

Everpia Joint Stock Company

Consolidated financial statements

For the year ended 31 December 2021



Everpia Joint Stock Company

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Everpia Joint Stock Company

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 Registration 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	
Mr Lee Jae Eun	Member	
Ms Le Thi Thu Hien	Member	resigned on 30 March 2021
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

Everpia Joint Stock Company

GENERAL INFORMATION (continued)

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 in charge of Ho Chi Minh City Branch
Mr Yu Sung Dae	Deputy General Director
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.

AUDITOR

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

Everpia Joint Stock Company

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 2021.

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 2021, 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 2022

Reference: 61110609/21584118-HN

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 2022 and set out on pages 6 to 49, which comprise the consolidated balance sheet as at 31 December 2021, 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 2021, 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 Truong
Deputy General Director
Audit Practising Registration
Certificate No. 0816-2018-004-1



A blue ink signature of Dao Van Thich.

Dao Van Thich
Auditor
Audit Practising Registration
Certificate No. 3732-2021-004-1

Hanoi, Vietnam

29 March 2022

CONSOLIDATED BALANCE SHEET
as at 31 December 2021

Currency: VND

Code	ASSETS	Notes	Ending balance	Beginning balance
100	A. CURRENT ASSETS		965,611,047,552	1,087,289,632,776
110	I. Cash and cash equivalents	4	52,162,065,411	51,427,020,485
111	1. Cash		25,859,168,684	34,043,282,310
112	2. Cash equivalents		26,302,896,727	17,383,738,175
120	II. Short-term investments		373,191,406,811	536,313,000,000
121	1. Held-for-trading securities	5.1	113,752,362,169	20,000,000,000
122	2. Provision for held-for-trading securities	5.1	(499,955,358)	-
123	3. Held-to-maturity investments	5.2	259,939,000,000	516,313,000,000
130	III. Current accounts receivables		185,632,968,413	154,753,414,030
131	1. Short-term trade receivables	6.1	166,130,601,882	134,129,999,632
132	2. Short-term advances to suppliers	6.2	21,436,698,492	21,564,342,370
136	3. Other short-term receivables	7	24,871,522,628	24,031,813,083
137	4. Provision for doubtful short-term receivables		(26,805,854,589)	(24,972,741,055)
140	IV. Inventories	9	346,527,464,417	339,496,885,104
141	1. Inventories		363,053,089,506	355,875,825,611
149	2. Provision for obsolete inventories		(16,525,625,089)	(16,378,940,507)
150	V. Other current assets		8,097,142,500	5,299,313,157
151	1. Short-term prepaid expenses	14	2,533,917,334	3,365,109,886
152	2. Value-added tax deductible	16	5,563,148,112	1,889,086,885
153	3. Tax and other receivables from the State		77,054	45,116,386

CONSOLIDATED BALANCE SHEET (continued)
as at 31 December 2021

Currency: VND

Code	ASSETS	Notes	Ending balance	Beginning balance
200	B. NON-CURRENT ASSETS		303,132,445,188	265,743,449,326
210	I. Long-term receivables	7	2,510,521,266	3,189,169,234
216	1. Other long-term receivables		2,510,521,266	3,189,169,234
219	2. Provision for doubtful long-term receivables		-	-
220	II. Fixed assets		189,551,832,449	206,171,418,809
221	1. Tangible fixed assets	10	186,722,125,438	201,705,006,975
222	Cost		601,992,223,470	583,509,943,716
223	Accumulated depreciation		(415,270,098,032)	(381,804,936,741)
227	2. Intangible fixed assets	11	2,829,707,011	4,466,411,834
228	Cost		41,738,866,578	41,819,379,876
229	Accumulated amortization		(38,909,159,567)	(37,352,968,042)
240	III. Long-term assets in progress	12	55,418,410,869	-
242	1. Construction in progress		55,418,410,869	-
250	IV. Long-term investments	13	9,939,108,487	12,367,200,000
252	1. Investments in associates		11,590,390,000	15,190,390,000
253	2. Investments in other entities		10,491,200,000	8,767,200,000
254	3. Provision for long-term investments		(12,142,481,513)	(11,590,390,000)
260	V. Other long-term assets		45,712,572,117	44,015,661,283
261	1. Long-term prepaid expenses	14	25,381,848,553	25,550,584,092
262	2. Deferred tax assets	29.3	20,330,723,564	18,465,077,191
270	TOTAL ASSETS		1,268,743,492,740	1,353,033,082,102


CONSOLIDATED BALANCE SHEET (continued)
as at 31 December 2021

Currency: VND

Code	RESOURCES	Notes	Ending balance	Beginning balance
300	C. LIABILITIES		304,707,254,762	408,705,879,197
310	I. Current liabilities		271,923,340,332	153,166,780,955
311	1. Short-term trade payables	15.1	55,596,846,486	42,122,653,838
312	2. Short-term advances from customers	15.2	23,956,101,080	16,245,685,048
313	3. Statutory obligations	16	10,391,040,335	15,692,012,138
314	4. Payables to employees		22,752,325,036	19,482,190,462
315	5. Short-term accrued expenses	17	1,399,458,281	1,805,648,638
319	6. Other short-term payables	18	950,311,708	1,470,742,689
320	7. Short-term borrowings	19	156,877,257,406	56,347,848,142
330	II. Non-current liabilities		32,783,914,430	255,539,098,242
337	1. Other long-term liabilities	18	22,703,914,430	22,353,953,301
338	2. Long-term borrowings	19	10,080,000,000	603,556,941
339	3. Convertible bonds	20	-	232,581,588,000
400	D. OWNERS' EQUITY	21	964,036,237,978	944,327,202,905
410	I. Capital		964,036,237,978	944,327,202,905
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
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		(3,801,332,966)	(1,736,867,207)
420	5. Other funds belonging to owners' equity	21.5	3,807,375,305	1,660,261,921
421	6. Undistributed earnings	21.1	417,159,741,392	397,533,353,944
421a	- Undistributed earnings up to the end of prior year		357,439,070,137	355,476,422,825
421b	- Undistributed earnings of current year		59,720,671,255	42,056,931,119
440	TOTAL LIABILITIES AND OWNERS' EQUITY		1,268,743,492,740	1,353,033,082,102



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 2022

CONSOLIDATED INCOME STATEMENT
for the year ended 31 December 2021

Currency: VND

Code	ITEMS	Notes	Current year	Previous year
01	1. Revenue from sale of goods and rendering of services	23.1	866,451,098,588	855,774,884,323
02	2. Deductions	23.1	(503,797,371)	(416,672,190)
10	3. Net revenue from sale of goods and rendering of services	23.1	865,947,301,217	855,358,212,133
11	4. Cost of goods sold and services rendered	24	(570,738,931,867)	(593,077,232,743)
20	5. Gross profit from sale of goods and rendering of services		295,208,369,350	262,280,979,390
21	6. Finance income	23.2	45,898,206,809	48,021,393,315
22	7. Finance expenses	25	(31,184,153,176)	(18,196,128,695)
23	- In which: Interest expenses		(21,213,465,288)	(13,776,224,202)
24	8. Shares of loss of associates		(548,651,510)	-
25	9. Selling expenses	26	(150,461,607,802)	(140,601,585,345)
26	10. General and administrative expenses	26	(85,058,370,307)	(94,276,086,698)
30	11. Operating profit		73,853,793,364	57,228,571,967
31	12. Other income	27	1,523,629,989	666,583,558
32	13. Other expenses	27	(740,079,362)	(1,403,277,338)
40	14. Other profit/(loss)	27	783,550,627	(736,693,780)
50	15. Accounting profit before tax		74,637,343,991	56,491,878,187
51	16. Current corporate income tax expenses	29.1	(16,782,319,109)	(13,837,257,660)
52	17. Deferred tax income/(expenses)	29.3	1,865,646,373	(597,689,408)

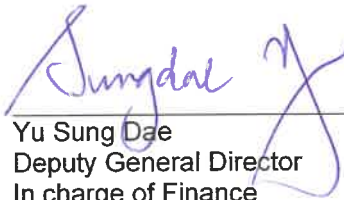
CONSOLIDATED INCOME STATEMENT (continued)
for the year ended 31 December 2021

Currency: VND

Code	ITEMS	Notes	Current year	Previous year
60	18. Net profit after tax		59,720,671,255	42,056,931,119
61	19. Net profit after tax attributable to shareholders of the parent		59,720,671,255	42,056,931,119
62	20. Net profit after tax attributable to non-controlling interests		-	-
70	21. Basic earnings per share	31	1,570	1,105
71	22. Diluted earnings per share	31	1,570	783



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 2022

CONSOLIDATED CASH FLOW STATEMENT
for the year ended 31 December 2021

Currency: VND

Code	ITEMS	Notes	Current year	Previous year
	I. CASH FLOWS FROM OPERATING ACTIVITIES			
01	Profit before tax		74,637,343,991	56,491,878,187
	<i>Adjustments for:</i>			
02	Depreciation of tangibles fixed assets and amotisation of intangible fixed assets		39,515,269,521	45,049,079,645
03	Provisions		3,381,806,116	5,116,439,500
04	Foreign exchange loss/(gain) arisen from revaluation of monetary accounts denominated in foreign currency		488,974,567	(3,512,249,519)
05	Profit from investing activities		(28,457,317,030)	(39,585,056,141)
06	Interest expenses and amortization of bond issuance cost		23,423,538,100	14,484,941,202
08	Operating profit before changes in working capital		112,989,615,265	78,045,032,874
09	(Increase)/decrease in receivables		(43,601,493,984)	51,521,282,077
10	(Increase)/decrease in inventories		(7,177,263,895)	56,869,510,320
11	Increase/(decrease) in payables		20,189,423,831	(11,839,394,161)
12	Decrease in prepaid expenses		999,928,091	4,402,217,586
13	(Increase)/decrease in held-for-trading securities		(93,752,362,169)	17,000,000,000
14	Interest paid		(22,260,411,538)	(16,732,201,174)
15	Corporate income tax paid	16	(20,001,959,129)	(17,699,797,341)
17	Other cash outflows from operating activities		-	(3,262,477,048)
18	Other cash inflows from operating activities		44,266,821	-
20	Net cash flows (used in)/from operating activities		(52,570,256,707)	158,304,173,133
	II. CASH FLOWS FROM INVESTING ACTIVITIES			
21	Purchase, construction of fixed assets and other long-term assets		(75,789,646,448)	(6,882,927,331)
22	Proceeds from disposals of fixed assets and other long-term assets		599,431,048	161,380,358
23	Loans to other entities, short term investment		(109,273,000,000)	(516,313,000,000)
24	Collections from borrowers, short-term investments		365,647,000,000	515,700,000,000
25	Payments for investments in other entities		(1,376,000,000)	(3,600,000,000)
26	Proceeds from sale of investments in other entities		3,360,000,000	-
27	Interest and dividends received		32,180,121,114	42,318,404,753
30	Net cash flows from investing activities		215,347,905,714	31,383,857,780

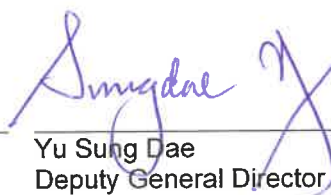
CONSOLIDATED CASH FLOW STATEMENT (continued)
for the year ended 31 December 2021

Currency: VND

Code	ITEMS	Notes	Current year	Previous year
	III. CASH FLOWS FROM FINANCING ACTIVITIES			
33	Drawdown of borrowings		298,534,256,847	180,862,823,687
34	Repayment of borrowings		(423,130,280,750)	(353,617,967,409)
36	Dividends paid to shareholders		(37,991,437,250)	(34,022,914,605)
40	Net cash flows used in financing activities		(162,587,461,153)	(206,778,058,327)
50	Net increase/(decrease) in cash for the year		190,187,854	(17,090,027,414)
60	Cash and cash equivalents at the beginning of the year		51,427,020,485	67,058,857,742
61	Impact of exchange rate fluctuation		544,857,072	1,458,190,157
70	Cash and cash equivalents at the end of the year	4	52,162,065,411	51,427,020,485



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 2022

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
as at 31 December 2021 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 Registration 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 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 2021 is 1,228 (31 December 2020: 1,358).

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 2021 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 A408-Hyeondae Knowledge Industry Centre, No.3 Godeung Ro, Sujeong Gu, Seongnam Si, Gyeonggi Do, 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 2021, 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 2021, the Company also owns some investments in associates as disclosed in Note 13.2.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
as at 31 December 2021 and for the year then ended

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 2021.

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
as at 31 December 2021 and for the year then ended

2. BASIS OF PREPARATION (continued)

2.6 Basis of consolidation (continued)

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
as at 31 December 2021 and for the year then ended

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
as at 31 December 2021 and for the year then ended

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

Prepaid land rental

The prepaid land rental represents the unamortised balance of advance payment made in accordance with lease contract signed with an individual on 22 February 2019 for a lease 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
as at 31 December 2021 and for the year then ended

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
as at 31 December 2021 and for the year then ended

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.11 *Investments* (continued)

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
as at 31 December 2021 and for the year then ended

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
as at 31 December 2021 and for the year then ended

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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:

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
as at 31 December 2021 and for the year then ended

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.20 *Revenue recognition* (continued)

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:

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
as at 31 December 2021 and for the year then ended

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.21 *Taxation* (continued)

Deferred tax (continued)

- ▶ 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 reassessed 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*

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 period and total assets as at reporting date. Besides, the production and business activities of the Company and its subsidiary are mainly carried out 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 segment information.

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
as at 31 December 2021 and for the year then ended

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.24 Earnings per share

Basic earnings per share amounts are calculated by dividing net profit/(loss) after tax for the year attributable to ordinary shareholders of the Company (after adjusting for the bonus and welfare fund) 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.

4. CASH AND CASH EQUIVALENTS

	<i>Currency: VND</i>	
	<i>Ending balance</i>	<i>Beginning balance</i>
Cash on hand	187,073,131	258,508,757
Cash at banks	25,672,095,555	33,784,773,553
Cash equivalents (*)	26,302,896,725	17,383,738,175
	52,162,065,411	51,427,020,485

(*) Cash equivalents represent bank deposits with terms from 1 month to 3 months, which earn interest at rates of 3.0 – 4.0% per annum (2020: bank deposits with terms of 1 month to 3 months, which earn interest rate from 3.0% – 3.5% per annum).

5. SHORT-TERM INVESTMENTS

5.1 Held-for-trading securities

	<i>Currency: VND</i>					
	<i>Ending balance</i>			<i>Beginning balance</i>		
	<i>Cost</i>	<i>Fair value</i>	<i>Provision</i>	<i>Cost</i>	<i>Fair value</i>	<i>Provision</i>
Shares (i)	20,392,362,169	19,892,406,812	(499,955,358)	-	-	-
Bond (ii)	93,360,000,000	93,360,000,000	-	20,000,000,000	20,000,000,000	-
	113,752,362,169	113,252,406,812	(499,955,358)	20,000,000,000	20,000,000,000	-

(i) Details for shares investment are as follows:

	<i>Ending balance</i>			<i>Beginning balance</i>		
	<i>Cost</i>	<i>Fair value</i>	<i>Provision</i>	<i>Cost</i>	<i>Fair Value</i>	<i>Provision</i>
Hoa Phat Group Joint Stock Company	12,003,883,858	11,558,240,000	(445,643,858)	-	-	-
Ho Chi Minh Securities Joint Stock Company	6,196,811,500	6,142,500,000	(54,311,500)	-	-	-
SSI Securities Corporation	2,191,666,811	3,108,000,000	-	-	-	-
	20,392,362,169	20,808,740,000	(499,955,358)	-	-	-

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
as at 31 December 2021 and for the year then ended

5. SHORT-TERM INVESTMENTS (continued)

5.1. Held-for-trading securities (continued)

(ii) Details for bond investment are as follows:

<i>Issuer</i>	<i>31 December 2021 (VND)</i>	<i>Principal and interest repayment term</i>	<i>Interest rate (% p.a)</i>	<i>Description of collateral</i>
VPS Securities Joint Stock Company	53,360,000,000	Term 1 year, interest is received annually, the final principal of the bond matures on June 7, 2022	5.0% - 7.8%	Unsecured
Mirae Asset Securities (Vietnam) LLC	40,000,000,000	No fixed term, interest is received with principal, which is repaid at the request of the bondholder	8.65%	Unsecured
	93,360,000,000			

5.2. Held-to-maturity investments

Currency: VND

	<i>Ending balance</i>		<i>Beginning balance</i>	
	<i>Cost</i>	<i>Carrying value</i>	<i>Cost</i>	<i>Carrying value</i>
Term deposits	<u>259,939,000,000</u>	<u>259,939,000,000</u>	<u>516,313,000,000</u>	<u>516,313,000,000</u>
	<u>259,939,000,000</u>	<u>259,939,000,000</u>	<u>516,313,000,000</u>	<u>516,313,000,000</u>

Held-to-maturity investments represent deposits with terms from 6 months to 1 year, which earn interest at rates ranging from 5.4% to 5.6% per annum (2020: deposits with terms from 6 months to 1 year, which earn interest at rates ranging from 4.4% to 7.1% per annum).

6. SHORT-TERM TRADE RECEIVABLES AND ADVANCES TO SUPPLIERS

6.1 Short-term trade receivables

Currency: VND

	<i>Ending balance</i>	<i>Beginning balance</i>
Everon Authorised Dealer (289B Hue Str.)	6,500,910,538	1,989,555,997
Welcron Global Vietnam JSC	5,321,675,890	5,489,364,193
Petit Elin Co., Ltd.	4,699,692,605	1,464,526,541
MM Mega Market Vietnam Co., Ltd.	4,165,344,026	2,390,813,655
GDB Investment and Trading t Co., Ltd. – Hai Phong	3,832,664,984	3,243,215,716
Minh Hieu Limited Company	1,935,049,362	8,066,464,633
Tak Textiles Korea Inc.,	153,626,212	8,467,258,427
Philko Vina Co., Ltd.	-	3,176,986,794
LG Electronics Viet Nam Hai Phong Limited Company	-	3,175,898,000
Other trade receivables	<u>139,521,638,265</u>	<u>96,665,915,676</u>
	<u>166,130,601,882</u>	<u>134,129,999,632</u>
Provision for doubtful debts	(15,352,861,972)	(13,519,748,438)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
as at 31 December 2021 and for the year then ended

6. SHORT-TERM TRADE RECEIVABLES AND ADVANCES TO SUPPLIERS (continued)

6.2 Short-term advances to suppliers

	Currency: VND	
	Ending balance	Beginning balance
Tongxiang Huibo Import & Export Co., Ltd.	7,260,252,903	237,223,353
NanTong GlobalLink Industry & Trade Co., Ltd.	1,732,906,504	-
Guoxin Infu Limited Company	1,610,031,598	2,410,315,457
Ha Trang Interior Co., Ltd.	920,616,857	1,038,699,932
Radian Co., Ltd.	-	7,929,393,750
Vu Gia International LLC - Ha Nam Branch	-	1,004,300,000
Advance to other suppliers	9,912,890,630	8,944,409,878
	21,436,698,492	21,564,342,370

7. OTHER RECEIVABLES

	Currency: VND	
	Ending balance	Beginning balance
Short-term		
Shortage of assets awaiting resolution	11,349,845,417	11,349,845,417
Land rental deposit	5,038,344,000	
Interest income from term deposits	3,636,611,547	8,392,757,809
Advance to employees	2,265,664,481	2,006,049,137
Refundable value added tax	1,168,241,076	347,397,965
Refundable import tax	347,397,965	1,168,241,076
Other short-term receivables	1,065,418,142	767,521,679
	24,871,522,628	24,031,813,083
Provision for doubtful other short-term receivables	(11,452,992,617)	(11,452,992,617)
Long-term		
Long-term deposit	2,510,521,266	3,108,423,281
Other long-term receivables	-	80,745,953
	2,510,521,266	3,189,169,234
Provision for doubtful other long-term receivables	-	-

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
as at 31 December 2021 and for the year then ended**8. OVERDUE DEBTS**

Currency: VND

	Ending balance		Beginning balance	
	Cost	Recoverable amount	Cost	Recoverable amount
Trade receivables	29,113,267,434	13,760,405,462	62,228,288,748	48,708,540,310
Shortage of assets awaiting resolution	11,452,992,617	-	11,452,992,617	-
	40,566,260,051	13,760,405,462	73,681,281,365	48,708,540,310

9. INVENTORIES

Currency: VND

	Ending balance		Beginning balance	
	Cost	Provision	Cost	Provision
Goods in transit	5,735,532,397	-	3,505,661,597	-
Materials	205,464,933,726	(10,540,999,759)	191,723,036,997	(6,022,901,941)
Finished goods	145,038,788,822	(5,984,625,330)	151,718,369,491	(10,356,038,566)
Merchandise	6,813,834,561	-	8,928,757,526	-
	363,053,089,506	(16,525,625,089)	355,875,825,611	(16,378,940,507)

Movements of provision for obsolete inventories:

Currency: VND

	Current year	Previous year
Beginning balance	16,378,940,507	15,090,250,750
Add: Provision made during the year	4,255,794,498	13,708,869,824
Less: Reversal of provision during the year	(4,109,109,916)	(12,420,180,067)
Ending balance	16,525,625,089	16,378,940,507

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
as at 31 December 2021 and for the year then ended

10. TANGIBLE FIXED ASSETS

Currency: VND

	Buildings and structures	Machinery and equipment	Office equipment	Motor vehicles	Others	Total
Cost:						
Beginning balance	197,286,321,894	307,002,767,411	14,371,903,738	45,059,065,180	19,789,885,493	583,509,943,716
Newly purchased	16,600,002,255	5,148,062,138	81,859,140	702,845,382	729,516,414	23,262,285,329
Disposal	-	(2,526,601,925)	(91,475,944)	(2,161,927,706)	-	(4,780,005,575)
Ending balance	213,886,324,149	309,624,227,624	14,362,286,934	43,599,982,856	20,519,401,907	601,992,223,470
<i>In which:</i>						
Fully depreciated	22,041,959,205	149,559,020,585	19,384,805,140	11,947,724,868	14,338,210,908	217,271,720,706
Accumulated depreciation:						
Beginning balance	97,084,546,369	226,146,557,873	13,503,187,299	28,037,307,059	17,033,338,141	381,804,936,741
Depreciation for the year	12,749,597,089	19,442,617,575	709,716,161	4,383,025,962	674,121,209	37,959,077,996
Disposal	-	(2,509,381,775)	(91,475,944)	(1,893,058,986)	-	(4,493,916,705)
Ending balance	109,834,143,458	243,079,793,673	14,121,427,516	30,527,274,035	17,707,459,350	415,270,098,032
Net carrying amount:						
Beginning balance	100,201,775,525	80,856,209,538	868,716,439	17,021,758,121	2,756,547,352	201,705,006,975
Ending balance	104,052,180,691	66,544,433,951	240,859,418	13,072,708,821	2,811,942,557	186,722,125,438

Some tangible fixed assets with net carrying amount of VND 106 billion have been mortgaged for loans and bonds of the Company and its subsidiary as presented in Note 19.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
as at 31 December 2021 and for the year then ended

11. INTANGIBLE FIXED ASSETS

	Trademark	Distribution channel	Computer software	Others	Total
Cost:					
Beginning balance	24,566,385,000	7,831,500,000	7,928,284,189	1,493,210,687	41,819,379,876
Foreign exchanges differences arising from conversion of financial statements of subsidiary	-	-	-	(80,513,298)	(80,513,298)
Ending balance	24,566,385,000	7,831,500,000	7,928,284,189	1,412,697,389	41,738,866,578
<i>In which:</i>					
Fully amortized	7,831,500,000	7,831,500,000	6,866,430,149	686,893,687	15,384,823,836
Accumulated amortization:					
Beginning balance	21,517,144,114	7,831,500,000	7,317,430,241	686,893,687	37,352,968,042
Amortization for the year	1,463,191,525	-	93,000,000	-	1,556,191,525
Ending balance	22,980,335,639	7,831,500,000	7,410,430,241	686,893,687	38,909,159,567
Net carrying amount:					
Beginning balance	3,049,240,886	-	610,853,948	806,317,000	4,466,411,834
Ending balance	1,586,049,361	-	517,853,948	725,803,702	2,829,707,011

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
as at 31 December 2021 and for the year then ended

12. CONSTRUCTION IN PROGRESS

Construction in progress includes the payment for 50% of the value of the land use right for the purpose of building a factory in Giang Dien Industrial Park, Dong Nai province.

13. LONG-TERM INVESTMENTS

Currency: VND

	Ending balance		Beginning balance	
	Cost	Provision	Cost	Provision
Investment in associates (Note 13.1)				
- Texpia Joint Stock Company	11,590,390,000	(11,590,390,000)	15,190,390,000	(11,590,390,000)
- Hyojung Soft Tech JSC	11,590,390,000	(11,590,390,000)	11,590,390,000	(11,590,390,000)
	-	-	3,600,000,000	-
Investment in other (Note 13.2)	10,491,200,000	(552,091,513)	8,767,200,000	-
	22,081,590,000	(12,142,481,513)	23,957,590,000	(11,590,390,000)

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
as at 31 December 2021 and for the year then ended

13. LONG-TERM INVESTMENTS (continued)

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%

(*) 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. In 2021, the Company has completed the transfer of 4.8% shares in this company and reduced ownership rate to 19.2%, then, Hyojung Soft Tech Joint Stock Company is no longer an associate of the Company as at 31 December 2021.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
as at 31 December 2021 and for the year then ended

13. LONG-TERM INVESTMENTS (continued)

13.2 Investment in other entity

	Currency: VND	
	Ending balance	Beginning balance
Bac Ninh Pharmaceutical JSC (*)	4,014,200,000	2,638,200,000
Hyojung Soft Tech JSC (**)	960,000,000	-
Kalon Investment Asset Co., Ltd. (***)	5,517,000,000	6,129,000,000
	10,491,200,000	8,767,200,000

(*) The original amount of the investment in shares of Bac Ninh Pharmaceutical JSC with the number of shares is 309,600 shares, of which 137,600 shares were newly acquired by the Company during the year at a total consideration of VND 1,376,000,000.

(**) The original amount of the investment in shares of Hyojung Soft Tech JSC with the number of shares is 96,000 shares.

(***) Investment in the shares of Kalon Investment Asset Co., Ltd. with 30,000 shares at the cost of KRW 300,000,000 (equivalent to VND 5,517,000,000).

14. PREPAID EXPENSES

	Currency: VND	
	Ending balance	Beginning balance
Short-term		
Prepaid rentals	1,844,791,682	2,269,799,999
Fire insurance	64,456,150	472,218,749
Advertisement	252,275,454	505,124,168
Others	372,394,048	117,966,970
	2,533,917,334	3,365,109,886
Long-term		
Showroom furniture	3,426,539,580	4,969,395,969
Land rental prepaid	7,181,270,926	7,507,692,322
Prepaid rentals	9,858,910,356	9,450,267,599
Tools and spare parts	3,867,728,255	2,689,711,915
Others	1,047,399,436	933,516,287
	25,381,848,553	25,550,584,092

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
as at 31 December 2021 and for the year then ended

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
Tongxiang Huibo Import & Export Co., Ltd.	8,525,055,744	8,525,055,744	3,824,488,423	3,824,488,423
Osun Co., Ltd.	1,755,719,493	1,755,719,493	188,721,885	188,721,885
Ngan Ha Import Export and Investment JSC	-	-	1,700,016,514	1,700,016,514
Payables to other suppliers	45,316,071,249	45,316,071,249	36,409,427,016	36,409,427,016
	<u>55,596,846,486</u>	<u>55,596,846,486</u>	<u>42,122,653,838</u>	<u>42,122,653,838</u>

15.2 Short-term advances from customers

Currency: VND

	Ending balance	Beginning balance
ODK Mikazuki Vietnam Ltd.	3,308,186,254	-
Hai An Trading Investment JSC	3,238,914,234	2,566,237,737
Petit Elin Co., Ltd.	1,602,145,924	2,335,167,208
Hoang Thien Duc Trading LLC	-	1,361,616,918
Others	15,806,854,668	9,982,663,185
	<u>23,956,101,080</u>	<u>16,245,685,048</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
as at 31 December 2021 and for the year then ended

16. STATUTORY OBLIGATIONS

	<i>Currency: VND</i>			
	<i>Beginning balance</i>	<i>Payable in the year</i>	<i>Net off made in the year</i>	<i>Ending balance</i>
Receivables				
Value added tax	1,658,564,571	15,411,950,774	(11,609,733,531)	5,460,781,814
	1,658,564,571	15,411,950,774	(11,609,733,531)	5,460,781,814

	<i>Currency: VND</i>			
	<i>Beginning balance</i>	<i>Payable in the year</i>	<i>Payment in the year</i>	<i>Ending balance</i>
Payables				
Value added tax	5,193,720,680	12,345,139,612	(15,411,950,774)	2,126,909,518
Import duties	99,811,731	2,353,840,060	(2,353,840,059)	99,811,732
Corporate income tax	8,871,223,939	16,782,319,109	(20,001,959,129)	5,651,583,919
Personal income tax	1,490,652,485	5,840,306,125	(4,856,083,546)	2,474,875,064
Other taxes	36,603,303	388,019,792	(386,762,993)	37,860,102
	15,692,012,138	37,709,624,698	(43,010,596,501)	10,391,040,335

17. SHORT-TERM ACCRUED EXPENSE

	<i>Currency: VND</i>	
	<i>Ending balance</i>	<i>Beginning balance</i>
Import and export fee	905,454,545	840,149,095
Rental fee	-	440,661,843
Others	494,003,736	524,837,700
	1,399,458,281	1,805,648,638

18. OTHER PAYABLES

	<i>Currency: VND</i>	
	<i>Ending balance</i>	<i>Beginning balance</i>
Short-term		
Accrued interest	406,636,750	778,929,005
Trade union fee	178,082,884	186,784,384
Social insurance	52,143,567	22,631,460
Other short-term payables	313,448,507	482,397,840
	950,311,708	1,470,742,689
Long-term		
Provision for severance allowances	19,824,100,116	19,474,138,987
Provision for site restoration	2,762,996,314	2,762,996,314
Other long-term payables	116,818,000	116,818,000
	22,703,914,430	22,353,953,301

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
as at 31 December 2021 and for the year then ended

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
Short-term							
Borrowings from banks (Note 19.1)	47,749,318,838	47,749,318,838	295,229,315,483	(187,439,649,547)	733,933,167	156,272,917,941	156,272,917,941
Current portion of long-term borrowings (Note 19.2)	8,598,529,304	8,598,529,304	604,339,465	(8,598,529,304)	-	604,339,465	604,339,465
	56,347,848,142	56,347,848,142	295,833,654,948	(196,038,178,851)	733,933,167	156,877,257,406	156,877,257,406
Long-term							
Borrowings from banks (Note 19.2)	603,556,941	603,556,941	10,080,000,000	(609,703,086)	6,146,145	10,080,000,000	10,080,000,000
	603,556,941	603,556,941	10,080,000,000	(609,703,086)	6,146,145	10,080,000,000	10,080,000,000
	56,951,405,083	56,951,405,083	305,913,654,948	(196,647,881,937)	740,079,312	166,957,257,406	166,957,257,406

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
as at 31 December 2021 and for the year then ended

19. LOANS AND BORROWINGS (continued)

19.1 Short-term borrowings from banks

Bank	31 December 2021		Interest rate per annum	Description of collateral
	VND	Original currency		
Joint Stock Commercial Bank for Foreign Trade of Vietnam	86,405,004,243	VND 86,405,004,243	4.50%	Plants, machineries and equipment of the Ha Noi and Hung Yen factory and receivables.
Joint Stock Commercial Bank for Foreign Trade of Vietnam	63,033,843,913	USD 2,750,167.7	1.24% - 1.34%	Plants, machineries and equipment of the Ha Noi and Hung Yen factory and receivables.
Shinhan One Member Limited Liability Bank of Vietnam	5,092,575,846	USD 222,334.7	1.20%	Plants, machineries and equipment of the Dong Nai factory.
Woori Bank Vietnam Limited	1,741,493,939	VND 1,741,493,939	4.75%	Unsecured.
		156,272,917,941		

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
as at 31 December 2021 and for the year then ended

19. LOANS AND BORROWINGS (continued)

19.2 Long-term borrowing from banks

Banks	31 December 2021		Principal and interest payment term	Interest rate per annum	Description of collateral
	VND equivalent	Original currency			
Shinhan One Member Limited Liability Bank of Vietnam	604,339,465	USD 26,094.12	4-5 years since loan drawdown date. Principal is payable quarterly. Last installment is due on 28 July 2022. Interest payment is payable on 28 th each month.	3.95%	Cotton production line and part of the factory at Dong Nai factory.
KEB Hana Bank	10,080,000,000	KRW 500,000,000	Principal is payable at maturity on 3 March 2024. Interest payment is payable 3rd each month.	3.64%	Everpia Korea's office located at A408-Hyeondae Knowledge Industry Center, No. 3 Godeung Ro, Sujeong Gu, Seongnam Si, Gyeonggi Do, Seoul, Korea.

10,684,339,465

In which:

Current portion 604,339,465
Non-current portion 10,080,000,000

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
as at 31 December 2021 and for the year then ended

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. Bondholders also have a put option that may require the Company to redeem all or part of the bonds every 3 months after three years from the date of issue to the maturity date (from 6 September 2021 to 6 September 2023). The redemption price is equal to the bond's par value plus a compound interest of 3.5%/year, excluding the 1% paid interest.

During the year, the Company has redeemed of these bonds and paid the additional interest as of the redemption date of VND 17,575,301,174.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
as at 31 December 2021 and for the year then ended

21. OWNERS' EQUITY

21.1 Increase and decrease in owners' equity

	Share capital	Share premium	Treasury shares	Foreign exchange reserve	Other fund belonging to owners' equity	Undistributed earnings	Total
Previous year							
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	42,056,931,119
- Appropriation to reserve	-	-	-	-	3,594,413,392	(3,594,413,392)	-
- Dividends declared	-	-	-	-	-	(34,243,175,700)	(34,243,175,700)
- Foreign exchanges differences arising from conversion of financial statements of subsidiary	-	-	-	1,248,327,950	-	-	1,248,327,950
- Utilisation of fund	-	-	-	-	(3,262,477,048)	-	(3,262,477,048)
Ending balance	419,797,730,000	203,072,724,247	(76,000,000,000)	(1,736,867,207)	1,660,261,921	397,533,353,944	944,327,202,905
Current year							
Beginning balance	419,797,730,000	203,072,724,247	(76,000,000,000)	(1,736,867,207)	1,660,261,921	397,533,353,944	944,327,202,905
- Profit for the year	-	-	-	-	-	59,720,671,255	59,720,671,255
- Appropriation to reserve (*)	-	-	-	-	2,102,846,556	(2,102,846,556)	-
- Dividends declared/paid (*)	-	-	-	-	-	(37,991,437,251)	(37,991,437,251)
- Foreign exchanges differences arising from conversion of financial statements of subsidiary	-	-	-	(2,064,465,759)	-	-	(2,064,465,759)
- Utilisation of fund	-	-	-	-	44,266,828	-	44,266,828
Ending balance	419,797,730,000	203,072,724,247	(76,000,000,000)	(3,801,332,966)	3,807,375,305	417,159,741,392	964,036,237,978

(*) Under Resolution of the Annual Meeting of Shareholders No. 01/DHDCD2021/NQ dated 23 April 2021, the Company declared dividends in cash for 2020: 10% (VND 1,000 per share) and appropriated to other fund belonging to owners' equity from undistributed earnings.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
as at 31 December 2021 and for the year then ended

21. OWNERS' EQUITY (continued)

21.2 Contributed charter capital

Currency: VND

	Ending balance		Beginning balance	
	Total	Ordinary shares	Total	Ordinary shares
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)
	546,870,454,247	546,870,454,247	546,870,454,247	546,870,454,247

21.3 Dividends

Currency: VND

	Current year	Previous year
Dividends declared during the year	37,991,437,250	34,243,175,700
<i>Dividends on ordinary shares</i>		
Dividends for 2020: VND 1,000 per share (2019: VND 900 per share)	37,991,437,250	34,243,175,700
Dividends declared after the date of reporting period and not yet recognized as liability as at 31 December 2021	-	-

21.4 Shares

	Ending balance Shares	Beginning balance Shares
Issued shares	41,979,773	41,979,773
Issued and paid-up shares	41,979,773	41,979,773
<i>Ordinary shares</i>	41,979,773	41,979,773
<i>Preferred shares</i>	-	-
Treasury shares	(3,931,800)	(3,931,800)
<i>Ordinary shares</i>	(3,931,800)	(3,931,800)
<i>Preferred shares</i>	-	-
Shares in circulation	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 (2020: 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/DHDCD2021/NQ dated 23 April 2021 at the amount of 5% of profit after tax presented in the consolidated financial statements for the year ended 31 December 2020. 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
as at 31 December 2021 and for the year then ended

22. OFF BALANCE SHEET ITEMS

	<i>Ending balance</i>	<i>Beginning balance</i>
Other receivables from Texpia JSC	30,160,675,690	30,160,675,690
Provision for other receivables from Texpia JSC (written-off from 2018)	(30,160,675,690)	(30,160,675,690)
Other receivables	2,389,798,881	2,389,798,881
Provision for other receivables	(2,389,798,881)	(2,389,798,881)
Foreign currency		
- United State Dollar ("USD")	439,132.50	276,667.28
- Euro (EUR)	84,435.03	6,409.73
- Korean Won ("KRW")	137,458,369	7,402,992

23. REVENUE

23.1 Revenue from sale of goods and rendering of services

	<i>Currency: VND</i>	
	<i>Current year</i>	<i>Previous year</i>
Gross revenue	866,451,098,588	855,774,884,323
<i>In which:</i>		
<i>Sales of bedding, mattress products</i>	<i>562,367,558,592</i>	<i>534,284,875,223</i>
<i>Sales of padding products</i>	<i>176,773,913,369</i>	<i>165,393,550,393</i>
<i>Sales of cleaner</i>	<i>76,047,320,175</i>	<i>96,412,266,906</i>
<i>Sales of quilting products</i>	<i>32,002,121,728</i>	<i>38,696,666,779</i>
<i>Sales of other goods and services</i>	<i>19,260,184,724</i>	<i>20,987,525,022</i>
Revenue deductions	(503,797,371)	(416,672,190)
<i>Sales return</i>	<i>(503,797,371)</i>	<i>(416,672,190)</i>
Net revenue	865,947,301,217	855,358,212,133
<i>In which:</i>		
<i>Sales of bedding, mattress products</i>	<i>561,863,761,221</i>	<i>533,868,203,033</i>
<i>Sales of padding products</i>	<i>176,773,913,369</i>	<i>165,393,550,393</i>
<i>Sales of cleaner</i>	<i>76,047,320,175</i>	<i>96,412,266,906</i>
<i>Sales of quilting products</i>	<i>32,002,121,728</i>	<i>38,696,666,779</i>
<i>Sales of other goods and services</i>	<i>19,260,184,724</i>	<i>20,987,525,022</i>

23.2 Finance income

	<i>Currency: VND</i>	
	<i>Current year</i>	<i>Previous year</i>
Interest income	26,965,974,852	39,309,499,987
Foreign exchange gain	8,614,053,615	4,458,301,872
Gain from trading securities	9,860,178,342	3,858,521,334
Other finance income	458,000,000	395,070,122
	45,898,206,809	48,021,393,315

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
as at 31 December 2021 and for the year then ended

24. COST OF GOODS SOLD AND SERVICES RENDERED

	<i>Currency: VND</i>	
	<i>Current year</i>	<i>Previous year</i>
Cost of bedding, mattress products	371,514,253,047	382,281,121,910
Cost of padding products	97,872,249,788	83,421,651,946
Cost of cleaner products	60,313,774,678	83,356,269,457
Cost of quilting products	25,523,853,565	29,770,477,553
Cost of other goods and other services rendered	15,514,800,789	14,247,711,877
	<u>570,738,931,867</u>	<u>593,077,232,743</u>

25. FINANCE EXPENSES

	<i>Currency: VND</i>	
	<i>Current year</i>	<i>Previous year</i>
Interest expenses	23,423,538,100	13,776,224,202
Investment provision	1,052,046,871	-
Foreign exchange losses	5,427,162,234	3,462,644,153
Loss from selling trading securities	884,682,563	-
Other finance expenses	396,723,408	957,260,340
	<u>31,184,153,176</u>	<u>18,196,128,695</u>

26. SELLING EXPENSES AND GENERAL AND ADMINISTRATIVE EXPENSES

	<i>Currency: VND</i>	
	<i>Current year</i>	<i>Previous year</i>
Selling expenses		
- Labour costs	76,073,765,468	75,135,712,553
- Raw materials	6,140,748,763	7,132,906,945
- Depreciation and amortisation	2,310,880,446	2,326,811,016
- External services	56,721,567,875	46,725,969,166
- Others	9,214,645,250	9,280,185,665
	<u>150,461,607,802</u>	<u>140,601,585,345</u>
General and administrative expenses		
- Labour costs	54,377,516,849	61,980,899,611
- Depreciation and amortisation	6,753,639,423	7,893,319,425
- External services	12,408,433,351	11,565,647,807
- Others	11,518,780,684	12,836,219,855
	<u>85,058,370,307</u>	<u>94,276,086,698</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
as at 31 December 2021 and for the year then ended

27. OTHER INCOME AND EXPENSES

	<i>Currency: VND</i>	
	<i>Current year</i>	<i>Previous year</i>
Other income	1,523,629,989	666,583,558
Gain on disposal of fixed assets	584,818,182	46,476,363
Others	938,811,807	620,107,195
Other expenses	(740,079,362)	(1,403,277,338)
Penalty	(353,127,922)	(877,918,897)
Others	(386,951,440)	(525,358,441)
OTHER (LOSS)/PROFIT	<u>783,550,627</u>	<u>(736,693,780)</u>

28. PRODUCTION AND OPERATING COSTS

	<i>Currency: VND</i>	
	<i>Current year</i>	<i>Previous year</i>
Materials	450,467,326,222	443,890,777,612
Labour costs	211,822,341,022	208,801,911,684
Depreciation and amortization	39,560,168,675	45,049,079,645
Expenses for external services	55,275,776,407	45,932,443,354
Other expenses	42,453,716,981	48,603,618,521
	<u>799,579,329,307</u>	<u>792,277,830,816</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
as at 31 December 2021 and for the year then ended

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 2021.

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 2021.

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 consolidated financial statements could change at a later date upon final determination by the tax authorities.

29.1 CIT expenses

	<i>Currency: VND</i>	
	<i>Current year</i>	<i>Previous year</i>
Current CIT expenses	16,782,319,109	13,837,257,660
Deferred tax (income)/expenses	<u>(1,865,646,373)</u>	<u>597,689,408</u>
	<u>14,916,672,736</u>	<u>14,434,947,068</u>

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

	<i>Currency: VND</i>	
	<i>Current year</i>	<i>Previous year</i>
Profit before tax	74,637,343,991	56,491,878,187
At CIT rate of 20%	14,927,468,798	11,298,375,637
<i>Adjustments to increase:</i>		
Expenses not eligible for CIT deduction	955,883,781	1,163,321,816
Loss of subsidiary	40,584	729,861,511
Difference in CIT tax rate of subsidiary	40,584	729,861,511
Dividend received	(91,600,000)	(60,000,000)
Other adjustments	<u>(875,161,011)</u>	<u>573,526,593</u>
CIT expense	<u>14,916,672,736</u>	<u>14,434,947,068</u>

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
as at 31 December 2021 and for the year then ended

29. CORPORATE INCOME TAX (continued)

29.3 *Deferred tax*

The following are the deferred tax assets and deferred tax liabilities recognized by the Company and its subsidiary, and the movements thereon, during the current and previous years.

Currency: VND

	<i>Consolidated balance sheet</i>		<i>Consolidated income statement</i>	
	<i>Ending balance</i>	<i>Beginning balance</i>	<i>Current year</i>	<i>Previous year</i>
<i>Deferred tax assets</i>				
Unearned revenue	-	-	-	(7,000,000)
Provision for obsolete inventories	3,305,125,017	3,275,788,101	29,336,916	257,737,951
Provision for doubtful debts	11,817,047,302	11,450,424,595	366,622,707	(450,392,614)
Accrual for severance pay	3,134,009,300	3,197,283,165	(63,273,865)	314,014,614
Expense for excess of allocation period	184,273,133	113,638,773	70,634,360	67,285,881
Education support expense	-	463,000,000	(463,000,000)	-
Allocation expense of site restoration provision	442,079,407	331,559,556	110,519,851	110,519,852
Unrealised profit in of inventories	1,498,909,592	204,048,819	1,294,860,773	(812,342,961)
	20,381,443,751	19,035,743,009	1,345,700,742	(520,177,277)
<i>Deferred tax liabilities</i>				
Unrealised foreign exchange gain of cash and trade receivables	(50,720,187)	(570,665,818)	519,945,631	(77,512,131)
	(50,720,187)	(570,665,818)	519,945,631	(77,512,131)
<i>Net deferred tax assets</i>	20,330,723,564	18,465,077,191		
<i>Net deferred tax presented in consolidated income statement</i>			1,865,646,373	(597,689,408)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
as at 31 December 2021 and for the year then ended

30. TRANSACTIONS WITH RELATED PARTIES

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

Currency: VND

<i>Related parties</i>	<i>Relationship</i>	<i>Transactions</i>	<i>Current year</i>	<i>Previous year</i>
Hyojung Soft Tech JSC	Associate until 11 December 2021	Capital contribution Receive dividends	- 2,858,000,000	3,600,000,000 -
Mr. Cho Yong Hwan	Chairman	Office rental	-	3,300,000,000

Transactions with other related parties

Remuneration to members of the Board of Directors, Board of Management and Board of supervision:

Currency: VND

		<i>Current year</i>	<i>Previous year</i>
Board of Directors and Management			
Mr Lee Jae Eun	Member, General Director	5,769,159,583	6,781,741,102
Mr Cho Yong Hwan	Member, Deputy General Director	2,775,195,304	3,663,193,367
Mr Yu Sung Dae	Member, Deputy General Director	2,536,251,687	2,942,139,856
Mr Park Sung Jin	Member, Dong Nai Branch Director	2,404,513,268	3,034,793,835
Mrs Le Thi Thu Hien	Member – Resigned on 30 March 2021	21,600,000	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
Board of supervision			
Mr. Truong Tuan Nghia	Head of Board of Supervision	86,400,000	86,400,000
Mr. Ko Tae Yeon	Member	86,400,000	86,400,000
Mr. Nguyen Dac Huong	Member	86,400,000	86,400,000
		13,938,719,842	16,940,268,160

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
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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:

	<i>Currency: VND</i>	
	<i>Current year</i>	<i>Previous year</i>
Net profit after tax attributable to ordinary equity holders for basic earnings	59,720,671,255	42,056,931,119
Effect of dilution	<u>-</u>	<u>1,848,502,553</u>
Net profit attributable to ordinary equity holders adjusted for the effect of dilution	<u>59,720,671,255</u>	<u>43,905,433,672</u>
Weighted average number of ordinary shares for basic earnings per share	38,047,973	38,047,973
Effect of dilution	<u>-</u>	<u>18,041,928</u>
Weighted average number of ordinary shares adjusted for the effect of dilution	<u>38,047,973</u>	<u>56,089,901</u>
Basic earnings per share	1,570	1,105
Diluted earnings per share	1,570	783

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.

The Company's convertible bond (Note 20) no longer has a dilutive effect on basic earnings per share as the put option of the instrument was exercised instead of conversion right during this year as announced by the bondholder.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
as at 31 December 2021 and for the year then ended

32. COMMITMENTS

Operating lease commitment

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

	<i>Currency: VND</i>	
	<i>Ending balance</i>	<i>Beginning balance</i>
Up to 1 year	8,107,061,636	12,010,832,537
From 1-5 years	4,814,572,376	22,948,192,340
TOTAL	12,921,634,012	34,959,024,877

Commitment under the land lease contract

During the year, the Company has signed a land lease contract with Sonadezi JSC with total contract value of VND 121,719,366,551 for the purpose of leasing land plot No. 12 in Giang Dien Industrial Park, Dong Nai Province for a period of 39 years for the new Everpia Dong Nai factory project. As at 31 December 2021, the remaining amount that the Company has to pay to Sonadezi JSC under this contract is VND 55,720,770,595.

33. IMPORTANT EVENT IN THE YEAR

The Covid-19 Pandemic is adversely impacting most businesses and industries. This situation may bring uncertainties and have an impact on the environment in which the Company and its subsidiary operate. The Company's management has continuously monitored ongoing developments and assessed the financial impact in respects of the valuation of assets, provisions and contingent liabilities, and has used estimates and judgement in respect of various issues as the situation has evolved, using the best information obtained up to the date of this consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
as at 31 December 2021 and for the year then ended

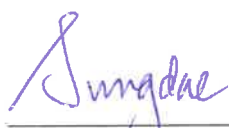
34. EVENTS AFTER THE BALANCE SHEET DATE

In January 2022, the Company has issued bonus shares to existing shareholders at the distribution rate of 8% from treasury shares with a total number of distributed shares was 3,043,837.

There is no other 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 2022

