

# **Tan Tien Plastic Packaging Joint Stock Company**

Financial statements

For the year ended 31 December 2020



# Tan Tien Plastic Packaging Joint Stock Company

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# Tan Tien Plastic Packaging Joint Stock Company

## GENERAL INFORMATION

### THE COMPANY

Tan Tien Plastic Packaging Joint Stock Company ("the Company") was formerly a State-owned enterprise established in accordance with the Decision No. 451/CNn/TCLD issued by the Ministry of Industry on 7 May 1993 and the Business Registration Certificate ("BRC") No. 103022 issued by the Department of Planning and Investment ("DPI") of Ho Chi Minh City on 18 May 1994.

On 23 October 2002, the Company was equitized as a shareholding company in accordance with the Decision No. 624/QD-TCCB issued by the Ministry of Industry. This equalization was formalized by the DPI of Ho Chi Minh City through the issuance of the BRC No. 4103002999 on 28 December 2004 and the subsequent amended BRCs.

On 12 July 2017, the Company obtained the latest Enterprise Registration Certificate No. 0300391040 issued by the DPI of Ho Chi Minh City.

The Company's shares was trading on the Ha Noi Stock Exchange ("HNX") in accordance with License No. 140/QD-SGDHN issued by the HNX on 15 March 2017.

The Company's current principal activities are to manufacture plastic packaging used for food, consumer products and real estates.

The Company's registered head office is located at Lot II, Group 4, Street 13, Tan Binh Industrial Park, Tay Thanh Ward, Tan Phu District, Ho Chi Minh City, Vietnam.

### BOARD OF DIRECTORS

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

Mr Cho Jum Kun	Chairman
Mr Park Moonsu	Member
Mr Song Jongsun	Member
Mr Jo Jeong Kook	Member
Mr Lee Sehoon	Member

### BOARD OF SUPERVISION

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

Mr Le Van Nhan	Head
Mr Choi Sang Woo	Member
Mr Cho Hyonwoo	Member

### GENERAL DIRECTOR

The General Director during the year and at the date of this report is Mr Jo Jeong Kook.

### LEGAL REPRESENTATIVE

The legal representative of the Company during the year and at the date of this report is Mr Jo Jeong Kook.

### AUDITORS

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

# Tan Tien Plastic Packaging Joint Stock Company

## REPORT OF THE GENERAL DIRECTOR

The General Director of Tan Tien Plastic Packaging Joint Stock Company ("the Company") is pleased to present this report and the financial statements of the Company for the year ended 31 December 2020.

### THE GENERAL DIRECTOR'S RESPONSIBILITY IN RESPECT OF THE FINANCIAL STATEMENTS

The General Director is responsible for the financial statements of each financial year which give a true and fair view of the financial position of the Company and of the results of its operations and its cash flows. In preparing those financial statements, the General Director 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 standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue its business.

The General Director 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 to ensure that the accounting records comply with the applied accounting system. He is also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The General Director confirmed that he has complied with the above requirements in preparing the accompanying financial statements.

### STATEMENT BY THE GENERAL DIRECTOR

The General Director does hereby state that, in his opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at 31 December 2020 and of the results of its operations and its cash flows for the year then ended in accordance with Vietnamese Accounting Standards, Vietnamese Enterprise Accounting System and the statutory requirements relevant to preparation and presentation of financial statements.



Jo Jeong Kook  
General Director

Ho Chi Minh City, Vietnam

16 March 2021



Reference: 61277151/22005518

## **INDEPENDENT AUDITORS' REPORT**

**To: The Shareholders of Tan Tien Plastic Packaging Joint Stock Company**

We have audited the accompanying financial statements of Tan Tien Plastic Packaging Joint Stock Company ("the Company"), as prepared on 16 March 2021 and set out on pages 5 to 29 which comprise the balance sheet as at 31 December 2020, the income statement and the cash flow statement for the year then ended and the notes thereto.

### ***General Director's responsibility***

The Company's General Director is responsible for the preparation and fair presentation of these financial statements in accordance with Vietnamese Accounting Standards, Vietnamese Enterprise Accounting System and the statutory requirements relevant to the preparation and presentation of financial statements, and for such internal control as General Director determines is necessary to enable the preparation and presentation 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 auditor considers 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 the General Director, 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.

### *Opinion*

In our opinion, the financial statements give a true and fair view, in all material respects, of the financial position of the Company as at 31 December 2020, and of the results of its operations and its cash flows for the year then ended in accordance with Vietnamese Accounting Standards, Vietnamese Enterprise Accounting System and the statutory requirements relevant to preparation and presentation of the financial statements.

**Ernst & Young Vietnam Limited**



\_\_\_\_\_  
Nguyễn Thị Nhu Quỳnh  
Deputy General Director  
Audit Practicing Registration Certificate  
No: 3040-2019-004-1



\_\_\_\_\_  
Pham Xuan Tuan  
Auditor  
Audit Practicing Registration Certificate  
No. 4639-2018-004-1

Ho Chi Minh City, Vietnam

16 March 2021

BALANCE SHEET  
as at 31 December 2020

VND

Code	ASSETS	Notes	Ending balance	Beginning balance
<b>100</b>	<b>A. CURRENT ASSETS</b>		<b>1,139,222,397,326</b>	<b>1,016,141,177,276</b>
<b>110</b>	<b>I. Cash</b>	<b>4</b>	<b>36,150,448,855</b>	<b>41,190,945,747</b>
111	1. Cash		36,150,448,855	41,190,945,747
<b>120</b>	<b>II. Short-term investment</b>		<b>460,000,000,000</b>	<b>323,000,000,000</b>
123	1. Held-to-maturity investments	5	460,000,000,000	323,000,000,000
<b>130</b>	<b>III. Current accounts receivable</b>		<b>385,078,042,242</b>	<b>399,225,849,290</b>
131	1. Short-term trade receivables	6	342,319,624,516	359,007,620,617
132	2. Short-term advances to suppliers		2,473,051,347	2,431,653,162
136	3. Other short-term receivables	7	43,821,388,717	41,330,230,743
137	4. Provision for doubtful short-term receivables	6	(3,536,022,338)	(3,543,655,232)
<b>140</b>	<b>IV. Inventories</b>	<b>8</b>	<b>248,989,892,187</b>	<b>245,511,126,531</b>
141	1. Inventories		250,868,239,272	248,014,105,467
149	2. Provision for obsolete inventories		(1,878,347,085)	(2,502,978,936)
<b>150</b>	<b>V. Other current assets</b>		<b>9,004,014,042</b>	<b>7,213,255,708</b>
151	1. Short-term prepaid expenses	12	1,000,874,460	1,166,549,750
152	2. Value-added tax deductible	14	8,003,139,582	6,031,397,640
153	3. Tax and other receivables from the State	14	-	15,308,318
<b>200</b>	<b>B. NON-CURRENT ASSETS</b>		<b>377,450,410,886</b>	<b>332,639,256,923</b>
<b>210</b>	<b>I. Long-term receivable</b>		<b>10,000,000</b>	<b>10,000,000</b>
216	1. Other long-term receivable		10,000,000	10,000,000
<b>220</b>	<b>II. Fixed assets</b>		<b>269,987,556,590</b>	<b>226,120,025,544</b>
221	1. Tangible fixed assets	9	247,600,779,458	203,839,638,523
222	Cost		964,065,285,483	884,922,252,652
223	Accumulated depreciation		(716,464,506,025)	(681,082,614,129)
227	2. Intangible fixed assets	10	22,386,777,132	22,280,387,021
228	Cost		37,419,857,412	35,935,668,412
229	Accumulated amortization		(15,033,080,280)	(13,655,281,391)
<b>240</b>	<b>III. Long-term asset in progress</b>		<b>95,867,616,168</b>	<b>96,188,742,168</b>
242	1. Construction in progress	11	95,867,616,168	96,188,742,168
<b>260</b>	<b>IV. Other long-term assets</b>		<b>11,585,238,128</b>	<b>10,320,489,211</b>
261	1. Long-term prepaid expenses	12	4,212,509,739	3,257,525,695
262	2. Deferred tax asset	24.3	7,372,728,389	7,062,963,516
<b>270</b>	<b>TOTAL ASSETS</b>		<b>1,516,672,808,212</b>	<b>1,348,780,434,199</b>



BALANCE SHEET (continued)  
as at 31 December 2020

VND

Code	RESOURCES	Notes	Ending balance	Beginning balance
<b>300</b>	<b>C. LIABILITIES</b>		<b>507,735,332,191</b>	<b>478,248,271,638</b>
<b>310</b>	<b>I. Current liabilities</b>		<b>500,928,891,441</b>	<b>471,078,891,638</b>
311	1. Short-term trade payables	13	239,879,982,854	309,417,089,422
312	2. Short-term advances from customers		1,109,391,442	959,434,859
313	3. Statutory obligations	14	10,027,815,996	11,601,754,619
314	4. Payables to employees		26,170,695,458	31,823,698,802
315	5. Short-term accrued expenses		1,749,097,396	1,061,709,388
319	6. Other short-term payables	15	221,991,908,295	116,215,204,548
<b>330</b>	<b>II. Non-current liability</b>		<b>6,806,440,750</b>	<b>7,169,380,000</b>
342	1. Long-term provision	16	6,806,440,750	7,169,380,000
<b>400</b>	<b>D. OWNERS' EQUITY</b>		<b>1,008,937,476,021</b>	<b>870,532,162,561</b>
<b>410</b>	<b>I. Capital</b>	<b>17.1</b>	<b>1,008,937,476,021</b>	<b>870,532,162,561</b>
411	1. Share capital		149,999,980,000	149,999,980,000
411a	- Shares with voting rights		149,999,980,000	149,999,980,000
412	2. Share premium		154,777,960,000	154,777,960,000
415	3. Treasury shares		(45,918,033,800)	(45,918,033,800)
418	4. Investment and development fund		177,152,251,138	177,152,251,138
421	5. Undistributed earnings		572,925,318,683	434,520,005,223
421a	- Undistributed earnings by the end of prior years		427,761,120,223	322,713,981,448
421b	- Undistributed earnings of the current year		145,164,198,460	111,806,023,775
<b>440</b>	<b>TOTAL LIABILITIES AND OWNERS' EQUITY</b>		<b>1,516,672,808,212</b>	<b>1,348,780,434,199</b>

  
Tran Thi Thuy Tien  
Chief Accountant

  
Lee Sehoon  
Chief Financial Officer

  
Jo Jeong Kook  
General Director

16 March 2021



INCOME STATEMENT  
for the year ended 31 December 2020

VND

Code	ITEMS	Notes	Current year	Previous year
01	1. Revenue from sale of goods and rendering of services	18.1	1,787,026,147,849	1,772,791,981,890
02	2. Deductions	18.1	(6,195,052,465)	(9,269,189,350)
10	3. Net revenue from sale of goods and rendering of services	18.1	1,780,831,095,384	1,763,522,792,540
11	4. Cost of goods sold and services rendered	19	(1,533,095,074,559)	(1,536,620,212,816)
20	5. Gross profit from sale of goods and rendering of services		247,736,020,825	226,902,579,724
21	6. Finance income	18.2	28,621,943,277	19,566,435,911
22	7. Finance expenses	21	(5,402,181,575)	(6,380,774,678)
23	In which: Interest expense		(761,428,689)	(735,047,505)
25	8. Selling expenses	20	(44,740,732,416)	(50,454,324,932)
26	9. General and administrative expenses	20	(41,599,327,060)	(44,268,196,809)
30	10. Operating profit		184,615,723,051	145,365,719,216
31	11. Other income		300,909,093	92,727,274
32	12. Other expenses	22	(2,926,955,243)	(3,664,340,513)
40	13. Other loss		(2,626,046,150)	(3,571,613,239)
50	14. Accounting profit before tax		181,989,676,901	141,794,105,977
51	15. Current corporate income tax expense	24.1	(37,135,243,314)	(30,986,802,680)
52	16. Deferred tax income	24.3	309,764,873	998,720,478
60	17. Net profit after tax		145,164,198,460	111,806,023,775
70	18. Basic earnings per share	17.3	10,739	8,271
71	19. Diluted earnings per share	17.3	10,739	8,271

Tran Thi Thuy Tien  
Chief Accountant

Lee Sehoon  
Chief Financial Officer

Jo Jeong Kook  
General Director

16 March 2021

CASH FLOW STATEMENT  
for the year ended 31 December 2020

VND

Code	ITEMS	Notes	Current year	Previous year
	<b>I. CASH FLOWS FROM OPERATING ACTIVITIES</b>			
01	<b>Accounting profit before tax</b>		<b>181,989,676,901</b>	<b>141,794,105,977</b>
	<i>Adjustments for:</i>			
02	Depreciation and amortization	9, 10	42,166,691,838	41,956,460,523
03	(Reversal of provision) provisions		(632,264,745)	81,001,879
04	Foreign exchange loss (profit) arising from revaluation of monetary accounts denominated in foreign currency		204,083,792	(27,742,265)
05	Profits from investing activities		(27,046,987,028)	(18,335,603,743)
06	Interest expense	21	761,428,689	735,047,505
08	<b>Operating profit before changes in working capital</b>		<b>197,442,629,447</b>	<b>166,203,269,876</b>
09	Decrease in receivables		15,378,457,870	31,123,255,606
10	(Increase) decrease in inventories		(2,854,133,805)	45,619,326,941
11	Increase (decrease) in payables		24,509,822,995	(17,458,739,692)
12	(Increase) decrease in prepaid expenses		(789,308,754)	2,985,064,338
14	Interest paid		(761,428,689)	(735,047,505)
15	Corporate income tax paid	14	(38,495,578,426)	(23,034,184,097)
20	<b>Net cash flows from operating activities</b>		<b>194,430,460,638</b>	<b>204,702,945,467</b>
	<b>II. CASH FLOWS FROM INVESTING ACTIVITIES</b>			
21	Purchase and construction of fixed assets		(79,532,692,418)	(12,685,789,991)
22	Proceeds from disposals of fixed assets		298,181,820	87,272,728
23	Cash out for bank deposit and payments for purchase of debt instruments of other entities		(595,000,000,000)	(323,000,000,000)
24	Collections from bank deposits		458,000,000,000	163,008,537,100
27	Interest received		23,528,975,071	11,541,320,770
30	<b>Net cash flows used in investing activities</b>		<b>(192,705,535,527)</b>	<b>(161,048,659,393)</b>

CASH FLOW STATEMENT (continued)  
for the year ended 31 December 2020

VND

Code	ITEMS	Notes	Current year	Previous year
	<b>III. CASH FLOWS FROM FINANCING ACTIVITIES</b>			
33	Drawdown of borrowings		60,841,104,367	63,424,105,621
34	Repayment of borrowings		(60,841,104,367)	(63,424,105,621)
36	Dividends paid	17.4	(6,758,232,400)	(6,756,585,000)
40	<b>Net cash flows used in financing activities</b>		<b>(6,758,232,400)</b>	<b>(6,756,585,000)</b>
50	<b>Net (decrease) increase in cash</b>		<b>(5,033,307,289)</b>	<b>36,897,701,074</b>
60	<b>Cash at beginning of year</b>		<b>41,190,945,747</b>	<b>4,280,867,613</b>
61	Impact of exchange rate fluctuation		(7,189,603)	12,377,060
70	<b>Cash at end of year</b>	4	<b>36,150,448,855</b>	<b>41,190,945,747</b>

  
 Tran Thi Thuy Tien  
 Chief Accountant

  
 Lee Sehoon  
 Chief Financial Officer

  
 Jo Jeong Kook  
 General Director

16 March 2021



NOTES TO THE FINANCIAL STATEMENTS  
as at 31 December 2020 and for the year then ended

**1. CORPORATE INFORMATION**

Tan Tien Plastic Packaging Joint Stock Company ("the Company") was formerly a State-owned enterprise established in accordance with the Decision No. 451/CNn/TCLD issued by the Ministry of Industry on 7 May 1993 and the Business Registration Certificate ("BRC") No. 103022 issued by the Department of Planning and Investment ("DPI") of Ho Chi Minh City on 18 May 1994.

On 23 October 2002, the Company was equitized as a shareholding company in accordance with the Decision No. 624/QD-TCCB issued by the Ministry of Industry. This equalization was formalized by the DPI of Ho Chi Minh City through the issuance of the BRC No. 4103002999 on 28 December 2004 and the subsequent amended BRCs.

On 12 July 2017, the Company obtained the latest Enterprise Registration Certificate No. 0300391040 issued by the DPI of Ho Chi Minh City.

The Company's shares was trading on the Ha Noi Stock Exchange ("HNX") in accordance with License No. 140/QD-SGDHN issued by the HNX on 15 March 2017.

The Company's current principal activities are to manufacture plastic packaging used for food, consumer products and real estates.

The Company's registered head office is located at Lot II, Group 4, Street 13, Tan Binh Industrial Park, Tay Thanh Ward, Tan Phu District, Ho Chi Minh City, Vietnam.

The number of the Company's employees as at 31 December 2020 was 847 (31 December 2019: 834).

**2. BASIS OF PREPARATION**

**2.1 Accounting standards and system**

The financial statements of the Company, expressed in Vietnam dong ("VND"), are prepared in accordance with Vietnamese Enterprise Accounting System, 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 financial statements, including their utilization 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 the results of its 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 the General Journal system.

**2.3 Fiscal year**

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

**2.4 Accounting currency**

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

NOTES TO THE FINANCIAL STATEMENTS (continued)  
as at 31 December 2020 and for the year then ended

### 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### 3.1 Cash

Cash comprise cash on hand and cash in banks.

#### 3.2 Inventories

Inventories are stated at the lower of cost incurred in bringing each product to its present location and condition, and net realizable value. Net realizable value represents the estimated selling price in the ordinary course of business less the estimated costs to complete and the estimated costs necessary to make the sale.

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

Raw materials	- cost of purchase on a weighted average basis.
Finished goods and work-in-process	- cost of direct materials and labor 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, based on appropriate evidence of impairment available at the balance sheet date.

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

#### 3.3 Receivables

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

The provision for doubtful receivables 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 income statement.

#### 3.4 Fixed assets

Tangible fixed assets and intangible fixed assets are stated at cost less accumulated depreciation and amortization.

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

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

When 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 income statement.

##### *Land use rights*

Land use rights are recorded as intangible fixed assets representing the value of the right to use the lands acquired by the Company. The useful lives of land use rights are assessed as either definite or indefinite. Accordingly, the land use rights with definite useful lives representing the land lease is amortized over the lease term while the land use rights with indefinite useful lives is not amortized.



NOTES TO THE FINANCIAL STATEMENTS (continued)  
as at 31 December 2020 and for the year then ended

**3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**3.5 Depreciation and amortization**

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

Buildings and structures	5 - 25 years
Machinery and equipment	5 - 8 years
Means of transportation	6- 7 years
Office equipment	3 - 6 years
Computer software	3 years
Land use rights	43 - 46 years
Others	4 years

**3.6 Prepaid expenses**

Prepaid expenses are reported as short-term or long-term prepaid expenses on the 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.

**3.7 Investment**

*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 recognized as expense in the financial statements and deducted against the value of such investments.

*Provision for diminution in value of investments*

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

**3.8 Borrowing costs**

Borrowing costs consist of interest and other costs that the Company incurs in connection with the borrowing of funds and are recorded as expense during the year in which they are incurred.

**3.9 Payables and accruals**

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

**3.10 Accrual for severance pay**

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 up to 31 December 2008 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 Labor Code, the Law on Social Insurance and related implementing guidance. The average monthly salary used in this calculation will be revised at the end of each reporting period following the average monthly salary of the 6-month period up to the reporting date. Increases or decreases to the accrued amount other than actual payment to employees will be taken to the income statement.

This provision is used to settle the retrenchment allowance to be paid to employee upon termination of their labor contract following article 49 of the Labor Code.



NOTES TO THE FINANCIAL STATEMENTS (continued)  
as at 31 December 2020 and for the year then ended

### 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

#### 3.11 *Foreign currency transactions*

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

- Transaction resulting in receivables are recorded at the buying exchange rates of the commercial banks designated for collection; and
- Transactions resulting in liabilities are recorded at the selling exchange rates of the commercial banks designated for payment.

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

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

All foreign exchange differences incurred during the year and arising from the revaluation of monetary accounts denominated in foreign currency at year-end are taken to the income statement.

#### 3.12 *Treasury shares*

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

#### 3.13 *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 (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.

#### 3.14 *Appropriation of net profits*

Net profit after tax is available for appropriation to shareholders after approval in the annual general meeting, and after making appropriation to reserve funds in accordance with the Company's Charter 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 subject to approval by shareholders at the annual general meeting.

##### *Investment and development fund*

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

##### *Dividends*

Final dividends proposed by the Company's Board of Directors are classified as an allocation of undistributed earnings within the equity section of the balance sheet, until they have been approved by the Company's shareholders at the Annual General Meeting. When these dividends have been approved by the shareholders and declared, they are recognized as a liability in the balance sheet.

NOTES TO THE FINANCIAL STATEMENTS (continued)  
as at 31 December 2020 and for the year then ended

### 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

#### 3.15 Revenue recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company 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 recognized:

##### *Sale of goods*

Revenue is recognized 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 from rendering of services is recognized when the services have been rendered and completed.

##### *Interest income*

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

#### 3.16 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 by the balance sheet date.

Current income tax is charged or credited to the income statement, except when it relates to items recognized 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 to offset current tax assets against current tax liabilities and when the Company intends to settle its current tax assets and liabilities on a net basis.

##### *Deferred tax*

Deferred income 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 for financial reporting purposes.

Deferred tax liabilities are recognized for all taxable temporary differences. Deferred tax assets are recognized 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 utilized.



NOTES TO THE FINANCIAL STATEMENTS (continued)  
as at 31 December 2020 and for the year then ended

**3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**3.16 Taxation (continued)**

*Deferred tax (continued)*

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

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

Deferred income tax is charged or credited to the income statement, except when it relates to items recognized 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 to offset current tax assets against current tax liabilities and when they relate to income taxes levied on the same taxable entity by the same taxation authority or when the Company intends either to settle current tax liabilities and assets on a net basis or to realize 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.

**3.17 Related parties**

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

**4. CASH**

	VND	
	<i>Ending balance</i>	<i>Beginning balance</i>
Cash on hand	193,288,888	860,698,973
Cash at banks	<u>35,957,159,967</u>	<u>40,330,246,774</u>
<b>TOTAL</b>	<b><u>36,150,448,855</u></b>	<b><u>41,190,945,747</u></b>



NOTES TO THE FINANCIAL STATEMENTS (continued)  
as at 31 December 2020 and for the year then ended

**5. SHORT-TERM HELD-TO-MATURITY INVESTMENTS**

	VND	
	<i>Ending balance</i>	<i>Beginning balance</i>
Term deposits (i)	380,000,000,000	280,000,000,000
Bonds (ii)	80,000,000,000	43,000,000,000
<b>TOTAL</b>	<b>460,000,000,000</b>	<b>323,000,000,000</b>

(i) This balance represents bank deposits at commercial banks with remaining maturities less than 12 months and earn interest at the rates ranging from 4.9% to 7.1% per annum.

(ii) This balance represents 800 bonds at KIS Vietnam Securities Corporation with remaining maturity of 10 months and earn interest at the rate 6.3% per annum.

**6. SHORT-TERM TRADE RECEIVABLES**

	VND	
	<i>Ending balance</i>	<i>Beginning balance</i>
Due from customers	334,281,846,276	352,047,306,161
Unilever Vietnam International Co., Ltd.	76,989,336,510	100,672,708,327
Trung Nguyen Coffee Joint Stock Company	43,005,759,621	33,915,657,603
Other customers	214,286,750,145	217,458,940,231
Due from a related party (Note 25)	8,037,778,240	6,960,314,456
<b>TOTAL</b>	<b>342,319,624,516</b>	<b>359,007,620,617</b>
Provision for doubtful short-term receivables	(3,536,022,338)	(3,543,655,232)
<b>NET</b>	<b>338,783,602,178</b>	<b>355,463,965,385</b>

Movements of provision for doubtful short-term receivables are as follows:

	VND	
	<i>Current year</i>	<i>Previous year</i>
At beginning of year	3,543,655,232	3,284,577,495
Add: Provision made during the year	238,716,403	259,077,737
Less: Utilization and reversal of provision during the year	(246,349,297)	-
At end of year	3,536,022,338	3,543,655,232

NOTES TO THE FINANCIAL STATEMENTS (continued)  
as at 31 December 2020 and for the year then ended

**7. OTHER SHORT-TERM RECEIVABLES**

	VND	
	<i>Ending balance</i>	<i>Beginning balance</i>
Project deposit (*)	25,224,132,225	25,224,902,225
Banks and bond interest receivables	17,559,753,424	14,339,923,287
Others	1,037,503,068	1,765,405,231
<b>TOTAL</b>	<b>43,821,388,717</b>	<b>41,330,230,743</b>

(\*) This amount represents the deposit at Department of Planning and Investment of Ho Chi Minh City to execute the Exim Plaza Shopping Center.

**8. INVENTORIES**

	VND	
	<i>Ending balance</i>	<i>Beginning balance</i>
Raw materials	153,300,257,614	147,448,794,589
Finished goods	48,283,072,261	56,881,178,356
Goods in transit	26,177,614,050	22,638,621,687
Work in process	23,084,035,347	20,942,425,835
Tools and supplies	23,260,000	103,085,000
<b>TOTAL</b>	<b>250,868,239,272</b>	<b>248,014,105,467</b>
Provision for obsolete inventories	(1,878,347,085)	(2,502,978,936)
<b>NET</b>	<b>248,989,892,187</b>	<b>245,511,126,531</b>

*Movements of provision for obsolete inventories are as follows:*

	VND	
	<i>Current year</i>	<i>Previous year</i>
At beginning of year	(2,502,978,936)	(2,681,054,794)
Less: Utilization and reversal of provision during the year	624,631,851	178,075,858
At end of year	(1,878,347,085)	(2,502,978,936)

# Tan Tien Plastic Packaging Joint Stock Company

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NOTES TO THE FINANCIAL STATEMENTS (continued)  
as at 31 December 2020 and for the year then ended

## 9. TANGIBLE FIXED ASSETS

		Buildings and structures	Machinery and equipment	Means of transportation	Office equipment	Other assets	VND Total
<b>Cost</b>							
Beginning balance		211,166,742,747	595,361,640,559	63,194,810,331	12,909,377,120	2,289,681,895	884,922,252,652
New purchases		-	81,611,325,682	1,394,750,000	1,009,585,202	534,373,000	84,550,033,884
Disposal		-	(4,569,239,403)	(621,231,600)	(216,530,050)	-	(5,407,001,053)
Ending balance		<u>211,166,742,747</u>	<u>672,403,726,838</u>	<u>63,968,328,731</u>	<u>13,702,432,272</u>	<u>2,824,054,895</u>	<u>964,065,285,483</u>
<i>In which:</i>							
Fully depreciated		27,657,808,524	456,906,502,852	51,457,774,767	10,794,276,570	1,647,904,990	548,464,267,703
<b>Accumulated depreciation</b>							
Beginning balance		104,524,506,597	506,469,821,488	56,762,780,274	11,487,147,419	1,838,358,351	681,082,614,129
Depreciation for the year		11,083,550,526	26,765,127,751	1,969,979,394	720,728,880	249,506,398	40,788,892,949
Disposal		-	(4,569,239,403)	(621,231,600)	(216,530,050)	-	(5,407,001,053)
Ending balance		<u>115,608,057,123</u>	<u>528,665,709,836</u>	<u>58,111,528,068</u>	<u>11,991,346,249</u>	<u>2,087,864,749</u>	<u>716,464,506,025</u>
<b>Net carrying amount</b>							
Beginning balance		106,642,236,150	88,891,819,071	6,432,030,057	1,422,229,701	451,323,544	203,839,638,523
Ending balance		<u>95,558,685,624</u>	<u>143,738,017,002</u>	<u>5,856,800,663</u>	<u>1,711,086,023</u>	<u>736,190,146</u>	<u>247,600,779,458</u>



NOTES TO THE FINANCIAL STATEMENTS (continued)  
as at 31 December 2020 and for the year then ended**10. INTANGIBLE FIXED ASSETS**

			VND
	<i>Land use rights</i>	<i>Computer software</i>	<i>Total</i>
<b>Cost</b>			
Beginning balance	31,394,484,385	4,541,184,027	35,935,668,412
New purchases	-	1,163,063,000	1,163,063,000
Transfer from construction in progress	-	321,126,000	321,126,000
Ending balance	31,394,484,385	6,025,373,027	37,419,857,412
<i>In which:</i>			
Fully amortized	4,356,025,551	3,989,002,027	8,345,027,578
<b>Accumulated amortization</b>			
Beginning balance	9,683,487,632	3,971,793,759	13,655,281,391
Amortization for the year	615,153,173	762,645,716	1,377,798,889
Ending balance	10,298,640,805	4,734,439,475	15,033,080,280
<b>Net carrying amount</b>			
Beginning balance	21,710,996,753	569,390,268	22,280,387,021
Ending balance	21,095,843,580	1,290,933,552	22,386,777,132

**11. CONSTRUCTION IN PROCESS**

		VND
	<i>Ending balance</i>	<i>Beginning balance</i>
Construction cost of Luy Ban Bich Project (*)	95,867,616,168	95,867,616,168
Software	-	321,126,000
<b>TOTAL</b>	<b>95,867,616,168</b>	<b>96,188,742,168</b>

(\*) This comprises construction cost on existing leasehold land, located at 96 Luy Ban Bich Street, Tan Thoi Hoa Ward, Tan Phu District, Ho Chi Minh City, Vietnam. Ngoi Nha Xanh Co., Ltd. is implementing the project construction on behalf of the Company. The project comprising leasehold land and construction cost which will be transferred to Ngoi Nha Xanh Co., Ltd. when the project's legal documentation of the transfer is completed (Note 15).

**12. PREPAID EXPENSES**

		VND
	<i>Ending balance</i>	<i>Beginning balance</i>
<b>Short-term</b>	<b>1,000,874,460</b>	<b>1,166,549,750</b>
Insurance	757,835,685	1,069,370,150
Tools and equipment	123,939,375	-
Others	119,099,400	97,179,600
<b>Long-term</b>	<b>4,212,509,739</b>	<b>3,257,525,695</b>
Tools and equipment	1,794,162,218	1,188,280,015
Repairing fee	956,429,171	554,166,670
Others	1,461,918,350	1,515,079,010
<b>TOTAL</b>	<b>5,213,384,199</b>	<b>4,424,075,445</b>

NOTES TO THE FINANCIAL STATEMENTS (continued)  
as at 31 December 2020 and for the year then ended

### 13. SHORT-TERM TRADE PAYABLES

	VND	
	Ending balance	Beginning balance
Due to suppliers	239,879,982,854	309,378,933,157
Kien Duc Trading and Services Plastic Packaging Joint Stock Company	26,919,367,807	28,388,460,284
Sakata Inx Vietnam Co., Ltd	23,325,951,550	18,082,971,500
Hoa Binh Construction and Real Estate Corporation	1,444,161,414	76,732,199,499
Others	188,190,502,083	186,175,301,874
Due to a related party (Note 25)	-	38,156,265
<b>TOTAL</b>	<b>239,879,982,854</b>	<b>309,417,089,422</b>

### 14. TAX

	VND			
	Beginning balance	Payable for the year	Payment made in the year	Ending balance
<b>Payables</b>				
Corporate income tax	10,190,839,084	37,135,243,314	(38,495,578,426)	8,830,503,972
Personal income tax	1,410,915,535	7,038,636,046	(7,252,239,557)	1,197,312,024
Others	-	3,776,411,641	(3,776,411,641)	-
<b>TOTAL</b>	<b>11,601,754,619</b>	<b>47,950,291,001</b>	<b>(49,524,229,624)</b>	<b>10,027,815,996</b>

	VND			
	Beginning balance	Receivable for the year	Payment received in the year	Ending balance
<b>Receivables</b>				
Value-added tax deductibles	6,031,397,640	146,928,636,456	(144,956,894,514)	8,003,139,582
Import tax	15,308,318	4,546,624,107	(4,561,932,425)	-
<b>TOTAL</b>	<b>6,046,705,958</b>	<b>151,475,260,563</b>	<b>(149,518,826,939)</b>	<b>8,003,139,582</b>

NOTES TO THE FINANCIAL STATEMENTS (continued)  
as at 31 December 2020 and for the year then ended

## 15. OTHER SHORT-TERM PAYABLES

	VND	
	<i>Ending balance</i>	<i>Beginning balance</i>
Payment on behalf for implementing Luy Ban Bich Project (***)	102,633,978,306	-
Deposit received from Ngoi Nha Xanh Co., Ltd. (*)	94,178,164,936	91,811,238,738
Deposit received from Phuc Khang Development Co., Ltd. (**)	24,498,084,242	23,938,825,197
Dividend payables	70,453,400	69,800,800
Others	611,227,411	395,339,813
<b>TOTAL</b>	<b><u>221,991,908,295</u></b>	<b><u>116,215,204,548</u></b>
<i>In which:</i>		
<i>Payables to others</i>	221,674,992,449	116,215,204,548
<i>Payables to a related party</i>	316,915,846	-

(\*) This amount related to the event on 20 August 2015, the Company entered into a contract amounting to VND 115,165,164,000 plus costs of payments for project implementation contracts plus land use fees to transfer the project in cumulative years located at 96 Luy Ban Bich Street, Tan Thoi Hoa Ward, Tan Phu District, Ho Chi Minh City, Vietnam. As the date of this report, the Company is still in the process of finalizing the legal documentation of the project transfer.

(\*\*) This amount related to the event on 30 July 2016, the Company entered into a contract amounting to VND 26,796,000,000 plus land use fee with Phuc Khang Development Joint Stock Company to transfer of the project located at 38/24 Phan Anh Street, Tan Thoi Hoa Ward, Tan Phu District, Ho Chi Minh City, Vietnam. As the date of this report, the Company is still in the process of finalizing the legal documentation of the project transfer.

(\*\*\*) This amount represented the cost of construction was paid on behalf by Ngoi Nha Xanh of project located at located at 96 Luy Ban Bich Street, Tan Thoi Hoa Ward, Tan Phu District, Ho Chi Minh City, Vietnam. This amount will be netoff with proceed from transfer this project as mentioned above.

## 16. LONG-TERM PROVISION

Long-term provision represents the accrual for severance allowance to employees.



# Tan Tien Plastic Packaging Joint Stock Company

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NOTES TO THE FINANCIAL STATEMENTS (continued)  
as at 31 December 2020 and for the year then ended

## 17. OWNERS' EQUITY

### 17.1 Increase and decrease in owners' equity

	Share capital	Share premium	Treasury shares	Investment and development fund	Undistributed earnings	Total
						VND
<b>Previous year</b>						
Beginning balance	149,999,980,000	154,777,960,000	(45,918,033,800)	177,152,251,138	329,472,866,448	765,485,023,786
Net profit for the year	-	-	-	-	111,806,023,775	111,806,023,775
Dividend declared	-	-	-	-	(6,758,885,000)	(6,758,885,000)
Ending balance	149,999,980,000	154,777,960,000	(45,918,033,800)	177,152,251,138	434,520,005,223	870,532,162,561
<b>Current year</b>						
Beginning balance	149,999,980,000	154,777,960,000	(45,918,033,800)	177,152,251,138	434,520,005,223	870,532,162,561
Net profit for the year	-	-	-	-	145,164,198,460	145,164,198,460
Dividend declared	-	-	-	-	(6,758,885,000)	(6,758,885,000)
Ending balance	149,999,980,000	154,777,960,000	(45,918,033,800)	177,152,251,138	572,925,318,683	1,008,937,476,021

NOTES TO THE FINANCIAL STATEMENTS (continued)  
as at 31 December 2020 and for the year then ended

**17. OWNERS' EQUITY (continued)**

**17.2 Shares**

	Ending balance Quantity	Beginning balance Quantity
<b>Authorized shares</b>	<b>15,000,000</b>	<b>15,000,000</b>
<b>Issued shares</b>		
Issued and paid-up shares	14,999,998	14,999,998
Ordinary shares	14,999,998	14,999,998
<b>Treasury shares</b>		
Ordinary shares	1,482,228	1,482,228
<b>Shares in circulation</b>		
Ordinary shares	13,517,770	13,517,770

Par value of outstanding share: 10,000VND/share (31 December 2019:10,000 VND/share)

**17.3 Earnings per share**

	Current year	Previous year
Net profit attributable to ordinary shareholders of the Company (VND)	145,164,198,460	111,806,023,775
Weighted average number of ordinary shares (shares)	13,517,770	13,517,770
<b>Basic earnings per share (VND)</b> (par value: VND 10,000 per share)	<b>10,739</b>	<b>8,271</b>
<b>Diluted earnings per share (VND)</b>	<b>10,739</b>	<b>8,271</b>

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

**17.4 Dividend**

	Current year	VND Previous year
Dividend declared	6,758,885,000	6,758,885,000
Dividend paid	6,758,232,400	6,756,585,000

NOTES TO THE FINANCIAL STATEMENTS (continued)  
as at 31 December 2020 and for the year then ended

**18. REVENUES**

**18.1 Revenue from sale of goods and rendering of services**

	VND	
	Current year	Previous year
<b>Gross revenues</b>	<b>1,787,026,147,849</b>	<b>1,772,791,981,890</b>
Of which:		
Sale of finished goods	1,756,233,756,949	1,735,759,761,615
Sale of merchandise goods	14,908,200,530	18,194,983,844
Processing services	363,372,750	2,323,234,965
Others	15,520,817,620	16,514,001,466
<b>Less:</b>	<b>(6,195,052,465)</b>	<b>(9,269,189,350)</b>
Sale discount	(1,767,624,825)	(4,556,299,177)
Sales returns	(4,422,531,388)	(4,576,858,161)
Sale allowances	(4,896,252)	(136,032,012)
<b>NET REVENUES</b>	<b><u>1,780,831,095,384</u></b>	<b><u>1,763,522,792,540</u></b>
In which:		
Sale of finished goods	1,750,118,504,484	1,726,490,572,265
Sale of merchandise goods	14,828,400,530	18,194,983,844
Processing services	363,372,750	2,323,234,965
Others	15,520,817,620	16,514,001,466

**18.2 Finance income**

	VND	
	Current year	Previous year
Interest income	26,748,805,208	18,248,331,015
Foreign exchange gain	1,873,138,069	1,318,104,896
<b>TOTAL</b>	<b><u>28,621,943,277</u></b>	<b><u>19,566,435,911</u></b>

**19. COST OF GOODS SOLD AND SERVICES RENDERED**

	VND	
	Current year	Previous year
Cost of finished goods	1,515,172,488,817	1,510,089,646,210
Cost of merchandise goods	13,688,074,741	18,131,046,495
Cost of processing services	422,073,496	1,941,730,902
Cost of others	3,812,437,505	6,457,789,209
<b>TOTAL</b>	<b><u>1,533,095,074,559</u></b>	<b><u>1,536,620,212,816</u></b>



NOTES TO THE FINANCIAL STATEMENTS (continued)  
as at 31 December 2020 and for the year then ended**20. SELLING EXPENSES AND GENERAL AND ADMINISTRATIVE EXPENSES**

	VND	
	<i>Current year</i>	<i>Previous year</i>
<b>Selling expenses</b>	<b>44,740,732,416</b>	<b>50,454,324,932</b>
Expenses for external services	23,449,894,306	25,442,602,329
Labor costs	17,965,833,367	17,235,206,645
Depreciation and amortization	314,513,451	254,305,553
Others	3,010,491,292	7,522,210,405
<b>General and administrative expenses</b>	<b>41,599,327,060</b>	<b>44,268,196,809</b>
Labor costs	27,027,737,287	29,753,826,190
Expenses for external services	7,296,707,780	5,807,980,291
Depreciation and amortization	3,157,672,095	3,105,271,514
(Reversal of provision) provisions	(370,572,144)	404,883,662
Others	4,487,782,042	5,196,235,152
<b>TOTAL</b>	<b>86,340,059,476</b>	<b>94,722,521,741</b>

**21. FINANCE EXPENSES**

	VND	
	<i>Current year</i>	<i>Previous year</i>
Settlement discount	3,728,107,382	5,392,192,151
Foreign exchange loss	903,737,337	225,948,522
Interest expense	761,428,689	735,047,505
Others	8,908,167	27,586,500
<b>TOTAL</b>	<b>5,402,181,575</b>	<b>6,380,774,678</b>

**22. OTHER EXPENSES**

	VND	
	<i>Current year</i>	<i>Previous year</i>
Land rental expense	2,926,955,243	2,855,081,039
Tax penalties	-	809,259,474
<b>TOTAL</b>	<b>2,926,955,243</b>	<b>3,664,340,513</b>

**23. PRODUCTION AND OPERATING COSTS**

	VND	
	<i>Current year</i>	<i>Previous year</i>
Cost of materials	1,276,921,423,438	1,287,986,379,569
Labor costs	191,768,856,911	188,335,512,745
Expenses for external services	94,447,312,736	99,546,892,594
Depreciation and amortization (Notes 9 and 10)	42,166,691,838	41,956,460,523
Others	7,674,352,529	11,377,858,293
<b>TOTAL</b>	<b>1,612,978,637,452</b>	<b>1,629,203,103,724</b>

NOTES TO THE FINANCIAL STATEMENTS (continued)  
as at 31 December 2020 and for the year then ended

## 24. CORPORATE INCOME TAX

The Company has the obligation to pay corporate income tax ("CIT") at the rate of 20% of taxable profits.

The Company's tax returns 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 financial statements could change at a later date upon final determination by the tax authorities.

### 24.1 CIT expenses

	VND	
	Current year	Previous year
Current CIT expense	37,135,243,314	30,390,675,057
Adjust for under accrual of CIT expense in previous years	-	596,127,623
Total current CIT expenses	37,135,243,314	30,986,802,680
Deferred tax income	(309,764,873)	(998,720,478)
<b>TOTAL</b>	<b>36,825,478,441</b>	<b>29,988,082,202</b>

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

	VND	
	Current year	Previous year
<b>Accounting profit before tax</b>	<b>181,989,676,901</b>	<b>141,794,105,977</b>
At CIT rate of 20%	36,397,935,380	28,358,821,195
<i>Adjustments:</i>		
Non-deductible expenses	427,543,061	1,033,133,384
Adjustment for under accrual of tax from prior years	-	596,127,623
<b>CIT expenses</b>	<b>36,825,478,441</b>	<b>29,988,082,202</b>

### 24.2 Current CIT

The current tax payable is based on taxable profit for the year. Taxable profit differs from profit 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 not taxable or deductible. The Company's liability for current tax is calculated using tax rates that have been enacted at the balance sheet date.

NOTES TO THE FINANCIAL STATEMENTS (continued)  
as at 31 December 2020 and for the year then ended

**24. CORPORATE INCOME TAX (continued)**

**24.3 Deferred CIT**

The following is deferred tax assets recognized by the Company, and the movements thereon, during the current and previous years:

	<i>Balance sheet</i>		<i>Income statement</i>	
	<i>Ending balance</i>	<i>Beginning balance</i>	<i>Current year</i>	<i>Previous year</i>
Expenses of transfer real estates	5,476,555,292	4,891,164,244	585,391,048	571,016,208
Severance allowance	1,361,288,150	1,433,876,000	(72,587,850)	(155,568,815)
Provision for obsolete inventories	375,669,418	500,595,788	(124,926,370)	451,312,778
Accrued expenses	76,672,002	76,672,002	-	3,872,002
Sale rebate	73,029,889	102,747,720	(29,717,831)	102,747,720
Foreign exchange gain arising from revaluation of foreign currencies accounts	9,513,638	6,092,215	3,421,423	(26,474,962)
Provision for doubtful receivables	-	51,815,547	(51,815,547)	51,815,547
<b>Deferred tax assets</b>	<b><u>7,372,728,389</u></b>	<b><u>7,062,963,516</u></b>		
<b>Deferred tax credit to income statement</b>			<b><u>309,764,873</u></b>	<b><u>998,720,478</u></b>

**25. TRANSACTIONS WITH RELATED PARTIES**

Significant transactions of the Company with related parties in current year and prior year was as follows:

<i>Related parties</i>	<i>Relationship</i>	<i>Transactions</i>	<i>Current year</i>	<i>Previous year</i>
Minh Viet Packaging Co., Ltd.	Affiliate	Sale of goods	16,349,939,482	26,972,041,178
		Sale of raw materials	11,893,492,838	8,855,405,930
		Processing service	363,372,750	1,045,430,150
		Purchase of raw materials	2,405,008,413	42,994,000
		Lending of raw materials	1,044,342,784	-
		Borrowing of raw materials	557,238,774	-
Dongwons System Corporation	Major shareholder	Purchase of raw materials	221,097,881	441,332,710
		Sale of raw materials	-	6,385,200,192
		Sale of goods	-	2,406,812,953
		Purchase of finished goods	-	1,904,244,285



NOTES TO THE FINANCIAL STATEMENTS (continued)  
as at 31 December 2020 and for the year then ended

**25. TRANSACTIONS WITH RELATED PARTIES (continued)**

Amounts due to related parties at the balance sheet dates was as follows: (continued)

			VND	
<i>Related parties</i>	<i>Relationship</i>	<i>Transactions</i>	<i>Ending balance</i>	<i>Beginning balance</i>
<b>Short-term trade receivable</b>				
Minh Viet Packaging Co., Ltd.	Affiliate	Sale of raw material	<u>8,037,778,240</u>	<u>6,960,314,456</u>
<b>Short-term trade payable</b>				
Dongwons System Corporation	Major shareholder	Purchase of raw materials	<u>-</u>	<u>38,156,265</u>
<b>Other short-term payable</b>				
Minh Viet Packaging Co., Ltd.	Affiliate	Others	<u>316,915,846</u>	<u>-</u>

Remuneration of members of the Board of Directors and the General Director during the year was as follows:

Individuals	Position	Remuneration (VND)	
		<i>Current year</i>	<i>Previous year</i>
Mr Jo Jeong Kook	Member of the Board of Directors and the General Director	7,621,812,105	7,616,083,282
Mr Lee Sehoon	Member of the Board of Directors	<u>4,363,545,811</u>	<u>3,959,678,932</u>
<b>TOTAL</b>		<u><b>11,985,357,916</b></u>	<u><b>11,575,762,214</b></u>

**26. OPERATING LEASE COMMITMENTS**

The Company leases houses under operating lease arrangements. The minimum lease commitment as at the balance sheet date is as follows:

			VND	
			<i>Ending balance</i>	<i>Beginning balance</i>
Less than 1 year			888,370,433	643,015,733
From 1-5 years			<u>-</u>	<u>82,860,960</u>
<b>TOTAL</b>			<u><b>888,370,433</b></u>	<u><b>725,876,693</b></u>

NOTES TO THE FINANCIAL STATEMENTS (continued)  
as at 31 December 2020 and for the year then ended

## 27. SEGMENT REPORTING

A segment is a component determined separately by the Company which is engaged in providing products or related services (business segment), or providing products or services in a particular economic environment (geographical segment), that is subject to risks and returns that are different from those of other segments. As the Company's revenue and profit are derived mainly from manufacturing and trading pharmaceutical products in Vietnam while other sources of revenue are not material as a whole, management accordingly believes that the Company operates in a sole business segment of manufacturing plastic packaging used for food and consumer products within a single geographical segment. Therefore, no further segmental information is required to be presented.

## 28. EVENTS AFTER THE BALANCE SHEET DATE

There has been no significant event occurring after the balance sheet date which would require adjustments or disclosures to be made in the financial statements of the Company.



Tran Thi Thuy Tien  
Chief Accountant



Lee Sehoon  
Chief Financial Officer



Jo Jeong Kook  
General Director

16 March 2021