

**SAO VANG RUBBER JOINT STOCK COMPANY**

*(Incorporated in the Socialist Republic of Vietnam)*

**AUDITED FINANCIAL STATEMENTS**

**For the year ended 31 December 2020**

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**SAO VANG RUBBER JOINT STOCK COMPANY**

231 Nguyen Trai Street, Thuong Dinh Ward  
Thanh Xuan District, Hanoi, S.R. Vietnam

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**STATEMENT OF THE BOARD OF GENERAL DIRECTORS**

The Board of General Directors of Sao Vang Rubber Joint Stock Company (the “Company”) presents this report together with the Company’s financial statements for the year ended 31 December 2020.

**THE BOARDS OF MANAGEMENT AND GENERAL DIRECTORS**

The members of the Boards of Management and General Directors of the Company who held office during the year and to the date of this report are as follows:

**Board of Management**

Mr. Pham Hoanh Son	Chairman
Mr. Nguyen Viet Hung	Member
Mr. Nguyen Van Hung	Member
Mr. Nguyen Van Thanh	Member
Mr. Nguyen Thanh Tung	Member (appointed on 08 June 2020)
Mr. Lam Thai Duong	Member (resigned on 08 June 2020)

**Board of General Directors**

Mr. Nguyen Viet Hung	Chief Executive Officer
Mr. Nguyen Quang Hao	Deputy Chief Executive Officer
Mr. Nguyen Thanh Tung	Deputy Chief Executive Officer (appointed on 15 January 2020)

**THE BOARD OF GENERAL DIRECTORS’ STATEMENT OF RESPONSIBILITY**

The Board of General Directors of the Company is responsible for preparing the financial statements, which give a true and fair view of the financial position of the Company as at 31 December 2020, and its financial performance and its cash flows for the year the ended in accordance with Vietnamese Accounting Standards, accounting regime for enterprises and legal regulations relating to financial reporting. In preparing these financial statements, the Board of General Directors is required to:

- Select suitable accounting policies and then apply them consistently;
- Make judgments and estimates that are reasonable and prudent;
- State whether applicable accounting principles have been followed, subject to any material departures disclosed and explained in the financial statements;
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business; and
- Design and implement an effective internal control system for the purpose of properly preparing and presenting the financial statements so as to minimize errors and frauds.

**SAO VANG RUBBER JOINT STOCK COMPANY**

231 Nguyen Trai Street, Thuong Dinh Ward

Thanh Xuan District, Hanoi, S.R. Vietnam

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**STATEMENT OF THE BOARD OF GENERAL DIRECTORS (Continued)**

The Board of General Directors is responsible for ensuring that proper accounting records are kept, which disclose, with reasonable accuracy at any time, the financial position of the Company and that the financial statements comply with Vietnamese Accounting Standards, accounting regime for enterprises and legal regulations relating to financial reporting. The Board of General Directors is also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of frauds and other irregularities.

The Board of General Directors confirms that the Company has complied with the above requirements in preparing these financial statements.

For and on behalf of the Board of General Directors,



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**Nguyen Viet Hung**  
**Chief Executive Officer**

04 March 2021





No.: 0629 /VN1A-HN-BC

## INDEPENDENT AUDITORS' REPORT

To: **Shareholders**  
**The Boards of Management and General Directors**  
**Sao Vang Rubber Joint Stock Company**

We have audited the accompanying financial statements of Sao Vang Rubber Joint Stock Company (the "Company"), prepared on 04 March 2021, as set out from page 05 to page 43, which comprise the balance sheet as at 31 December 2020, the statement of income and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

### *Management's Responsibility for the Financial Statements*

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Vietnamese Accounting Standards, accounting regime for enterprises and legal regulations relating to financial reporting and for such internal control as management determines is necessary to enable the preparation of 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 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 financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the 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 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 financial statements.

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

## INDEPENDENT AUDITORS' REPORT (Continued)

### *Opinion*

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as at 31 December 2020 and its financial performance and its cash flows for the year then ended in accordance with Vietnamese Accounting Standards, accounting regime for enterprises and legal regulations relating to financial reporting.

### *Other matter*

The financial statements of the Company for the year ended 31 December 2019 were audited by another auditor who expressed an unmodified opinion on those statements on 20 February 2020.



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**Tran Xuan Anh**  
**Deputy General Director**  
Audit Practising Registration Certificate  
No. 0723-2018-001-1



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**Lương Tuan Dat**  
**Auditor**  
Audit Practising Registration Certificate  
No. 4370-2018-001-1

**DELOITTE VIETNAM COMPANY LIMITED**

04 March 2021  
Hanoi, S.R. Vietnam



**BALANCE SHEET**  
*As at 31 December 2020*

Unit: VND

<b>ASSETS</b>	<b>Codes</b>	<b>Notes</b>	<b>Closing balance</b>	<b>Opening balance</b>
<b>A. CURRENT ASSETS</b>	<b>100</b>		<b>1,049,753,919,446</b>	<b>420,596,305,195</b>
<b>I. Cash and cash equivalents</b>	<b>110</b>	<b>4</b>	<b>71,274,868,487</b>	<b>104,339,775,297</b>
1. Cash	111		56,274,868,487	40,839,775,297
2. Cash equivalents	112		15,000,000,000	63,500,000,000
<b>II. Short-term receivables</b>	<b>130</b>		<b>786,660,076,964</b>	<b>105,639,521,806</b>
1. Short-term trade receivables	131	5	596,879,076,108	100,554,764,805
2. Short-term advances to suppliers	132	7	15,383,641,991	5,110,629,067
3. Short-term loan receivables	135	8	78,730,000,000	-
4. Other short-term receivables	136	9	104,076,636,650	4,365,367,106
5. Provision for short-term doubtful debts	137	6	(8,409,277,785)	(4,391,239,172)
<b>III. Inventories</b>	<b>140</b>	<b>10</b>	<b>191,351,365,538</b>	<b>209,687,101,164</b>
1. Inventories	141		193,644,347,177	211,599,861,295
2. Provision for devaluation of inventories	149		(2,292,981,639)	(1,912,760,131)
<b>IV. Other short-term assets</b>	<b>150</b>		<b>467,608,457</b>	<b>929,906,928</b>
1. Short-term prepayments	151	11	466,396,382	-
2. Value added tax deductibles	152		1,212,075	929,906,928
<b>B. NON-CURRENT ASSETS</b>	<b>200</b>		<b>355,589,299,668</b>	<b>386,209,650,340</b>
<b>I. Long-term receivables</b>	<b>210</b>		<b>710,054,000</b>	<b>-</b>
1. Other long-term receivables	216	9	710,054,000	-
<b>II. Fixed assets</b>	<b>220</b>		<b>62,218,647,714</b>	<b>80,992,557,644</b>
1. Tangible fixed assets	221	12	56,111,626,139	70,740,018,469
- Cost	222		662,727,513,642	654,420,692,152
- Accumulated depreciation	223		(606,615,887,503)	(583,680,673,683)
2. Finance lease assets	224	13	2,491,298,553	6,636,816,153
- Cost	225		8,536,019,968	14,655,034,023
- Accumulated depreciation	226		(6,044,721,415)	(8,018,217,870)
3. Intangible assets	227	14	3,615,723,022	3,615,723,022
- Cost	228		3,615,723,022	3,615,723,022
- Accumulated amortisation	229		-	-
<b>III. Long-term assets in progress</b>	<b>240</b>		<b>-</b>	<b>7,222,116,834</b>
1. Construction in progress	242		-	7,222,116,834
<b>IV. Long-term financial investments</b>	<b>250</b>	<b>15</b>	<b>134,776,652,219</b>	<b>134,274,329,688</b>
1. Investments in joint-ventures, associates	252		130,000,000,000	130,000,000,000
2. Equity investments in other entities	253		8,444,062,358	8,444,062,358
3. Provision for impairment of long-term financial investments	254		(3,667,410,139)	(4,169,732,670)
<b>V. Other long-term assets</b>	<b>260</b>		<b>157,883,945,735</b>	<b>163,720,646,174</b>
1. Long-term prepayments	261	11	157,883,945,735	163,720,646,174
<b>TOTAL ASSETS (270=100+200)</b>	<b>270</b>		<b>1,405,343,219,114</b>	<b>806,805,955,535</b>

*The accompanying notes are an integral part of these financial statements*

**BALANCE SHEET (Continued)**  
As at 31 December 2020

Unit: VND

RESOURCES	Codes	Notes	Closing balance	Opening balance
<b>C. LIABILITIES</b>	<b>300</b>		<b>977,141,622,159</b>	<b>425,467,533,224</b>
<b>I. Current liabilities</b>	<b>310</b>		<b>694,148,555,516</b>	<b>141,564,430,484</b>
1. Short-term trade payables	311	16	223,186,946,846	50,727,483,489
2. Short-term advances from customers	312	17	11,219,298,127	4,207,842,308
3. Taxes and amounts payable to the State budget	313	18	7,585,651,752	5,402,024,879
4. Payables to employees	314		22,831,160,680	19,556,827,726
5. Short-term accrued expenses	315	19	1,624,734,870	309,894,577
6. Other current payables	319	20	282,698,841,117	1,905,577,127
7. Short-term loans and obligations under finance leases	320	21	143,274,209,572	57,552,450,183
8. Short-term provisions	321	23	745,638,019	-
9. Bonus and welfare funds	322		982,074,533	1,902,330,195
<b>II. Long-term liabilities</b>	<b>330</b>		<b>282,993,066,643</b>	<b>283,903,102,740</b>
1. Other long-term payables	337	20	143,500,000,000	143,500,000,000
2. Long-term loans and obligations under finance leases	338	22	132,493,066,643	134,403,102,740
3. Scientific and technological development fund	343	24	7,000,000,000	6,000,000,000
<b>D. EQUITY</b>	<b>400</b>		<b>428,201,596,955</b>	<b>381,338,422,311</b>
<b>I. Owners' equity</b>	<b>410</b>	<b>25</b>	<b>428,201,596,955</b>	<b>381,338,422,311</b>
1. Owners' contributed capital	411		280,657,650,000	280,657,650,000
- Ordinary shares carrying voting rights	411a		280,657,650,000	280,657,650,000
2. Share premium	412		3,605	3,605
3. Treasury shares	415		(23,970,000)	(23,970,000)
4. Investment and development fund	418		65,623,931,879	53,303,023,866
5. Retained earnings	421		81,943,981,471	47,401,714,840
- Retained earnings accumulated to the prior year end	421a		8,428,143,089	6,332,021,464
- Retained earnings of the current year	421b		73,515,838,382	41,069,693,376
<b>TOTAL RESOURCES (440=300+400)</b>	<b>440</b>		<b>1,405,343,219,114</b>	<b>806,805,955,535</b>



Le Lan Phuong  
Preparer



Nguyen Thanh Tung  
Chief Accountant/  
Deputy Chief Executive Officer



Nguyen Viet Hung  
Chief Executive Officer

04 March 2021

The accompanying notes are an integral part of these financial statements




**INCOME STATEMENT**

*For the year ended 31 December 2020*

Unit: VND

ITEMS	Codes	Notes	Current year	Prior year
1. Gross revenue from goods sold and services rendered	01	28	1,383,920,672,941	961,738,598,043
2. Deductions	02	53	34,647,384,197	35,103,714,822
3. Net revenue from goods sold and services rendered (10=01-02)	10		1,349,273,288,744	926,634,883,221
4. Cost of sales	11	29	1,132,446,528,382	760,844,062,614
5. Gross profit from goods sold and services rendered (20=10-11)	20		216,826,760,362	165,790,820,607
6. Financial income	21	31	6,949,359,862	2,079,149,064
7. Financial expenses	22	32	7,607,330,171	10,444,718,998
- In which: Interest expense	23		5,487,037,028	6,169,783,926
8. Selling expenses	25	33	33,923,610,566	36,809,133,039
9. General and administration expenses	26	33	91,365,768,838	69,044,056,564
10. Operating profit (30=20+(21-22)-(25+26))	30		90,879,410,649	51,572,061,070
11. Other income	31	34	6,127,396,623	235,754,109
12. Other expenses	32		536,881,096	97,261,271
13. Profit from other activities	40		5,590,515,527	138,492,838
14. Accounting profit before tax (50=30+40)	50		96,469,926,176	51,710,553,908
15. Current corporate income tax expense	51	35	22,954,087,794	10,342,110,782
16. Net profit after corporate income tax (60=50-51)	60		73,515,838,382	41,368,443,126
17. Basic earnings per share	70	36	2,620	1,324

  
Le Lan Phuong  
Preparer

  
Nguyen Thanh Tung  
Chief Accountant/  
Deputy Chief Executive Officer

  
Nguyen Viet Hung  
Chief Executive Officer

04 March 2021

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**CASH FLOW STATEMENT**  
*For the year ended 31 December 2020*

		Unit: VND	
ITEMS	Codes	Current year	Prior year
<b>I. CASH FLOWS FROM OPERATING ACTIVITIES</b>			
1. Profit before tax	01	96,469,926,176	51,710,553,908
2. Adjustments for:			
Depreciation and amortisation of fixed assets	02	20,961,717,365	24,833,657,656
Provisions	03	4,641,575,609	1,796,210,296
Foreign exchange (gain)/loss arising from translating foreign currency items	04	(994,205,669)	11,094,426
Loss/(gain) from investing activities	05	1,669,502,034	(1,736,789,945)
Interest expense	06	5,487,037,028	6,169,783,926
Other adjustments	07	1,000,000,000	-
3. Operating profit before movements in working capital	08	129,235,552,543	82,784,510,267
(Increase)/decrease in receivables	09	(603,201,423,853)	13,803,160,267
Decrease in inventories	10	17,955,514,118	66,726,513,610
Increase/(decrease) in payables (excluding accrued loan interest and corporate income tax payable)	11	469,996,259,812	(11,277,236,002)
Decrease in prepaid expenses	12	5,370,304,057	11,030,785,818
Interest paid	14	(5,390,837,028)	(6,266,283,926)
Corporate income tax paid	15	(25,098,568,605)	(3,871,853,770)
Other cash inflows	16	-	150,000,000
Other cash outflows	17	(4,922,225,000)	(4,952,237,451)
Net cash (used in)/generated by operating activities	20	(16,055,423,956)	148,127,358,813
<b>II. CASH FLOWS FROM INVESTING ACTIVITIES</b>			
1. Acquisition and construction of fixed assets and other long-term assets	21	(1,719,851,335)	(8,299,674,385)
2. Cash outflow for lending, buying debt instruments of other entities	23	(78,730,000,000)	-
3. Interest earned, dividends and profits received	27	2,066,023,257	1,601,694,052
Net cash used in investing activities	30	(78,383,828,078)	(6,697,980,333)
<b>III. CASH FLOWS FROM FINANCING ACTIVITIES</b>			
1. Proceeds from borrowings	33	285,972,820,649	230,955,758,993
2. Repayment of borrowings	34	(200,740,346,183)	(295,668,161,946)
3. Repayment of obligations under finance leases	35	(1,420,751,174)	(8,666,436,251)
4. Dividends and profits paid	36	(22,383,100,270)	(86,908,440)
Net cash generated by/(used in) financing activities	40	61,428,623,022	(73,465,747,644)
Net (decrease)/increase in cash (50=20+30+40)	50	(33,010,629,012)	67,963,630,836
Cash and cash equivalents at the beginning of the year	60	104,339,775,297	36,380,391,078
Effects of changes in foreign exchange rates	61	(54,277,798)	(4,246,617)
Cash and cash equivalents at the end of the year (70=50+60+61)	70	71,274,868,487	104,339,775,297

  
Le Lan Phuong  
Preparer

  
Nguyen Thanh Tung  
Chief Accountant/  
Deputy Chief Executive Officer

  
  
Nguyen Viet Hung  
Chief Executive Officer

04 March 2021

The accompanying notes are an integral part of these financial statements

**NOTES TO THE FINANCIAL STATEMENTS**

*These notes are an integral part of and should be read in conjunction with the accompanying financial statements*

**1. GENERAL INFORMATION**

**Structure of ownership**

Sao Vang Rubber Joint Stock Company (the "Company") was equitized from Sao Vang Rubber Company - a state-owned entity under Decision No. 3500/QĐ-BCN dated 24 October 2005 of the Minister of Industry on plan approval and transformation of Sao Vang Rubber Company into Sao Vang Rubber Joint Stock Company. The Company operates under the first Enterprise Registration Certificate for Joint Stock Company No. 0103011568 issued by Hanoi Department of Planning and Investment dated 03 April 2006 and the 10<sup>th</sup> amendment dated 28 April 2020.

The Company's head office is located at 231 Nguyen Trai Street, Thuong Dinh Ward, Thanh Xuan District, Hanoi, S.R. Vietnam.

The number of employees of the Company as at 31 December 2020 was 848 (31 December 2019: 845).

**Operating industry and principal activities**

The Company's operating industry is manufacturing industrial products.

The Company's principal activities include:

- Trading rubber products;
- Trading, repairing, maintaining cars, motorcycles and spare parts;
- Leasing stores, offices, factories, warehouses;
- Manufacturing, installing and trading machinery and equipments serving rubber industry;
- Importing, exporting materials, machinery, equipments, chemicals for rubber manufacturing industry;
- Trading agents, consignment.

**Normal production and business cycle**

The Company's normal production and business cycle takes 12 months or less.

**The Company's structure**

Details of the Company's dependent units as at 31 December 2020 are as follows:

No	Name of dependent units	Location	Principal activities
1	Thai Binh Branch of Sao Vang Rubber Joint Stock Company	Thai Binh Province	Manufacturing and trading rubber products
2	Da Nang Branch of Sao Vang Rubber Joint Stock Company	Da Nang City	Trading rubber products
3	Ho Chi Minh City Branch of Sao Vang Rubber Joint Stock Company	Ho Chi Minh City	Trading rubber products



### Disclosure of information comparability in the financial statements

Comparative figures are the figures of the Company's financial statements for the year ended 31 December 2019, which were audited by another auditor.

Certain reclassifications have been made to the items in the income statement for the year ended 31 December 2019 to enhance their comparability with the current year's presentation. Details are as follows:

#### Income Statement:

Items	Codes	Prior year (Previously reported)	Reclassification	Prior year (Reclassified)	Content
		VND		VND	
Gross revenue from goods sold and services rendered	01	929,146,850,471	32,591,747,572	961,738,598,043	Reclassify the value of goods returned from agencies due to not being sold, trade discounts and scrap revenue
Deductions	02	2,929,584,434	32,174,130,388	35,103,714,822	Reclassify the value of goods returned from agencies due to not being sold, trade discounts
Cost of sales	11	764,612,645,850	(3,768,583,236)	760,844,062,614	Reclassify products warranty
Selling expenses	25	33,040,549,803	3,768,583,236	36,809,133,039	value due to failure
Other income	31	653,371,293	(417,617,184)	235,754,109	Reclassify scrap revenue to other revenue

### Events in the year affecting the Company's operations

Due to the widespread impact of COVID-19 developments, many challenges have arisen for all economic sectors. These changes can greatly affect the Company's operations, interests, and economic obligations. Currently, the Boards of Management and General Directors have carefully monitored and assessed the possible impact of this issue on the Company's operations. Therefore, the Boards of Management and General Directors also believe that COVID-19 does not affect the Company's production and business activities in 2021.

In the last 6 months of 2020, the Company has carried out commercial activities of purchase and sale of steel products and solar panels.

## 2. ACCOUNTING CONVENTION AND FINANCIAL YEAR

### Accounting convention

The accompanying financial statements, expressed in Vietnam Dong (VND), are prepared under the historical cost convention and in accordance with Vietnamese Accounting Standards, accounting regime for enterprises and legal regulations relating to financial reporting.

The accompanying financial statements are not intended to present the financial position, results of operations and cash flows in accordance with accounting principles and practices generally accepted in countries and jurisdictions other than Vietnam.

**Financial year**

The Company's financial year begins on 01 January and ends on 31 December.

**3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The significant accounting policies, which have been adopted by the Company in the preparation of these financial statements, are as follows:

**Estimates**

The preparation of financial statements in conformity with Vietnamese Accounting Standards, accounting regime for enterprises and legal regulations relating to financial reporting requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the financial year. Although these accounting estimates are based on the management's best knowledge, actual results may differ from those estimates.

**Cash and cash equivalents**

Cash and cash equivalents comprise cash on hand, bank demand deposits and short-term financial investments, which are highly liquid, readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

**Financial investments**

***Loan receivables***

Loan receivables are measured at cost less provision for doubtful debts. Provision for doubtful debts relating to loan receivables is made in accordance with prevailing accounting regulations.

***Investments in associates***

An associate is an entity over which the Company has significant influence and that is neither a subsidiary nor an interest in joint venture. Significant influence is the power to participate in the financial and operating policy decisions of the investee but not control or joint control over those policies.

Interests in associates are initially recognised at cost. The Company's share of the net profit of the investee after acquisition is recognised in the income statement. Other distributions received other than such profit share are deducted from the cost of the investments as recoverable amounts.



Investments in associates are carried in the balance sheet at cost less provision for impairment of such investments (if any). Provisions for impairment of investments in associates are made when there is reliable evidence for declining in value of these investments at the balance sheet date.

***Equity investment in other entities***

Equity investments in other entities represent the Company's investments in ordinary shares of the entities over which the Company has no control, joint control, or significant influence.

Equity investments in other entities are carried at cost less provision for impairment.

Provision for impairment of equity investments in other entities is made in accordance with the current accounting regulations. Accordingly, the Company is allowed to make provision for investments when their carrying amounts are higher than net assets of investee as at the balance sheet date.

**Receivables**

Receivables represent the amounts recoverable from customers or other debtors and are stated at book value less provision for doubtful debts.

Provision for doubtful debts is made for receivables that are overdue for six months or more, or when the debtor is in dissolution, in bankruptcy, or is experiencing similar difficulties and so may be unable to repay the debt.

**Inventories**

Inventories are stated at the lower of cost and net realisable value. Cost comprises direct materials and where applicable, direct labour costs and those overheads that have been incurred in bringing the inventories to their present location and condition. Cost is calculated using the weighted average method. Net realisable value represents the estimated selling price less all estimated costs to completion and costs to be incurred in marketing, selling and distribution.

Inventories are recorded using the perpetual inventory method.

The evaluation of necessary provision for inventory obsolescence follows the prevailing accounting regulations which allow provisions to be made for obsolete, damaged, or sub-standard inventories and for those which have costs higher than net realisable values as at the balance sheet date.

**Tangible fixed assets and depreciation**

Tangible fixed assets are stated at cost less accumulated depreciation.

The costs of purchased tangible fixed assets comprise their purchase prices and any directly attributable costs of bringing the assets to their working conditions and locations for their intended use.



Tangible fixed assets are depreciated using the straight-line method over their estimated useful lives as follows:

	<u>Years</u>
Buildings and structures	6 - 25
Machinery and equipment	5 - 12
Motor vehicles	6 - 10
Office equipment	4 - 10

#### Leasing

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

#### *The Company as a lessor*

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

#### *The Company as a lessee*

Assets held under finance leases are recognised as assets of the Company at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the balance sheet as a finance lease obligation. Lease payments are apportioned between finance charges and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged to profit or loss, unless they are directly attributable to qualifying assets, in which case they are capitalised in accordance with the Company's general policy on borrowing costs.

Leases where substantially all the rewards and risks of ownership of assets remain with the leasing company are accounted for as operating leases. Rentals payable under operating leases are charged to the income statement on a straight-line basis over the term of the relevant lease. Benefits received and receivable as an incentive to enter into an operating lease are also spread on a straight-line basis over the lease term.

Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets. However, when there is no reasonable certainty that ownership will be obtained by the end of the lease term, assets are depreciated over the shorter of the lease term and their useful lives, as follows:

	<u>Years</u>
Machinery and equipment	5 - 6

**Intangible assets and amortization**

Intangible assets represent land use rights of land lots in Hanoi, Ho Chi Minh City and Da Nang City for the purpose of the Company's offices.

**Prepayments**

Prepayments are expenses that have already been paid but relate to results of operations of multiple accounting periods.

Prepayments comprise expenses for land rental and infrastructure usage at Chau Son Industrial Zone, Ha Nam province; costs of tools, supplies awaiting for allocation, and other prepayments which are expected to provide future economic benefits to the Company. These expenditures have been capitalised as prepayments and are allocated to the income statement using the straight-line method in accordance with the prevailing accounting regulations.

Land rental and infrastructure usage expenses at Chau Son Industrial Zone, Ha Nam Province represent the prepayments made for 212,538 m2 of land at Lot E, Chau Son Industrial Zone, Phu Ly City, Ha Nam Province of VPID Ha Nam One Member Limited Liability Company under Land lease contract No. 17/HDTD-HVPID dated 18 July 2016 with the lease term of 40 years since the contract signing date. Rental expenses are allocated into the income statement on a straight-line basis over the lease term.

**Payable provisions**

Payable provisions are recognised when the Company has a present obligation as a result of a past event, and the Company will probably be required to settle that obligation. Provisions are measured at the management's best estimate of the expenditure required to settle the obligation as at the balance sheet date.

**Borrowing costs**

Borrowing costs are recognised in the income statement in the year when incurred unless they are capitalised under Vietnamese Accounting Standard No. 16 "Borrowing costs". Accordingly, borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period to get ready for their intended use or sale, are added to the cost of those assets, until the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the cost of those assets. For specific borrowings for the construction of fixed assets and investment properties, borrowing costs are capitalised even when the construction period is under 12 months.

**Accrued expenses**

Accrued expenses are expenses that have not yet actually incurred but accrued for the operating period to ensure when the actual expenses are incurred, there is no significant change for expenses in the following year. Accrued expenses are recorded in accordance with the matching principle



between revenue and expenses incurred during the year. These accruals are settled with actual expense incurred. The difference between accrued and actual amount is reverted.

**Revenue recognition**

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

- (a) The Company has transferred to the buyer the significant risks and rewards of ownership of the goods;
- (b) The Company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- (c) The amount of revenue can be measured reliably;
- (d) The economic benefits associated with the transaction will flow to the Company; and
- (e) The costs incurred or to be incurred in respect of the transaction can be measured reliably.

Revenue of a transaction involving the rendering of services is recognised when the outcome of such transactions can be measured reliably. Where a transaction involving the rendering of services is attributable to several years, revenue is recognised in each year by reference to the percentage of completion of the transaction at the balance sheet date of that year. The outcome of a transaction can be measured reliably when all four (4) following conditions are satisfied:

- (a) The amount of revenue can be measured reliably;
- (b) It is probable that the economic benefits associated with the transaction will flow to the Company;
- (c) The percentage of completion of the transaction at the balance sheet date can be measured reliably; and
- (d) The costs incurred for the transaction and the costs to complete the transaction can be measured reliably.

Interest income is accrued on a time basis, by reference to the principal outstanding and at the applicable interest rate.

**Foreign currencies**

Transactions arising in foreign currencies are transferred at exchange rates ruling on the transaction date. The balances of monetary items denominated in foreign currencies as at the balance sheet date are retransferred at the exchange rates on the same date. Exchange rate differences arising from the transaction of these accounts are recognised in the income statement.

**Taxation**

The income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit before tax as reported in the 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 never taxable or deductible.

Deferred tax is recognised on significant differences between carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which deductible temporary differences can be utilised.

Deferred tax is calculated at the tax rates that are expected to apply in the year when the liability is settled or the asset realised. Deferred tax is charged or credited to profit or loss, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same tax authority and the Company intends to settle its current tax assets and liabilities on a net basis.

The determination of the tax currently payable is based on the current interpretation of tax regulations. However, these regulations are subject to periodic variation and their ultimate determination depends on the results of the tax authorities' examinations.

Other taxes are paid in accordance with the prevailing tax laws in Vietnam.

#### 4. CASH AND CASH EQUIVALENTS

	<u>Closing balance</u>	<u>Opening balance</u>
	VND	VND
Cash on hand	1,082,390,130	1,040,997,910
Bank demand deposits	55,192,478,357	39,798,777,387
Cash equivalents (i)	15,000,000,000	63,500,000,000
	<u>71,274,868,487</u>	<u>104,339,775,297</u>

(i) Cash equivalents represent deposits with original terms of 01 month at Vietnam Joint Stock Commercial Bank for Industry and Trade with interest rates from 3% per annum (2019: 4.3% to 5.5% per annum).

5. SHORT – TRADE RECEIVABLES

	<u>Closing balance</u> <u>VND</u>	<u>Opening balance</u> <u>VND</u>
Vietnam Trading and Import Export Joint Stock Company	402,985,052,168	-
Nga Son Services and Trading Joint Stock	56,096,296,680	-
Sao Mai Anh Company Limited	25,050,209,898	20,552,332,774
Hoanh Son Group Joint Stock Company	25,122,340,375	6,121,284,852
TMT Motors Joint Stock Company - Hung Yen Branch	12,907,720,169	15,311,094,500
Loan Tuyet Trading Service Company Limited	6,610,519,912	6,206,315,887
Cong Danh Tuyen One Member Limited Liability Company	4,817,779,707	3,270,470,679
Others	<u>63,289,157,199</u>	<u>49,093,266,113</u>
	<b><u>596,879,076,108</u></b>	<b><u>100,554,764,805</u></b>
In which: Receivables from related parties (Details stated in Note 37)	<u>26,209,349,638</u>	<u>7,499,397,276</u>



**SAO VANG RUBBER JOINT STOCK COMPANY**  
**NOTES TO THE FINANCIAL STATEMENTS (Continued)**

**6. BAD DEBTS**

	Closing balance			Opening balance		
	Receivable balance	Cost	Recoverable amount	Receivable balance	Cost	Recoverable amount
			VND			VND
TMT Motors Joint Stock Company - Hung Yen Branch	12,907,720,169	3,841,224,427	2,559,678,716	15,311,094,500	3,816,715,026	2,607,437,003
Phillips Carbon Black Vietnam Joint Stock Company	2,966,978,675	2,966,978,675	-	2,966,978,675	-	-
Mrs. Nguyen Thi Huong	2,208,428,046	2,208,428,046	210,154,673	2,208,428,046	2,208,428,046	802,631,529
An Thai - CONECO Automobile Joint Stock Company - Thai Binh Branch	686,000,000	686,000,000	-	686,000,000	686,000,000	-
Mr. Nguyen Van Loi	450,374,028	450,374,028	135,112,208	455,374,028	455,374,028	227,687,014
Song Da Joint Stock Company - Song Da 802 Branch	295,710,052	295,710,052	-	295,710,052	295,710,052	-
Phu Cuong Company Limited	282,014,700	282,014,700	-	282,014,700	282,014,700	84,604,410
Others	827,493,117	827,493,117	243,999,663	736,910,203	622,345,329	252,988,053
	<b>20,624,718,787</b>	<b>11,558,223,045</b>	<b>3,148,945,260</b>	<b>22,942,510,204</b>	<b>8,366,587,181</b>	<b>3,975,348,009</b>

As at 31 December 2020, the Board of General Directors of the Company has assessed and determined recoverable amounts of receivables based on cost less provision for doubtful debts.

7. SHORT-TERM ADVANCES TO SUPPLIERS

	<u>Closing balance</u>	<u>Opening balance</u>
	VND	VND
Phong Chau Commercial and Service Company Limited	15,000,000,000	-
BST Elastomers Co., Ltd.	-	2,776,972,275
CYN Chem Corporation	-	1,587,231,360
Others	383,641,991	746,425,432
	<u>15,383,641,991</u>	<u>5,110,629,067</u>

8. SHORT-TERM LOAN RECEIVABLES

Short-term loan receivables represent unsecured loans under the contract signed between the Company (the Lender) and Hoanh Son Group Joint Stock Company (the Borrower) - the Company's stakeholder with a total amount of VND 78,730,000,000, loan term until 31 December 2020 and loan extension until 30 June 2021 according to additional appendices. The purpose of the loan is for the Borrower to prepare for investment implementation at the land at No. 231 Nguyen Trai, Thanh Xuan, Hanoi. The interest rate is from 6% to 8.1% per annum, the principal and interest are paid once at the end of the loan term.

9. OTHER RECEIVABLES

	<u>Closing balance</u>	<u>Opening balance</u>
	VND	VND
<b>a. Current</b>		
Receivable on capital contribution in Philips Carbon Black Vietnam Joint Stock Company (i)	2,966,978,675	2,966,978,675
Receivables from employees	482,915,539	501,758,128
Bank and loan interest receivables	3,595,046,742	157,715,071
Advances	2,489,901,000	100,000,000
Deposits and mortgages (ii)	94,256,060,250	14,821,595
Others	285,734,444	624,093,637
	<u>104,076,636,650</u>	<u>4,365,367,106</u>
<b>b. Non-current</b>		
Deposits and mortgages	710,054,000	-
	<u>710,054,000</u>	<u>-</u>

(i) Receivable on capital contribution at Phillips Carbon Black Vietnam Joint Stock Company represent advanced capital from the Company to Phillips Carbon Black Vietnam Joint Stock Company according to plan to increase charter capital of Phillips Carbon Black Vietnam Joint Stock Company. However, due to inefficient operation of Phillips Carbon Black Vietnam Joint Stock Company, the plan for charter capital increase has not been implemented. As at the date of these financial statements, Phillips Carbon Black Vietnam Joint Stock Company is in process of completing the enterprise dissolution procedures and returning the contributed capital to its shareholders.



(ii) Other receivables on deposits and mortgages at Joint Stock Commercial Bank for Investment and Development of Vietnam through deposit contracts at this bank. The purpose of these deposits and mortgages is to issue letters of credit to pay for solar cell import contracts.

10. INVENTORIES

	Closing balance		Opening balance	
	Cost	VND Provision	Cost	VND Provision
Goods in transit	843,638,283	-	-	-
Raw materials	94,329,588,755	-	91,856,365,849	-
Tools and supplies	4,485,873,382	-	4,498,535,475	-
Work in progress	9,270,291,666	-	8,673,598,332	-
Finished goods	84,495,672,485	(2,262,933,902)	106,567,119,914	(1,912,760,131)
Merchandise	26,964,215	-	4,241,725	-
Goods on consignment	192,318,391	(30,047,737)	-	-
	<b>193,644,347,177</b>	<b>(2,292,981,639)</b>	<b>211,599,861,295</b>	<b>(1,912,760,131)</b>

During the year, VND 2,292,981,639 (2019: VND 1,912,760,131) was provided for devaluation of inventories.

11. PREPAYMENTS

	Closing balance	Opening balance
	VND	VND
<b>a. Current</b>		
Others	466,396,382	-
	<b>466,396,382</b>	-
<b>b. Non-current</b>		
Expense for land rental and infrastructure in Chau Son Industrial Zone, Ha Nam (i)	154,075,716,570	158,410,776,570
Tools and dies issued for consumption	3,717,041,665	4,872,154,420
Others	91,187,500	437,715,184
	<b>157,883,945,735</b>	<b>163,720,646,174</b>

(i) The Company signed Land lease contract No. 17/HDTD-HVPID dated 18 July 2016 with VPID Ha Nam One Member Limited Liability Company to lease back 212,538 m2 of land at Lot E, Chau Son Industrial Park, Phu Ly City, Ha Nam Province. The lease term is 40 years from the signing date of the contract. The purpose is to implement relocation and radial tire manufacturing project in Chau Son Industrial Park - Ha Nam Province. According to Resolution No. 114/NQ-HDQT of the Board of Management dated 15 June 2020, the Company has stopped implementing this project. According to Resolution No. 152/NQ-HDQT dated 21 October 2020, the Company's Board of Management held a meeting and agreed to transfer land use rights and infrastructure to investors in need on the basis of price appraisal and preservation of investment capital.

SAO VANG RUBBER JOINT STOCK COMPANY  
NOTES TO THE FINANCIAL STATEMENTS (Continued)

FORM B 09-DN

12. INCREASES, DECREASES IN TANGIBLE FIXED ASSETS

	Buildings and structures	Machinery and equipment	Office equipment	Motor vehicles	Total
	VND	VND	VND	VND	VND
<b>COST</b>					
Opening balance	112,636,883,385	499,043,139,004	1,015,211,796	41,725,457,967	654,420,692,152
Additions	-	1,889,127,701	-	-	1,889,127,701
Acquisition of finance lease assets	-	6,126,014,055	-	-	6,126,014,055
Other increase	-	291,679,734	-	-	291,679,734
<b>Closing balance</b>	<b>112,636,883,385</b>	<b>507,349,960,494</b>	<b>1,015,211,796</b>	<b>41,725,457,967</b>	<b>662,727,513,642</b>
<b>ACCUMULATED DEPRECIATION</b>					
Opening balance	90,410,423,795	456,372,945,222	1,015,211,796	35,882,092,870	583,680,673,683
Charge for the year	2,531,750,546	14,946,598,554	-	1,608,033,892	19,086,382,992
Acquisition of finance lease assets	-	3,739,450,928	-	-	3,739,450,928
Other increase	-	109,379,900	-	-	109,379,900
<b>Closing balance</b>	<b>92,942,174,341</b>	<b>475,168,374,604</b>	<b>1,015,211,796</b>	<b>37,490,126,762</b>	<b>606,615,887,503</b>
<b>NET BOOK VALUE</b>					
<b>Opening balance</b>	<b>22,226,459,590</b>	<b>42,670,193,782</b>	<b>-</b>	<b>5,843,365,097</b>	<b>70,740,018,469</b>
<b>Closing balance</b>	<b>19,694,709,044</b>	<b>32,181,585,890</b>	<b>-</b>	<b>4,235,331,205</b>	<b>56,111,626,139</b>

As at 31 December 2020, the cost of the Company's fixed assets includes VND 493,157,223,485 (31 December 2019: VND 460,619,237,244) of assets which have been fully depreciated but are still in use.

As noted further in Note 21 and Note 22, the Company has pledged its tangible fixed assets, which have the carrying value of VND 17,514,264,014 as at 31 December 2020 (31 December 2019: VND 25,631,195,568), to secure for loan from Vietnam Joint Stock Commercial Bank for Industry and Trade - Dong Da Branch and Joint Stock Commercial Bank for Investment and Development of Vietnam - Hanoi Branch.

**13. INCREASES, DECREASES IN FINANCE LEASE ASSETS**

	<b>Machinery and equipment</b>
	<b>VND</b>
<b>COST</b>	
Opening balance	14,655,034,023
Acquisition of finance lease assets	(6,119,014,055)
Closing balance	<u>8,536,019,968</u>
<b>ACCUMULATED DEPRECIATION</b>	
Opening balance	8,018,217,870
Charge for the year	1,765,954,473
Acquisition of finance lease assets	(3,739,450,928)
Closing balance	<u>6,044,721,415</u>
<b>NET BOOK VALUE</b>	
Opening balance	<u>6,636,816,153</u>
Closing balance	<u>2,491,298,553</u>

**14. INCREASES, DECREASES IN INTANGIBLE FIXED ASSETS**

	<b>Land use rights</b>
	<b>VND</b>
<b>COST</b>	
Opening balance	3,615,723,022
Closing balance	<u>3,615,723,022</u>
<b>NET BOOK VALUE</b>	
Opening balance	<u>3,615,723,022</u>
Closing balance	<u>3,615,723,022</u>

As noted further in Note 21 and Note 22, the Company has pledged the land lot at Hoa Chau Ward, Hoa Vang District, Da Nang City, which has the carrying value of VND 3,042,161,718 as at 31 December 2020 (31 December 2019: VND 3,042,161,718), to secure for loans from Vietnam Joint Stock Commercial Bank for Industry and Trade - Dong Da Branch.



15. LONG-TERM FINANCIAL INVESTMENTS

	Closing balance		Opening balance	
	Cost	VND Provision	Cost	VND Provision
<b>Investments in joint ventures, associates</b>	<b>130,000,000,000</b>	<b>(590,647,758)</b>	<b>130,000,000,000</b>	<b>-</b>
Sao Vang - Hoanh Son Company Limited (i)	130,000,000,000	(590,647,758)	130,000,000,000	-
<b>Equity investments in other entities</b>	<b>8,444,062,358</b>	<b>(3,076,762,381)</b>	<b>8,444,062,358</b>	<b>(4,169,732,670)</b>
Phillips Carbon Black Vietnam Joint Stock	8,444,062,358	(3,076,762,381)	8,444,062,358	(4,169,732,670)
	<b>138,444,062,358</b>	<b>(3,667,410,139)</b>	<b>138,444,062,358</b>	<b>(4,169,732,670)</b>

- (i) The proportion of ownership interest and voting power held of the Company at Sao Vang – Hoanh Son Company Limited – the company operating in real estate in Hanoi – is 26%. The Company has signed Business cooperation contract No. 18/2016/HDHTDT/SRC-HS dated 15 June 2016 with Hoanh Son Group Joint Stock Company – a related party. According to the main provision of the contract, capital contribution parties will establish Sao Vang – Hoanh Son Company Limited to carry out “Sao Vang – Hoanh Son Commercial and Housing Complex” project at 231 Nguyen Trai Street, Thanh Xuan District, Hanoi. As at the date of these financial statements, the charter capital of Sao Vang – Hoanh Son Company Limited is VND 500 billion, of which, the proportion of capital contributed by the Company is 26% (equivalent to VND 130 billion). According to the Board Meeting Minutes No. 96/BB-HDQT dated 19 June 2018, the Company is building roadmap and plan to divest its contributed capital at Sao Vang – Hoanh Son Company Limited on the basis of compliance with the provisions of laws and preserving investment capital.
- (ii) The proportion of ownership interest and voting power held of the Company at Phillips Carbon Black Vietnam Joint Stock Company – entity operating in coke coal production field in Ba Ria – Vung Tau Province – is 7%.

16. SHORT-TERM TRADE PAYABLES

	Closing balance		Opening balance	
	VND		VND	
	Amount	Amount able to be paid off	Amount	Amount able to be paid off
Trina Solar Energy Development Pte. Ltd.	152,851,625,044	152,851,625,044	-	-
Da Nang Rubber Processing Company Limited	10,422,885,000	10,422,885,000	2,264,385,000	2,264,385,000
Kim Truong Phuc Company Limited	10,206,451,800	10,206,451,800	9,097,682,600	9,097,682,600
Hanoi Textile Industry Joint Stock Company	9,598,861,078	9,598,861,078	7,078,904,599	7,078,904,599
Quang Tri Rubber Company Limited	4,809,000,000	4,809,000,000	5,276,250,000	5,276,250,000
Truong Thanh Non-ferrous Metal Company Limited	2,332,000,000	2,332,000,000	1,897,500,000	1,897,500,000
Hyou Sung Vietnam Company Limited	1,445,782,139	1,445,782,139	2,116,483,336	2,116,483,336
Others	31,520,341,785	31,520,341,785	22,996,277,954	22,996,277,954
	<b>223,186,946,846</b>	<b>223,186,946,846</b>	<b>50,727,483,489</b>	<b>50,727,483,489</b>

17. SHORT-TERM ADVANCES FROM CUSTOMERS

	Closing balance	Opening balance
	VND	VND
Lung Lo 9 Construction Joint Stock Company	5,849,326,784	-
Moe Myint Htay International Trading Co., Ltd.	743,626,589	375,949,417
Orsa Group S.R.O	519,420,978	9,680,978
Abu Bader Trading Company	166,068,824	820,363,534
Irshad Tahir Co., Ltd - Afghanistan	-	251,203,904
Others	3,940,854,952	2,750,644,475
	<b>11,219,298,127</b>	<b>4,207,842,308</b>

18. TAXES AND AMOUNTS PAYABLE TO THE STATE BUDGET

	Opening balance	Payable during the year	Paid during the year	Closing balance
	VND	VND	VND	VND
Value added tax	201,270,088	75,117,544,443	70,819,792,427	4,499,022,104
Export-Import tax	-	233,140,506	233,140,506	-
Corporate income tax	5,181,233,042	22,954,087,794	25,098,568,605	3,036,752,231
Personal income tax	19,521,749	1,068,835,737	1,038,480,069	49,877,417
Land and housing tax, land rental charges	-	16,970,012,892	16,970,012,892	-
License tax	-	5,000,000	5,000,000	-
Others	-	793,292,430	793,292,430	-
	<u>5,402,024,879</u>	<u>117,141,913,802</u>	<u>114,958,286,929</u>	<u>7,585,651,752</u>

19. SHORT-TERM ACCRUED EXPENSES

	Closing balance	Opening balance
	VND	VND
Accruals for interest expense	173,200,000	77,000,000
Transportation expenses	99,266,333	-
Expenses for hazardous allowances and industrial meals	233,318,934	232,894,577
Other accruals	1,118,949,603	-
	<u>1,624,734,870</u>	<u>309,894,577</u>



20. OTHER PAYABLES

	<u>Closing balance</u> VND	<u>Opening balance</u> VND
<b>a. Current</b>		
Salary based benefits	232,247,914	453,497,403
Payables relating to letter of credit (i)	271,260,764,544	-
Import entrustment payables	8,532,212,000	-
Short-term deposits and mortgages received	1,451,642,960	217,067,200
Dividends payable	862,977,978	795,383,848
Others	358,995,721	439,628,676
	<b><u>282,698,841,117</u></b>	<b><u>1,905,577,127</u></b>
<b>b. Non-current</b>		
Sao Vang - Hoanh Son company limited (ii)	143,500,000,000	143,500,000,000
	<b><u>143,500,000,000</u></b>	<b><u>143,500,000,000</u></b>

Other long-term payables to related parties 143,500,000,000 143,500,000,000  
(Details stated in Note 37)

(i) Payables relating to contracts to buy steel, solar cells under the payment method of credit with deferred payment through Joint Stock Commercial Bank for Investment and Development of Vietnam. Under these contracts, the Company gets immediate payment from the bank and late payment with the bank for a period of 4 to 12 months with interest rates from 4% / year to 7% / year. Interest is calculated and paid monthly.

(ii) Sao Vang - Hoanh Son Company Limited – a related party and the Company has signed the Business cooperation contract No. 18/2016/HDHTDT/SRC-HS dated 15 June 2016. Accordingly, Sao Vang - Hoanh Son Company Limited will provide financial support for the Company to carry out dismantlement and relocation of the existing factory and investment in the new factory land with the committed amount of VND 435 billion excluding taxes, payment shall be made in 4 times from 2016 to 2018. As at the date of these financial statements, Sao Vang - Hoanh Son Company Limited has transferred to the Company twice with the total amount of VND 143,500,000,000.

21. SHORT-TERM LOANS AND OBLIGATIONS UNDER FINANCE LEASES

	Opening balance		During the year		Closing balance	
	Amount	VND Amount able to be paid off	Increases	VND Decreases	Amount	VND Amount able to be paid off
<b>Short-term loans</b>						
Loans from banks						
- Vietnam Joint stock Commercial Bank for Industry and Trade - Dong Da branch (i)	51,925,281,946	51,925,281,946	285,879,290,270	197,517,970,599	140,286,601,617	140,286,601,617
- Vietnam Joint stock Commercial Bank for Industry and Trade - Phuc Yen branch (ii)	37,032,207,106	37,032,207,106	82,073,209,968	79,380,427,640	39,724,989,434	39,724,989,434
- Joint Stock Commercial Bank for Investment and Development of Vietnam - Hanoi branch (iii)	11,064,585,000	11,064,585,000	18,649,680,636	26,179,209,636	3,535,056,000	3,535,056,000
- Vietnam Joint stock Commercial Bank for Industry and Trade - Dong Da branch (i)	3,828,489,840	3,828,489,840	185,156,399,666	91,958,333,323	97,026,556,183	97,026,556,183
Loans from individuals (iv)	2,518,902,981	2,518,902,981	90,000,579	1,258,105,392	1,350,798,168	1,350,798,168
<b>Current portion of long-term loans and obligations under finance leases</b>						
Current portion of long-term loans (see Note 23)	1,964,270,180	1,964,270,180	1,481,456,892	1,964,270,192	1,481,456,880	1,481,456,880
- Vietnam Joint stock Commercial Bank for Industry and Trade - Dong Da branch (i)	1,964,270,180	1,964,270,180	1,481,456,892	1,964,270,192	1,481,456,880	1,481,456,880
Current portion of long-term obligations under finance leases (see Note 23)	1,143,995,076	1,143,995,076	432,109,005	1,420,751,174	155,352,907	155,352,907
- Vietinbank Leasing Company Limited	1,143,995,076	1,143,995,076	432,109,005	1,420,751,174	155,352,907	155,352,907
	<b>57,552,450,183</b>	<b>57,552,450,183</b>	<b>287,882,856,746</b>	<b>202,161,097,357</b>	<b>143,274,209,572</b>	<b>143,274,209,572</b>



- (i) Representing the short-term loans under Credit Contract No. 23/2019/HDCVHM/NHCT126-CSSV signed with Vietnam Joint Stock Commercial Bank for Industry and Trade – Dong Da Branch dated 05 September 2019 with the total credit limit of VND 100,000,000,000 for the purpose of working capital supplement for business activities of manufacturing and trading rubber products. Interest rate is identified in each debt acknowledgement. The loan term is stated in each debt acknowledgement but not exceeding 6 months. The short-term loan along with the long-term loan borrowed at the same Bank as presented in Note 23 are secured by collaterals which are fixed assets of the Company including machinery and equipments with the carrying amount as at 31 December 2020 of VND 17,109,627,053 (as at 31 December 2019: VND 22,991,870,738) that is disclosed in Note 12 and the land use right at Hoa Chau Ward, Hoa Vang District, Da Nang City with the carrying value as at 31 December 2020 of VND 3,042,161,718 (as at 31 December 2019: VND 3,042,161,718) that is disclosed in Note 14.
- (ii) Representing the short-term loans under Credit Contract No. 09/2019/HDCVHM/NHCT260-SRC signed with Vietnam Joint Stock Commercial Bank for Industry and Trade – Phuc Yen Branch dated 10 October 2019 with the total credit limit of VND 50,000,000,000 for the purpose of working capital supplement for business activities of manufacturing and trading tubes, tires and rubber products. Interest rate is identified in each debt acknowledgement. The loan term is stated in each debt acknowledgement but not exceeding 6 months. The loans is secured by the fixed assets of the Company including machinery and equipments with the carrying value as at 31 December 2020 of VND 0 (as at 31 December 2019: VND 1,713,399,725) that is disclosed in Note 12.
- (iii) Representing the short-term loans under Credit Contract No. 01/2019/135074/HDTD signed with Joint Stock Commercial Bank for Investment and Development of Vietnam – Hanoi Branch dated 30 September 2019 with the total credit limit of VND 80,000,000,000 for the purpose of working capital supplement for business activities, bank guarantee, LC opening. Interest rate and loan term are identified in each debt acknowledgement. The loan is secured by the land use right of the annually paid rental land and the assets attached to the land of the Company at Xuan Hoa Ward, Phuc Yen District, Vinh Phuc Province with the carrying value as at 31 December 2020 of VND 404,636,961 (as at 31 December 2019: VND 925,925,105) that is disclosed in Note 12.
- (iv) Representing loans from individuals that are the Company's employees with loan term of less than 12 months and interest rate of 5% per year.



22. LONG-TERM LOANS AND OBLIGATIONS UNDER FINANCE LEASES

	Opening balance		During the year		Closing balance	
	Amount	VND Amount able to be paid off	Increases	Decreases	Amount	VND Amount able to be paid off
<b>Long-term loans from banks</b>	<b>5,791,367,211</b>	<b>5,791,367,211</b>	-	<b>1,964,270,192</b>	<b>3,827,097,019</b>	<b>3,827,097,019</b>
Vietnam Joint Stock Commercial Bank	5,791,367,211	5,791,367,211	-	1,964,270,192	3,827,097,019	3,827,097,019
for Industry and Trade - Dong Da branch						
(i)						
<b>Long-term obligations under finance leases</b>	<b>1,720,000,785</b>	<b>1,720,000,785</b>	-	<b>1,417,221,374</b>	<b>302,779,411</b>	<b>302,779,411</b>
- Vietinbank Leasing Company Limited	1,720,000,785	1,720,000,785	-	1,417,221,374	302,779,411	302,779,411
<b>Other long-term loans</b>	<b>130,000,000,000</b>	<b>130,000,000,000</b>	-	-	<b>130,000,000,000</b>	<b>130,000,000,000</b>
Hoanh Son Group Joint Stock Company	130,000,000,000	130,000,000,000	-	-	130,000,000,000	130,000,000,000
(iii)						
	<b>137,511,367,996</b>	<b>137,511,367,996</b>	-	<b>3,381,491,566</b>	<b>134,129,876,430</b>	<b>134,129,876,430</b>

In which:

<b>Current portion of long-term loans and obligations under finance leases</b>	<b>3,108,265,256</b>	<b>1,636,809,787</b>
Current portion of long-term loans	1,964,270,180	1,481,456,880
- Vietnam Joint stock Commercial Bank	1,964,270,180	1,481,456,880
for Industry and Trade - Dong Da branch		
Current portion of long-term obligations under finance leases	1,143,995,076	155,352,907
- Vietinbank Leasing Company Limited	1,143,995,076	155,352,907
<b>Amount due for settlement after 12 months</b>	<b>134,403,102,740</b>	<b>132,493,066,643</b>
Long-term loans	133,827,097,031	132,345,640,139
Long-term obligations under finance leases	576,005,709	147,426,504

- (i) Representing the long-term loans under Credit Contract No. 09/2018/HDVCDADT/NHCT126-SRC dated 01 August 2018 signed with Vietnam Joint Stock Commercial Bank for Industry and Trade – Dong Da Branch with the maximum amount of VND 40,544,000,000, loan term of 60 months from the first disbursement date. The loan is to settle eligible and appropriate expenditure of the Project “Investment in machinery, equipment from 2017 to 2018”. The loan is disbursed within 12 months. Interest rate is specified in each debt acknowledgement and valid from disbursement date until there is interest rate adjustment notice from the Bank. The long-term loan along with the short-term loan at the same bank as presented in Note 21 are secured by the Company’s fixed assets including machinery and equipment with the carrying value as at 31 December 2020 of VND 17,109,627,053 (as at 31 December 2019: VND 22,991,870,738) that is disclosed in Note 12 and the land use right at Hoa Chau Ward, Hoa Vang District, Da Nang City with the carrying value as at 31 December 2020 of VND 3,042,161,718 (as at 31 December 2019: VND 3,042,161,718) that is disclosed in Note 14.
- (ii) Representing balances under finance lease contract between the Company and Vietinbank Leasing Company Limited for the purpose of using finance lease assets for operating activities. The lease term is 48 months since the disbursement. Interest rate is determined in each leasing contract.
- (iii) Representing the unsecured long-term loan from Hoanh Son Group Joint Stock Company to contribute capital to Sao Vang – Hoanh Son Company Limited. The loan term is adjusted in accordance with divesting roadmap of the Company at Sao Vang – Hoanh Son Company Limited. The interest rate is 0% pa.

The long-term loans are repayable as follows:

	<b>Closing balance</b>	<b>Opening balance</b>
	<b>VND</b>	<b>VND</b>
On demand or within one year	1,481,456,880	1,964,270,180
In the second year	1,481,456,880	1,481,456,880
In the third to fifth year inclusive	130,864,183,259	132,345,640,151
	<b>133,827,097,019</b>	<b>135,791,367,211</b>
Less: Amount due for settlement within 12 months	(1,481,456,880)	(1,964,270,180)
<b>Amount due for settlement after 12 months</b>	<b>132,345,640,139</b>	<b>133,827,097,031</b>

The finance leases are repayable as follows:

	<b>Closing balance</b>	<b>Opening balance</b>
	<b>VND</b>	<b>VND</b>
On demand or within one year	155,352,907	1,143,995,076
In the second year	49,921,092	417,137,717
In the third to fifth year inclusive	97,505,412	158,867,992
	<b>302,779,411</b>	<b>1,720,000,785</b>
Less: Amount due for settlement within 12 months	(155,352,907)	(1,143,995,076)
<b>Amount due for settlement after 12 months</b>	<b>147,426,504</b>	<b>576,005,709</b>

**23. SHORT-TERM PROVISIONS**

Short-term provisions represent provisions made for warranty of sold products of the Company up to 31 December 2020. Warranty provisions are the most accurate estimate of the Board of the Directors on the payables applicable to rubber products on the basis of experience of the Company of defective products probability.

**24. SCIENTIFIC AND TECHNOLOGICAL DEVELOPMENT FUND**

	<u>Current year</u>	<u>Prior year</u>
	<b>VND</b>	<b>VND</b>
Opening balance	6,000,000,000	6,000,000,000
Increase:	7,000,000,000	-
- Appropriation (i)	7,000,000,000	-
Decrease:	(6,000,000,000)	-
- Other decrease (ii)	(6,000,000,000)	-
<b>Closing balance</b>	<b><u>7,000,000,000</u></b>	<b><u>6,000,000,000</u></b>

- (i) According to Decision No. 167/QĐ-HĐQT dated 31 December 2020, the Company makes appropriation to the Scientific and technological development fund of the Company for the year 2021 from its profit before tax in 2020 of VND 7,000,000,000.
- (ii) On 31 December 2020, the Company reverted the Scientific and technological development fund that the Company made provision from 2015 but has not used.



SAO VANG RUBBER JOINT STOCK COMPANY  
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25. OWNERS' EQUITY

	Owners' contributed capital	Share premium	Investment and development fund	Treasury shares	Retained earnings	Total
	VND	VND	VND	VND	VND	VND
<i>For the year ended 31 December 2019</i>						
Prior year's opening balance	280,657,650,000	3,605	49,692,625,661	(23,970,000)	11,132,539,669	341,458,848,935
Profit for the year	-	-	-	-	41,368,443,126	41,368,443,126
Allocate to investment and development fund	-	-	3,610,398,205	-	(3,610,398,205)	-
Allocate to bonus and welfare funds	-	-	-	-	(1,190,120,000)	(1,190,120,000)
Remuneration for the Board of Management, Supervisory Board	-	-	-	-	(202,000,000)	(202,000,000)
Administrative penalty	-	-	-	-	(96,749,750)	(96,749,750)
<b>Prior year's closing balance</b>	<b>280,657,650,000</b>	<b>3,605</b>	<b>53,303,023,866</b>	<b>(23,970,000)</b>	<b>47,401,714,840</b>	<b>381,338,422,311</b>
<i>For the year ended 31 December 2020</i>						
Current year's opening balance	280,657,650,000	3,605	53,303,023,866	(23,970,000)	47,401,714,840	381,338,422,311
Profit for the year	-	-	-	-	73,515,838,382	73,515,838,382
Allocate to investment and development fund (i)	-	-	12,320,908,013	-	(12,320,908,013)	-
Allocate to bonus and welfare funds (i)	-	-	-	-	(4,106,969,338)	(4,106,969,338)
Allocate to bonus for executive management board (i)	-	-	-	-	(95,000,000)	(95,000,000)
Dividends declared (i)	-	-	-	-	(22,450,694,400)	(22,450,694,400)
<b>Current year's closing balance</b>	<b>280,657,650,000</b>	<b>3,605</b>	<b>65,623,931,879</b>	<b>(23,970,000)</b>	<b>81,943,981,471</b>	<b>428,201,596,955</b>

(i) Pursuant to Resolution No.106/NQ-DHDCD dated 08 June 2020 of the Annual General Meeting Shareholders on approval of 2019 profit distribution plan of the Company as follows:

- Dividend declaration by cash (8% of charter capital): VND 22,450,694,400
- Bonus and welfare fund (10% of 2019 profit after tax): VND 4,106,969,338
- Bonus for executive management board: VND 95,000,000
- Investment and development fund (30% of 2019 profit after tax): VND 12,320,908,013

As at the date of these financial statements, the Company has paid ~~all the~~ dividends declared under Resolution No.106/NQ-DHDCD of the above General Meeting of Shareholders to shareholders.

**Charter capital**

According to Enterprise Registration Certificate, the Company's charter capital is VND 280,657,650,000.

The charter capital contributions by the Shareholders as at 31 December 2020 had been fully made as follows:

	Contributed Capital			
	Closing balance		Opening balance	
	%	VND	%	VND
Vietnam National Chemical Group	36.0%	101,041,150,000	36.0%	101,041,150,000
Hoanh Son Group Joint Stock Company	24.5%	68,861,500,000	0.0%	-
Mr. Nguyen Tien Ngoc	4.9%	13,854,300,000	8.4%	23,638,400,000
Other shareholders	34.5%	96,876,730,000	55.6%	155,954,130,000
Treasury shares	0.0%	23,970,000	0.0%	23,970,000
	<b>100%</b>	<b>280,657,650,000</b>	<b>100%</b>	<b>280,657,650,000</b>

Shares	Closing balance	Opening balance
	VND	VND
- Number of shares registered to issue	28,065,765	28,065,765
- Number of shares issued to the public	28,065,765	28,065,765
<i>Ordinary shares</i>	28,065,765	28,065,765
<i>Preference shares</i>	-	-
- Number of treasury shares	2,397	2,397
<i>Ordinary shares</i>	-	-
<i>Preference shares</i>	-	-
- Number of outstanding shares in circulation	28,063,368	28,063,368
<i>Ordinary shares</i>	28,063,368	28,063,368

An ordinary share has par value of VND 10,000.

**26. BUSINESS AND GEOGRAPHICAL SEGMENTS**

**Business segments**

For management purposes, the Company's organizational structure is organized by business units based on products and services as follows:

- Production department
- Commercial department
- Other

Information about the business units of the Company is as follows:

Balance sheet at the end of the year:

	Manufacturing VND	Trading VND	Others VND	Total VND
<b>Assets</b>				
Segment assets	320,051,589,637	474,081,348,848	1,071,867,367	795,204,805,852
Unallocated assets				610,138,413,262
<b>Total assets</b>				<b>1,405,343,219,114</b>
<b>Liabilities</b>				
Segment liabilities	70,059,279,583	164,346,965,388		234,406,244,971
Unallocated liabilities				742,735,377,188
<b>Total liabilities</b>				<b>977,141,622,159</b>

Income statement for current year:

	Manufacturing VND	Trading VND	Others VND	Total VND
Net sales	839,189,828,338	487,050,090,870	23,033,369,536	1,349,273,288,744
Cost of sales	657,496,988,265	464,992,325,987	9,957,214,130	1,132,446,528,382
<b>Segment results</b>				<b>216,826,760,362</b>
General and administration expenses				125,289,379,404
Financial income				6,949,359,862
Financial expenses				7,607,330,171
Other income				6,127,396,623
Other expenses				536,881,096
<b>Profit before tax</b>				<b>96,469,926,176</b>
Current corporate income tax expense				22,954,087,794
<b>Net profit after corporate income tax</b>				<b>73,515,838,382</b>

Balance sheet at the opening of the year:

	Manufacturing VND	Others VND	Total VND
<b>Assets</b>			
Segment assets	310,531,555,587	429,700,277	310,961,255,864
Unallocated assets			495,844,699,671
<b>Total assets</b>			<b>806,805,955,535</b>
<b>Liabilities</b>			
Segment liabilities	54,935,325,797		54,935,325,797
Unallocated liabilities			370,532,207,427
<b>Total liabilities</b>			<b>425,467,533,224</b>



Income statement for prior year:

	<b>Manufacturing</b>	<b>Others</b>	<b>Total</b>
	<b>VND</b>	<b>VND</b>	<b>VND</b>
Net sales	912,692,601,910	13,942,281,311	926,634,883,221
Cost of sales	757,360,362,555	3,483,700,059	760,844,062,614
<b>Segment results</b>			<b>165,790,820,607</b>
General and administration expenses			105,853,189,603
Financial income			2,079,149,064
Financial expenses			10,444,718,998
Other income			235,754,109
Other expenses			97,261,271
<b>Profit before tax</b>			<b>51,710,553,908</b>
Current corporate income tax expense			10,342,110,782
<b>Net profit after corporate income tax</b>			<b>41,368,443,126</b>

#### Geographical segments

Below is the Company's secondary report by geographical segment:

Report for the year ended 31 December 2020:

<b>Items</b>	<b>Export</b>	<b>Domestic</b>	<b>Total</b>
	<b>VND</b>	<b>VND</b>	<b>VND</b>
<b>1. Income statement</b>			
<i>Net revenue from goods sold and services rendered</i>	<i>166,436,987,717</i>	<i>1,182,836,301,027</i>	<i>1,349,273,288,744</i>
Cost of sales			1,132,446,528,382
<i>Gross profit from goods sold and services rendered</i>			<i>216,826,760,362</i>
Financial income			6,949,359,862
Financial expenses			7,607,330,171
Selling expenses			33,923,610,566
General and administration expenses			91,365,768,838
Profit from other activities			5,590,515,527
<i>Accounting profit before tax</i>			<i>96,469,926,176</i>
Current corporate income tax expense			22,954,087,794
<i>Net profit after corporate income tax</i>			<i>73,515,838,382</i>
<b>2. Segment assets</b>			<b>1,405,343,219,114</b>
<b>3. Total expenditures on acquisition of fixed assets</b>			<b>1,719,851,335</b>

Report for the year ended 31 December 2020:

Items	Export VND	Domestic VND	Total VND
<b>1. Income statement</b>			
<i>Net revenue from goods sold and services rendered</i>	<b>172,237,523,281</b>	<b>754,397,359,940</b>	<b>926,634,883,221</b>
Cost of sales			760,844,062,614
<i>Gross profit from goods sold and services rendered</i>			<b>165,790,820,607</b>
Financial income			2,079,149,064
Financial expenses			10,444,718,998
Selling expenses			36,809,133,039
General and administration expenses			69,044,056,564
Profit from other activities			138,492,838
<i>Accounting profit before tax</i>			<b>51,710,553,908</b>
Current corporate income tax expense			10,342,110,782
<i>Net profit after corporate income tax</i>			<b>41,368,443,126</b>
<b>2. Segment assets</b>			<b>806,805,955,535</b>
<b>3. Total expenditures on acquisition of fixed assets</b>			<b>12,496,173,140</b>

**27. OFF BALANCE SHEET ITEMS**

**Operating lease**

At the end of the financial year, the Company has non-cancellable operating lease commitments with the following payment schedule:

	Closing balance VND	Opening balance VND
Minimum lease payment in the future under non-cancellable operating lease under the following terms:		
Within one year	18,482,848,828	18,457,622,921
In the second to fifth year inclusive	73,931,395,312	73,149,765,253
After five years	524,944,445,986	542,406,789,833
	<b>617,358,690,126</b>	<b>634,014,178,007</b>
<b>Foreign currency</b>		
	Closing balance	Opening balance
Currency		
USD	1,179,129.25	435,283.45

28. REVENUE

	Current year	Prior year (Restated)
	VND	VND
Sales of finished goods	872,183,845,583	947,378,699,548
Sales of merchandise	487,050,090,870	-
Sales of services	23,033,369,536	11,892,850,711
Sales of materials	1,242,460,920	2,049,430,600
Others	410,906,032	417,617,184
<b>Total</b>	<b>1,383,920,672,941</b>	<b>961,738,598,043</b>
Revenue from related parties (Details stated in Note 37)	19,375,536,086	10,996,862,317
<b>Including:</b>		
a. Trade discount	34,166,217,485	35,103,714,822
b. Sales deductions	481,166,712	-
	<b>34,647,384,197</b>	<b>35,103,714,822</b>
<b>Net revenue</b>	<b>1,349,273,288,744</b>	<b>926,634,883,221</b>

29. COST OF SALES

	Current year	Prior year (Restated)
	VND	VND
Cost of finished goods sold	659,160,974,743	757,360,362,555
Cost of merchandise sold	464,992,325,987	-
Cost of service rendered	6,760,286,795	-
Cost of materials sold	903,945,696	1,570,939,928
Provision for inventory devaluation	628,995,161	1,912,760,131
	<b>1,132,446,528,382</b>	<b>760,844,062,614</b>

30. PRODUCTION COST BY NATURE

	Current year	Prior year
	VND	VND
Raw materials and consumable	460,543,642,943	570,432,254,179
Labour	123,601,608,903	114,643,778,982
Depreciation and amortisation	20,961,717,365	24,833,657,656
Provision	5,143,898,140	601,349,130
Out-sourced services	39,570,993,006	37,150,919,845
Other monetary expenses	121,662,008,228	85,920,659,171
	<b>771,483,868,585</b>	<b>833,582,618,963</b>



**31. FINANCIAL INCOME**

	<u>Current year</u>	<u>Prior year</u>
	VND	VND
Bank and loan interest	5,503,354,928	1,736,789,945
Foreign exchange gain	1,446,004,934	342,359,119
	<u>6,949,359,862</u>	<u>2,079,149,064</u>

**32. FINANCIAL EXPENSES**

	<u>Current year</u>	<u>Prior year</u>
	VND	VND
Interest expense	5,487,037,028	6,169,783,926
Settlement discount	2,498,862,000	3,007,497,000
Foreign exchange loss	123,753,674	72,576,906
(Reversal of)/Provision for impairment of investments	(502,322,531)	1,194,861,166
	<u>7,607,330,171</u>	<u>10,444,718,998</u>

**33. SELLING EXPENSES AND GENERAL AND ADMINISTRATION EXPENSES**

	<u>Current year</u>	<u>Prior year</u>
	VND	(Restated) VND
<b>General and administration expenses</b>		
Labour	26,750,316,145	28,732,296,850
Depreciation and amortisation	1,568,732,638	2,049,954,056
Taxes, fees and charges	21,549,380,665	17,327,266,415
Provision/(Reversal)	4,018,038,613	(1,311,411,001)
Out-sourced services	23,569,852,433	12,681,229,847
Other monetary expenses	13,909,448,344	9,564,720,397
	<u>91,365,768,838</u>	<u>69,044,056,564</u>
<b>Selling expenses</b>		
Labour	4,805,964,633	4,659,896,578
Depreciation and amortisation	146,428,285	228,475,369
Warranty costs	4,567,420,249	3,768,583,236
Out-sourced services	20,281,344,490	20,336,593,091
Advertisements and promotions	1,409,236,731	3,223,566,289
Others	2,713,216,178	4,592,018,476
	<u>33,923,610,566</u>	<u>36,809,133,039</u>

34. OTHER INCOME

	Current year	Prior year (Restated)
	VND	VND
Reversal of Scientific and Technologies Development Fund	6,000,000,000	-
Import tax reduction	-	58,788,329
Others	127,396,623	176,965,780
	<b>6,127,396,623</b>	<b>235,754,109</b>

35. CORPORATE INCOME TAX EXPENSE

	Current year	Prior year
	VND	VND
<b>Current corporate income tax expense</b>		
Corporate income tax expense based on taxable profit in the current year	22,117,569,794	10,342,110,782
Adjustments for corporate income tax expense in previous years to the current year	836,518,000	-
<b>Total current corporate income tax expense</b>	<b>22,954,087,794</b>	<b>10,342,110,782</b>

	Current year	Prior year
	VND	VND
<b>Profit before tax</b>	<b>96,469,926,176</b>	<b>51,710,553,908</b>
<b>Adjustments for taxable profit</b>		
Add back: non-deductible expenses	13,517,922,794	-
- Foreign exchange differences arising from revaluation of cash, receivables balances denominated in foreign currency	285,027,236	-
- Remuneration for the Board of Directors, Supervisory Board which are not directly operating	176,000,000	-
- Non-deductible expenses	13,056,895,558	-
<b>Taxable profit</b>	<b>109,987,848,970</b>	<b>51,710,553,908</b>
Reversal of Scientific and Technological Development Fund	6,000,000,000	-
Normal tax rate	20%	20%
Tax rate for income from reversal of Scientific and Technological Development Fund	22%	22%
Adjustments for corporate income tax expense in previous years	836,518,000	-
<b>Total current corporate income tax expense</b>	<b>22,954,087,794</b>	<b>10,342,110,782</b>

36. BASIC EARNINGS PER SHARE

	Current year	Prior year (Restated)
	VND	VND
Accounting profit after corporate income tax	73,515,838,382	41,368,443,126
Allocate to bonus and welfare funds	-	(4,106,969,338)
Allocate to fund for executive management board	-	(95,000,000)
<b>Profit attributable to ordinary shareholders</b>	<b>73,515,838,382</b>	<b>37,166,473,788</b>
Average ordinary shares in circulation for the year	28,063,368	28,063,368
<b>Basic earnings per share</b>	<b>2,620</b>	<b>1,324</b>

Basic earnings per share for the 6-month period ended 30 June 2019 is re-stated due to affect of 2019's profit after tax distribution according to Resolution No. 106/NQ-DHDCD dated 08 June 2020 of the General Meeting of Shareholders, detailed as follows:

	Reported amount	Prior year Restated amount
	VND	VND
Accounting profit after corporate income tax	41,368,443,126	41,368,443,126
Allocate to bonus and welfare funds	-	(4,106,969,338)
Allocate to fund for executive management board	-	(95,000,000)
<b>Profit attributable to ordinary shareholders</b>	<b>41,368,443,126</b>	<b>37,166,473,788</b>
Average ordinary shares in circulation for the year	28,063,368	28,063,368
<b>Basic earnings per share</b>	<b>1,474</b>	<b>1,324</b>

As at the date of these financial statements, the Company has not estimated reliably profit of the year ended 31 December 2020 distributed to bonus and welfare fund and bonus for executive management board as the General Meeting of Shareholders has not decided proportion for the following period. Had the Company declared bonus and welfare fund and bonus for executive management board or the year ended 31 December 2020, net profit distributed to shareholders would have reduced.



37. RELATED PARTY TRANSACTIONS AND BALANCES

List of related parties:

<u>Related party</u>	<u>Relationship</u>
Vietnam National Chemical Group	Major shareholder
Mr. Nguyen Tien Ngoc	Major shareholder
Hoanh Son Group Joint Stock Company	Major shareholder
Mr. Nguyen Quang Hao	Member of the Board of General Directors
Sao Vang - Hoanh Son Company Limited	Associate
Lam Thao Fertilizers and Chemicals Joint Stock Company	Member of Vietnam National Chemical Group
Apatit Vietnam Company Limited	Member of Vietnam National Chemical Group
Ninh Binh Phosphate Fertilizer Joint Stock Company	Member of Vietnam National Chemical Group
DAP VINACHEM Joint Stock Company	Member of Vietnam National Chemical Group
Viet Tri Chemical Joint Stock Company	Member of Vietnam National Chemical Group
Da Nang Rubber Joint Stock Company	Member of Vietnam National Chemical Group
DAP Joint Stock Company No. 2 - VINACHEM	Member of Vietnam National Chemical Group

*During the year, the Company entered into the following significant transactions with its related parties:*

	<u>Current year</u>	<u>Prior year</u>
	<u>VND</u>	<u>VND</u>
<b>Sales</b>	<b>19,375,536,086</b>	<b>10,996,862,317</b>
Hoanh Son Group Joint Stock Company	17,769,525,646	6,121,284,852
Apatit Vietnam Company Limited	524,911,224	1,288,179,200
DAP VINACHEM Joint Stock Company	412,894,000	112,763,200
Ninh Binh Phosphate Fertilizer Joint Stock Company	360,000,000	297,000,000
Viet Tri Chemical Joint Stock Company	170,979,216	1,704,965,273
Lam Thao Fertilizers and Chemicals Joint Stock Company	137,226,000	1,161,050,000
DAP Joint Stock Company No. 2 - VINACHEM	-	311,619,792
<b>Purchases</b>	<b>106,695,027</b>	<b>66,272,688</b>
Hoanh Son Group Joint Stock Company	66,195,027	51,422,688
Da Nang Rubber Joint Stock Company	40,500,000	14,850,000
<b>Loans</b>	<b>78,730,000,000</b>	-
Hoanh Son Group Joint Stock Company	78,730,000,000	-
<b>Dividends declared</b>	<b>9,879,810,400</b>	-
Vietnam National Chemical Group	8,083,292,000	-
Mr. Nguyen Tien Ngoc	1,796,518,400	-
<b>Dividends paid</b>	<b>9,879,810,400</b>	-
Vietnam National Chemical Group	8,083,292,000	-
Mr. Nguyen Tien Ngoc	1,796,518,400	-

*Significant related party balances as at 31 December 2020 are as follows:*

	<u>Closing balance</u>	<u>Opening balance</u>
	VND	VND
<b>Short-term trade receivables</b>	<b>26,209,349,638</b>	<b>7,499,397,276</b>
Hoanh Son Group Joint Stock Company	25,122,340,375	6,121,284,852
Apatit Vietnam Company Limited	582,302,346	604,251,600
DAP No.2 - VINACHEM Joint Stock Company	311,619,792	311,619,792
DAP VINACHEM Joint Stock Company	193,087,125	160,401,032
Lam Thao Fertilizers and Chemicals Joint Stock Company	-	184,140,000
Viet Tri Chemical Joint Stock Company	-	117,700,000
<b>Loan receivables</b>	<b>78,730,000,000</b>	-
Hoanh Son Group Joint Stock Company	78,730,000,000	-
<b>Other short-term receivables</b>	<b>2,800,433,042</b>	-
Hoanh Son Group Joint Stock Company	2,800,433,042	-
<b>Short-term trade payables</b>	-	<b>51,422,688</b>
Hoanh Son Group Joint Stock Company	-	51,422,688
<b>Short-term loans</b>	<b>1,061,343,350</b>	<b>1,006,940,516</b>
Mr. Nguyen Quang Hao	1,061,343,350	1,006,940,516
<b>Other long-term payables</b>	<b>143,500,000,000</b>	<b>143,500,000,000</b>
Sao Vang - Hoanh Son Company Limited	143,500,000,000	143,500,000,000
<b>Long-term loans</b>	<b>130,000,000,000</b>	<b>130,000,000,000</b>
Hoanh Son Group Joint Stock Company	130,000,000,000	130,000,000,000

Remuneration paid to the Company's Board of Directors and Board of Management during the year was as follows:

	Current year VND	Prior year VND
<b>Board of Management</b>	<b>1,679,672,071</b>	<b>1,231,221,529</b>
Mr. Lam Thai Duong (Resigned on 08 June 2020)	41,000,000	105,000,000
Mr. Pham Hoanh Son	508,700,000	2,000,000
Mr. Nguyen Viet Hung	561,016,000	473,888,000
Mr. Nguyen Thanh Tung	472,956,071	426,941,000
Mr. Ngo Tuan Anh (Resigned on 27 April 2019)	-	114,392,529
Mr. Nguyen Cong Tuan (Resigned on 27 April 2019)	-	45,000,000
Mr. Nguyen Van Thanh (Appointed on 27 April 2019)	48,000,000	32,000,000
Mr. Nguyen Van Hung (Appointed on 27 April 2019)	48,000,000	32,000,000
<b>Board of General Directors</b>	<b>437,232,000</b>	<b>460,341,000</b>
Mr. Mai Chien Thang (Retired on 01 March 2019)	-	104,100,000
Mr. Nguyen Quang Hao	437,232,000	356,241,000
<b>Total</b>	<b>2,116,904,071</b>	<b>1,691,562,529</b>



Le Lan Phuong  
Preparer



Nguyen Thanh Tung  
Chief Accountant/  
Deputy Chief Executive Officer




Nguyen Viet Hung  
Chief Executive Officer

04 March 2021