

Top 500 largest companies in Vietnam; Top 500 enterprises with the best growth in Vietnam; Top 500 Most Profitable Companies in Vietnam announced by VNReport & Vietnamnet.

TOP 500



- 01 TOP 500 largest companies in Vietnam
- 02 TOP 500 enterprises with the best growth in Vietnam
- 03 TOP 500 Best Profit Enterprises in Vietnam

Certificate of Vietnam
High Quality Products 2020
voted by consumers



04



2020

OUTSTANDING
ACHIEVEMENTS AND AWARDS

TOP 45



05

TOP 45 listed companies with
THE BEST IR ACTIVITIES

Certificate of Merit given by
Vietnam Fatherland
Front of HCMC



06



Certificate of Merit given
by the Chairman of VCCI
and Chairman of Central
Council of Vietnam
Business Associations



07



Certificate of Merit from the **Minister-Chairman of the Committee for Ethnic Minorities** has contributed and supported the ceremony of commendation of outstanding and typical ethnic minority students in 2020.

08



Typical enterprise for laborers of Vietnam Textile and Garment Industry

09



2020

**OUTSTANDING
ACHIEVEMENTS AND AWARDS**

Typical Enterprise of Ho Chi Minh City

10



Certificate of merit given by President of HCMC People's Committee for a **typical face overcoming the difficulties, recovering business activities after the Covid epidemic**

11



Typical industrial and supporting products of HCM

12



Golden Brand of Ho Chi Minh City

13



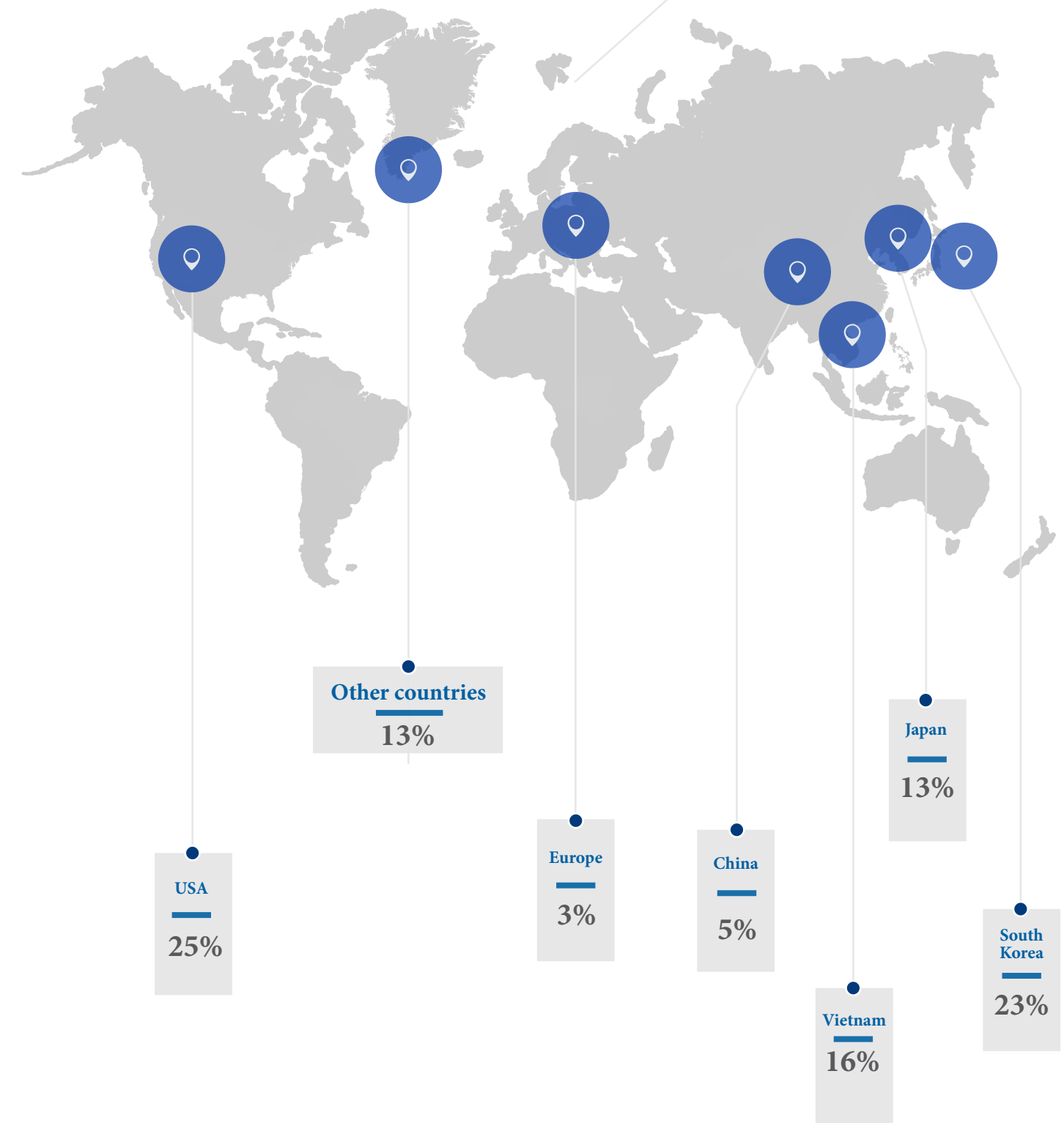


Business lines

- ◇ Producing, trading, importing and exporting yarn, cotton, fabric, garments, footwear and machinery, equipments, spare parts, raw materials, supplies and chemicals (excluding toxic chemicals), dyeing chemicals, packaging;
- ◇ Real estate business;
- ◇ Retail in supermarkets, trade centers: meat and meat products; aquatic products; Vegetables; milk and dairy products, cakes, jams, candies and products made from cereals, flour, starch; drinks; Other food (except paddy rice, sugar); commercial brokerage; entrusting purchase and sale of goods; agency of purchase and storage; leasing offices, factories and warehouses;
- ◇ Investment, construction, business, installation, repair, proposing general estimation of civil, industrial works and infrastructure of industrial park and tourist sites; supervising construction and finishing of civil and industrial projects; construction consultancy (not including: construction survey, construction design, construction engineers, construction architects);
- ◇ Hotels, villas or short-stay apartment; guest houses and motels with short-term accommodation boarding houses, and similar accommodation establishments; restaurants, cafeteria;
- ◇ E-commerce business: establishing and operating e-commerce website (excluding website that is directly involved in securities trading) or application to provide e-commerce service.

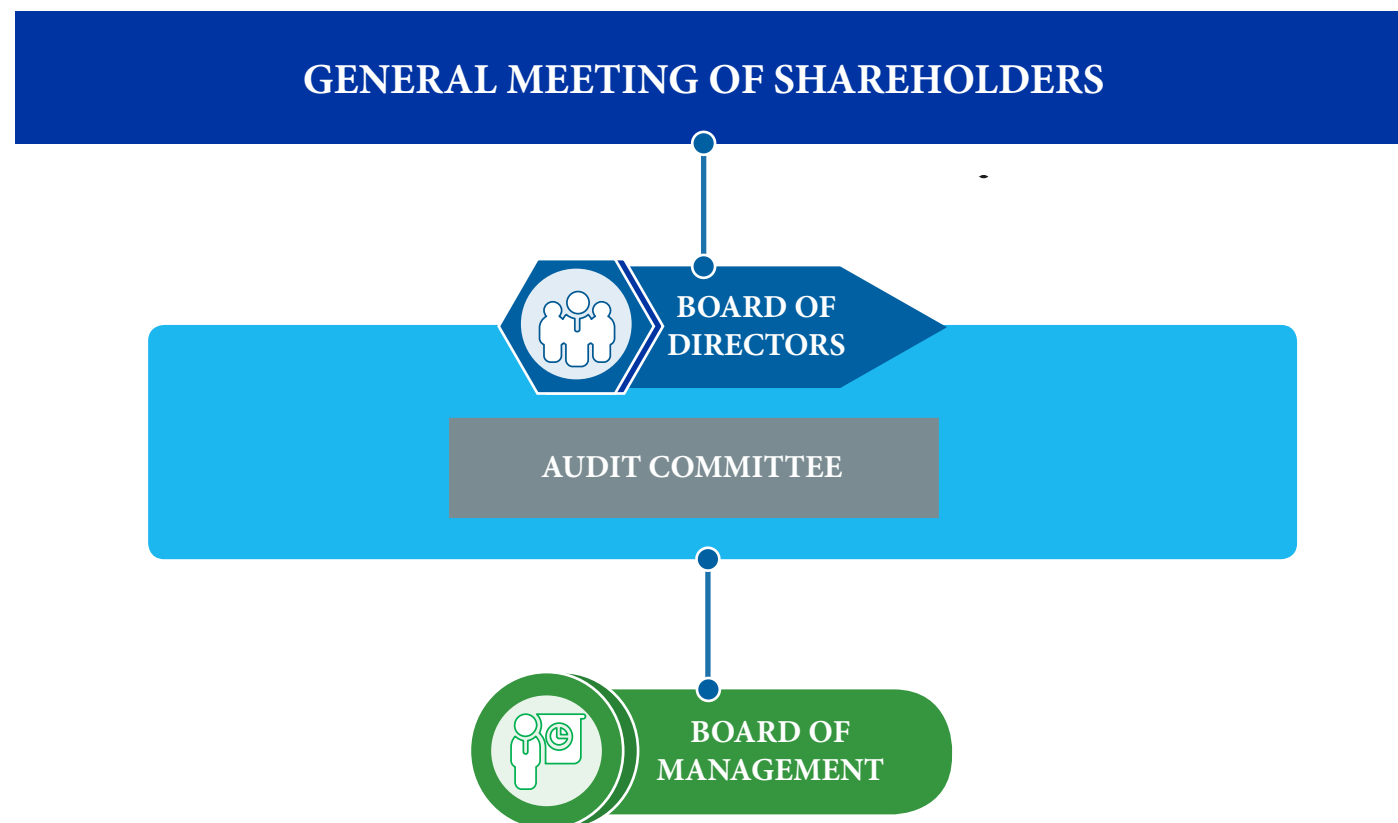
BUSINESS AREAS

The Company mainly exports to the US, Japan, Europe, Korea and China markets.



INFORMATION ABOUT GOVERNANCE MODEL, BUSINESS ORGANIZATION AND MANAGEMENT APPARATUS

GOVERNANCE MODEL



The Company's operation is in compliance with the Law on Enterprise and other related regulations:

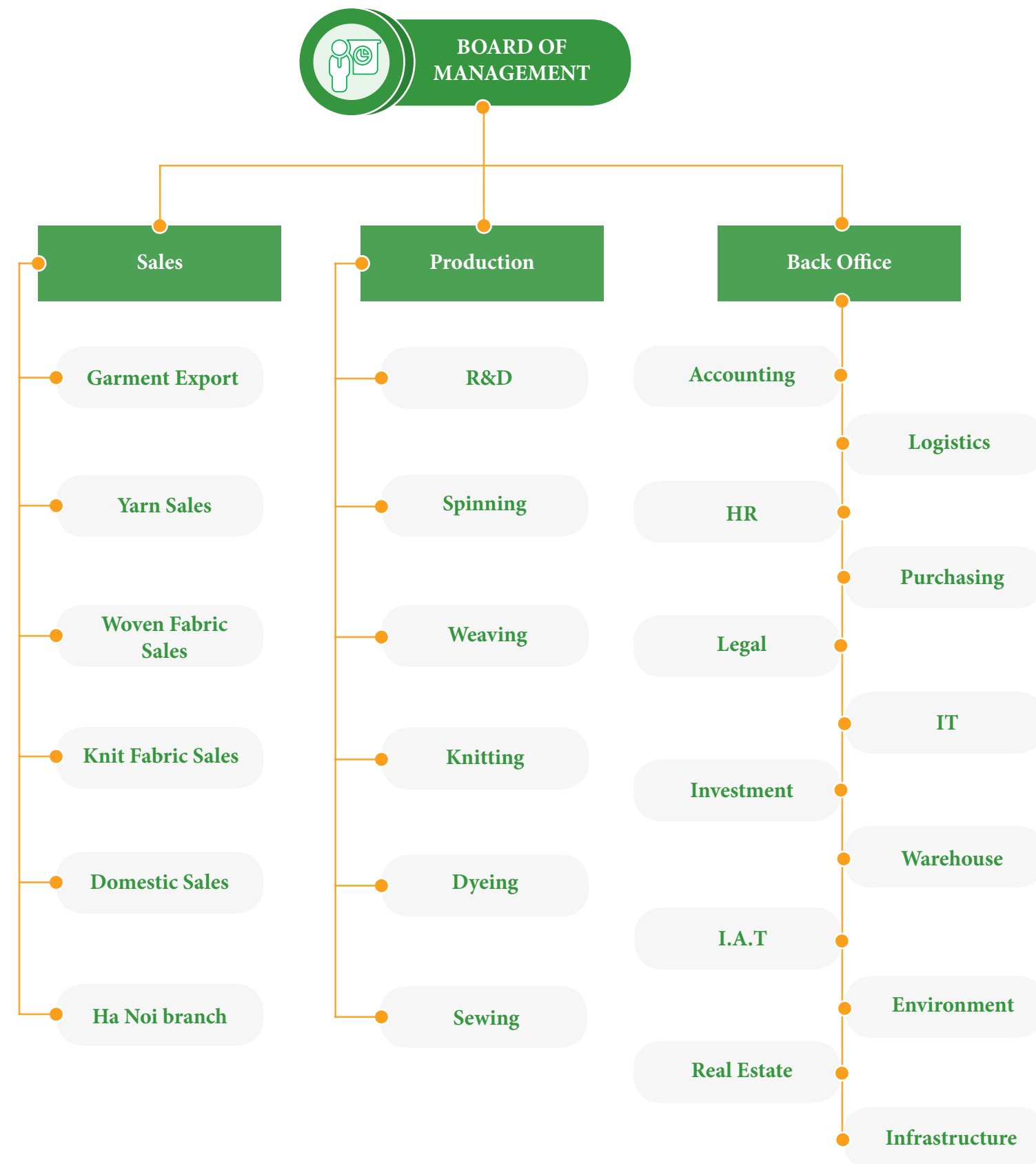
General Meeting of Shareholders (GMS): Including all shareholders with voting rights, it is the highest decision-making body of the Company.

Board of Directors (BoD): As a management body of the Company, it has full rights on behalf of the Company to decide all issues related to the purpose and interests of the Company except for matters under the authority of the General Shareholders.

Audit Committee: is an Internal Audit Committee affiliated to the Board of Directors, renamed according to the Resolution no. 01/2019/NQ-ĐHCD dated April 12th, 2019 of the Annual General Meeting of Shareholders 2019. The Audit Committee's tasks are supporting the Board of Directors in supervising the financial reporting process, internal control system, auditing process and other Company's processes in its compliance with the regulations of laws and code of ethics.

Board of Management (BoM): Is the agency that runs the day-to-day operations of the Company and is responsible to the Board of Directors for implementing the rights and duties assigned.

MANAGEMENT ORGANIZATION



| SUBSIDIARIES & AFFILIATED COMPANIES

SUBSIDIATIES

Thanh Cong Medical Center Joint Stock Company	
Address	36 Tay Thanh, Tay Thanh Ward, Tan Phu District, Ho Chi Minh City
Telephone:	(84.28) 38 159 435
Fax	(84.28) 38 159 465
Website	www.thanhcongclinic.com
Email	Info@thanhcongclinic.com
Charter capital	21,700,000,000 VND
Capital Contributed by TCM	15,395,000,000 VND
Ownership ratio of TCM	70.94%
Main business lines	Providing medical services (medical examination and treatment), trading pharmaceutical and medical equipment & supplies

TC Tower Company Limited	
Address	37 Tay Thanh, Tay Thanh Ward, Tan Phu District, Ho Chi Minh City
Charter capital	159,150,000,000 VND
Capital Contributed by TCM	127,320,000,000 VND
Ownership ratio of TCM	85.33%
Main business lines	Real estate business



AFFILIATED COMPANIES

Savimex Corporation	
Address	194 Nguyen Cong Tru, Nguyen Thai Binh Ward, District 1, Ho Chi Minh City
Charter capital	145,998,550,000 VND
Capital Contributed by TCM	29,893,999,000 VND
Ownership ratio of TCM	20.47%
Main business lines	Producing and trading in wooden furniture

Thanh Phuc Construction Investment Joint Stock Company	
Address	36 Tay Thanh, Tay Thanh Ward, Tan Phu District, Ho Chi Minh City
Charter capital	7,000,000,000 VND
Capital Contributed by TCM	1,665,000,000 VND
Ownership ratio of TCM	23.79%
Main business lines	Construction and project management

Vung Tau Golf Tourism Joint Stock Company	
Address	No.1 Nguyen Du, Ward 1, Vung Tau City, Ba Ria - Vung Tau Province
Charter capital	29,000,000,000 VND
Capital Contributed by TCM	8,700,000,000 VND
Ownership ratio of TCM	30.00%
Main business lines	Providing travel and entertainment services

| DEVELOPMENT ORIENTATION

PRIMARY AIMS OF THE COMPANY

After more than 45 years of establishment and development, Thanh Cong Textile Garment has grown to be a leading enterprise with continuously marking of Textile Garment Industry in Vietnam. In order to sustain the position, further development and expansion, the Company has identified development orientations as follows:

- ◇ Boost Research and Development activities (R&D) that have been established for over 5 years through Research and Business Development function R&BD. With this department, the Company has been focused on the product lines that are eco-friendly, fashionable, seasonal, and convenient for the live together with superb properties to keep up with the world fashion trends.
- ◇ Deploying retails in conformity with the “new normal” status, starting with e-commerce platform service - De Closet which will be launched in June/2021. This is an e-commerce platform that Thanh Cong has focused on fashion items, at the same time, the Company will sell sportswear developed by Thanh Cong like Innof as well as appeal other fashion brands to cooperate. Additionally, the Company will work with media service providers to build brand, promote the software so that the users can download and experience.
- ◇ Coordinating with Amazon in utilizing this sale channel to distribute Thanh Cong products of its own brand. The Board of Management has currently worked with Amazon since mid-2020. Up to now, all the procedures were done, the first orders with OnLee brand were delivered to the U.S. and sold since the end of November last year.
- ◇ Strengthening the sale of yarn and fabric to local textile and garment companies to enjoy benefits from the CPTPP, RCEP, and EVFTA Agreements. Furthermore, embracing the advantages of owning closed and complete chain of production, the Company will boost research activities serving fabric production. Moreover, with the benefits from CPTPP Agreement, Thanh Cong has had orders exported to Australia, which is a market that not only Thanh Cong, but also many Vietnamese enterprises have never penetrated so far.



MEDIUM AND LONG-TERM DEVELOPMENT STRATEGIES

Medium strategies:

Thanh Cong will carry on Research and Development (R&D) so as to develop its own brand, launch the best products to the market, fulfill increasingly high requirements of the customers. Taking advantage of an enterprise with a vertical production from yarn upward, Thanh Cong embraces more opportunities when the CPTPP, EVFTA... were signed. The production is speeded up thanks to improved production process and increased labor productivity. This enables the Company to keep up with and offer trendy products in the world in general and countries in its export markets in particular.

- ◇ In 2021, the construction of Vinh Long Project will be continued, particularly, Sewing factory 2 will be built in Hoa Phu Industrial Park, Vinh Long province with a capacity of 8,640,000 items/year. Simultaneously, the Company will continue to complete legal procedures to develop TC Tower project.
- ◇ Thanh Cong has implemented the installation of rooftop solar power system in Vinh Long Factory 1 which was put into use since the end of December. As can be seen from this that the Company timely grasped the trend of renewable energy, which also enables it to save costs, making its customers impressed. Especially, the installation also helps the Company demonstrate a good image in its partners' eyes, notably the customers from U.S., and Europe in terms of environmental aspect.

Long term strategies:

By promoting the advantage of a closed production system, the Company will switch to producing fashionable products with the expectation of adding more value its traditional products. Improving current research and development capabilities to meet the requirements of designing and developing new items to meet the increasingly diverse needs of consumers.

Currently, the Company has been on the way to implement the smart factory project with some information as follows:

- ◇ The project has been implemented in the form of mutual collaboration with Juki Singapore Group - the most experienced manufacturer in the world of sewing equipment - to quickly access new technologies and reduce initial investment costs;
- ◇ In the first phase, a smart sewing line model will be integrated with Juki's Jantes - a management support system by the Factory. At present, this pilot application has been proved successfully at a sewing line of the Ho Chi Minh City, Trang Bang Sewing. This model is oriented to be applied to all sewing lines of TCM (HCM-Vinh Long-Trang Bang).
- ◇ For the next phase, the Company will carry out experiments to identify a modern sewing line model that meets the future requirements and concurrently satisfy 3 following criteria:
 - Employing less labor, maximizing the application of technologies in production;
 - It is possible for the Company to flexibly change different types of products in the possibly shortest time;
 - The production process may meet requirements small orders.

The Company will continue to invest in expanding its fabric and dyeing segment to meet the increasing fabric demand of domestic customers after the ratification of CPTPP and EVFTA agreements as well as reducing import volume of fabrics from China to avoid risks of input materials. The Company will invest in a dyeing factory with modern, environmentally friendly technology and minimize the amount of waste water discharged into the environment because it is also the Company's future sustainable development trend.

Developing real estates projects:

Real estate: developing real estate projects under the legal procedures (TC Tower projects)

Sustainable development mission and key programs related to the short and medium term of the Company:

- ◇ Focusing and making appropriate investment in R&D to catch up with market trends and increase competitive advantage against competitors in the industry;
- ◇ Fully and seriously adhering to legal regulations relating to environmental protection during the Company's operation;
- ◇ Taking care of the spiritual life, well implementing and increasing the welfare regime through diversifying the forms to giving benefits to the Company's employees; strengthening training and coaching activities to develop human resources especially the next generation to of the Company's development strategy;
- ◇ Creating favorable conditions for the activities of unions, political and social units in the Company such as: Communist Party, Trade Union, Youth Union;
- ◇ Voluntary activities for the community (Corporate Social Responsibility) have been carried out based on three principles: regular, permanent and direct;

- ◇ Supporting, accompanying with the difficult circumstances of the local residents where the Company's facilities reside by contributing and funding activities initiated by local authorities and concerned agencies; granting scholarships for children of disadvantaged families in the local;
- ◇ The Company has been paying attention to the product lines that are eco-friendly, fashionable, seasonal, and convenient for the live together with superb properties to keep up with the world fashion trends. Up to now, Thanh Cong is capable of manufacturing fabric made of peel of pineapple, corn, sugarcane, etc. These types of products will decay itself for short period of time after being discharged to the environment. Additionally, the Company will also launch product lines made of recycled materials like plastic bottle, old clothes. Moreover, fabric research will be seriously taken for making characteristic types like yoga clothing, fire-proof, desiccant clothes, and so on.

“Throughout our history we have strived to maintain our core visions and values – to achieve mutually successful partnerships drive our business forward and offer the highest levels of quality and value”.



| RISK FACTORS

ECONOMIC RISK:

Economic growth rate:

In 2020, the global economy was covered with a gloomy color and fell into a deep recession from the impact of the Covid-19 epidemic. As reported by the Organization for Economic Cooperation and Development (OECD), the world economy has undergone the worst stage for more than 100 years. Accordingly, this organization recorded the world economic growth in 2020 at negative 4.2%. In terms of the economic growth forecast for the year 2021, according to OECD, next year growth will reach 4.2% to offset the decline in 2020 due to monetary policies, vaccination campaigns and relevant health policies of the Governments.

Contrary to the gloomy picture of the world economy, according to the International Monetary Fund (IMF), Vietnam was the only emerging economy in the ASEAN-5 group to achieve positive GDP growth in 2020. According to the General Statistics Office, Vietnam economy continued to achieve positive GDP in 2020 with an increase of 2.91% in which, the first quarter increased by 3.68%, the second quarter increased by 0.39%; the third quarter increased by 2.62%; the fourth quarter increased by 4.48%. As shown by the above figures, this was the lowest increase from 2011 to 2020, though, it was an impressive figure compared to the rest of the world, showing the appropriateness of the Government's direction and policies in supporting businesses and people; meanwhile the socio-economic fields are entering a new normal state.

Exclusively textile and garment industry, the Covid-19 pandemic has been put severe pressure on this industry, making it face up with a great deal of difficulties. According to the General Statistic Office of Vietnam, Vietnam's textile and garment export turnover in 2020 was estimated at USD 29.5 billion. And as per the Vietnam Textile

and Apparel Association, the target of Vietnam's export in 2020 was USD 40 billion. However, due to complicated developments of Covid-19, many traditional import markets plummeted, some items decreased to 80 - 90%, so export turnover is far behind the result of USD 39 billion in 2019. Under the impact of the Covid-19 epidemic, textiles and garment are one of the industries undergoing the greatest direct losses, along with tourism, aviation, and footwear. Accordingly, the Covid-19 epidemic will still develop in a complicated manner when vaccines are still not so popular and the negative impact is expected to last for next 1-2 years, from which textile and garment exports will continue to get difficulty.

With the advantage of being one of the leading companies in the industry, along with the vertical production system and the strategy of using internal yarn that have been deployed for many years, Thanh Cong encountered less negative impact from the textile market and garment. Specifically, regardless of coping up with so many difficulties and challenges, the Company has researched and produced antibacterial fabric products for making masks and medical protective equipment. As a result, the Company may offset insufficient orders, create jobs and bring in high revenue and profit. As a matter of fact, profit after tax exceeded 46.17% of the year plan.

Exchange rate risk

By and large, the Company is heavily influenced by the exchange rates because its input materials are mainly imported from countries such as China, South Korea, Taiwan, Brazil,... At the same time, Thanh Cong's products are heavily exported to Europe, America, Japan,... So, the Company exposes to the risk in case of any significant change in the exchange rate of the currency pairs of VND

and currencies of these countries.

Any exchange rate fluctuations will become a risk exposed by the Company due to its importing of raw materials and exporting its finished products, which causes effects on the Company's business outcome. Therefore, Thanh Cong has taken proactive measures by using derivative instruments to appropriately hedge the risk of exchange rate fluctuations such as forward contracts and making specific business plans to minimize the risks.

In 2020, the USD/VND exchange rate almost remained stable with relatively tight range. In particular, ask price declared by the State Bank of Vietnam was VND 23,100. Currently, the Company has mainly got involved in transactions in USD, then, it faces up with the changes in the

US Dollar (USD)	2020	2019
USD/VND exchange rate increases by 2%	9,479,465,719	7,964,974,732

Interest rate risk

According to the General Statistics Office, in order to lessen the tough consequences caused by the Covid-19 epidemic, create conditions for the economy to quickly recover, in 2020, the State Bank of Vietnam made continuous adjustment to reduce 3 times the operating interest rates with a total reduction of 1.5% -2%/year. Currently, the VND deposit interest rate was typically at 0.1%-0.2%/year for demand deposits and term deposits of less than 1 month; 3.3%-3.9% per year for term deposits from 1 month to less than 6 months; 4.2%-6.0% per year for term deposits from 6 months to less than 12 months; 5.8% - 6.9% per year was applied for term deposit from 12 month and more. The VND lending interest rates declared by credit institutions tend to decrease compared to the end of 2019.

Thanh Cong exposes to the risk from the signed interest-bearing loans which will be managed by

currency pair of USD/VND. Due to being mainly impacted by USD price, the Company applied a sensitivity analysis against foreign currency in case the VND/USD exchange rate is 2% lower or higher. The change of 2% was used by the Board of Management when analyzing exchange rate risk and represented their assessment on the possible change of the exchange rate. The sensitivity analysis on foreign currencies only applied to balances of foreign currency items at the end of the period and the revaluation of these items would be adjusted in case there is 2% change in the exchange rate.

If the exchange rate of USD against VND increases/decreases by 2%, the profit before tax of the Company in the period will decrease/increase as follows:

the Company by maintaining a reasonable level and analyzing the competitive situation in the market to enjoy interest rate that is favorable for the Company. As can be seen from the sensitivity analysis of loans in case of any change in the interest rate, with other factors unchanging, if the interest rate increases/decreases by 200 basis points (BPS), the Company's profit before tax will decrease/decrease by VND13,761,680,901. Given the current volatility in the economy, it is important to estimate the interest expenses. It is required that the Company keep close track with the market in order to take suitable steps to deal with. In particular, in response to the interest rate risk, Thanh Cong has managed by maintaining a reasonable level of loans and analyzing the competitive situation in the market to enjoy interest rate favorable for the Company from appropriate sources.

| RISK FACTORS (continued)

SPECIFIC RISK OF THE INDUSTRY

Material risk

Facing the epidemic as well as economic uncertainty, many textile and garment companies in Vietnam have coped up with so severe risk involving in order backlog of both materials and finished products due to its being consumer discretionary goods. This resulted in higher costs for preservation, lower quality and much spending on storage of raw materials... However, as a company with a track record of intensive investment in the research and development for many years, over the past 5 years, Thanh Cong's R & BD department has operated extremely effectively. As a matter of fact, so far, this department has been constantly striving to create quality products that meet the consumers' tastes and trends, which helped reduce the quantity of the Company's finished products due to being outdated, failure to meet the quality standard.

Currently, Thanh Cong has no longer relied so much on importing materials from China. In fact, most of the materials were local or imported from the countries other than China, so, the Company was not so seriously impacted by the pandemic in terms of material supply. At the same time, with a closed system of yarn - weaving - dying - sewing chain, the Company's material supply was always guaranteed, meeting production requirement. Furthermore, it actively controlled its materials. Additionally, Thanh Cong was also proactive in researching types of fabric with superb properties with its R&BD department. Amid the epidemic, Thanh Cong R&BD proved its operational effectiveness. Specifically, the department successfully researched ANTI - BAC ZnO product with a combination of fiber and ZnO molecule. The natural antibacterial and anti-

UV feature can be up to 99.99% antibacterial after 20 times of washing.

Risk of Labor Resources

Textile and garment is one of the highly labor-intensive industries in Vietnam, so labor is one of the Company's important issue. However, under the impact of Covid-19 epidemic, labor force of textile and garment was experiencing extremely big consequence. In fact, most of the enterprises were perfunctorily operating, just to maintain jobs for the laborers and their minimal income. Still, as typically as an industry of consumer non-essential goods, backlogs, or no order from the client caused the companies to cut a number of working hours or workers to cut costs. Then, textile and garment laborers gradually switched into other industries, or found another job to live on. Therefore, post-epidemic labor supply, when the textile and garment tend to return to its normal status, a lack of skilled labor seems to be a meaningful challenge to textile and garment enterprises.

Regardless of very serious difficulty that requires the enterprise to overcome, Thanh Cong's employees and the Board of Management endeavored to maintain jobs and income for all the employees (it is estimated that the Company's employee average income was 11,2 million VND /person/month in 2020). This can be deemed as a very great effort to "no one left behind" amid the epidemic and the world's economic uncertainty during the year 2020. It can be said that, TCM has been well performing its role to stabilize its employees' lives, then, retain its laborers and ensure sufficient labor for well serving the Company's business and production activities. In

order to recognize the efforts of the Company's employees, on October 02, 2020, Thanh Cong Textile Garment Investment Trading Joint Stock Company was honorably awarded the prize of "Enterprise for the laborers in 2019-2020 and given Certificate of Merit by Chairman of Vietnam Chamber of Commerce and Industry (VCCI) and the Chairman of Central Council of Vietnam Business Associations.

Legal risk

TCM's production and business activities are governed by the Vietnamese legislation such as the Law on Enterprises, Law on Investment ... Moreover, Thanh Cong's main activities are to export textile and garment products, which requires the Company to comply with the requirements of customs tax policy. Also, as an enterprise listed on Ho Chi Minh stock exchange (HOSE), the Company is also governed by Vietnam legislation on stock market. Currently a number of laws, sanctions and policies have been passed being revised, which requires businesses to be more thoroughly prepared to meet these requirements.

Additionally, in respect of e-commerce, especially cross-border e-commerce activities (like Amazon site), while Vietnam legislation has not been perfected, the Company also updated local laws in order to ensure its operation smooth and in compliance with the laws.

To ensure compliance and minimize legal risks, the Company has implemented processes of inspection, supervision and assessment on activities which expose to internal legal risks such as contract management software (CMS) in order to review the terms of the contract which are at high risk or likely to be unfavorable for the Company so that it timely negotiates before signing; Each functional division is regularly updated with new legal documents, joins training session about specialized legal provisions relevant to its functions. The Company's Legal Department was established to enhance the effectiveness of risk prevention.



RISK MANAGEMENT

| RISK FACTORS (continued)

Specific legal framework for Textile and Garment Industry

For enterprises in the textile and garment industry like Thanh Cong, in addition to the legislation generally applied to the enterprises in the Vietnam, the Company must also comply with specific requirements for the textile and garment industry. On December 11, 2020, the Vietnam - UK Free Trade Agreement (UKFTA) was just signed, opening both opportunities and challenges for the textile and garment industry in general and Thanh Cong in particular. Besides, for Vietnam - European Union Free Trade Agreement (EVFTA), it is required that the industry must overcome many challenges, of which the biggest is still about rules of origin. Because Vietnam textile and garment industry has not proactively controlled over qualified raw materials for export to the EU. Vietnam legislation is being completed gradually to satisfy the process of deeper integration into the world economy. Therefore, in order to embrace opportunities in the coming time, the Company needs to have a thorough research, investment, and serious preparation of legal issues to achieve the highest efficiency of the Company's business. Accordingly, Thanh Cong is one of the few enterprises that are qualified for the origin of raw materials due to its implementation of vertical production processes, technological investment so that the input materials are guaranteed.

Environmental risk

Thanh Cong has attached special attention to the environmental impacts in each project (air pollution, noise, water sources) that may affect the ecological environment in the vicinity or cause any change in the economic environment, social and human life around the factory area or production workshop. Therefore, each project carried out by Thanh Cong applies the most advanced standards in the design and use of the materials causing little pollution in the production process. Moreover, the Company always get it assessed by reputable experts in respect of its environmental impacts before commencement.

Other risk factors

In addition to the foregoing risks, Thanh Cong also exposes to some unforeseen risks such as natural disasters, fires, explosions, epidemic particularly in the context of today's epidemic and flooding as taking place in 2020 which caused losses and damages to people, properties and the general operational situation of the Company as well. It seems that such kinds of risks have rarely taken place, though, it is required that the Company should all the times take proactive actions to hedge and overcome by proactively buying insurance for its employees and assets...Additionally, coordination with related parties to enhance their awareness and equip themselves with necessary skills to timely and thoroughly handle unexpected situations to the Company.





PART 2 PERFORMANCE REVIEW

| SITUATION OF PRODUCTION AND BUSINESS ACTIVITIES

Revenue structure by product

UNIT: Million dong

Product	Revenue	Revenue proportion (%)
Garment	2,417,803	69.68%
Fabric	682,042	19.66%
Yarn	285,883	8.24%
Others	83,988	2.42%
Total	3,469,717	100.00%

Financial status in the year

UNIT: Million dong

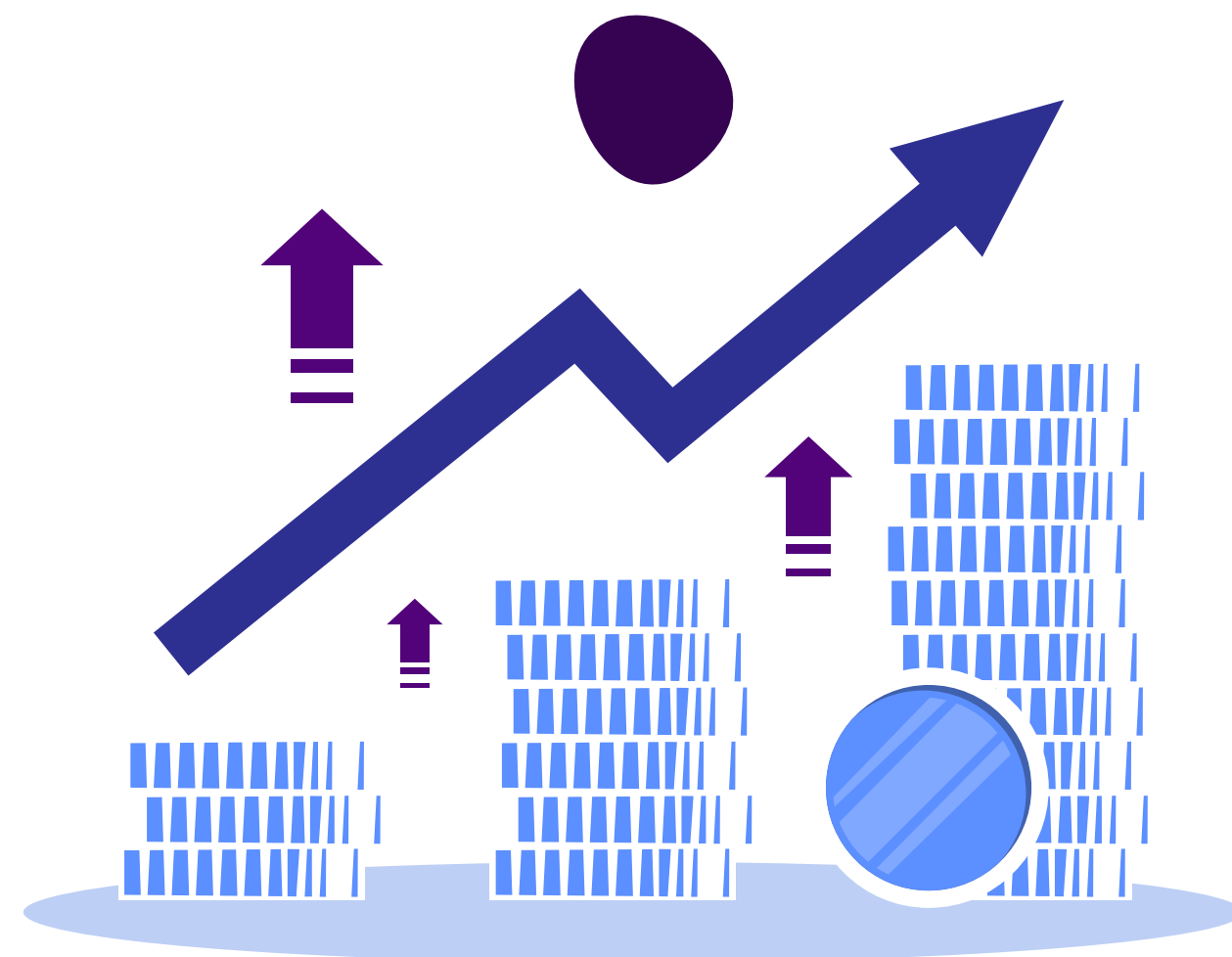
No.	Target	2019	2020	% change
1	Net Revenue	3,644,200	3,469,717	-4.79%
2	Cost of goods sold	3,065,482	2,849,534	-7.04%
3	Income from financial activities	34,622	47,765	37.96%
4	Profit in Affiliates Companies	4,036	6,202	53.65%
5	Financial, sales and administrative expenses	348,684	333,982	-4.22%
6	Profit from operation	268,692	340,169	26.60%
7	Other profit	5,341	3,086	-42.22%
8	Profit before tax	274,033	343,255	25.26%
9	Profit after tax	216,847	276,228	27.38%
10	Earning per share (dong)	2,959	3,775	27.58%

Performance 2020

UNIT: Million dong

No.	Targets	Perform 2020	Planned 2020	Perform/ Planned
1	Net Revenue	3,469,717	3,779,619	91.80%
2	Profit after tax	276,228	188,981	146.17%

In 2020, Vietnam Textile and Garment Industry in general and Thanh Cong in particular encountered so tough challenges caused by Covid-19 epidemic. Shortage and cancellation of orders made textile and garment companies in Vietnam got some certain difficulties and challenges, in which Vietnam was not any exception. However, on top of such difficulties was the effort of the Board of Management, departments and functions as well as all the employees of Thanh Cong to change, constantly strive to contribute to an acknowledgeable accomplishment. Specifically, in 2020, Thanh Cong flexibly changed, researched for anti-bacterial fabric to produce masks for exporting and medical protective equipment to cover the gap due to insufficient orders of traditional items. Besides, due to the Company's revenues from financial activities (increase in deposit interests, lending interest, and profit from exchange rate difference), the Company's net revenue was VND3,469 billion, or 91.80% target for the year; profit after tax were VND 276.23 billion, equal to 146.17% of the targets.



Member of Executive Management Board



General Director

Lee Eun Hong

- ◇ **Gender:** Male
- ◇ **Year of birth:** 1961
- ◇ **Nationality:** South Korea
- ◇ **Qualifications:**
Electrical Engineer - Bachelor of Business Management

• Working experience

- ◇ 03/2018 - now: General Director cum Member of Board of Directors of Thanh Cong Textile Garment - Investment - Trading Joint Stock Company
- ◇ 12/2017 - 03/2018: Deputy of General Director cum Member of Board of Directors of Thanh Cong Textile Garment - Investment - Trading Joint Stock Company
- ◇ 4/2015 - 2017: Member of Board of Directors of Thanh Cong Textile Garment - Investment - Trading Joint Stock Company
- ◇ 2009 - 3/2015: General Director cum Member of Board of Directors of Thanh Cong Textile Garment - Investment - Trading Joint Stock Company
- ◇ 2006 - 2009: Strategic Director - E-Land Korea Group, South Korea
- ◇ 1996 - 2005: E-Land Srilanka, Srilanka
- ◇ 1993 - 1995: E-Land Vietnam, Vietnam
- ◇ 1990 - 1993: E-Land Group (E-Land World), South Korea

• Number of shares owned by individual: 7 shares

• Number of shares represented for E-land Asia Holdings Pte., Ltd: 26,849,110 shares, accounting for 43.26% of charter capital

• Position in other organizations: Chairman of Savimex Corporation (August 19th, 2020)



Deputy of General Director

Tran Nhu Tung

- ◇ **Gender:** Male
- ◇ **Year of birth:** 1973
- ◇ **Nationality:** Vietnamese
- ◇ **Qualifications:**
Master of Business Administration

• Working experience:

- ◇ 11/2019-now: Deputy of General Director of Thanh Cong Textile Garment- Investment - Trading Joint Stock Company
- ◇ 06/2018-10/2019: Real estate and Investment Manager of Thanh Cong Textile Garment - Investment - Trading Joint Stock Company
- ◇ 09/2014-05/2018: Investment and Investor Relations Manager of Thanh Cong Textile - Investment - Trading Joint Stock Company
- ◇ 2012-08/2014: Investment and Investor Relations Head of Thanh Cong Textile Garment - Investment - Trading Joint Stock Company
- ◇ 2010-2012: Head of Strategy Division of Thanh Cong Textile Garment - Investment - Trading Joint Stock Company
- ◇ 2008-2009: Head of IT Division of Thanh Cong Textile Garment - Investment - Trading Joint Stock Company

• Number of shares owned by individual: 33 shares

• Number of shares representing: 0 share

• Position in other organizations: Member of Board of Directors of Savimex Corporation

ORGANIZATION AND HUMAN RESOURCES (next up)

Member of Executive Management Board



Chief Accountant cum Director
of Finance and Accounting

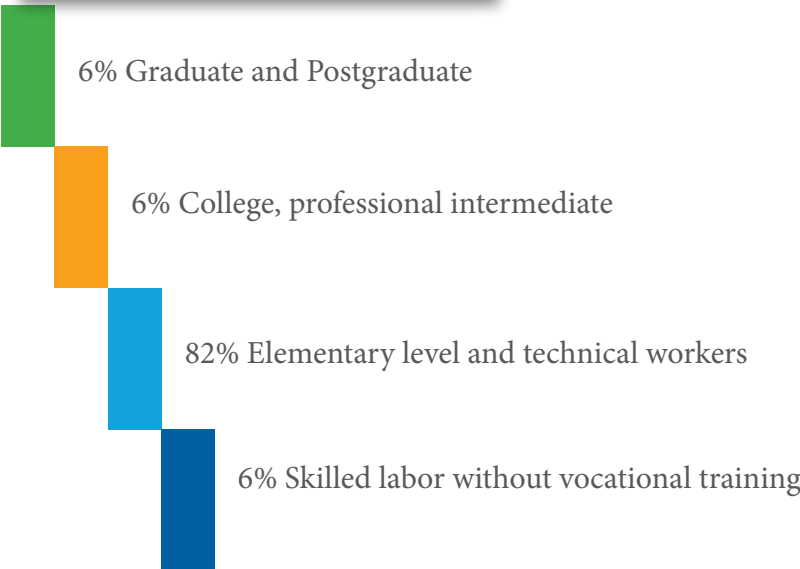
Nguyen Minh Hao

- ◆ **Gender:** Female
- ◆ **Year of birth:** 1973
- ◆ **Nationality** Việt Nam
- ◆ **Qualifications:**
 - Master of Business Administration in Finance - Columbia Southern University - United States (2009)
 - Bachelor of English - Quy Nhon University (2003)
 - Bachelor of Credit and Accounting - Banking University of Ho Chi Minh City (1994)

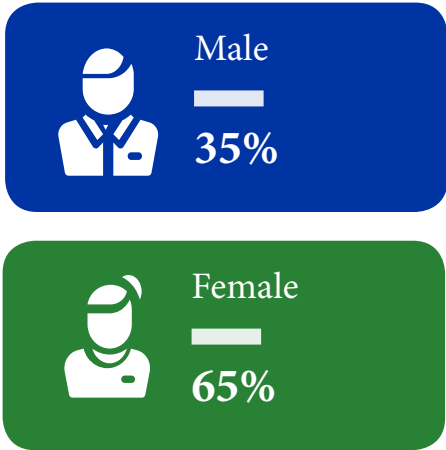
Labor structure

No.	Criteria	Quantity (People)	Proportion (%)
I	According to education status		
1	Graduate and Postgraduate	455	6%
2	College, professional intermediate	428	6%
3	Elementary level and technical workers	5,711	82%
4	Skilled labor without vocational training	408	6%
II	According to the labor contract		
1	Full-time	7,002	100%
2	Part-time	-	-
III	According to gender		
1	Male	2,462	35%
2	Female	4,540	65%
Total		7,002	100%

According to education status



According to gender



Changes in the Board
of Management:

Mr. Song Jae Ung resigned from the position of the Deputy of General Director from 02/11/2020.

- **Working experience:**
 - ◆ 09/2014 - now: Member of Board of Directors cum Chief Accountant and Director of Finance and Accounting of Thanh Cong Textile Garment- Investment - Trading Joint Stock Company
 - ◆ 2010 - 8/2014 Member of Board of Directors cum Chief Accountant of Thanh Cong Textile Garment - Investment - Trading Joint Stock Company
 - ◆ 2009 - 2010: Head of Investment and Development Department of Thanh Cong Textile Garment - Investment - Trading Joint Stock Company
 - ◆ 1995 - 2009: Quy Nhon Forest Plantation Company
- **Number of shares owned by individual:** 0 share
- **Number of shares representing:** 0 share
- **Position in other organizations:** none

ORGANIZATION AND HUMAN RESOURCES (continued)

Some policies for employees

In 2020, Vietnam and anywhere else in the World entered into a battle against global epidemic of Covid-19, which caused huge consequences to Vietnam Textile and Garment Industry in general and Thanh Cong in particular. Despite facing challenges, Thanh Cong made its clients, suppliers, shareholders and investors impressed by its great non-stop effort to flexibly change, as well as the coordination from the Board of Management, departments and all of the employees. Over the year, while other Textile and Garment enterprises had to fire a certain number of the employees, reduce working hours to operate in a perfunctory mode. However, the Company still ensured the number of working hours, maintained jobs and stable income for the employees, so that “no one left behind”. In particular, the Company still maintained key employee’s policies as follows:

For employment conditions:

- ◇ Well implemented salary payments, fully raised salaries on time as prescribed; organized mid-shift meals for workers in each work shift;
- ◇ Strictly complied with the Labor Code, Law on Social Insurance such as: fulfilling 100% of the obligations of social insurance, health insurance and unemployment insurance for the employees;
- ◇ Proactively proposed human resource development plans to find, recruit, train and nurture senior management.

For remuneration, employee supporting activities:

- ◇ The Company improved its salary policies towards focusing on performance evaluation to make salary payment according to business efficiency, as a basis for effective salary distribution, additional salary, bonus with special attention attached to important positions;
- ◇ Organized annual health checks for the employees, especially the managerial personnel got their health examined under the businessman standards;
- ◇ Supported workers in difficult circumstances, bereavement, the employees sending their children to school, business trip allowance, bus support given to the employees.

Policies on training, recruitment and talent attraction

Recruitment policy: Public and transparent in the criteria for evaluating qualifications and skills of candidates based on professional standards which serve as a basis in the recruitment process. The recruitment of those meeting high standards of qualifications, health, and ethics has always been paid attention by Thanh Cong. It maintained an online recruitment website, internal recruitment bulletin. Additionally, the Company's recruitment information are disseminated through social network, ensuring professionalism, transparency, fairness, enhancing Thanh Cong's image and reputation in the labor market.

Policies on training and talent attraction: Human resource has been always considered as Thanh Cong's the most valuable asset. In Thanh Cong, people is the center of its development motivation in accordance with the training and development policy of the business strategy. Furthermore, based on the establishment of R&BD center in 2015, Thanh Cong continued to coordinate with KOTITI Testing & Research Institute to develop quality human resource for research and development activities.





PERFORMANCE OF INVESTMENT PROJECTS

Projects in the year

UNIT: VND

Sectors	Investment expense
Spinning	90,575,000
Weaving	1,229,398,133
Dyeing	556,587,635
Sewing (Including Vinh Long factory, Trang Bang factory)	2,666,359,511
Company's Office	5,291,400,768
Research and development (R&D)	178,175,000
Total	10,012,496,047

Other long-term investments

Until December 31, 2020, the Company still maintained a long-term investment portfolio from previous years and there are no new investment transactions:

UNIT: VND

Other investment	Amount of investment
Viet Thang Textile Joint Stock Company	125,000,000
Thang Loi Textile and Garment Joint Stock Company	1,576,000,000
Hue Textile and Garment Joint Stock Company	793,000,000
SY Vina Joint Stock Company	883,450,000
Vietnam Joint Stock Commercial Bank for Industry and Trade	2,449,600,000
Total	5,827,050,000

Operation of Subsidiaries and Affiliates Companies

Subsidiaries

Thanh Cong Medical Center Joint Stock Company

Items	UNIT	2020	2019	% change
Total assets	VND	34,990,140,048	33,941,956,067	103%
Total revenue	VND	46,066,457,581	48,824,566,656	94%
Profit after tax	VND	3,406,956,333	3,940,075,586	86%
Profit after tax margin	%	7%	8%	92%

TC Tower Company Limited

Items	UNIT	2020	2019	% change
Total assets	VND	137,109,746,312	137,109,746,312	100%
Total revenue	VND			
Profit after tax	VND	(3,000,000)	(3,000,000)	100%
Profit after tax margin	%			

Affiliates

Savimex Corporation

Items	UNIT	2020	2019	% change
Total assets	VND	553,785,619,754	515,143,958,053	108%
Net Revenue	VND	943,232,519,823	870,516,336,821	108%
Profit after tax	VND	47,773,874,047	25,370,029,798	188%
Profit after tax margin	%	5%	3%	169%

| FINANCIAL STATUS

Financial status

UNIT: Million dong

No.	Targets	2020	2019	% Increase/ Decrease
1	Total assets	2,976,423	2,922,805	1.83%
2	Net Revenue	3,469,717	3,644,200	-4.79%
3	Profit from operation	340,169	268,692	26.60%
4	Other profit	3,086	5,341	-42.22%
5	Profit before tax	343,255	274,033	25.26%
6	Profit after tax	276,228	216,847	27.38%

In 2020, Thanh Cong Textile and Garment made a deep impression on the customers and major partners from the US, EU, Japan... with its affirming itself as a pioneer enterprise in the transformation trend, flexibility in production and strong investment in research. Although there was a decrease in net sales due to a shortage of traditional garment orders (4.79% lower); But as an offset, the Company actively cooperated with domestic and foreign partners to export masks and medical protective equipment that generated outstanding profits for the Company (26.6% higher compared to 2019). The reason Thanh Cong's profit before and after tax increased was due to the increase of 37.96% in revenue from financial activities year over year, and financial expenses decreased by 22.61% year over year. Moreover, in 2020, Thanh Cong increased its productivity by rationalizing the arrangement and exploitation of machinery and equipment (such as dyeing production was 14% higher from 2019); various solutions were applied to reduce production costs such as lower cost of electricity, or lower waste of raw materials, thereby the Company's profit margin was improved in the year.

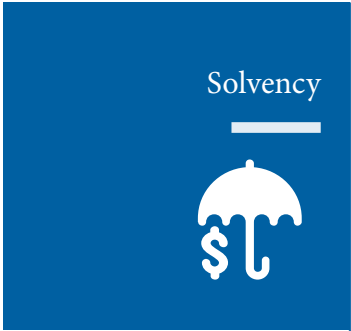


Key financial indicators:

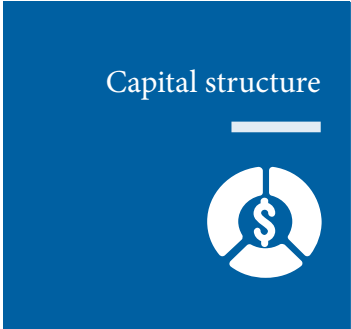
No.	Financial indicators	UNIT	2019	2020
I	Solvency			
1	Short-term payment ratio	Time	1.22	1.42
2	Quick ratio	Time	0.55	0.62
II	Capital structure			
1	Debt/total asset	%	51.24%	44.94%
2	Debt ratio/ Equity	%	105.07%	81.63%
III	Performance Capacity			
1	Inventory turnover	Time	3.23 (*)	3.00
2	Net Revenue/Total asset (average)	Time	2.14 (*)	2.04
IV	Profitability			
1	Coefficient of Profit after tax / Net revenue(ROS)	%	5.95%	7.96%
2	Coefficient of Profit after tax/Equity (average)	%	14.15% (*)	18.03%
3	Coefficient of Profit after tax / Total assets (average) (ROA)	%	7.35% (*)	9.36%
4	Coefficient of Profit from Operation / Net revenue	%	7.37%	9.80%

(*) Figures are calculated in the same average value of 2020

Regardless of the negative developments of the domestic and overseas economies in 2020, Thanh Cong's financial status was still moving in a positive direction, due to the Company's cost-cutting and flexible transformation in the product structure by switching to producing medical masks and protective equipment. Additionally, the number of medical materials orders were not able to cover fully sales of traditional cloths though, its profit margin was higher. Moreover, the decrease in revenues due to delayed and cancelled orders were to some extent offset by the amount of costs and expenses cut in the year. Following are details of the change in the financial indicators:



In general, Thanh Cong’s solvency indicators in 2020 were better than in previous year. Specifically, the Short-term payment ratio and quick ratio were 1.42 times and 0.62 times, respectively (while those were 1.22 times and 0.55 times in 2019, respectively). Such improvement was the result of Thanh Cong’s switching its product structure to mask and medical protective equipment, then, the Company’s profit margin was higher. Due to the improvement of gross profit margin and the amount of cash earned from financial activities added to short-term assets, more over, short-term debt was lessened in the period, the Company's solvency was better.



In 2020, Thanh Cong significantly improved its capital structure due to proactively reducing debt and financial lease debt (including both short and long term). Specifically, the ratio of debt/total assets was down from 51.24% to 44.92%; the debt/equity ratio decreased from 105.07% to 81.63% year over year. The reduction of debt and financial lease liabilities in the period contributed to improving the Company's financial status, lowering risks in the context the World underwent unpredictable changes, which directly affected the textile and garment industry in general and Thanh Cong in particular.



Compared to 2019, the indicators related to inventory turnover as well as net revenue/total assets in 2020 remained stable, with 3 times and 2.04 times, respectively. In the context of many export orders being delayed and canceled, in order to ensure stable operation, the Company took proactive actions to switch its product structure and cut costs. The stability in the operational capability indicator showed that Thanh Cong still maintained a good performance despite the negative economic situation in general.



In 2020, regardless of a significant decrease in net revenue due to the shortage or cancellation of orders from domestic and foreign partners, Thanh Cong's profitability indicator still achieved higher levels from the figure of 2019. The reason for the improvement in these indicators was higher profit margins. In fact, in the year, the efficiency of the production line increased thanks to the appropriate arrangement and exploitation of machinery and equipment (dyeing production increased by 14% compared to the same period). Furthermore, the Company applied various measures to reduce production costs such as lower electricity use, less raw material consumption. Also, the increase in revenue from financial activities helped increase the Company's earnings after tax (27.38% higher). Specifically, coefficient of Profit after tax / Net revenue (ROS), coefficient of Profit after tax/Equity (average) (ROE), coefficient of Profit from Operation / Net revenue (ROA) and operating profit/net revenue were 7.96%; 18.03%; 9.36%; 9.80%, respectively; and were all higher than in 2019.

|SHAREHOLDER STRUCTURE, AMENDMENT OF OWNERS' INVESTMENT CAPITAL

Shares



|SHAREHOLDER STRUCTURE, AMENDMENT OF OWNERS' INVESTMENT CAPITAL

Shareholders structure (updated according to the list of shareholders closed on March 09, 2021)

No.	Classification	Number of shareholders	Number of shares	Percentage (%)
1	Treasury shares	1	100,450	0.16%
	Domestic shareholders	6,907	34,326,838	55.30%
2	Organization	70	58,125	0.09%
	Individual	6,837	34,268,713	55.21%
	Foreign shareholders	138	27,641,061	44.53%
3	Organization	30	27,483,673	44.28%
	Individual	108	157,388	0.25%
	Total	7,046	62,068,349	100%

List of major shareholders

Name of Organization/ individual	Registration number of ownerships	Address	Number of shares	Ratio / Charter Capital
Eland Asia Holdings Pte. Ltd	CA2946	50 RAFFLES PLACE, #11-03B SINGAPORE LAND TOWER SINGAPORE 048623	26,849,110	43.26%
Nguyen Van Nghia	130149322	Group 8, Area 9, Nong Trang Ward, Viet Tri City, Phu Tho Province	8,849,494	14.26%

Amendment of owners' investment capital:

In 2020, the Company conducted issuing shares to increase capital from equity for existing shareholders of the Company with the rate of 7%/par value - Shareholders owning 100 shares at the closing time of shareholders list will receive 7 bonus shares. The number of shares to be paid will be rounded down to the unit, the number of fractional shares will be canceled. The Company's charter capital then increased from 58,016,918 shares to 62,068,349 shares.

Transaction of Treasury shares: Until December 31, 2020, the number of treasury shares of the Company is 100,450 shares. In 2020, the Company did not buy/sell treasury shares.

Other securities: none





PART 3

REPORT AND APPRAISAL OF THE BOARD OF MANAGEMENT



|APPRAISAL ON BUSINESS AND MANUFACTURE PERFORMANCE

Business environment in 2020

The socio-economic situation in 2020 took place in the context of the serious outbreak of the acute respiratory infection epidemic caused by the novel corona virus (Covid-19) and globally unpredictable developments, causing serious impacts on all socio-economic aspects of the countries in the world. Big economies faced the deepest and worst recession for decades. However, in the last months of the year, when most economies reopened after lockdowns due to Covid-19, the world economic growth is expected to show more positive signs. Global trade, commodity prices have been gradually recovering, global stock markets surged in November and December due to positive signals from the production and effectiveness of Covid-19 vaccine. Although the big economies such as the US, China, Japan, and Europe still faced many difficulties, they tended to rally in the last months of 2020 and their



better growth was forecast for the year 2021.

By the end of 2020, Vietnam's economy reached a GDP growth of 2.91%; in general this was the lowest growth rate in recent years. Although such increase has been the lowest during the period of 2011 - 2020, amid the Covid-19 epidemic with complicated developments adversely hit all socio-economic aspects, this can be deemed as a great success of Vietnam. As a matter of fact, with such achievement, Vietnam was ranked in the group with the highest GDP growth in the world. Overall, for the whole 2020, there were 134.9 thousand newly registered enterprises with a total registered capital of VND 2,235.6 trillion and a total registered labor of 1,043 thousand employees, an decrease of 2.3% in the number of enterprises, an increase of 29.2% in terms of the registered capital and an reduction of 16.9% in the number of employees compared to the previous year. The average registered capital of a newly established enterprise in 2020 was VND16.6 billion, 32.3% higher than in previous year.

According to the General Statistic Office of Vietnam, Vietnam's textile and garment export turnover in 2020 was USD29.5 billion, 10.2% lower than in 2019. Although the decline was quite deep from the average for many years, this decrease was still less than that of many other countries, especially in the context of a 25% decrease in world textile and apparel demand. According to the Vietnam Textile and Apparel Association, notably, although export turnover decreased, Vietnam's textile and apparel market share also changed. Vietnam was the second largest textile and garment exporter to the United States with the market share of 11.80%; ranked 6th of the countries exporting to Europe; 2nd to Japan and Korea. Particularly, Vietnam also became the largest exporter to China with a market share of 19.1%.

As can be seen from the picture of domestic and overseas economy along with the Company’s operational practice, its business and manufacturing activities outcomes in 2020 were as follows:

Items	UNIT	Performance 2019	Target 2020	Performance 2020	Performance 2020/ Target 2020	Performance/ Target 2020/ Performance 2019
Net Revenue	Billion dongs	3,644.20	3,779.62	3,469.72	92%	95%
Profit before tax	Billion dongs	274,03	236,23	343,25	145%	125%
Pre-tax profit/ Net revenue ratio	%	8%	6%	10%	158%	132%
Profit before tax/ Equity ratio	%	19%	15%	21%	138%	109%
Dividend/Charter capital	%	12%	10%	20%	200%	166%
Equity	Billion dongs	1,425		1,639	91.80%	115.00%

Revenue

The implementation of the revenue target in 2020 was not as good as the plan (equal to 95.22% of the results achieved in 2019). The main reason was due to the economy being affected by the Covid-19 epidemic, Thanh Cong's key partners were significantly impacted. As a result, the Company's traditional export orders were delayed and cancelled. On the contrary, the Company accelerated the development of new designs which contributed to the expansion of new orders, especially antibacterial products - these medical orders were tested, produced with good quality and quickly delivered, which have positively contributed to the Company's efficiency over the year. The production segment shortened order production time (only 30 days remained). As a result, the Company's profit before tax increased by more than 25% year over year, despite the decline in revenue. Since then, the Company's ratio of profit before tax/net revenue was 158% and 132% of the year target and actual performance of previous year, respectively.

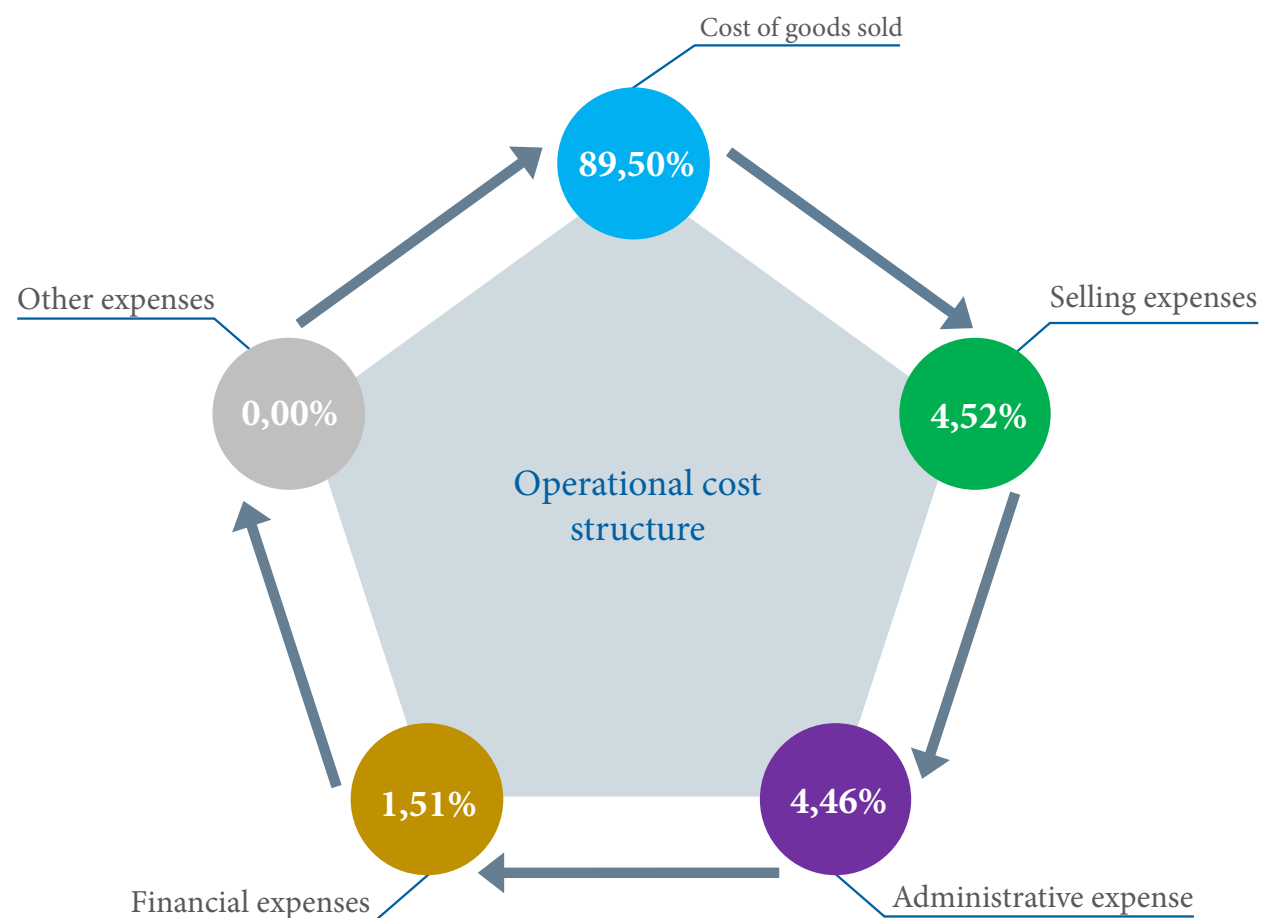
APPRAISAL ON BUSINESS AND MANUFACTURE PERFORMANCE

Cost

✓ Operational cost structure

The component accounting for the highest proportion in the operating expenses structure in 2020 was the cost of goods sold with 89.5%. There was no significant change in the structure of operating expenses from the situation in 2019, the proportions of selling and administrative expenses and financial expenses were 4.52%, 4.46% and 1.51%, respectively of the total cost. While other items of expenses decreased significantly compared to 2019 (8 times lower), it was the indicator with a small proportion of the operating expense structure.

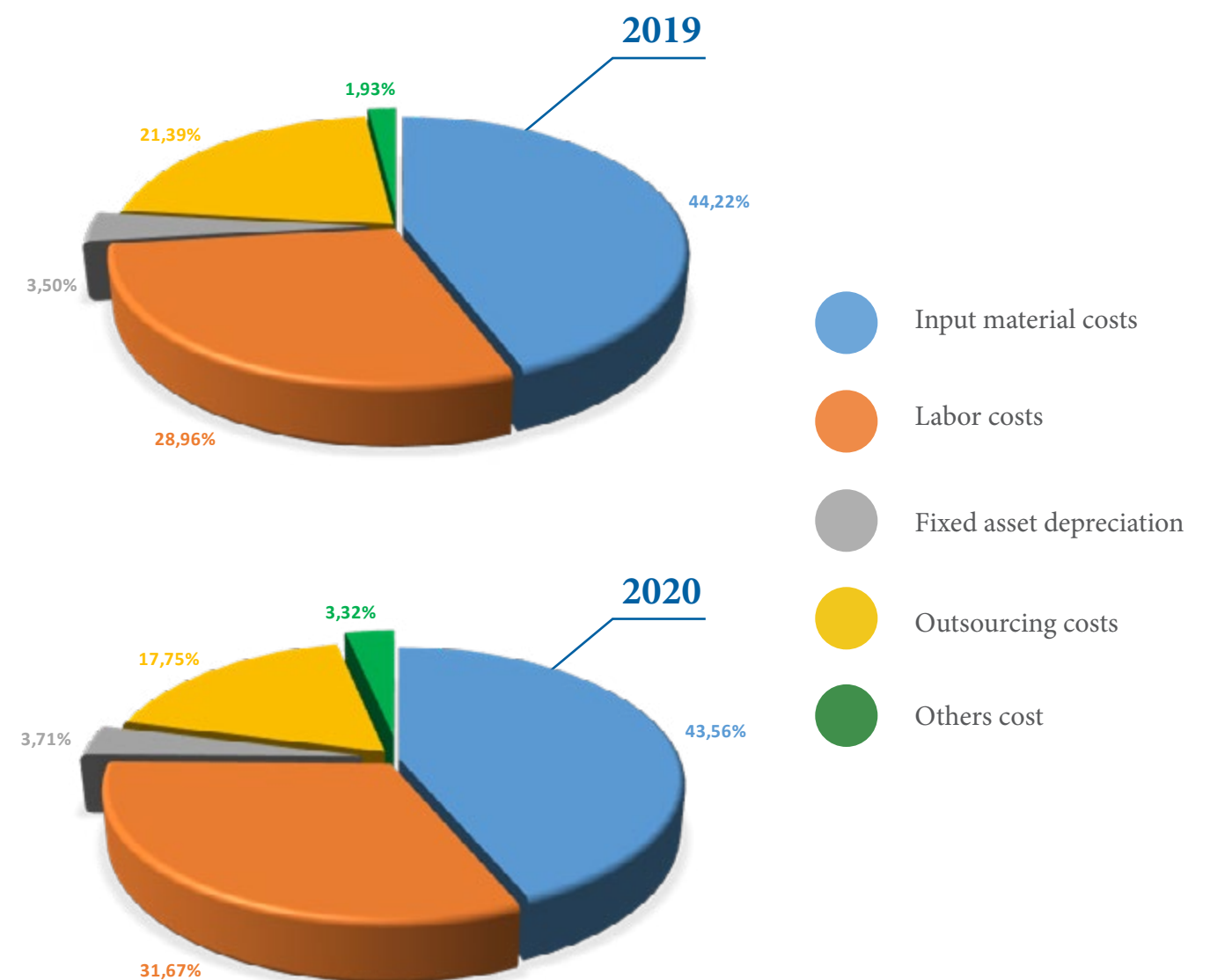
No.	Items	2020 (Million dong)	Percentage (%)
1	Cost of goods sold	2,849,534	89.50%
2	Selling expenses	143,976	4.52%
3	Administrative expense	141,948	4.46%
4	Financial expenses	48,057	1.51%
5	Other expenses	157	0.00%
6	Total	3,183,672	100%



✓ In terms of production cost structure

Input materials costs were the component with the largest proportion of Thanh Cong's production and business costs (43.56%), which was the result of a reduction of VND 56.68 billion year over year due to a sharp decline in the number of clothing orders from partners. In the year, the Company's revenues were mainly contributed by mask and medical protective equipment items. As a matter of fact, this type of product was made of simple material in comparison with the traditional products, as a result, their material costs were much lower. Like most of the other businesses in the same industry, labor cost accounted for a relatively

high percentage of the total business and production costs by factors. In 2020, labor costs accounted for 31.67% (an increase of VND 63.79 billion) because the orders for masks and medical protective equipment were often made and quickly performed within 10-14 days, which meant Thanh Cong's employees had to always be ready to respond to the customers' requirements. That is the reason why the labor costs in 2020 increased significantly in comparison with 2019. In addition, the Company's outsourcing costs reduced to 17.75% (from the figure of 3.64% in 2019).



Assets

Analyze the situation of assets, fluctuations assets situation

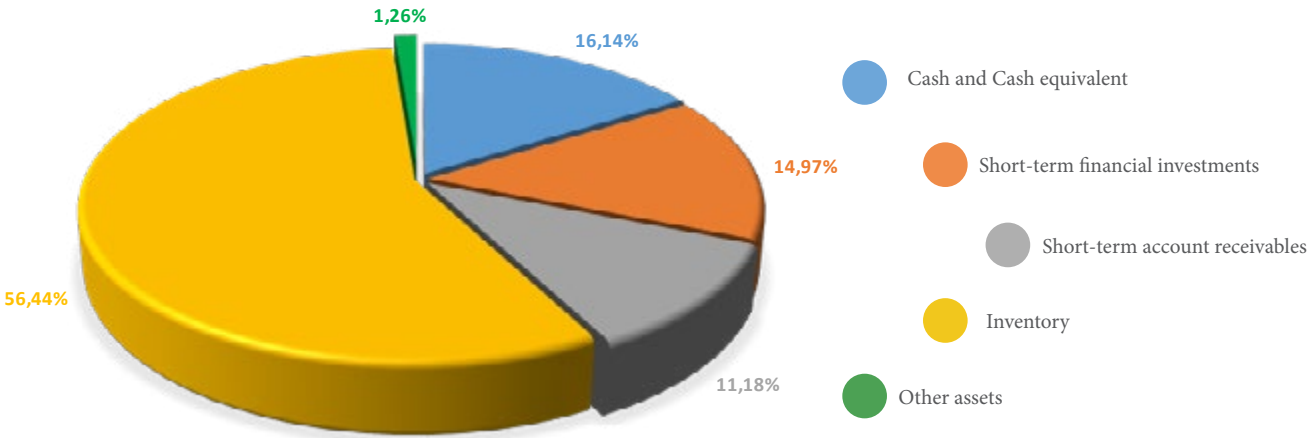
UNIT: Million dongs

No.	Criteria	2019	2020	% change
1	Short-term assets	1,624,461	1,783,901	9.81%
2	Long-term assets	1,298,344	1,192,521	-8.15%
3	Total assets	2,922,805	2,976,422	1.83%

In general, Thanh Cong's total assets increased by VND 53.82 billion in 2020. In which, Short-term assets increased by VND 154.44 billion (or 9.81%), Long-term assets decreased by VND 105.82 billion (or 8.15%). In terms of structure of each asset category, the proportion of short-term, and long-term assets was as follows:

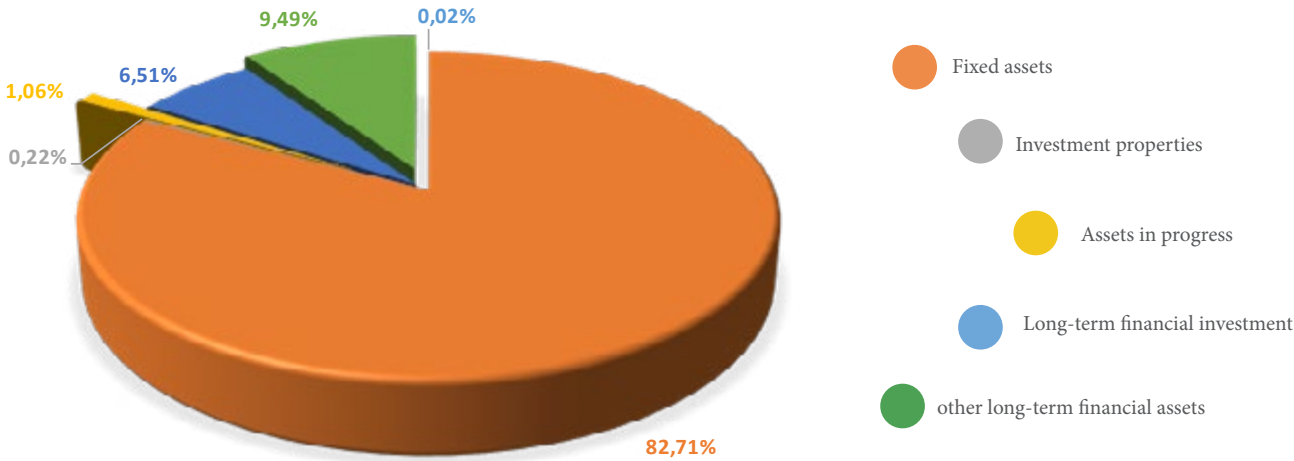
Structure of short-term asset

Inventory item accounted for the highest proportion in the total current asset in 2020 (56.44%), mainly attributed to the orders of masks and medical protective equipment. This was an ongoing item, so the business had to always proactively control the materials to meet the requirements given by the partners. On the other hand, as of 2020, Thanh Cong's inventory of raw materials were also higher than at the beginning of the period (12.79% higher) as the Company was preparing for the orders through the end of Q1/2021 and ready for the orders through Q2/2021.



Structure of long-term asset

Fix assets were still the item accounting for the largest proportion of Thanh Cong's long-term assets with 82.71% (9.56% lower from the figure in 2019). Investment properties were 43.97% lower than in 2019. Long-term financial investment slightly increased due to the investment in affiliates and joint ventures (reaching 6.51%). There was no significant change in the long-term assets in progress and other long-term assets with proportions of 1.06% and 9.49% respectively of the total long-term assets.





Debt situation

Liabilities

UNIT: Billion dong

Criteria	Below 1 year			Over 1 year		
	2019	2020	+/-	2019	2020	+/-
Financial lease liabilities	49.08	27.72	-21.36	62.54	27.31	-35.23
Loans	827.98	677.80	-150.18	60.79	10.29	-50.50
Trade payables and other payables	203.75	276.51	+72.76			
Accrued expenses	6.98	8.62	1.64			
Total	1,087.79	990.65	97.14	123.33	37.6	-85.73

With unpredictable developments in the domestic and foreign economies, Thanh Cong attached special importance to its exposure to the solvency- related risks. The Board of Management made regular reviews and kept the structure of all liabilities at a safe level. In addition, the Company estimated the risks that it might encounter, especially loans to fund the orders from the countries undergoing complicated developments of the disease. In the coming time, the Board of Management will continue to evaluate the situation in order to maintain its stable solvency in the face of risks from loans.

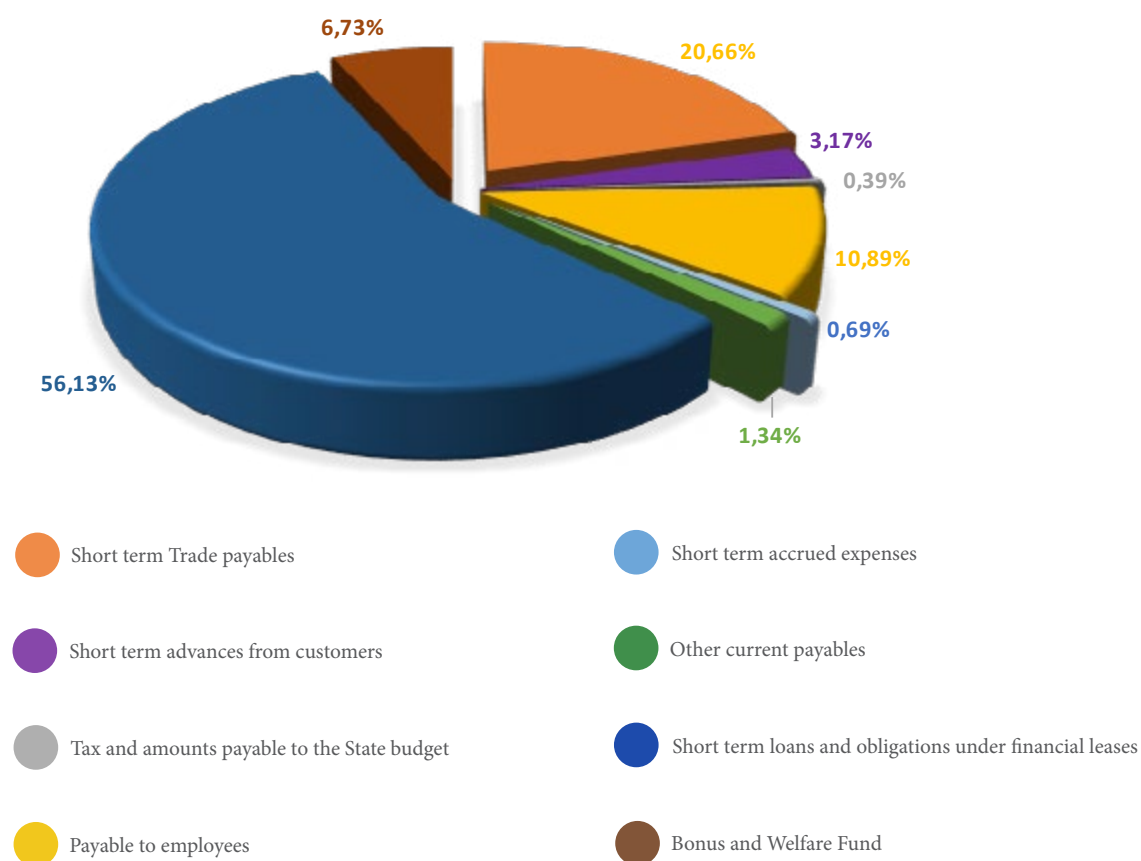
UNIT: Million dong

No.	Criteria	2019	2020	% change
1	Short-term liabilities	1,331,356	1,256,933	-5.59%
2	Long-term liabilities	166,182	80,755	-51.41%
3	Total liabilities	1,497,538	1,337,688	-10.67%

For an enterprise with a specific characteristic in the textile and garment sector like Thanh Cong, the Company's business activities were mainly funded by short-term debt (short-term liabilities structure accounted for 93.96% of total liabilities in 2020). In 2020, The Company well controlled its inventories, thereby its short-term liabilities was by VND 74.42 billion (equivalent to a decrease of 5.59%); long-term liabilities decreased by VND 85.43 billion (or 51.41%). Generally, in 2020, the Company's liabilities were VND 159.85 billion lower than in 2019 (equivalent to a decrease of 10.67%). Composition of short-term liabilities is as follows:

Short-term liabilities structure

The item accounting for the highest proportion in the short-term liabilities structure was short-term loans and financial lease (accounting for 56.13% of total short-term debt); the second was short-term payables (accounting for 20.66%). Accordingly, the Company's short-term loans and financial lease in 2020 rose by 19.56% compared to 2019; short-term prepayments increased by 25.24%, mainly coming from the Company's partners in South Korea; bonus and welfare fund increased by 32.8% (equivalent to VND20.89 billion).



Effect of interest rate differences

UNIT: Million dong

No.	Criteria	2019	2020	% Tăng/ Giảm
1	Short-term loans	877,054	705,518	-19.56%
2	Long-term loans	123,333	37,597	-69.52%
3	Interest expenses	49,405	27,743	-43.85%
4	Interest expense/ net revenue	1.36%	0.80%	-41.02%

Effect of exchange rate differences

UNIT: Million dong

	Indebtedness		Assets	
	31/12/2019	31/12/2020	31/12/2019	31/12/2020
US Dollar (USD)	965,518.12	824,153.41	423,079.52	350,180.13
Euro (EUR)			4.57	4.65
Japanese Yen (JPY)			19.64	20.12
Total	965,518.12	824,153.41	423,103.73	350,204.90

Due to the characteristics that Thanh Cong's orders were signed and exported to a number of markets around the world and mainly traded in USD, the Company was influenced the most by the USD/VND exchange rate pair. The Company's sensitivity analysis against foreign currencies was conducted in case the VND increased/decreased by 2% against USD. The change of 2% was used by the Board of Management when analyzing exchange rate risk and represented their assessment on the volatility of the exchange rate. The sensitivity analysis on foreign currencies only applied to balances of foreign currency items at the end of the period and the revaluation of these items would be adjusted in case there is 2% change in the exchange rate. If the exchange rate of VND/USD increased/decreased by 2%, the Company's profit before tax in the period would decrease/increase by VND 9,479,465,719 (profit before tax as of the end of 2019 was VND 7,964,974,732).





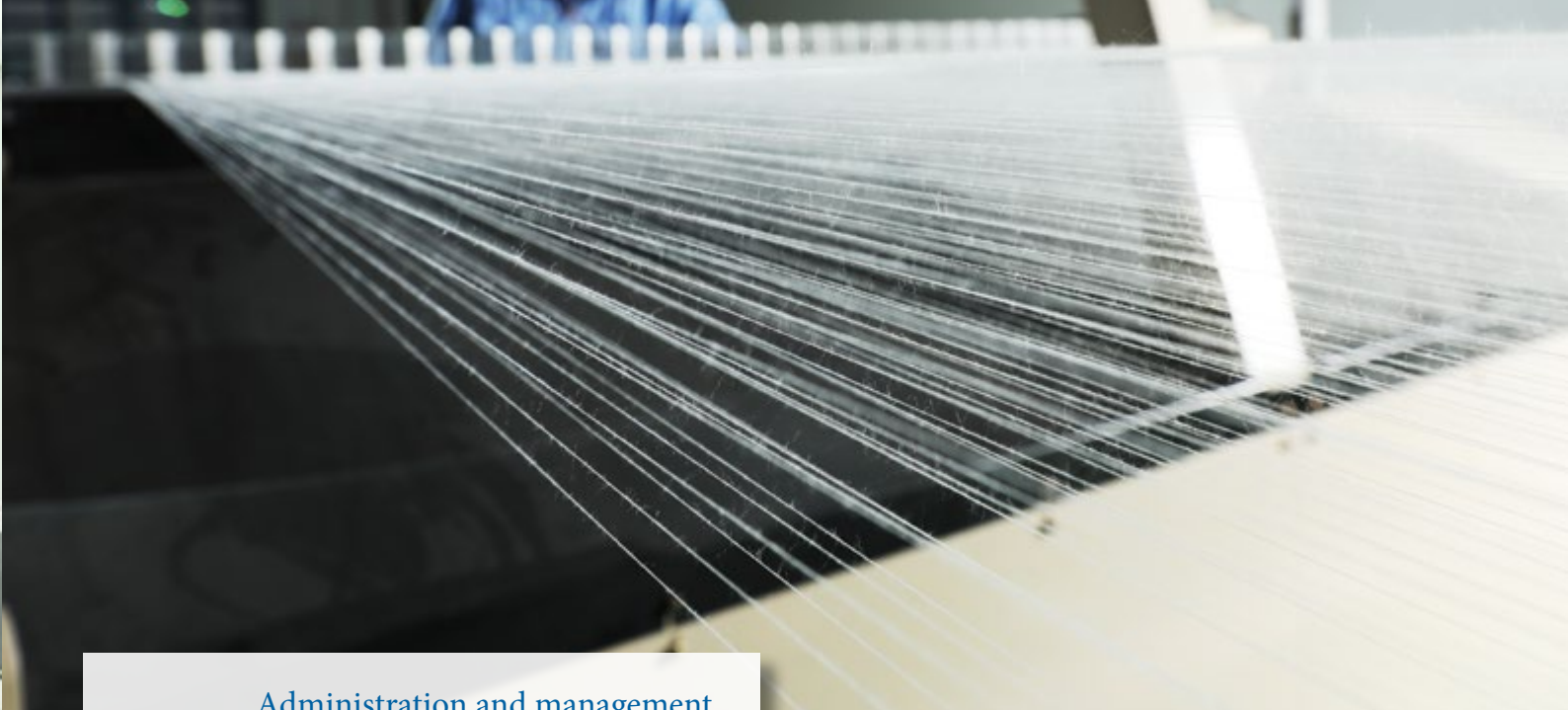
Progress in respect of organizational structure, policies, management

Organizational structure

- ◇ In terms of sewing products for export: reorganized 6 garment export units with two units were newly established:
 - Sales E: responsible for European market to take the best advantages of Free trade agreements of EVFTA and UKVFTA;
 - Onlee Team: developing new business methods of online selling via Amazon and other online selling systems of the US, EU...;
- ◇ Reorganized the units trading in fabrics, yarns and domestic garment products into one business block to support and coordinate with each other to promote market development;
- ◇ Implemented the Project De Closet e-commerce, specializing the young fashion, operated on mobile-app platforms. Focused on various fashion brands and stores in Vietnam, De Closet helped users find and shop for clothes more easily, quickly and conveniently. As a goal for the next 4 years, De Closet will become a popular social network in Vietnam, an indispensable application in shopping, sharing and updating fashion information;
- ◇ Enhancing the efficiency of the Internal Audit Department and Business Intelligence Department to strengthen the ability to synthesize, analyze and advise the Board of Management.

Administration and management

- ◇ Over the time, despite being affected by the Covid-19 epidemic, the Company drastically and urgently issued instructions to overcome difficulties and at the same time promote and improve the efficiency of business and production activities, proactively deal with the consequences of the epidemic, continue to speed up production, flexibly change to adapt to the market needs.
- ◇ Proactively sought for information, ready to take advantage of new FTAs' opportunities and advantages to redirect, create new value chains, consolidate and expand markets.
- ◇ Urgently improved capabilities of management, established a Data Analysis function to provide timely information used for management decisions. Combined data sets from production, supply and accounting along with Power BI analysis tools to extract and utilize the information. In the past year, from the management reports on machine usage efficiency, production cost changes, bottlenecks at production stages, the Company made appropriate adjustment, timely invested in machines, reduced waste and improved productivity.
- ◇ The application of ERP information technology to management activities in Thanh Cong was also maintained effectively along with constant improvement. From input materials to output products, the information was connected throughout a closed cycle: yarn, weaving, knitting, dyeing, sewing, creating favorable conditions to shorten order management time, meeting customer needs. In 2020, data were also exploited, converted in visual form and periodically extracted to evaluate important indicators - KPIs in a timely and fast manner.
- ◇ The Company's internal audit was also performed well under the application of the standards and good practices to the work, and in accordance with the guidelines issued by the Ministry of Finance. In addition to normal and pure assessment and audit, the Internal Audit took the initiative in cooperating and consulting risk management activities, internal control.
- ◇ Implementing and improving efficiency of new achievement management system under KPIs. Each level of management, each employee actively carries out his duties. The Company created the best working conditions for employees.
- ◇ The Company cooperated with the Department of Science and Technology of the provinces and cities to support hiring consultants, training and deploying LEAN, KAIZEN, 5S in production improvement at the Company's factories.





Policy

- ◇ Continue to pursue the Company's strategy with the goal of "Faster - Better - Cheaper". The Company has always paid special attention to Research and Development activities.
- ◇ In the past year, Research & Business Development Department further promoted research and development of new products (including the products with special features, products made from organic materials, recycling materials, etc.); successfully researched and developed Woven fabric with visual and feeling effects giving different choice to the customers and enhance their satisfaction.
- ◇ It is notable that INNOF brand was born. This is a segment focusing on sportswear in 2020. At first, INNOF well positioned its brand and maintained stable sales within just few months of launching.
- ◇ Human resource policy: Amid the context of the whole world being seriously affected by the Covid-19 epidemic, difficulties were seen as opportunities. Thanh Cong took advantage of this time to strengthen human resource development, which has been always its top priority, associated with the Company's sustainable development strategy.
- ◇ One of the key activities was to Human resource planning. The Company reviewed and evaluated its current state of the business, standardized

the organizational structure, functions and duties of the units, designed the system of job positions in accordance with market trends. At the same time, the Company also built human resources in line with its strategy established for the coming years.

- ◇ Attracting high-quality human resources, developing an elite team that know how to manage the business like manage themselves was also included in the Company's key task. The two objectives as mentioned above were achieved by:
 - Promoting positioning the employee value in parallel with the development of recruiting brands in the market, so the Company attracted a large number of high-quality candidates, consistent with its core values;
 - The employees were closer to the Company due to its training and internal communication. From weekly topics, to events, daily updated news, or infrastructure being equipped with modern facilities such as a reading room, library system, the employees were influenced in many aspects: relieved psychological stress in their working, awarded of the importance of personal development, worked as a business owner. It was such thing that helped Thanh Cong regardless of market uncertainties. However, the employees felt still secured, committed to their work and devoted their capabilities.

FUTURE DEVELOPMENT PLANS



Starting 2020, the Vietnam Textile and Garment Industry was heavily affected by the Covid-19 epidemic, export markets canceled or delayed processing orders signed with textile and garment enterprises in Vietnam since the beginning of the year. According to the Vietnam Textile and Apparel Association (Vitas), 2020 was the first year that the export-import turnover of textiles and clothing declined after 25 straight years of growth. Explaining this difficulty, Vitas said that because the epidemic happened so suddenly, it made the world uncontrollable and this affected the global purchasing power; when people spending was mainly on essential goods, necessities, and food rather than clothes.

It is forecast that textile and garment sector will face difficulties. However, there are still certain opportunities for the enterprises if they flexibly embrace the opportunities from Free trade agreements (FTA) and Economic Partnership. According to Vietnam Textile & Apparel Association, Regional Comprehensive Economic Partnership (RCEP) which was just signed in 11/2020, rule of origin, a "plus" turned out to be easy for Vietnamese enterprises. This agreement will create a market of over 2.2 billion people, equivalent to USD 26,200 billion, creating

the largest free trade area in the world. Due to the commitments to open markets for goods, services and investments, rules of origin that is valid within the RCEP geographic area, and trade facilitation measures, the agreement is expected to provide opportunities for the textile industry to boost exports and take proactive action in the supply chain.

To take advantage of these opportunities, it is required that textile enterprises carefully figure out the commitment and the roadmap to remove tariffs on textiles and garments. Subsequently, proactively plan to meet the rules of origin and improve the quality of goods, to meet the requirements of export markets. To achieve the target by 2025, the export turnover will reach USD 55 billion, using 3 million laborers; Vitas proposes to the Government to soon approve the Industry Development Strategy by 2030 with a vision to 2035, to direct the formation of large textile and garment industrial zones with concentrated wastewater treatment to attract investment projects in weaving and dyeing to meet the requirements of rule of origin set out by new generation trade agreements, especially EVFTA, CPTPP, and so on.

FUTURE
DEVELOPMENT
PLANS

In 2021, the Vietnam Textile and Garment industry target to export from USD 38 to 39 billion, equal to the plan in 2019, 9 months to 2 years faster than the broader market. On the basis of the actual production and business performance in 2020 and the forecast for 2021, the Board of Management has set the targets for 2021 as follows:

No.	Item	UNIT	Target 2021
1	Net Revenue	Billion dongs	4,218
2	Profit before tax	Billion dongs	363
3	Profit before tax/Net revenue	%	9%
4	Profit before tax/Owner's Equity	%	20%
5	Dividend/Charter Capital	%	25%

EXPLANATION OF THE BOARD OF MANAGEMENT ON AUDITING OPINIONS

None



ASSESSMENT REPORTS ON THE COMPANY'S
ENVIRONMENTAL AND SOCIAL RESPONSIBILITY

Assessment on the
environmental indicators

- ◇ With business and production activities and sustainable development, the Company has been aware of the importance of environmental protection as well as social responsibilities. The Company has always complied with approved environmental protection commitments and the legislation on environmental protection
- ◇ The Company has always made solid commitment to the environmental protection associated with social community operations. Disseminating laws, improving working environment, taking care of the employees' occupational health were what the Company made effort to fulfil. In fact, the Company took proactive measures in preventing and reducing working environment pollution, raising awareness, converting beneficial and sustainable behaviors on environmental protection.
- ◇ The Company's environment department regularly reviewed, urged, reminded, checked the actual performance in its units, instructed and spread among all the Company's employees; Also, it timely updated the contents of newly issued legal documents, particularly changes in environmental regulations and laws. Such kinds of things contributed to raising awareness among all the employees on environmental protection and climate change response.





Assessment relating to employees



- ◇ The Company's employees are always considered the most valuable resource, it is both responsibility and objective of the Company to develop human resources.
- ◇ In 2020, regardless of being seriously affected by the Covid 19 epidemic, the Company still ensured adequate jobs and income for its employees; prolonged job loss or layoffs did not happen in the Company. Average income per employee in 2020 was 2% higher than 2019.
- ◇ The Company continued to maintain policies of pay rise, rewarding achievements, promotion... which all created motivation for employees; regularly implemented training programs to develop management skills, soft skills, professional skills for employees. Furthermore, welfare regimes for the employees were strengthened.
- ◇ The Company's officers were rotated across different functions to train and develop their own capabilities in order to satisfy requirements on managerial capabilities which serve projects to develop the Company's business and production, expand new factories.
- ◇ It constantly well performed its corporate social responsibilities in accordance with SA8000 standard, customers' standards and legal regulations of Vietnam.
- ◇ In 2020, there was a significant reduction in the number of working hours while labor productivity still remained satisfactory and

income was higher. That can be achieved thanks to the Company's production rationalization, technological investment, modern equipment, together with training and upgrading workers' skills, enhancing scientific and serious working style among the employees.

- ◇ The Company applied achievement management system, performance management system in order to evaluate and develop its employees. Thereby, training and coaching was performed so as to take full advantage of their capabilities. Promotion and pay rise were applied in order to motivate the employees.
- ◇ The Company used its endeavors to create a friendly and relaxing workplace through equipping Sport areas, Gym, Yoga, outdoor sport grounds; Cafeteria, restaurant, medical room, etc. which were all modern and functional.
- ◇ In 2020, the Company added two new and more favorable points for the employees to the Collective Labor Agreement.
- ◇ With the above-mentioned achievements, the Company was selected by the Ministry of Labor, Invalids and Social Affairs, Vietnam General Confederation of Labor and VCCI to choose and honor Enterprise for employees in 2019-2020, and was awarded by Vietnam Textile and Garment Group, Vietnam Textile and Garment Trade Union as a Textile and Garment Enterprise for its employees in 2020.



The assessment relating to the Company's responsibility to the social community.



Corporate social responsibility (CSR) has been now increasingly becoming the trend of public companies in their sustainable development strategy under the orientation of the standards and good practices set by developed countries. Thanh Cong started with a number of community-oriented activities since 2009 with the motto of accompanying the locality where the factories of the Company are located in the process of caring for disadvantaged residents, contributing to the local social welfare program. In addition, the activities of taking care of the employees' lives through CSR programs in coordination with the Trade Union were also one of the important contents of CSR scope at the Company.

In 2020, under the adverse consequences caused by the Covid -19 pandemic on the domestic and foreign economies, CSR activities also faced many challenges in organizing concentrated operation of large numbers of people because maintaining a safe distance, limiting direct contact, complying with social distance...were required.

Nonetheless, the Board of Management continued to maintain and improve social responsibility activities in line with the pandemic situation. In 2020, the Company's regular sponsorship activities for three shelters in Tan Phu district were still maintained. Additionally, the Company

strengthened its support on localities where its production plants reside:

- At Vinh Long factory - Vinh Long province, together with local authorities, the Company assisted and visited disadvantageous persons on holidays, Tet; supported the activities of the provincial social work center - where disabled children - orphans - helpless elderly people - mental patients with necessities or sewing products of the Company. Simultaneously, the Company sponsored thousands of garment products to Fatherland Front of the Province for programs taking care of poor households in Vinh Long. And in the past year, the Company was honored to be praised as the Organization with the contributions to children of Vinh Long Province for many straight years.
- At Spinning factory, sewing factory - Trang Bang industrial park, Tay Ninh province: The Company coordinated with local authority to regularly visit, give gifts to the poor, give Health Insurance Cards to households living nearby the factories.
- At knitting factory-Hoc Mon District, Spinning Factory - District 4: The Company coordinated with local authority to carry out caring programs on Tet occasion for disadvantageous households.
- At the Company's headquarter: The Company cooperated with the Fatherland Front and the People's Committee of Tay Thanh ward to regularly sponsor 5 poor households in the ward, in addition,



The assessment relating to the Company's responsibility to the social community.

giving health insurance cards and donating essential products still was maintained.

In 2020, the Company continued its going with Fatherland Committee, People's Committee in programs of granting scholarship, vehicles to go to school amounting to VND100 million to poor and disadvantaged pupils and students in Tan Phu District; granting scholarships to ethnic minority children every year under the campaigning of the Committee for Ethnic Affairs.

At the same time, under the guideline of CSR activities in 2020 to focus on employee care, the activities of the Happy Mart non-profit store was strengthened, including factories located far from the Company's headquarter; the cooperation with external businesses and organizations to diversify the forms of support for workers was also seriously concerned: In 2020, 1,399 employees were allowed to borrow from CEP fund (with the amount of VND 33.009 billion), signed and implemented the program supporting the employees to buy discount goods from MOVI (Icare), FPT to facilitate for 1,008 employees to buy goods on interest-free installments with the

total amount of VND 6 billion; at the same time, the granting scholarships to the employees' children with difficult circumstances was conducted on yearly basis. In 2020, the Company Union granted 72 Thanh Cong scholarships to the children of the employees with difficult circumstances amounting to VND 178,500,000. Accompanying with workers in unexpected difficulties, fatal disease has been getting more attention from leaders to officers through welfare funds, trade unions fund or contributions of employees in the Ten Thousand Miracle Program: supported the employees with difficult circumstances through this program with the total amount of VND110 million; supported 176 employees whose relatives were impacted by floods and storms in the Central in 2020 with the amount of VND 198 million. In addition to long-term programs, the Company also participated in urgent activities at times when the whole country got difficulty because of the COVID-19 epidemic and the drought of saline intrusion, the amount of contribution was VND 300 million; supported the Central residents to overcome



difficulties in the face of natural disasters and floods with an amount of VND 350 million, etc. and the Company's garment products such as clothes, masks being made of antibacterial fabrics.

Cultural and art activities, emulation programs, and sports events were temporarily delayed by the Company's Board of Management at the time of the outbreak as an effort to follow the Government's guidelines.

Overall, the Company well performed CSR activities through the year 2020. This is one of its core values and also one of the factors of employee attraction and retention, to obtain support from the local authorities in order to create favorable conditions for the Company to further develop, which will be increasingly beneficial for shareholders and investors.



THANH CONG VISION

GLOBAL NO.1 TEXTILE GARMENT COMPANY

IT IN

PART 4 APPRAISAL OF THE BOARD OF DIRECTORS





The world economy in 2020 was forecasted to continue fluctuating complicatedly, unpredictably and might come with natural disasters, epidemics, etc. This was the most difficult year for the world economy with the following problems:

- ◇ In early 2020, the Covid-19 pandemic broke out and spread all over the world, severely im-pacting the entire economy and extending its negative impact to 2021, with no signs of ceasing;
- ◇ The political and economic changes along with trade conflicts between countries still took place fiercely; protectionism in some countries and areas was still a threat, making it more difficult for the world economy;
- ◇ Global markets (aggregate demand for textiles and garments) and global economic growth in most major economic regions decreased in 2020, especially demand for textiles and cloth-ing plummeted in the US, China market and GDP fell deeply in the EU market, thereby negatively affecting the global manufacturing sectors.

Source: Vietnamese Textile Industry/ Vinatex



In 2020, in addition to the negative impacts of the world economy, Vietnam will also face difficulties due to the domestic competitiveness (productivity, quality, services, costs...), growth quality, ability to participate in global supply chains, technology application, etc. compared to the region and the world; difficulties in coping with pandemics, climate change, chronic natural disasters, floods, etc., resulting that the implementation socio-economic targets have been affected. However, thanks to the determined efforts of the political system; the attempt of all levels, sectors, business community, Vietnam economy still maintains a positive GDP growth rate (2.91%), which only few countries can have.





Textile and Garment Industry

Textile and Garment Industry has faced many difficulties at the beginning of 2020, especially a serious lack of orders and raw materials for production due to the decrease in demand for textiles in the world; the Covid-19 disease outbreak, the import market reduced orders, delayed deliveries or canceled orders to focus resources on pandemic prevention (major markets importing Vietnamese textiles and garments were severely affected from a pandemic and are still being affected, such as the US, EU)

However, there were still opportunities for business entities, including the strong increase in the demand for importing pandemic prevention products in the world (such as medical masks, medical protective suits, etc.); The signed EVFTA Trade Agreement (on August 1, 2020) facilitated the increase of orders and markets expansion, partially compensating for the shortage of traditional orders. As a result, the export turnover of Textile and Garment Industry in 2020 reached a negative growth (-10.5%), only achieving 35 billion USD compared to 39 billion USD in 2019. This is also the first year within 25 – years of development, textile export growth was negative. However, whilst pandemics are still causing economic damage, the world total demand for textiles and clothing plummeted (over - 20%), the low reduction of Vietnam textile and garment industry is still encouraging.



PREDICTION ON ECONOMY AND TEXTILE GARMENT INDUSTRY IN 2021

Prediction on worldwide economy

The world economy in 2021 is forecasted to be complicated and unpredictable, which is intertwining between association and trade liberalization; protectionism and nationalism continue with conflicts of commerce, politics, ethnic, territories, natural resources..., creating the instability for general economic development.

The Covid-19 pandemic is still complicated and uncontrollable and unable to end in 2020, leading to global recession and crisis, changing the socio-economic structure in the region and the world..., creating heavier pressure on economic recovery.

New requirements of the global economy including digital economy, circular economy, green growth, sustainable development, coping with climate change are indispensable trends for the development of countries in the new era, posing new challenges for developing and underdeveloped countries, including Vietnam.

Vietnamese economy

Vietnam's economy has changed better with increasing position and power; the economic, political and social situation is more stable; confidence in the government's governance is increasing; New FTAs are expected to bring more new opportunities for the country's economic development such as market expansion, investment attraction and application of science and technology, creating opportunities to improve procedures, and solve difficulties for enterprises.

However, the difficulties in 2021 are forecasted to be more intense, that is, negative impacts on the young economy while Vietnam integrates more and more into the world economy; difficulties caused by limited capacity in global supply chains; Covid-19 pandemic can possibly outbreak, affecting the economic development of the country.

TEXTILE GARMENT INDUSTRY

Worldwide textile garment industry

- ◇ Total world textile demand from 2020 to 2025 is forecasted to have an average growth rate of 4%/year (source Wazir Advisor). However, the negative impact of Covid-19 has made the textile market of 2020 decline by over 20% compared to that of 2019. It is forecast that it might take 1 to 2 years for the textile market to witness the same figure of 2019 (39 billion USD)
- ◇ Major textile and garment import markets are forecasted to have growth in 2021 due to an increase in the demand for goods after a period of decreasing imports along with the need of new designs that are more suitable and convenient for life during pandemic... With the increasing market trend, Textile and Garment Industry set the target of 2021 export turnover at 38 - 39 billion USD, equivalent to the implementation in 2019.



Domestic textile garment industry

With a population of 96.2 million people, Vietnam ranks 15th in the world in term of highest population (Source: General Statistics Office until April 2020). With an increase in people's income, Vietnam will become a potential market for domestic textile garment goods.

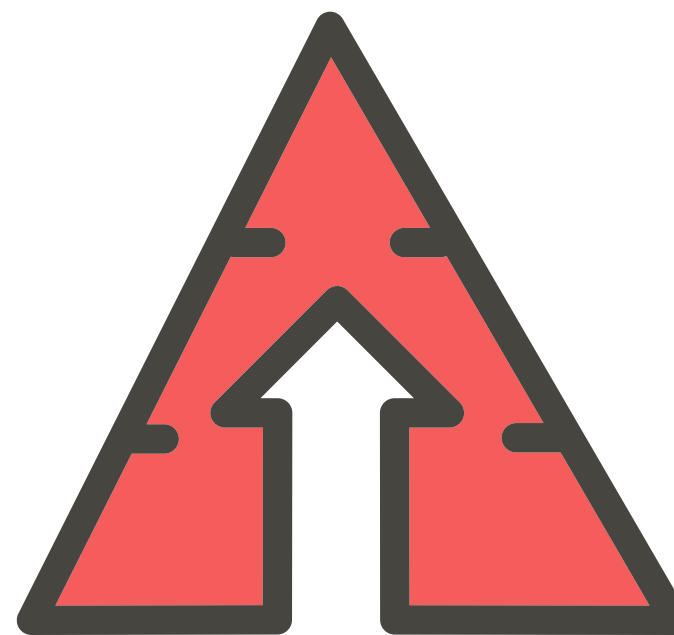
However, the exploitation of the domestic market is still in difficulty, especially the unfair competition caused by fake goods as well as the competition on technology of worldwide-famous fashion brands in Vietnam..., requiring textile businesses to have effective solutions to survive even within Vietnamese territory.

Opportunity

- ◇ When FTAs take effect, they shall facilitate the expansion of garment export markets supplying for 1 billion people of CPTPP, EVFTA areas and 2.2 billion of RCEP's population; attracting investment in the Textile and Garment Industry, focusing on the shortage field of knitting and dyeing, promoting the development of the Textile and Garment Industry.
- ◇ The trend of production shift due to the trade conflict between major countries, the success in the prevention of the Covid-19 pandemic has created an opportunity to attract foreign investment in Vietnam, creating more jobs in the industry.
- ◇ The 4.0 revolution and new technologies give the condition for the Textile and Garment industry to make efforts to overcome weakness about productivity and quality; replace hazardous and dangerous production and production stages; improving the technological level for domestic workers; expand new businesses; promote fashion design and branding, enhance product value of Textile industry.
- ◇ Labor in Vietnam is plentiful with cheap cost compared to some countries in the area and State policy is improved, which are the better supports for the operation of enterprises.

Challenge, limitation

- ◇ Textile and garment enterprises are facing the pressure of development of domestic raw materials, internal sources or exception regulations, etc. to enjoy tax incentives from the signed FTA Agreements (currently Textile Industry must import 75% of the fabric for export orders, because domestic suppliers cannot supply enough fabrics for export orders).
- ◇ Textile and garment enterprises face fierce competition with major textile and garment exporting countries (China, India, Bangladesh, Cambodia, Pakistan, etc.) when exporting products to the CPTPP, EVFTA market... along with the supporting policies for their export enterprises; Moreover, domestic enterprises not only are required to meet strict export standards of products according to the high-end requirements of CPTPP, EVFTA blocks but also have to compete with big brands from these areas within Vietnamese market.
- ◇ The US-China trade war will lead to the transferring illegal, trade frauds of Chinese enterprises to Vietnam, the risk of traceability and trade sanctions for Vietnam when exporting goods to the United States; China's outdated technology equipment has the opportunity to shift to Vietnam.
- ◇ The pressure on the labor force and production level of Vietnam will increase, such as high requirement on the quality of the labor resource to satisfy the Industry 4.0 requirements; difficulty in raising capital for investing factories to produce raw materials and accessories in the country; policies encouraging investment in hazardous industries are still ambiguous and unprioritized due to risk of environmental pollution.





APPRAISAL ON COMPANY’S PERFORMANCE

The result of consolidated performance in 2020 of Company as follows:

Aspect	2019	2020			
	Performance	Target	Performance	Performance/Target 2020	Performance 2020/2019
Gross revenue	3,644,200	3,779,619	3,469,717	92%	95%
Profit after tax	216,847	188,981	276,228	146%	127%

Business performance

- ◇ Revenue in 2020 has not reached the target, which only constituted 92% of the target, while Profit after Tax is quite impressive, reaching 146% of the target (Note: figures are rounded).
- ◇ Compared with the figures in 2019, the revenue in 2020 is only equal to 95% of the revenue achieved in 2019, but Profit after-tax of year 2020 is 127% of that in 2019. The statics show that the Company did not grow in revenue, but the profit growth was quite good, exceeding 27% compared to that in 2019. Thus, the production and business activities of the Company have achieved high efficiency.
- ◇ The high profit result achieved in the difficult situation in all aspects of the economy caused by the Covid-19 epidemic shows that in 2020, the Company has operated high - effectively with many efforts in implementing timely and effective solutions as follow:
- ◇ The Company updated the pandemic situation, had timely guidance and appropriate policies to prevent pandemics, assuring employee’s health; focused on production and business, ensuring good delivery as well as requirements from new business opportunities.
- ◇ Proactively grasped the market, actively sought new orders, associated with other textile companies to produce large and urgent orders as market requirements (coordinated with Binh Minh Garment, Nha Be Garment, etc.) in order to make up for lack of traditional orders.
- ◇ Accelerating the development of new samples contributed to getting more new orders, especially for antibacterial goods - these medical orders have greatly contributed to the

Business performance

- Company’s efficiency over the last year.
- ◇ Manufacturing sectors shortened order production time (to 30 days); increased productivity by rationalizing arrangement and exploitation of equipment (such as dyeing production exceeded 14% compared to 2019); applied solutions to reduce production costs such as electricity, consumption of raw materials.

The factors affected a Company’s performance

In 2020, the revenue target was not met mainly due to the serious impact of the covid-19 pandemic, leading to the foreign customers reduced orders, delayed delivery or canceled orders, causing a serious shortage of orders for production. However, the manufacture units and sale divisions of the Company made a great effort to find additional orders, the employees would not stop working and their income still remained the same.

Investment Performance

- The total value of investment in 2020 for the production and business activities was 10,01 billion VND, in which investment focused on:
- ◇ Machinery and equipment for production: VND 0.674 billion VND, accounting for nearly 6.7%;
 - ◇ Factories, infrastructure: 2.5 billion VND, accounting for 25%;
 - ◇ Management software: VND 0.698 billion at a rate of 7.0%;
 - ◇ Means of transport: 3.378 billion VND, accounting for 33.7%;
 - ◇ Experiment equipment and tools: VND 1.537 billion, accounting for 15.4%;
 - ◇ Other fixed assets: 1.222 billion VND, accounting for 12.2%;
- Investment in 2020 is in little, mainly supplementing for periodic demand since 2020 is not a year of implementing big investment according to the project plan. The Company complied with all investment criteria as required and with efficiency to meet requirements for production and business activities; definitely shall not invest in low efficient business sector.



ACTIVITIES RELATED TO ENVIRONMENT, COMMUNITY, SOCIETY



Environment

Company strictly and fully complied with the approved environmental protection commitments and the legal regulations on environmental protection such as:

- ◇ Fully implemented reports on environmental monitoring; situation of water exploitation and wastewater discharge; waste management according to regulations.
- ◇ Well executed the payment of water resources tax; tax to protect the wastewater environment.
- ◇ Maintained the online automatic monitoring system for the wastewater treatment system, fully met the requested legal regulations on environment.
- ◇ Fully paid fees for the right to exploit groundwater according to law regulations;
- ◇ Organized training for Company employees to raise environmental awareness as well as to incite employees not to litter and collect garbage in accordance with regulations.

In addition, the Company continued, completely building and maintaining the environmental management system according to ISO14001-2015, certified by BSI and set environmental target for 2021 as "[Sustainable brand, environment friendly products](#)".



Last year, the Company contributed 1,384,079,720 VND to the above – mentioned activities, which is 37% higher than that in 2019; These programs have brought both financial and spiritual benefits to people in difficulty in the community and society.



Social and community activities

Beside the efforts in production and business to make the highest profits in order to maintain the operation and development, the social and community responsibilities were also prioritized by the company, which are taking care of health and life of employees, workers in difficulty (medical support, non-profit retails of necessities; free medical examination and medicine distribution for the poor; awarding scholarships, stationery, money for repair schools...) to children of employees, studious poor students and



ethnic minority students; sponsors Thien An, Son Ky and Huynh De Nhu Nghia orphanages in Ho Chi Minh City; giving gifts and health insurance cards to the poor etc. through the charity programs of the team volunteers of Company employees.



OTHER IMPORTANT PERFORMANCE

Research and Development (R&BD)

In 2020, the market had many difficulties, customers purchasing has been limited due to pandemics, but this is also an opportunity for the Company to find new solutions for R&BD of new designs, new brands; offering new marketing and business approaches/ methods to markets, customers, which are:

- ◇ Developing more YOGA clothing brand: InnoF (Innovative Fashion) with the goal of bringing technology fashion to domestic consumers, using environment friendly, energy saving, reducing environment pollution and aiming to improve public health. From the end of 2020, the production to develop this brand had gone into stability and revenue;
- ◇ At the same time, additionally developing ONLEE sport brand with simple and more convenient style along with reasonable price, and synchronously set up the e-commerce sales system to overseas markets (USA) through the Amazon e-commerce platform. Since December 2020, it has been put into operation and revenue has been recorded. This program is being expanded to increase both output and revenue;
- ◇ In addition, continued to maintain and improve R&BD, focused on developing new products with antibacterial features and harmless to environment, using recycled and environment friendly materials in order to meet market new trends. New developed products have been ordered by customers and contributed to revenue increase.



Product quality control procedure

Quality control was well conducted, customers continued authorizing Company to self-inspect and certify the quality of goods. The proportion of orders reaching export quality was confirmed by customers at 99,95% (as the same portion as 2019's)

Human resource

Human resource is always the first priority and associated with the enterprise's sustainable development strategy.

In 2020, Company conducted the human resource development policies, such as completing the employee performance management system via assessing KPI performance and giving periodic feedbacks (monthly, quarterly) about performance for employees to improve working qualification; remaining policies to raise wages, performance reward, promotion, etc. to create motivation for employees;

Although the Covid 19 pandemic negatively affected the training schedule for employees, the Company still tried to conduct 25 training programs for more than 700 staff members in order to develop management skills, soft skills, professional skills in appropriate time; encouraging the learning culture among employees through seminars, talk shows, reading books and building a library management system to share good books every week for the purpose of improving the employee's qualifications.

2020 comes with many difficulties, especially the lack of orders for production, the Company still tried to seek for orders to ensure enough jobs for production, maintaining income of workers. The average income of the employees was not only maintained but increased by 2% compared to 2019's; working environment and facilities are improved (office facilities, factories, sports equipments, quality relaxation, etc.). Therefore, employees are always safe to work and share a long commitment with the Company.

The Company always be the leading company in proactively implementing well prevention of Covid-19 pandemic, protecting the health of employees in order to maintain production by strictly complying with medical regulations when coming to the Company to work; monitoring, health check and isolating for 14 days at home applied to workers coming back from the pandemic area (with full payment); increase remote-working, and work - from - home; re-arrange the hours of shifting, and lunch time to keep the distance among employees; setting up isolated dining tables in canteen, etc.



Achievements

In 2020, Board of Management (BOM) managed the Company's activities in line with the set goals, had many solutions to promptly respond to the market difficulties caused by the Covid-19 epidemic, took economic efficiency & benefits of the Company as the goal of performing business and production tasks to achieve highest results for the Company.

With the impact of the disease, which has led to numerous difficulties for enterprises, especially the serious lack of production orders ..., BOM always closely monitored the situation, implemented many flexible and effective solutions in diseases fighting, ensuring health for employees and enterprise; found and timely supplemented the source of goods for the manufacturing. Therefore, the Company well implemented the dual target of both well preventing epidemics and effectively doing business; Profits exceeded the plan highly with the growth of over 27% compared to 2019; Employees' income is better maintained.

In management, the BOM always innovated, especially the difficulties of the past year brought opportunities for innovation in production and business activities, overcoming market difficulties such as developing more new brands for customers at home (Innof) and abroad (OnLee), setting up online sales transaction systems in line with consumer trends to limit exposure to disease (Amazon channel), domestic e-commerce trading

(De Closet)) and promoting R&BD to quickly bring products to the market - the new business programs ... have initially entered into the system and recording revenue.

The BOM focused on the application of digital technology to managing the Company operation through the software for business and production management, design samples & new products; well maintained, perfected and exploited the used software (KPI management system, ERP business management software, profit analysis with Profit map, software for costing, design 3D), contributing to improve the efficiency and competitiveness of the Company.

Continuously strengthened the management of the Company's operations through risk assessing and controlling and offering solutions to prevent, especially focusing on high risk areas (fire, explosion, pollution environment, market, payment...).

BOM had policies to improve human resources by caring and training programs to develop human resources, especially the successor team for the development of the company; ensuring jobs and taking care of the employees' life, creating peace of mind and sticking them with the Company. Well maintained programs on social responsibility, contributing to the community through meaningful charities, sharing difficulties in the community & society.

Achievements

BOM strictly complied with missions and rights regulated in the Company's charter; responsibilities and obligations in accordance with law.

Limitations and solutions

The Company had not achieved the 2020 target of revenue, mainly due to the impact of the epidemic, which severely damaged the textile and garment market, and orders fell sharply (many companies in the industry lacked production orders, had to stop working, and followed by a decline in sales and profit in 2020) and Thanh Cong also suffered from this problem. The proposed solution is that the Company continues to promote R&BD to offer more new samples for developing new orders; speed up production and business, quickly respond to customers' requests; invest more machinery and equipment for new product development..., contributing to increase revenue.





ORIENTATION AND SOLUTION OF BOD IN 2021

Orientation

Short – term

Continue to step up developing new products, new brands, business methods in line with current shopping trends; improving speed in production & business, enhancing production capacity (increase of new yarns by 720 tons/year, knitted fabric by 1,800 tons/years), enlarging market, looking for new customers by exploiting opportunities from FTAs... to boost the core business line of Textile and Garment.

In 2021, continue the Vinh Long project, specifically building the 2nd sewing factory in Hoa Phu Industrial Park, Vinh Long province with a capacity of 8,640,000 products/year. In the same time, continue to complete legal procedures of TC Tower project

Long – term

Revenue: target 300 million USD in the period 2021 - 2026 by focusing on stronger development of traditional customers, expanding potential markets from CPTPP, EVFTA, RCRP...; increasing output and enriching the commodity's designs for new brands traded on online channels which have started running from the end of 2020.

Production capacity: continue to invest the rest stages of Vinh Long project, including dyeing and knitting factory in 2022 – 2023 (the deadline has been extended due to the impact of the covid-19 epidemic in 2020).

Governance: continue to apply the strategies that the Company has set out, especially focusing resources on research and development of new products (R&BD), improving production speed (Speed), focusing on improving staffs' capacity for developing orders, markets and in key areas for the developing demands of the Company.

Real estate: develop real estate projects being in the legal procedures (TC Tower).

Detail Plans

Internal affairs

To direct and supervise Company to well implement targets set by General Meeting of Shareholders for 2021 as below (Consolidated target):

- Sales : VND 4.218 billion
- Net Income : VND 290 billion

In addition to promoting production and business, the Company will focus on improving the efficiency of new business programs that came into operation from the end of the fourth quarter of 2020 (new brands, new online sales channels for domestic and foreign markets...); improve the efficiency of marketing teams in searching and expanding the market; improve production capacity by improving production process, exploiting well equipment capacity, increasing productivity...

To well exploit potential markets from CPTPP, EVFTA, RCEP, etc;

To strengthen management, closely monitor the Company's activities through the provision of information from the Executive Board and take timely support measures;

To add personnel and improve activities of the Audit Committee, helping the Company's operations becoming more effective and lawful;

To regularly update and review the internal management regulations and improve the efficiency of administration in accordance with the law.

External affairs

To strengthen relationship with local agencies where factories are operating such as in Ho Chi Minh City, Vinh Long, Tay Ninh..., domestic and international organizations, enterprises association, especially Vietnam Textile and Apparel Association (Vitas), the Ho Chi Minh City Textile and Garment Embroidery Association (Agtek) ... to listen to the guidance, share information as well as new solutions to help the Company proactively respond and seek new directions in production and business activities.

To actively participate in international and domestic organizations to jointly implement the program on sustainable development of Vitas, including Thanh Cong. As a unit that always accompanies Vitas, Thanh Cong is proud to be chosen by Vitas as a sustainable development company in a closed production chain from Yarn, Weaving, Knitting, Dyeing and Sewing and continues to maintain this reward well. At the same time, continues to participate in negotiations with big buyers and brands in the world with a responsible purchasing policy.

In relationship with shareholders and investors, Thanh Cong continues to provide transparent, timely and responsible information to shareholders and investors about the Company's operations, in which investors continue to trust and care about the Company's operations, leading to an increase in TCM's stock value, good liquidity in the market and high TCM market capitalization.

In external affairs, focus on promoting the image of Thanh Cong to attract partners, investors, customers... to invest and develop production and business of the Company...





PART 5 REPORT OF AUDIT COMMITTEE



| Report Of Audit Committee

Activities of Audit Committee in 2020

- ◇ Issuing working plan of the Audit Committee and the Internal Audit Regulation in accordance with Circular No. 67/2020/TT-BTC.
- ◇ Organizing Audit Committee's meetings once a quarter with participation of all members under the Regulation on Audit Committee. In addition, there were many irregular meetings and other coordination involved by relevant units, individuals.
- ◇ Reporting activities of the Audit Committee to the Board of Directors sufficiently.



Oversight of Risk Management system and Internal controlling

- ◇ The Company currently maintains an effective internal control framework.
- ◇ List of material risks are controlled and does not have much fluctuation.
- ◇ Risk assessment activities are carried out periodically, monitored and overseen continuously in order to promptly react with newly arising risks.
- ◇ Risk management measures are applied promptly, appropriately and consistently with the Company's management point of view.
- ◇ Working processes are issued, updated, implemented and managed by specialized units. Compliance with the processes is well done and tends to be positive time by time.



Oversight of Financial Statements

- ◇ Semi-annual and annual financial statements are prepared and published in accordance with current accounting standards and applicable laws.
- ◇ In the year, there were no changes in accounting regime, accounting standards, tax policies that have a significant impact on the financial situation and published financial statements.
- ◇ Not detecting material or irrelevant errors relating to accounting estimates.
- ◇ Not recording any abnormalities relating to transactions with associated parties.



Oversight of Internal Audit activities

- ◇ Internal audits are operated under international best practices and standards as well as guidelines issued by the Ministry of Finance.
- ◇ The coordination between the General Director and Audit Committee would be helpful for Internal Audit promotes its role.
- ◇ Internal Auditors take the initiative in cooperating and consulting in risk management activities, internal control instead of performing purely audits and assessments.
- ◇ 2020 internal audit plan was well completed within the limited resources.
- ◇ The recommendations of the Internal Audit are mutually agreed by units, absorbed and strictly implemented through corrective plans and closely monitored by the Internal Audit.
- ◇ Internal Audit completed their assigned tasks and audit plans, contributing to improve the management process, production and business efficiency and operational efficiency.

Oversight of Compliance and Fraud Prevention

- ◇ Assessment programs on compliance and fraud investigations are integrated into the audit plan of Internal Audit.
- ◇ The Company has developed many programs to propagate and disseminate business ethics and laws to employees to raise personal awareness in preventing fraud and deterrence against violations.

Oversight the Independent Auditor

- ◇ The plan and implementation of the 2020 audit of the independent auditing is in accordance with the requirements of the Company, meeting the requirements of quality assurance, independence, not conflict of interests of independent auditors.
- ◇ The auditing company has completed its tasks, met the expectations of the Audit Committee, ensuring the reliability and honesty of the financial statements that the Company has provided.

PROPOSALS AND DIRECTION OF THE AUDIT COMMITTEE FOR 2021

- ◇ To maintain and complete the function of supervising risk management activities and internal control continuously in accordance with international good practice frameworks to support and motivate the Company achieve its goals.
- ◇ To maintain the coordination between the Audit Committee and the Management Board in order to promote the role of Internal Audit in the Company efficiently.
- ◇ To select reputable independent auditing companies such as Big 4 to perform the audit aim to ensure the reliability and honesty of financial statements.
- ◇ To maintain and increase other oversight activities of the Internal Audit to raise employees' awareness about fraud prevention and compliance in the Company.



PART 6

REPORT OF IMPACT ASSESSMENT ON THE ENVIRONMENT AND SOCIETY OF THE COMPANY



sustainability

| DIRECT ENERGY CONSUMPTION

No.	Total energy used classified by source	2020
1	Diesel Oil (unit: liter) + B28	251,541
	Total energy consumption (Kjun)	9,361,601,397
2	Gasoline (Unit: liter)	95,987
	Total energy consumption (Kjun)	3,573,596,010
3	Coal (unit: Kg)	615,810
	Total energy consumption (Kjun)	9,594,935,610
4	Gas (unit: Kg)	1,060
	Total energy consumption (Kjun)	48,863,880
5	Electricity (kw)	67,005,604
	Total energy consumption (Kjun)	241,220,174,400

Water consumption

✓ Water consumption

No.	Water sources	Total water collected/reached (Unit: liter)
1	Water from wells	1,101,341,000
2	Tap water	167,922,061
Total		1,269,263,061

✓ Total amount of water used

No.	Activities	Total amount of water used (unit: liter)
1	Production	1,204,341,023
2	Living use	65,083,376
Total		1,269,424,399

✓ Total amount of water was recycled

No.	Water sources	Total amount of water was reused/ recycled (Unit: Liter)
1	Wastewater used for clean-ing machines	58,721
2	Recycled wastewater used for dyeing	102,617
Total		161,338

Report on initiative to save energy

No.	Initiatives to save energy	Details	Saved energy (Unit: Kjun)
1	Reduced electricity cost during peak time wastewater treatment	Turned off air blower when the system was treating wastewater during peak time	1,273,957,200
2	Installed inverters for the vacuum of combing machine - Spinning 4	Reduced the frequency by load	129,600,000

Indirect consumed energy

No.	Activities	Total energy consumption (UNIT: Kjun)	Reduction method (if any)	Estimate of reduction (if any)
1	Transport		None	None
2	Office		None	None



Total weight, quantity of raw materials used

No.	Product/Service	Raw materials used in Product/service	Total volume/weight (UNIT: Ton)	Supplier		Recyclability	
				External	Internal	Possible	Impossible
1	Yarn	Cotton, fiber	9,700	X	X	X	
2	Knitting fabric	Yarn	9,600	X	X		X
3	Woven fabric	Yarn	2,300	X	X		X
4	Finished fabric	Fabric	12,300	X	X		X
5	Garment	Finished Fabric	8,600	X	X		X

Report on the percentage of materials recycled for further use

No.	Type of materials	Total used volume (UNIT: Ton)	Recycled Volume (UNIT: Ton)	Percentage of recycled volume / Total used volume
1	Cotton, fiber	9,700	55	0.6%
	Total	9,700	55	0.6%



| RESPONSIBILITIES TO EMPLOYEES

Over the past years, the Company has contributed to solve jobs for thousands of workers with satisfactory benefits. Along with reasonable salary, bonus, and benefits policies, the Company regularly organized activities to best support its employees, contributing to help secure their lives, improve working spirit, and devotion, then, keeping them further committed to the Company. In 2020, the Company did not cut working hours, layoff, and fulfilled all welfare regulations as well as made payments of salaries and bonuses. Besides, the Company implemented the activities supporting the employees affected by the floods and storms residing in the Central and some certain areas by promptly encouraging them so that they could be assured of working.

Training activities for employees

No.	Classification	Number of employees participating in training	Average number of hours of training (Unit: Time / Person)
1	By gender:		
	- Male	183	107
	- Female	439	70
2	Under labor contract type:		
	- Full-time	622	81
	- Part-time	-	-
3	According to qualification:		
	- University and Postgraduate	334	86
	- College	204	62
	- Common workers	84	75

Typical training programs in 2020

- "Thanh Cong Next Generation" training program instead of the annual "Thanh Cong Strategic Internship" Program: for newly graduated students, training young workforce for next generation;
- Production knowledge training program for Sales staffs;
- "Middle management skills" program: Training target setting skills & planning to accomplish goals;
- "Leadership coaching" Leadership Program: guide how to identify strengths & weaknesses, methods to improve weaknesses to determine leadership styles and improve leadership performance for middle and high-level officials;
- Skills training programs: communication, talk show, etc;
- Off Job Meeting Program for Managerial officers and next generation of officers: share the development orientation and expectations of the Company, create conditions for people to connect and communicate with each other, thereby supporting and coordinating better in work;
- Annual training programs: Post-Level training, labor law training, Korean, Japanese, English.

| ENVIRONMENTAL RESPONSIBILITY

The Company has been always aware of the importance of the environment to the life and future of humanity. The Company's activities, products or services have not only ensured good quality but also ensured environmental hygiene. Towards the image of an environmentally friendly company, the Company has always respected, implemented and committed to strictly control the production process so as not to violate the standards, specifically:

- ◇ The Company currently operates the environmental control system in accordance with ISO 14001:2015, ensuring the control of environmental issues during the Company's production process.
- ◇ The product quality has constantly been improved, ensuring uniformity and stability. The Company fulfilled the requirements and granted OEKO-TEX 100 standards for its products. Besides, the Company also operates the Quality Management System according to SQP (Supplier Qualification Program) standard to satisfy export customers;
- ◇ All products are manufactured by the Company in a working environment conform the requirements of social responsibility and working conditions of Vietnamese law and international conventions to which Vietnam is a member. The Company has been awarded with WRAP certification, meeting the SMETA standards for SEDEX members as well as joining Better Work program organized by the International Labor Organization (ILO) in combination with the International Financial Corporation (IFC) in order to implement to ensure the compliance with social responsibility, creating a fair, legal and healthy workplace.



In addition, the Company does not participate in or support actions that are contrary to standards of business ethics, causing damaging to the environment. Along with the production development process, the Company has taken measures to minimize the negative impacts on the environment. In the long term, the Company plans to relocate some factories to industrial parks planned for the dyeing industry, to avoid affecting the surrounding residential area. In the immediate future, the Company continuously invests and applies programs to upgrade waste water and waste smoke treatment systems to achieve better stability and result:

- ◇ The Company complied with statutory requirements and other requirements relating to environmental impacts;
- ◇ The Company continued to maintain the operation of the wastewater treatment system and applied modern techniques to strictly control the discharge standards in accordance with the law as well as avoid polluting the surrounding environment. Additionally, all incinerators used for closed weaving - dyeing - sewing stages were equipped with smoke and dust treatment equipment;

- ◇ Control and management of environmental issues are aimed at preventing pollution and minimizing significant impacts on the environment by measures:
 - The production process always ensured to optimize the use of energy and water, save natural resources. The Company also implemented technical solutions so as to reuse treated wastewater to save water supply cost, control discharge capacity and improve operational efficiency;
 - The Company actively implemented activities to enhance awareness among all employees through training knowledge about environmental protection, promoting spirit of using environmentally friendly products, encouraging all reusable staff during the production process;
 - The Company's environmental protection policy has been widely disseminated to all employees so that they understand and accept responsibility for environmental protection.

With all efforts over during the past time, the Company has not committed any violated against regulations related to environmental protection. The Company commits to giving benefits to the community, shareholders and its employees. Together, it commits to providing products and service which meets customers' requirements and quality expectation, contributing to create better values for all people.



| RESPONSIBILITY TO THE COMMUNITY AND SOCIETY

In Thanh Cong, corporate social responsibility programs (CSR) have become essential and prerequisite activities for the Company's sustainable development, as well as the development trend of global companies. In 2020, practical activities continued to be implemented and maintained such as:

- ◇ Sponsoring Thien An, Son Ky, Huynh De Nhu Nghia Shelters in Tan Phu district: aiming at sharing difficulties and partly supporting the quality of life for the children, the Company continued to maintain the monthly sponsoring activities for three orphanage and shelters for blind persons. This activity was maintained since 2009 with average amount of VND60 million/shelter/year.
- ◇ Giving scholarships to pupils and students: With the goal of supporting tuition fees, encouraging the studious spirit, Thanh Cong Scholarship Fund has reached many children in many locations, especially children of the Company's employees with disadvantaged lives, children in the localities where the Company resides, children with especially disadvantaged situations for many years.
- ◇ Health care and Medical activities: this is one of the practically meaningful activities, giving orphan and blind children opportunities of health care which were organized annually by the Company. The Company periodically conducted health check-ups or provided health insurance cards for those who regularly received sponsorship from the Company.
- ◇ Blood donation: With the desire to maintain and replicate the noble blood donation and create more humane meanings in the community, every year, the Company promotes the blood donation activity at all units. Each year, employees of the Company donate 300 - 400 blood units for the Red Cross of Ho Chi Minh City.
- ◇ Community supporting activities: On holidays and Tet occasions, the Company has provided practical support such as necessities, garment products of the Company to give to those of disadvantaged people, lonely old people, victims of Agent Orange, orphans, poor households in all localities in Vinh Long, Tay Ninh, Can Gio and Hoc Mon factories...





CORPORATE SOCIAL RESPONSIBILITY 2020

60

triệu đồng/mái ấm/năm
million dong/house/year

Hỗ trợ mái ấm Thiên Ân, Sơn Kỳ, Huỳnh Đệ Như Nghĩa/
Donate for Thien An, Son Ky, Huynh De Nhu Nghia shelters



1.384.079.720

đồng/VND

Là tổng số tiền công ty đã đóng góp cho các hoạt động vì trách nhiệm xã hội, cộng đồng/ Total amount of money that company spend on corporate social responsibility activities in 2020



CSR
Corporate
Social
Responsibility

350

triệu đồng/
million

Ủng hộ đồng bào miền Trung bị ảnh hưởng bởi thiên tai/
Diaster victims in Central Vietnam

72

suất học bổng/
Scholarships

Công đoàn Công ty Thành Công cho con của CBCNV có hoàn cảnh khó khăn với tổng số tiền 178.500.000 đồng/
An Union of Thanh Cong Company gave children of employees with difficult circumstances with the total amount of 178,500,000 VND



55

tấn/
ton

Là tổng khối lượng nguyên vật liệu được tái chế/
Total volume of recycled materials

A close-up, low-angle shot of a large roll of white paper being processed in a mill. The paper is moving from left to right, guided by green machinery. In the background, there are large, dark pipes and industrial equipment, creating a sense of scale and industry.

PART 7

CORPORATE GOVERNANCE

| BOARD OF DIRECTORS

Members and composition of Board of Directors:

No.	Full name	Title	Number of shares held	Percentage of holding
1	Phan Thi Hue	Chairwoman of BoD - non-executive member	21,453	0.03%
2	Tran Nhu Tung	Vice-chairman of BoD-Deputy of General Director - Executive member	33	0.00%
3	Lee Eun Hong	Member-General Director - Executive member	7	0.00%
4	Kim Dong Ju	Member - non-executive member	7	0.00%
5	Nguyen Minh Hao	Member-Chief Accountant - Executive member	0	0
6	Kim Soung Gyu	Member - non-executive member	0	0
7	Uong Tien Thinh	Independent member - Head of Audit Committee	0	0
8	Ngo Thi Thu Hong	Independent member - Member of Audit Committee	0	0

Sub-committee under Board of Directors

- ◇ On 15 Jan 2020, the Audit Committee had discussed and agreed with the Board of Management about 2020 audit plan.
- ◇ On 11 Mar 2020, the Audit Committee had agreed the report of operation proposed to AGM 2020 approved the Working Plan of Audit Committee and Internal Audit in 2020 and until Quarter 1/ 2021.
- ◇ On 3 June 2020, the Audit Committee has ratified and adjusted the report and 2020 Working Plan to propose AGM 2020. AGM 2020 is organized on 20 Jun 2020.
- ◇ On 15 July 2020: meeting with Internal Audit Manager about reports of Internal Audit in the 1st half, 2nd half in 2020 and other affairs.
- ◇ On 23 September 2020: meeting with Internal Audit Manager about content and working method of auditing.
- ◇ On 21 December 2020: meeting to review and finalize the amendment of Internal Audit Regulation.
- ◇ On 22 December 2020: meeting to approve working plan of 2021 audit.

| ACTIVITIES OF THE BOARD OF DIRECTORS

Surveillance activities of the Board of Directors on Board of Management:

In 2020, BoD convened 13 meetings with following details:

No.	Board of Director' member	Membership start date	Number of meetings attended by Board of Directors	Attendance rate	Reasons for absence
1	Ms. Phan Thi Hue	29/04/2011	13	100%	
2	Mr. Tran Nhu Tung	29/4/2011	13	100%	
3	Mr. Lee Eun Hong	25/04/2009	13	100%	
4	Mr. Kim Dong Ju	26/04/2013	10	76.92%	Due to business trip & gave power of attorney for voting
5	Ms. Nguyen Minh Hao	17/04/2010	13	100%	
6	Mr. Kim Soung Gyu	08/04/2016	10	76.92%	Due to business trip & gave power of attorney for voting
7	Mr. Uong Tien Thinh	12/04/2019	13	100%	
8	Mr. Ngo Thi Hong Thu	12/04/2019	13	100%	



Các nghị quyết, quyết định của HĐQT trong năm 2020

No.	Resolution/ Decision No.	Date	Content
1	01/2020/NQ-HĐQT	8/1/2020	Renewal credit limitation 2020
2	1A/2020/NQ-HĐQT	8/1/2020	Credit limitation 2020 with Sinopac
3	02/2020/NQ-HĐQT	17/01/2020	Approval on the final registration (closing date) aim to (i) organize the 2020 Annual General Shareholders' Meeting; and (ii) settle the first pay-ment of 2019 dividend amount
4	2A/2020/NQ-HĐQT	17/01/2020	Approval on the final registration (closing date) aim to (i) organize the 2020 Annual General Shareholders' Meeting; and (ii) settle the first payment of 2019 dividend amount
5	03/2020/NQ-HĐQT	11/3/2020	Approval on topic of 2020 AGM agenda and main content of relevant reports, proposal.
6	04/2020/NQ-HĐQT	12/3/2020	To set up 2020 target which shall be submitted to 2020 AGM
7	4A/2020/QĐ-HĐQT	12/3/2020	To set up 2020 target which shall be submitted to 2020 AGM
8	05/2020/NQ-HĐQT	10/4/2020	Approval on changing the capital representative of Thanh Cong at two subsidiaries: TC Tower, Thanh Phuc.
9	06/2020/NQ-HĐQT	23/4/2020	Approval on the final registration (closing date) aim to (i) get shareholders approval on e-voting regulation by written opinion; and (ii) organize the 2020 Annual General Shareholders' Meeting.
10	6A/2020/QĐ-HĐQT	23/4/2020	Approval on the final registration (closing date) aim to (i) get shareholders approval on e-voting regulation by written opinion; and (ii) organize the 2020 Annual General Shareholders' Meeting.
11	07/2020/NQ-HĐQT	11/5/2020	Approval on materials for collecting written opinion of shareholders
12	08/2020/NQ-HĐQT	18/6/2020	Approval on loan transactions with Woori VN bank
13	8A/2020/QĐ-HĐQT	18/6/2020	To adjust schedule of Vinh Long project
14	09/2020/NQ-HĐQT	20/6/2020	Approval on election of Chair and Vice Chair of the Board for 1 year-term; select the auditor for the fiscal year 2020; Approval on execution of issuing new share to increase share capital from owner's equity (issuing bonus share in the year 2019)
15	9A/2020/QĐ-HĐQT	20/6/2020	Approval on execution of issuing new share to increase share capital from owner's equity (issuing bonus share in the year 2019)
16	9B/2020/QĐ-HĐQT	13/7/2020	Approval on closing date of issuing new share to increase share capital from owner's equity (issuing bonus share in the year 2019)
17	9C/2020/QĐ-HĐQT	24/8/2020	Approval on the specific additional charter capital after issuing 7% bonus shares based on the list of shareholders provided by VSD

No.	Resolution/ Decision No.	Date	Content
18	10/2020/NQ-HĐQT	31/8/2020	To change the Head of 02 branches of Company: Vinh Long Branch, Ha Noi Branch
19	10A/2020/QĐ-HĐQT	31/8/2020	To change the Head of Vinh Long branch
20	10B/2020/QĐ-HĐQT	31/8/2020	To change the Head of Ha Noi branch
21	10C/2020/QĐ-HĐQT	31/8/2020	Approval on changing Head of 2 branches of Company in Ha Noi City and Vinh Long Province
22	11/2020/NQ-HĐQT	16/12/2020	Bank credit limitation in 2021
23	12/2020/NQ-HĐQT	16/12/2020	Approval on payment in advance of dividend before Lunar New Year 2021
24	13/2020/NQ-HĐQT	16/12/2020	To dismiss Mr. Song Jae Ung according to his resignation letter
25	14/2020/NQ-HĐQT	18/12/2020	To decide the final registration date on 8 Jan 2021 to settlement the 1st payment of dividend and collect written opinion of shareholders
26	14A/2020/QĐ-HĐQT	18/12/2020	Approval on the final registration date to settlement the 1st payment of 2020 dividend, nomination BOD's candidate in the tenure 2021-2026 and collect written opinion of shareholders
27	15/2020/NQ-HĐQT	22/12/2020	Approval on amendment of Regulation on Internal Audit
28	16/2020/NQ-HĐQT	23/12/2020	To adjust the final registration date into Jan 12th, 2021 to settlement the 1st payment of dividend and collect written opinion of shareholders
29	16A/2020/QĐ-HĐQT	23/12/2020	To adjust the closing date stipulated in Board Decision No. 14A/2020/QĐ-HĐQT dated 18 Dec 2020.



Activities of the independent member of Board of Directors

The independent members participated in operational activities of the Audit Committee as described in the report by the Audit Committee.

List of members of Board of Directors, Audit Committee, Executive Board owning corporate governance certificates

The BoD's members, General Director, other managers and the Secretary of the Company attended training courses on corporate governance in accordance with corporate governance regulations and were certified by the State Securities Commission including:

- ◇ Ms. Phan Thi Hue - Chairwoman of BoD
- ◇ Ms. Nguyen Minh Hao - Member of BoD
- ◇ Ms. Huynh Thi Thu Sa - Company's Secretary



Members of BoD, General Director, and other managers and the Company's Secretary participated in the training course on information disclosure under ASEAN Corporate Governance Scorecard in 2016 including:

- ◇ Ms. Phan Thi Hue - Chairwoman of BoD
- ◇ Ms. Huynh Thi Thu Sa - Company's Secretary

Participated in training courses on internal auditing hold by VIOD including:

- ◇ Ms. Phan Thi Hue - Chairwoman of BoD
- ◇ Mr. Uong Tien Thinh - Independent member, Head of Audit Committee
- ◇ Ms. Ngo Thi Thu Hong - Independent member. Member of Audit Committee
- ◇ Ms. Huynh Thi Thu Sa - Company's Secretary, person in charge of corporate governance.
- ◇ Mr. Pham Duy Bao - Head of Internal audit

| TRANSACTIONS, REMUNERATION AND INTERESTS OF THE BOARD OF DIRECTORS, BOARD OF MANAGEMENT AND AUDIT COMMITTEE

Transactions of internal persons and affiliated persons on shares of the Company

NO.	Person conducting transaction	Position at the Company (if any)	Number of shares at the beginning of the period		Number of shares at the end of the period		Remark
			Number of shares	Percentage (%)	Number of shares	Percentage (%)	
1	Phan Thi Hue	Chairwoman of BoD	36,872	0,06	39,453	0,06	Share Bonus in 2019
			39,453	0,06	21,453	0.03	Sell
2	Lee Eun Hong	Member of BoD cum General Director	25,680	0,04	27,477	0,04	Share Bonus in 2019
			27,477	0,04	7	0.00	Sell
2.1	E-Land Asia Holdings Pte., Ltd		25,092,627	43,25	26,849,110	43,26	Share Bonus in 2019
3	Le Thi Tra My		84,990	0,14	0	0	Sell



Salary, rewards, remuneration and benefits

No.	Full name	2020		
		Remuneration (VND/year)	Salary (VND/year)	Bonus (VND/year)
I	Board of Directors			
1	Ms. Phan Thi Hue	148,973,540	600,614,626	47,934,872
2	Mr. Tran Nhu Tung	99,315,692	1,235,256,508	112,025,452
3	Mr. Lee Eun Hong	99,315,692	4,317,439,508	
4	Mr. Kim Dong Ju	99,315,692		
5	Ms. Nguyen Minh Hao	99,315,692	1,197,393,014	146,977,289
6	Mr. Kim Soung Gyu	99,315,692		
7	Uong Tien Thinh	300,000,000		
8	Ngo Thi Thu Hong	210,000,000		
II	Board of Management			
1	Lee Eun Hong	99,315,692	4,317,439,508	
2	Tran Nhu Tung	99,315,692	1,235,256,508	112,025,452
3	Nguyen Minh Hao	99,315,692	1,197,393,014	146,977,289

Implementation of corporate governance regulations

The Company always maintained the update of regulations issued by the State Securities Commission of Vietnam, Ho Chi Minh City Stock Exchange and strictly applies to the internal governance of the Company. At the same time, the Board of Directors were also much concerned about the training programs on corporate governance improvement hold by the State Securities Commission of Vietnam and Ho Chi Minh City Stock Exchange.

The BoD has appointed personnel to be in charge of the Company corporate governance in order to fully support the BoD in complying with governance regulations as well as accessing international practices and standards on governance to further improve the governance effectiveness to increase the value of the Company to shareholders and investors.

The Company's Charter, Internal Regulations of Corporate Governance were issued, revised in accordance with the current legislation and approaching to good governance practices. In 2021, the Company continued to revise to conform to the new legislation.

In addition, the provision of information about the Company's activities to the shareholders and investors was done on monthly basis through the Company's website to help the shareholders supervise the implementation of the resolutions and decisions of the General Meeting of Shareholders and performance of the Board of Directors. In 2020, Thanh Cong was voted by Vietstock & and investors for being one of the Top 45 listed companies with the best investor's relation activities - July 2020.





PART 8

FINANCIAL STATEMENTS 2020



THANH CONG TEXTILE GARMENT INVESTMENT TRADING JOINT STOCK COMPANY

CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR END ENDED 31 DECEMBER 2020

THANH CONG TEXTILE GARMENT INVESTMENT TRADING JOINT STOCK COMPANY

CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR END ENDED 31 DECEMBER 2020

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THANH CONG TEXTILE GARMENT INVESTMENT TRADING JOINT STOCK COMPANY

CORPORATE INFORMATION

Business registration certificate

No. 4103004932 dated 23 June 2006 was initially issued by the Department of Planning and Investment of Ho Chi Minh City.

Enterprise registration certificate

No. 0301446221 was issued by the Department of Planning and Investment of Ho Chi Minh City with the latest the 21st amendment dated 5 October 2020.

Board of Directors

Mr. Phan Thi Hue	Chairwoman
Mr. Tran Nhu Tung	Vice Chairman
Ms. Nguyen Minh Hao	Member
Mr. Kim Dong Ju	Member
Mr. Lee Eun Hong	Member
Mr. Kim Soung Gyu	Member
Mr. Uong Tien Thinh	Independent member
Ms. Ngo Thi Hong Thu	Independent member

Audit Committee

Mr. Uong Tien Thinh	Head of Audit Committee
Ms. Ngo Thi Hong Thu	Member
Ms. Phan Thi Hue	Member

Board of Executive Officers

Mr. Lee Eun Hong	Chief Executive Officer
Mr. Tran Nhu Tung	Deputy Chief Executive Officer
Mr. Song Jae Ung	Deputy Chief Executive Officer (until 2 November 2020)
Ms. Nguyen Minh Hao	Chief Finance Officer / Chief Accountant

Legal Representative

Mr. Lee Eun Hong	Chief Executive Officer
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Registered office

36 Tay Thanh, Tay Thanh Ward, Tan Phu District, Ho Chi Minh City, Vietnam

Auditor

PwC (Vietnam) Limited

THANH CONG TEXTILE GARMENT INVESTMENT TRADING JOINT STOCK COMPANY

STATEMENT OF RESPONSIBILITY OF THE BOARD OF EXECUTIVE OFFICERS OF THE COMPANY IN RESPECT OF THE CONSOLIDATED FINANCIAL STATEMENTS

The Board of Executive Officers of Thanh Cong Textile Garment Investment Trading Joint Stock Company ("the Company") is responsible for preparing consolidated financial statements of the Company and its subsidiaries (together, "the Group") which give a true and fair view of the consolidated financial position of the Group as at 31 December 2020, and of the consolidated results of its operations and its consolidated cash flows for the year then ended. In preparing these consolidated financial statements, the Board of Executive Officers is required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent; and
- prepare the consolidated financial statements on a going-concern basis unless it is inappropriate to presume that the Group will continue in business.

The Board of Executive Officers 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 enable consolidated financial statements to be prepared which comply with the basis of accounting set out in Note 2 to the consolidated financial statements. The Board of Executive Officers is also responsible for safeguarding the assets of the Group and hence for taking reasonable steps for the prevention and detection of fraud or error.

APPROVAL OF THE CONSOLIDATED FINANCIAL STATEMENTS

We hereby approve the accompanying consolidated financial statements as set out on pages 5 to 57 which give a true and fair view of the consolidated financial position of the Group as at 31 December 2020, and of the consolidated results of its operations and its consolidated cash flows for the year then ended in accordance with Vietnamese Accounting Standards, the Vietnamese Corporate Accounting System and applicable regulations on preparation and presentation of consolidated financial statements.

On behalf of the Board of Executive Officers



Lee Eun Hong
Chief Executive Officer
Legal Representative

Ho Chi Minh City, SR Vietnam
15 March 2021



INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF THANH CONG TEXTILE GARMENT INVESTMENT TRADING JOINT STOCK COMPANY

We have audited the accompanying consolidated financial statements of Thanh Cong Textile Garment Investment Trading Joint Stock Company and its subsidiaries (together, "the Group") which were prepared on 31 December 2020 and approved by the Board of Executive Officers of the Company on 15 March 2021. The consolidated financial statements comprise the consolidated balance sheet as at 31 December 2020, the consolidated income statement and the consolidated cash flow statement for the year then ended, and explanatory notes to the consolidated financial statements including significant accounting policies, as set out on pages 5 to 57.

The Board of Executive Officers' Responsibility

The Board of Executive Officers of the Company is responsible for the preparation and the true and fair presentation of these consolidated financial statements of the Group in accordance with Vietnamese Accounting Standards, the Vietnamese Corporate Accounting System and applicable regulations on the preparation and presentation of consolidated financial statements and for such internal control which the Board of Executive Officers determines as necessary to enable the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on the 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 standards and requirements and plan and perform the audit in order to obtain reasonable assurance as to whether the consolidated financial statements of Group 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 auditor's judgment, including an assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Group's preparation and true and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Board of Executive Officers, 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.



Auditor's Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 31 December 2020, and its consolidated financial performance and consolidated cash flows of the Group for the year then ended in accordance with Vietnamese Accounting Standards, the Vietnamese Corporate Accounting System and applicable regulations on the preparation of consolidated financial statements.

Other Matters

The consolidated financial statements of the Group for the year ended 31 December 2019 were audited by another auditor, whose independent auditor's report dated 18 March 2020, expressed an unmodified opinion on those statements.

The independent auditor's report is prepared in Vietnamese and English. Should there be any conflict between the Vietnamese and English versions, the Vietnamese version shall take precedence.

For and on behalf of PwC (Vietnam) Limited



Mai Viet Hung Tran
Audit Practising Licence No.
0048-2018-006-1
Authorised signatory

Report reference number: HCM10138
Ho Chi Minh City, 15 March 2021

Tran Van Thang
Audit Practising Licence No.
3586-2021-006-1

THANH CONG TEXTILE GARMENT INVESTMENT TRADING JOINT STOCK COMPANY

Form B 01 – DN/HN

CONSOLIDATED BALANCE SHEET

Code	ASSETS	Note	As at 31 December	
			2020 VND	2019 VND
100	CURRENT ASSETS		1,783,900,889,021	1,624,461,031,246
110	Cash and cash equivalents	3	287,922,412,252	225,134,215,210
111	Cash		72,922,412,252	49,134,215,210
112	Cash equivalents		215,000,000,000	176,000,000,000
120	Short-term investment		267,127,097,758	225,390,000,000
123	Investments held to maturity	4(a)	267,127,097,758	225,390,000,000
130	Short-term receivables		199,512,406,932	258,791,081,138
131	Short-term trade accounts receivable	5	283,649,411,190	339,857,300,028
132	Short-term prepayments to suppliers		5,806,292,294	2,278,666,444
135	Short-term lendings		1,850,301,999	1,850,301,999
136	Other short-term receivables	6	7,584,515,103	5,960,718,563
137	Provision for doubtful debts – short-term	7	(99,378,113,654)	(91,155,905,896)
140	Inventories	8	1,006,919,927,775	892,708,172,024
141	Inventories		1,031,104,965,070	916,413,972,626
149	Provision for decline in value of inventories		(24,185,037,295)	(23,705,800,602)
150	Other current assets		22,419,044,304	22,437,562,874
151	Short-term prepaid expenses	9(a)	6,843,891,377	5,534,709,346
152	Value Added Tax ("VAT") to be reclaimed	14(a)	15,575,152,927	16,902,853,528

The notes on pages 11 to 57 are an integral part of these consolidated financial statements.

THANH CONG TEXTILE GARMENT INVESTMENT TRADING JOINT STOCK COMPANY

Form B 01 – DN/HN

CONSOLIDATED BALANCE SHEET
(continued)

Code	ASSETS (continued)	Note	As at 31 December	
			2020 VND	2019 VND
200	LONG-TERM ASSETS		1,192,521,760,253	1,298,343,694,169
210	Long-term receivable		179,200,000	5,000,000
216	Other long-term receivables		179,200,000	5,000,000
220	Fixed assets		986,313,670,767	1,090,578,060,741
221	Tangible fixed assets	10(a)	660,766,252,460	650,312,606,665
222	Historical cost		1,436,343,323,880	1,287,258,848,117
223	Accumulated depreciation		(775,577,071,420)	(636,946,241,452)
224	Finance lease fixed assets	10(b)	142,248,245,396	254,294,715,721
225	Historical cost		211,501,579,552	354,960,494,449
226	Accumulated depreciation		(69,253,334,156)	(100,665,778,728)
227	Intangible fixed assets	10(c)	183,299,172,911	185,970,738,355
228	Historical cost		215,965,462,913	215,837,787,913
229	Accumulated amortisation		(32,666,290,002)	(29,867,049,558)
230	Investment properties		2,592,511,901	4,627,241,774
231	Historical cost		2,807,585,760	4,880,731,674
232	Accumulated depreciation		(215,073,859)	(253,489,900)
240	Long-term assets in progress		12,613,174,694	15,718,392,079
241	Long-term work in progress		9,787,981,585	9,787,981,585
242	Construction in progress	11	2,825,193,109	5,930,410,494
250	Long-term investments		77,680,502,729	70,059,004,992
252	Investments in associates	4(b)	68,829,114,200	64,619,812,348
253	Investments in other entities	4(b)	5,827,050,000	5,827,050,000
254	Provision for long-term investments	4(b)	(428,231,471)	(387,857,356)
255	Investments held to maturity	4(a)	3,452,570,000	-
260	Other long-term assets		113,142,700,162	117,355,994,583
261	Long-term prepaid expenses	9(b)	96,625,664,871	101,903,112,029
262	Deferred income tax assets	18	16,517,035,291	15,452,882,554
270	TOTAL ASSETS		2,976,422,649,274	2,922,804,725,415

The notes on pages 11 to 57 are an integral part of these consolidated financial statements.

THANH CONG TEXTILE GARMENT INVESTMENT TRADING JOINT STOCK COMPANY

Form B 01 – DN/HN

CONSOLIDATED BALANCE SHEET
(continued)

		As at 31 December	
Code	RESOURCES	Note	
			2020 VND
			2019 VND
300	LIABILITIES		1,337,687,708,547
310	Short-term liabilities		1,256,932,784,884
311	Short-term trade accounts payable	12	259,667,326,716
312	Short-term advances from customers	13	39,812,741,508
313	Tax and other payables to the State	14(b)	4,929,795,766
314	Payables to employees		136,936,433,600
315	Short-term accrued expenses		8,616,568,349
319	Other short-term payables	15(a)	16,841,262,196
320	Short-term borrowings and finance lease liabilities	16(a)	705,517,997,456
322	Bonus and welfare fund	19	84,610,659,293
330	Long-term liabilities		80,754,923,663
337	Other long-term payables	15(b)	17,950,288,000
338	Long-term borrowings and finance lease liabilities	16(b), 16(c)	37,596,706,662
342	Provision for long-term liabilities	17	25,207,929,001
400	OWNERS' EQUITY		1,638,734,940,727
410	Capital and reserves		1,638,734,940,727
411	Owners' capital	20, 21	620,683,490,000
411a	- Ordinary shares with voting rights		620,683,490,000
412	Share premium	21	22,720,075,000
415	Treasury shares	21	(5,939,990,000)
418	Investment and development fund	21	396,291,264,759
420	Other funds	21	66,847,433,632
421	Undistributed earnings	21	529,710,285,204
421a	- Undistributed post-tax profits of previous years		254,467,266,636
421b	- Post-tax profits of current year		275,243,018,568
429	Non-controlling interests		8,422,382,132
440	TOTAL RESOURCES		2,976,422,649,274
			2,922,804,725,415

Pham Thi Thanh Thuy
PreparerNguyen Minh Hao
Chief AccountantLee Eun Hong
Chief Executive Officer
15 March 2021

The notes on pages 11 to 57 are an integral part of these consolidated financial statements.

THANH CONG TEXTILE GARMENT INVESTMENT TRADING JOINT STOCK COMPANY

Form B 02 – DN/HN

CONSOLIDATED INCOME STATEMENT

		Year ended 31 December	
Code	Note	2020 VND	2019 VND
01	Revenue from sales of goods and rendering of services	3,470,465,500,295	3,645,052,763,643
02	Less deductions	(748,691,547)	(852,721,450)
10	Net revenue from sales of goods and rendering of services	24 3,469,716,808,748	3,644,200,042,193
11	Cost of goods sold and services rendered	25 (2,849,533,813,239)	(3,065,482,106,713)
20	Gross profit from sales of goods and rendering of services	620,182,995,509	578,717,935,480
21	Financial income	26 47,765,129,225	34,621,835,590
22	Financial expenses	27 (48,057,458,679)	(62,099,259,065)
23	- Including: Interest expense	27 (27,743,219,256)	(49,405,369,438)
24	Profit sharing from associates	4(b) 6,202,234,752	4,036,714,308
25	Selling expenses	28 (143,976,177,586)	(133,661,898,115)
26	General and administration expenses	29 (141,947,995,876)	(152,923,322,848)
30	Net operating profit	340,168,727,345	268,692,005,350
31	Other income	3,242,733,067	6,653,874,581
32	Other expenses	(156,775,706)	(1,312,927,681)
40	Net other income	3,085,957,361	5,340,946,900
50	Net accounting profit before tax	343,254,684,706	274,032,952,250
51	Business income tax ("BIT") - current	30 (68,090,938,163)	(47,592,471,844)
52	BIT - deferred	30 1,064,152,737	(9,593,031,085)
60	Net profit after tax	276,227,899,280	216,847,449,321
61	Attributable to: Shareholders of the Company	275,243,018,568	215,726,330,417
62	Non-controlling interests	984,880,712	1,121,118,904
70	Basic earnings per share	22(a) 3,775	2,959
71	Diluted earnings per share	22(b) 3,775	2,959

Pham Thi Thanh Thuy
PreparerNguyen Minh Hao
Chief AccountantLee Eun Hong
Chief Executive Officer
15 March 2021

The notes on pages 11 to 57 are an integral part of these consolidated financial statements.

THANH CONG TEXTILE GARMENT INVESTMENT TRADING JOINT STOCK COMPANY

Form B 03 – DN/HN

CONSOLIDATED CASH FLOW STATEMENT
(Indirect method)

		Year ended 31 December	
Code	Note	2020 VND	2019 VND
CASH FLOWS FROM OPERATING ACTIVITIES			
01	Net accounting profit before tax	343,254,684,706	274,032,952,250
	Adjustments for:		
02	Depreciation and amortisation	119,144,894,430	115,051,905,472
03	Provisions	9,325,225,817	4,291,980,692
04	Unrealised foreign exchange losses	4,661,707,553	3,057,992,385
05	Profits from investing activities	(26,931,806,884)	(22,073,644,021)
06	Interest expense	27,743,219,256	49,405,369,438
08	Operating profit before changes in working capital	477,197,924,878	423,766,556,216
09	Decrease in receivables	52,896,890,657	50,645,531,020
10	(Increase)/decrease in inventories	(114,697,767,444)	242,217,287,142
11	Increase/(decrease) in payables	79,300,037,775	(29,854,543,599)
12	Decrease in prepaid expenses	3,968,265,127	9,150,747,978
14	Interest paid	(28,472,227,772)	(49,971,132,500)
15	BIT paid	(71,087,141,915)	(64,058,623,336)
16	Other receipts from operating activities	31,921,000	201,432,447
17	Other payments on operating activities	(12,479,750,278)	(55,196,713,096)
20	Net cash inflows from operating activities	386,658,152,028	526,900,542,272
CASH FLOWS FROM INVESTING ACTIVITIES			
21	Purchases of fixed assets and other long-term assets	(11,750,845,077)	(76,011,381,641)
22	Proceeds from disposals of fixed assets and long-term assets	1,621,853,078	35,090,909
23	Purchases of debt instruments of other entities	(75,879,667,758)	(24,500,000,000)
24	Collection of deposits at banks	30,520,000,000	1,600,000,000
27	Dividends and interest received	21,706,912,735	18,548,333,734
30	Net cash outflows from investing activities	(33,781,747,022)	(80,327,956,998)

The notes on pages 11 to 57 are an integral part of these consolidated financial statements.

THANH CONG TEXTILE GARMENT INVESTMENT TRADING JOINT STOCK COMPANY

Form B 03 – DN/HN

CONSOLIDATED CASH FLOW STATEMENT (continued)
(Indirect method)

		Year ended 31 December	
Code	Note	2020 VND	2019 VND
CASH FLOWS FROM FINANCING ACTIVITIES			
32	Payments for share repurchases	-	(550,000,000)
33	Proceeds from borrowings	16 2,547,139,630,124	2,537,994,357,287
34	Repayments of borrowings	16 (2,751,257,707,860)	(2,899,970,231,307)
35	Finance lease principal repayments	16 (56,576,632,673)	(47,713,275,580)
36	Dividends paid	(29,388,191,425)	(27,441,306,990)
40	Net cash outflows from financing activities	(290,082,901,834)	(437,680,456,590)
50	Net increase in cash and cash equivalents	62,793,503,172	8,892,128,684
60	Cash and cash equivalents at beginning of year	3 225,134,215,210	216,257,327,777
61	Effect of foreign exchange differences	(5,306,130)	(15,241,251)
70	Cash and cash equivalents at end of year	3 287,922,412,252	225,134,215,210

Additional information relating to the consolidated cash flow statement is presented in Note 33.


Pham Thi Thanh Thuy
Preparer


Nguyen Minh Hao
Chief Accountant


Lee Eun Hong
Chief Executive Officer
15 March 2021



The notes on pages 11 to 57 are an integral part of these consolidated financial statements.

THANH CONG TEXTILE GARMENT INVESTMENT TRADING JOINT STOCK COMPANY

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR END ENDED 31 DECEMBER 2020

1 GENERAL INFORMATION

Thanh Cong Textile Garment Investment Trading Joint Stock Company ("the Company") is a joint stock company established in SR Vietnam pursuant to the Business registration certificate No. 4103004932 which was issued by the Department of Planning and Investment of Ho Chi Minh City on 23 June 2006 and the 21st amended Enterprise registration certificate No. 0301446221 dated 5 October 2020.

The Company stock was officially listed on Ho Chi Minh City Stock Exchange ("HOSE") with stock ticker TCM in accordance with the Listing decision No. 120/QD-SGDCK dated 5 October 2007 issued by the HOSE.

The registered principal activities of the Group as per the Enterprise registration certificates are as follows:

- Manufacturing and trading cotton, fiber, garment products, footwear, machinery and equipment, spare parts, raw materials, chemicals (excluding strong toxic chemicals), dye, packing for garment and textile industry;
- Providing services of installation and repairs for machinery and equipment;
- Trading building and merchandise centres;
- Office buildings, factories, freight yard, machinery and equipment for lease;
- Acting as commercial brokerage;
- Acting as an agent for goods trading and goods consignment;
- Investment, building, trading, assembly, repair, budgeting overall estimates for civil/industrial construction works, infrastructure of industrial parks and tourist area;
- Trading real estate, land use rights owned or leased; and
- Other retails.

The normal business cycle of the Group is 12 months.

As at 31 December 2020, the Group had 2 subsidiaries and 3 associates. Details are as follows:

Subsidiary	Principal activities	Place of incorporation and operation	Percentage of ownership and voting rights (%)	
			2020	2019
Thanh Cong Medical Center Joint Stock Company	Medical services and trading medical products and medical equipment	Tan Phu District, Ho Chi Minh City	70.94	70.94
TC Tower Company Limited	Real estate business	Tan Phu District, Ho Chi Minh City	85.33	85.33

THANH CONG TEXTILE GARMENT INVESTMENT TRADING JOINT STOCK COMPANY

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1 GENERAL INFORMATION (continued)

Associate	Principal activities	Place of incorporation and operation	Percentage of ownership and voting rights (%)	
			2020	2019
Thanh Phuc Investment Construction Corporation	Constructing and managing projects	Tan Phu District, Ho Chi Minh City	23.79	23.79
Vung Tau Golf Tourism Joint Stock Company	Providing tourism and entertainment services	Vung Tau City, Ba Ria – Vung Tau Province	29.61	30.00
Savimex Corporation	Manufacturing wood products	District 1, Ho Chi Minh City	20.48	20.42

As at 31 December 2020, the Group had 7,182 employees (as at 31 December 2019: 7,559 employees).

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation of consolidated financial statements

The consolidated financial statements have been prepared in accordance with Vietnamese Accounting Standards, the Vietnamese Corporate Accounting System and applicable regulations on preparation and presentation of consolidated financial statements. The consolidated financial statements have been prepared under the historical cost convention except for investments in associates, and business combinations as presented in Note 2.5.

The accompanying consolidated financial statements are not intended to present the financial position and consolidated results of operations and consolidated cash flows in accordance with accounting principles and practices generally accepted in countries and jurisdictions other than Vietnam's. The accounting principles and practices utilised in Vietnam may differ from those generally accepted in countries and jurisdictions other than Vietnam's.

The consolidated financial statements in the Vietnamese language are the official statutory consolidated financial statements of the Group. The consolidated financial statements in the English language have been translated from the Vietnamese version.

2.2 Fiscal year

The Group's fiscal year is from 1 January to 31 December.

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2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.3 Currency

The consolidated financial statements are measured and presented in the Vietnamese Dong ("VND"). The Group determines their accounting currency based on the currency which is mainly used in sales of goods and rendering of services, which has a significant impact on selling prices of goods and services, which is normally used to list selling prices and receive payments; which is mainly used in purchases of goods or services, which has a significant impact on cost of labour, materials and other production or operating costs and normally used as payments of those costs.

In addition, the Group also uses this currency to raise financial resources (such as via issuance of shares) and regularly collects this currency from business operations and savings.

2.4 Exchange rates

Transactions arising in foreign currencies are translated at exchange rates ruling at the transaction dates. Foreign exchange differences arising from these transactions are recognised in the consolidated income statement.

Monetary assets and liabilities denominated in foreign currencies at the consolidated balance sheet date are respectively translated at the buying and selling exchange rates at the consolidated balance sheet date of the commercial banks where the Group regularly trades. Foreign currencies deposited in banks at the consolidated balance sheet date are translated at the buying exchange rate of the commercial bank(s) where the Group opens its foreign currency accounts. Foreign exchange differences arising from these translations are recognised in the consolidated income statement.

2.5 Basis of consolidation

Subsidiaries

Subsidiaries are all entities over which the Group has the power to govern the financial and operating policies in order to gain future benefits from their activities generally accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

The purchase method of accounting is used to account for the acquisition of subsidiaries by the Group. The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued, and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any non-controlling interest. The excess of the cost of acquisition over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill. If the cost of acquisition is less than the fair value of the net assets of the subsidiary acquired, the difference is recognised directly in the consolidated income statement.

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2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.5 Basis of consolidation (continued)

Subsidiaries (continued)

Inter-company transactions, balances and unrealised gains and losses on transactions between group companies are eliminated.

Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

The financial statements of the Group's subsidiaries are prepared for the same accounting year. If there are differences in end dates, the gap must not exceed 3 months. Adjustments are made to reflect impacts of significant transactions and events occurring between the end dates of the subsidiaries' accounting year and that of the Group's. The length of the reporting year and differences in reporting date must be consistent between years.

Non-controlling transactions and interests

The Group applies a policy for transactions with non-controlling interests ("NCI") as transactions with external parties to the Group.

NCI are measured at their proportionate share of the acquiree's identifiable net assets at date of acquisition.

The divestment of the Group's interest in a subsidiary that does not result in a loss of control is accounted for as a transaction with owners. The difference between the change in the Group's share of net assets of the subsidiary and any consideration paid or received from divestment of the Group's interest in the subsidiary is recorded directly in the undistributed earnings under equity.

In a divestment of the Group's interest in a subsidiary that results in a loss of control, the difference between the Group's share in the net assets of the subsidiary and the net proceeds from divestment is recognised in the consolidated income statement. The retained interest in the entity will be accounted for as either an investment in an other entity or investment to be equity accounted for since the divestment date.

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2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**2.5 Basis of consolidation (continued)****Associates**

Associates are all entities over which the Group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting and are initially recognised at cost. The Group's investment in associates includes goodwill identified on acquisition, net of any accumulated impairment loss.

The Group's share of its associates' post-acquisition profits or losses is recognised in the consolidated income statement. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. When the Group's share of losses in an associate equals or exceeds its interest in the associate, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate. When the Group's share of losses in an associate equals or exceeds its interest in the associate, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate.

Accounting policies of associates have been changed where necessary to ensure consistency with the policies adopted by the Group.

Unrealised gains and losses on transactions between the Company and its associates are eliminated to the extent of the Group's interest in the associates in accordance with current accounting regulations.

2.6 Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, cash in banks, demand deposits and other short-term investments with an original maturity of three months or less.

2.7 Receivables

Receivables represent trade receivables from customers arising from sales of goods and rendering of services or non-trade receivables from others and are stated at cost. Provision for doubtful debts is made for each outstanding amount based on overdue days in payment according to the initial payment commitment (exclusive of the payment rescheduling between parties) or based on the estimated loss that may arise. Bad debts are written off when identified.

Receivables are classified into long-term and short-term receivables on the consolidated balance sheet based on the remaining period from the consolidated balance sheet date to the maturity date.

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2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**2.8 Inventories**

Inventories are stated at the lower of cost and net realisable value. Cost is determined by the weighted average method and includes all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition. In the case of manufactured products, cost includes all direct expenditure and production overheads based on normal levels of operating activity. Net realisable value is the estimated selling price in the normal course of business, less the estimated costs of completion and selling expenses.

The Group applies the perpetual system for inventories.

Provision is made, when necessary, for obsolete, slow-moving and defective inventory items. The difference between the provision of this year and the provision of the previous year are recognised as cost of goods sold in the year.

2.9 Investments**(a) Investments held to maturity**

Investments held to maturity are investments which the Group has a positive intention and ability to hold until maturity.

Investments held to maturity include term deposits. Those investments are initially accounted for at cost. Subsequently, the Board of Executive Officers reviews all outstanding investments to determine the amount of provision to recognise at the year end.

Provision for diminution in value of investments held-to-maturity is made when there is evidence that the investment is uncollectible in whole or in part. Changes in the provision balance during the fiscal year are recorded as an increase or decrease in financial expenses. A reversal, if any, is made only to the extent the investment is restored to its original cost.

Investments held to maturity are classified into short-term and long-term investments held to maturity on the consolidated balance sheet based on remaining period from the consolidated balance sheet date to the maturity date.

(b) Investments in associates

Investments in associates are accounted for using the equity method when preparing the consolidated financial statements (Note 2.5).

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2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**2.9 Investments (continued)****(c) Investments in other entities**

Investments in other entities are investments in equity instruments of other entities without controlling rights or co-controlling rights, or without significant influence over the investee. These investments are accounted for initially at cost. Subsequently, the Board of Executive Officers reviews all outstanding investments to determine the amount of provision to recognise at the year end.

Provision for investments in other entities is made when there is a diminution in value of the investments at the year end. Regarding investments in listed shares or the investments whose fair value can be determined reliably, the provision for diminution in value is made when the cost is higher than the market value. For other investments, provision for diminution in value is made when the entities make losses, except when the loss was anticipated by the Board of Executive Officers before date of investment.

Changes in the provision balance during the fiscal year are recorded as an increase or decrease in financial expenses. A reversal, if any, is made only to the extent the investment is restored to its original cost.

2.10 Lendings

Lendings are lendings granted for interest earning under agreements among parties but not being traded as securities.

Lendings are initially recognised at cost. Subsequently, the Board of Executive Officers reviews all outstanding amounts to determine the amount of provision to recognise at the year end. Provision for doubtful lending is made for each lending based on overdue days in payment of principals according to the initial payment commitment (exclusive of the payment rescheduling between parties) or based on the estimated loss that may arise. Changes in the provision balance during the fiscal year are recorded as an increase or decrease in expenses. A reversal, if any, is made only to the extent the investment is restored to its original cost.

Lendings are classified into short-term and long-term lending on the consolidated balance sheet based on the remaining term of the lending as at the consolidated balance sheet date.

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2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**2.11 Fixed assets***Tangible and intangible fixed assets*

Fixed assets are stated at historical cost less accumulated depreciation or amortisation. Historical cost includes any expenditure that is directly attributable to the acquisition of the fixed assets bringing them to suitable conditions for their intended use. Expenditure incurred subsequently which has resulted in an increase in the future economic benefits expected to be obtained from the use of fixed assets, can be capitalised as an additional historical cost. Otherwise, such expenditure is charged to the consolidated income statement when incurred.

Depreciation and amortisation

Fixed assets are depreciated and amortised using the straight-line method so as to write off the historical cost of the fixed assets over their estimated useful lives or over the term of the Business registration certificate if shorter. The estimated useful lives of each asset class are as follows:

Plant, buildings and structures	5 – 50 years
Machinery and equipment	3.5 – 23 years
Motor vehicles	6 – 10 years
Office equipment	3 – 15 years
Software	3 – 8 years
Others	4 – 25 years

Land use rights are comprised of land use rights with an indefinite useful life, land use rights with a definite useful life, and prepayments for land rental contracts which are in effective before 2003 and are granted land use right certificates as follows:

- Land use rights with an indefinite useful life are recorded at historical cost and are not amortised;
- Land use rights with a definite useful life are recorded in accordance with the terms indicated in the land use rights certificate and amortised using the straight-line method in accordance with such land use rights certificate/at cost and are amortised using a straight-line method over the term from the date receiving the land use right certificates OR the signing dates of transferring contracts to the ending dates in accordance with land use right certificates; and
- Prepayments for land rental contracts, which became effective before or in 2003 and are granted lands use rights certificates, are recorded in accordance with the guidance of Circular No. 45/2013/TT-BTC dated 25 April 2013 issued by the Ministry of Finance and allocated using the straight-line method in accordance with such land use rights certificates.

Disposals

Gains or losses on disposals are determined by comparing net disposal proceeds with the carrying amount of the fixed assets and are recognised as income or expense in the consolidated income statement.

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2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**2.11 Fixed assets (continued)***Construction in progress*

Construction in progress represents the cost of assets in the course of construction for production, rental or administrative purposes, or for purposes not yet determined, which are recorded at cost and comprise of such necessary costs to newly construct, to repair and maintain, to upgrade, to renew or equip the projects with technologies as construction costs; costs of tools and equipment; project management expenditures; construction consulting expenditures; and capitalised borrowing costs for qualifying in accordance with the Group's accounting policies. Depreciation of these assets, on the same basis as other fixed assets, commences when they are ready for their intended use.

2.12 Leased assets

Leases of property, plant and equipment where the lessor has transferred the ownership at the end of the lease period, and transferred substantially the risks and rewards, are classified as finance leases. Finance leases are capitalised at the inception of the lease at the lower of the fair value of leased assets or the present value of the minimum lease payments.

Each lease payment is separated between the liability and finance charges to achieve a constant rate on the outstanding finance lease balance. The corresponding rental obligations, net of finance charge, are included in short-term or long-term borrowings.

The interest element of the finance cost is charged to the consolidated income statement over the lease term. The property, plant and equipment acquired under finance leasing contracts is depreciated under the straight-line method over the shorter of the estimated useful life of the assets or the lease term. However, if there is reasonable certainty that the lessee will obtain ownership by the end of the lease term, depreciation is calculated over the estimated useful life of the assets.

Leases where a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases are charged to the consolidated income statement on a straight-line basis over the term of the lease.

2.13 Investment properties held for lease

The historical cost of an investment property represents the amount of cash or cash equivalents paid or the fair value of other consideration given to acquire the investment property at the time of its acquisition or completion of construction. Expenditure incurred subsequently which has resulted in an increase in the expected future economic benefits from the use of investment properties can be capitalised as an additional historical cost. Otherwise, such expenditure is charged to the consolidated income statement when incurred.

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2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**2.13 Investment properties held for lease (continued)***Depreciation*

Investment properties are depreciated under the straight-line method to write off the historical cost of the assets over their estimated useful lives. The estimated useful lives of each asset class are as follows:

Buildings	34 – 50 years
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Disposals

Gains or losses on disposals are determined by comparing net disposal proceeds with the carrying amount of investment properties and are recognised as income or expense in the consolidated income statement.

2.14 Prepaid expenses

Prepaid expenses include short-term and long-term prepayments on the consolidated balance sheet. Prepaid expenses are recorded at historical cost and allocated on a straight-line basis over their estimated useful lives.

Additionally, prepayments for land rental contracts, which became effective after 2003, are also recorded as prepaid expenses in accordance with the guidance of Circular No. 45/2013/TT-BTC dated 25 April 2013 issued by the Ministry of Finance and, allocated using the straight-line method in accordance with such land use right certificates.

2.15 Payables

Classifications of payables are based on their nature as follows:

- Trade accounts payable are trade payables arising from purchase of goods and services; and
- Other payables are non-trade payables and payables not relating to purchases of goods and services.

Payables are classified into long-term and short-term payables on the consolidated balance sheet based on the remaining period from the consolidated balance sheet date to the maturity date.

2.16 Borrowings and finance lease liabilities

Borrowings and finance lease liabilities include borrowings and finance leases from banks, financial institutions, financial companies, and other entities.

Borrowings and finance lease liabilities are classified into short-term and long-term borrowings and finance lease liabilities on the consolidated balance sheet based on their remaining terms from the consolidated balance sheet date to the maturity date.

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2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**2.16 Borrowings and finance lease liabilities (continued)**

Borrowing costs that are directly attributable to the construction or production of any qualifying assets are capitalised during the period of time that is required to complete and prepare the asset for its intended use. In respect of general-purpose borrowings, a portion of which used for the purpose of construction or production of any qualifying assets, the Group determines the amount of borrowing costs eligible for capitalisation by applying a capitalisation rate to the weighted average expenditure on the assets. The capitalisation rate is the weighted average of the interest rates applicable to the Group's borrowings that are outstanding during the year, other than borrowings made specifically for the purpose of obtaining a qualifying asset. Other borrowing costs are recognised in the consolidated income statement when incurred.

2.17 Accrued expenses

Accrued expenses include liabilities for goods and services received in the year but not yet paid for due to pending invoices or insufficient records and documents.

2.18 Provisions for liabilities

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount has been reliably estimated. Provision is not recognised for future operating losses.

Provisions are measured at the expenditures expected to be required to settle the obligations. If the time value of money is material, provision will be measured at the present value using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as a financial expense. Changes in the provision balance during the fiscal year are recorded as an increase or decrease in operating expenses.

2.19 Provision for severance allowances

In accordance with Vietnamese labour laws, employees of the Group who have worked regularly for full 12 months or longer, are entitled to a severance allowance. The working period used for the calculation of severance allowance is the period during which the employee actually works for the Group less the period during which the employee participates in the unemployment insurance scheme in accordance with the labour regulations and the working period for which the employee has received severance allowance from the Group.

The severance allowance is accrued at the end of the reporting year on the basis that each employee is entitled to half of an average monthly salary for each working year. The average monthly salary used for calculating the severance allowance is the employee contract's average salary for the year end prior to the consolidated balance sheet date.

This allowance will be paid as a lump sum when the employees terminate their labour contracts in accordance with current regulations.

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2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**2.20 Capital and reserves**

Owners' capital is recorded according to the actual amounts contributed at the par value of the shares.

Share premium is the difference between the par value and the issue price of shares and the difference between the repurchase price and re-issuing price of treasury shares.

Treasury shares are shares issued by the Company and bought back by itself, but these are not cancelled and may be re-issued subsequently in accordance with the Law on securities.

Undistributed earnings record the Group's results after business income tax at the reporting date.

2.21 Appropriation of profit

The Group's dividends distribution is recognised as a liability in the consolidated financial statements in the year in which the dividends are approved by the Company's General Meeting of shareholders and declared by the Board of Directors.

Net profit after business income tax could be distributed to shareholders after approval at the General Meeting of shareholders, and after appropriation to other funds in accordance with the Group's charter and Vietnamese regulations.

The Group's funds are as below:

(a) Investment and development fund

Investment and development fund is appropriated from profit after BIT of the Group and approved by shareholders at the General Meeting of shareholders.

(b) Other funds

Other funds are appropriated from the Group's profit after BIT and subject to shareholders' approval at the General Meeting of shareholders. These funds are appropriated for additional owners' capital in the future.

(c) Bonus and welfare fund

Bonus and welfare fund is appropriated from the Group's profit after business income tax and subject to shareholders' approval at the General Meeting of shareholders. This fund is presented as a liability on the consolidated balance sheet.

THANH CONG TEXTILE GARMENT INVESTMENT TRADING JOINT STOCK COMPANY

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2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**2.22 Revenue recognition****(a) Revenue from sales of goods**

Revenue from sale of goods is recognised in the consolidated income statement when all five (5) following conditions are satisfied:

- The Group has transferred to the buyer the significant risks and rewards of ownership of the goods;
- The Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- The amount of revenue can be measured reliably;
- It is probable that the economic benefits associated with the transaction will flow to the Group; and
- The costs incurred or to be incurred in respect of the transaction can be measured reliably.

No revenue is recognised if there are significant uncertainties regarding recovery of the consideration due or the possible return of goods.

Revenue is recognised in accordance with the "substance over form" principle and allocated to each sale obligation. In cases where the Group gives promotional goods to customers associated with their purchases, the Group allocates the total considerations received between goods sold and promotional goods. The cost of promotional goods is recognised as cost of goods sold in the consolidated income statement.

(b) Revenue from rendering of services

Revenue from rendering of services is recognised in the consolidated income statement when the services are rendered, by reference to completion of the specific transaction assessed on the basis of the actual service provided as a proportion of the total services to be provided. Revenue from rendering of services is only recognised when the four (4) following conditions are satisfied:

- The amount of revenue can be measured reliably;
- It is probable that the economic benefits associated with the transaction will flow to the Group;
- The percentage of completion of the transaction at the consolidated balance sheet date can be measured reliably; and
- The costs incurred for the transaction and the costs to complete the transaction can be measured reliably.

(c) Financial income

Financial income is recognised when interest is earned on deposits, income from dividends and profits, foreign exchange gains and other financial income.

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2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**2.23 Sales deductions**

Sales deductions include trade discounts, sales returns and allowances. Sales deductions incurred in the same year of the related revenue from sales of products, goods and rendering of services are recorded as a deduction from the revenue of that year.

Sales deductions for sales of products, goods or rendering of services which are sold or rendered in the year but are incurred after the consolidated balance sheet date but before the issuance of the consolidated financial statements are recorded as a deduction from the revenue of the year.

2.24 Cost of goods sold and services rendered

Cost of goods sold and services rendered are the cost of finished goods, merchandise, materials sold and services rendered during the year, and recorded on the basis of matching with revenue and on a prudence basis.

2.25 Financial expenses

Financial expenses are expenses incurred in the year for financial activities including interest expense; provision for diminution in value of investments in other entities; losses from foreign exchange differences; and other financial expenses.

2.26 Selling expenses

Selling expenses represent expenses that are incurred in the process of selling products, goods, and providing services.

2.27 General and administration expenses

General and administration expenses represent expenses that are incurred for administrative purposes of the Group.

2.28 Current and deferred income tax

Income tax include all income tax which are based on taxable profits including profits generated from production and trading activities in other countries with which the Socialist Republic of Vietnam has not signed any double taxation agreement. Income tax expense comprises current tax expense and deferred tax expense.

Current income tax is the amount of income tax payable in respect of the current year taxable profits at the current year tax rates. Current and deferred income tax should be recognised as an income or an expense and included in the profit or loss of the year, except to the extent that the income tax arises from a transaction or event which is recognised, in the same or a different year, directly in equity.

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2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.28 Current and deferred income tax (continued)

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. Deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of occurrence affects neither the accounting nor the taxable profit or loss. Deferred income tax is determined at the tax rates that are expected to apply to the financial year when the asset is realised or the liability is settled, based on tax rates that have been enacted or substantively enacted by the consolidated balance sheet date.

Deferred income tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

2.29 Related parties

Enterprises and individuals that directly, or indirectly through one or more intermediaries, control, or are controlled by, or are under common control with, the Group, including holding companies, subsidiaries and fellow subsidiaries are related parties of the Group. Associates and individuals owning, directly or indirectly, an interest in the voting power of the Group that gives them significant influence over the Group, key management personnel, including members of Board of Directors and Board of Executive Officers of the Company and close members of the family of these individuals and companies associated with these individuals also constitute related parties.

In considering its related-party relationships, the Group considers the substance of the relationships, not merely the legal form.

2.30 Segment reporting

A segment is a component which can be separated by the Group engaged in providing products or services ("business segment") or providing products or services within a particular economic environment ("geographical segment"). Each segment is subject to risks and returns that are different from those of other segments. A reportable segment is the Group's business segment and the Group's geographical segment.

Segment reporting is prepared and presented in accordance with accounting policies applied to the preparation and presentation of the Group consolidated financial statements in order to help users of consolidated financial statements understand and evaluate the Group's operations in a comprehensive way.

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2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.31 Accounting estimates

The preparation of consolidated financial statements in conformity with Vietnamese Accounting Standards, the Vietnamese Corporate Accounting System and applicable regulations on preparation and presentation of consolidated financial statements requires the Board of Executive Officers to make estimates and assumptions that affect the reported amounts of assets, liabilities and disclosures of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the fiscal year.

Such estimates and assumptions are continually evaluated. They are based on historical experience and other factors, including expectations of future events that may have a financial impact on the Group and that are believed to be reasonable under the circumstances.

3 CASH AND CASH EQUIVALENTS

	2020 VND	2019 VND
Cash on hand	1,356,255,653	641,159,478
Cash in bank	71,566,156,599	48,493,055,732
Cash equivalents (*)	215,000,000,000	176,000,000,000
	<u>287,922,412,252</u>	<u>225,134,215,210</u>

(*) Cash equivalents represent term deposits at banks with an original maturity of 3 months or less and earn interest at the rate applying to each deposit contract.

4 INVESTMENTS

(a) Short-term investments held to maturity

	2020		2019	
	Cost VND	Book value VND	Cost VND	Book value VND
i. Short-term deposits (*)	<u>267,127,097,758</u>	<u>267,127,097,758</u>	<u>225,390,000,000</u>	<u>225,390,000,000</u>
ii. Long-term investment-linked insurance (**)	<u>3,452,570,000</u>	<u>3,452,570,000</u>	<u>-</u>	<u>-</u>

(*) The balance represents time deposits at banks with a maturity term of six months and earns interest at the rate applying to each deposit contract.

(**) The balance represents purchase amount of investment-linked insurance for employees with maturity and applicable interest rate announced by Manulife Vietnam Limited Company, an insurer.

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4 INVESTMENTS (continued)

(b) Long-term investments

	2020			2019		
	Book value VND	Fair value VND	Provision VND	Cost VND	Fair value VND	Provision VND
i. Investments in associates	68,829,114,200		-	64,619,812,348		-
Thanh Phuc Investment Construction Corporation	1,594,231,998	(*)	-	1,665,000,000	(*)	-
Vung Tau Golf Tourism Joint Stock Company	6,809,003,427	(*)	-	8,700,000,000	(*)	-
Savimex Corporation (**)	60,425,878,775	51,716,602,700	-	54,254,812,348	25,908,127,700	-
ii. Other long-term investments	5,827,050,000		(428,231,471)	5,827,050,000		(387,857,356)
Viet Thang Textile Joint Stock Company (**)	125,000,000	241,500,000	-	125,000,000	241,500,000	-
Thang Loi Textile and Garment Company	1,576,000,000	(*)	(144,846,041)	1,576,000,000	(*)	(145,200,381)
Hue Textile Garment Company (**)	793,000,000	1,550,250,000	-	793,000,000	1,706,250,000	-
SY Vina Joint Stock Company	883,450,000	(*)	(283,385,430)	883,450,000	(*)	(242,656,975)
Joint Stock Commercial Bank for Foreign Trade of Vietnam (**)	2,449,600,000	4,946,789,100	-	2,449,600,000	4,557,715,800	-
	<u>74,656,164,200</u>		<u>(428,231,471)</u>	<u>70,446,862,348</u>		<u>(387,857,356)</u>

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4 INVESTMENTS (continued)

(b) Long-term investments (continued)

(*) As at 31 December 2020 and 31 December 2019, the Group had not determined the fair value of these investments to disclose on the consolidated financial statements because they did not have listed prices. The fair value of such investments may be different from their book value.

(**) The fair values of the investments were determined based on the closing price of the last transaction date preceding to or at as 31 December 2020 and 31 December 2019.

Movements in investment in associates during the year are as follows:

	2020 VND
Cost of investments	
As at 1 January 2020 and as at 31 December 2020	34,832,907,960
Accumulated profits shared after acquisition	
As at 1 January 2020	29,786,904,388
Profits share of investments in associates	6,202,234,752
Dividends received	(1,992,932,900)
As at 31 December 2020	33,996,206,240
Net carrying amount	
As at 1 January 2020	64,619,812,348
As at 31 December 2020	68,829,114,200

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5 SHORT-TERM TRADE ACCOUNTS RECEIVABLE

	2020 VND	2019 VND
Third parties		
Sears, Reobuck and Co	63,556,909,911	63,791,437,251
Kmart Corporation	36,907,689,164	37,043,879,892
Eddie Bauer LLC	29,360,745,469	86,159,798,429
Others	113,090,630,904	103,152,146,772
Related parties (Note 34(b))	40,733,435,742	49,710,037,684
	<u>283,649,411,190</u>	<u>339,857,300,028</u>

As at 31 December 2020 and 31 December 2019, the balances of short-term trade accounts receivable which were past due are presented in Note 7.

6 OTHER SHORT-TERM RECEIVABLES

	2020		2019	
	Book value VND	Provision VND	Book value VND	Provision VND
Dividends receivable	2,810,565,000	(2,810,565,000)	2,810,565,000	(2,591,965,500)
Others	4,773,950,103	(183,906,068)	3,150,153,563	(183,906,068)
	<u>7,584,515,103</u>	<u>(2,994,471,068)</u>	<u>5,960,718,563</u>	<u>(2,775,871,568)</u>

As at 31 December 2020 and 31 December 2019, the balances of other short-term receivable which were past due are presented in Note 7.

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7 DOUBTFUL DEBTS

	2020			Number of overdue days
	Cost VND	Recoverable amount VND	Provision VND	
i- Receivables that were past due	7,226,490,534	-	(7,226,490,534)	Above 3 years
Short-term trade accounts receivable	1,181,717,467	-	(1,181,717,467)	Above 3 years
Short-term prepayments to suppliers	1,200,000,000	-	(1,200,000,000)	Above 3 years
Short-term lendings	1,850,301,999	-	(1,850,301,999)	Above 3 years
Other short-term receivables (Note 6)	2,994,471,068	-	(2,994,471,068)	Above 3 years
ii- Trade accounts receivable that were past due and doubtful	100,464,599,075	8,312,975,955	(92,151,623,120)	Above 2 years
Sears, Roebuck and Co	63,556,909,911	6,397,444,699	(57,159,465,212)	Above 2 years
Kmart Corporation	36,907,689,164	1,915,531,256	(34,992,157,908)	
	<u>107,691,089,609</u>	<u>8,312,975,955</u>	<u>(99,378,113,654)</u>	
i- Receivables that were past due	7,226,490,534	218,599,500	(7,007,891,034)	Above 3 years
Short-term trade accounts receivable	1,181,717,467	-	(1,181,717,467)	Above 3 years
Short-term prepayments to suppliers	1,200,000,000	-	(1,200,000,000)	Above 3 years
Short-term lendings	1,850,301,999	-	(1,850,301,999)	Above 3 years
Other short-term receivables (Note 6)	2,994,471,068	218,599,500	(2,775,871,568)	Above 3 years
ii- Trade accounts receivable that were past due and doubtful	100,835,317,143	16,687,302,281	(84,148,014,862)	Above 1 years
Sears, Roebuck and Co	63,791,437,251	10,181,025,768	(53,610,411,483)	Above 1 years
Kmart Corporation	37,043,879,892	6,506,276,513	(30,537,603,379)	
	<u>108,061,807,677</u>	<u>16,905,901,781</u>	<u>(91,155,905,896)</u>	

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8 INVENTORIES

	2020		2019	
	Cost VND	Provision VND	Cost VND	Provision VND
Finished goods	467,039,123,034	(24,185,037,295)	485,730,810,673	(23,705,800,602)
Work in progress	254,146,793,569	-	211,594,623,913	-
Raw materials	180,573,557,217	-	152,524,004,450	-
Purchased goods in transit	65,524,023,381	-	47,701,353,031	-
Finished goods in transit	56,985,962,599	-	12,870,345,975	-
Tools and supplies	4,045,073,902	-	3,803,630,682	-
Merchandises	2,790,431,368	-	2,189,203,902	-
	<u>1,031,104,965,070</u>	<u>(24,185,037,295)</u>	<u>916,413,972,626</u>	<u>(23,705,800,602)</u>

Movements in the provision for decline in value of inventories during the year are as follows:

	2020 VND	2019 VND
Beginning of year	23,705,800,602	20,606,823,645
Increase (Note 25)	479,236,693	3,098,976,957
End of year	<u>24,185,037,295</u>	<u>23,705,800,602</u>

As at 31 December 2020, the Group's inventories with a total value of VND402 billion (as at 31 December 2019: VND263 billion) were pledged with banks as collateral or mortgaged assets for short-term and long-term borrowings granted to the Group (Note 16).

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9 PREPAID EXPENSES

(a) Short-term

	2020 VND	2019 VND
Tools and supplies	2,420,969,202	1,701,702,292
Others	4,422,922,175	3,833,007,054
	<u>6,843,891,377</u>	<u>5,534,709,346</u>

(b) Long-term

	2020 VND	2019 VND
Land rental	92,517,814,943	95,201,486,459
Tools and supplies	1,624,685,789	4,613,521,894
Others	2,483,164,139	2,088,103,676
	<u>96,625,664,871</u>	<u>101,903,112,029</u>

Movements in prepaid expenses during the year are as follows:

	2020 VND	2019 VND
Beginning of year	107,437,821,375	115,476,318,503
Increase	33,278,057,570	28,398,957,402
Allocation	(37,246,322,697)	(36,437,454,530)
End of year	<u>103,469,556,248</u>	<u>107,437,821,375</u>

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10 FIXED ASSETS (continued)

(c) Intangible fixed assets

	Land use rights VND	Patents VND	Software VND	Total VND
Historical cost				
As at 1 January 2020	188,910,335,412	5,352,549,047	21,574,903,454	215,837,787,913
New purchases	-	-	127,675,000	127,675,000
As at 31 December 2020	188,910,335,412	5,352,549,047	21,702,578,454	215,965,462,913
Accumulated amortisation				
As at 1 January 2020	11,908,476,341	5,352,549,047	12,606,024,170	29,867,049,558
Charge for the year	432,489,948	-	2,366,750,496	2,799,240,444
As at 31 December 2020	12,340,966,289	5,352,549,047	14,972,774,666	32,666,290,002
Net book value				
As at 1 January 2020	177,001,859,071	-	8,968,879,284	185,970,738,355
As at 31 December 2020	176,569,369,123	-	6,729,803,788	183,299,172,911

As at 31 December 2020, intangible fixed assets with a carrying value of VND7.9 billion (as at 31 December 2019: VND8.2 billion) were pledged with banks as collateral or mortgaged assets for short-term and long-term borrowings granted to the Group (Note 16).

The historical cost of fully amortised intangible fixed assets as at 31 December 2020 was VND 13.4 billion (as at 31 December 2019: VND 9.2 billion).

11 CONSTRUCTION IN PROGRESS

Details of construction in progress are as follows:

	2020 VND	2019 VND
Buildings	1,580,900,000	493,304,000
Machinery and equipment	70,000,000	4,960,393,247
Others	1,174,293,109	476,713,247
	<u>2,825,193,109</u>	<u>5,930,410,494</u>

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11 CONSTRUCTION IN PROGRESS (continued)

Movements in construction in progress during the year are as follows:

	2020 VND	2019 VND
Beginning of year	5,930,410,494	29,206,467,311
Purchase	6,883,830,183	70,687,875,332
Transfers to finance lease fixed assets (Note 10(b))	(934,798,133)	(62,264,565,027)
Transfers to tangible fixed assets (Note 10(a))	(9,054,249,435)	(31,154,147,122)
Transfers to intangible fixed assets	-	(545,220,000)
End of year	<u>2,825,193,109</u>	<u>5,930,410,494</u>

12 SHORT-TERM TRADE ACCOUNTS PAYABLE

	2020		2019	
	Value VND	Able-to-pay amount VND	Value VND	Able-to-pay amount VND
Third parties	255,862,467,960	255,862,467,960	183,985,659,121	183,985,659,121
Related parties (Note 34(b))	3,804,858,756	3,804,858,756	3,144,939,068	3,144,939,068
	<u>259,667,326,716</u>	<u>259,667,326,716</u>	<u>187,130,598,189</u>	<u>187,130,598,189</u>

As at 31 December 2020 and 31 December 2019, there was no balance of short-term trade accounts payable that was past due.

As at 31 December 2020 and 31 December 2019, there was no balance of suppliers that was over 10% of total short-term trade accounts payable.

13 SHORT-TERM ADVANCES FROM CUSTOMERS

	2020 VND	2019 VND
Third parties		
Kokuraya Co., Ltd	8,946,642,354	9,392,665,705
Others	21,269,781,934	22,367,532,874
Related parties (Note 34(b))	9,596,317,220	27,868,214
	<u>39,812,741,508</u>	<u>31,788,066,793</u>

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14 TAX AND RECEIVABLES FROM/PAYABLES TO THE STATE

Movements in tax and receivables from/payables to the State were as follows:

	As at 1.1.2020 VND	Receivable/payable during the year VND	Refund/payment during the year VND	Net-off during the year VND	As at 31.12.2020 VND
a) Tax receivables					
VAT to be reclaimed	16,902,853,528	140,706,753,894	(89,456,613,266)	(52,577,841,229)	15,575,152,927
b) Tax payables					
BIT - current	6,340,415,077	68,090,938,163	(71,087,141,915)	-	3,344,211,325
Personal income tax	1,461,040,559	21,224,001,005	(21,210,861,862)	-	1,474,179,702
VAT	7,263,622	52,631,391,603	(41,276,277)	(52,577,841,229)	19,537,719
Other taxes	64,689,905	11,375,154,284	(11,347,977,169)	-	91,867,020
	7,873,409,163	153,321,485,055	(103,687,257,223)	(52,577,841,229)	4,929,795,766

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15 OTHER PAYABLES

(a) Short-term

	2020 VND	2019 VND
Deposits received	8,425,883,850	9,092,064,850
Social insurance, health insurance, unemployment insurance and trade union	2,752,647,488	2,720,513,792
Others	5,662,730,858	4,807,500,612
	<u>16,841,262,196</u>	<u>16,620,079,254</u>

(b) Long-term

	2020 VND	2019 VND
Payables due to equitisation (*)	17,876,000,000	17,876,000,000
Others	74,288,000	348,338,680
	<u>17,950,288,000</u>	<u>18,224,338,680</u>

(*) This balance represents the amount payable to the State for the increasing amount when revaluing a number of land lots granted or leased to the Company upon the equitisation time in 2004. In accordance with the asset valuation report dated 28 September 2005 of Auditing and Consulting Vietnam Joint Stock Company for equitisation purpose, among the land lots, there were 5 land lots with the total area of 36,716 m² being revalued. The amount will be paid once the transfers of title of the land use rights to the Company's name is completed.

As at 31 December 2020 and 31 December 2019, there was no balance of other payables that was past due.

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16 BORROWINGS AND FINANCE LEASE LIABILITIES

(a) Short-term

	As at 1.1.2020 VND	Increase VND	Repayment VND	Revaluation VND	As at 31.12.2020 VND
Bank loans (**)	644,053,094,258	2,547,139,630,124	(2,593,188,856,036)	2,936,969,342	600,940,837,688
Joint Stock Commercial Bank for Foreign Trade of Vietnam ("Vietcombank") – Ho Chi Minh City Branch	297,198,639,569	1,312,724,749,521	(1,314,544,313,221)	1,515,852,132	296,894,928,001
Joint Stock Commercial Bank for Investment and Development of Vietnam ("BIDV") – Hoc Mon Branch	68,231,784,240	318,591,122,283	(337,381,140,478)	284,355,372	49,726,121,417
Bank Sinopac ("Sinopac") – Ho Chi Minh City Branch	63,192,770,940	155,446,143,803	(172,866,765,590)	117,809,124	45,889,958,277
Vietnam Joint Stock Commercial Bank for Industry and Trade ("Vietinbank") – Ho Chi Minh City Branch	211,275,702,189	744,565,753,227	(748,430,578,137)	1,018,952,714	208,429,829,993
Military Commercial Joint Stock Bank – Bac Sai Gon Branch	4,154,197,320	15,811,861,290	(19,966,058,610)	-	-
Current portions of long-term loans (Note 16(b))	39,734,032,672	50,499,899,225	(79,817,741,757)	(2,242,935)	10,413,947,205
Current portions of long-term finance lease liabilities (Note 16(c))	49,076,632,674	35,228,362,227	(56,576,632,673)	(5,970,792)	27,722,391,436
Others (*)	144,189,860,940	1,637,878,656,681	(1,716,129,766,748)	502,070,254	66,440,821,127
	877,053,620,544	4,270,746,548,257	(4,445,712,997,214)	3,430,825,869	705,517,997,456

(*) This balance represents the discount contracts with recourse relating to the discount receivables at local commercial joint stock banks at the discount interest rate upon each discount.

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16 BORROWINGS AND FINANCE LEASE LIABILITIES (continued)

(b) Long-term

	As at 1.1.2020 VND	Increase VND	Transfer to short-term VND	Revaluation VND	As at 31.12.2020 VND
Bank loans (**)	60,790,554,150	-	(50,499,899,225)	(2,215,903)	10,288,439,022
Vietcombank - Ho Chi Minh City	33,552,000,000	-	(33,552,000,000)	-	-
BIDV - Hoc Mon Branch	27,238,554,150	-	(16,947,899,225)	(2,215,903)	10,288,439,022
Finance lease liabilities (Note 16(c))	62,542,511,467	-	(35,228,362,227)	(5,881,600)	27,308,267,640
	123,333,065,617	-	(85,728,261,452)	(8,097,503)	37,596,706,662

(c) Finance lease liabilities

	2020		2019	
	Total VND	Interest VND	Total VND	Principal VND
Within one year	28,053,696,435	331,304,999	50,565,570,511	1,488,937,837
Between one and	29,122,034,000	1,813,766,360	70,392,101,970	7,849,590,503
	57,175,730,435	2,145,071,359	120,957,672,481	9,338,528,340
				111,619,144,141

Financial lease liabilities relate to the leasing of machinery and equipment from Vietnam Bank for Foreign Trade Joint Stock Commercial Finance Co., Ltd. and bear Libor interest rate for 6 months or the interest rate of 12-month deposits plus a fixed interest rate margin as specified by each loan agreement. Principal will be repaid several times from the first disbursement. When the lease contract expires, the Company has the right to repurchase the leased property at the selling price specified in each contract.

As at 31 December 2020 and 31 December 2019, there was no balance of short-term borrowings and finance lease liabilities that was past due.

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16 BORROWINGS AND FINANCE LEASE LIABILITIES (continued)

(**) As at 31 December 2020, balance of borrowings and finance lease liabilities of the Group includes:

Lenders	Credit limit	Credit term	Collateral
Short-term			
Vietcombank – Ho Chi Minh City Branch	VND600,000,000,000	1 year	Inventories and fixed assets
BIDV – Hoc Mon Branch	VND600,000,000,000	1 year	Inventories and fixed assets
Vietinbank – Ho Chi Minh City Branch	VND400,000,000,000	1 year	Inventories
Sinopac – Ho Chi Minh City Branch	USD3,000,000	1 year	No collateral
Long-term			
BIDV – Hoc Mon Branch 01/2016/93435/HDTD	VND83,231,000,000	7 years	Inventories and fixed assets
01/2017/93435/HDTD	USD2,497,000	5 years	Inventories and fixed assets
Vietcombank Leasing Co., Ltd.			
72.15.04/CTTC	USD275,200	5 years	Fixed assets
72.16.01/CTTC	USD382,400	5 years	Fixed assets
72.16.02/CTTC	USD239,760	5 years	Fixed assets
72.16.03/CTTC	JPY49,880,000	5 years	Fixed assets
72.16.04/CTTC	USD510,400	5 years	Fixed assets
72.16.05/CTTC	USD348,000	5 years	Fixed assets
72.16.06/CTTC	USD112,480	5 years	Fixed assets
72.16.08/CTTC	CHF72,000	5 years	Fixed assets
72.16.10/CTTC	USD313,968	5 years	Fixed assets
72.16.11/CTTC	USD1,138,564	5 years	Fixed assets
72.16.12/CTTC	USD523,200	5 years	Fixed assets
87.17.04/CTTC	USD413,800	5 years	Fixed assets
67.18.14/CTTC	USD332,000	5 years	Fixed assets
86.18.02/CTTC	JPY64,898,400	5 years	Fixed assets
67.18.15/CTTC	JPY101,032,000	5 years	Fixed assets
67.19.02/CTTC	USD336,400	5 years	Fixed assets
67.19.03/CTTC	USD126,800	5 years	Fixed assets
98.19.02/CTTC	USD184,800	5 years	Fixed assets

The interest rates are determined based on banks' interest rates specified on each debit note.

Short-term and long-term borrowings from banks due to provide additional working capital requirements of the Group.

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17 PROVISION FOR LONG-TERM LIABILITIES

Provision for long-term liabilities represents the severance allowance in accordance with prevailing regulations.

18 DEFERRED INCOME TAX

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes relate to the same taxation authority. Details are as follows:

	2020 VND	2019 VND
Deferred tax assets:		
Deferred tax assets to be recovered after more than 12 months	11,955,682,790	14,219,791,845
Deferred tax assets to be recovered within 12 months	4,561,352,501	1,233,090,709
	<u>16,517,035,291</u>	<u>15,452,882,554</u>

Movements in the deferred income tax, taking into consideration the offsetting of balances within the same tax jurisdiction, were as follows:

	2020 VND	2019 VND
Beginning of year	15,452,882,554	25,045,913,639
Consolidated income statement charge/(credit) (Note 30)	1,064,152,737	(9,593,031,085)
End of year	<u>16,517,035,291</u>	<u>15,452,882,554</u>

Deferred income tax assets and deferred tax liabilities arise from the temporary difference between the accounting and the tax base, mostly from provisions, accrued expenses, accrued income and others.

The Group used a tax rate of 20% to determine deferred income tax assets and deferred income tax liabilities.

Deferred income tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

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19 BONUS AND WELFARE FUND

Movements in the bonus and welfare fund during the year are as follows:

	2020 VND	2019 VND
Beginning of year	63,714,423,492	79,023,473,294
Appropriation (Note 21)	33,344,065,079	39,686,230,847
Utilisation	(12,479,750,278)	(55,196,713,096)
Other increase	31,921,000	201,432,447
End of year	<u>84,610,659,293</u>	<u>63,714,423,492</u>

20 OWNERS' CAPITAL

(a) Number of shares

	2020		2019	
	Ordinary shares	Preference shares	Ordinary shares	Preference shares
Number of shares registered	<u>62,068,349</u>	<u>-</u>	<u>58,016,918</u>	<u>-</u>
Number of shares issued	62,068,349	-	58,016,918	-
Number of shares repurchased	<u>(100,450)</u>	<u>-</u>	<u>(100,450)</u>	<u>-</u>
Number of existing shares in circulation	<u>61,967,899</u>	<u>-</u>	<u>57,916,468</u>	<u>-</u>

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20 OWNERS' CAPITAL (continued)

(b) Details of owners' shareholding

List of major shareholders of the Company who held 5% or more of the shares and other shareholders was announced by HOSE at as 12 January 2020 and 27 February 2019. Details are as follows:

	2020		2019	
	Ordinary shares	%	Ordinary shares	%
E-Land Asia Holdings Pte. Ltd	26,849,110	43.26	25,092,627	43.25
Mr. Nguyen Van Nghia	7,561,594	12.18	-	-
Other shareholders	27,557,195	44.40	32,823,841	56.58
Treasury shares	<u>100,450</u>	<u>0.16</u>	<u>100,450</u>	<u>0.17</u>
Number of shares	<u>62,068,349</u>	<u>100.00</u>	<u>58,016,918</u>	<u>100.00</u>

(c) Movement of share capital

	Number of shares	Ordinary shares VND	Total VND
As at 1 January 2019	54,230,055	54,230,055	54,230,055
New shares issued	<u>3,786,863</u>	<u>3,786,863</u>	<u>3,786,863</u>
As at 31 December 2019	58,016,918	58,016,918	58,016,918
New shares issued	<u>4,051,431</u>	<u>4,051,431</u>	<u>4,051,431</u>
As at 31 December 2020	<u>62,068,349</u>	<u>62,068,349</u>	<u>62,068,349</u>

Par value of shares: VND 10,000.

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21 MOVEMENTS IN OWNERS' EQUITY

	Owners' capital VND	Share premium VND	Treasury shares VND	Investment and development fund VND	Other funds VND	Post-tax undistributed earnings VND	Total VND	Non-controlling interests VND	Total of capital and reserves VND
As at 1 January 2019	542,300,550,000	22,720,075,000	(5,939,990,000)	259,454,164,692	42,848,776,237	406,489,441,710	1,267,873,017,639	8,525,430,645	1,276,398,448,284
Capital increased during the year	37,868,630,000	-	-	(37,868,630,000)	-	215,726,330,417	215,726,330,417	-	-
Net profit for the year	-	-	-	-	-	(39,448,981,019)	(39,448,981,019)	(237,249,828)	(39,686,230,847)
Appropriation of net profit	-	-	-	-	-	(27,064,802,500)	(27,064,802,500)	(677,780,732)	(27,742,583,232)
Dividends paid	-	-	-	-	-	-	-	(550,000,000)	(550,000,000)
Repayment of capital contribution to NCI	-	-	-	-	-	-	-	-	-
As at 31 December 2019	580,169,180,000	22,720,075,000	(5,939,990,000)	338,889,982,733	55,921,214,723	425,325,102,081	1,417,085,564,537	8,181,518,989	1,425,267,083,526
Capital increased during the year	40,514,310,000	-	-	(40,514,310,000)	-	275,243,018,568	275,243,018,568	984,890,712	276,227,899,280
Net profit for the year	-	-	-	-	-	(108,841,810,935)	-	-	-
Appropriation of net profit	-	-	-	-	-	(33,057,790,510)	(33,057,790,510)	(286,274,568)	(33,344,065,079)
Dividends paid	-	-	-	-	-	(28,958,234,000)	(28,958,234,000)	(457,743,000)	(29,415,977,000)
As at 31 December 2020	620,683,490,000	22,720,075,000	(5,939,990,000)	396,291,264,759	66,847,433,632	529,710,285,204	1,630,312,558,595	8,422,382,132	1,638,734,940,727

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21 MOVEMENTS IN OWNERS' EQUITY (continued)

- (*) According to the Resolution No. 01/2019/NQ-DHCD dated 12 April 2019 of the Annual General Meeting, the Company's shareholders approved the appropriation to investment and development fund, bonus and welfare fund, and other funds with a ratio of 45%, 15% and 5%, respectively, from the profit after tax of the year 2019.
- (**) According to the Annual General Meeting's Resolution No. 1A/2020/NQ-DHCD and No. 02/2020/NQ-DHCD dated 20 June 2020, the Company's shareholders approved the issuance of 7% bonus shares at par value and 5% dividend payments in cash from profit after tax. After additional shares issuance, quantity of shares and charter capital of the Company increased by 4,051,431 shares and VND40,514,310,000, respectively, which were approved through the issuance of the 21st amended Enterprise registration certificate dated 5 October 2020. These were announced and approved by the HOSE according to the Decision No. 1460/TB-SGDHCM dated 25 August 2020.

According to the announcement No. 165/CV-TCG-O.LG dated 23 December 2020, the Company announced an advance of the 1st dividend payment for the year 2020 by cash at 5% per share, equivalent to VND30,983,949,500. Accordingly, the HOSE issued an announcement No. 2145/TB-SGDHCM dated 28 December 2020 regarding the final registration date to finalise the shareholders' list on 12 January 2021.

22 EARNINGS PER SHARE

(a) Basic earnings per share

Basic earnings per share is calculated by dividing the net profit attributable to shareholders after deducting the bonus and welfare fund by the weighted average number of ordinary shares outstanding during the year, excluding ordinary shares repurchased by the Company and held as treasury shares. Details are as follows:

	For the year ended	
	31.12.2020	31.12.2019 (**)
Net profit attributable to shareholders (VND)	275,243,018,568	215,726,330,417
Less amount allocated to bonus and welfare fund (VND) (*)	(41,286,452,785)	(32,358,949,563)
	<u>233,956,565,783</u>	<u>183,367,380,854</u>
Weighted average number of ordinary shares in issue (shares)	61,967,899	61,967,899
Basic earnings per share (VND)	<u>3,775</u>	<u>2,959</u>

- (*) Estimated amounts appropriated to bonus and welfare fund for the year ended 31 December 2020 are determined based on the 2020 profit distribution plan of the Company which was approved by shareholders at the Company's 2020 Annual General Meeting and the approved 2020 profit distribution plan of subsidiaries in accordance with the Board of Directors' Decision.

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22 EARNINGS PER SHARE (continued)

(a) Basic earnings per share (continued)

(**) Basic earnings per share of the year end ended on 31 December 2019 were recalculated as per guidance of Vietnamese Accounting Standards 30 – Earning per share as follows:

	For the year end ended 31.12.2019		
	As previously reported	Adjustments	As restated
Net profit attributable to shareholders (VND)	183,367,380,854	-	183,367,380,854
Weighted average number of ordinary shares in circulation (shares)	57,916,468	4,051,431	61,967,899
Basic earnings per share (VND)	3,166		2,959

(b) Diluted earnings per share

Diluted earnings per share is calculated by dividing the net profit attributable to shareholders, which already subtracted the bonus and welfare fund, by the weighted average number of ordinary shares outstanding during the year and the ordinary shares expected to be issued.

The Company did not have any ordinary shares potentially diluted during the year and up to the date of this consolidated financial statements.

23 OFF CONSOLIDATED BALANCE SHEET ITEMS

(a) Foreign currencies

As at 31 December 2020, included in cash and cash equivalents were balances held in foreign currencies of USD2,020,919; JPY92,079; and EUR167 (as at 31 December 2019: USD1,282,044; JPY93,531; and EUR178).

(b) Commitments under operating lease

The future minimum lease payments under non-cancellable operating leases were presented in Note 35(a).

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24 NET REVENUE FROM SALES OF GOODS AND RENDERING OF SERVICES

	2020 VND	2019 VND
Revenue from sales of goods and rendering of services		
Revenue from sales of finished goods	3,161,412,827,792	3,416,116,950,889
Revenue from rendering of services	260,526,427,101	176,862,787,889
Revenue from other activities	48,526,245,402	52,073,024,865
	<u>3,470,465,500,295</u>	<u>3,645,052,763,643</u>
Sales deductions		
Sales returns	(748,691,547)	(852,721,450)
Net revenue from sales of goods and rendering of services		
Net revenue from sales of finished goods	3,160,664,136,245	3,415,264,229,439
Net revenue from rendering of services	260,526,427,101	176,862,787,889
Revenue from other activities	48,526,245,402	52,073,024,865
	<u>3,469,716,808,748</u>	<u>3,644,200,042,193</u>

25 COST OF GOODS SOLD AND SERVICES RENDERED

	2020 VND	2019 VND
Cost of finished goods sold	2,598,224,047,392	2,886,570,096,721
Cost of services rendered	220,348,703,237	144,822,107,353
Provision for decline in value of inventories (Note 8)	479,236,693	3,098,976,957
Others	30,481,825,917	30,990,925,682
	<u>2,849,533,813,239</u>	<u>3,065,482,106,713</u>

26 FINANCIAL INCOME

	2020 VND	2019 VND
Realised foreign exchange gains	24,437,910,072	16,600,714,981
Interest income from deposits and loans	20,726,555,953	17,672,370,609
Dividends income	212,923,200	348,750,000
Others	2,387,740,000	-
	<u>47,765,129,225</u>	<u>34,621,835,590</u>

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27 FINANCIAL EXPENSES

	2020 VND	2019 VND
Interest expense	27,743,219,256	49,405,369,438
Realised foreign exchange losses	15,612,157,755	10,336,539,886
Net loss from foreign currency translation at year-end	4,661,707,553	3,057,992,385
Provision/(reversal of provision) for investments	40,374,115	(700,642,644)
	<u>48,057,458,679</u>	<u>62,099,259,065</u>

28 SELLING EXPENSES

	2020 VND	2019 VND
Staff costs	85,742,136,868	72,151,938,990
Transportation	18,787,506,754	18,016,437,873
Outside services	13,162,117,602	13,276,749,343
Depreciation	612,222,496	643,604,791
Others	25,672,193,866	29,573,167,118
	<u>143,976,177,586</u>	<u>133,661,898,115</u>

29 GENERAL AND ADMINISTRATION EXPENSES

	2020 VND	2019 VND
Staff costs	87,360,636,444	81,803,562,821
Outside services	15,009,971,505	14,676,020,428
Provision for doubtful debts	8,222,207,758	5,935,476,337
Depreciation and amortisation	8,149,807,626	6,753,084,777
Office equipment	5,336,382,047	3,682,858,601
Others	17,868,990,496	40,072,319,884
	<u>141,947,995,876</u>	<u>152,923,322,848</u>

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30 BUSINESS INCOME TAX ("BIT")

The BIT on the Group's accounting profit before tax differs from the theoretical amount that would arise using the applicable tax rate of 20% as follows:

	2020 VND	2019 VND
Net accounting profit before tax	343,254,684,706	274,032,952,250
Tax calculated at a rate of 20%	68,650,936,941	54,806,590,450
Effect of:		
Income not subject to tax	(664,706,620)	(4,709,255,412)
Expenses not deductible for tax purposes	362,540,805	781,439,342
Temporary differences for which no deferred income tax asset was recognised	(2,310,843,586)	-
Under-provision in previous years	2,223,152,148	1,592,706,724
Tax exemption	(241,565,549)	-
Consolidation adjustments	(992,728,713)	4,714,021,825
BIT charge (*)	<u>67,026,785,426</u>	<u>57,185,502,929</u>
Charged/(credited) to the consolidated income statement:		
BIT – current	68,090,938,163	47,592,471,844
BIT – deferred (Note 18)	(1,064,152,737)	9,593,031,085
BIT charge (*)	<u>67,026,785,426</u>	<u>57,185,502,929</u>

(*) The BIT charge for the year is based on estimated taxable income and is subject to review and possible adjustments by the tax authorities.

31 COSTS OF OPERATION BY FACTOR

	2020 VND	2019 VND
Raw materials	1,399,012,682,867	1,455,688,676,995
Staff costs	1,017,104,851,371	953,313,771,730
Outside services	570,224,817,919	704,070,559,425
Depreciation and amortisation	119,144,894,430	115,051,905,472
Others	106,563,538,997	63,632,356,278
	<u>3,212,050,785,584</u>	<u>3,291,757,269,900</u>

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32 SEGMENT REPORTING

The Board of Executive Officers of the Company determines that the management decisions of the Group are based primarily on the types of products and services the Group offers and the geographic locations in which the Group provides products and services. As a result, the primary segment reporting of the Group is presented in respect of the Group's geographic locations and business sectors.

Segment information based on the geographic locations of the Group is as follows:

	Year ended 31 December 2020			
	Domestic VND	Export VND	Total VND	Elimination VND
Net revenue from sales of goods and rendering of services	564,600,322,395	2,908,379,993,580	3,472,980,315,975	(3,263,507,227)
Cost of goods sold and services rendered	(458,643,156,227)	(2,394,154,164,239)	(2,852,797,320,466)	3,263,507,227
Gross profit from sales of goods and rendering of services	105,957,166,168	514,225,829,341	620,182,995,509	-
Net revenue from sales of goods and rendering of services	452,100,376,872	3,196,360,855,811	3,648,461,232,683	(4,261,190,490)
Cost of goods sold and services rendered	(373,261,852,486)	(2,696,481,444,717)	(3,069,743,297,203)	4,261,190,490
Gross profit from sales of goods and rendering of services	78,838,524,386	499,879,411,094	578,717,935,480	-

	Year ended 31 December 2019			
	Domestic VND	Export VND	Total VND	Elimination VND
Net revenue from sales of goods and rendering of services	3,421,190,563,346	5,723,295,048	3,472,980,315,975	(3,263,507,227)
Cost of goods sold and services rendered	(2,819,051,987,322)	(1,952,925,721)	(2,852,797,320,466)	3,263,507,227
Gross profit from sales of goods and rendering of services	602,138,576,024	3,770,369,327	620,182,995,509	-

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32 SEGMENT REPORTING (continued)

Segment information based on the business sectors of the Group is as follows:

	Year ended 31 December 2020				
	Garment and textile VND	Healthcare services VND	Other VND	Total VND	Elimination VND
Net revenue from sales of goods and rendering of services	3,421,190,563,346	46,066,457,581	5,723,295,048	3,472,980,315,975	(3,263,507,227)
Cost of goods sold and services rendered	(2,819,051,987,322)	(31,792,407,423)	(1,952,925,721)	(2,852,797,320,466)	3,263,507,227
Gross profit from sales of goods and rendering of services	602,138,576,024	14,274,050,158	3,770,369,327	620,182,995,509	-
Net revenue from sales of goods and rendering of services	3,592,127,017,328	48,824,566,656	7,509,648,699	3,648,461,232,683	(4,261,190,490)
Cost of goods sold and services rendered	(3,034,491,181,031)	(33,036,188,208)	(2,215,927,964)	(3,069,743,297,203)	4,261,190,490
Gross profit from sales of goods and rendering of services	557,635,836,297	15,788,378,448	5,293,720,735	578,717,935,480	-

	Year ended 31 December 2019				
	Garment and textile VND	Healthcare services VND	Other VND	Total VND	Elimination VND
Net revenue from sales of goods and rendering of services	3,421,190,563,346	46,066,457,581	5,723,295,048	3,472,980,315,975	(3,263,507,227)
Cost of goods sold and services rendered	(2,819,051,987,322)	(31,792,407,423)	(1,952,925,721)	(2,852,797,320,466)	3,263,507,227
Gross profit from sales of goods and rendering of services	602,138,576,024	14,274,050,158	3,770,369,327	620,182,995,509	-

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33 ADDITIONAL INFORMATION ON CERTAIN ITEMS OF THE CONSOLIDATED CASH FLOW STATEMENT

(a) Non-cash transactions affect the consolidated cash flow statement

	2020 VND	2019 VND
Bonus shares from the Investment and development fund	40,514,310,000	37,868,630,000
Purchase of fixed assets and other long-term assets that have not been settled	203,049,030	357,861,380

(b) Amount of loan actually withdrawn during the year

	2020 VND	2019 VND
Proceeds from borrowings following normal borrowing contracts	2,547,139,630,124	2,537,994,357,287

(c) Amount of loan principal actually paid during the year

	2020 VND	2019 VND
Repayments for borrowings following normal borrowing contracts	2,807,834,340,533	2,947,683,506,887

34 RELATED PARTY DISCLOSURES

As at 31 December 2020 and for the year then ended, the Group had balances and transactions with the following related parties:

Related party	Relationship
E-Land Asia Holdings Pte. Ltd.	Shareholder
E-Land World Limited ("E-Land")	Parent company of shareholder
Savimex Corporation	Associate
E-Land Retail Limited	Fellow group subsidiary of E-Land
E-Land Fashion India Private Limited	Fellow group subsidiary of E-Land
E-Land International Fashion (Shanghai) Co., Ltd.	Fellow group subsidiary of E-Land
SY Vina Joint Stock Company	Fellow group subsidiary of E-Land
E-Land Vietnam Corp. Ltd.	Fellow group subsidiary of E-Land
Eland Human Resource Development Center	Fellow group subsidiary of E-Land
E-Land Engineering & Construction Vietnam Company Limited	Fellow group subsidiary of E-Land
Wish Trading (Shanghai) Co., Ltd	Fellow group subsidiary of E-Land

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34 RELATED PARTY DISCLOSURES (continued)

(a) Related party transactions

During the year, the following transactions were carried out with related parties:

	2020 VND	2019 VND
i) Sales of goods and rendering of services		
E-Land World Limited	594,641,090,552	744,343,475,166
E-Land Retail Limited	107,570,388,105	171,110,482,323
E-Land Asia Holdings Pte. Ltd.	65,882,367,441	82,593,342,466
E-Land International Fashion (Shanghai) Co., Ltd.	11,950,621,200	17,733,802,987
E-Land Fashion India Private Limited	4,271,465,084	499,409,394
Savimex Corporation	1,064,855,000	800,017,190
SY Vina Joint Stock Company	724,013,233	694,005,620
E-Land Vietnam Corp. Ltd.	423,367,576	780,113,376
	786,528,168,191	1,018,554,648,522
ii) Purchases of goods and services		
Wish Trading (Shanghai) Co., Ltd.	6,201,712,411	11,793,342,192
Savimex Corporation	2,885,802,086	2,690,004,684
E-Land International Fashion (Shanghai) Co., Ltd.	2,436,858,962	11,320,250,118
SY Vina Joint Stock Company	2,079,314,177	11,916,378,177
E-Land Engineering & Construction Vietnam Company Limited	1,979,135,467	-
E-Land Vietnam Corp. Ltd.	735,217,317	654,407,548
E-Land Fashion India Private Limited	-	5,575,956,538
Eland Human Resource Development Center	-	53,503,327
	16,318,040,420	44,003,842,584

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34 RELATED PARTY DISCLOSURES (continued)

(a) Related party transactions (continued)

iii) Compensation of key management

	2020		2019	
	Salary and bonus VND	Remuneration VND	Salary and bonus VND	Remuneration VND
Ms. Phan Thi Hue	648,549,498	148,973,540	631,091,332	228,411,690
Mr. Tran Nhu Tung	1,347,281,960	99,315,692	1,162,757,570	152,274,462
Mr. Lee Eun Hong	4,317,439,508	99,315,692	4,723,576,538	152,274,462
Mr. Kim Dong Ju	-	99,315,692	1,501,150,034	152,274,462
Ms. Nguyen Minh Hao	1,344,370,303	99,315,692	1,438,548,304	152,274,462
Mr. Kim Soung Gyu	-	99,315,692	-	152,274,462
Mr. Uong Tien Thinh	-	300,000,000	-	225,000,000
Ms. Ngo Thi Hong Thu	-	210,000,000	-	157,500,000
Mr. Song Jae Ung (formerly known as Deputy Chief Executive Officer)	3,758,797,708	-	5,111,264,300	-
	<u>11,416,438,977</u>	<u>1,155,552,000</u>	<u>14,568,388,078</u>	<u>1,372,284,000</u>
			2020 VND	2019 VND

iv) Financing activities

Dividends paid to E-Land Asia Holding Pte. Ltd.	<u>30,111,143,500</u>	<u>28,141,257,000</u>
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(b) Year end balances with related parties

Short-term trade accounts receivable (Note 5)

E-Land World Limited	22,604,645,159	37,926,749,691
E-Land Asia Holdings Pte. Ltd.	7,244,082,504	2,264,909,184
E-Land Fashion India Private Limited	4,741,326,761	498,762,211
E-Land Retail Limited	3,873,019,210	6,448,177,479
E-Land International Fashion (Shanghai) Co., Ltd.	2,075,162,108	2,410,256,532
Savimex Corporation	195,200,000	-
SY Vina Joint Stock Company	-	159,345,000
E-Land Vietnam Corp. Ltd.	-	1,837,587
	<u>40,733,435,742</u>	<u>49,710,037,684</u>

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34 RELATED PARTY DISCLOSURES (continued)

(b) Year end balances with related parties

	2020 VND	2019 VND
Short-term trade accounts payable (Note 12)		
Wish Trading (Shanghai) Co., Ltd.	2,380,897,900	1,694,975,943
E-Land International Fashion (Shanghai) Co., Ltd.	750,266,317	716,860,379
Savimex Corporation	450,226,634	388,088,649
E-Land Vietnam Corp. Ltd.	208,469,072	194,313,367
E-Land Engineering & Construction Vietnam Company Limited	14,998,833	-
SY Vina Joint Stock Company	-	150,700,730
	<u>3,804,858,756</u>	<u>3,144,939,068</u>
Advances from customers (Note 13)		
E-Land World Limited	9,592,651,008	-
SY Vina Joint Stock Company	3,666,212	27,868,214
	<u>9,596,317,220</u>	<u>27,868,214</u>

35 COMMITMENTS

(a) Commitments under operating leases

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

	2020 VND	2019 VND
Within one year	1,548,020,709	7,447,785,085
Between one and five years	5,888,292,949	12,509,218,226
Over five years	43,752,731,459	38,893,919,155
	<u>51,189,045,117</u>	<u>58,850,922,466</u>
Total minimum payments		

As at 31 December 2020, a land lease contract of the Company was expired. The Company and the lessor are negotiating to renew of this contract.

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35 COMMITMENTS (continued)

(b) Capital commitments

Capital expenditure contracted for at the balance sheet date but not recognised in the financial statements is as follows:

	2020 VND	2019 VND
Plant and structures	5,208,100,000	211,416,000
Machinery and equipment	-	565,994,100
Others	1,112,879,261	414,293,076
	<u>6,320,979,261</u>	<u>1,191,703,176</u>

36 EVENT AFTER THE CONSOLIDATED BALANCE SHEET DATE

As disclosed in Note 21, according to the announcement No. 165/CV-TCG-O.LG dated 23 December 2020, the Company announced an advance of the 1st dividend payment for the year 2020 by cash at 5% per share, equivalent to VND30,983,949,500. The payment of this dividend was completed on 4 February 2021.

The consolidated financial statements were approved by the Board of Executive Officers on 15 March 2021.



Pham Thi Thanh Thuy
Preparer



Nguyen Minh Hao
Chief Accountant




Lee Eun Hong
General Director



THE LEGAL REPRESENTATIVE

HO CHI MINH, APRIL 3rd, 2021



Lee Eun Hong
General director



36 Tay Thanh, Tay Thanh Ward, Tan Phu District, Ho Chi Minh City



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