



**HEAD QUARTER**

Add : Duong Xa, Gia Lam, Ha Noi  
Tel: +84 24 3827 6490  
Email: info@everon.com

**HUNG YEN FACTORY**

Add : Tan Quang, Van Lam, Hung Yen  
Tel: +84 221 379 1777

**DONG NAI FACTORY**

Add: Route 4, Bien Hoa 1 Industrial Zone  
City Bien Hoa, Dong Nai Province  
Tel: +84 251 886 9152

EVERPIA JSC

ANNUAL REPORT 2020



Everpia JSC

# ANNUAL REPORT

**2020** Sustainable Development as Strategy

# CONTENTS

CHAPTER	▶	<b>THIS IS EVERPIA</b>	
<b>01</b>		Company profile	2
		Corporate Philosophy	2
		2020 Highlights	3
		History and Development	4
		Achivements	4
		Business	6
		Distribution System	7
		Business Location	8
		Charter Capital Increasing Process	10
		Organization Chart	11
		Shareholder Structure	12
CHAPTER	▶	<b>DEVELOPMENT STRATEGY</b>	
<b>02</b>		2018-20 Strategy Review	16
		Action Plan 2021	17
		Development Strategy 2021-2025	19
		Risk Management	21
CHAPTER	▶	<b>BUSINESS PERFORMANCE REPORT</b>	
<b>03</b>		Board of Management Report	28
		Board of Director Report	38
CHAPTER	▶	<b>CORPORATE GOVERNANCE</b>	
<b>04</b>		Members of Board of Directors and Board of Supervisors	42
		Corporate Governance Report	44
		Board of Supervisors' Report	51
CHAPTER	▶	<b>SUSTAINABILITY REPORT</b>	
<b>05</b>		Sustainability Goals 2023 and 2020 progress	56
		Sustainability at Every Stage	58
		Economic Value Sharing	60
		Environmental Sustainability	62
		Social Responsibility	68
		GRI Index	76
CHAPTER	▶	<b>CONSOLIDATED FINANCIAL STATEMENTS</b>	80
<b>06</b>			



Everpia JSC

For any inquires and violation reporting,  
please contact Planning team as follow:

**PLANNING TEAM**  
Everpia Joint Stock Company

\* Tan Quang, Van Lam, Hung Yen  
\* (84-221) 3791 777 ( Ext: 348)  
\* (84-221) 3791 999  
\* www.everpia.vn  
\* info@everon.com

# CHAIRMAN FOREWORD



## **Dear Valued Shareholders,**

On behalf of the Board of Directors, it is my pleasure to present to you Everpia JSC's Annual Report for the financial year ended 31 December 2020. I would like to express gratitude to all of our employees on their dedicated work for the company during the difficult year as 2020. To the world, 2020 will be remembered as the year of unforeseen pandemic. So much that are considered normal have become abnormal and it is easy to notice where such drastic changes are manifested. It has also affected our business in many ways from localization of material procurement to diverting the traditional distribution channel to ecommerce operation. Amid the radical changes, 2020 will be remembered as the year to step forward in our commitment to sustainability.

At the 2019 Annual Shareholders Meeting, Everpia has stressed its vision to sustainable development by ensuring values of different stakeholders: shareholders, employees, local communities, customers, business partners, and the planet Earth. Our commitment to stakeholders' values is not only a moral decision but also a strategic decision. It brings us greater business opportunities and enables us to create long-term values for all of our stakeholders. COVID-19 has proven to us how

delicate business is to the health (both literally and metaphorically) of its stakeholders.

Businesses with weak ties to its stakeholders fell apart and the ones with strong ties have prolonged. COVID-19 reminded us how important our strategic decision is to sustainable development of the company. It assured us to accelerate our role as a socially and environmentally responsible corporation in the years to come.

## **Strengthening Ties with Stakeholders**

In FY2020, Everpia has strengthened its ties with key stakeholders. As COVID-19 outbreak limited much of business activities, many companies had to reduce various expenses including staff salary. Vietnam's second quarter unemployment rate in urban areas reached a 10-year high of 4.46 percent, according to the General Statistics Office. Even though it was difficult decision, our Board of Directors unanimously agreed that it was a chance for Everpia to strengthen its ties with its employees by securing their employment during the pandemic. Moreover, the lockdown of the transmitted village near our Hung Yen factory was an opportunity for Everpia to show our responsibility and support towards the local community. As the chairman of the board, I'm grateful for fellow directors to prioritize the well-being of our employees as well as their families and communities.

We also embarked on preparatory work to establish strong ties with our precious stakeholder, the Earth. In addition to the 5S innovation project to reduce waste, Everpia implemented RECP (Resource Efficiency Cleaner Production) consulting into all of our factories. Recommendations from RECP

consultants have greatly increased productivity and significantly reduced our environmental footprint.

## **Accelerating Sustainable Development as Strategy**

Strengthening ties with various stakeholders by ensuring their values is not an easy job. It requires careful attention in everyday decision-makings and sometimes turns seemingly simple issues into more complex ones. As much as values of each stakeholder shape different forms over time, the more time and effort is demanded for myself and fellow Everpians. However, having gone through COVID-19 pandemic together, we have realized that the well-being of every stakeholder is essential component to our business. I'm more certain that our way to become socially and environmentally responsible corporation is the right way, both morally and economically. In FY2021 and beyond, Everpia will continue to uphold our strategy to develop sustainably into the future.

I would like to close this year's chairman message by revisiting the opening message of our first comprehensive Sustainability report: "Sustainability is in our name, Ever-pia. Embedded in the name is our vision of a world that lasts forever. It has been the direction that guided our decisions and it will continue to withstand as our only destination."

On behalf of the Board of Directors, I would like to express sincere gratitude to our shareholders for their continuous trust and support for Everpia and kindly invite to join us in our journey towards sustainable development.

April, 2021

A handwritten signature in blue ink, appearing to be 'CHO YONG HWAN', written in a cursive style.

CHO YONG HWAN  
Chairman of the Board

CHAPTER

# 01

# THIS IS EVERPIA

Company profile	2
Coporate Philosophy	2
2020 Highlights	3
History and Development	4
Achievements	4
Business	6
Distribution System	7
Business Location	8
Charter Capital Increasing Process	10
Organization Chart	11
Shareholder Structure	12



## I THIS IS EVERPIA

- **Company name** : Everpia Joint Stock Company
- **Short name** : Everpia JSC
- **Charter capital** : 419,797,730,000 VND
- **Head Office** : Noi Thuong Residential Area, Duong Xa Commune, Gia Lam District, Hanoi, Vietnam
- **Stock code** : EVE
- **Business License** : 0101402121
- **Tel** : (+84-24) 3827 6490
- **Fax** : (+84-24) 3678 2030
- **Website** : www.everpia.vn
- **Email** : info@everon.com

## II CORPORATE PHILOSOPHY



## III 2020 HIGHLIGHT



**TOTAL ASSET**  
**1,353** Bil



**OWNER'S EQUITY**  
**944.3** Bil



**ROA**  
**3.1%**



**ROE**  
**4.5%**

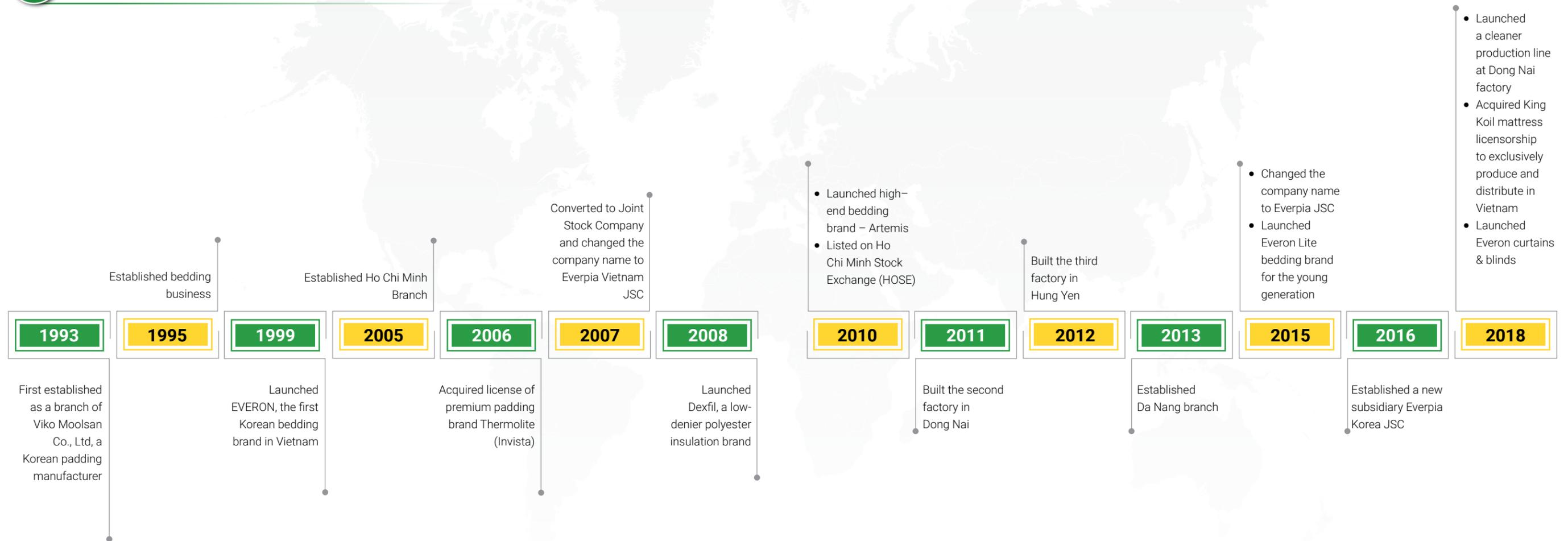
### ▶ FINANCIAL RATIO

	2018	2019	2020
ROA	5.1%	4.7%	3.1%
ROE	8.4%	7.7%	4.5%
ROS	6.5%	7.2%	4.2%
EBIT	112.2	107.74	70.27
Debt/Equity	63.9%	63.8%	43.3%

### ▶ OTHER INFORMATION

	2018	2019	2020
No. of Branches	6	7	7
No. of Subsidiaries	1	1	1
No. of Showrooms	15	20	20
No. of Agents	384	406	425
No. of Employees	1,599	1,466	1,495

## IV HISTORY OF DEVELOPMENT



## V ACHIEVEMENTS



**2008**

Gold Cup for international economic integration



**2010**

National famous trademark



**2016**

- Top 100 Sustainable Business in Vietnam
- Corporate Social Responsibility 2016 for Korean companies in Vietnam



**2019**

- Top 5 Corporate Governance
- Top 100 Sustainable Business in Vietnam



**2012**

- Top 50 performing listed companies in Vietnam
- Impressive logo & slogan in 2012
- Golden trademark of the year



**2013**

- Top 100 products and services for the families
- Top 500 of the biggest corporate income tax payable in Vietnam
- Top 500 of the fastest growing businesses in the year of 2012



**2017**

Top 100 Sustainable Business in Vietnam



**2020**

- Top 100 Sustainable Business in Vietnam
- Top 5 Best Annual report for small-cap listed companies.



**2018**

Top 100 Sustainable Business in Vietnam

## VI BUSINESSES

BEDDING BUSINESS		
	Bed Linen (blanket, pillow and bed sheet)	<b>1,600,000</b> Products sold <b>534 bil</b> VND in Revenue
	Bedding Insert	
	PE Mattress, Spring Mattress & Divan	

PADDING BUSINESS		
	Padding (Polyester Insulation)	<b>11 mil</b> yards of padding rolls sold <b>204.1 bil</b> VND in Revenue
	Quilting Products	

CLEANER BUSINESS		
	Microfiber face towel and bath towel	<b>8.2 mil</b> cleaner products sold <b>96 bil</b> VND in Revenue
	Microfiber Cleaner Products	

CURTAIN, FURNITURE AND OTHER ITEMS		
	Curtain & Blind	<b>21 bil</b> VND in revenue
	Furniture and home decoration items	
	Other Home total products	

## VII DISTRIBUTION SYSTEM

Distribution system is one of the core strengths of Everpia. The Company has developed a wide range of distribution channels in both domestic and global markets.

DOMESTIC MARKET	
	<p><b>Roadshops nationwide</b></p> <p>A large network of traditional roadshops nationwide reaches Vietnamese consumers in both urban and rural areas.</p>
	<p><b>Supermarkets and Malls</b></p> <p>Modern and large retailers continue to become popular shopping destinations for Vietnamese consumers in urban areas. Everpia continues to develop this network as a bridge to bring the best products to serve the diverse needs of the market.</p> <p>In addition, corporate customers are also an effective means of bringing Everpia's brands and products to further development in the market.</p>
	<p><b>E-commerce</b></p> <p>With the strong development of the e-commerce environment in Vietnam, Everpia distributes products on its own website and e-commerce markets.</p>
	<p><b>Hotels and Resorts</b></p> <p>Continuous growth of the hospitality and tourism industry in Vietnam demands supply of high-quality home textile products, mattresses, and furniture. With competitive price and good quality. Everpia to bring all businesses and hotels with the best products, ready to accompany the development of the system of restaurants, hotels and tourism nationwide. This is also a potential and long-term sales channel for the company</p>

EXPORT MARKET	
<p><b>APPAREL AND OUTDOOR INDUSTRY</b></p>	Padding and Quilting: Vietnam is a global sourcing destination for apparel brands and outdoor brands. Everpia supplies customized polyester insulation products to respective buyers
<p><b>HOME TEXTILE INDUSTRY</b></p>	Bedding: South Korea, Japan, and Dubai are the main export market of bedding products. With the goal of becoming a global company, Everpia is constantly researching superior quality products and exporting to high-demand markets such as the US and Europe
<p><b>TOWELS AND CLEANER</b></p>	Towels and Cleaner: Europe, the United States, and Korea are the main export markets

## VIII BUSINESS LOCATIONS

### ► EVERPIA HAVE:



#### 01 HEAD QUARTER

Noi Thuong residential area – Duong Xa – Gia Lam – Ha Noi



#### 01 SUBSIDIARY

In Korea



#### 03 FACTORIES

Factory Ha Noi, Hung Yen, Dong Nai



#### 05 BRANCHES

Da Nang, T.p Ho Chi Minh, Hoa Binh, Binh Duong, Khanh Hoa

### ► FACTORY

HA NOI FACTORY	HUNG YEN FACTORY	DONG NAI FACTORY
<ul style="list-style-type: none"> <li>• Noi Thuong residential area – Duong Xa – Gia Lam – Ha Noi</li> <li>• Square: 15,000 m<sup>2</sup></li> <li>• Tel: (84-24) 3827 6490</li> <li>• Fax: (84-24) 3827 6492</li> <li>• Production Items: Padding &amp; Quilting</li> <li>• Production Capacity: 15 million yards/year</li> </ul>	<ul style="list-style-type: none"> <li>• Tan Quang industrial zone – Tan Quang, Van Lam, Hung Yen</li> <li>• Square: 17,670m<sup>2</sup></li> <li>• Tel: (84-221) 3791 777</li> <li>• Fax: (84-221) 3791 999</li> <li>• Production Items: Bedding business, including linen and mattress.</li> <li>• Production Capacity: 3 million bedding items/year</li> </ul>	<ul style="list-style-type: none"> <li>• Lot 4, Bien Hoa I industrial park, Bien Hoa, Dong Nai</li> <li>• Square: 37,726 m<sup>2</sup></li> <li>• Tel: (84-251) 8869 152</li> <li>• Fax: (84-251) 8869 151</li> <li>• Production Items: Padding, bedding &amp; cleaner products</li> <li>• Production capacity: 10 million padding yards, 1 million bedding items and 15 million cleaner items.</li> </ul>



### ► NON-MANUFACTURING BRANCH

BRANCHES	
Ho Chi Minh Branch	Address: G26-G27, 3A Street, Q7 District, Ho Chi Minh City.
Da Nang Branch	Address: No 439, Hoang Dieu St, Binh Thuan ward, Hai Chau District, Da Nang City.
Hoa Binh Branch	Address: Lam Son commune, Luong Son District, Hoa Binh province.
Binh Duong Branch	Address: Lot L3-03, floor L3, Vincom center, Vincom Plaza Dī An building, Thong Nhat street, Dī An ward, Dī An town, Binh Duong Province.
Khanh Hoa Branch	Address: Lot no.1, block CL5, Hon Ro II resettlement area, Phuoc Dong commune, Khanh Hoa province.

### ► SUBSIDIARY

#### Everpia Korea JSC

**Percentage of ownership:** 100%

**Business scope:** (i) Trading and importing-exporting products, consult and transfer technology in production and business fields of non-woven fabric, filter cloth, felt, blanket, bed cover, pillow, mattress, sleeping bag, kit-bag, handbag, underwear and other garment products in accordance to Korean regulation (ii) Importing-exporting products for dining table, kitchen, toilet, office, indoor, decoration, home furnishing products and/or other items which has similar purposes; furniture made of wood and other material.

**Charter capital:** 34,000,000,000 VND

**Address:** A-408, Hyeondae Knowledge Industry Center, 3 Godeung-ro, Sujeong-gu, Seongnam-si, Gyeonggi-do, Republic of Korea

### ► AFFILIATED COMPANY

TEXPIA JOINT STOCK COMPANY	HYOJUNG SOFT TECH COMPANY
<b>Percentage of ownership:</b> 44%	<b>Percentage of ownership:</b> 24%
<b>Business scope:</b> Producing and processing Cleaners and cloth for sewing Cleaners.	<b>Business scope:</b> Software Development, Card payment agency service, POS hardware maintenance & installation, POS software development.
<b>Charter capital:</b> 26,339,590,000 VND	<b>Charter capital:</b> 5,000,000,000 VND
<b>Address:</b> Biên Hòa 1 Industrial area, An Binh district, Bien Hoa city, Dong Nai province, Viet Nam.	<b>Address:</b> Lot 47, HDI project, Mac Thai Tong Street, Yen Hoa ward, Cau Giay, Ha Noi City, Viet Nam.

## IX CHARTER CAPITAL INCREASING PROCESS

Everpia has not increased charter capital in 2020

ISSUE DATE	DESCRIPTION	NUMBER OF NEW SHARES	CHARTER CAPITAL AFTER THE NEW ISSUES (VND)
06/2007	Mirae Asset Maps Opportunity Vietnam Equity Balanced Fund 1	480,000	52,800,000,000
10/2007	Dream No.7 Investment Partnership	200,000	54,800,000,000
08/2008	Bonus share rate 2:1	2,740,000	82,200,000,000
06/2009	<ul style="list-style-type: none"> <li>Private placement</li> <li>Bao Viet Securities Company</li> <li>Agriseco JSC.</li> <li>Mr. Tran Ngoc Be</li> </ul>	2,500,000	107,200,000,000
06/2010	Stock dividend (rate 15%)	1,607,996	123,279,960,000
07/2010	<ul style="list-style-type: none"> <li>Private placement</li> <li>Red River Holdings</li> <li>Vietnam Japan Fund</li> <li>FPT Capital</li> <li>FC Capital</li> </ul>	3,000,000	153,279,960,000
07/2011	Stock dividend (rate 50%)	7,663,990	229,919,860,000
11/2011	ESOP	410,000	234,019,860,000
07/2012	Stock dividend (rate 20%)	4,584,532	279,865,180,000
07/2016	Stock dividend (rate 50%)	13,993,255	419,797,730,000



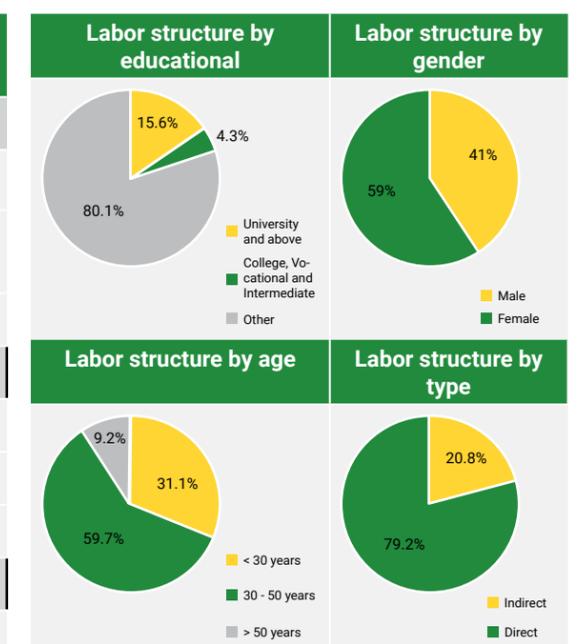
## X ORGANIZATION CHART



### ▶ LABOR STRUCTURE

As of December 31, 2020, Everpia has **1,495** employees.

Labor Structure	Number of Employees	Rate (%)
<b>Educational Background</b>		
University and above	233	15.6%
College, Vocational and Intermediate	65	4.3%
Secondary Education and below	1,197	80.1%
<b>Age</b>		
Under 30 years	465	31.1%
30 years-50 years	892	59.7%
Over 50 years	138	9.2%
<b>Gender</b>		
Male	612	40.9%
Female	883	59.1%

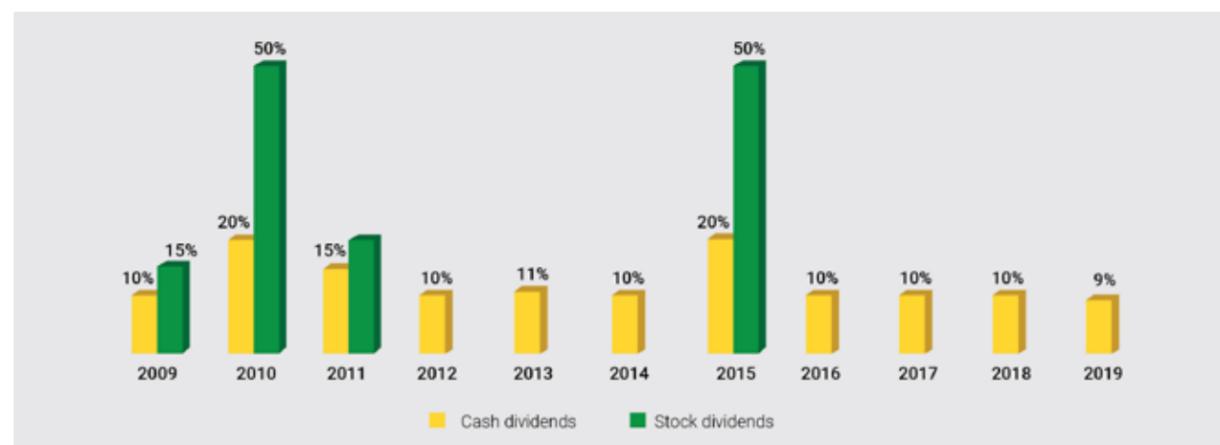


# XI SHAREHOLDER STRUCTURE

## SHARES

<b>41,979,773</b> Total number of Everpia's shares	<b>38,047,973</b> Outstanding shares
	<b>3,931,800</b> Treasury shares

With a total of 41,979,773 shares, Everpia issued an outstanding volume of 38,047,973 shares and 3,931,800 treasury shares. All of these shares are unrestricted ordinary shares. In 2020, the company did not make any treasury shares transactions.



## SHAREHOLDER STRUCTURE

Shareholder list in 24/03/2021, Everpia has over 1,281 professional and non-professional investors from both domestic and international markets.

### Professional Securities Investors

STT	TYPE	NO. OF SHARES	RATE OF OWNERSHIP	NO. OF SHAREHOLDERS	SHAREHOLDER STRUCTURE	
					INSTITUTION	INDIVIDUAL
1	Non-professional major shareholders	7,006,800	16.69%	1	0	1
	- Local	0	0%	0	0	0
	- Foreign	7,006,800	16.69%	1	0	1
2	Professional major shareholders	8,642,010	20.59%	3	3	0
	- Local	0	0.00%	0	0	0
	- Foreign	8,642,010	20.59%	3	3	0
3	Other professional shareholders	2,486,832	5.92%	39	39	0
	- Local	196,093	0.47%	22	22	0
	- Foreign	2,290,739	5.46%	17	17	0
<b>TOTAL</b>		<b>18,135,642</b>	<b>43.20%</b>	<b>43</b>	<b>42</b>	<b>1</b>

### List of Major Shareholders

SHAREHOLDER NAME	NO. OF SHARES	RATE OF OWNERSHIP	TRANSFER RESTRICTION
LEE Jae Eun	7,006,800	16.69%	0
NH Investment & Securities Co., Ltd.	3,263,405	7.77%	0
KOREA INVESTMENT & SECURITIES CO., LTD.	2,956,875	7.04%	0
AFC VF LIMITED	2,421,730	5.77%	0
Trinh Xuan Giao	2,020,470	4.81%	0
<b>TOTAL</b>	<b>17,669,280</b>	<b>42.09%</b>	<b>0</b>

### Shareholder Structure by Stock Type

TYPE	TRANSFER RESTRICTION	NO TRANSFER RESTRICTION	TOTAL	RATE OF OWNERSHIP (%)
<b>I. Special Shareholders</b>	0	<b>8,264,060</b>	<b>8,264,060</b>	<b>19.69%</b>
1. Board of Directors	0	7,541,830	7,541,830	17.97%
2. Managements	0	7,541,830	7,541,830	17.97%
3. Audit Committee	0	18,630	18,630	0.04%
4. CFO	0	70,000	70,000	0.17%
5. Chief Accountant	0	3,600	3,600	0.01%
6. Authorized personnel for information disclosure	0	70,000	70,000	0.17%
7. Appointed personnel by BOD	0	700,000	700,000	1.67%
<b>II. Treasury Shares</b>	0	<b>3,931,800</b>	<b>3,931,800</b>	<b>0%</b>
<b>III. Union</b>	0	<b>0</b>	<b>0</b>	<b>0%</b>
<b>I V. Shareholders owning preferred shares</b>	0	<b>0</b>	<b>0</b>	<b>0%</b>
<b>V. Other Shareholders</b>	0	<b>29,783,913</b>	<b>29,783,913</b>	<b>70.95%</b>
<b>1. Local</b>	<b>0</b>	<b>9,838,389</b>	<b>9,838,389</b>	<b>23.44%</b>
1.1 Individual	0	9,642,296	9,642,296	22.97%
1.2 Institution	0	196,093	196,093	0.47%
1.3 State	0	0	0	0%
<b>2. Foreign</b>	0	<b>19,945,524</b>	<b>19,945,524</b>	<b>47.51%</b>
2.1. Individual	0	9,012,775	9,012,775	21.47%
2.2. Institution	0	10,932,749	10,932,749	26.04%
<b>TOTAL</b>	<b>0</b>	<b>41,979,773</b>	<b>41,979,773</b>	<b>100%</b>

CHAPTER  
**02**

# DEVELOPMENT STRATEGY

2018-20 Strategy Review	22
Action Plan 2021	23
Development Strategy 2021-2025	25
Risk Management	27



## I 2018-20 STRATEGY REVIEW

2020 marks the final year of the three-year strategy 2018-2020. Following are notable results from the implementation.



### EXPAND BUSINESS SCOPE BASED ON CURRENT CORE BUSINESS

- Signed licensorship to exclusively manufacture and distribute the No. 1 spring mattress brand in the world - King Koil in Vietnam.
- Launched Everon curtain and blind products .
- Develop new product lines with high applicability, aiming at customers with special requirements for health issues.
- Complete the installation of machines and production processes.



### SET UP A DISTRIBUTION CHANNEL OF HOME TEXTILE PRODUCTS

SHOWROOM SYSTEM			AGENT SYSTEM	
2018	2019	2020	425	293
Opening <b>3</b> new showrooms	Opening <b>8</b> new showrooms	opening <b>1</b> new showroom	Total number of agents	Number of agents with area over 100m2
Total number of showrooms in 2020: <b>20</b> showrooms located in <b>8</b> provinces				



### EXPORT SALES ACCOUNTS FOR 50% OF DOMESTIC REVENUE.

Export sales from bedding, padding and cleaner products accounted for **37.6%** of total revenue, equivalent to **60.3%** of domestic sales.

## II ACTION PLAN 2021

2021 marks the embarkment of 5 Year Development Strategy 2021-2025. Everpia's Board of Directors set out the detailed action plans for 2021 to achieve the strategic goals:

### ► 2.1 Home Total Business

Combining the traditional bedding and mattress business with newly established curtain business, Everpia will execute strategies to strengthen branding, increase market share and enhance the quality of products and services.

#### a) B2C Unit

The business direction for 2021: (1) Refresh the brand image; (2) Develop omni-channel shopping experience; (3) Expand product categories.



#### Refresh the brand image

- Upgrade visual presentation of retail stores and synchronize with branded digital marketing platforms
- Set up experience zones and offer sleep & health consulting service in store
- Collaborate with high-end consumer product brands in marketing campaign and product display



#### Develop omni-channel shopping experience

- Develop marketing strategy for each target segment based on customer journey on digital platforms
- Integrate a digital marketing platform with offline retail stores
- Develop professional customer service team to optimize offline and online shopping experience



#### Expand product categories

- Research urban home textile market trends and consumer behavior for new product development.
- Outsource new products with outstanding functions from international markets to domestic consumers.

#### b) B2B Unit



Strategic directions for B2B Unit are: (1) Focus on the 5-star luxury resorts and hotels, (2) Provide products in package, including bedding items, mattresses, cushions, curtains, and other hotel furniture, (3) Expand product portfolio to capture other B2B market.

#### c) Export OEM/ODM Unit



In a good condition of Vietnam's macroeconomic and international trade position, export business for bedding products own many advantages and potential for development, with the following strategic directions: (1) Increase the proportion of FOB orders instead of merely processing, by strengthening and developing a sustainable supply chain; (2) Specialize the production lines and quality checking for export orders; (3) Optimize the Vietnam's bilateral and multilateral free trade agreements to expand markets and strengthen supply chain.

## ► 2.2 Padding Business

Competition for market share in the padding industry has become ever fierce due to increase in local market entrants with lower price points and decrease in the global consumer demands for insulated jackets due to global warming. However, as the export turnover of Vietnamese textile and garment industry is expected to increase over 7% annually, the market size of the padding industry in Vietnam is also expected to grow. Everpia aims to increase its market share by strategies in following categories: (1) Sustainable Production (2) Marketing (3) Product Development.



### Sustainable Production:

- Upgrade the sustainable production practices by applying international standards such as RCS, GRS, ISO 14001, and Higg Index modules
- Join production optimization programs and initiatives to seek professional advice
- Promote the eco-friendly materials and packaging.



### Marketing:

- Tap on the market opportunities on global sustainability trend
- Attend trade shows and related industry events to raise awareness



### Product Development:

- Invest in research and development of padding products focusing on innovative materials and production method.

## ► 2.3 Cleaner Business



EVFTA provides a growth potential to cleaner exports to European market. In addition to upholding the current export market share, Everpia plans to expand the domestic market through the following plans:

- Take advantage of Everon's distribution system: (i) B2C: sell in set, or with bedding items; (ii) B2B: sell as give aways of electronics distributors, or gift of corporations.
- Distributed through supermarkets, convenience stores.
- Approach industrial cleaning service suppliers.

## ► 2.4 Sustainable Development Strategy



Transition to environmental, social, and governance focused-business comes from not only a moral choice, but also a positive business model as the demands for sustainable consumption and production soars due to the impact of climate change.

Everpia has developed action plans to reach sustainable development goals with the key contents as below.

- Establishment of an internal Sustainability Committee, under the ultimate management of the CEO, in charge of managing sustainability issues. This committee will propose strategies, monitor the implementation, and promote improvement efforts.
- In order to increase the efficiency of sustainability work, the Company will capture new trends, learn industry practices and strategies by joining domestic and international industry associations and initiatives, looking for further support in finance and others.
- Everpia's sustainability strategy focuses on reduction measures that mitigate negative impact on the environment, through the optimization of resources, the application of new technologies and new eco-friendly materials, as well as promoting good social practices.

## ► 2.5 Other Activities



In addition, the Company further strengthens internal capacity by:

- Adjust incentive policy for the sales force in accordance with the business strategy of each business unit.
- Continue the Factory Innovation program.
- Perform evaluation on 5S and 3 NOs bi-weekly
- Monitor and control production through 4M production management technique.

# III DEVELOPMENT STRATEGY 2021-2025

## ► 3.1 Goals

### 01

#### Home Total Brand

Develop Everon as a favored home total brand for Vietnamese households.

### 02

#### Sustainable Production & Products

Greening our factories and products through reaching sustainability goals

### 03

#### Revenue & profit growth

- Target to net profit ratio at 10%
- Maximize the shareholder benefits with committed dividend policy.

## ► 3.2 Long-term Strategy

Below is Everpia's long-term strategy based on the analysis of local and global trends affecting the business environment.



**KEY TREND**

Sustainable Production and Consumption

**CONTEXT**

Due to the impact of climate change, the trend of promoting naturally sourced/ recycled/sustainably produced products increase.



**IMPACT**

As part of the global textile supply chain, Everpia is in urgent need to upgrade sustainability standards for business expansion. However, the appropriate scale and timeline should be considered.

**EVERPIA'S STRATEGIES**

- Greening the production: efficient use of resources, reduce effluents, waste, emissions
- Promote global sustainability standards in supply chain.
- Prioritize suppliers with sustainable practices.
- Promote sustainable consumption practices.

**KEY TREND**

Integration of Online and Offline Shopping Experience

**CONTEXT**

Seamless shopping experience is the modern trend in brick-and-mortar stores  
Technology is drastically changing concepts and ways of doing business



**IMPACT**

Demand for innovating the distribution network to catch up with the digitalization trend  
Demand for promoting effective online business models and coordinating with existing retail distribution networks

**EVERPIA'S STRATEGIES**

- Promote the "home total fashion" in product portfolio diversification, and "one-stop shopping" for distribution system
- Integrate the online business platform with offline retail stores
- Develop Digital marketing strategy as the key communication and advertisement tool.



**IV RISK MANAGEMENT**

**4.1 Purpose**

Successful executions of the Action Plan 2020 and Development Strategy 2021-2025 demand acute analysis of potential risks. Everpia has identified two major risks that may arise in pursuit of our long-term strategy, namely Strategic Risk and Operational Risk. Strategic Risk pertains to fluctuations in the macroeconomic environment and sudden changes in market developments that may interfere or affect the execution of our business strategies. Operational Risk refers to the uncertainties and hazards in our day-to-day business operation resulting from incomplete or irrationality in the system, policy or process.

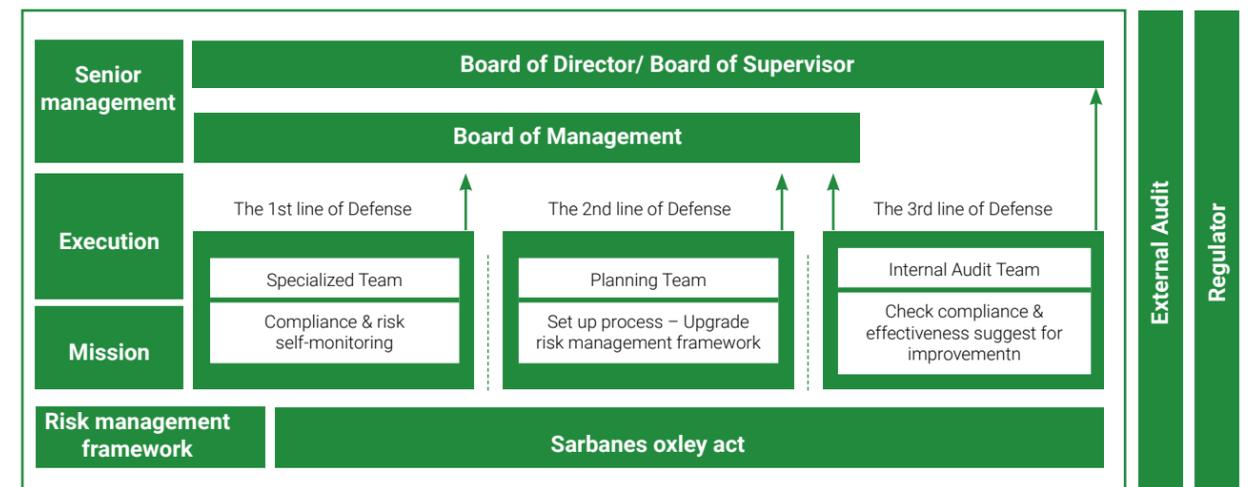
Aware of the importance of risk management in the production and business operation, the Company has developed a risk management process to:

- Identify internal and external risks, thereby proactively managing risks, minimizing damages and taking advantage of opportunities from risks.
- Ensure that the business operations of the Company are stable and sustainable, maintain the growth rate and fulfill the set targets.
- Build awareness and culture of risk prevention and management rather than dealing with consequences.

**4.2 Risk management system**

In addition to building a risk matrix and governance measures according to the Sarbanes-Oxley Act standards to ensure that the figures in the financial statements are

accurate and reliable, Everpia also built the model (3 lines of defense model) to ensure governance for all company's operating processes.



**General Director and Department manager**

- Set up a risk matrix for each corporate business process.
  - Evaluate and rate the risks after identifying them by the levels of its influence on the Company
  - Periodically assess compliance and develop improvement measures to limit risks in each activity.

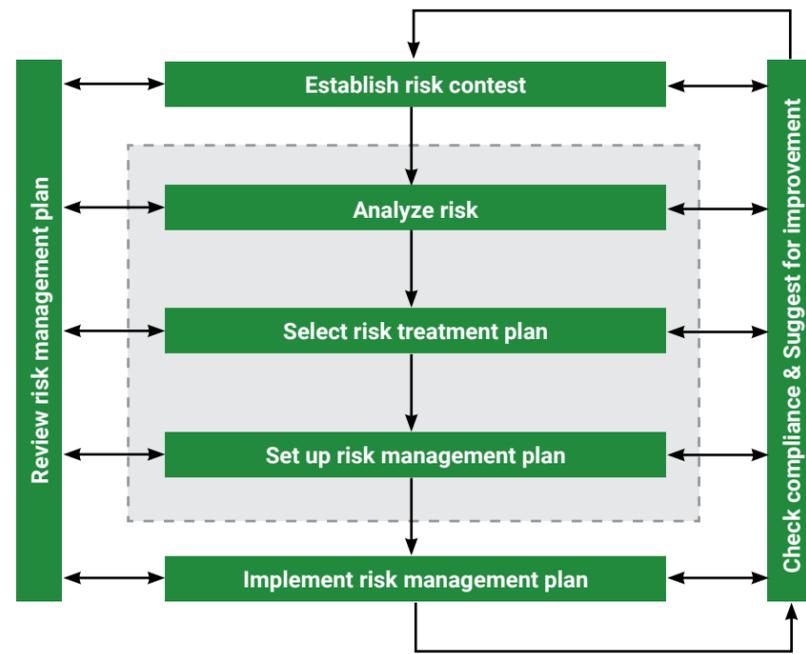
**Internal control**

- Monitor and control activities of departments to ensure compliance.
- Promptly prevent and handle occurred fault or potential risks.

**Supervisory Board**

- Ensuring the effectiveness of governance, risk management and internal control, including an independent assessment of how Board of Directors and internal control fulfill their control and risk management objectives
- In combination with the Supervisory Board, the Company is setting up an Internal Audit Board (IA) of which the members will join as the second defense line in bringing added value in supporting or advising the Company to effectively manage risks.

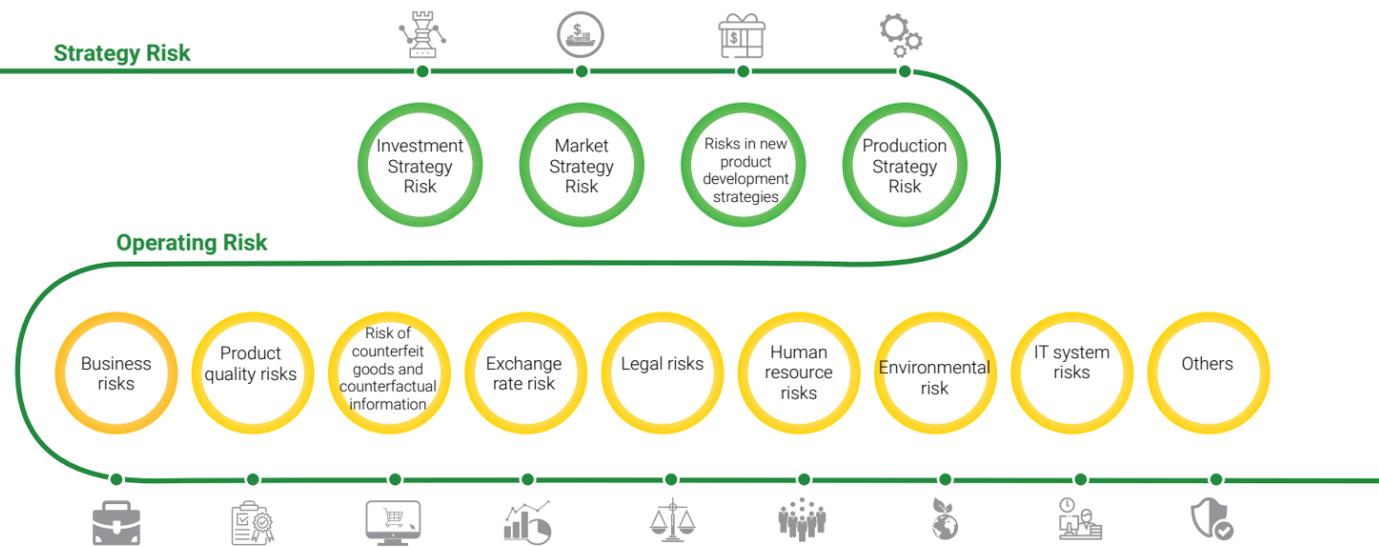
► 4.3 Risk management process



► 4.4 Identify risks and set up control method

Under the supervision of the Supervisory Board, Everpia builds a risk control system to track feasibility and impact capacity. The risk control system updates any significant

movement in the macro environment as well as internal operations, thereby helping the Company to promptly adjust strategy or provide response solutions.



CONTROL METHOD



INVESTMENT STRATEGY RISK

Investment strategy has substantial consequences to capital and cash flow. Everpia is investing in 2 affiliates companies and a subsidiary in Korea. The feasibility and potential in the future is still uncertain which is difficult to predict the challenge during operation.

In order to minimize this risk, investment decisions are thoroughly evaluated by the Board of Management and the Board of Director based on the size of the target market such as scalability, competitiveness, finance efficiency, technology-specific and related risks. In addition, the company also has backup plans to respond immediately to the worst scenario.



MARKET STRATEGY RISK

Market strategy determines market share in general or the Company's sales in particular. Misjudging the trends and demand of the target customers will lead to wrong decisions about the price, quality, characteristics, product design, advertising strategy that lead to sales decrease, and losing competitive advantages, increasing inventories and can't take advantage of scale.

To mitigate this risk, executives Board, sales and marketing departments regularly research the market, updating trends and demand of different customer segments and media channels as well as advertising channels that have the greatest influences to make decisions on price, quality, product design and advertising strategy, promotion and customer service.



RISKS IN NEW PRODUCT DEVELOPMENT STRATEGIES

Aiming at providing home total fashion appliances in the Vietnamese retail market, the Company has imported a number of household appliances made of fabric and will continue to import more new items in the coming time. The implementation of new product lines arises risks such as strategies to develop new product lines are not suited with the demand of the market, can't not arrange human resources, supply chains, and finance to launch the new product lines.

The Company conducted thorough surveys of market demand, competitors and how to reach the target customers; make appropriate human planning, find suppliers, cooperate and implement together; prepare financial resources and assess risks, set up backup plans before launching new product lines.



PRODUCTION STRATEGY RISK

Unreasonable production strategy, not catching up with the production techniques; the ability to innovate products is limited due to the capacity of factory and machines; inefficient investment in machinery; current machinery is not maintained or appropriately maintained which leads to the loss of raw materials, increase breakdown which lead to wasteful, production delay, workmanship decrease, production management level can't catch up with changes and practical demands

Company regularly updates and compares current machinery capacity and production techniques to new production machines and techniques; carefully consider factors of market demand, investment costs, arrangement, operation capability, etc before deciding to invest in new machinery lines; set up plans for reasonable machine maintenance; periodically training to improve skills and update advanced management skills for factory management level and production planning department.



BUSINESS RISKS

For a manufacturing company like Everpia, the risk of bad debt and high inventory will affect cash flow and working capital.

Establishing a principal contract of debt policy, using the ERP system for statistics of debt indicators, monitoring daily debt reminders and making provisions for bad debts that have helped the Company manage customers receivables debts well.

## CONTROL METHOD



### PRODUCT QUALITY RISKS

The risks of input material quality and manufacturing errors lead to the decline in the output quality of finished products which greatly affects the brand image of the Company.

To prevent this risk, the company has set standards and procedures to check the quality of input materials and finished products as well as invest in new machinery to ensure new quality requirements for products from customers.



### RISK OF COUNTERFEIT GOODS AND COUNTERFACTUAL INFORMATION

Counterfeit goods and counterfactual information on social networks and the Internet damage the brand image, product quality and the reputation of the Company.

To prevent counterfeit products, the Marketing Department regularly checks and updates the market situation to promptly detect the stores and organizations selling counterfeit products. Moreover, the company regularly improves anti-counterfeiting stamps and operates a barcode system to search and check the genuinity of products. To prevent the spread of counterfactual information, the PR Department regularly checks social network platforms and the Internet to identify counterfactual information and react immediately to ensure brand image and reputation of the Company.



### REXCHANGE RATE RISK

The Company's raw materials for production and business activities are mainly polyester fibers and fabrics imported from foreign partners. Fluctuations in exchange rates may affect production costs and profit.

Everpia monitors exchange rate fluctuations forecast and implements material purchasing contracts via L / C to prevent the risk of foreign currency shortage, the impact of exchange rate fluctuation.



### LEGAL RISKS

In Vietnam, laws and sub-law documents are often changed and not synchronized. The risks include lawsuits, disputes and penalties in contracts and agreements.

The Legal Department synchronizes company policies with updated laws and regulations.



### HUMAN RESOURCE RISKS

Sudden resignation of employees leads to unprepared human resources to operate the business and increases costs for new employee training.

In order to limit human resource risks, the Everpia implements a long-term remuneration and incentive policy and organizes regular internal training sessions to provide career development opportunities.

## CONTROL METHOD



### ENVIRONMENTAL RISK

Increasingly the local governments and international stakeholders raise attention to the environmental impact of businesses. The environmental risks include fines and the reputation of the Company and our brands.

To limit environmental risks, the company invests in waste treatment systems, refrain from using toxic chemicals in the production, and increase the use of environmentally friendly materials. Everpia complies with international standards for responsible production such as Higg FEM, Global Recycling Standards and ISO 14001.



### IT SYSTEM RISKS

IT systems are one of the core parts of the management system in the company: risks such as data loss, viruses, malfunctioning, and hacking cause a great threat to the operation of the Company.

In order to prevent risks from IT systems, the company performs daily data backup to avoid data loss, regularly update, refine the software system, and improve the computer system security.



### OTHERS

Risks such as natural disasters, fires, and epidemics seriously affect production and business activities of the company.

The Company implements risk mitigation measures by purchasing property insurance, installing fire protection systems, and fully implementing hygiene and safety measures.



CHAPTER  
**03**

**BUSINESS  
PERFORMANCE  
REPORT**

Board of Management Report 28

Board of Director Report 38

Everyday, **EVERON.**

# A BOARD OF MANAGEMENT REPORT

## I. Overview of textile industry and retail market in 2020

According to the statistics of the Ministry of Industry and Trade, the textile industry is one of the industries bore the most impacts from Covid-19 pandemic, along with tourism, aviation, and footwear. The global demand for textiles in 2020 declined significantly, the productivity of textile enterprises only reached 50-60% of their capacity. The material supply chain was broken, the exportation was interrupted, orders fell sharply, many orders were even canceled, delayed, etc causing export turnover to decrease by 25% over the 2019. In addition, Companies had to ensure not only production but also the health and safety of thousands of workers.

For domestic retail market, social distancing, lockdown and increasing unemployment rate have extended the concerns about households' income and finances, thereby reducing consumer confidence and willingness to spend. Even in the recovery phase in the last months of the year, consumer demand was still low combined with financial concerns

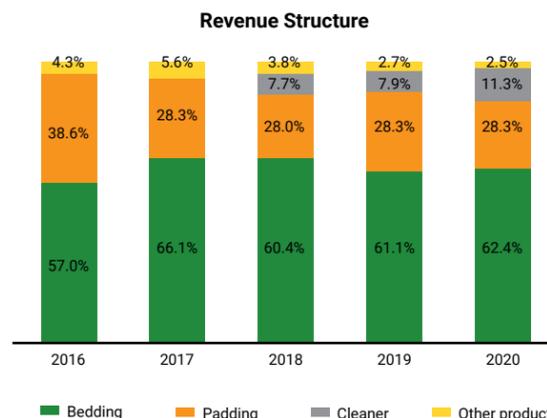
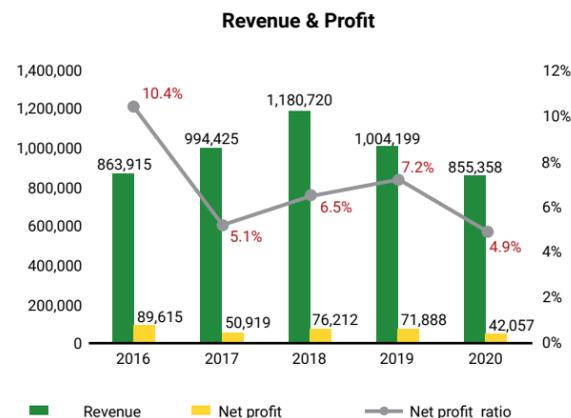
is the root cause of limited spending on non-essential products, including bedding.

However, the Covid-19 epidemic opened up a new consumer trend: online shopping and omni-channel sales model. According to statistics announced by iPrice Group, by the end of 3Q.2020, up to 44.8 million Vietnamese consumers adopt online shopping, 70% of which will become the motivators for the strong development of online business market.

According to the HBR's survey, 73% of the 46,000 consumers appreciate the omni-channel shopping experience of online stores. In fact, the Omni channel model has been around for many years, but it wasn't popular until recently. In 2020, 97% of online stores apply multi-channel retail models, of which more than 54% own 5 sales channels. Multi-channel sales is obviously becoming a clear trend in the near future.

## II. Business performance

Under the impact of Covid-19 epidemic, the two main business of the Company, namely Bedding and Padding were significantly affected. If bedding is affected by social distancing measures and purchasing power decreases due to a drop in consumer income, then Padding is affected by export orders from Korea and Europe. Thanks to the positive anti-epidemic measures from the Government and the timely adaptation of the domestic textile enterprises, Everpia's business performance was positively recovered in the 2nd half, but revenue was still not as good as expected. Since the decline in revenue is combined with the lower operating performance than its full capacity of factories for a long time and Management's efforts in keeping stable income for employees. The Company's profit rate in 2020 only reached 4.9%, decrease 41.9% over the same period.



In the context that 100% of textile businesses did not meet the sales & profit target, only 22% of businesses with positive profit growth over the same period in 2019, Everpia ended fiscal year 2020 with VND855.4 bil. in sales and VND42.1 bil. in profit, accomplished 85.5% of the revenue target and 51.3% of the profit target, assigned by the General Shareholders, with the negative revenue growth compared to the same period in 2019.

With the slogan "Sustainable Development as Strategy", despite having to do business during extremely difficult times, the Board of Management remains positive to the long-term growth of Everpia:

- i) set up e-commerce platform by cooperating with Agent system;
- ii) research and connect with home appliances suppliers towards the goal of providing "home total fashion" by 2025;
- iii) Use raw materials and manufacture according to international standards: Oeko tex, Higg, GRS towards eco-friendly.

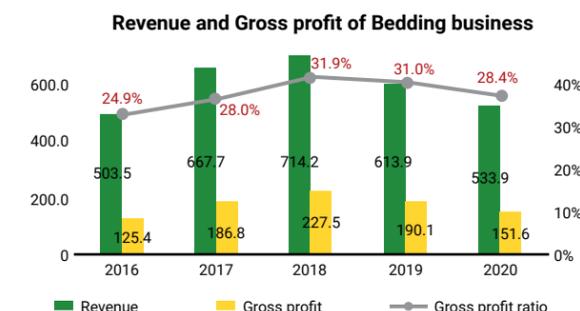
The following analysis of business units will assist the readers to better understand the operating context of each business as well as the commitment of the Board of Management to sustain long-term value to the shareholders.

(Unit: mil. VND)

Item	2020 Actual	2020 Target	2019 Actual	Target Accomplishment Rate	Growth Rate
Consolidated Revenue	855,358	1,000,000	1,004,199	85.5%	-14.8%
Consolidated NPAT	42,057	82,000	71,888	51.3%	-41.5%

### 1. Bedding business

Covid-19 pandemic broke out right after the Lunar New Year, causing many difficulties for the Bedding business in the first several months of the year. Implementing the Prime Minister's Directive No. 16/CT-TTg on social distancing to ensure safety, all showrooms and almost a third of the Company's agents in 28 provinces with high risk such as Hanoi, Ninh Binh, Hai Phong, Bac Ninh, Ha Tinh, Ho Chi Minh, etc closed, completely stopped all business activities during April. Number of domestic and foreign travellers fell deeply, leaving hotels across the country into a freeze in busines. Accordingly, revenue from domestic retail (B2C) and hotel orders (B2B) was almost none during this period.



Gross profit of the Bedding industry down from 31.0% to 28.4% due to:

- i) The lower operation ratio of the factory in the first half of the year, while the income of all employees was still preserved,
- ii) Discount of some products to share difficulties with agents due to moderate operation under impact of Covid-19.

To adapt to the new situation and take advantage of the Digital marketing platforms created from 2019, Everpia has accelerated online business activities with the launching of new e-commerce website at [www.everon.com](http://www.everon.com), and the exclusive brand for online business K-Bedding. Sales from online channels accounted for 9% of total retail sales (B2C) in 2020.

At the end of the fiscal year 2020, total bedding sales reached VND533.9 bil., decreased by 13.0% over 2019. In which, revenue from B2C was VND400 bil., B2B was VND60.5 bil. and exportation was VND72.6 bil., with the corresponding proportion in the total bedding at 75.1%, 11.3% and 13.6% respectively. From the sales of VND66.7 bil. in 2019, the export sales in 2020 increased by 8.9% thanks to the growth of orders from existing customers with their trust in EVE's quality and delivery commitment.

In spite of the sales decline, the Company has implemented many foundational activities for long-term sustainable development.

#### ◆ For domestic retails:

- Deploy the POS sales management system at 160 out of 425 agents nationwide. It is expected that by the end of 2021, this POS system will be applied to 100% of Everon outlets;
- Launch the e-commerce site [www.everon.com](http://www.everon.com) towards the vision of an e-commerce platform. The core is the connection between everon.com and the POS system, to distribute online orders directly to agents, and agents will conduct the sales transaction;

- Perform periodic caring activities to enhance the connection between the Company and the agent owner;
- Open 12 new agents, focusing on new residential areas located in complex real estate projects, provinces with outstanding economic growth in recent years such as: Bac Ninh, Bac Giang, Vinh Phuc, Nha Trang;
- Introducing new premium collection made from Hanjil pulp – new fabric that first appeared in Vietnam;
- Pilot importing and selling online some fabric-made home appliances, towards the goal of “home total fashion” retail brand by 2025.

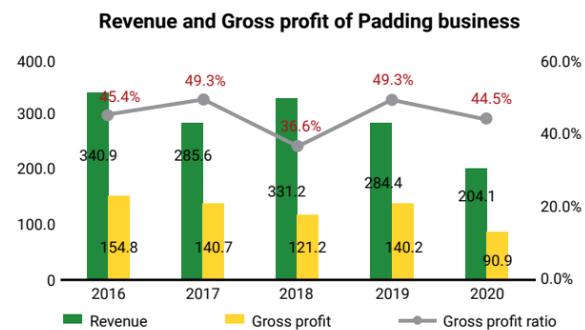
#### ◆ Hotel & corporate orders and bedding export:

- Training on negotiation and risk control skills for sales staff to minimize post-sales risk, especially regarding debt collection;
- Grouping customers for the most efficient management.

## 2. Padding business

According to a report on Covid’s effect issued by the Vietnam Textile and Apparel Association, 87.1% of textile companies had their orders reduced, 53.5% of enterprises had their orders canceled by customers. Although many orders had been signed since 2019, but in the force majeure of pandemic, Everpia had no choice but allow customers to delay delivery and delay payment.

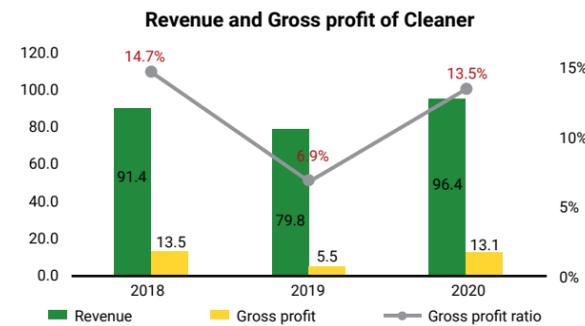
With the revenue structure of 72.3% export and 27.7% domestic, the padding sales in 2020 has decreased by 28.4% over the same period, of which the sales of padding declined by 30.8%, and quilting down 15.6%.



Although revenue decreased and the factory has gone through a period of lower operating result than its full capacity, the gross profit ratio in 2020 was still at a high rate of 44.5%. This was the highest profit margin in the padding business, while the largest competitor’s was only 13.6% in the last two years. The reasons of this star rate are: i) the execution of global certifications in production management and working environment such as: GRS - Global recycle Standard, BSCI – Business Social Compliance Initiative; ii) a strong team of highly skilled workers for high-level products with high requirements.

## 3. Cleaner business

2020 was the second year that Everpia officially runs the Cleaner business made from microfiber after acquiring entire production from the affiliated company Texpia. Like the padding business, the cleaner is an export-focused business, with 95% from export. Thanks to the intensive customer caring activities from 2020 and the good material sourcing with big inventory before Covid outbreak, as well as the full towel production line, Cleaner sales in 2020 has reached VND96.4 bil., a rise of 20.8% from 2019. In addition, the innovation in production management to reduce material waste and optimize work force in each process has pushed the gross profit ratio of 2020 up to 13.5%.



## 4. Curtain business

Curtain products are divided into 03 main groups: Blinds, ready-made curtains and order-made curtains. In the revenue structure in 2020, 65% of revenue comes from hotel and interior partners, 22% from agent systems and showrooms, the remaining 13% from retail orders.

The year 2020 marked the embarkment of Everon curtain to the 4-star and 5-star hotel and resort projects, and a good impression with contractors and project investors for outstanding quality as strictly-controlled manufacturing process. The presence at Vietbuild Furniture and Construction Fair in November 2020 has helped the Everon curtains not only introduce to customers but also approach many domestic construction and furniture enterprises. The company has been promoting strategic cooperation with real estate and construction & furniture companies to bring curtain products into its projects.

As the first Company to introduce ready-made curtain to the market, Everon expects to create standard sizes for curtain products, changing the habit of using curtains of Vietnamese people. In 2020, ready-made curtain was sold through e-commerce channels and supermarkets. In 2021, the Company plans to expand sales channels and diversify accessories for ready-made curtain.

## 5. Other Products

In addition to the main business, revenue from other products such as furniture, decorations, kitchen wares, design consulting contributed VND6 bil. total sales.

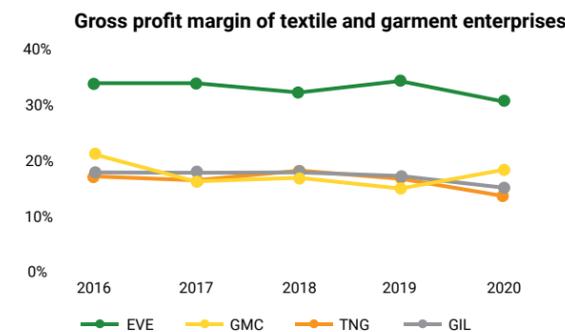
## 6. Business Effectiveness

Items	2018	2019	2020
Gross profit ratio	32.3%	34.2%	30.7%
Profit before tax ratio	8.1%	9.4%	6.6%
Return on sales (ROS)	6.5%	7.2%	4.9%
Return on equity (ROE)	8.4%	7.7%	4.5%
Return on assets (ROA)	5.1%	4.7%	3.1%

Business effectiveness indicators decreased year-on-year due to:

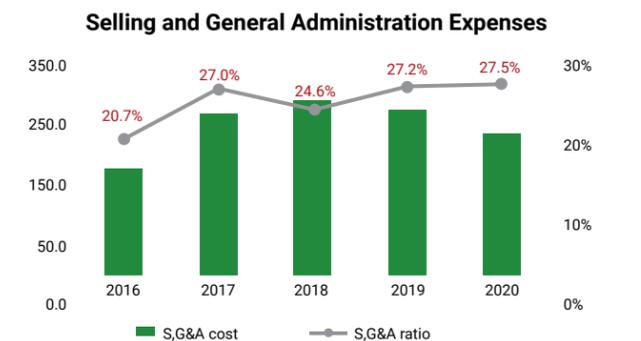
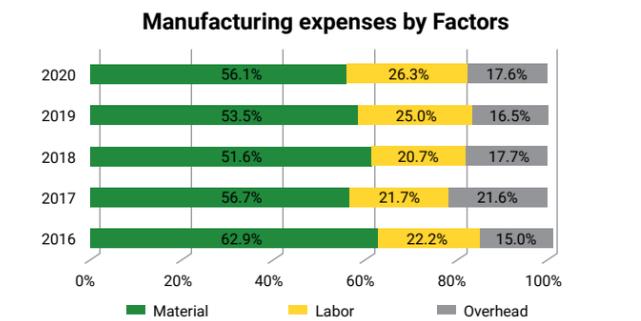
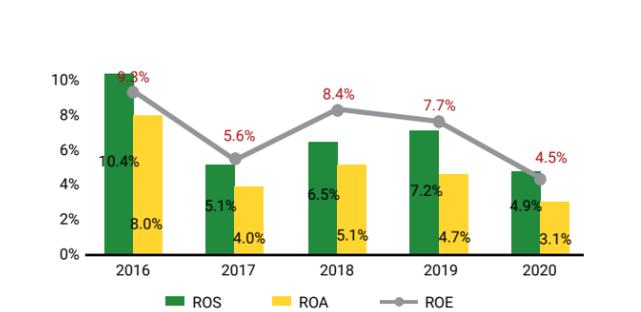
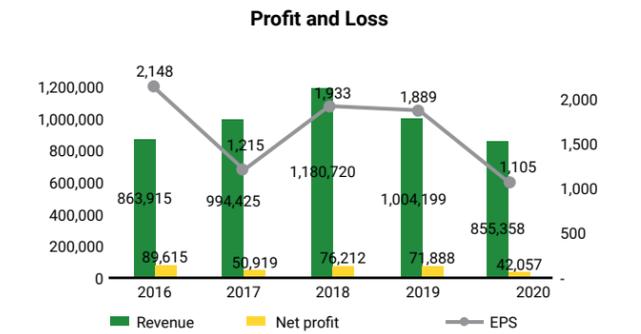
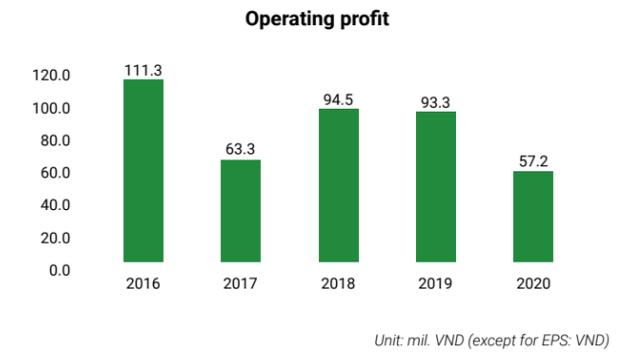
- Declining revenue,
- The company adjusted selling price through promotion discount to support the retail system,
- The factory has gone through a period of operating under capacity but wages and allowances for employees are still maintained.

However, in terms of gross profit margin in comparison with textile enterprises, Everpia has an average gross profit margin of 32.4%, double than average gross profit margin of textile enterprises is 16.8%



In terms of absolute value, selling and administrative expenses in 2020 decreased by VND37.8 bil. compared to 2020. In terms of proportion, this expense keep the same ratio as last year with 27.5% on net revenue. Selling expenses was used for the following main things:

- Open 2 new showrooms in Ho Chi Minh City,
- Take care agents,
- R&D activities and
- Digital Marketing.



### III. Investment

In 2020, Everpia did not invest in any projects. The Company's investment activities are carried out through two forms: short-term financial investments and capital contribution investments in other entities.

#### 1. Short-term investment

##### 1.1 Held-for-trading Securities

The Company classified the bond as held-for-trading securities (short-term) based on the proposition by the management to divest before maturity date.

Issuer	31 December 2020 (VND)	Principal and interest repayment term	Interest rate (%)
Mirae Asset Securities (Vietnam) LLC	20,000,000,000	1 year, interest receivable on annual basis, Principal is due on 12 May 2021,	7.8%

The profit from selling securities held for trading in 2020 has contributed to financial income of VND3,8 bil.

##### 1.2 Held-to-maturity Investments

Held-to-maturity investments represent deposits with terms from 6 months to 1 year, which earn interest at rates ranging from 4.4% to 7.1% per annum (2019: deposits with terms from 6 months to 1 year, which earn interest at rates ranging from 6.9% to 12% per annum).

	Ending balance		Beginning balance	
	Cost	Carrying value	Cost	Carrying value
Term deposits	516,313,000,000	516,313,000,000	515,700,000,000	515,700,000,000

#### 2. Investment in other entities

By the end of 2020, Everpia has 02 investments in the form of buying shares of unlisted enterprises, specifically:

Company	Shares	Ownership	Investment value (VND)
Bac Ninh Pharmaceutical JSC	172,000	0.7%	2,638,200,000
Kalon Investment Asset Co., Ltd	30,000	5.7%	6,129,000,000
<b>TOTAL</b>			<b>8,767,200,000</b>

Since the initial investment in Bac Ninh Pharmaceutical JSC in 2009, Everpia has annually received cash dividend at an average rate of 15%, The return on investment value at the end of 2020 is 64.9%.

Kalon Investment Asset is a new investment by Everpia in 2019, The initial investment value is KRW 300 million for 5.7% ownership.

### IV. Associates Performance

Everpia currently has 1 subsidiary – Everpia Korea JSC and 2 affiliated companies – Hyojung Soft Tech JSC and Texpia JSC

#### 1. Everpia Korea JSC

◆ **Ownership ratio:** 100%

◆ **Business scope:**

- Consulting and technology transfer services in business of non-textile fabric, filtered fabric, bedding product and other textile items.
- Right to import, export products of non-textile fabric, filtered fabric, bedding product and household appliances

◆ **Summary activities:** the main activities of Everpia Korea are: i) business development: searching for Padding and Bedding sales orders and ii) product development: expanding supplier network, researching market, developing new products for Everpia.

Operating in the context 2020 that Korea recorded a negative growth of -1% for the first time during 22 years, Everpia Korea reached VND86.2 bil. in revenue and VND3.4 bil. in profit.

#### 2. Hyojung Soft Tech Joint Stock Company

◆ **Ownership ratio:** 24%

◆ **Business scope:** Software Development, Card payment agency service, POS hardware maintenance & installation, POS software development.

◆ **Summary activities:** By the end of 2020, Hyojung provides total POS solution for more than 500 retail stores including POS (Payment), PCPOS, PROGRAM, and SI (System Intergration). Besides, the company also makes and sells software according to specific requirements of each customer. The company earned VND25.3 bil. in revenue and VND11.9 bil in profit after tax from these two main business activities. Thanks to the positive business performance, Hyojung paid cash dividend to shareholders at the rate of 200%.

Besides financial returns from invested capital, investing in Hyojung aims to drive the digital transformation of Everpia's wide network of 600 franchise stores and showrooms throughout Vietnam. All of Everon stores will be equipped with advanced Fintech technologies ranging from financial services, POS, and card bank



services (zeropay, giftcon, and virtual account services) to customer management services. Furthermore, Big Data analysis from all transactions occurred at Everon stores will help Everpia to effectively operates its product portfolio and efficiently manage its production and distribution system.

#### 3. Texpia Joint Stock Company

◆ **Ownership ratio:** 24%

◆ **Business scope:** Producing and processing Cleaners and cloth for sewing Cleaners

◆ **Summary activities:** Everpia acquired the entire project of Texpia at the end of 2017 and started with Cleaner Business from 2018. Currently, Texpia stalled its operation and is running without any assets. Texpia's management will implement all necessary procedures for liquidation in the coming time.

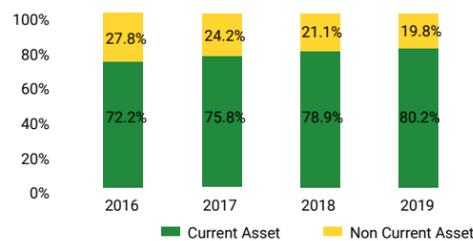


## V. Financial Position

### 1. Basic Financial Indicators

Items	2018	2019	2020
<b>Total Assets (mil,VND)</b>	<b>1,490,113</b>	<b>1,537,633</b>	<b>1,353,033</b>
<b>Asset (%)</b>			
• Non-current assets/Total assets	21.1%	19.8%	19.6%
• Current assets/Total assets	21.1%	80.2%	80.4%
<b>Resources (%)</b>			
• Liabilities/Total resources	27.0%	39.0%	30.2%
• Shareholders' equity/ Total resources	73.0%	61.0%	69.8%
<b>Liquidation Capacity (ratio)</b>			
• Current ratio	5.5	5.1	7.1
• Quick ratio	3.5	3.4	4.9
• Short-term debt coverage	0.4	0.2	1.0
• Account receivable turnover	4.9	4.4	4.7
• Inventory turnover	2.0	1.7	1.6
<b>Profitability Ratio (%)</b>			
• Gross profit ratio	32.3%	34.2%	30.6%
• Operating profit ratio	8.0%	9.3%	6.6%
• EPS	1,933	1,889	1,105

### 2. Asset



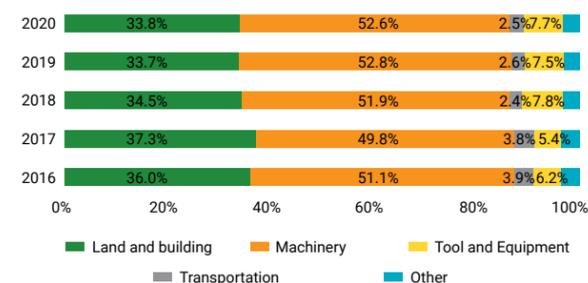
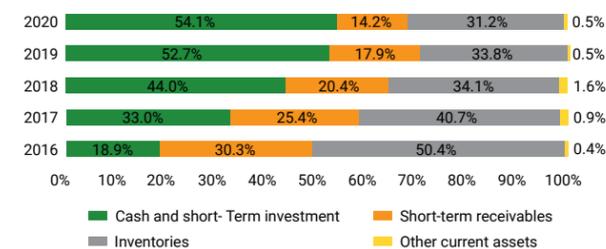
Total assets in 2020 dropped by 12% compared to 2019, equivalent to VND 1,355 billion, in which short-term and long-term assets decreased by 11.8% and 12.7%, respectively. Asset structure has a slight change from non-current assets to current assets due to increase in short-term investments. The proportion of current asset on average 80% of total assets has made the quick ratio and current ratio always stay at over 3.5 times during the past three years.

#### Current asset structure

Assessing customer capacity before signing the contract and only producing when receiving at least 30% deposit from customer led the account receivables decrease from 17.9% to 14.2%. Besides, the Company continued to strictly control inventories, so the proportion of inventories in total short-term assets decreased respectively from 33.8% to 31.2%.

#### Tangible Fixed Asset Structure

In 2020, the Company spent VND6.4 billion to upgrade motor vehicles, mattress production line and buy some new machinery such as memory steaming machine, automatic pillow filling machine, automatic blanket cranked frame. The Company also sold and liquidated a number of office machines and equipment with the total amount of VND7.7 billion. In terms of asset structure, tangible fixed assets in 2020 have almost no significant change compared to 2019.



### Asset use efficiency

#### Inventory period:

Ending inventory value decreased by 14.6% because during the period, the Company implemented many measures to reduce inventories such as: B2C pre-order program in order to reduce both raw material and finished goods, separation of slow-moving raw materials and finished goods into obsolete warehouses increased the efficiency of inventory management. However, the number of inventory days is still 221 days, influenced by the cost of goods sold.

Item	2018	2019	2020
Inventory Period	181	221	227
Trade Receivable Collection Period	75	83	78
Trade Payable Payment Period	(30)	(29)	(28)
Working Capital Cycle	227	275	277

#### Collection period:

The total account receivables as of 31/12/2020 were VND 154.7 billion, down 26.5% year-on-year, of which 87% were short-term receivables from customers. Every the third

### 3. Resource

The owners' equity improved slightly from 61.0% to 69.8% thanks to the undistributed earnings from 2019 profits.

Total liabilities declined 31.8% of which, current liabilities decreased 36.7% and non current liabilities decreased 28.5%. Borrowings in 2020 are mainly USD borrowings for the purchase of raw materials during the period and some borrowings in VND with low interest rates to take advantage of the difference between interest rates on deposits and borrowings. In 2020, banks simultaneously reduced interest rates to support businesses under the impact of Covid pandemic, so the gap between deposits and borrowings is not much. Hence, the Company used a portion of short-term deposits to settle maturing borrowings.

#### Liquidity ratio

Item	2018	2019	2020
Current ratio	5.5	5.1	7.1
Quick ratio	3.5	3.4	4.9
Interest coverage ratio	6.8	7.8	5.1

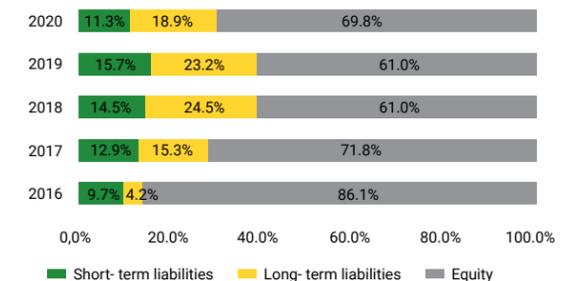
Monday of the month, Board of Management has meeting with business team leaders and assesses the debt situation based on the detailed credit rating for each customer group. Management conducted assessments on the impact of uncollected receivables on business operation and enforced strict rules on payment collection. The provision for doubtful short-term receivables was VND24.9bil. This provision evaluation has directly affected the business performance. However, it is always implemented in order to accurately record the actual profit in the period.

#### Payable period:

Number of payable days decreased by 1 day due to a decrease of 11.5% in account payable. Total liabilities as at 31/12/2020 account for 30.2% of total assets and 43.3% of owners' equity. Current liabilities and non-current liabilities reduced by 36.7% and 28.5% respectively over the same period. Current liabilities accounts for 37.5% of the total liabilities. These are mainly short-term trade payables and a part of short-term borrowings from banks to enjoy interest differences. Long-term liabilities accounts for 62.5% of total liabilities.

#### Working Capital cycle:

Increase in the inventory period has led working capital cycle increasing from 275 days in 2019 to 277 days in 2020.



#### 4. Cash flow status

Unit: mil, VND

Item	2018	2019	2020
Net cash flow from operating activities	83,014	51,301	158,304
Net cash from/ (used in) investing activities	(266,275)	(57,059)	31,384
Net cash from/ (used in) financing activities	112,913	8,51	(206,778)
Cash and cash equivalent	64,672	67,058	51,427

The ending balance of cash and cash equivalents in 2020 was VND 158.3 billion. During the year, the Company has implemented many measures to reduce inventory and increase debt recovery, so cash flow from operating activities rised from VND51.3 billion to VND158.3 billion. Thanks to good management of customer liabilities as well as proper use of existing assets, net cash used in investing activities reached VND31.4 billion. Resolution no.012/2020/HĐQT/NQ of Board of Directors on early settlement all the bonds issued to the Joint Stock Commercial Bank for Foreign Trade of Vietnam with a value of VND100billion and the reduction of short-term loans from 124.3 billion to 56.4 billion in 2020 lead net cash from financing activities of VND -206 billion. Cash and cash equivalent were VND 51.4 billion. The maintenance of positive cash flow shows that the core business of the Company is still operating efficiently and is capable of generating large cash flow for the Company's operation.

#### 5. Financial Leverage

Item	2018	2019	2020
Liabilities/Equity	0.64	0.64	0.43
Liabilities/ Total Asset	0.39	0.39	0.30

The debt ratio of 2020 dropped sharply because the Company redeemed all the bonds issued to Vietcombank before maturity as well as paid off some other short-term loans. The debt ratio is always below 1 showing that Everpia's assets are mainly financed by Equity, the Company does not face any risk in repaying debt. The current largest debt is a convertible bond whose value is 10,100,000 US dollar issued to the Rhinos Management Fund, with the annual interest rate of 1%.

#### 6. Impact of Exchange Rate Fluctuation and Interest Rates

36.2% of material value in 2020 is imported and paid in foreign currencies. Moreover, 35.1% of the revenue in the period is recorded in USD with absolute values equal to the value of imported material. As a result, the Company had minimal impact from the exchange rate fluctuation. Export sales from Bedding, Padding and Cleaner businesses have resulted in the exchange rate gain of VND 996 mil.

(Unit: mil VND)

Item	2018	2019	2020
<b>Financial income</b>	<b>31,471</b>	<b>43,088</b>	<b>48,021</b>
Interest	20,481	36,122	39,309
Foreign exchange gains	10,784	6,760	4,458
Gain from trading securities			3,859
Other finance income	206	206	395
<b>Finance expenses</b>	<b>27,795</b>	<b>20,372</b>	<b>18,196</b>
Interest expenses	16,467	13,769	13,776
Foreign exchange losses	11,148	5,894	3,463
Other finance expenses	180	709	957

Working capital of Everpia is mainly owners' equity. As at Dec, 31st, 2020, the Company had a total bank deposit of VND 533.7bil. of which 6.1% are deposits with term of 1-3 months, 93.9% are deposits with term from 6 months to 1 year which earn the interest rates ranging from 4.4% to 7.1% per annum. Therefore, during the period, the Company has obtained absolute interest of VND25.5 billion.

#### VI. Innovation Initiatives

##### 1. Innovation class

Innovation activities have taken place strongly in Everpia during the past three years, but mainly at Manager level. In 2020, the innovation activity has been disseminated to each workers through "Innovation class" taught by Production Director.



"Innovation class" is held every Saturday with about 30-40 workers. In 2020, there was 10 classes with 64 hours of training. The content of the lecture is basic concepts of 5S, 3 correct, visual management, 7 unnecessaries with simple examples from daily working. These classes help employees understand the importance and meaning of innovation activities, thereby raising awareness and motivating self-innovate.

The Board of Management always encourages the employees to improve the working method in their own team because no one understands the work they are doing by themselves. Therefore, many innovation ideas have been put into practice to increase labor efficiency, reduce working hours, thereby reducing production costs in the period.

##### 2. "3-NOs" and "7 Unnecessaries" in Production

Continuing to apply measures to balance production through the application of "3-NOs" model: produce the necessary items in sufficient quantities, prevent a situation where the goods are needed is not available, but there is not much inventory, continuously eliminate "7 unnecessaries" in production.

##### 3. Restructure Marketing Team

There has been an important transfer and change in Marketing domestic retail business at management level such as moving Mr. Cho Yong Hwan – Deputy Director to be in charge the Southern market, appointing new retail Director with strong knowledge and experience to promote the core business efficiency of Everpia, and reinforce the expansion towards modernization, looking for experts on Online business development, adding staff for Digital Marketing and Customer Care towards E-commerce trading platform.

#### VII. Evaluation of Environmental and Social Responsibility

##### 1. Environmental indicators

In 2020, Everpia received Top 100 Sustainable Business in Vietnam for 5 consecutive years granted by VBCSD (Vietnam Business Council for Sustainable Development), the award signifies Everpia's commitment to become the leader in sustainable business.

In addition to proactively looking for eco-friendly materials, encouraging customers to use recycled padding products to promote a circular economy, the Company has invited the experts from the Vietnam Cleaner Production Center (VNCPC) to review all three factories of the Company, got recommendations and made plan to improve production, renew machinery and equipment to minimize the impact on the environment.

##### 2. Social Responsibility

◆ With role and responsibility towards the community and society, Everpia has actively accompanied the government authorities in the prevention of Covid-19 epidemic as well as supporting people in flood areas through specific actions such as:

- Distribute free 50,000 fabric masks at Agent system;
  - Support local people to conduct isolation at Chi Trung village, Tan Quang Commune, Hung Yen Province;
  - Support for people living in flooded areas in Central Vietnam.
- ◆ Scholarship funding: In 2020, Everpia cooperated with Korcham (Korea Chamber of Commerce) to sponsor excellent students with difficult economic conditions, In addition, the Company continues to look out for opportunities to help those who lack access to quality education.



### I. Evaluation of BOD on the Management performance

#### 1. Evaluation on the management activities

In 2020, the Board of Directors highly appreciated the initiative and flexible direction of the Board of Management with timely, responsive instructions to complicated situation of the market under the impact of Covid, while still ensuring the risk management and consistence with the strategies set out in the resolutions of the General Shareholders' Meeting and the Board of Directors, in particular:

- Implement a flexible sales policy to maintain a stable sales compared to the general market situation.
- Applying hi-tech to the distribution channel management by deploying the common POS software for all showrooms and agents.
- Seize investment opportunities in technology business, which is growing fast and strongly in the "untact" era through investments in Hyojung Soft Tech. As at 31/3/2021, Everpia received the first dividend from this investment equal to 67% of the initial investment value.
- Take advantage of production gaps due to the impact of Covid to promote production reform activities, through RECP (Resource Efficiency and Circular Production) activities from an independent consultant, thereby minimizing the impact on environment and towards sustainable development.
- Gradually improve the Internal Audit function for the Internal Control department, appointing new personnel in Corporate Governance to improve corporate governance capacity.
- Environmental Goals: Together with the advice of experts from the Vietnam Cleaner Production Center (VNCPCC), Board of Management has made every effort to take measures to improve production quality while reducing the impact on the environment, through cutting energy and water consumption, reducing emissions and managing the quality of waste and wastewater well.
- Social Goals: In despite of difficulties in 2020, Everpia still holds the criteria of the development of the economy to be associated with the development of community – society. In addition to ensuring salary and welfare for employees, the Company has contributed 23,259,436,489 VND to the state budget and gave scholarship and 50,000 mask for free with a value of 392,400,000 VND.

#### 2. CEO monitoring result

The General Director has fully implemented the resolutions and directions from BOD. The decisions of the General Director have led the Company strongly overcome the difficult period amid pandemic, and created a foundation for future leaps.

### 3. Other executives monitoring result

The members of the Board of Management have completed their roles and responsibilities in leading and coordinating all departments towards the highest goals and interests of the Company, thereby maintaining the belief from employees, partners, customers and stakeholders.

#### II. Board of Director performance reports

In 2020, the Board of Directors has been active and complied with the provisions of the Company Charter and relevant laws in the business operation activities, played its management and supervisory roles. With the close companionship with the Board of Management, BOD has effectively facilitated the implementation of strategic directions and business plans, taking opportunities from external market change.

Strategic planning continued to be strengthened to adapt and catch up with the new market movement. The five-year and long-term strategic goals are periodically reviewed in meetings of the BOD and BOM to ensure the company is always on track. This goal is also communicated to all employees, ensuring consistency in direction and action at all levels.

Governance is also promoted. Targeting to the Code of Corporate Governance with best practices, the BOD is gradually raising its governance standards to better practices, beginning with appointing personnel in charge of corporate governance, and strengthening internal audit capability for the three-line defense model in risk management.

#### III. Evaluation of independent BOD on BOD performance

At the meeting of the non-executive members, independent members of the BOD realized that in 2020, the BOD has successfully completed its roles and tasks assigned by the GSM, specifically:

- The BOD has worked with strong responsibility and transparency in governance; regularly directs and supervises the Board of Management in implementing the resolutions of the BOD and GSM. Discussions in the meetings of the Board of Directors are always transparent and effective, covering all topics from management, finance to investment and business;
- The BOD is also willing to listen, acknowledge the opinions and suggestions of independent members, and give adequate explanations if not apply those opinions. Requests for explanations from independent members were also answered fully, specifically and promptly;
- In the challenging context, the BOD has shown its strong leadership, operate the Company stably, and at the same time creating a foundation for development in the next stage, ensuring the harmonization of the interests of all stakeholders.

### IV. Action plan for year 2021

#### 1. Business plan:

- Implementing business plan synchronously and strongly to achieve business targets in 2021; especially the implementation of new businesses.
- Update, review and adjust the business strategy 2021-2025 towards long-term goals 2021-2025: Everon - a brand of household appliances.

#### 2. Sustainable development strategy

- Continue to promote the leading role of Sustainability Committee under the ultimate management of the General Director, in charge of managing sustainability issues. This committee will propose strategies, monitor the implementation, and promote improvement efforts.
- In order to increase the efficiency of sustainability work, the Company will capture new trends, learn industry practices and strategies by joining domestic and international industry associations and initiatives, looking for further support in finance and others.

### 3. Corporate governance activities

- Review Everpia's Corporate Governance practices annually, refer Code of Conduct standards to continuously improve.
- Promote investor relations and information disclosure activities, ensure transparency and fairness
- Set up a roadmap for improving governance capacity for the person in charge of corporate governance and members of the Board of Directors through internal training and training courses on corporate governance.
- Develop a knowledge matrix for members of the Board of Directors to specify roles and responsibilities of each member
- Strengthen information sharing, encourage independent members of the Board of Directors to have assessment and analysis on issues under the authority of the Board of Directors to provide good recommendations for the Board to discuss and decide.
- Improve corporate governance capacity on the basis of applying international best practices to exploit resources effectively and create long-term sustainable values.



CHAPTER  
**04**

# **CORPORATE GOVERNANCE**

Members of Board of Directors and Board of Supervisors	42
Corporate Governance Report	44
Board of Supervisors' Report	51



BOARD OF DIRECTORS



MR. CHO YONG HWAN

- ◆ **Title:** Chairman - Senior Director
- ◆ **Nationality:** Korea
- ◆ **Year of birth:** 1965
- ◆ **Degree:** Bachelor of Polymer Chemistry
- ◆ **Experiences:**
  - With extensive knowledge of synthetic chemicals - Polymer, he has greatly contributed to the launch of top bedding brand name in Vietnam - Everon.
  - Mr. Cho joined Everpia since its foundation, currently leading the strategic market expansion plan in the South, he has played an important role in maintaining market shares, developing new products, expanding distribution channels and enhancing overall competitiveness of Everpia.
- ◆ **Position of BOD member at other companies:** None
- ◆ **Number of shares:** 372,000 (EVE shares), ratio 0.89%



MR. LEE JAE EUN

- ◆ **Title:** BOD member - CEO
- ◆ **Nationality:** Korea
- ◆ **Year of birth:** 1964
- ◆ **Degree:** Bachelor of Economics - major Finance & Investment
- ◆ **Experiences:**
  - Before joining Everpia, Mr. Lee Jae Eun had 20 years of experience in Finance and Investment in Korea.
  - Over the 15 years of running Everpia as General Director, Mr. Lee has lifted the company to be one of the best Korean companies in Vietnam, Top 100 sustainable businesses, and the most trusted bedding brand in Vietnam.
- ◆ **Position of BOD member at other companies:** Texpia JSC
- ◆ **Number of shares:** 7,006,800 (EVE shares), ratio 16,7%



MR. YU SUNG DAE

- ◆ **Title:** BOD member - Senior Director
- ◆ **Nationality:** Korea
- ◆ **Year of birth:** 1965
- ◆ **TDegree:** Master of Accounting
- ◆ **Experiences:**
  - Mr. Yu Sung Dae has 26 years of working experience at the world leading audit corporation - PricewaterhouseCoopers, and 28 years as a member of Korean audit association.
  - Joining Everpia as an executive BOD member - Senior Director in charge of Management, in addition to developing Financial Statements & Risk Management Systems under international standards.
- ◆ **Position of BOD member at other companies:** None
- ◆ **Number of shares:** 70,000 (EVE shares), ratio 0.17%



MR. PARK SUNG JIN

- ◆ **Title:** BOD member - Senior Director
- ◆ **Nationality:** Korea
- ◆ **Year of birth:** 1961
- ◆ **Degree:** Bachelor of Business Administration
- ◆ **Experiences:**
  - Mr. Park Sung Jin has 20 years of experience at a fund management company in Korea. Mr. Park has been directing the operation of Southern Vietnam since 2011.
  - Under his management, the Dongnai factory and sales in the South has contributed a considerable value for Everpia.
- ◆ **Position of BOD member at other companies:** None
- ◆ **Number of shares:** 93,030 (EVE shares), ratio 0.22%



MS. LE THI THU HIEN

- ◆ **Title:** Independent BOD Member
- ◆ **Nationality:** Vietnam
- ◆ **Year of birth:** 1974
- ◆ **Degree:** Bachelor of Credit, Fulbright certificate
- ◆ **Experiences:**
  - Ms. Hien has consulted numerous corporations as the Head of Corporate Finance and Consulting Department in the Vietnam securities market. As the independent BOD member during two terms, Ms. Hien has provided a great deal of support for investor relation activities and elevating Everpia in the domestic financial market.
- ◆ **Position of BOD member at other companies:** None
- ◆ **Number of shares:** none



MR. LE KHA TUYEN

- ◆ **Title:** Independent BOD Member
- ◆ **Nationality:** Vietnam
- ◆ **Year of birth:** 1979
- ◆ **Degree:** Bachelor of Banking and Finance, Master of Bachelor of Business Admin
- ◆ **Experiences:**
  - Mr. Tuyen has many years of experience in senior management positions at enterprises in the fields of investment and securities. As an independent member of the Executive Council, he made many contributions to establishing relations with government agencies, consulted investment activities and improved information disclosure activities.
- ◆ **Position of BOD member at other companies:** Vinataba Trading and Investment Joint Stock Company
- ◆ **Number of shares:** none



MS. NGUYEN LE HOANG YEN

- ◆ **Title:** Independent BOD Member
- ◆ **Nationality:** Vietnam
- ◆ **Year of birth:** 1987
- ◆ **Degree:** Bachelor of Foreign Economics
- ◆ **Experiences:**
  - A representative of Rhinos Investment Fund - the unit has invested more than 10,100,000 USD of convertible bonds in Everpia and over 60 large corporations in the world, the contributions of Ms. Yen show multi-dimensional and objective views with decisions of the Board of Directors, contributing to increase transparency in Information Disclosure and Corporate Governance.
- ◆ **Position of BOD member in other companies:** Cuu Long Pharmaceutical Joint Stock Company (Pharimexco)
- ◆ **Number of shares:** none

BOARD OF SUPERVISORS



MR. TRUONG TUAN NGHIA

- ◆ **Title:** Chief Supervisor
- ◆ **Nationality:** Vietnam
- ◆ **Year of birth:** 1970
- ◆ **Degree:** Master of Banking and Finance
- ◆ **Experiences:**
  - With over 15 years of experience working in the field of Finance - Investment and Accounting - Auditing, he applied his knowledge and experience in building, operating and controlling the Company's operations during his 2 terms as Chief Supervisor.
- ◆ **Number of shares:** none



MR. KO TAE YEON

- ◆ **Title:** Supervisor
- ◆ **Nationality:** Korea
- ◆ **Year of birth:** 1965
- ◆ **Degree:** Master of Business Administration
- ◆ **Experiences:**
  - Mr. Ko has held senior management positions at LG Electronics. He is currently the Managing Director of the Heesung Electronics Company in Vietnam. The company believes that his extensive experience will help improve the Company's management.
- ◆ **Number of shares:** none



MR. NGUYEN DAC HUONG

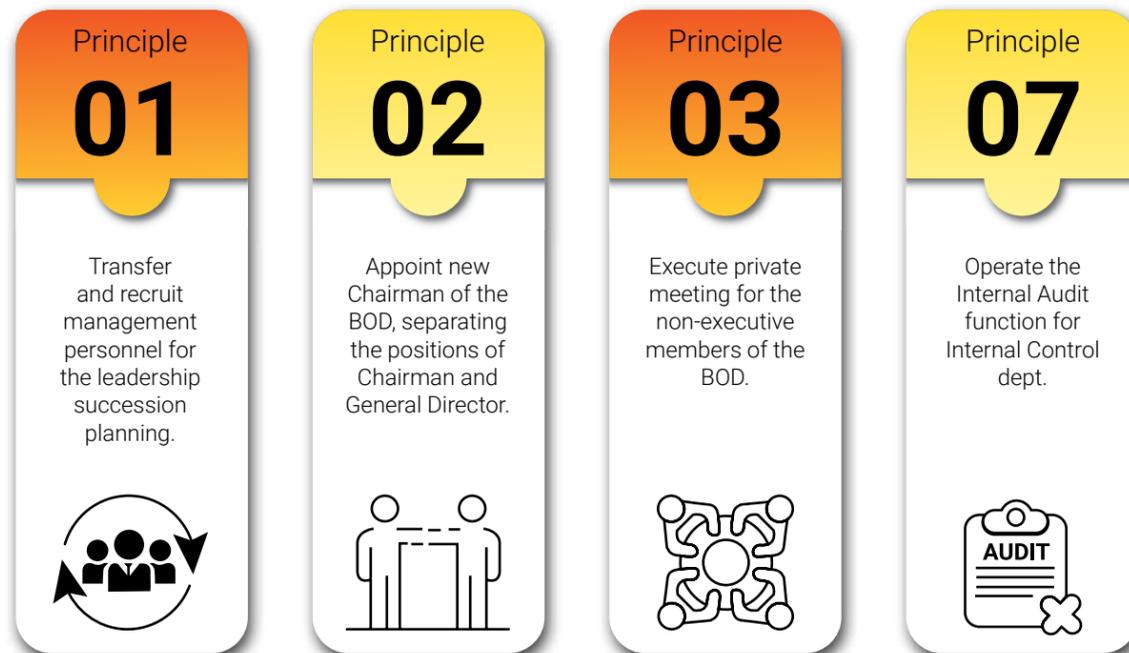
- ◆ **Title:** Supervisor
- ◆ **Nationality:** Vietnam
- ◆ **Year of birth:** 1970
- ◆ **Degree:** Bachelor of Business Administration
- ◆ **Experiences:**
  - As an expert in accounting and business administration with a certificate of Chief Public Accountant and business manager, contributed to improving the internal accounting system in accordance with accounting standards.
- ◆ **Number of shares:** none

## II CORPORATE GOVERNANCE REPORT



### Corporate governance highlights

Everpia complies fully with the rules of Corporate Governance in accordance with the Company's Charter, Internal Regulations on Corporate Governance as well as legal requirements. With the aim of adopting the best corporate governance practices, Everpia continues to prepare a Corporate Governance Report based on the Vietnam Corporate Governance Code of Best practices issued by the State Securities Commission (hereinafter referred to as the Code) to evaluate our progress.



### PRINCIPLE 1: ESTABLISHING CLEAR ROLES, RESPONSIBILITIES AND COMMITMENT OF THE BOARD

The roles and responsibilities of the BOD are clearly defined in the Company's Charter and the Internal Regulations on Corporate Governance. The contents of the roles and responsibilities follow current legal regulations and best practices recommended by the OECD, ASEAN scorecard and other big listed companies. These documents are approved by the General Shareholders and disclosed on the Company website.

Since 2020, under the direction of the Board of Directors, the Board of Management has added long-term strategic objectives to the performance evaluation criteria of senior managers in addition to short-term financial goals, based on Balanced Scorecard standards, such as: enhance customer satisfaction & staff competence, or digitalizing the

management system of distribution channel.

The succession plan for the BOD and the BOM is initially built on the basis of training internal senior management combined with seeking qualified personnel from outside. In 2020, major adjustments and additions have been made in management team, focusing on domestic businesses such as: moving Mr. Cho Yong Hwan to be in charge of the Southern market, recruiting a new Retail Manager to strengthen the management capacity of distribution channels towards modernization, seeking for expert consultant for online business development strategy. In addition to furthering their expertise, future leaders also cultivate the knowledge of management, leadership and other necessary skills to be ready to take over the jobs as assigned.

### PRINCIPLE 2: ESTABLISHING A COMPETENT AND PROFESSIONAL BOARD

As of December 31, 2020, the Board of Directors of Everpia consists of 7 members, including 03/07 independent members, 03/07 non-executive members, 02/07 female members. The board structure demonstrates a diversity of expertise, skills, experience, nationality, and gender and contributes multidimensional perspectives to long-term strategy development. These are professionals selected and trusted by shareholders through official elections according to the process of appointment, dismissal and replacement of BOD members, which is stated in the Company Charter and Internal Regulation on corporate governance.

Currently, although it meets the legal and internal requirements for the proportion of non-executive members, this ratio is still quite far from the recommended practice of the Code (2/3 non-executive members). The BOD still keeps looking for qualified and suitable candidates for the position of independent and non-executive members, who can provide excellent advice and support for the development of the Company.

Members of the Board of Director ensure that they devote sufficient time and attention to the operation of Everpia. 100% of members attended fully 10/10 meetings in 2020 and contributed valuable opinions and advice.

The Board had appointed a person in charge of corporate governance since October 2019, and decided a replacement in December 2020 to promote the corporate governance capacity towards international standards. The criteria for selecting personnel for this position are clearly specified in the Company Charter and Internal Regulation on Corporate Governance. Everpia does not appoint the Company Secretary, because in fact, the person in charge of corporate governance has fully performed the roles and duties of the Company Secretary.

In terms of training, since most CG training courses in Vietnam are only available in Vietnamese, there is barrier for foreign members to participate. Therefore, the Company often appoints investor relation officers to attend and re-training to Board members.

Time	Training content	Training agency	Participant
2017	Training on ASEAN corporate governance Scorecards 2017-2018	Vietnam Corporate Governance Initiative, SSC, SECO	Investor relation Officer
2018	Workshop on Sustainable Development Report for Vietnam listed companies	GRI, HSX & HNX	Investor relation Officer
2019	Updates on the Code, and new regulations on Internal Audit	Internal training	BOD member, BOS members, Person in charge of Corporate governance (PIC of CG)
2020	Seminars on Textile industry	VN Textile and Apparel association (Vitas)	PIC of CG
	Workshop to update changes in the Law on Environmental Protection / Labor Law and other regulations	Chambers of commerce in Vietnam (Eurocham/ Amcham, etc)	PIC of CG
Mar. 2021	Workshop on online GSM	VIOD, HOSE, Deloitte	PIC of CG
Apr. 2021	Workshop on Compliance & Corporate Governance changes in Vietnam	Eurocham	PIC of CG

### PRINCIPLE 3: ENSURING EFFECTIVE BOARD LEADERSHIP AND INDEPENDENCE

With the sense of responsibility of Board members, especially non-executive members, the decisions of the BOD always obtain the necessary objective, capable of well performing the function of monitoring and evaluating independently the operation of the BOM. Independent directors have privileged access to relevant information through the Planning and Accounting Department. All board members are given full access to any information without restriction.

For quarterly meetings, all related materials must be sent to the members 7 days prior to the meeting. In case of consulting opinions via email, the materials are delivered at least 3 days in advance so that the members have enough time to read, review and give opinions. The quarterly meetings and important events of the Company are scheduled and notified to all members at the fourth quarter meeting of the previous year. In order to ensure the independence and objectivity to the resolutions of the BOD, members with interest conflict or binding are not allowed to vote in related issues.

#### Independent Directors

The criteria for electing an independent director complies with the provisions of Vietnamese law and the requirements of the G20 / OECD Company Management Principal amended in 2015. Independent directors should not have any relationship with the Company that may interfere with their ability to make a non-biased judgment on any of the matters discussed. Independent members are not allowed to own, directly or indirectly, more than 1% of the total voting shares of the Company.

At meetings or via email, independent members of the Board update monthly business performance. Independent board members provide recommendations based on industry insights and market forecast as well as financial analysis. They support the Board of Management to shape the strategy and make timely decisions. In 2020, independent members provided important recommendations in promoting the development of online business in the new context.

Since all issues have been discussed openly, frankly and equally to Board members, we have not recorded any conflicts between Executives and Independent members so far. Therefore, we do not appoint the Leader of the independent Board members.

#### 💡 Meeting of non-executive members of the Board of Directors

According to the recommended practice in the Code, in 2020, the non-executive members of the Board hold a separate meeting to independently evaluate the activities of the BOD and the BOM. Accordingly, the non-executive Board members agreed that all decisions of the BOD were made for the best interests of shareholders and the Company. BOM also gave reasonable direction, following orientation of the GSM and the BOD. Based on the discussion at this meeting, the independent members of the Board have made evaluation report on the BOD performance during the year.

### PRINCIPLE 4: ESTABLISHING BOARD COMMITTEES

Everpia has not set up any committee under the Board of Directors since the scope of the Company's operation can be well managed under direct supervision of the Board itself. Internal control department and independent audit firm conduct audit and risk management of the Company.

### PRINCIPLE 5: ENSURING EFFECTIVE PERFORMANCE FOR BOARD

In 2020, the Board of Directors conducted 10 meetings, including 4 regular meetings each quarter and other consultation meetings. The meetings were held in accordance with the procedures and processes with active participation, comments and approval of members from the Board of Directors.

In addition to issues under the authority of the Board of Directors, the meetings in 2020 mainly focused on development strategy for retail segment; follow up with the business results in each quarter to make timely decisions and policies. Resolutions and decisions of the Board of Directors were approved based on the high consensus of members and ensure the best interests of shareholders and the sustainable development of the company.

#### Resolutions of the BOD (\*)

No	No. of Resolution	Date	Contents	Status
01	001/2020/HĐQT/NQ	20/02/2020	Approve the plan of holding ASM 2020	Implemented
02	002/2020/HĐQT/NQ	20/03/2020	- Approve the proposal of 2019 profit distribution plan and business plan for 2020 - Approve the investment to affiliated company - Approve the transaction with internal person - Change the Chairman of BOD	Implemented
03	005/2020/HĐQT/NQ	05/05/2020	Approve the 2019 cash dividend payment plan	Implemented
04	006/2020/HĐQT/NQ	01/06/2020	Select the independent audit firm for financial statement of 2020	Implemented
05	010/2020/HĐQT/NQ	20/10/2020	Collect shareholders' written opinions on business scope expansion	Completed collecting opinions. Ongoing registration procedures with the relevant authorities
06	011/2020/HĐQT/NQ	30/12/2020	Change PIC of Corporate Governance	Implemented

\*4/10 meetings of Board of Director to updated business performance and did not result in any resolution.

At every 4Q meeting, the Board of Directors reviews the overall performance of the Board and evaluates each member on the basis of the assigned roles, responsibilities, and contributions, following criteria stated in Internal Regulations on Corporate Governance. The evaluation result is reported to ASM in BOD report. The goal and action plan for coming year are also determined in this meeting.

#### Board of Directors' Remuneration

Remuneration for the Board of Directors is approved at the Annual Shareholders Meeting. Since revenue and profit in the recent years have not reached the target, the remuneration of the independent members of the Board has not increased since 2013.

Members of the Board of Directors holding executive positions do not receive remuneration and only receive salaries corresponding to the executive position. Remuneration structure for independent Board of Director members is paid based on contributions of each member.



## Board of Directors' Remuneration before tax in 2020

Unit: VND

Name of BOD member	Position	BOD remuneration	BOM Salary	Bonus and other interests	Total
Cho Yong Hwan	Chairman / S,Director	0	3,663,193,367	0	3,663,193,367
Lee Jae Eun	Member/ General Director	0	6,781,741,102	0	6,781,741,102
Yu Sung Dae	Member/ S,Director	0	2,942,139,856	0	2,942,139,856
Park Sung Jin	Member/ S,Director	0	3,034,793,835	0	3,034,793,835
Le Thi Thu Hien	Independent Member	86,400,000	0	0	86,400,000
Le Kha Tuyen	Independent Member	86,400,000	0	0	86,400,000
Nguyen Le Hoang Yen	Independent Member	86,400,000	0	0	86,400,000
<b>TOTAL</b>		<b>259,200,000</b>	<b>16,421,868,160</b>	<b>0</b>	<b>16,681,068,160</b>

### PRINCIPLE 6: ESTABLISHING AND MAINTAINING AN ETHICAL CORPORATE CULTURE

At the start of the new term in 2017, the Board of Directors and the Board of Management signed a **Code of Business Ethics**, stipulating 5 principles of conduct for key stakeholders including:

- (1) Respect customers;
- (2) Respect shareholders;
- (3) Respect employees;
- (4) Companionship with partners;
- (5) Commitment to nation and society.

These principles are thoroughly applied by the BOD and BOM to establish an ethical organizational culture among all Everpians. The Internal Regulations and policies reflect the principles of responsibility, fairness, and transparency. In addition, the Internal Control Department set up a direct hotline for business ethics to encourage employees and stakeholders to report on unethical behaviors. The Code of Business Ethics is published on the website: <http://www.everpia.vn/everon/tro-giup/dao-duc-kinh-doanh.aspx>.

### PRINCIPLE 7: ESTABLISHING A SOUND RISK MANAGEMENT AND CONTROL ENVIRONMENT

Under the monitoring of Board of Supervisors, the Board of Directors implemented activities to secure the investments of the shareholders and the company's assets. Complying with Vietnamese laws and regulations, the Board of Directors built an internal risk control system through identifying structural subjects and set up a preventive monitoring system following the Sarbanes-Oxley Act of 2002, under the guidance of PwC auditing unit.

The "three lines of defense" model is applied as a basic principle of internal risk management in Everpia.

 In 2020, the Internal Control department was strengthened in terms of personnel and expertise to perform the tasks of Internal Audit, and is currently operating as Internal Audit as required in Decree 05/2019/ND-CP. The company will complete the information disclosure process in 2021 to complete the legal framework for Internal Audit in accordance with the law.

The independent audit plays a very important role in ensuring the integrity of the Financial statements and supporting

the risk management. Therefore, the Board of Directors proposes 4 leading international auditing units to the Annual Shareholders Meeting for approval. The Board of Supervisors, with the active supports from Internal Control department, is responsible for monitoring the audit process and evaluating the independent audit firm to ensure the audit quality. Based on the recommendations of the Board of Supervisors, the Board of Directors chooses a reputable unit with the most reasonable cost, ensuring the effectiveness of the audit process. The signing of Audit contract is disclosed on the Company website at signing date. Expense for the audit firm in 2020 is VND 420 million (excluding VAT), only including the Audit service fee with travel and accommodation for the auditors.

Periodically, based on the reports of the Internal Control Department and the independent audit company on financial control, operation, compliance and information technology, the Board of Directors runs an evaluation of compliance with the relevant laws and protection of the Company assets from potential risks.

### PRINCIPLE 8: STRENGTHENING COMPANY DISCLOSURE PRACTICES

The Board of Directors is responsible for evaluating Everpia's achievements and prospects in the quarterly and annual financial reports. Quarterly financial reports will be released to shareholders within 30 days after the end of each quarter, semi-annual financial reports are issued to shareholders within 45 days and the annual financial report is published within 90 days after the end of the financial year.

In addition to financial reports, Everpia complies with the requirements of information disclosure according to current regulations for listed companies. Information is published in both Vietnamese and English to all shareholders on the Ho Chi Minh Stock Exchange Portal, State Securities Committee and the Company's official website. For environmental and social information, the Company publishes a Sustainability Report following the Global Reporting Initiative (GRI) standards.

The Planning Department is responsible for investor relations activities; publish information in a non-discriminatory manner; communicate with investors and analysts; organize meetings and factory visits for investors and interested parties. Contact information for Investor Relations is

presented in the Investor Information section of this Annual Report and is also available in the Investor Relations section of the company website: <http://www.everpia.vn/everon/ir/shareholders-supports.aspx>. This entire communication is aimed at promoting effective, easy, and non-discriminatory access to information.

In 2020, due to the Covid epidemic, Everpia only organized one direct meeting with investors outside the General Meeting of Shareholders, and periodically update business operations and material events to shareholders via the Company website: <http://www.everpia.vn/everon/ir/notice-to-investors.aspx> and <http://www.everpia.vn/everon/ir/annual-report.aspx>

In addition, all members of the Board of Directors, the Board of Management and the Board of Supervisors are required to report all transactions of shares by themselves or related parties in accordance with the law. New regulations on information disclosure under the Securities Law 2019, effective on 01/01/2021, are also fully and clearly communicated to all members.

### Stock transactions of internal persons and their related parties in 2020:

STT	Transaction executor	Relationship	Shares owned at the beginning of the period		Shares owned at the end of the period		Note
			Shares	Percentage	Shares	Percentage	
1	Lee Bang Hyun	Son of BOD member - CEO	580,000	1.38%	700,000	1.67%	Increase ownership by buying 120,000 shares from 04/05/2020 to 26/05/2020
2	Lee Jung Hyun	Son of BOD member - CEO	580,000	1.38%	660,000	1.57%	Increase ownership by buying 80,000 shares from 26/05/2020 to 01/06/2020

### PRINCIPLE 9: ESTABLISHING A FRAMEWORK FOR EFFECTIVE EXERCISE OF SHAREHOLDER RIGHTS

Everpia recognizes and values the rights of its shareholders. The rights of shareholders are specified in the Company Charter including basic rights to the number of shares owned, the priority to buy newly offered shares corresponding to the percentage of shares owned, and the access to information.

In addition, according to the new provisions of the Law on Enterprise 2019 effective January 1, 2021 and Company Charter, shareholder or a group of shareholders owning from 10% and above of the total ordinary shares has additional rights to nominate members of the Board of Directors and Board of Supervisors, owning from 5% and above has rights to request organization of General Shareholders Meeting,

review of Board of Supervisors on specific issues, checking list of shareholders and other rights stipulated by law. These changes have been updated in the Company Charter and Internal Regulations on Corporate Governance and submitted to ASM 2021 for approval.

#### Transparent Information Disclosure

In addition to transparent publication of information through IR activities, Everpia organizes Annual Shareholders Meeting to ensure that the shareholders are well informed to make important decisions for the Company. The procedure timeline for ASM preparation (closing shareholder list, sending invitation and meeting materials) is fully complied.

Detail information of BOD/BOS candidates is announced in meeting materials. During the meeting, all the questions from shareholders were answered comprehensively by the BOD, BOM and BOS, thereby all the proposals are approved with high consensus. GSM minutes is announced within 24 hours from the end of the meeting. For the 2020 Annual Shareholders Meeting (April 24th), the closing of final list was announced on February 20th with closing date of March 20th, 2020. Invitations were sent on March 31st, and meeting materials were published on April 10th 2020.

Transactions with related parties are strictly controlled and implemented by the Board of Directors in accordance with the assigned rights, ensuring transparency and prioritizing the interests of the Company. These transactions are also published every 6 months in the Corporate Governance Report.

#### List of transactions with related parties in 2020

(Please see details of transaction in Note 31 of the Consolidated Financial statements):

Relating Party	Mối quan hệ với Công ty	Nội dung giao dịch	Thời điểm giao dịch	Số Nghị quyết của ĐHĐCĐ/HĐQT
	Relationship with company	Transaction detail	Transaction Time	Resolution No.
Everpia Korea JSC	Subsidiary	Transaction of goods and services	2020	009/2017/HĐQT/NQ
Hyojung Soft Tech JSC	Affiliate	Investment	31/12/2020	002/2020/HĐQT/NQ dated March 20th 2020
Mr. Cho Yong Hwan	Chairman – Senior Director	Everpia rented Mr. Cho Yong Hwan's apartment	08/04/2020	002/2020/HĐQT/NQ dated March 20th 2020

#### Consistent Dividend Policy

Since its public listing, Everpia has issued annual cash dividends based on the profit distribution policy: 1/3 for dividends, 1/3 for investments and 1/3 for production and business activities. In 2016, however, as the operation of the factories stabilized, the General Director and the Board of Directors proposed amendment to the profit distribution

policy (50% for dividends and 50% for production and business activities) to increase the benefits for the shareholders. Accordingly, for 2019 profit, the Company paid a cash dividend of VND 900 / share, with a total payment value over VND 34 billion. The list of shareholders to receive dividends was confirmed on May 19, 2020 with payment on May 26, 2020.

#### PRINCIPLE 10: BUILDING EFFECTIVE STAKEHOLDER ENGAGEMENT

Everpia respects the legal rights and interests of related stakeholders. The Code of Business Ethics demonstrates our commitment to strict compliance with the law. Details on ensuring and overseeing the appropriate dialogues between the Company and stakeholders are listed in the Sustainability Report.



## III BOARD OF SUPERVISORS REPORT

### 3.1 Review Board of Supervisors activities in 2020

#### 3.1.1 Supervising Board of Directors, Board of Management and shareholders:

##### Method of supervising

- 1 Directly monitor the activities of Board of Directors ("BOD") through discuss with BOD members, attend regular meetings, email meeting of BOD thereby giving out recommendations to the BOD.
- 2 Supervise Board of Management through direct discussions to update the business performance, progress of the tasks assigned by Annual Shareholders' Meeting as well as resolutions of BOD.
- 3 Monitor through reports and direct discussion with Leader of specialized departments in the Company such as: Finance and Accounting, Internal Control, Shareholder Relations, Human Resources, Purchase, Sales and Production departments.
- 4 Monitor through reports and discussion with Audit firm.

##### The coordination between Board of Supervisors with Board of Directors, Board of Managements, other executives and shareholders

- \* Board of Directors has closely coordinated with Board of the Supervisors by providing fully and clearly information related to business operations as well as corporate governance. Through meetings with the Board of Directors, the Board of Supervisors has directly given out comments in the purpose of together analyzing and evaluating and making the best decisions that can both comply with current legal regulations and optimize benefits for stakeholders.
- \* In addition, in the process of monitoring the Company activities, General Director and other executives have provided all information as required, including comments and questions from shareholders, creating all favorable conditions for Board of Supervisors to fulfill its duties.

#### 3.1.2 Meetings of Board of Supervisors in 2020

In 2020, the Board of Supervisors held 2 regular meetings with the full participation of members and discussed issues under its assigned authority:

No	Meeting date	Meeting content	Conclusion of Board of Supervisors
01	Mar. 16th, 2020	1. Review internal audit activities in 2019 2. Audit plan 2020	<p><b>1. Review internal audit activities in 2019</b></p> <ul style="list-style-type: none"> <li>Activities of Board of Directors &amp; Board of Management: No cheating or abnormal signs. Board of Directors &amp; Board of Management operate in the best interests of the Company and shareholders, comply with the resolutions of Annual Shareholders' Meeting .</li> <li>Business activities: Although the company has not achieved sales and profit targets, it has built up foundations in business and production innovation.</li> <li>Internal risk management system: improve internal audit functions according to new regulations</li> <li>Financial status and financial indicators are at a safe level.</li> <li>Independent auditing activities are made transparent and objectively.</li> <li>Recommendations have been made: (i) promoting self-innovation in production; (ii) implementing digital marketing instead of traditional advertising.</li> </ul> <p><b>2. Audit plan 2020</b></p> <ul style="list-style-type: none"> <li>Resume an effective monitoring role</li> <li>Support to complete the internal audit function</li> <li>Evaluate the efficiency of factory self-innovation and recommend the production management strategy for Board of Managements.</li> </ul>

No	Date	Content	Conclusion of Board of Supervisors
02	Oct. 2nd, 2020	1. Review the business performance for the first 8M 2020 2. Review the implementation of General Shareholders' Meeting resolutions 3. Review internal audit activities	<b>1. Review the business performance</b> <ul style="list-style-type: none"> <li>Sales decreased by 15% YOY, while COGS ratio increased because the scale of revenue was not at the optimal level in terms of cost, and the need to implement discount programs. in the context of epidemic.</li> <li>Bright point: growth in online sales, effective cost control policies (saving VND27bil. on selling expenses).</li> <li>Recommendations: (i) improve innovation activities in production to reduce COGS and increase competitiveness; (ii) manage cost by workshop and business.</li> </ul> <b>2. Evaluate the implementation of resolutions of Shareholders General Meeting</b> <ul style="list-style-type: none"> <li>The tasks assigned by Annual Shareholders' Meeting are basically completed, such as paying cash dividend, remuneration for independent members of Board of Directors and Board of supervisors, and selecting audit firm.</li> <li>The whole company does its best to achieve the assigned revenue and profit targets.</li> <li>Expanding business scope: in progress.</li> </ul> <b>3. Evaluate the effectiveness of internal control activities</b> <ul style="list-style-type: none"> <li>The Internal Audit team has well performed the roles of compliance control and risk control in all operations at the Company under the risk management framework of the Sabarne-Oxley Act.</li> </ul>

### 3.1.3. Remuneration of the Board of Supervisors in 2020

Name	Position	Remuneration (before tax)	Activities allowance & other expenses
Mr. Truong Tuan Nghia	Chief Supervisor	86,400,000	0
Mr. Ko Tae Yeon	Supervisor	86,400,000	0
Mr. Nguyen Dac Huong	Supervisor	86,400,000	0
<b>Total</b>		<b>259,200,000</b>	<b>0</b>

### 3.2. Supervision Report 2020

#### Board of Directors, General Director and other Managers

The Board of Supervisors did not detect any abnormal fact in the activities of the Board of Directors and the Board of Management. The BOD meetings are held in accordance with regulations, and decisions are made for maximum benefits of the Company and shareholders. The Board of Directors and the Board of Managements have operated the company in accordance with Law and Company charter, and has had many practical and timely instructions in response to business situations.

#### Business Activities

The Board of Directors and Board of Managements followed the goals and orientations approved by the Annual Shareholders Meeting to make decisions and solutions to implement specific tasks. Its decisions show flexibility and creativeness in responding to business situations. In 2020,

many innovation activities in regard of resource efficiency (energy, water, raw materials) were conducted under the advices from independent consulting units

#### Implementation of Resolutions of ASM

The Company has fully implemented the plans approved by the Resolution of the Annual Shareholders Meeting No. 01/DHDCD2020/NQ dated April 24, 2020, including payment of dividends by cash, selecting independent financial audit company, and remuneration for the Board of Directors and Board of Supervisors.

For the Resolution of Annual Shareholders' Meeting passed in the form of consulting shareholders' opinions by written on Nov. 30th, 2020, Board of Managements is implementing business expansion procedures with relevant authorities in the context of transition between the old law and the new law.

#### Finance

- Financial statements for year 2020 (including quarterly reports, interim reports and annual audit reports) are prepared and presented honestly in accordance with current regulations.
- There were no unusual events or transactions during the reporting period.
- No cheating or serious mistake
- Financial indicators such as liquidity, financial leverage are in safe level.
- After the consultation of EY audit firm on building financial statements under IFRS in 2017, Accounting department of the Company has continued and self-researched for the application of IFRS from 2022, following the roadmap of the Ministry of Finance.
- Independent audit service: Audit firm and auditors are qualified and act independently. They have audited the financial statements in a fair and objective manner, fulfilled all obligations as contracted and complied with current accounting and auditing standards.

#### Information Disclosure & Transactions with related parties

- There is no violation in information disclosure in 2020
- Transactions between the company, subsidiaries, companies where Everpia holds more than 50% of its charter capital with members of Board of Directors, General Director, other executives of the Company and their related persons: 01 long-term apartment leasing contract between Everpia and Mr. Cho Yong Hwan - Chairman and Senior Director of the Company. This transaction was reported and approved by Board of Directors before implementation and disclosed in accordance with Company Charter and current law. The Board of Supervisors found that this transaction was conducted in a transparent and reasonable manner towards the interests of the Company and shareholders.
- Transactions between Company and the companies in which a member of Board of Directors, General Director, other executives of the Company is a founding member or executives for the last 3 years prior to the transaction time: None

#### Internal control and risk management system

The Board of Supervisors sees that the Company is maintaining an effective framework of risk management and internal control, with the following highlights:

- The application of new POS systems for showrooms and agents facilitates the transparency and update

### 3.3. Plan of the Board of Supervisors in 2021

Through mentioned supervision methods, with the support from Internal Control with Internal Audit function, the Board of Supervisors will supervise effectively all of the Company's activities. Moreover, in 2021, the Board of Supervisors will focus on reviewing the capital use efficiency in investment projects, and give recommendations on risks control and improving investment efficiency.

of information on sales and inventory, and supports the showroom operation control.

- Maintain and ensure the quality of self-assessment and self-control.
- Improve the quality management system by establishing a General QC team in addition to current Quality control team (checking final products' quality), to strengthen quality control by each production stage. Its work scope includes the occupational health and safety, the efficiency and rationality of production processes.
- Maintain the management system for environment, labor and production according to independent standards, such as ISO14001, Higg, GRS, BSCI.
- Follow up the risk management framework, continuously update new risks and new preventive measures. There are no significant risks in 2020.
- Compliance newsletter is updated periodically and by case as an effective internal communication tool.

#### Internal Audit

The internal audit function has been gradually improved, and performed by Internal Control team, specifically:

- Regularly and irregularly check process compliance, monitor the effectiveness of process and internal control system, then recommend necessary changes in key control points to increase the risk management efficiency.
- Monitor Company activities in the right direction, strategic goals and make recommendations to the Board of Directors.

#### Recommendations and consultation

- Cost management by workshop: consulting on how to record costs by production stages at ERP system to ensure the accuracy in calculating selling prices and recording production costs for each product/business.
- Evaluate the effectiveness of factory self-innovation activities, advise the process and method of self-assessment and self-control for the BOM.
- Improve inventory management efficiency: review the process of ordering, manufacturing, and delivery to minimize inventory in both raw materials and finished goods.
- Strengthen the role of the Internal Control department, advise and support the operation of Internal Audit functions.

CHAPTER  
**05**

# **SUSTAINABILITY REPORT**

Sustainability Goals 2023 and 2020 progress	56
Sustainability at Every Stage	58
Economic Value Sharing	60
Environmental Sustainability	62
Social Responsibility	68
GRI Index	76



## SUSTAINABILITY GOALS 2023 AND 2020 PROGRESS

Area	Topic	Baseline in 2019	Goal	Due	2020 progress	
13	<b>Foundational</b>	Goal Setting	Announce Science Based Target	2022	Reviewed the current status and reduction potential for goal setting	
12	<b>Environment</b>	Aspirational Goal		Halve our environmental impact	2023	
		Emission		Calculate Scope 1 & 2 GHG emission following GHG protocol	2022	Done
				Calculate scope 3 of GHG emission	2023	Studied on calculation method with CAC and self-research
		Energy	7,70 MJ/kg	Decrease padding energy intensity 10%	2021	Reduced 14% through the energy saving solutions
				Introduce renewable energy source	2021	Learnt on rooftop solar energy and green financing as the initial approach
			67% of total energy in 2019	Decrease diesel and LPG usage to 50% of total energy consumption	2021	67% Pending investment on technology
		Water	Level 1	Achieve Level 2 of Higg Index	2020	Done (Level 3)
		Wastewater	Grade A	Maintain Grade A wastewater	2020	Done (Grade A as periodical test)
		Chemical	Incomplete level 1	Achieve Level 1 of Higg Index	2020	Done (Level 1)
		Bedding Raw Materials	53% from natural sources	Increase natural source fabric up to 70%	2022	66% Increase natural source fabric for new collection
Packaging	0%	Increase the recycled ratio in plastic packaging to 50%	2022	0% Not yet found qualified suppliers		
	0%	Replace 20% of plastic packaging with environmentally friendly materials	2021	0% Piloted but failed		
Recycling	47%	Increase the purchase of rPET fiber up to 70% of total fiber purchase	2021	64%		
5	<b>Society</b>	Aspirational Goal		Enhance the livelihood of local community and wider Vietnamese society	2023	
				Build corporate culture to inspire greater society	2023	
		Gender equality	39% Female	Increase the number of female leaders in the management	2021	49%
		Career Development	4.9 hours	Develop training programs for skill acquisition and advancement for all levels	2022	6 hours (New recruits training & innovation training)
		Labor diversity		Facilitate the recruitment of ethnic minorities	2020	Not yet
Community Development		Empower local communities by committing 1-2% of net profit	2020	Spent ~1% net profit for CSR activities		

## SUSTAINABILITY HIGHLIGHTS IN 2020



**CSI 100**  
SUSTAINABLE  
BUSINESSES  
for 5<sup>th</sup>  
consecutive year



Conduct independent RECP assessment in all **03** factories



Launch fanpage  
**Everpians** community

### RECYCLE AND CIRCULARITY

Recycled fiber ratio increased  
**↑ 38%**

Reused  
**↑ 92.024.069**  
plastic water bottles

Natural source fabric increased  
**↑ 24%**

### 40 IDEAS FOR INNOVATION

Energy intensity  
**↓ 14%**  
for each unit of padding

Energy savings  
**↓ 320.410 kWh**

Water  
**↓ 15.708 m<sup>3</sup>**

LPG  
**↓ 28.800 kg**

Diesel  
**↓ 4.272 litre**

# I SUSTAINABILITY AT EVERY STAGE

## 1.1 Governance of Sustainability at Everpia

Our efforts on sustainability are governed by the Sustainability Committee. The Chief Executive Officer has the ultimate responsibility of the Committee decisions and the members of the Committee are responsible for the development and execution of sustainability initiatives.

To accelerate our commitment to sustainable development, we set up an internal team, Sustainability Committee, to proactively monitor our environmental footprint and assess the effectiveness of reduction measures, as well as to promote the better practices on Social responsibility.

The Committee also takes the key role for listing, monitoring and updating related laws and regulations.

Since January 2018, Everpia has implemented the Factory Innovation program in all production sites in order to improve on the productivity and efficient management of resources. The program has helped us better understand the current status of resource management in our factories and provided the baseline for future improvements regarding environmental impact.

A series of initiatives from Factory Innovation has contributed to more lean as well as sustainable manufacturing.

Everpia also collaborates with external organizations to implement more innovative solutions on sustainability issues. Membership and initiatives which Everpia participates in include,

	Higg Index Modules (SAC)		Global Recycle Standard (GRS)
	Business Social Compliance Initiative (BSCI)		OEKO-TEX
	Climate Action Corps by the U.S. Outdoor Industry Association		International Chiropractors Association
	ISO 14001		SMETA

## 1.2 Dialogue with Stakeholders

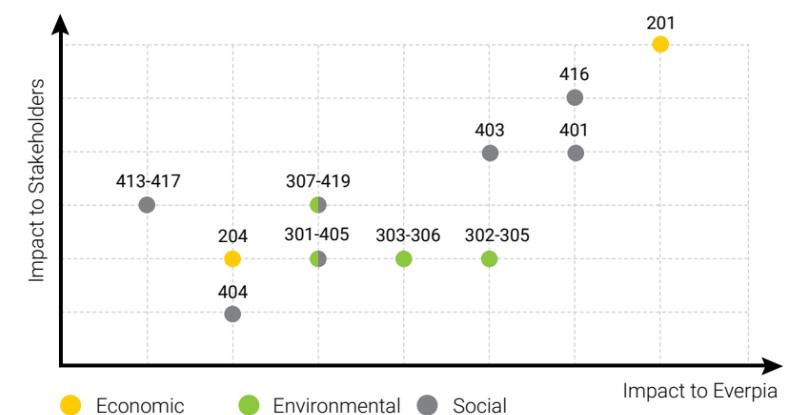
Everpia strives to collaborate with different parties and initiatives to jointly influence and address issues that affect our stakeholders. In order to identify the key stakeholders, we explored the whole value chain of the business, starting with mobilizing capital, purchasing inputs, through production and selling goods to consumers.



Stakeholder	Dialogue content
 <b>Customers</b>	Customers are one of our most valuable stakeholders. Each business unit engages with its customers through diverse channels; directly at stores, offices, and through online surveys to have clearer understanding about our businesses' impact on them. Customers across business units value our commitment to product quality, after-sales service, and clear and honest instruction and description of products. We communicate our strict product quality control system and transparent disclosure on product materials.
 <b>Suppliers</b>	Suppliers are our strategic business partners. Everpia builds partnerships with carefully selected suppliers. Our dialogue with suppliers takes place on various occasions and settings including factory visits, supplier meetings, and regular contacts. Two issues that are essential in these dialogues include the transparent supplier selection process and ethical procurement practices. Everpia discloses ethical management and anti-corruption business commitment on its website.
 <b>Employees</b>	Success of Everpia lies in our capability to attract, recruit, develop, and retain employees. We strive to provide a working environment that is not only safe and healthy but also stimulating for personal development. Through periodical dialogues with employees in various areas of the organization, key issues that concern our employees are: fair and clear wage and welfare policy, career advancement training opportunities, and democratic working environment.
 <b>Shareholders and investors</b>	Creating a long-term value with high profitability for shareholders and investors through sustainable business practices are the primary goal of our business. As a publicly traded company in Vietnam, Everpia engages with shareholders and investors through Annual Shareholders Meeting, investor and analyst meetings, as well as periodic financial reports and information disclosure. The main issues are transparent and timely disclosure of the management decisions and economic profitability and benefits. Everpia has implemented Sarbanes-Oxley Act and IFRS program to enhance responsibility as well as transparency in corporate governance.
 <b>Local Government and Communities</b>	As a business member of the society, we recognize our role and responsibility in promoting the well-being and development of the local communities as well as the wider Vietnamese society. Not only striving to contribute to employment locally, we also take the development of local communities seriously. Everpia has implemented community support and social activities, focusing mainly on education and investment for the next generations. In addition, we minimize our environmental footprint on local sites by strictly adhering to local environmental policies and international protocols. Key issues that impact local government and communities are social and environmental compliance.

## 1.3 Materiality Analysis

We evaluate each topic and prioritize based on the current impact on Everpia and stakeholders as well as the potential impact in the future. The analysis was done with contributions from internal employees as well as representatives of several stakeholders. These impacts are ranked in the following matrix of influence to Everpia and stakeholders.



After exploring the materiality of each topic based on its influence and impact, Everpia decides to report on the topics below:

201	Economic performance	401	Employment
204	Procurement practices	403	Occupational health and safety
301	Materials	404	Training & education
302	Energy	413	Local Communities
303	Water	416	Customer health and safety
305	Emission	417	Marketing & labeling
306	Effluents and waste	419	Socioeconomic compliance
307	Environmental compliance	405	Diversity and equal opportunity

## II ECONOMIC VALUE SHARING

We believe that economic performance is the basic quantitative metric reflecting our influence and responsibility toward the stakeholders. Its impact on each stakeholder is measured via specific economic indexes, such as revenue, cost structure, dividend value, tax, contribution to society, and etc. Everpia monitors these important indexes in order to sustain a positive impact on our stakeholders.

Everpia manages this topic by 3 groups of actions: (1) set up financial targets for the whole company and each business unit; (2) issue policies to boost up the performance, such as: incentive policy, sales events,...; (3) control the accuracy of the accounting data. The good management of Economic Performance topic keeps us on track toward our long-term goal of sustainable development.

### Components of management approach:

<b>Policies</b>	<ul style="list-style-type: none"> <li>Sales &amp; profit target for the year 2020 (Planning Team)</li> <li>Incentive policy for sales team (Planning team)</li> <li>Bonus policy for agents (Marketing team)</li> <li>ERP user guide kit (IT team)</li> </ul>
<b>Commitments</b>	<ul style="list-style-type: none"> <li>Law on Enterprise 2014</li> <li>Vietnamese Accounting Standards (VAS)</li> <li>Law and regulations on tax</li> <li>IFRS based financial statements</li> </ul>
<b>Goals and Targets</b>	<ul style="list-style-type: none"> <li>Sales target 2020: VND 1.000 bil, same as 2019</li> <li>Profit target 2020: VND 82 bil, with the net profit ratio of 8.2% on revenue</li> </ul>
<b>Responsibilities</b>	<ul style="list-style-type: none"> <li>General Director</li> </ul>
<b>Resources</b>	All departments, with its functions and responsibilities, together contribute to the company's achievement of sales and profit target.
<b>Specific actions</b>	<ul style="list-style-type: none"> <li>Performing daily/weekly/monthly sales reports</li> <li>Top team's weekly meeting to review the performance and give situation-based decision</li> <li>The incentive policies &amp; promotion campaigns closely refer to the financial target.</li> </ul>

Management approach is evaluated by associating internal control and independent audit. Any business related policy, including business strategy, is fully agreed internally before issuance, and obtains approval from General Shareholders if necessary. Any out-of-scope cases will be reported for next year adjustments.

In 2020, we applied a new flexible incentive policy for sales teams and bonus policy for agents to promote sales in the

pandemic context. For accounting data verification, inputted information must be checked by (1) team leader; (2) internal control team; (2) financial and accounting team.

The interim and year-end financial reports are audited by an independent audit firm, which is approved by the Annual Shareholders Meeting.

## Sharing with Stakeholders

(Unit: VND)

Criteria	2019	2020
Revenue generated	1,044,036,295,472	898,173,973,640
Revenue distributed	967,805,113,884	867,708,311,776
<i>Including:</i>		
<i>Operating costs</i>	647,649,159,987	558,329,895,814
<i>Employee wages and benefits</i>	226,778,615,009	236,970,180,326
<i>Capital expense</i>	51,807,853,121	48,756,399,147
<i>Tax to Government</i>	39,034,485,767	23,259,436,489
<i>Donation to Community</i>	2,535,000,000	392,400,000
Revenue retained	76,231,181,588	30,465,661,864

### 2.1 Sharing with Suppliers

The operating costs are purchased value from all suppliers, including materials, outsourcing goods and services. As a manufacturer, this component accounts for the largest proportion of Everpia's total distributed economic value (nearly 64%), at VND 558 billion in 2020. The sharing with suppliers decreased over 2019 due to pandemic impact on business operation.

### 2.2 Sharing with Investors

We appreciate shareholders and investors in contributing to our mission. In 2020, Everpia has spent almost 50% of total net profit, equivalent to VND 34 billion for cash dividend to existing shareholders, at the rate of 9% on par value. Total interest expense paid to banks and bondholders in 2019 is VND 14.7 billion.

### 2.3 Sharing with Local Government

We understand that paying taxes to the State Budget is not only an obligation, but also an indirect way for businesses to share the community responsibilities with the government. Therefore, Everpia is always disciplinary, proactive and transparent in tax declaration and payment. Our payable tax this year is VND 23 billion, including nearly VND 14 billion of Corporate income tax and VND 9 billion of other taxes.

However, in a large operation scale with nearly 1,500 employees and almost 1,000 billion revenue per year, operational errors are unavoidable. In 2019, the Company bore 4 penalties on tax for lost invoice, but the penalty amount was not considerable, at 26 million dong in total.

### 2.4 Sharing with Community

True value of sharing is to spread good and positive merits to communities. In Everpia, we put the majority of our attention and efforts to Education and Public health care through specific and practical actions. Please refer to "Responsibility to Community" for more details.



## 2.5 Sharing with Employees

With about 1,500 employees working in 03 manufacturing sites and 07 branches in Vietnam, we deeply understand the correlation between each individual's success and the overall achievement of the organization.

Therefore, in addition to ensuring compliance with the laws on wages and insurance, Everpia always strives to keep employees motivated through continuous improvement of the incentive and award policy and working environment.

In 2020, in spite of the difficulty in business due to Covid, the Company's leaders still decided to maintain income for employees in accordance with the pay rise policy from the year beginning. As a result, the total salary, insurance and welfares still increased by 4% over 2019. For details, please refer to the section "Motivated Employees".

Unit: VND

Criteria	2019	2020
Total salary before tax	187,456	198,815
Welfare	15,315	21,659
Social Insurance covered by the Company	24,007	16,496
<b>Total</b>	<b>226,778</b>	<b>236,970</b>

## III ENVIRONMENTAL SUSTAINABILITY

The global apparel industry is one of the most significant contributors to climate change today. It accounts for 8.1% of global climate impacts, 20% of the global waste water. As part of the supply chain, we are well aware of the significance and urgency of environmentally sustainable production. The Sustainability Committee plays an important role from choosing raw materials to managing energy efficiency as well as treating the waste, effluents and emissions from our factories in Hanoi, Hung Yen and Dong Nai.

We manage the environmental topics in 3 steps:

- (1) Appointing person in charge of each topic at each factory;
- (2) Defining methods and measures to quantify the usage or discharge for each issue;
- (3) Setting goals with strategic actions, with 2019 data as the baseline, to monitor the improvement and periodically evaluate the progress.

The detailed components of management approach will be reported in each topic.

### 3.1 Conscious Choice of Materials

Our journey of sustainability starts with conscious choice of materials. This early stage of selecting materials has a substantial impact on the entire product cycle of production, usage, and disposal. We aim to work with materials that last long and do not cause unnecessary harm to the environment. Our goal is to increase the proportion of sustainably produced materials in each of our key raw materials. To reach this goal, Everpia works with the supply chain to promote the environmentally qualifying materials that come from sustainable production practices.

The evaluation of management approach is carried out through internal controls and independent audits. In particular:

- (1) Internal control: the Sustainability Committee conducts meetings to update the implementation of all issues on a quarterly basis, and reports to the Board of Management in annual Workshop at the beginning of the year;
- (2) Independent audit: applying Higg Index's environmental module assessment, and conducting onsite verification by an independent third party nominated by SAC - Higg Index's developer; through customers' onsite audits.

After each assessment, we will compare the actual performance with the target and make necessary adjustments.

Detail evaluation on performance progress is presented at "Sustainability Goals 2023 and 2020 progress" part.

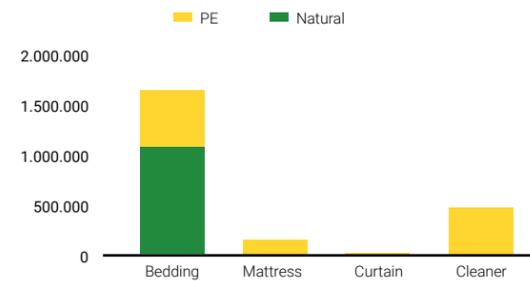
Ensuring high standards of sustainability in materials has been one of the most challenging aspects of our work due to the wide breadth of our product portfolio. From a single thread in Everon bedsheet to a coil wire in King Koil spring mattress, we strive to ensure that our products not only outperform local laws in Vietnam but meet the sophisticated demand of international standards in material sustainability.

## Key materials consumption table

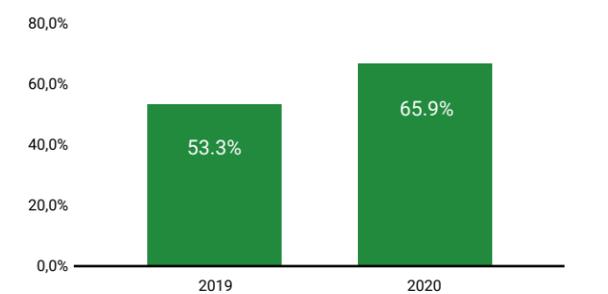
Raw material	Unit	2018	2019	2020	+/-
Fabric	m	4,346,526	4,479,085	2,347,695	-48%
Fiber	kg	5,941,128	4,337,873	2,082,840	-52%
Resin	kg	1,110,366	1,020,400	606,120	-41%
Nylon bags	pcs	622,183	1,566,867	744,863	-52%
Labels, catalogue, etc	pcs	3,574,013	7,621,462	12,962,801	70%

## Renewable & non-renewable source in key materials

### Fabric



### Natural ratio of Bedding fabric YoY



In Vietnam, home textiles must comply with the national technical standards on the limitation of chemical content in products, according to Circular 21/2017/TT-BCT of MoIT. 100% of our input fabrics for bedding, mattress, and curtain items are free from toxic substances like formaldehyde, aromatic amines and comply with the law.

With current product portfolio and revenue structure, bedding fabric accounts for the largest portion of materials in Everpia every year. In 2020, 1,661,213 meters of fabric had been consumed for bedding business, of which 66% comes from sustainable sources, increased 24% over 2019.

We will continue to increase the proportion of naturally sourced fabrics such as Cotton, Tencel, Modal, and Bamboo to replace petroleum-based fabrics such as Polyester and Polypropylene. These new fabrics are made from natural fibers (cotton or wood pulp), which are both environmentally friendly and better for human health.

For mattress cover, curtain and cleaner fabric, where polyester is the only choice to ensure the durability and shape of the products, we prioritize suppliers with the OEKO-Tex and Greenguard certified fabrics and quality management ISO 9001. For fabrics that fall out of the above criteria, we apply the quality testing for finished products in accordance with Fiti standards on health safety before delivery to consumers.

### Packaging

Another key material issue is polyethylene (PE) and nylon packaging. For home textile products, keeping the product safe from potential contamination (moisture, mold, etc) is one of the most important considerations. PE and nylon are also ideal as they are durable for users to store products when not in use.

However, considering the negative environmental impact of petroleum-based materials, we carefully chose suppliers

with more sustainable production practices. Going forward, Everpia aims to replace existing petroleum-based packaging materials to more renewable materials.

In 2020, our Design department piloted canvas fabric, which is made from PE fiber and hemp fiber, for packaging. Although it meets the aesthetics requirement, this test was not well received by the customers, as it is quite inconvenient in preservation of the products, not allow the visibility of inside products, and high cost.

### Recycling and Circularity

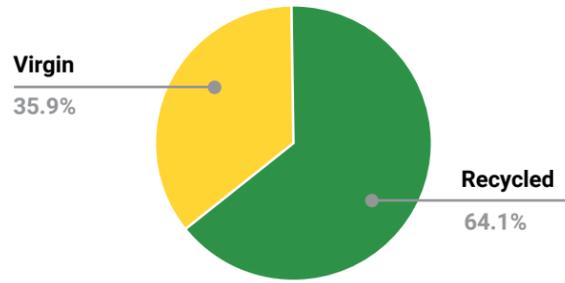
The key to minimizing the environmental footprint depends on the degree to which the traditional business model can transition into a more circular one.

One of our efforts to transition our traditional business into a more circular one is the padding business. Using polyester fiber as raw material, padding products had the technological potential to shift from virgin polyester fiber to recycled polyester fiber. Recycled polyester is a vital component of the circular economy as it reuses post-consumer PET bottles.

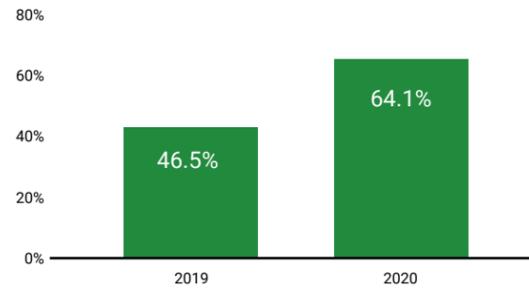
Committed to sustainability, Everpia quickly implemented Global Recycled Standards (GRS) that sets requirements for third-party certification of recycled content, chain of custody, social and environmental practices and chemical restrictions. We also recommend our customers to adopt the recycled products and promote the circular economy.

Recent trends in the global apparel industry to reduce carbon emissions have resulted in the increased demand for the recycled padding products from post-consumer PET bottles. In 2020, the recycled fiber ratio used by Everpia was up to 64%, increased 38% over 2019, as reusing 92,024,069 plastic water bottles 500ml.

**Use of recycled fiber over virgin fiber**



**Recycled ratio of Fiber YoY**



**3.2 Responsible Production**

We take full responsibility for our production sites. With the ongoing Factory Innovation program and environmental impact reduction initiatives, Everpia strives to ensure that our factories implement the most sustainable manufacturing practices. By 2023, Everpia aims to halve our environmental impact by increasing energy efficiency and opt for renewable sources, controlling waste and chemical usage during production.

Ensuring sustainable practices in three of our manufacturing facilities is a challenging task. Each production line touches upon various issues of energy and water consumption, chemical management as well as waste and wastewater control. We carefully conduct the environmental impact assessment of our business activities at each product site before operation, and perform the annual testing on all environmental aspects, such as air, water, waste water quality, etc.

We work closely with international organizations such as Sustainable Apparel Coalition, Textile Exchange, and NQA to manage our environmental impact and to make sure that

our practices reflect global standards. All of our facilities are certified by the Multinational Environmental Management System (NQA) for environmental management and comply with BS EN ISO 14001: 2004 standards since 2015. In early 2020, Everpia became one of the very first manufacturers in Vietnam to hold verified Higg Index.

Especially in 2020, 3/3 Everpia factories were independently assessed for resource efficiency and circular production potential (RECP) by the leading consultant in Vietnam - Vietnam Cleaner Production Center (VNCPC), through the initiative "Race to the top" of the Sustainable Trade initiative of Vietnam (IDH Vietnam) in association with the Apparel impact institute (Aii), and "Trade for Sustainable Development" (T4SD) initiative of International trade center (ITC). This is the result of many efforts to learn and connect with the sustainable development movement in Vietnam and globally from the Sustainability Committee.

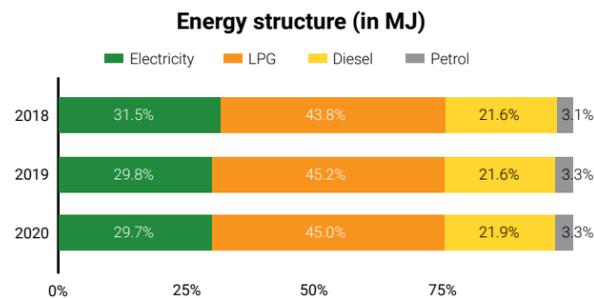
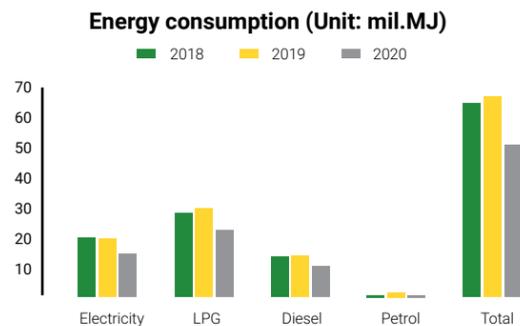
A number of innovative solutions have been introduced with the aim of saving energy, reducing water consumption and optimizing waste management. Everpia has no violation in environmental issues in 2020.

and economical use of energy resources to reduce adverse impacts on the environment.

**3.2.1 Energy**

Energy crisis is, along with climate change, a big concern for many countries including Vietnam. Over the past few years, Everpia has been working towards more efficient

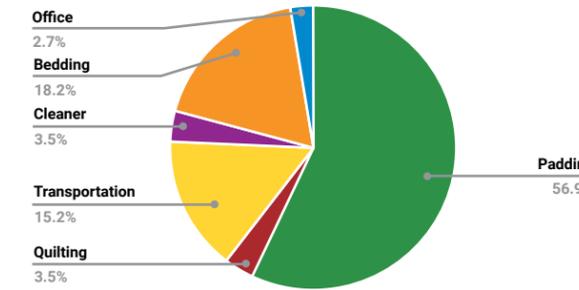
**Energy consumption structure:**



Unit: MJ	Consumption 2019	Consumption 2020	Ratio
Electricity	20,159,762	15,160,406	30%
Non-Renewable	47,405,102	35,871,897	70%
<b>Total</b>	<b>67,564,864</b>	<b>51,032,303</b>	<b>100%</b>

The energy consumption in 2020 reduced by 25% over 2019 mostly due to the decline in production volume, while the structure by type of energy was almost same with last year.

**Energy consumption by business unit:**



With many efforts in tracking and analyzing data, in 2020, we separated the Quilting production from the Padding business for more accurate assessment on energy consumption by each production unit.

**Energy intensity data for padding production**

(MJ/kg of padding)	2020	2019	+/-
Electricity	1.29	1.52	-15%
LPG	4.20	4.88	-14%
Diesel	1.17	1.30	-10%
Total energy	6.66	7.70	-14%

Accordingly, the most energy-intensive production in Everpia is for padding products. It demands 57% of our annual energy consumption, mostly from LPG (63%). Table below shows normalized energy intensity data for padding production. In 2020, Everpia saved 14% of energy for each kg of padding products thanks to various production innovation.

**Continuous reduction work pays off**

Our reduction efforts take place on a daily basis from production operation to office operation. Deep knowledge on the energy efficiency of our equipment enables us to reduce energy by prioritizing efficient machines and maintenance. Moreover, monitoring the energy consumption gives awareness to employees on energy usage.

As a part of the Factory Innovation program with the consultation from VNCPC, a series of initiatives on energy savings have been launched and saved us 320,410 kWh, 28,800 kg of LPG and 4,272 lit of diesel per year.

	<p><b>Intensive maintenance</b></p> <ul style="list-style-type: none"> <li>Overall maintenance of the transformer for Hanoi factory, resulting 2% improvement in machine efficiency and removal of cooling fan, saving 17,040 kWh/year (Oct. 2020)</li> <li>Intensive maintenance of the compressed air system, repairing leaks and optimizing by the purpose of use, saving 53,313 kWh / year (Oct. &amp; Nov. 2020)</li> </ul>
	<p><b>Retrofitting of Equipment</b></p> <ul style="list-style-type: none"> <li>Upgrade the ventilation system in the Padding workshop, apply inverter machine, saving 60,000 kWh/year, equivalent to 50% of energy use prior to renovation. (Jan. 2020)</li> <li>Innovate the electricity box in PE mattress workshop: replace 2 current electricity boxes without inverter machine by 1 electricity box with inverter machine, saved us 115,000 kWh/year. (Feb. 2020)</li> </ul>
	<p><b>Operational Change</b></p> <ul style="list-style-type: none"> <li>Apply LED bulbs in the finished goods warehouse: replacing 19 sets of compact light bulbs with 10 sets of LED bulbs has reduced over 30,000 kWh of electricity usage. (Feb. 2020)</li> <li>Innovate the electric lines for light bulbs and fans for flexible adjustment, saving 5,103 kWh/year (Oct. 2020)</li> <li>Optimize the pickup route, reduced 01 pickup bus, saving 4.272 lit diesel/year (May 2020)</li> </ul>

### 3.2.2 Waste

Generating waste is inevitable from manufacturing home textile products. Thus, when it comes to waste management, we prioritize reducing unnecessary waste from the production processes and treating necessary waste responsibly.

Since 2015 we have implemented ISO 14001: 2004 protocol for waste classification and management. Solid non-hazardous industrial wastes account for 15,033 kg, mostly raw and sub materials (excess fabric, threads, straps, waste paper and carton boxes) from the manufacturing process. Wastes are collected and sorted daily and sold weekly to the Industrial Waste Collection Company for recycling or disposal. Domestic wastes from daily operation are 9,850

kg, also collected everyday for classification, and handed over onsite to the authorized waste treatment company for handling. Hazardous wastes from our production sites, accounting for 534.5 kg, include fluorescent light bulbs, ink cartridges, and machine lubricants. These wastes are separately stored in a restricted area and collected by authorized agencies for appropriate disposal.

Information and average weight of all the wastes are registered with the local Department of Natural Resources and Environment. The major disposal method for our wastes is recycling and burning, with an exception of fluorescent light bulbs (189.5kg) which get solidified by the certified agency.

(Unit: kg)

Type of Waste	Hanoi	Hung Yen	Dong Nai	Total
Hazardous waste	99.5	240	195	534.5
Non-hazardous waste	1,295	6,025	17,563	24,883
<i>Domestic waste</i>	<i>1,050</i>	<i>4,000</i>	<i>4,800</i>	<i>9,850</i>
<i>Solid industrial waste</i>	<i>245</i>	<i>2,025</i>	<i>12,763</i>	<i>15,033</i>
<b>Total</b>	<b>1,395</b>	<b>6,265</b>	<b>17,758</b>	<b>25,418</b>

The Factory Innovation program has also reduced the following waste during production.



Mechanical innovation of the carding machine in padding production reduced 70% of normally generated fiber waste.



Automate the fur-blankets with absolute accuracy, reducing 10% waste of fabric.



Install the support tools for sewing machines, saving the working time and increasing quality, reducing 5% of errors.

### 3.2.3 Chemical Management

Reducing chemical footprint is also a material issue of the global apparel industry. Therefore, being one of sub-materials for 2 out of 6 main production processes, the management of resin is seriously controlled in Everpia under the Law on Chemicals 2007 to ensure the safety of chemicals used in production and consumption.

Our strict management starts from the stage of selecting input supply. 100% of resin used in Everpia has an OEKO-Tex certificate to ensure the health safety. Suppliers are required to provide detailed information and specific instructions on chemical composition, usage, storage, as well as chemical incident response according to the standard of Globally Harmonized System of Classification and Labeling of Chemicals (GHS) issued by the United Nations, and refer to advanced international practices such as Restricted substances list (RSL/MRSL) of ZDHC.

Chemicals are sorted and stored in a separate warehouse, with limited access. During the production, the amount of chemicals used within the day is transferred to the temporary storage area, near the chemical mixing area. In these areas, all information related to the chemicals is visually displayed to direct users. Furthermore, necessary measures to ensure occupational safety are strictly applied, such as setting a barrier around the mixing area and lid for the mixing container. In addition to wearing protection equipment such as masks, gloves, glasses, and protective clothing, employees are trained in chemical-related knowledge and prepared for possible chemical spill situations.

Everpia has also developed automatic dew-like spraying technology to optimize the use of resin. Designed as a circular system, it collects the excessive resin and reuses it to minimize the effluents to the environment.

Everpia has not recorded any chemical spill so far.

### 3.2.4 Water and Effluents

Although our production facilities do not involve wet processing, we understand the importance of addressing the environmental impact of our domestic water usage and managing the wastewater from our factories.

Our water comes from two major sources: 1) Refined water from local water suppliers and 2) Groundwater treated through drilling wells on production sites. In 2020, we withdrew 42,292 m3 of water for operational use, in which

68% is municipal water. We do not use the sources of reused or recycled water.

In 2020, under the advice form VNCP, we adjusted the flow rate of hand-washing faucets to standard rate (from 20 lit/minute to 10 lit/minute), checked and resolved the leaking in fire-fighting water tank, and install the rain water transmission system from the roof to the fire-fighting water tank. As a result, 15,708 m3 of water has been saved per year.

The environmental impact of our water supply to the local communities has already been assessed since all of our production plants are located in industrial zones. Moreover, our withdrawal of groundwater complies with the License on underground water exploitation issued by the local Department of Natural Resources and Environment for each factory.

Managing the quality of wastewater is another important aspect of responsible production. For Dong Nai factory,

### 3.2.5 Emissions

To contribute to the UN's goals for limiting global warming, Everpia has committed to a goal of reaching climate neutral by 2030. Everpia's climate goal was set using the method of GHG Protocol Corporate Accounting and Reporting Standard.

We start with the measurement of scope 1 and scope 2 by applying emission factors under IPCC Guideline for GHG Inventories 2006 (updated in 2013 and refined in 2019), and emission factor of Vietnam electricity. Scope 3 will be implemented step by step in the coming years. We reduced GHG emissions through the energy reduction measures.

Scope 1: Direct GHG emissions are calculated based on our fuel consumption for on-site combustion and transportation, including diesel, LPG for padding production, and diesel, petrol for transportation, adding the refrigerant emission.

Scope 2: Electricity indirect GHG emissions account for GHG emissions from the generation of purchased electricity consumed by the Company. The emission ratio is pursuant to the Announcement no 263/BĐKH dated 12th Mar. 2020 of Climate Change Agency - Vietnam Ministry of Natural resources and Environment for electricity generation in Vietnam in 2018.

the local industrial zone management treats wastewater through its infrastructure, under the wastewater treatment contract. For 2 factories in the North, we have installed an onsite treatment system to ensure that discharged wastewater from our facilities does not cause environmental damage to the surface water - our discharge destination.

According to a test report from the Institute of Occupational and Environmental Health and the 1st Technical Center of Quality Measurement Standards, our onsite wastewater treatment system meets the national wastewater quality standard of no. QCVN 14: 2008/BTNMT.

Everpia has no violation in regard of water and effluents during 2020.

The GHG emission of Everpia in Scope 1 and Scope 2:

Unit: Metric Tonnes CO2e (tCO2e)	Everpia
Scope 1: Direct GHG emissions	2,487
Scope 2: Electricity indirect GHG emissions	3,852
<b>Scope 1 &amp; 2</b>	<b>6,339</b>

After analyzing the emission scope, we figured out that the padding production produced the most CO2 emission in our business, accounting for 47% of the total scope 1 & 2 volume. Therefore, we focus on measurement of the GHG emission intensity for padding business.

GHG emission intensity for padding business

	Padding emission (tCO2e)	Emission intensity (kgCO2e/kg padding)
Scope 1	1,538	0.3522
Scope 2	1,428	0.3269
Scope 1 & 2	2,965	0.6791



## IV SOCIAL RESPONSIBILITY

Everpia aspires to contribute to the betterment of society through engaging with employees, partners, customers and the local communities. Our Code of Business Ethics lays out the principles for socially responsible engagement with our stakeholders and the Business Social Compliance Initiatives (BSCI) standards provide us with specific guidelines to promote social responsibility in Everpia.

### 4.1 Motivated Employees

Employees are the most valuable asset of Everpia. The Board of Management aims to build a healthy organization through offering (i) transparent recruitment, (ii) welfare benefits, (iii) career development opportunities, (iv) fair and democratic working environment, and (v) ensuring occupational health and safety.

The HR Department is responsible for researching regulations and the best practices, advising the Management on appropriate policies, and monitoring the implementation of those policies together with the Internal Control Department. Opinions of employees are communicated in multiple channels: direct conversation; calling to the hotline; or sending a letter to the feedback box.

According to the opinions of employees, in 2020, Everpia adjusted the incentive policy for sales team, renovated the timekeeping method, and piloted the performance salary for top leaders based on Balanced scorecards.

Thanks to these continuous efforts, the average seniority of Everpians is 8.19 years, the number of staff with seniority at over 5 years in Everpia reaches 59%, over 3 years reaches 75%. These are impressive figures among the textile & garment industry in Vietnam.



### 4.1.1 Recruitment

#### New employee hires by age group, gender and region

Criteria	Quantity						Ratio					
	Male			Female			Male			Female		
	<30	30-50	>50	<30	30-50	>50	<30	30-50	>50	<30	30-50	>50
Local area	36	14	0	54	9	0	22%	9%	0%	159%	26%	0%
Other area	9	16	0	14	12	0	5%	10%	0%	41%	35%	0%
<b>Total by age</b>	<b>45</b>	<b>30</b>	<b>0</b>	<b>68</b>	<b>21</b>	<b>0</b>	<b>27%</b>	<b>18%</b>	<b>0%</b>	<b>41%</b>	<b>13%</b>	<b>0%</b>
<b>Total by gender</b>	<b>75</b>			<b>89</b>			<b>46%</b>			<b>54%</b>		
<b>Grand total</b>	<b>164</b>						<b>100%</b>					

#### Employee turnover by age group, gender and region

Criteria	Quantity						Ratio					
	Male			Female			Male			Female		
	<30	30-50	>50	<30	30-50	>50	<30	30-50	>50	<30	30-50	>50
Local area	58	25	4	36	38	1	24%	11%	2%	15%	16%	0%
Other area	16	17	0	25	17	0	7%	7%	0%	11%	7%	0%
<b>Total by age</b>	<b>74</b>	<b>42</b>	<b>4</b>	<b>61</b>	<b>55</b>	<b>1</b>	<b>31%</b>	<b>18%</b>	<b>2%</b>	<b>26%</b>	<b>23%</b>	<b>0%</b>
<b>Total by gender</b>	<b>120</b>			<b>117</b>			<b>51%</b>			<b>49%</b>		
<b>Grand total</b>	<b>237</b>						<b>100%</b>					

Recruitment at Everpia takes place publicly, transparently, regardless of gender and religion.

Child labor is strictly prohibited at Everpia. Salary and the probationary time for successful candidates comply with the regulation on probation. All employees are given the best opportunities to demonstrate their competence and all creative ideas are well-recognized.

In 2020, Everpia had 164 new employee hires, and 237 employee turnovers. For each employee leaving, the Company conducts surveys in purpose of improving the working environment.



#### 4.1.2 Welfare and Benefits

Not only strictly following the provisions of the labor law, Everpia also actively applies higher remuneration policies for its employees. Full time employees, in addition to basic remuneration, will be entitled to the following benefits:

- Pick-up cars for senior managers and for business trips;
- Daily pick-up buses & bike parking allowance for office staff; travelling allowance of VND 10.000/day for workers;
- Seniority allowances;
- Attendance allowance; Telephone allowance;
- Kid allowance VND 100.000 / month / child (under 06 years old)
- Sick/wedding/funeral allowance
- Hazardous and dangerous allowances applicable to heavy, hazardous and dangerous labor;
- Allowances for employees under harsh working conditions

In addition, the Company has 2 regular team building activities every year: the year-end party on December 31 and the Sport Festival in March. These are meaningful events for employees and families to come together, share and build teamwork.

However, due to the complicated outbreak of the pandemic, in 2020 the Company postponed organizing these collective events to protect the health of all employees, and to comply with the government's distancing request.

The total salary and benefits in 2020 is VND 237 bil., 84% (VND 198.8 bil) of which is the salary. The monthly average salary and average income of an employee in 2020 is VND 11 mil. and VND 12.3 mil. respectively, increased by 4% and 2.2% over 2019.

Type	Welfare	Value in 2020 (VND)
Compulsory	Social insurance	17,450,305,170
Compulsory	Health insurance	3,216,890,065
Compulsory	Unemployment insurance	991,633,172
Compulsory	Union fee	1,988,691,898
Compulsory	Physical check	111,788,822
Voluntary	Meal allowance	7,037,425,850
Voluntary	Picking up cars & buses	618,209,798
Voluntary	Kid allowance	330,351,064
Voluntary	Birthday	208,900,000
Voluntary	Bike parking allowance	53,121,500
Voluntary	Awards for excellent staff	140,000,000
Voluntary	Attendance allowance	2,263,200,000
Voluntary	Travelling allowance	2,360,720,000
Voluntary	Team Building	1,384,240,000
<b>Total welfare</b>		<b>38,155,477,339</b>

#### Parental Leave

In 2020, 100 employees took parental leave, including 68 female and 32 male, accounting for 100% of being entitled ones. 100% of employees came back to work after parental leave.

Total number of female employees in maternity leave	61 persons
Total number of employees that returned to work after parental leave ended	42 persons
Total number of employees that returned to work after parental leave ended that were still employed 12 months after their return to work	42 persons



#### 4.1.3 Career Development Opportunities

In Everpia, employees are given the opportunity to challenge and improve themselves. They are encouraged to come up with bold new ideas and well-recognized for that. Everpia facilitates individual development through internal training programs and intensive training from experts.

With the production department, newcomers start with 5-day training at the factory. With the office department, new staff is introduced about the organizational structure, corporate culture and basic policies in 1-day training. They will then receive direct training in their department for professional skills. The total training period for new recruits in 2020 is 448 hours for the office department and 5,440 hours for the production department.

In addition, in order to promote the self-innovation culture, from 2020 Everpia executed the Innovation School program every Saturday, directly trained by the Production Director with the knowledge and experience learnt from Korean consultant. The Company also launched the monthly Innovation Contest for production departments to share ideas and good practices on innovation. Total internal training time for innovation in 2020 is 3,344 hours.

It adds up to 6 hours of training for each employees in 2020.

Several excellent employees who are identified as core persons and the future leaders will be sent to Korea, one of Asia's leading countries, for training on management skills as well as expertise. There will be 1-2 such scholarships sponsored by the company each year on average.

At the end of the year, the Company evaluates the performance of all employees, and awards excellent employees/team. The managers from team leaders are evaluated twice a year. The assessment has two steps: i) self-assessment and ii) assessment & rating of direct manager. With the sales department, the assessment is majorly based on the sales performance. As a result, personal performance evaluations and ratings are conducted in a transparent and fair manner, enhancing employees' motivation and engagement.

Moreover, to encourage innovation spirit, Everpia holds semi-annual innovation festival for each department to present its innovative initiatives to the BOM, to recognize the continuous efforts of the team and individuals. Top 5 initiatives graded by the BOM will be honored and awarded.



#### 4.1.4 Democratic and Fair Labor Environment

In Everpia, all employees are treated fairly on the basis of performance and competence regardless of gender, education and position. The respect for diversity & equal opportunity is affirmed throughout the business culture to the recruitment process and the management of human resources.

##### Diversity of governance bodies and employees

Position/Age	Quantity			Ratio	
	Total	Male	Female	Male	Female
<b>Staff</b>	<b>1266</b>	<b>477</b>	<b>789</b>	<b>38%</b>	<b>62%</b>
<30	450	165	285	37%	63%
30-50	708	249	459	35%	65%
>50	108	63	45	58%	42%
<b>Manager</b>	<b>194</b>	<b>117</b>	<b>77</b>	<b>60%</b>	<b>40%</b>
<30	15	10	5	67%	33%
30-50	162	94	68	58%	42%
>50	17	13	4	76%	24%
<b>Senior manager</b>	<b>35</b>	<b>18</b>	<b>17</b>	<b>51%</b>	<b>49%</b>
<30	0	0	0	0%	0%
30-50	22	7	15	32%	68%
>50	13	11	2	85%	15%
<b>Total</b>	<b>1,495</b>	<b>612</b>	<b>883</b>	<b>41%</b>	<b>59%</b>

##### Income ratio of female workers to male workers in 2020

Level	Salary	Remuneration
Staff	100%	101%
Manager	99%	95%
Senior manager	96%	101%
Whole company	99%	100%

It can be seen that, in the staff level, the percentage of female workers under the age of 50 is overwhelming due to the characteristics of the garment industry. The proportion of male labor is higher in the level of managers (from the team leader), but equal in the level of senior managers (from head of department). This diversity reflects the high level of gender equality in Everpia's personnel evaluation and appointment policy.

In terms of basic salary and remuneration, Everpia applies a common policy for male and female employees, so basically, the income ratio of men and women is relatively balanced.

In Everpia, employees are empowered by democratic rules and regulations at the workplace. Employees have the right to comment and decide on the content of the collective bargaining agreement, as well as the freedom to join trade unions and other labor organizations.

Labor rights are executed through periodic and regular dialogues between the Company's management and employees, or the workers' conferences to collect opinions for trade unions. Besides Suggestion Box and Internal Hotline, we also deliver specific guidelines on the relevant policies to facilitate application. These regulations are agreed by the Trade Union and voted by the laborers before officially promulgated.

Accordingly, the dialogue is conducted at least quarterly, with the basic contents such as: updating the business & production performance, discussing on the implementation of labor contracts, collective bargaining, working conditions, or other requirements from the employees or the employer. In the event of unexpected problems arising from either party requesting the extraordinary dialogue, the two parties shall arrange the meeting within 10 working days since requested.

#### 4.1.5 Occupational Health and Safety

Ensuring occupational health and safety is the top priority in the manufacturing process at Everpia. Therefore, in addition to the officer in charge of the Sustainability Committee, the Company further established a special team in charge of occupational health and safety (OHS team) at all 3 factories, in which each workshop has 1-2 representatives to ensure this activity to be perfectly carried out and closely monitored.

On each Tuesday, the OHS staff and representative of the Factory Innovation team visit each factory to check the 5S activities. Every 6 months or in case of emergency, the OHS team reports directly to the BOM and the Trade Union, notifying the Sustainability Committee, to update the implementation and quickly give necessary solutions. When a health and safety related accident occurs, an Investigation Team, presented by a BOM's representative, the Chairman of the Trade Union, the Medical department leader, and the Officer in charge of OHS, will be immediately formed, and the occupational accident investigation process will be activated.

The role of Trade Unions in managing this topic is not only to cope with arising problems, but begin with setting up relevant provisions in the Collective Labor Agreement as a responsibility and obligation of the Employer and Employee.

Every year, each factory reviews the entire production process and workplace to identify the potential impacts on the environment and workers, and classify the risks on occupational health & safety, then work out the corresponding measures.

Furthermore, the Company conducts related training and communication to each employee on a yearly basis and before start working, delivers labor protective devices and strictly controls workers' compliance. Fire incident drills and first aid training are also conducted annually to provide necessary skills and knowledge for workers.

In addition, health checks are provided to all employees once a year, or twice a year for the workers in hazardous situations. The original health records are sent directly to

each employee in a sealed envelope. Summary information will be transmitted in hard copy to the Human Resources department, and kept in a locked file cabinet, managed directly by the Head of Department.

The above OHS standards are applied to the entire employees of Everpia. For contractor employees working onsite, the Company's Medical department will provide first aid support if any accident arises, and cooperate in investigating occupational accidents if required.

In 2020, including employees of the contractor working at the Company, Everpia recorded 1 case of labor accident at Dong Nai factory. This is traffic accident happened on the way back home (outside the factory). The Company has given 100% of the medical expense and other payments, executed the insurance claim in accordance with regulations.

One of the key goals of the Factory Innovation program is to improve the working environment for employees. In 2020, 15 related initiatives were applied, including 11 initiatives in 5S implementation and 04 following initiatives in occupational safety:

- Renovating the button press machine: design hand position away from the pressing area, preventing the risk of pressing on the hand (Feb. 2020)
- Investing new equipment to support the transportation and discharge of goods, reducing the risk in labor accident (Jul. 2020)
- Uplift the roof for padding workshop, comforting the working environment (Nov. 2020)
- Renovate the fiber blower in padding and PE mattress workshop, prevent padding out in the air (May 2020)

#### 4.2 Partnership with Suppliers

Building a diverse and balanced ecosystem of the supply chain is essential to the sustainability of business.

At Everpia, we conduct annual supplier assessments internally on a range of criteria such as supply capacity, technology, financial health, product quality, price, delivery time, and etc. Information is collected through direct interview, reference from existing partner network or internet.

The basic factors of price, delivery time are negotiated before each transaction, or annually with the principal contract. In case of conflict, two parties will discuss directly and agree on the solution based on harmonizing interests. Traceability of raw materials is mainly done through certification such as OEKO-Tex, and direct interviews with suppliers.

Our first priority in selecting suppliers is product quality. If the quality requirements are satisfied, we will prioritize the local suppliers, in order to enhance the stability of materials supply and increase the localization rate.

Currently, most of the key raw materials, such as fabric, fiber, are imported from Korea and China since the domestic sources have not met the Company's demand on capacity and quality. However, for other sub-materials such as resin, rubber band, thread, and interlining, Everpia sources from Vietnamese suppliers. Addressing our effort to improve the local supply chain, Everpia has increased its partnership with local suppliers.

#### Comparison Table of Domestic and International Suppliers

Suppliers	Number of Suppliers	Ratio in 2020	Ratio in 2019	Purchased value (VND)	Ratio in 2020	Ratio in 2019
Local suppliers	589	88%	90.1%	310,251,666,964	37.2%	45.8%
Foreign suppliers	84	12%	9.9%	523,070,827,829	68.8%	54.2%
<b>Total</b>	<b>676</b>	<b>100%</b>	<b>100%</b>	<b>833,322,494,793</b>	<b>100%</b>	<b>100%</b>

#### 4.3 Responsible Consumption

As a consumer products manufacturer, caring for customer health and safety is not only our obligation but also our mission. We engage with this mission from selecting high quality materials and applying modern and safe technology to communicating product information in full, honest and transparent manner to the customers.

For each line of products, Everpia conducts a careful research on its effects on health. Initial control will be taken by the R&D team of each business unit, through dozens of tests and corrections. Based on research and analysis of market needs, new features of products are developed to solve the different requirements of customers.

In 2019, 5-second pillows and in-shape pillows have been developed by Everpia and launched in Vietnam, especially proper with people suffering from shoulder pains. Down feather substitute with many functions superior to real feather such as: no allergy, odorless, no degeneration after a period of use, has also been supplied to market by Everpia.

During the manufacturing process, each stage is meticulously performed, in compliance with regulations on occupational safety and hygiene. From raw materials to semi-finished products and after finishing, products are stored under standard conditions of temperature, humidity. All output products must pass through final quality control before being transferred to warehouse and delivered to customers, from metal detectors in padding to spring elasticity testing in spring mattress, as well as other quality standards for each type of product. For curtains, Everon is the first manufacturer in Vietnam equipped with Korean-technology steaming machine, which helps creating and keeping the wave of curtain, as well as killing 99.9% of

bacterias including staphylococcus aureus and bacilli certified by Fiti Garment Testing & Research Institute.

Regarding the communication of product information to customers, 100% of Everpia's goods satisfies this criterion. For semi-finished products such as padding, quilting and fabric, we comply with the agreement on product specifications in each contract, the manufacturer will be given enough information to provide end users.

For bedding, curtain and cleaner items, which are directly distributed to consumers, in addition to fully stating required information on product labels, we create videos, posts introducing the functions of fabric, or each product, guiding on right usage and storage, and reaching customers through social media.

Customer feedback is a valuable and reliable source of information for us to evaluate product impacts and make reasonable adjustments. Customers are encouraged to send their feedback after experiencing the products to Everpia through the stores chain, hotline, website or social network accounts of the Company.

In 2020, no feedback from customers or non-compliance behavior in regard to customer health & safety has been reported.

The labelling is conducted with following contents:

No	Label type	Content
1	Product information	(i) Name of product; (ii) Specification: material, size,...; (iii) Instructions for use & storage; (iv) Name, address and contact of Company
2	Brand label	Brand name is printed on package or attached to product, in purpose of recognition and preventing counterfeit
3	Quality Control	Confirmation of passing final KCS and qualified for circulation
4	Barcode	Internal product code and barcode; listed selling price
5	Anti-counterfeiting stamps	With Company's logo, applying broken-stamp & ice-testing technique, allowing the SMS verification
6	Warranty card	With Company's stamp, and warranty information

#### 4.4 Responsibility to Community

As a business member of the society, we recognize our role and responsibility in promoting the well-being and development of the local communities as well as the wider Vietnamese society.

In supporting the UN's 17 Sustainable Development Goals, our community works can contribute to the following goals: 1. No Poverty, 4. Good Health and Well-Being, 5. Quality Education, and 11. Sustainable cities and communities.

	<p><b>Access to Education</b></p> <p>Our focus area of corporate social responsibility is Increasing Access to Quality Education. Every year Everpia sets up a special fund for scholarship. We partner with the People's Committee in Hung Yen and Dong Nai and provide scholarships for students in need. Moreover, we participate in Korcham (Korea Chamber of Commerce) CSR program to sponsor university students each year. We continue to look out for opportunities to help those who lack access to quality education.</p>
	<p><b>Good Health and Well-Being</b></p> <p>Regularly we collaborate with non-profit organizations, such as orphanages and charity foundations, to donate our bedding products. Clean and safe bed linens and blankets are fundamental to good health and well-being. In the first outbreak of Covid early 2020, during the serious shortage of safety masks, Everpia produced and distributed 50,000 fabric facemasks for free through its stores to accompany Vietnam fight against pandemic. During the flood in Central, the Company also launched a program to call for supports from employees. The amount of the donation was not big, even though, it shows the sharing culture that spreads to every Everpian.</p>



This sustainability report is one of Everpia's means of communicating to the outside world about how our work on sustainability is managed and is progressing. Sustainability reports have been included in the Annual Report since 2010. The report covers the period of fiscal year 2020 from January 1, 2020 to December 31, 2020.

Everpia Sustainability Report has been prepared in accordance with GRI Standards - Core option. It also aims to clarify how the company works with principles of the United Nations Global Sustainable Development Goals.

GRI-No	Disclosure	Comment	Page
<b>GRI 101 Foundation 2016</b>			
<b>GRI 102 General Disclosures 2016</b>			
102-1	Name of the organization		2
102-2	Activities, brands, products, and services		6
102-3	Location of headquarters		2
102-4	Location of operations		8
102-5	Ownership and legal form		2
102-6	Markets served		7
102-7	Scale of the organization		8,9
102-8	Information on employees and other workers		11
102-9	Supply chain		74
102-10	Significant changes to the organization and its supply chain	None	
102-11	Precautionary principle or approach		58
102-12	External initiatives		65,66,75
102-13	Membership of associations		58
102-14	Statement from senior decision-maker	Chairman Foreword	
102-16	Values, principles, standards, and norms of behavior		2,48
102-18	Governance structure		11
102-40	List of stakeholder groups		58,59
102-41	Collective bargaining agreements		72
102-42	Identifying and selecting stakeholders		58,59
102-43	Approach to stakeholder engagement		59
102-44	Key topics and concerns raised		59
102-45	Entities included in the consolidated financial statements		83
102-46	Defining report content and topic boundaries		76
102-47	List of material topics		60
102-48	Restatement of information	None	
102-49	Changes in reporting	None	
102-50	Reporting period		76
102-51	Date of most recent report	24 Apr. 2020	
102-52	Reporting cycle		76
102-53	Contact point for questions regarding the report	Planning team	
102-54	Claims of reporting in accordance with the GRI Standards		76

102-55	GRI content index		76-79
102-56	External assurance	Not applied	
<b>GRI 200 Economic Standards 2016</b>			
<b>201</b>	<b>Economic Performance</b>		
103-1	Explanation of the material topic and its boundary		66
103-2	The management approach and its components		66
103-3	Evaluation of the management approach		66
201-1	Direct economic value generated and distributed		67
201-3	Defined benefit plan obligations and other retirement plans		67,76
<b>204</b>	<b>Procurement Practices</b>		
103-1	Explanation of the material topic and its boundary		74
103-2	The management approach and its components		74
103-3	Evaluation of the management approach		74
204-1	Proportion of spending on local suppliers		74
<b>GRI 300 Environmental Standards 2016</b>			
<b>301</b>	<b>Materials</b>		
103-1	Explanation of the material topic and its boundary		62
103-2	The management approach and its components		62,63
103-3	Evaluation of the management approach		62,63
301-1	Materials used by weight or volume		63
301-2	Recycled input materials used		63,64
301-3	Reclaimed products and their packaging materials		63,64
<b>302</b>	<b>Energy</b>		
103-1	Explanation of the material topic and its boundary		64
103-2	The management approach and its components		64
103-3	Evaluation of the management approach		64
302-1	Energy consumption within the organization		64,65
302-3	Energy intensity		65
302-4	Reduction of energy consumption		65
<b>303</b>	<b>Water and Effluents</b>		
103-1	Explanation of the material topic and its boundary		70,66,67
103-2	The management approach and its components		70,66,67
103-3	Evaluation of the management approach		70,66,67
303-1	Interactions with water as a shared resource		66,67
303-2	Management of water discharge-related impacts		66,67
303-3	Water withdrawal		67
<b>305</b>	<b>Emissions</b>		
103-1	Explanation of the material topic and its boundary		67
103-2	The management approach and its components		67
103-3	Evaluation of the management approach		67

305-1	Direct (Scope 1) GHG emissions		67
305-2	Energy indirect (Scope 2) GHG emissions		67
305-4	GHG emissions intensity		67
305-5	Reduction of GHG emissions		67
<b>306</b>	<b>Effluents and Waste</b>		
103-1	Explanation of the material topic and its boundary		64,67
103-2	The management approach and its components		64,67
103-3	Evaluation of the management approach		64,67
306-2	Waste by type and disposal method		67
306-3	Significant spills		66,67
306-4	Transport of hazardous waste		66
<b>307</b>	<b>Environmental compliance</b>		
103-1	Explanation of the material topic and its boundary		58,64-67
103-2	The management approach and its components		58,64-67
103-3	Evaluation of the management approach		58,64-67
307-1	Non-compliance with environmental laws and regulations		64-67
<b>GRI 400 Social Standards 2016</b>			
<b>401</b>	<b>Employment</b>		
103-1	Explanation of the material topic and its boundary		68
103-2	The management approach and its components		68
103-3	Evaluation of the management approach		68
401-1	New employee hires and employee turnover		69
401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees		70
401-3	Parental leave		70
<b>403</b>	<b>Occupational Health and Safety</b>		
103-1	Explanation of the material topic and its boundary		79
103-2	The management approach and its components		79
103-3	Evaluation of the management approach		79
403-1	Occupational health and safety management system		79
403-2	Hazard identification, risk assessment, and incident investigation		79
403-3	Occupational health services		79
403-4	Worker participation, consultation, and communication on occupational health and safety		79
403-5	Worker training on occupational health and safety		79
403-6	Promotion of worker health		79
403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships		79
403-8	Workers covered by an occupational health and safety management system		79
403-9	Work-related injuries		79
<b>404</b>	<b>Training and Education</b>		

103-1	Explanation of the material topic and its boundary		71
103-2	The management approach and its components		71
103-3	Evaluation of the management approach		71
404-1	Average hours of training per year per employee		71
404-3	Percentage of employees receiving regular performance and career development reviews		71
<b>405</b>	<b>Diversity and Equal Opportunity</b>		
103-1	Explanation of the material topic and its boundary		72
103-2	The management approach and its components		72
103-3	Evaluation of the management approach		72
405-1	Diversity of governance bodies and employees		72
405-2	Ratio of basic salary and remuneration of women to men		72
<b>413</b>	<b>Local Communities</b>		
103-1	Explanation of the material topic and its boundary		75
103-2	The management approach and its components		75
103-3	Evaluation of the management approach		75
413-1	Operations with local community engagement, impact assessments, and development programs		75
<b>416</b>	<b>Customer Health and Safety</b>		
103-1	Explanation of the material topic and its boundary		74
103-2	The management approach and its components		74,75
103-3	Evaluation of the management approach		74
416-1	Assessment of the health and safety impacts of product and service categories		74
416-2	Incidents of non-compliance concerning the health and safety impacts of products and services		74
<b>417</b>	<b>Marketing and Labeling</b>		
103-1	Explanation of the material topic and its boundary		74
103-2	The management approach and its components		74
103-3	Evaluation of the management approach		74
417-1	Requirements for product and service information and labeling	Omission: a.i. We do not have this information.	75
417-2	Incidents of non-compliance concerning product and service information and labeling		74
<b>419</b>	<b>Socioeconomic Compliance</b>		
103-1	Explanation of the material topic and its boundary		58,60
103-2	The management approach and its components		58,60
103-3	Evaluation of the management approach		58,60
419-1	Non-compliance with laws and regulations in the social and economic area		61

CHAPTER  
**06**

# **CONSOLIDATED FINANCIAL STATEMENTS**

The Company's audited Financial statement includes Consolidated financial statement and Separate financial statement. These financial statement were published on the Company website:

<http://www.everpia.vn/everon/ir/financial-statement.aspx>



## GENERAL INFORMATION

### ◆ THE COMPANY

Everpia Joint Stock Company ("the Company") is a joint stock company incorporated under the Law on Enterprise of Vietnam following a change in legal form from a 100% foreign-owned company, Everpia Vietnam Co., Ltd., in pursuant to the Investment Certificate No. 011033000055 issued by Hanoi Department of Planning and Investment on 27 April 2007, and the subsequent amended Investment Certificates, with the latest, being the 20th Amended Investment Certificate, granted on 2 June 2020.

The shares of the Company have been officially listed on the Ho Chi Minh City Stock Exchange from 17 December 2010 under Decision No. 247/2010/QĐ-SGDHCM by the Director of the Ho Chi Minh City Stock Exchange dated 30 November 2010.

The principal activities of the Company following the Investment Certificate are to produce, import, distribute (wholesale or retail) and export non-knitting cloth, filter cloth, wool, blanket, mattresses, bedding, padding, pillow, knapsacks, valise, bags, underclothes and other garment products; import, distribute (wholesale or retail), consultancy, technology transfer and export furniture goods, kitchen and office facilities; and trading of real estate under the form of house and infrastructure leasing.

The Company has its head office located at Duong Xa Commune, Gia Lam District, Hanoi and seven branch offices located in Hung Yen, Ho Chi Minh City, Hoa Binh, Dong Nai, Binh Duong, Da Nang and Khanh Hoa.

### ◆ BOARD OF DIRECTORS

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

Mr Cho Yong Hwan	Chairman	Appointed on 25 April 2020
Mr Lee Jae Eun	Chairman	Resigned on 25 April 2020
Mr Lee Jae Eun	Member	Appointed on 25 April 2020
Ms Le Thi Thu Hien	Member	
Mr Yu Sung Dae	Member	
Mr Park Sung Jin	Member	
Mr Le Kha Tuyen	Member	
Ms Nguyen Le Hoang Yen	Member	

### ◆ BOARD OF SUPERVISION

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

Mr Truong Tuan Nghia	Head of Board of Supervision
Mr Ko Tae Yeon	Member
Mr Nguyen Dac Huong	Member

### ◆ MANAGEMENT

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

Mr Lee Jae Eun	General Director
Mr Cho Yong Hwan	Deputy General Director
Mr Yu Sung Dae	Deputy General Director in charge of Finance
Mr Park Sung Jin	Dong Nai Branch Director

### ◆ LEGAL REPRESENTATIVE

The legal representative of the Company during the year and at the date of this report is Mr Lee Jae Eun, General Director of the Company.

### ◆ AUDITOR

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

## REPORT OF MANAGEMENT

Management of Everpia Joint Stock Company ("the Company") is pleased to present this report and the consolidated financial statements of the Company and its subsidiary for the year ended 31 December 2020.

### MANAGEMENT'S RESPONSIBILITY IN RESPECT OF THE CONSOLIDATED FINANCIAL STATEMENTS

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

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

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

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

### STATEMENT BY MANAGEMENT

Management does hereby state that, in its opinion, the accompanying consolidated financial statements give a true and fair view of the consolidated financial position of the Company and its subsidiary 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, Vietnamese Enterprises Accounting System and the statutory requirements relevant to the preparation and presentation of consolidated financial statements.

For and on behalf of management:



**Lee Jae Eun**  
General Director

Hanoi, Vietnam  
29 March 2021

**INDEPENDENT AUDITORS' REPORT****To: The shareholders of Everpia Joint Stock Company**

We have audited the accompanying consolidated financial statements of Everpia Joint Stock Company ("the Company") and its subsidiary as prepared on 29 March 2021 and set out on pages 6 to 47, which comprise the consolidated balance sheet as at 31 December 2020, and the consolidated income statement and consolidated cash flow statement for the year then ended and the notes thereto.

**Management's responsibility**

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

**Auditors' responsibility**

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the Company's preparation 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 Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

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

**Opinion**

In our opinion, the consolidated financial statements give a true and fair view, in all material respects, of the consolidated financial position of the Company and its subsidiary 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, Vietnamese Enterprise Accounting System and the statutory requirements relevant to the preparation and presentation of consolidated financial statements.

**Ernst & Young Vietnam Limited**

Le Duc Trung  
Deputy General Director

Dao Van Thich  
Auditor

Audit Practising Registration  
Certificate No. 0816-2018-004-1

Audit Practising Registration  
Certificate No. 3732-2021-004-1

Hanoi, Vietnam  
29 March 2021

**CONSOLIDATED BALANCE SHEET**

as at 31 December 2020

Currency: VND

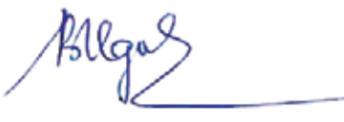
CODE	ASSETS	NOTES	ENDING BALANCE	BEGINNING BALANCE
<b>100</b>	<b>A. CURRENT ASSETS</b>		<b>1,087,289,632,776</b>	<b>1,233,241,183,789</b>
<b>110</b>	<b>I. Cash and cash equivalents</b>	<b>5</b>	<b>51,427,020,485</b>	<b>67,058,857,742</b>
111	1. Cash		34,043,282,310	35,941,347,742
112	2. Cash equivalents		17,383,738,175	31,117,510,000
<b>120</b>	<b>II. Short-term investments</b>		<b>536,313,000,000</b>	<b>552,700,000,000</b>
121	1. Held-for-trading securities	6.1	20,000,000,000	37,000,000,000
123	2. Held-to-maturity investments	6.2	516,313,000,000	515,700,000,000
<b>130</b>	<b>III. Current accounts receivables</b>		<b>154,753,414,030</b>	<b>210,480,983,579</b>
131	1. Short-term trade receivables	7.1	134,129,999,632	198,047,102,616
132	2. Short-term advances to suppliers	7.2	21,564,342,370	25,453,385,785
136	3. Other short-term receivables	8	24,031,813,083	25,786,318,326
137	4. Provision for doubtful short-term receivables		(24,972,741,055)	(38,805,823,148)
<b>140</b>	<b>IV. Inventories</b>	<b>10</b>	<b>339,496,885,104</b>	<b>397,655,085,181</b>
141	1. Inventories		355,875,825,611	412,745,335,931
149	2. Provision for obsolete inventories		(16,378,940,507)	(15,090,250,750)
<b>150</b>	<b>V. Other current assets</b>		<b>5,299,313,157</b>	<b>5,346,257,287</b>
151	1. Short-term prepaid expenses	14	3,365,109,886	3,778,973,934
152	2. Value-added tax deductible		1,889,086,885	1,416,846,887
153	3. Tax and other receivables from the State		45,116,386	150,436,466
<b>200</b>	<b>B. NON-CURRENT ASSETS</b>		<b>265,743,449,326</b>	<b>304,392,020,480</b>
<b>210</b>	<b>I. Long-term receivables</b>	<b>8</b>	<b>3,189,169,234</b>	<b>2,893,502,995</b>
216	1. Other long-term receivables		3,189,169,234	4,218,391,670
219	2. Provision for doubtful long-term receivables		-	(1,324,888,675)
<b>220</b>	<b>II. Fixed assets</b>		<b>206,171,418,809</b>	<b>244,477,613,256</b>
221	1. Tangible fixed assets	11	201,705,006,975	238,535,047,589
222	Cost		583,509,943,716	584,850,873,428
223	Accumulated depreciation		(381,804,936,741)	(346,315,825,839)
227	2. Intangible fixed assets	12	4,466,411,834	5,942,565,667
228	Cost		41,819,379,876	41,308,597,805
229	Accumulated amortization		(37,352,968,042)	(35,366,032,138)
<b>250</b>	<b>III. Long-term investments</b>	<b>13</b>	<b>12,367,200,000</b>	<b>8,419,200,000</b>
252	1. Investments in associates		15,190,390,000	11,590,390,000
253	2. Investments in other entities		8,767,200,000	8,419,200,000
254	3. Provision for long-term investments		(11,590,390,000)	(11,590,390,000)
<b>260</b>	<b>IV. Other long-term assets</b>		<b>44,015,661,283</b>	<b>48,601,704,229</b>
261	1. Long-term prepaid expenses	14	25,550,584,092	29,538,937,630
262	2. Deferred tax assets	29.3	18,465,077,191	19,062,766,599
<b>270</b>	<b>TOTAL ASSETS</b>		<b>1,353,033,082,102</b>	<b>1,537,633,204,269</b>

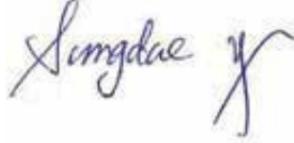
**CONSOLIDATED BALANCE SHEET (continued)**

as at 31 December 2020

Currency: VND

CODE	RESOURCES	NOTES	ENDING BALANCE	BEGINNING BALANCE
<b>300</b>	<b>C. LIABILITIES</b>		<b>408,705,879,197</b>	<b>599,105,607,685</b>
<b>310</b>	<b>I. Current liabilities</b>		<b>153,166,780,955</b>	<b>241,885,645,873</b>
311	1. Short-term trade payables	15.1	42,122,653,838	47,613,732,688
312	2. Short-term advances from customers	15.2	16,245,685,048	22,728,254,237
313	3. Statutory obligations	16	15,692,012,138	15,282,751,409
314	4. Payables to employees		19,482,190,462	21,839,768,340
315	5. Short-term accrued expenses	17	1,805,648,638	3,471,829,165
319	6. Other short-term payables	18	1,470,742,689	6,586,839,883
320	7. Short-term borrowings	19	56,347,848,142	124,362,470,151
<b>330</b>	<b>II. Non-current liabilities</b>		<b>255,539,098,242</b>	<b>357,219,961,812</b>
337	1. Other long-term liabilities	18	22,353,953,301	19,858,728,868
338	2. Long-term borrowings	19	603,556,941	105,336,861,944
339	3. Convertible bonds	20	232,581,588,000	232,024,371,000
<b>400</b>	<b>D. OWNERS' EQUITY</b>	<b>21</b>	<b>944,327,202,905</b>	<b>938,527,596,584</b>
<b>410</b>	<b>I. Capital</b>		<b>944,327,202,905</b>	<b>938,527,596,584</b>
411	1. Share capital		419,797,730,000	419,797,730,000
411a	- Shares with voting rights		419,797,730,000	419,797,730,000
411b	- Preference share		-	-
412	2. Share premium	21.2	203,072,724,247	203,072,724,247
415	3. Treasury shares	21.2	(76,000,000,000)	(76,000,000,000)
417	4. Foreign exchange differences reserve		(1,736,867,207)	(2,985,195,157)
420	5. Other funds belonging to owners' equity	21.5	1,660,261,921	1,328,325,577
421	6. Undistributed earnings	21.1	397,533,353,944	393,314,011,917
421a	- Undistributed earnings up to the end of prior year		355,476,422,825	321,425,744,080
421b	- Undistributed earnings of current year		42,056,931,119	71,888,267,837
<b>440</b>	<b>TOTAL LIABILITIES AND OWNERS' EQUITY</b>		<b>1,353,033,082,102</b>	<b>1,537,633,204,269</b>

  
 Nguyen Bao Ngoc  
 Preparer  
 Accounting manager

  
 Yu Sung Dae  
 Deputy General Director  
 In charge of Finance



Lee Jae Eun  
 General Director

Hanoi, Vietnam  
 29 March 2021

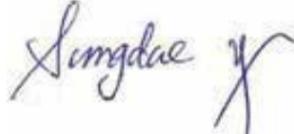
**CONSOLIDATED INCOME STATEMENT**

for the year ended 31 December 2020

Currency: VND

CODE	ITEMS	NOTES	CURRENT YEAR	PREVIOUS YEAR
01	1. Revenue from sale of goods and rendering of services	23.1	855,774,884,323	1,007,852,142,423
02	2. Deductions	23.1	(416,672,190)	(3,653,585,797)
10	3. Net revenue from sale of goods and rendering of services	23.1	855,358,212,133	1,004,198,556,626
11	4. Cost of goods sold and services rendered	24	(593,077,232,743)	(660,487,708,090)
20	5. Gross profit from sale of goods and rendering of services		262,280,979,390	343,710,848,536
21	6. Finance income	23.2	48,021,393,315	43,087,986,926
22	7. Finance expenses	25	(18,196,128,695)	(20,372,109,446)
23	- In which: Interest expenses		(13,776,224,202)	(13,769,071,371)
25	8. Selling expenses	26	(140,601,585,345)	(174,314,310,208)
26	9. General and administrative expenses	26	(94,276,086,698)	(98,836,259,139)
30	10. Operating profit		57,228,571,967	93,276,156,669
31	11. Other income	27	666,583,558	1,137,709,722
32	12. Other expenses	27	(1,403,277,338)	(441,608,944)
40	13. Other (loss)/profit	27	(736,693,780)	696,100,778
50	14. Accounting profit before tax		56,491,878,187	93,972,257,447
51	15. Current corporate income tax expenses	29.1	(13,837,257,660)	(22,648,932,480)
52	16. Deferred tax (expenses)/income	29.3	(597,689,408)	564,942,870
60	17. Net profit after tax		42,056,931,119	71,888,267,837
61	18. Net profit after tax attributable to shareholders of the parent		42,056,931,119	71,888,267,837
62	19. Net profit after tax attributable to non-controlling interests		-	-
70	20. Basic earnings per share	31	1.105	1.889
71	21. Diluted earnings per share	31	783	1.654

  
 Nguyen Bao Ngoc  
 Preparer  
 Accounting manager

  
 Yu Sung Dae  
 Deputy General Director  
 In charge of Finance



Lee Jae Eun  
 General Director

Hanoi, Vietnam  
 29 March 2021

## CONSOLIDATED CASH FLOW STATEMENT

for the year ended 31 December 2020

Currency: VND

CODE	ITEMS	NOTES	CURRENT YEAR	PREVIOUS YEAR
	<b>I. CASH FLOWS FROM OPERATING ACTIVITIES</b>			
<b>01</b>	<b>Profit before tax</b>		<b>56,491,878,187</b>	<b>93,972,257,447</b>
02	Depreciation of tangibles fixed assets and amortisation of intangible fixed assets		45,049,079,645	45,051,989,110
03	Provisions		5,116,439,500	4,908,437,403
04	Foreign exchange gain arisen from revaluation of monetary accounts denominated in foreign currency		(3,512,249,519)	(2,459,966,323)
05	Profit from investing activities		(39,585,056,141)	(36,895,604,482)
06	Interest expenses and amortization of bond issuance cost		14,484,941,202	14,477,788,371
<b>08</b>	<b>Operating profit before changes in working capital</b>		<b>78,045,032,874</b>	<b>119,054,901,526</b>
09	Decrease in receivables		51,521,282,077	35,698,874,884
10	Decrease in inventories		56,869,510,320	4,195,810,190
11	Decrease in payables		(11,839,394,161)	(21,446,648,187)
12	Decrease/(increase) in prepaid expenses		4,402,217,586	(5,853,106,266)
13	Decrease/(increase) in held-for-trading securities		17,000,000,000	(37,000,000,000)
14	Interest paid		(16,732,201,174)	(13,851,039,211)
15	Corporate income tax paid	16	(17,699,797,341)	(26,685,699,070)
17	Other cash outflows from operating activities		(3,262,477,048)	(2,811,977,358)
<b>20</b>	<b>Net cash flows from operating activities</b>		<b>158,304,173,133</b>	<b>51,301,116,508</b>
	<b>II. CASH FLOWS FROM INVESTING ACTIVITIES</b>			
21	Purchase, construction of fixed assets and other long-term assets		(6,882,927,331)	(21,939,932,851)
22	Proceeds from disposals of fixed assets and other long-term assets		161,380,358	572,727,273
23	Loans to other entities, short term investment		(516,313,000,000)	(515,700,000,000)
24	Collections from borrowers, short-term investments		515,700,000,000	452,548,500,000
25	Payments for investments in other entities		(3,600,000,000)	(5,781,000,000)
27	Interest and dividends received		42,318,404,753	33,240,085,207
<b>30</b>	<b>Net cash flows from/(used in) investing activities</b>		<b>31,383,857,780</b>	<b>(57,059,620,371)</b>
	<b>III. CASH FLOWS FROM FINANCING ACTIVITIES</b>			
33	Drawdown of borrowings		180,862,823,687	265,554,957,896
34	Repayment of borrowings		(353,617,967,409)	(219,003,870,244)
36	Dividends paid to shareholders		(34,022,914,605)	(38,038,781,750)
40	Net cash flows (used in)/from financing activities		(206,778,058,327)	8,512,305,902

## CONSOLIDATED CASH FLOW STATEMENT (continued)

for the year ended 31 December 2020

Currency: VND

CODE	ITEMS	NOTES	CURRENT YEAR	PREVIOUS YEAR
<b>50</b>	<b>Net (decrease)/increase in cash for the year</b>		<b>(17,090,027,414)</b>	<b>2,753,802,039</b>
<b>60</b>	<b>Cash and cash equivalents at the beginning of the year</b>		<b>67,058,857,742</b>	<b>64,671,862,409</b>
61	Impact of exchange rate fluctuation		1,458,190,157	(366,806,706)
<b>70</b>	<b>Cash and cash equivalents at the end of the year</b>	<b>5</b>	<b>51,427,020,485</b>	<b>67,058,857,742</b>



Nguyen Bao Ngoc  
Preparer  
Accounting manager



Yu Sung Dae  
Deputy General Director  
In charge of Finance



Lee Jae Eun  
General Director

Hanoi, Vietnam  
29 March 2021

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

as at 31 December 2020 and for the year then ended

## 1. CORPORATE INFORMATION

Everpia Joint Stock Company ("the Company") is a joint stock company incorporated under the Law on Enterprise of Vietnam following a change in legal form from a 100% foreign-owned company, Everpia Vietnam Co., Ltd., in pursuant to the Investment Certificate No. 011033000055 issued by Hanoi Department of Planning and Investment on 27 April 2007, and the subsequent Amended Investment Certificates, with the latest, being the 20th Amended Investment Certificate, granted on 2 June 2020.

The shares of the Company have been officially listed on the Ho Chi Minh City Stock Exchange from 17 December 2010 under Decision No. 247/2010/QD-SGDHCM by the Director of the Ho Chi Minh City Stock Exchange dated 30 November 2010.

The principal activities of the Company following Investment Certificates are to produce, import, distribute (wholesale or retail) consultancy, technology transfer and export non-knitting cloth, filter cloth, wool, blanket, mattresses, bedding, padding, pillow, knapsacks, valise, bags, underclothes and other garment products; import, distribute (wholesale or retail) and export furniture goods, kitchen and office facilities; and trading of real estate under the form of house and infrastructure leasing.

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

The Company has its head office located at Duong Xa Commune, Gia Lam District, Hanoi and seven branch offices located in Hung Yen, Ho Chi Minh City, Hoa Binh, Dong Nai, Binh Duong, Da Nang and Khanh Hoa.

The number of employees of the Company and its subsidiary as at 31 December 2020 is 1,358 (31 December 2019: 1,474).

### Company structure

The Company has 1 subsidiary, details of the subsidiary and the percentage of the Company's voting and interests in this subsidiary as at 31 December 2020 are as follows:

#### *Everpia Korea Joint Stock Company*

This is a joint stock company established under Investment Certificate No. 201600179 issued by the Ministry of Planning and Investment of Vietnam on 1 August 2016. Everpia Korea Joint Stock Company is located at 18 Samsung-ro, 104-Gil, Gangnam-gu, Seoul, Korea. The principal activities of Everpia Korea Joint Stock Company are trading of bed sheets, pillows, mattresses; consulting and transferring technologies in the field of production and business and perform the right to import and export follow the Korean law.

As at 31 December 2020, the Company is registered to hold 100% shares and voting rights in this subsidiary. At the date of this report, the Company contributed USD 1,500,000 (VND 34,285,000,000), equivalent to 100% charter capital to this subsidiary.

As at 31 December 2020, the Company also owns some investments in associates as disclosed in Note 13.2.

## 2. BASIS OF PREPARATION

### 2.1 Accounting standards and system

- The consolidated financial statements of the Company and its subsidiary, which are expressed in Vietnam Dong ("VND"), are prepared in accordance with the Vietnamese Enterprise Accounting System and Vietnamese Accounting Standards issued by the Ministry of Finance as per:
- Decision No. 149/2001/QD-BTC dated 31 December 2001 on the Issuance and Promulgation of Four Vietnamese Accounting Standards (Series 1);
- Decision No. 165/2002/QD-BTC dated 31 December 2002 on the Issuance and Promulgation of Six Vietnamese Accounting Standards (Series 2);
- Decision No. 234/2003/QD-BTC dated 30 December 2003 on the Issuance and Promulgation of Six Vietnamese Accounting Standards (Series 3);
- Decision No. 12/2005/QD-BTC dated 15 February 2005 on the Issuance and Promulgation of Six Vietnamese Accounting Standards (Series 4); and
- Decision No. 100/2005/QD-BTC dated 28 December 2005 on the Issuance and Promulgation of Four Vietnamese Accounting Standards (Series 5).

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

### 2.2 Applied accounting documentation system

The Company's applied accounting documentation system is computerised based.

### 2.3 Fiscal year

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

### 2.4 Accounting currency

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

## 2.5 Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiary for the year ended 31 December 2020.

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

The financial statements of the subsidiary are prepared for the same reporting period as the parent company, using consistent accounting policies.

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

Non-controlling interests represent the portion of profit or loss and net assets not held by the Company and are presented separately in the consolidated income statement and within equity in the consolidated balance sheet.

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

## 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### 3.1 Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, cash at banks and short-term, highly liquid investments with an original maturity of not more than three months that are readily convertible into known amounts of cash and that are subject to an insignificant risk of change in value.

### 3.2 Inventories

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

Net realisable value represents the estimated selling price in the ordinary course of the business, based on market prices at the reporting date and less the estimated costs to complete and the estimated costs necessary to make the sale.

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

Materials, merchandise -cost of purchase on a weighted average cost basis.

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

#### *Provision for obsolete inventories*

An inventory provision is created for the estimated loss arising due to the impairment of value (through diminution, damage, obsolescence, etc.) of raw materials, finished goods, and other inventories owned by the Company and

its subsidiary, based on appropriate evidence of impairment available at the balance sheet date.

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

### 3.3 Receivables

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

The provision for doubtful debts represents amounts of outstanding receivables at the balance sheet date which are doubtful of being recovered. Increases or decreases to the provision balance are recorded as general and administrative expense in the consolidated income statement.

### 3.4 Tangible fixed assets

Tangible fixed assets are stated at cost less accumulated depreciation.

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

Site restoration costs are recognized as part of the cost of building, structures using discounted cash flow of the future cash flow to settle the site restoration obligation at the end of the factory area rental period.

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

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

### 3.5 Leased assets

The determination of whether an arrangement is, or contains a lease is based on the substance of the arrangement at inception date and requires an assessment of whether the fulfilment of the arrangement is dependent on the use of a specific asset and the arrangement conveys a right to use the asset.

A lease is classified as a finance lease whenever the terms of the lease transfer substantially all the risks and rewards of ownership of the asset to the lessee. All other leases are classified as operating leases.

#### *Where the Company is the lessee*

Rentals under operating leases are charged to the consolidated income statement on a straight-line basis over the term of the lease.

### 3.6 Intangible fixed assets

Intangible fixed assets are stated at cost less accumulated amortization.

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

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

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

#### Trademark, distribution channels

Trademark and distribution channels are recognised as intangible fixed assets at purchase price as indicated in the purchase contract.

### 3.7 Depreciation and amortization

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

Buildings, structures	25 - 46 years
Machinery and equipment	5 - 15 years
Office equipment	6 - 8 years
Motor vehicles	9 - 10 years
Others tangible fixed assets	4 - 20 years
Trademark	6 - 16 years
Distribution channels	15 years
Computer software	4 years
Other intangible fixed assets	4 - 10 years

### 3.8 Borrowing costs

Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds. Borrowing costs are recorded as expense during the year in which they are incurred, except to the extent that they are capitalized as explained in the following paragraph.

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

### 3.9 Prepaid expenses

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

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

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

#### Prepaid land rental

The prepaid land rental represents the unamortised balance of advance payment made in accordance with lease contract signed with Mr. Nguyen Hoai Thanh on 22 February 2019 for a period of 50 years. Such prepaid rental is classified as long-term prepaid expenses for allocation to the consolidated income statement over the shorter of the remaining lease period and remaining operational period of the Company its under Investment Certificate.

### 3.10 Business combinations and goodwill

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

Goodwill acquired in a business combination is initially measured at cost being the excess of the cost of business combination over the Group's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities. If the cost of a business combination is less than the fair value of the net assets of the subsidiary acquired, the difference is recognized directly in the consolidated income statement. After initial recognition, goodwill is measured at cost less any accumulated amortization. Goodwill is amortized over 10-year period on a straight-line basis. The parent company conducts the periodical review for impairment of goodwill of investment in subsidiary. If there are indicators of impairment loss incurred is higher than the yearly allocated amount of goodwill on the straight-line basis, the higher amount will be recorded in the consolidated income statement.

### 3.11 Investments

Investments in associates

The Company's investment in its associate is accounted for using the equity method of accounting. An associate is an entity in which the Company has significant influence that is neither subsidiary nor joint ventures. The Company generally deems they have significant influence if they have over 20% of the voting rights.

Under the equity method, the investment is carried in the consolidated balance sheet at cost plus post acquisition changes in the Group's share of net assets of the associates. Goodwill arising on acquisition of the associate is included in the carrying amount of the investment. Goodwill is not

amortised and subject to annual review for impairment. The consolidated income statement reflects the share of the post-acquisition results of operation of the associate.

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

The financial statements of the associates are prepared for the same reporting period and use the same accounting policies as the Company. Where necessary, adjustments are made to bring the accounting policies in line with those of the Company.

#### Held-for-trading securities and investments in other entities

Held-for-trading securities and investments in other entities are stated at their acquisition costs.

#### Provision for investments in other entity

Provision of the investment is made when there are reliable evidences of the diminution in value of those investments at the balance sheet date. Increases and decreases in the provision balance are recorded as finance expense in the consolidated income statement.

#### Held-to-maturity investments

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

### 3.12 Payables and accruals

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

### 3.13 Convertible bond

Bonds that are convertible by the holder into a fixed number of ordinary shares of the entity are separated into financial liability (a contractual arrangement to deliver cash or other financial assets) and equity instrument (a call option granting the holder the right, for a specified period of time) based on the terms of the contract.

On issuance of the convertible bond, the fair value of the liability component is determined by discounting the future payment (including principal and interest) to present value at the market rate for an equivalent non-convertible bond less issuance cost.

The remainder of the proceeds is allocated to the conversion option that is recognised and included in shareholders' equity. The carrying amount of the conversion option is not re-measured in subsequent years.

Transaction costs are amortised during the lifetime of the bond. At initial recognition, issuance costs are deducted from the liability component of the bond.

### 3.14 Accrual for severance pay

#### The Company

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

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

#### The subsidiary

The severance allowance payable to all employees employed by the subsidiary is calculated at the rate of one month's salary for each year of service in the Company up to balance sheet date in accordance with the law of the country of residence.

### 3.15 Provisions

#### General

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

#### Provision for site restoration costs

The Company records a provision for site restoration costs in relation to the land on which the Company's buildings and structures are located. Site restoration costs are provided at the current estimated costs to settle the obligation and are recognised as part of the cost of the buildings and structures, which will be amortised over the lease term of the land on which the buildings and structures are located. The estimated costs of site restoration liability are reviewed periodically and adjusted as appropriate. Changes in the estimated future costs are added to or deducted from the cost of the asset.

### 3.16 Foreign currency transactions

Transactions in currencies other than the Company's reporting currency (VND) are recorded at the actual transaction exchange rates at transaction dates which are determined as follows:

- Transactions in currencies other than the Company's reporting currency (VND) are recorded at the actual transaction exchange rates at transaction dates which are determined as follows:
- Transactions resulting in receivables are recorded at the buying exchange rates of the commercial banks designated for collection;
- Transactions resulting in liabilities are recorded at the selling exchange rates of the transaction of commercial banks designated for payment;
- Capital contributions are recorded at the buying exchange rates of the commercial banks designated for capital contribution; and
- Payments for assets or expenses without liabilities initially being recognised is recorded at the buying exchange rates of the commercial banks that process these payments.

At the end of the year, monetary balances denominated in foreign currencies are translated at the actual transaction exchange rates at the consolidated balance sheet dates which are determined as follows:

- Monetary assets are revaluated at buying exchange rate of the commercial bank where the Company and its subsidiary conducts transactions regularly; and
- Monetary liabilities are revaluated at selling exchange rate of the commercial bank where the Company and its subsidiary conducts transactions regularly.

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

### 3.17 Treasury shares

Own equity instruments which are reacquired (treasury shares) are recognised at cost and deducted from equity. No gain or loss is recognised in profit or loss upon purchase, sale, issue or cancellation of the Group's own equity instruments.

### 3.18 Foreign exchange differences arising from the conversion of reporting currency of a foreign entity

The conversion of reporting currency for accounting purpose is according to the following principles:

- Transactions resulting in assets are converted at the buying exchange rates of the commercial banks;
- Transactions resulting in liabilities are converted at the selling exchange rates of the commercial banks;
- Net assets of subsidiary hold by the parent company are converted at the exchange rate recorded in accounting book at the date of acquisition.
- Undistributed earnings incurred after acquisition date are converted with reference to respective items of income and expenses of the income statement;
- Items of income statement and cash flow statement

are converted at the actual exchange rates available at the transaction dates. In case the average exchange rate of the reporting period is approximately equal to the actual exchange rate (variance not over+/-2%), the average exchange rate of the reporting period is used.

All foreign exchange differences incurred from the conversion of reporting currency are recorded separately in owner's equity until disposal of investment in foreign independent operation.

### 3.19 Appropriation of net profits

Net profit after tax (excluding negative good will arising from bargain purchase) is available for appropriation to shareholders after approval in the annual shareholders' meeting, and after making appropriation to reserve funds in accordance with the Charter of the Company and its subsidiary and Vietnam's regulatory requirements.

The Company maintains the following reserve funds which are appropriated from the Company's net profit as proposed by the Board of Directors and approved at the annual shareholders' meeting.

#### *Other fund belonging to owners' equity*

This fund is set aside for other purposes of the Company's operation following the resolution of the annual shareholders' meeting. According to resolution of shareholders' meeting, the Board of Directors and Management are authorised to use this fund for the Company's business activities in order to maximize the Company's operating results.

### 3.20 Revenue recognition

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

#### *Sale of goods*

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

#### *Rendering of services*

Revenue is recognized when services are completed.

#### *Interest*

Revenue is recognised as the interest accrues (taking into account the effective yield on the asset) unless collectability is in doubt.

#### *Dividends*

Income is recognised when the entitlement of Company and its subsidiary as an investor to receive the dividend is established.

### 3.21 Taxation

#### Current income tax

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

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

Current income tax assets and liabilities are offset when there is a legally enforceable right for the Company and its subsidiary to set off current tax assets against current tax liabilities and when the Company and its subsidiary intends to settle its current tax assets and liabilities on a net basis.

#### Deferred tax

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

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

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

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

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

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

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

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

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

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

### 3.22 Segment information

A segment is a component determined separately by the Company and its subsidiary which are engaged in providing products or related services (business segment) or providing products or services in a particular economic environment (geographical segment), that is subject to risks and returns that are different from those of other segments.

### 3.23 Related parties

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

#### 4. SIGNIFICANT ACQUISITIONS AND DISPOSALS DURING THE YEAR

##### Acquisition of shares in Hyojung Soft Tech JSC

As at 31 December 2020, the Company has completed the acquisition of 120,000 newly issued shares of Hyojung Soft Tech JSC equivalent to 24% equity interest at total consideration of VND 3.6 billion. Accordingly, Hyojung Soft Tech JSC becomes an associate of the Company from this date.

Hyojung Soft Tech JSC is a joint stock company established under the Business Registration Certificate No. 0108559121

issued by Hanoi Authority for Planning and Investment on 24 December 2019 and the second amended certificate is issued on 7 October 2020. Hyojung Soft Tech JSC is located in Lot 47, HDI Project Area, Mac Thai Tong Street, Yen Hoa Ward, Cau Giay District, Hanoi City.

The principal activities of Hyojung Soft Tech JSC are to develop POS software and POS management system, provide credit card payment agency service and POS hardware maintenance service.

#### 5. CASH AND CASH EQUIVALENTS

	Currency: VND	
	Ending balance	Beginning balance
Cash on hand	258,508,757	237,058,678
Cash at banks	33,784,773,553	35,704,289,064
Cash equivalents (*)	17,383,738,175	31,117,510,000
	<b>51,427,020,485</b>	<b>67,058,857,742</b>

(\*) Cash equivalents represent bank deposits with terms from 1 month to 3 months, which earn interest at rates of 3.0-3.5% per annum (2019: bank deposits with terms of 1 month to 3 months, which earn interest rate from 4.8% – 5.3% per annum).

#### 6. SHORT-TERM INVESTMENTS

##### 6.1 Held-for-trading securities

	Ending balance			Beginning balance		
	Cost	Fair value	Provision	Cost	Fair value	Provision
	Bond (i)	20,000,000,000	20,000,000,000	-	37,000,000,000	37,000,000,000
	<b>20,000,000,000</b>	<b>20,000,000,000</b>	<b>-</b>	<b>37,000,000,000</b>	<b>37,000,000,000</b>	<b>-</b>

(i) Details for bond investment are as follows:

Issuer	31 December 2020 (VND)	Principal and interest repayment term	Interest rate (% p.a)	Description of collateral
Mirae Asset Securities (Vietnam) LLC	(VND) 20,000,000,000	1 year, interest receivable on annual basis. Principal is due on 12 May 2021.	7.8%	Unsecured

##### 6.2 Held-to-maturity investments

	Ending balance		Beginning balance	
	Cost	Carrying value	Cost	Carrying value
	Term deposits	516,313,000,000	516,313,000,000	515,700,000,000
	<b>516,313,000,000</b>	<b>516,313,000,000</b>	<b>515,700,000,000</b>	<b>515,700,000,000</b>

Held-to-maturity investments represent deposits with terms from 6 months to 1 year, which earn interest at rates ranging from 4.4% to 7.1% per annum (2019: deposits with terms from 6 months to 1 year, which earn interest at rates ranging from 6.9% to 12% per annum).

#### 7. SHORT-TERM TRADE RECEIVABLES AND ADVANCES TO SUPPLIERS

##### 7.1 Short-term trade receivables

	Currency: VND	
	Ending balance	Beginning balance
Tak Textiles Korea Inc.,	8,467,258,427	5,217,958,034
Minh Hieu Limited Company	8,066,464,633	2,473,469,077
Welcron Global Vietnam JSC	5,489,364,193	7,920,504,029
Philko Vina Co., Ltd.	3,176,986,794	758,185,870
LG ELECTRONICS Viet Nam Hai Phong Limited Company	3,175,898,000	-
Phu Truong Trading Investment Co., Ltd.	3,230,802,607	5,142,981,048
Eady Tax Trading Co., Ltd.	3,317,841,495	3,317,841,495
Petit Elin Co., Ltd.	1,464,526,541	2,004,916,324
Lan Phat Dat Private Enterprise	798,446,728	5,103,144,400
Everpia Cambodia Co., Ltd.	-	10,233,915,821
Dong Bac Corporation	-	2,716,000,000
Other trade receivables	96,942,410,214	153,158,186,518
	<b>134,129,999,632</b>	<b>198,047,102,616</b>
Provision for doubtful debts	(13,519,748,438)	(26,656,750,531)

##### 7.2 Short-term advances to suppliers

	Currency: VND	
	Ending balance	Beginning balance
Radian Co., Ltd	7,929,393,750	4,487,501,250
Guoxin Infu Limited Company	2,410,315,457	3,669,311,846
Ha Trang Interior Co., Ltd	1,038,699,932	559,697,905
Vu Gia International LLC - Ha Nam Branch	1,004,300,000	-
V.F.B., Trading JSC	-	2,046,200,000
Tongxiang Huibo Import & Export Co., Ltd.	237,223,353	1,994,810,051
Advance to other suppliers	8,944,409,878	12,695,864,733
	<b>21,564,342,370</b>	<b>25,453,385,785</b>
Provision for doubtful advances to suppliers	-	(696,080,000)

## 8. OTHER RECEIVABLES

	Currency: VND	
	Ending balance	Beginning balance
<b>Short-term</b>		
Shortage of assets awaiting resolution	11,349,845,417	11,349,845,417
Interest income from term deposits	8,392,757,809	11,101,662,575
Advance to employees	2,006,049,137	1,500,713,577
Refundable value added tax	347,397,965	1,168,241,076
Refundable import tax	1,168,241,076	347,397,965
Other short-term receivables	767,521,679	318,457,716
	<b>24,031,813,083</b>	<b>25,786,318,326</b>
Provision for doubtful other short-term receivables	(11,452,992,617)	(11,452,992,617)
<b>Long-term</b>	3,108,423,281	2,893,502,995
Long-term deposit	-	893,491,200
Rental of machinery	-	252,051,882
Fabric loan	-	98,599,640
Receivables from employees	80,745,953	80,745,953
<b>Other long-term receivables</b>	<b>3,189,169,234</b>	<b>4,218,391,670</b>
	-	(1,324,888,675)
Provision for doubtful other long-term receivables		

## 9. OVERDUE DEBTS

	Currency: VND			
	Ending balance		Beginning balance	
	Cost	Recoverable amount	Cost	Recoverable amount
Everpia Cambodia Co., Ltd	-	-	10,233,915,821	-
Trade receivables	62,228,288,748	48,708,540,310	58,149,891,085	43,014,383,661
Other receivables	-	-	3,308,295,961	-
Shortage of assets awaiting resolution	11,452,992,617	-	11,452,992,617	-
	<b>73,681,281,365</b>	<b>48,708,540,310</b>	<b>83,145,095,484</b>	<b>43,014,383,661</b>

## 10. INVENTORIES

	Currency: VND			
	Ending balance		Beginning balance	
	Cost	Recoverable amount	Cost	Recoverable amount
Goods in transit	3,505,661,597	-	4,669,132,759	-
Materials	191,723,036,997	(6,022,901,941)	214,554,900,187	(6,298,321,177)
Finished goods	151,718,369,491	(10,356,038,566)	187,395,443,461	(8,791,929,573)
Merchandise	8,928,757,526	-	6,125,859,524	-
	<b>355,875,825,611</b>	<b>(16,378,940,507)</b>	<b>412,745,335,931</b>	<b>(15,090,250,750)</b>

### Movements of provision for obsolete inventories:

	Currency: VND	
	Current year	Previous year
Beginning balance	15,090,250,750	16,088,230,389
Add: Provision made during the year	13,708,869,824	8,123,202,626
Less: Reversal of provision during the year	(12,420,180,067)	(9,121,182,265)
Ending balance	16,378,940,507	15,090,250,750

## 11. TANGIBLE FIXED ASSETS

	Currency: VND					
	Buildings and structures	Machinery and equipment	Office equipment	Motor vehicles	Others	Total
<b>Cost:</b>						
Beginning balance	197,286,321,894	308,891,750,474	15,409,759,696	43,958,155,871	19,304,885,493	584,850,873,428
Newly purchased	-	4,832,018,022	-	1,100,909,309	485,000,000	6,417,927,331
Disposal	-	(6,721,001,085)	(1,037,855,958)	-	-	(7,758,857,043)
<b>Ending balance</b>	<b>197,286,321,894</b>	<b>307,002,767,411</b>	<b>14,371,903,738</b>	<b>45,059,065,180</b>	<b>19,789,885,493</b>	<b>583,509,943,716</b>
<i>In which:</i>						
Fully depreciated	20,703,762,726	118,170,222,526	6,692,190,945	9,852,762,812	13,755,995,858	169,174,934,867
Fixed assets used as loan and bond collateral (Note 19)	195,220,167,614	165,373,614,672	71,331,818	5,670,290,909	7,422,892,658	373,758,297,671
<b>Accumulated depreciation:</b>						
Beginning balance	83,822,731,751	209,675,923,905	13,568,803,547	23,784,078,652	15,464,287,984	346,315,825,839
- Depreciation for the year	13,261,814,618	23,005,810,849	972,239,710	4,253,228,407	1,569,050,157	43,062,143,741
- Disposal	-	(6,535,176,881)	(1,037,855,958)	-	-	(7,573,032,839)
<b>Ending balance</b>	<b>97,084,546,369</b>	<b>226,146,557,873</b>	<b>13,503,187,299</b>	<b>28,037,307,059</b>	<b>17,033,338,141</b>	<b>381,804,936,741</b>
<b>Net carrying amount:</b>						
Beginning balance	113,463,590,143	99,215,826,569	1,840,956,149	20,174,077,219	3,840,597,509	238,535,047,589
<b>Ending balance</b>	<b>100,201,775,525</b>	<b>80,856,209,538</b>	<b>868,716,439</b>	<b>17,021,758,121</b>	<b>2,756,547,352</b>	<b>201,705,006,975</b>

## 12. INTANGIBLE FIXED ASSETS

	Currency: VND				
	Trademark	Distribution channel	Computer software	Others	Total
<b>Cost:</b>					
Beginning balance	24,566,385,000	7,831,500,000	7,463,284,189	1,447,428,616	41,308,597,805
Newly purchased	-	-	465,000,000	-	465,000,000
Foreign exchanges differences arising from conversion of financial statements of subsidiary	-	-	-	45,782,071	45,782,071
<b>Ending balance</b>	<b>24,566,385,000</b>	<b>7,831,500,000</b>	<b>7,928,284,189</b>	<b>1,493,210,687</b>	<b>41,819,379,876</b>
<i>In which:</i>					
Fully amortized	-	7,831,500,000	943,173,710	-	8,774,673,710
<b>Accumulated amortization:</b>					
Beginning balance	20,053,952,589	7,831,500,000	6,793,685,862	686,893,687	35,366,032,138
- Amortization for the year	1,463,191,525	-	523,744,379	-	1,986,935,904
<b>Ending balance</b>	<b>21,517,144,114</b>	<b>7,831,500,000</b>	<b>7,317,430,241</b>	<b>686,893,687</b>	<b>37,352,968,042</b>
<b>Net carrying amount:</b>					
Beginning balance	4,512,432,411	-	669,598,327	760,534,929	5,942,565,667
<b>Ending balance</b>	<b>3,049,240,886</b>	<b>-</b>	<b>610,853,948</b>	<b>806,317,000</b>	<b>4,466,411,834</b>

### 13. LONG-TERM INVESTMENTS

Currency: VND

	Ending balance			Beginning balance		
	Cost	Provision	Fair value	Cost	Provision	Fair value
Investment in associates (Note 13.1)	15,190,390,000	(11,590,390,000)	11,590,390,000	11,590,390,000	(11,590,390,000)	
- Texpia Joint Stock Company	11,590,390,000	(11,590,390,000)	11,590,390,000	11,590,390,000	(11,590,390,000)	
- Hyojung Soft Tech JSC	3,600,000,000	-	-	-	-	
Investment in other (Note 13.2)	8,767,200,000	-	8,419,200,000	-	-	
	<b>23,957,590,000</b>	<b>(11,590,390,000)</b>	<b>20,009,590,000</b>	<b>(11,590,390,000)</b>		

(\*) Shares of these companies are not listed on the stock market, consequently, the management is unable to assess the fair value of these investments.

#### 13.1 Investments in associates

	Ending balance		Beginning balance	
	Ownership (%)	Voting right (%)	Ownership (%)	Voting right (%)
Texpia Joint Stock Company (*)	44%	44%	44%	44%
Hyojung Soft Tech JSC (**)	24%	24%	0%	0%

(\*) Texpia Joint Stock Company is a joint stock company established under the Investment Certificate No. 472033001056 issued by the Management Board of Dong Nai Industrial Zone on 16 October 2013 and the Amended Investment Certificates, with the latest being the latest being the 6th No. 472033001056 issued on 2 June 2017. Texpia Joint Stock Company is located in Nhon Trach Textile Industrial Zone, Nhon Trach district, Bien Hoa city, Dong Nai province. The principal activities of Texpia Joint Stock Company are to produce and process all kinds of cleaners and garment fabrics. As at 2 April 2018, the Company has completely purchased assets and liabilities of this associate. As at the date of this report, Texpia Joint Stock Company completed tax finalization as well as procedures with Management Board of Dong Nai Industrial Zone and this associate is working with other governing agencies regarding procedure to dissolve its business.

(\*\*) Hyojung Soft Tech JSC is a joint stock company established under the Business Registration Certificate No. 0108559121 issued by Hanoi Authority for Planning and Investment on 24 December 2019 and the second amended certificate is issued on 7 October 2020. Hyojung Soft Tech JSC is located in Lot 47, HDI Project Area, Mac Thai Tong Street, Yen Hoa Ward, Cau Giay District, Hanoi City. The principal activities of Hyojung Soft Tech JSC are to develop POS software and POS management system, provide credit card payment agency service and POS hardware maintenance service.

#### 13.2. Investment in other entity

Currency: VND

	Ending balance	Beginning balance
Bac Ninh Pharmaceutical JSC (*)	2,638,200,000	2,638,200,000
Kalon Investment Asset Co., Ltd. (**)	6,129,000,000	5,781,000,000
	<b>8,767,200,000</b>	<b>8,419,200,000</b>

(\*) Investment in shares of Bac Ninh Pharmaceutical Joint Stock Company, with 172,000 shares at the cost of VND 2,638,200,000. In the year, the Company had received dividend with amount of VND 300,000,000 (2019: VND 206,400,000).

(\*\*) Investment in the shares of Kalon Investment Asset Co., Ltd. With 30,000 shares at the cost of KRW 300,000,000.

### 14. PREPAID EXPENSES

Currency: VND

	Ending balance	Beginning balance
<b>Short-term</b>		
Prepaid rentals	2,269,799,999	2,032,931,066
Fire insurance	472,218,749	524,178,034
Advertisement	505,124,168	413,333,337
Tools and spare parts	-	79,961,670
Others	117,966,970	728,569,827
	<b>3,365,109,886</b>	<b>3,778,973,934</b>
<b>Long-term</b>		
Showroom furniture	4,969,395,969	8,307,721,984
Land rental prepaid	7,507,692,322	7,834,113,718
Prepaid rentals	9,450,267,599	7,457,229,502
Tools and spare parts	2,689,711,915	4,684,793,086
Others	933,516,287	1,255,079,340
	<b>25,550,584,092</b>	<b>29,538,937,630</b>

### 15. SHORT-TERM TRADE PAYABLES SHORT-TERM ADVANCES FROM CUSTOMERS

#### 15.1 Short-term trade payables

Currency: VND

	Ending balance		Beginning balance	
	Amount	Amount payable	Amount	Amount payable
BCH Corporation	1,805,704,130	1,805,704,130	1,805,704,130	1,805,704,130
Ngan Ha Import Export and Investment JSC	1,700,016,514	1,700,016,514	-	-
Tongxiang Huibo Import & Export Co., Ltd.	3,824,488,423	3,824,488,423	3,595,598,581	3,595,598,581
Payables to other suppliers	34,792,444,771	34,792,444,771	42,212,429,977	42,212,429,977
	<b>42,122,653,838</b>	<b>42,122,653,838</b>	<b>47,613,732,688</b>	<b>47,613,732,688</b>

#### 15.2 Short-term advances from customers

Currency: VND

	Ending balance	Beginning balance
Petit Elin Co., Ltd	2,335,167,208	3,082,449,753
Hoang Thien Duc Trading LLC	1,361,616,918	2,226,645,432
Hai An Trading Investment JSC	2,566,237,737	-
Syrena JSC	1,202,288,965	80,394,270
Others	8,780,374,220	17,338,764,782
	<b>16,245,685,048</b>	<b>22,728,254,237</b>

## 16. STATUTORY OBLIGATIONS

	Currency: VND			
	Beginning balance	Payable in the year	Payment in the year	Ending balance
Value added tax	1,054,461,972	8,337,056,559	(4,197,797,851)	5,193,720,680
Import duties	100,387,092	805,421,241	(805,996,602)	99,811,731
Corporate income tax	12,733,763,620	13,837,257,660	(17,699,797,341)	8,871,223,939
Personal income tax	1,354,608,932	6,780,677,778	(6,644,634,225)	1,490,652,485
Other taxes	39,529,793	279,701,029	(282,627,519)	36,603,303
	<b>15,282,751,409</b>	<b>30,040,114,267</b>	<b>(29,630,853,538)</b>	<b>15,692,012,138</b>

## 17. SHORT-TERM ACCRUED EXPENSE

	Currency: VND	
	Ending balance	Beginning balance
Import and export fee	840,149,095	554,000,000
Advertising costs	-	2,087,303,764
Rental fee	440,661,843	432,467,114
Professional fee	168,000,000	168,000,000
Others	356,837,700	230,058,287
	<b>1,805,648,638</b>	<b>3,471,829,165</b>

## 18. OTHER PAYABLES

	Currency: VND	
	Ending balance	Beginning balance
<b>Short-term</b>		
Accrued interest	778,929,005	3,734,905,977
Trade union fee	186,784,384	195,284,061
Social insurance	22,631,460	207,194,358
Other short-term payables	482,397,840	2,449,455,487
	<b>1,470,742,689</b>	<b>6,586,839,883</b>
<b>Long-term</b>		
Provision for severance allowances	19,474,138,987	16,978,914,554
Provision for site restoration	2,762,996,314	2,762,996,314
Other long-term payables	116,818,000	116,818,000
	<b>22,353,953,301</b>	<b>19,858,728,868</b>

## 19. LOANS AND BORROWINGS

	Currency: VND							
	Beginning balance		Movement during the year		Foreign exchange difference	Ending balance		
	Balance	Payable amount	Increase	Decrease		Balance	Payable amount	
<b>Short-term</b>								
Borrowings from banks (Note 19.1)	114,482,203,065	114,482,203,065	176,740,120,912	(243,480,613,436)	7,608,297	47,749,318,838	47,749,318,838	
Current portion of long-term borrowings (Note 19.2)	9,880,267,086	9,880,267,086	8,839,039,601	(10,137,353,973)	16,576,590	8,598,529,304	8,598,529,304	
	<b>124,362,470,151</b>	<b>124,362,470,151</b>	<b>185,579,160,513</b>	<b>(253,617,967,409)</b>	<b>24,184,887</b>	<b>56,347,848,142</b>	<b>56,347,848,142</b>	

### Long-term

Bond	100,000,000,000	100,000,000,000	-	(100,000,000,000)	-	-	-	
Borrowings from banks (Note 19.2)	5,336,861,944	5,336,861,944	4,122,702,775	(8,839,039,601)	(16,968,177)	603,556,941	603,556,941	
	105,336,861,944	105,336,861,944	4,122,702,775	(108,839,039,601)	(16,968,177)	603,556,941	603,556,941	
	<b>229,699,332,095</b>	<b>229,699,332,095</b>	<b>189,701,863,288</b>	<b>(362,457,007,010)</b>	<b>7,216,710</b>	<b>56,951,405,083</b>	<b>56,951,405,083</b>	

### 19.1 Short-term borrowings from banks

Bank	31 December 2020		Principal and interest repayment term	Interest rate per annum	Description of collateral
	VND	Original currency			
Joint Stock Commercial Bank for Foreign Trade of Vietnam	25,590,577,204	USD 1,102,616.02	Interest is payable on 26th each month and principal is payable on 24 May 2021.	1.33% - 1.40%	Machineries and equipment of the Hung Yen factory and receivables.
Joint Stock Commercial Bank for Foreign Trade of Vietnam	22,158,741,634	VND 22,158,741,634	Interest is payable on 26th each month and principal is payable on 8 June 2021.	3.50% - 4.00%	Machineries and equipment of the Hung Yen factory and receivables.
	<b>47,749,318,838</b>				

### 19.2 Long-term borrowing from banks

Banks	31 December 2020		Principal and interest payment term	Interest rate per annum	Description of collateral
	VND equivalent	Original currency			
Shinhan One Member Limited Liability Bank of Vietnam	1,817,324,523	USD 78,282,34	4-5 years since loan drawdown date. Principal is payable quarterly. Last installment is due on 28 July 2022. Interest payment is payable on 28th each month.	3.95%	Machinery and equipment funded by the loan; fixed assets on the ground in Bien Hoa 1 Industrial Zone, Dong Nai and guarantee letter of Mr. Lee Jae Eun – the General Director of the Company.
KEB Hana Bank	7,384,761,722	KWR 329,971,480	4 years since loan drawdown date. Principal is due on 31 May 2021.	Interest free	No collateral
	<b>9,202,086,245</b>				
In which:					
Current portion	8,598,529,304				
Non-current portion	603,556,941				

## 20. CONVERTIBLE BONDS

Convertible bonds amounting to USD 10,100,000 (equivalent to VND 230,431,500,000) were issued on 6 September 2018 ("Issuance date") with a term of 5 years. The bonds are unsecured and bear interest rate of 1% per annum.

Management assesses that there is no equity component in these convertible bonds since there is not known fixed number of shares to be converted and as a result, has recognised the entire convertible bonds as long-term debts.

Following the term of these convertible bonds, the bondholders have the right to convert the bonds to ordinary shares of the Company at adjustable reducing prices no less than 70% of the first conversion price (12,772 VND), starting to be convertible 1 year from Issuance date to 1 month before the maturity date. Balance of these bonds as at 31 December 2020 is following:

<i>Currency: USD</i>					
<i>Movement during the year</i>					
	<i>Beginning balance</i>	<i>New issuance</i>	<i>Converted to shares</i>	<i>Due but not yet converted</i>	<i>Ending balance</i>
Value	10,100,000	-	-	-	10,100,000
<i>Currency: VND</i>					
	<i>Current year</i>		<i>Previous year</i>		
Value of convertible bond	231,467,154,000		231,763,336,500		
Equity component	-		-		
<b>Liability component at initial recognition</b>	<b>231,467,154,000</b>		<b>231,763,336,500</b>		
Add: Accumulated amortisation of discount					
Beginning balance	708,717,000		-		
Amortisation for the year	708,717,000		708,717,000		
Ending balance	1,417,434,000		708,717,000		
Foreign exchange difference	(303,000,000)		(447,682,500)		
<b>Liability component at end of the year</b>	<b>232,581,588,000</b>		<b>232,024,371,000</b>		

## 21. OWNERS' EQUITY

### 21.1 Increase and decrease in owners' equity

	<i>Share capital</i>	<i>Share premium</i>	<i>Treasury shares</i>	<i>Foreign exchange reserve</i>	<i>Other fund belonging to owners' equity</i>	<i>Undistributed earnings</i>	<i>Total</i>
<b>Previous year</b>							
Beginning balance	419,797,730,000	203,072,724,247	(76,000,000,000)	(1,490,120,168)	329,683,203	363,275,145,562	908,985,162,844
- Profit for the year	-	-	-	-	-	71,888,267,837	71,888,267,837
- Appropriation to reserve	-	-	-	-	3,810,619,732	(3,810,619,732)	-
- Dividends declared	-	-	-	-	-	(38,038,781,750)	(38,038,781,750)
- Foreign exchanges differences arising from conversion of financial statements of subsidiary	-	-	-	(1,495,074,989)	-	-	(1,495,074,989)
- Utilisation of fund	-	-	-	-	(2,811,977,358)	-	(2,811,977,358)
<b>Ending balance</b>	<b>419,797,730,000</b>	<b>203,072,724,247</b>	<b>(76,000,000,000)</b>	<b>(2,985,195,157)</b>	<b>1,328,325,577</b>	<b>393,314,011,917</b>	<b>938,527,596,584</b>
<b>Current year</b>							
Beginning balance	419,797,730,000	203,072,724,247	(76,000,000,000)	(2,985,195,157)	1,328,325,577	393,314,011,917	938,527,596,584
- Profit for the year	-	-	-	-	-	42,056,931,119	41,185,767,479
- Appropriation to reserve (*)	-	-	-	-	3,594,413,392	(3,594,413,392)	-
- Dividends declared/paid (*)	-	-	-	-	-	(34,243,175,700)	(34,243,175,700)
- Foreign exchanges differences arising from conversion of financial statements of subsidiary	-	-	-	1,248,327,950	-	-	2,119,491,590
- Utilisation of fund	-	-	-	-	(3,262,477,048)	-	(3,262,477,048)
<b>Ending balance</b>	<b>419,797,730,000</b>	<b>203,072,724,247</b>	<b>(76,000,000,000)</b>	<b>(1,736,867,207)</b>	<b>1,660,261,921</b>	<b>397,533,353,944</b>	<b>944,327,202,905</b>

(\*) Under Resolution of the Annual Meeting of Shareholders No. 01/DHDCD2020/NQ dated 24 April 2020, the Company declared dividends in cash for 2019: 9% of par value (VND 900 per share) and appropriated to other fund belonging to owners' equity from undistributed earnings.

### 21.2 Contributed charter capital

<i>Currency: VND</i>				
	<i>Ending balance</i>		<i>Beginning balance</i>	
	<i>Total</i>	<i>Ordinary shares</i>	<i>Total</i>	<i>Ordinary shares</i>
Share capital	419,797,730,000	419,797,730,000	419,797,730,000	419,797,730,000
Share premium	203,072,724,247	203,072,724,247	203,072,724,247	203,072,724,247
Treasury shares	(76,000,000,000)	(76,000,000,000)	(76,000,000,000)	(76,000,000,000)
	<b>546,870,454,247</b>	<b>546,870,454,247</b>	<b>546,870,454,247</b>	<b>546,870,454,247</b>

### 21.3 Dividends

	Current year	Previous year
<b>Dividends declared during the year</b>	34,243,175,700	38,038,781,750
<i>Dividends on ordinary shares</i>		
<i>Dividends for 2019: VND 900 per share (2018: VND 1,000 per share)</i>	<u>34,243,175,700</u>	<u>38,038,781,750</u>
<i>Dividends declared after the date of reporting period and not yet recognized as liability as at 31 December 2020</i>		

### 21.4 Shares

	Ending balance	Beginning balance
	Shares	Shares
<b>Issued shares</b>	41,979,773	41,979,773
<b>Issued and paid-up shares</b>	41,979,773	41,979,773
<i>Ordinary shares</i>	-	-
<i>Preferred shares</i>		
<b>Treasury shares</b>	(3,931,800)	(3,931,800)
<i>Ordinary shares</i>	(3,931,800)	(3,931,800)
<i>Preferred shares</i>	-	-
<b>Shares in circulation</b>	38,047,973	38,047,973
<i>Ordinary shares</i>	38,047,973	38,047,973
<i>Preference shares</i>	-	-

The par value of share in circulation during the year is VND10,000/share (2019: VND10,000/share).

### 21.5 Other fund belonging to owners' equity

Other fund belonging to owners' equity is set up under the Resolution of the General Shareholders No. 01/DHDCD2020/NQ dated 24 April 2020 at the amount of 5% of profit after tax presented in the consolidated financial statements for the year ended 31 December 2019. Under this Resolution, the Board of Director and Board of Management are authorised to use this fund for the Company's business activities in order to maximize the Company's operating results.

### 22. OFF BALANCE SHEET ITEMS

	Ending balance	Beginning balance
Other receivable from Texpia JSC	30,160,675,690	30,160,675,690
Provision for other receivable from Texpia JSC (written-off from 2018)	(30,160,675,690)	(30,160,675,690)
Other receivables	2,389,798,881	-
Provision for other receivables	(2,389,798,881)	-
Foreign currency		
- United State dollar ("USD")	276,667,28	898,891,23
- Euro (EUR)	6,409,73	3,917,25
- Korean Won ("KRW")	7,402,992	6,426,562

### 23. REVENUE

#### 23.1 Revenue from sale of goods and rendering of services

	Currency: VND	
	Current year	Previous year
<b>Gross revenue</b>	855,774,884,323	1,007,852,142,423
In which:		
<i>Sales of bedding, mattress products</i>	534,284,875,223	616,880,223,014
<i>Sales of padding products</i>	165,393,550,393	238,540,606,093
<i>Sales of cleaner</i>	96,412,266,906	80,518,434,741
<i>Sales of quilting products</i>	38,696,666,779	45,867,525,915
<i>Sales of other goods and services</i>	20,912,486,700	25,431,278,634
<i>Scrap sales</i>	75,038,322	614,074,026
<b>Revenue deductions</b>	<b>(416,672,190)</b>	<b>(3,653,585,797)</b>
<i>Sales return</i>	(416,672,190)	(3,653,585,797)
<b>Net revenue</b>	<b>855,358,212,133</b>	<b>1,004,198,556,626</b>
In which:		
<i>Sales of bedding, mattress products</i>	533,868,203,033	613,933,126,561
<i>Sales of padding products</i>	165,393,550,393	238,540,606,093
<i>Sales of cleaner</i>	96,412,266,906	79,811,945,397
<i>Sales of quilting products</i>	38,696,666,779	45,867,525,915
<i>Sales of other goods and services</i>	20,912,486,700	25,431,278,634
<i>Scrap sales</i>	75,038,322	614,074,026

#### 23.2 Finance income

	Currency: VND	
	Current year	Previous year
Interest income	39,309,499,987	36,121,732,453
Foreign exchange gain	4,458,301,872	6,759,854,473
Gain from trading securities	3,858,521,334	-
Other finance income	395,070,122	206,400,000
	<u>48,021,393,315</u>	<u>43,087,986,926</u>

### 24. COST OF GOODS SOLD AND SERVICES RENDERED

	Currency: VND	
	Current year	Previous year
Cost of bedding, mattress products	382,281,121,910	423,859,963,266
Cost of padding products	83,421,651,946	108,633,819,113
Cost of cleaner products	83,356,269,457	74,292,055,119
Cost of quilting products	29,770,477,553	35,537,981,022
Cost of other goods and other services rendered	14,247,711,877	18,163,889,570
	<u>593,077,232,743</u>	<u>660,487,708,090</u>

### 25. FINANCE EXPENSES

	Currency: VND	
	Current year	Previous year
Interest expenses	13,776,224,202	13,769,071,371
Foreign exchange losses	3,462,644,153	5,894,321,075
Other finance expenses	957,260,340	708,717,000
	<u>18,196,128,695</u>	<u>20,372,109,446</u>

## 26. SELLING EXPENSES AND GENERAL AND ADMINISTRATIVE EXPENSES

	Currency: VND	
	Current year	Previous year
<b>Selling expenses</b>		
- Labour costs	75,135,712,553	76,761,539,844
- Raw materials	7,132,906,945	10,708,085,861
- Depreciation and amortisation	2,326,811,016	2,326,811,016
- External services	46,725,969,166	68,663,289,206
- Others	9,280,185,665	15,854,584,281
	<b>140,601,585,345</b>	<b>174,314,310,208</b>
<b>General and administrative expenses</b>		
- Labour costs	61,980,899,611	57,974,878,669
- Depreciation and amortisation	7,893,319,425	8,484,765,820
- External services	11,565,647,807	14,576,719,907
- Others	12,836,219,855	17,799,894,743
	<b>94,276,086,698</b>	<b>98,836,259,139</b>

## 27. OTHER INCOME AND EXPENSES

	Currency: VND	
	Current year	Previous year
<b>Other income</b>	666,583,558	1,137,709,722
Gain on disposal of fixed assets	46,476,363	572,727,273
Others	620,107,195	564,982,449
<b>Other expenses</b>	(1,403,277,338)	(441,608,944)
Penalty	(877,918,897)	-
Others	<b>(525,358,441)</b>	<b>(441,608,944)</b>
<b>OTHER (LOSS)/PROFIT</b>	<b>(736,693,780)</b>	<b>696,100,778</b>

## 28. PRODUCTION AND OPERATING COSTS

	Currency: VND	
	Current year	Previous year
Materials	443,890,777,612	549,358,265,542
Labour costs	208,801,911,684	234,488,063,789
Depreciation and amortization	45,049,079,645	45,051,989,110
Expenses for external services	45,932,443,354	75,486,409,659
Other expenses	48,603,618,521	34,238,910,256
	<b>792,277,830,816</b>	<b>938,623,638,356</b>

## 29. CORPORATE INCOME TAX

The statutory corporate income tax ("CIT") applicable to the Company is 20% of taxable profits for the year ended 31 December 2020.

Everpia Korea JSC has obligation to pay corporate income tax in accordance with the regulation of the host country, equivalent to 10% of profit for the financial year ended 31 December 2020.

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

## 29.1 CIT expenses

	Currency: VND	
	Current year	Previous year
Current CIT expenses	13,837,257,660	22,648,932,480
Deferred tax expenses/(income)	597,689,408	(564,942,870)
	<b>14,434,947,068</b>	<b>22,083,989,610</b>

The reconciliation between CIT expenses and the accounting profit multiplied by CIT rate is presented below:

	Currency: VND	
	Current year	Previous year
<b>Profit before tax</b>	56,491,878,187	93,972,257,447
At CIT rate of 20%	11,298,375,637	18,794,451,489
<i>Adjustments to increase:</i>		
Expenses not eligible for CIT deduction	1,163,321,816	1,386,471,527
Loss of subsidiary	729,861,511	691,918,805
Difference in CIT tax rate of subsidiary	729,861,511	691,918,805
Other adjustments	573,526,593	560,508,984
<i>Adjustments to decrease:</i>		
Dividend received	(60,000,000)	(41,280,000)
<b>CIT expense</b>	<b>14,434,947,068</b>	<b>22,083,989,610</b>

## 29.2 Current tax

The current tax payable is based on taxable profit for the current year. The taxable profit of the Company and its subsidiary for the year differs from the profit as reported in the consolidated income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are not taxable or deductible. Liability for current tax of the Company and its subsidiary is calculated using tax rates that have been enacted by the balance sheet date.

## 29.3 Deferred tax

	Currency: VND			
	Consolidated balance sheet		Consolidated income statement	
	Ending balance	Beginning balance	Current year	Previous year
<b>Deferred tax assets</b>				
Unearned revenue	-	7,000,000	(7,000,000)	3,545,455
Provision for obsolete inventories	3,275,788,101	3,018,050,150	257,737,951	(199,595,928)
Provision for doubtful debts	11,450,424,595	11,900,817,209	(450,392,614)	667,553,717
Accrual for severance pay	3,197,283,165	2,883,268,551	314,014,614	341,438,439
Expense for excess of depreciation period	113,638,773	46,352,892	67,285,881	46,352,892
Education support expense	463,000,000	463,000,000	-	463,000,000
Allocation expense of site restoration provision	331,559,556	221,039,704	110,519,852	55,259,926
Unrealised profit in of inventories	204,048,819	1,016,391,780	(812,342,961)	(402,266,286)
Other adjustments	-	-	-	(560,508,983)
	<b>19,035,743,009</b>	<b>19,555,920,286</b>	<b>(520,177,277)</b>	<b>414,779,232</b>
<b>Deferred tax liabilities</b>				
Unrealised foreign exchange gain of cash and trade receivables	(570,665,818)	(493,153,687)	(77,512,131)	150,163,638
	<b>(570,665,818)</b>	<b>(493,153,687)</b>	<b>(77,512,131)</b>	<b>150,163,638</b>
<b>Net deferred tax assets</b>	<b>18,465,077,191</b>	<b>19,062,766,599</b>		
<i>Net deferred tax presented in consolidated income statement</i>			<b>(597,689,408)</b>	<b>564,942,870</b>

### 30. TRANSACTIONS WITH RELATED PARTIES

Significant transactions of the Company with related parties during the year were as follows:

Related parties	Relationship	Transactions	Currency: VND	
			Current year	Previous year
Hyojung Soft Tech JSC	Associate	Capital contribution	3,600,000,000	-
Mr. Cho Yong Hwan	Chairman of BOD	Rent house	3,300,000,000	-

Remuneration to members of the Board of Directors, Audit Committee and Management

#### Board of Directors

		Currency: VND	
		Current year	Previous year
Mr Cho Yong Hwan	Chairman of BOD	-	-
Mr Lee Jae Eun	Member	-	-
Mr Yu Sung Dae	Member	-	-
Mr Park Sung Jin	Member	-	-
Mrs Le Thi Thu Hien	Member	86,400,000	86,400,000
Mr Le Kha Tuyen	Member	86,400,000	86,400,000
Mrs Nguyen Le Hoang Yen	Member	86,400,000	86,400,000
		<b>259,200,000</b>	<b>259,200,000</b>

#### Management

		Currency: VND	
		Current year	Previous year
Mr Lee Jae Eun	General Director	6,781,741,102	6,362,204,829
Mr Cho Yong Hwan	Deputy General Director	3,663,193,367	3,422,238,990
Mr Yu Sung Dae	Deputy General Director	2,942,139,856	2,747,349,258
Mr Park Sung Jin	Dong Nai Branch Director	3,034,793,835	3,156,796,713
		<b>16,421,868,160</b>	<b>15,678,589,790</b>

#### Audit Committee

		Currency: VND	
		Current year	Previous year
Mr Trương Tuấn Nghĩa	Head of AC	86,400,000	86,400,000
Mr Ko Tae Yeon	Member	86,400,000	86,400,000
Mr Nguyễn Đức Hường	Member	86,400,000	86,400,000
		<b>259,200,000</b>	<b>259,200,000</b>

### 31. EARNINGS PER SHARE

Basic earnings per share amounts are calculated by dividing net profit after tax for the year attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the year.

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

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

Currency: VND

	Current year	Previous year
Net profit after tax attributable to ordinary equity holders for basic earnings	42,056,931,119	71,888,267,837
Effect of dilution	1,848,502,553	590,914,751
Net profit attributable to ordinary equity holders adjusted for the effect of dilution	43,905,433,672	72,479,182,588
Weighted average number of ordinary shares for basic earnings per share	38,047,973	38,047,973
Effect of dilution	18,041,928	5,783,303
Weighted average number of ordinary shares adjusted for the effect of dilution	56,089,901	43,831,276
Basic earnings per share	1.105	1.889
Diluted earnings per share	783	1.654

The convertible bond issued by the Company are assumed to be converted completely into common shares which dilute basis earnings per share for current year from the convertible date (6 September 2019).

There have been no transactions involving ordinary shares or potential ordinary shares between the reporting date and the date of completion of these consolidated financial statements.

### 32. CONTINGENT LIABILITIES AND COMMITMENTS

#### Operating lease commitment

At the balance sheet date, future lease payments under product showroom lease contracts are presented as follows:

	Currency: VND	
	Ending balance	Beginning balance
Up to 1 year	12,010,832,537	12,160,730,420
From 1-5 years	22,948,192,340	23,556,509,932
<b>TOTAL</b>	<b>34,959,024,877</b>	<b>35,717,240,352</b>

### 33. SEGMENT INFORMATION

The principal activities of the Company and its subsidiary are manufacturing and trading of products of blankets, sheets, pillows, mattress and padding. Revenue and assets regarding to blankets, sheets, pillows, mattresses and cotton accounted for more than 90% of total revenue in the year and total assets as at reporting date. Besides, the production and business activities of the Company and its subsidiary are mainly carried out and assets are mainly located in the territory of Vietnam. Therefore, the Company and its subsidiary have only one business segment and one geographic segment. Accordingly, the Company and its subsidiary do not disclose business segment and geographic segment.

### 34. EVENTS AFTER THE BALANCE SHEET DATE

There is no matter or circumstance that has arisen since the balance sheet date that requires adjustment or disclosure in the consolidated financial statements of the Company and its subsidiary.



Nguyen Bao Ngoc  
Preparer  
Accounting manager



Yu Sung Dae  
Deputy General Director  
In charge of Finance



Lee Jae Eun  
General Director

Hanoi, Vietnam  
29 March 2021

## LIST OF ABBREVIATIONS

No	Abbreviation	Explanation
1	FS	Financial Statement
2	BOS	Board of Supervisors
3	ASM	Annual Shareholders' Meeting
4	EPS	Earnings per share
5	BOD	Board of Director
6	HOSE	Hochiminh Stock Exchange
7	NPAT	Net profit after tax
8	E&Y	Ernst & Young Audited Firm
9	B2C	Business to customer
10	B2B	Business to business
11	VAS	Vietnamese Accounting Standard
12	IFRS	International Financial Reporting Standards

### NOTE TO READERS

- All herein financial information originated from the Audited consolidated Financial Statement in 2020 of Everpia JSC
- Herein marketing & production capacity information is from Everpia's internal report. All cautiously analyzed statement are appropriate as of the publication date according to our subjective assessments.



*Artemis*



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MATTRESS CO.

