



**QUANG NGAI SUGAR  
JOINT STOCK COMPANY**

**Financial statements**

**For the year ended 31 December 2020**

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## REPORT OF THE MANAGEMENT

The Management of Quang Ngai Sugar Joint Stock Company is pleased to present this report together with the audited financial statements for the year ended 31/12/2020.

### Overview

Quang Ngai Sugar Joint Stock Company (“the Company”) is incorporated on the basis of equitizing the State-Owned Enterprise (Quang Ngai Sugar Company belonging to the Ministry of Agriculture and Rural Development) under Decision No. 2610/QD/BNN-DMDN dated 30/9/2005 by the Minister of Agriculture and Rural Development. The Company is an independent accounting entity, operating in accordance with Business Registration Certificate (now being the Enterprise Registration Certificate) No. 3403000079 issued by the Department of Planning and Investment of Quang Ngai Province on 28/12/2005, the Enterprise Law, its Charter and relevant regulations. Since the establishment date, the Enterprise Registration Certificate (the current number is 4300205943) has been amended 22 times and the most recent amendment was made on 22/07/2019.

The Company registered to list and trade its common shares on UPCoM at Hanoi Stock Exchange on 20 December 2016 with stock code QNS.

Charter capital as at 31/12/2020: VND3,569,399,550.

As at 31/12/2020, the Company has 16 dependent units which do independent accounting and one subsidiary:

### Dependent units

- Dung Quat Beer Factory;
- An Khe Agricultural and Mechanical Workshop;
- Viet Nam Soya Milk Factory - VINASOY;
- Viet Nam Soya Milk Factory - VINASOY Bac Ninh;
- Viet Nam Soya Milk Factory - VINASOY Binh Duong;
- VINASOY Study and Application Center;
- Pho Phong Sugar Factory;
- Environment and Clean Water Center;
- An Khe Sugar Factory;
- An Khe Biomass Power Plant;
- Candy And Biscuit Factory- BISCAFUN;
- Thach Bich Mineral Water Factory;
- Quang Ngai Sugarcane Variety Research Center;
- Quang Ngai Glucose Syrup Factory;
- Mechanical Factory;
- Gia Lai Sugarcane Seed Study and Application Center.

### Subsidiary

Company name	Address	Principal activities	% holding and voting right
Thanh Phat Trade Limited Company	02 Nguyen Chi Thanh, Quang Ngai City	Trading	100%

### Head office

- Address: 02 Nguyen Chi Thanh Street, Quang Phu Ward, Quang Ngai City, Quang Ngai Province.
- Tel: (84) 0255.3726 110

## REPORT OF THE MANAGEMENT (CONT'D)

- Fax: (84) 0255.3822 843
- Website: www.qns.com.vn

### *Principal activities*

- Processing milk and products from milk. Detail: Processing soya milk and products from soya milk;
- Restaurants and mobile food service activities;
- Manufacturing sugar;
- Manufacturing pastry cooks' products from flours;
- Manufacturing fertilizer and nitrogen compounds. Detail: Manufacturing inorganic, microbial fertilizers;
- Other food serving activities;
- Installing industrial machinery and equipment;
- Wholesale of beverages. Detail: Trading beer, beverages;
- Sewerage and waste water treatment;
- Manufacturing cocoa, chocolate and sugar confectionery;
- Repairing machinery and equipment;
- Other specialized construction activities;
- Wholesale of food. Detail: Trading sugar, honey, milk, confectionary;
- Manufacturing malt liquors and malt;
- Manufacturing non-alcoholic beverages, mineral waters. Detail: Manufacturing soft drinks and mineral water;
- Warehousing and storage;
- Propagation and growing of industrial cultivars. Detail: Propagation and care of sugar cane; Propagation and care of soybean trees;
- Post-harvest crop activities;
- Support activities for crop production. Detail: Planting sugar cane;
- Real estate activities with own or leased property;
- Machining; treatment and coating of metals. Detail: Machining mechanical products for manufacture and civil industries;
- Construction of other civil engineering projects;
- Freight transport by road;
- Short-term accommodation activities;
- Manufacturing agricultural and forestry machinery. Detail: Trading and manufacturing tools of agricultural machinery;
- Manufacturing other special-purpose machinery. Detail: Manufacturing machinery for planting, caring and harvesting sugar cane;
- Other specialized wholesale n.e.c. Detail: Trading inorganic fertilizers, microbial fertilizers; Trading glass bottles, plastic boxes; Trading sugar cane as seedlings, raw materials, ethanol, glucose syrup; Trading finished products, wastes from sugar processing such as: molasses, soy bean residue, malt in beer, bagasse, press mud;

## REPORT OF THE MANAGEMENT (CONT'D)

- Manufacturing other food products n.e.c. Detail: Manufacturing, trading glucose syrup; Manufacturing, trading ethanol such as food ethanol, fuel ethanol, denatured fuel ethanol, industrial ethanol; Manufacturing and trading food CO2 and industrial CO2;
- Growing of oil seeds;
- Seed processing for propagation;
- Other mining and quarrying n.e.c;
- Exploiting, treating and supplying water. Detail: Exploiting mineral water;
- Research and experimental development on natural sciences and engineering;
- Other professional, scientific and technical activities n.e.c. Detail: Agronomic consultancy;
- Organization of conventions and trade shows;
- Site preparation. Detail: Filling, grading, excavating land, building infield ditch roads and traffic of sugar cane area;
- Landscape care and maintenance service;
- Manufacturing gas; distributing gaseous fuels through mains. Detail: Manufacturing and supplying biogas and steam gas;
- Generating, transmitting and distributing electricity. Detail: Generating electricity;
- Packaging activities (except packaging of plant protection drugs).

### *Employees*

As at 31/12/2020, the Company had 3,765 employees, including 142 managing officers.

Members of the Board of Directors, Board of Supervisors, Management and Chief Accountant during the year and up to this reporting date are as follows:

### *Board of Directors*

- |                        |               |                           |
|------------------------|---------------|---------------------------|
| • Mr. Tran Ngoc Phuong | Chairman      | Appointed on 29/08/2020   |
|                        | Member        | Reappointed on 09/04/2016 |
| • Mr. Vo Thanh Dang    | Chairman      | Reappointed on 11/04/2016 |
|                        |               | Resigned on 29/08/2020    |
|                        | Member        | Appointed on 29/08/2020   |
| • Mr. Nguyen Huu Tien  | Vice Chairman | Reappointed on 11/04/2016 |
| • Mr. Ngo Van Tu       | Member        | Reappointed on 09/04/2016 |
| • Mr. Dang Phu Quy     | Member        | Reappointed on 09/04/2016 |

### *Board of Supervisors*

- |                           |                  |                           |
|---------------------------|------------------|---------------------------|
| • Mr. Nguyen Dinh Que     | Chief Supervisor | Reappointed on 11/04/2016 |
| • Mr. Nguyen Thanh Huy    | Supervisor       | Reappointed on 09/04/2016 |
| • Ms. Huynh Thi Ngoc Diep | Supervisor       | Appointed on 25/03/2017   |

### *Management and Chief Accountant*

- |                        |                       |                           |
|------------------------|-----------------------|---------------------------|
| • Mr. Vo Thanh Dang    | General Director      | Reappointed on 03/05/2016 |
| • Mr. Nguyen Huu Tien  | Vice General Director | Reappointed on 18/07/2020 |
| • Mr. Tran Ngoc Phuong | Vice General Director | Reappointed on 03/05/2016 |
| • Mr. Nguyen The Binh  | Chief Accountant      | Appointed on 10/12/2017   |

## REPORT OF THE MANAGEMENT (CONT'D)

### Independent Auditor

These financial statements have been audited by AAC Auditing and Accounting Co., Ltd. (Head office: Lot 78-80, 30<sup>th</sup> April Street, Hai Chau District, Da Nang City; Telephone: (84) 236.3655886; Fax: (84) 0236.3655887; Website: www.aac.com.vn; Email: aac@dng.vnn.vn).

### Statement of the Management's responsibility in respect of the financial statements

The Management of the Company is responsible for preparation and fair presentation of these financial statements on the basis of:

- Complying with Vietnamese Accounting Standards, Vietnamese Corporate Accounting System and other relevant regulations;
- Selecting suitable accounting policies and then applying them consistently;
- Making judgments and estimates that are reasonable and prudent;
- Preparing the financial statements on the going concern basis;
- Responsibility for such internal control as the Management determines is necessary to enable the preparation and presentation of the financial statements that are free from material misstatement, whether due to fraud or error.

Members of the Company's Management hereby confirm that the accompanying financial statements including the balance sheet, the income statement, the statement of cash flows and notes to the financial statements give a true and fair view of the financial position of the Company as at 31/12/2020 and the results of its operations and its cash flows for the year then ended in accordance with the prevailing Vietnamese Accounting Standards, Vietnamese Corporate Accounting System and the statutory requirements relevant to preparation and presentation of the financial statements.

On behalf of the Management



*[Signature]*  
Vo Thanh Dang  
General Director

Quang Ngai Province, 1 March 2021





## AAC AUDITING AND ACCOUNTING CO., LTD

AN INDEPENDENT MEMBER OF PRIMEGLOBAL

AUDITING - ACCOUNTING - FINANCE SPECIALITY

Head Office: Lot 78 - 80, April 30th Street, Hai Chau District, Da Nang City

Tel: +84 (236) 3 655 886; Fax: +84 (236) 3 655 887; Email: aac@dng.vnn.vn; Website: <http://www.aac.com.vn>

No.: 104/2021/BCKT-AAC

### INDEPENDENT AUDITORS' REPORT

**Attn:** The Shareholders, Board of Directors and Management  
Quang Ngai Sugar Joint Stock Company

We have audited the accompanying financial statements prepared on 1 March 2021 of Quang Ngai Sugar Joint Stock Company ("the Company") as set out on pages 7 to 44, which comprise the balance sheet as at 31 December 2020, the income statement, statement of cash flows, and notes to the financial statements for the year then ended.

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

The Management of the Company is responsible for the preparation and fair presentation of these financial statements in accordance with Vietnamese Accounting Standards, Vietnamese Corporate Accounting System and the statutory requirements relevant to preparation and presentation of financial statements, and for such internal control as the Management 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 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 the 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.

#### 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 the Vietnamese Accounting Standards, Vietnamese Corporate Accounting System and the statutory requirements relevant to preparation and presentation of financial statements.

10/02/2021 15:11

## Emphasis of Matter

We draw attention to Note 3 to the financial statements that the accompanying financial statements are the 2020 separate financial statements of the Company. These financial statements should be read in conjunction with the 2020 consolidated financial statements in order to obtain complete information on the consolidated financial position, consolidated results of operations and consolidated cash flows of the Company.

Our audit opinion is not qualified in respect of this matter.

## AAC Auditing and Accounting Co., Ltd.



**Tran Thi Phuong Lan - Deputy General Director**  
*Audit Practicing Registration Certificate*  
No. 0396-2018-010-1  
Da Nang City, 1 March 2021

A handwritten signature in blue ink, appearing to be "Dinh Ngoc Hong Hanh".

**Dinh Ngoc Hong Hanh - Auditor**  
*Audit Practicing Registration Certificate*  
No. 4452-2018-010-1



**BALANCE SHEET**  
As at 31 December 2020

Form B 01 - DN  
Issued under Circular No. 200/2014/TT - BTC  
dated 22/12/2014 by the Ministry of Finance

ASSETS	Code	Note	31/12/2020 VND	01/01/2020 VND
<b>A. CURRENT ASSETS</b>	<b>100</b>		<b>4,183,644,033,513</b>	<b>3,835,252,532,242</b>
<b>I. Cash and cash equivalents</b>	<b>110</b>		<b>419,589,966,019</b>	<b>211,157,417,797</b>
1. Cash	111	5	419,589,966,019	211,157,417,797
2. Cash equivalents	112		-	-
<b>II. Short-term financial investments</b>	<b>120</b>		<b>2,639,000,000,000</b>	<b>2,660,000,000,000</b>
1. Trading securities	121		-	-
2. Held-to-maturity investments	123	6.a	2,639,000,000,000	2,660,000,000,000
<b>III. Short-term receivables</b>	<b>130</b>		<b>263,747,647,385</b>	<b>280,107,727,345</b>
1. Short-term trade receivables	131	7	79,872,224,071	61,814,649,925
2. Short-term prepayments to suppliers	132	8	165,599,368,239	194,798,095,521
3. Other short-term receivables	136	9.a	32,387,315,965	35,684,143,228
4. Provision for doubtful debts	137	10	(14,111,260,890)	(12,189,161,329)
<b>IV. Inventories</b>	<b>140</b>	<b>11</b>	<b>842,703,815,600</b>	<b>660,243,720,588</b>
1. Inventories	141		842,703,815,600	660,243,720,588
2. Provision for obsolete inventories	149		-	-
<b>V. Other current assets</b>	<b>150</b>		<b>18,602,604,509</b>	<b>23,743,666,512</b>
1. Short-term prepaid expenses	151	12.a	17,022,161,150	16,556,870,264
2. Deductible VAT	152		1,554,657,847	7,157,450,445
3. Taxes and amounts receivable from the State	153	18	25,785,512	29,345,803
<b>B. LONG-TERM ASSETS</b>	<b>200</b>		<b>5,762,312,429,956</b>	<b>6,007,583,012,894</b>
<b>I. Long-term receivables</b>	<b>210</b>		<b>412,183,710</b>	<b>690,181,497</b>
1. Long-term trade receivables	211		-	-
2. Other long-term receivables	216	9.b	412,183,710	690,181,497
<b>II. Fixed assets</b>	<b>220</b>		<b>3,806,926,338,953</b>	<b>4,156,947,268,621</b>
1. Tangible fixed assets	221	13	3,790,512,715,213	4,134,126,498,870
- Cost	222		8,229,193,502,294	8,222,496,724,185
- Accumulated depreciation	223		(4,438,680,787,081)	(4,088,370,225,315)
2. Intangible fixed assets	227	14	16,413,623,740	22,820,769,751
- Cost	228		57,416,442,595	46,897,362,050
- Accumulated amortization	229		(41,002,818,855)	(24,076,592,299)
<b>III. Investment property</b>	<b>230</b>		<b>-</b>	<b>-</b>
<b>IV. Non-current assets in progress</b>	<b>240</b>		<b>928,433,147,969</b>	<b>826,034,324,026</b>
1. Long-term work in process	241		-	-
2. Construction in progress	242	15	928,433,147,969	826,034,324,026
<b>V. Long-term financial investments</b>	<b>250</b>	<b>6.b</b>	<b>800,000,000,000</b>	<b>800,000,000,000</b>
1. Investments in subsidiary	251		800,000,000,000	800,000,000,000
2. Held-to-maturity investments	255		-	-
<b>VI. Other long-term assets</b>	<b>260</b>		<b>226,540,759,324</b>	<b>223,911,238,750</b>
1. Long-term prepaid expenses	261	12.b	226,540,759,324	223,911,238,750
2. Other long-term assets	268		-	-
<b>TOTAL ASSETS</b>	<b>270</b>		<b>9,945,956,463,469</b>	<b>9,842,835,545,136</b>



**BALANCE SHEET (cont'd)**

As at 31 December 2020

RESOURCES	Code	Note	31/12/2020 VND	01/01/2020 VND
<b>C. LIABILITIES</b>	<b>300</b>		<b>2,673,695,664,495</b>	<b>2,590,687,621,476</b>
<b>I. Current liabilities</b>	<b>310</b>		<b>2,655,370,343,940</b>	<b>2,574,438,340,663</b>
1. Short-term trade payables	311	16	382,521,322,173	488,041,349,532
2. Short-term advances from customers	312	17	38,480,642,165	27,188,689,901
3. Taxes and amounts payable to the State budget	313	18	125,453,941,054	140,493,993,308
4. Payables to employees	314		124,277,942,109	132,629,279,523
5. Short-term accrued expenses	315	19	3,045,149,728	6,583,411,474
6. Other short-term payables	319	20.a	189,143,682,426	48,612,115,004
7. Short-term loans and finance lease liabilities	320	21	1,723,009,678,809	1,664,732,020,504
8. Reward and welfare fund	322		69,437,985,476	66,157,481,417
<b>II. Long-term liabilities</b>	<b>330</b>		<b>18,325,320,555</b>	<b>16,249,280,813</b>
1. Other long-term payables	337	20.b	11,085,657,724	10,968,832,523
2. Science and technology development fund	343	22	7,239,662,831	5,280,448,290
<b>D. EQUITY</b>	<b>400</b>		<b>7,272,260,798,974</b>	<b>7,252,147,923,660</b>
<b>I. Owners' equity</b>	<b>410</b>	<b>23</b>	<b>7,272,260,798,974</b>	<b>7,251,647,923,660</b>
1. Share capital	411	23	3,569,399,550,000	3,569,399,550,000
- Common shares with voting rights	411a		3,569,399,550,000	3,569,399,550,000
- Preferred shares	411b			
2. Share premium	412	23	353,499,663,780	353,499,663,780
3. Investment and development fund	418	23	606,577,096,243	567,823,798,211
4. Undistributed profit	421	23	2,742,784,488,951	2,760,924,911,669
- Undistributed profit up to prior year-end	421a		1,816,903,960,126	1,585,159,831,651
- Undistributed profit this year	421b		925,880,528,825	1,175,765,080,018
<b>II. Budget sources and other funds</b>	<b>430</b>		<b>-</b>	<b>500,000,000</b>
1. Budget resources	431		-	500,000,000
2. Resources financing fixed assets	432		-	
<b>TOTAL RESOURCES</b>	<b>440</b>		<b>9,945,956,463,469</b>	<b>9,842,835,545,136</b>



**Vo Thanh Dang**  
General Director

Quang Ngai Province, 1 March 2021

**Nguyen The Binh**  
Chief Accountant

**Tran Thi Xuan Hien**  
Preparer



**INCOME STATEMENT**  
**For the year ended 31 December 2020**

Form B 02 - DN  
Issued under Circular No. 200/2014/TT - BTC  
dated 22/12/2014 by the Ministry of Finance

ITEMS	Code	Note	Year 2020 VND	Year 2019 VND
Revenue from sales and service provision	01	25	6,241,287,659,518	7,403,972,150,566
Deductions	02	26	27,798,195,946	40,571,866,550
Net revenue from sales and service provision	10		6,213,489,463,572	7,363,400,284,016
Cost of goods sold	11	27	4,193,662,505,059	4,948,602,981,445
<b>Gross profit from sales and service provision</b>	<b>20</b>		<b>2,019,826,958,513</b>	<b>2,414,797,302,571</b>
Financial income	21	28	194,444,716,865	201,909,976,410
Financial expenses	22	29	71,847,485,893	77,362,094,057
<i>Including: Interest expense</i>	23		71,041,570,755	76,961,987,689
Selling expenses	25	30.a	627,174,280,551	749,508,041,635
Administrative expenses	26	30.b	230,818,746,809	209,810,817,534
<b>Operating profit</b>	<b>30</b>		<b>1,284,431,162,125</b>	<b>1,580,026,325,755</b>
Other income	31	31	38,140,987,044	33,110,011,771
Other expenses	32	32	5,044,355,138	7,546,051,800
<b>Other profit</b>	<b>40</b>		<b>33,096,631,906</b>	<b>25,563,959,971</b>
<b>Accounting profit before tax</b>	<b>50</b>		<b>1,317,527,794,031</b>	<b>1,605,590,285,726</b>
Current corporate income tax expense	51	33	213,177,287,706	251,355,228,208
Deferred corporate income tax expense	52		-	-
<b>Profit after tax</b>	<b>60</b>		<b>1,104,350,506,325</b>	<b>1,354,235,057,518</b>



**Vo Thanh Dang**  
General Director

Quang Ngai Province, 1 March 2021

**Nguyen The Binh**  
Chief Accountant

**Tran Thi Xuan Hien**  
Preparer



STATEMENT OF CASH FLOWS  
For the year ended 31 December 2020

Form B 03 - DN  
Issued under Circular No. 200/2014/TT - BTC  
dated 22/12/2014 by the Ministry of Finance

ITEMS	Code	Note	Year 2020	Year 2019
			VND	VND
<b>I. Cash flows from operating activities</b>				
1. Net profit before tax	01		1,317,527,794,031	1,605,590,285,726
2. Adjustments for				
- Depreciation and amortization	02	12,13,14	471,190,942,898	478,710,434,157
- Provisions	03		1,922,099,561	722,208,328
- Foreign exchange gain/loss from revaluation of foreign currency balances	04		570,063,420	(146,698,209)
- (Profits)/losses from investing activities	05		(171,778,864,949)	(168,953,512,597)
- Interest expense	06	29	71,041,570,755	76,961,987,689
- Other adjustments	07	23	10,000,000,000	-
3. Operating profit before changes in working capital	08		1,700,473,605,716	1,992,884,705,094
- Decrease/increase in receivables	09		(42,326,372,427)	49,970,694,326
- Decrease/increase in inventories	10		(182,460,095,012)	(76,189,772,496)
- Decrease/increase in payables	11		72,295,168,210	14,248,193,369
- Decrease/increase in prepaid expenses	12		(8,598,417,760)	(17,807,999,440)
- Interest paid	14		(71,529,594,551)	(77,010,710,017)
- Corporate income tax paid	15	18	(225,852,028,419)	(221,061,200,778)
- Other cash receipts from operating activities	16		-	500,000,000
- Other payments for operating activities	17		(18,005,781,949)	(13,811,047,220)
Net cash provided by operating activities	20		1,223,996,483,808	1,651,722,862,838
<b>II. Cash flows from investing activities</b>				
1. Purchases of fixed assets and other long-term assets	21		(198,582,596,557)	(646,105,857,883)
2. Proceeds from disposals of fixed assets and other long-term	22		5,332,015,001	1,411,979,091
3. Cash paid for loans, acquisition of debt instruments	23		(1,661,000,000,000)	(2,197,000,000,000)
4. Recovery of loans, sales of debt instruments	24		1,682,000,000,000	1,236,000,000,000
5. Received loan interest, dividends, profits	27		168,689,652,688	157,155,637,082
Net cash used in investing activities	30		(3,560,928,868)	(1,448,538,241,710)
<b>III. Cash flows from financing activities</b>				
1. Proceeds from stock issuance, capital contribution	31		-	123,694,501,324
2. Proceeds from borrowings	33	21	4,700,769,619,517	5,094,579,021,981
3. Repayment of loan principals	34	21	(4,642,491,961,212)	(5,157,031,076,354)
4. Dividends, profit paid to owners	36		(1,070,151,303,925)	(471,101,385,100)
Net cash used in financing activities	40		(1,011,873,645,620)	(409,858,938,149)
Net cash flows for the year	50		208,561,909,320	(206,674,317,021)
Cash and cash equivalents at the beginning of the year	60		211,157,417,797	417,823,626,254
Impacts of exchange rate fluctuations	61		(129,361,098)	8,108,564
Cash and cash equivalents at the end of the year	70		419,589,966,019	211,157,417,797



**Vo Thanh Dang**  
General Director

Quang Ngai Province, 1 March 2021

**Nguyen The Binh**  
Chief Accountant

**Tran Thi Xuan Hien**  
Preparer

## NOTES TO THE FINANCIAL STATEMENTS

*(These notes form an integral part of and should be read in conjunction with the financial statements)*

Form B 09 - DN  
Issued under Circular No. 200/2014/TT - BTC  
dated 22/12/2014 by the Ministry of Finance

### 1. Nature of operations

#### 1.1. Overview

Quang Ngai Sugar Joint Stock Company (“the Company”) is incorporated on the basis of equitizing the State-Owned Enterprise (Quang Ngai Sugar Company belonging to the Ministry of Agriculture and Rural Development) under Decision No. 2610/QD/BNN-DMDN dated 30/9/2005 by the Minister of Agriculture and Rural Development. The Company is an independent accounting entity, operating in accordance with Business Registration Certificate (now being the Enterprise Registration Certificate ) No. 3403000079 issued by the Department of Planning and Investment of Quang Ngai Province on 28/12/2005, the Enterprise Law, its Charter and relevant regulations. Since the establishment date, the Enterprise Registration Certificate (the current number is 4300205943) has been amended 22 times and the most recent amendment was made on 22/07/2019.

*1.2. Principal scope of business: Industrial manufacture and commercial trading/service/construction/multi-industry business.*

#### 1.3. Operating activities

- Processing milk and products from milk. Detail: Processing soya milk and products from soya milk;
- Restaurants and mobile food service activities;
- Manufacturing sugar;
- Manufacturing pastry cooks’ products from flours;
- Manufacturing fertilizer and nitrogen compounds. Detail: Manufacturing inorganic, microbial fertilizers;
- Other food serving activities;
- Installing industrial machinery and equipment;
- Wholesale of beverages. Detail: Trading beer, beverages;
- Sewerage and waste water treatment;
- Manufacturing cocoa, chocolate and sugar confectionery;
- Repairing machinery and equipment;
- Other specialized construction activities;
- Wholesale of food. Detail: Trading sugar, honey, milk, confectionary;
- Manufacturing malt liquors and malt;
- Manufacturing non-alcoholic beverages, mineral waters. Detail: Manufacturing soft drinks and mineral water;
- Warehousing and storage;
- Propagation and growing of industrial cultivars. Detail: Propagation and care of sugar cane; Propagation and care of soybean trees;
- Post-harvest crop activities;
- Support activities for crop production. Detail: Planting sugar cane;
- Real estate activities with own or leased property;



## NOTES TO THE FINANCIAL STATEMENTS (cont'd)

*(These notes form an integral part of and should be read in conjunction with the financial statements)*

- Machining; treatment and coating of metals. Detail: Machining mechanical products for manufacture and civil industries;
- Construction of other civil engineering projects;
- Freight transport by road;
- Short-term accommodation activities;
- Manufacturing agricultural and forestry machinery. Detail: Trading and manufacturing tools of agricultural machinery;
- Manufacturing other special-purpose machinery. Detail: Manufacturing machinery for planting, caring and harvesting sugar cane;
- Other specialized wholesale n.e.c. Detail: Trading inorganic fertilizers, microbial fertilizers; Trading glass bottles, plastic boxes; Trading sugar cane as seedlings, raw materials, ethanol, glucose syrup; Trading finished products, wastes from sugar processing such as: molasses, soy bean residue, malt in beer, bagasse, press mud;
- Manufacturing other food products n.e.c. Detail: Manufacturing, trading glucose syrup; Manufacturing, trading ethanol such as food ethanol, fuel ethanol, denatured fuel ethanol, industrial ethanol; Manufacturing and trading food CO2 and industrial CO2;
- Growing of oil seeds;
- Seed processing for propagation;
- Other mining and quarrying n.e.c;
- Exploiting, treating and supplying water. Detail: Exploiting mineral water;
- Research and experimental development on natural sciences and engineering;
- Other professional, scientific and technical activities n.e.c. Detail: Agronomic consultancy;
- Organization of conventions and trade shows;
- Site preparation. Detail: Filling, grading, excavating land, building infield ditch roads and traffic of sugar cane area;
- Landscape care and maintenance service;
- Manufacturing gas; distributing gaseous fuels through mains. Detail: Manufacturing and supplying biogas and steam gas;
- Generating, transmitting and distributing electricity. Detail: Generating electricity;
- Packaging activities (except packaging of plant protection drugs).

### ***1.4. Normal operating cycle***

The Company's normal operating cycle is 12 months. The normal operating cycle of An Khe Sugar Factory, An Khe Biomass Power Plant and Pho Phong Sugar Factory is seasonal and from October of the preceding year to May of the following year.

### ***1.5. Company structure***

As at 31/12/2020, the Company had 16 dependent units which do independent accounting and one subsidiary as follows:

**NOTES TO THE FINANCIAL STATEMENTS (cont'd)**

*(These notes form an integral part of and should be read in conjunction with the financial statements)*

***Dependent units***

- Dung Quat Beer Factory;
- An Khe Agricultural and Mechanical Workshop;
- Viet Nam Soya Milk Factory - VINASOY;
- Viet Nam Soya Milk Factory - VINASOY Bac Ninh;
- Viet Nam Soya Milk Factory - VINASOY Binh Duong;
- VINASOY Study and Application Center;
- Pho Phong Sugar Factory;
- Environment and Clean Water Center;
- An Khe Sugar Factory;
- An Khe Biomass Power Plant;
- Candy And Biscuit Factory- BISCAFUN;
- Thach Bich Mineral Water Factory;
- Quang Ngai Sugarcane Variety Research Center;
- Quang Ngai Glucose Syrup Factory;
- Mechanical Factory;
- Gia Lai Sugarcane Seed Study and Application Center.

***Subsidiary***

<b>Company name</b>	<b>Address</b>	<b>Principal activities</b>	<b>% holding and voting right</b>
Thanh Phat Trade Limited Company	02 Nguyen Chi Thanh, Quang Ngai City	Trading	100%

**2. Accounting period, currency used in accounting**

The Company's annual accounting period is from 01 January to 31 December.

Currency unit used for accounting records and presented in the financial statements is Vietnamese Dong (VND).

**3. Applied accounting standards and system**

The Company adopts the Vietnamese Corporate Accounting System, which was guided under Circular No. 200/2014/TT-BTC dated 22/12/2014 and Vietnamese Accounting Standards promulgated by the Ministry of Finance.

As at 31/12/2020, the Company has a subsidiary, thus in 2020, the Company concurrently prepared both the Company's separate financial statements and consolidated financial statements. These separate financial statements should be read in conjunction with the 2020 consolidated financial statements in order to obtain complete information on the consolidated financial position, consolidated results of operations and consolidated cash flows of the Company.

## NOTES TO THE FINANCIAL STATEMENTS (cont'd)

*(These notes form an integral part of and should be read in conjunction with the financial statements)*

### 4. Summary of significant accounting policies

#### 4.1 Exchange rate difference applied in accounting

Transactions denominated in foreign currency are translated into VND using the actual exchange rate announced by the commercial bank where the Company anticipates conducting transactions on the date of the transactions.

At the balance sheet date, monetary items denominated in foreign currency which are classified as assets are revaluated using the purchasing exchange rate and monetary items denominated in foreign currency which are classified as liabilities are revaluated using the selling exchange rate of the commercial bank where the Company regularly conducts transactions at the time of the financial statements. For foreign currency deposited in bank, the exchange rate upon revaluation is the purchase exchange rate of the bank where the Company opens foreign currency accounts.

Exchange rate differences are treated in accordance with the provisions of Vietnamese Accounting Standards No. 10 "Impacts of exchange rate fluctuations". Accordingly, foreign exchange differences arising during the year and exchange rate differences resulting from revaluing the closing balances of monetary items denominated in foreign currencies are recorded in the income statement of the fiscal year.

#### 4.2 Cash and cash equivalents

Cash includes: cash on hand, demand deposits and cash in transit.

Cash equivalents are short-term investments which are collectible or mature within 3 months at the date of purchase, readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value at reporting date.

#### 4.3 Financial investments

##### *Held-to-maturity investments*

Held-to-maturity investments are term deposits (including treasury bills, promissory notes), bonds, preferred shares which the issuer is required to re-buy them at a certain time in the future and held-to-maturity loans to earn profits periodically and other held-to-maturity investments.

Held-to-maturity investments are recorded at book value upon revaluation. Provision for loss of held-to-maturity investments shall be recorded as a decrease directly in the book value of investments.

##### *Investments in subsidiaries*

Subsidiaries are entities controlled by the Company. The subsidiary-parent company relationship is represented through the fact that the Company holds (directly or indirectly) over 50% voting shares in the subsidiary and has the power to govern the financial and operating policies of the subsidiary.

Investments in subsidiaries are recorded at cost less provision. Dividends and profits received in money or non-monetary asset for the period before the investment date shall be recorded as a decrease in value of investment.

## NOTES TO THE FINANCIAL STATEMENTS (cont'd)

(These notes form an integral part of and should be read in conjunction with the financial statements)

### *Provision*

Provision for investments in subsidiaries is made if these investments are impaired or the investees suffer losses leading to the irrecoverability of the Company's investments.

With regards to the investees who are required to prepare the consolidated financial statements, the provision is made based on the consolidated financial statements. For other cases, the provision is made based on the financial statements of the investees.

### **4.4 Receivables**

Receivables include trade receivables and other receivables.

- Trade receivables include commercial receivables generating from purchase-sale related transactions between the Company and buyers;
- Other receivables include non-commercial receivables, receivables not related to purchase-sale and intra-company transactions.

Receivables are recorded at cost less provision for doubtful debts. Provision for doubtful debts represents the estimated loss amounts at the balance sheet date for overdue receivables which the Company has claimed many times but still has not collected yet or which have not been overdue but the debtor has been in the state of insolvency, doing dissolution procedures, missing or running away.

### **4.5 Inventories**

Inventories are stated at the lower of cost and net realizable value.

Value of inventories is calculated using the weighted average method and accounted for using the perpetual method with cost determined as follows:

- Materials, goods: Cost comprises costs of purchase, costs of conversion and any directly attributable costs of bringing the inventories to their present location and condition;
- Finished products: Cost comprises costs of direct materials and labour plus attributable overhead based on the normal level of activities.

Net realizable value is the estimated selling price less the estimated costs of completing the products and the estimated costs needed for their consumption.

Provision for decline in value of inventories is made for each kind of inventories when the net realizable value of that kind of inventories is less than cost.

### **4.6 Tangible fixed assets**

#### *Cost*

Tangible fixed assets are stated at cost less accumulated depreciation.

The cost of tangible assets comprises their purchase price and all the costs incurred by the Company to acquire those assets as of the time of putting such assets into the ready-for-use state. The costs incurred after the initial recognition of tangible fixed asset shall be recorded as increase in their historical cost if these costs are certain to augment future economic benefits obtained from the use of those assets. Those incurred costs which fail to meet this requirement must be recognized as production and business expenses in the period.

## NOTES TO THE FINANCIAL STATEMENTS (cont'd)

(These notes form an integral part of and should be read in conjunction with the financial statements)

### *Depreciation*

Depreciation of fixed assets is calculated in accordance with the straight-line method over their estimated useful lives. Depreciation period is in conformity with Circular No. 45/2013/TT-BTC dated 25/4/2013 by the Ministry of Finance. The Company accelerates the depreciation of machinery, equipment, office equipment and motor vehicles but not more than 2 times of the depreciation rate by the straight-line method. Details are as follows:

<u>Kinds of assets</u>	<u>Depreciation period (years)</u>
Buildings, architectures	5 - 25
Machinery, equipment	3 - 15
Motor vehicles	3 - 10
Office equipment	3 - 10

### *4.7 Intangible fixed assets*

#### *Cost*

Intangible fixed assets are stated at cost less accumulated amortization.

The cost of intangible fixed assets comprises all the costs incurred by the Company to acquire those assets as of the time of putting such assets into the ready-for-use state.

#### *Land use rights*

Intangible fixed assets are land use rights including:

- The land use right allocated by the State with land use fee or receiving the transfer of legal land use right (including term and non-term land use right).
- The prepaid land rent (has been paid for the leasing time or paid in advance for many years but the remaining land lease term paid is at least five years) for the land rent contract before the effective date of the Land Act 2003 and being granted with certificate of land use right by the competent authority.

The cost of land use right includes all the costs directly attributable to the putting of land into the ready-for-use state.

#### *Amortization*

Intangible fixed assets being land use rights with indefinite term are not amortized. For land use rights with definite term, the amortization period is the period in which the Company is allowed to use the land.

Other intangible fixed assets are amortized in accordance with the straight-line method. Amortization rate is based on their cost and estimated useful lives. Amortization period is in conformity with Circular No. 45/2013/TT-BTC dated 25/4/2013 by the Ministry of Finance.

The amortization period of intangible fixed assets of the Company is as follows:

<u>Kind of assets</u>	<u>Amortization period (years)</u>
Land use rights with definite term	15
Accounting software	1.5 - 3



## NOTES TO THE FINANCIAL STATEMENTS (cont'd)

(These notes form an integral part of and should be read in conjunction with the financial statements)

### 4.8 Asset leases

An operating lease is a lease in which a significant portion of the risks and rewards of ownership are retained by the lessor. Payments made under operating leases are recognized in the income statement on a straight-line basis over the term of the lease.

### 4.9 Prepaid expenses

Prepaid expenses are reported as short-term or long-term prepaid expenses. These are expenditures that have been incurred but related to the operations of many accounting periods. The Company's primary prepayments are as follows:

- Land rental and all costs related to the leased land are amortized in accordance with the straight-line method over the term of the lease;
- Tools, instruments, empty bottles, boxes which were put into use are amortized in accordance with the straight-line method for a period ranging from 1 year to 3 years;
- Other prepaid expenses: the Company selects appropriate method and criteria of allocation over the period in which economic benefits are expected to be received based on the nature and extent of the prepaid expenses.

### 4.10 Payables

Payables include trade payables and other payables.

- Trade payables are trade-related amounts, arising from trading activities between the Company and its suppliers;
- Other payables are non-trade amounts, which are not related to trading activities, intra-company transactions.

Payables are recognized at cost and reported as short-term and long-term payables based on their remaining terms at the balance sheet date.

Payables are monitored according to their creditors, principal terms, remaining terms and currencies.

### 4.11 Accrued expenses

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

### 4.12 Loans and finance lease liabilities

Loans and finance lease liabilities are reflected at cost and classified into current liabilities and long-term liabilities based on their remaining terms at the balance sheet date.

The Company monitors loans and finance lease liabilities according to their creditors, loan agreements, principal terms, remaining terms and currencies.

#### *Borrowing costs*

Borrowing costs comprise interest and other costs that the Company incurs in connection with the borrowing of funds. Borrowing costs are recognized as an expense in the period in which they are

## NOTES TO THE FINANCIAL STATEMENTS (cont'd)

*(These notes form an integral part of and should be read in conjunction with the financial statements)*

incurred, except to the extent that they qualify the conditions to be capitalized in accordance with Accounting Standard "Borrowing costs".

Borrowing costs associated with a particular borrowing for the purpose of obtaining a qualifying asset shall be capitalized as part of the cost of that asset. For general borrowing funds, the borrowing costs eligible for capitalization in the period shall be determined according to the capitalization rate, which is the weighted average of the borrowing costs applicable to the borrowings of the Company that are outstanding during the period.

Capitalisation of borrowing costs shall be suspended during extended periods in which it suspends active development of a qualifying asset, except to the extent that the suspension is necessary. Capitalization shall be ceased when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are complete.

### **4.13 Scientific and technological development fund**

Scientific and technological development fund is established by the Company to form finance source to invest in its activities of science and technology through activities of research, application and development, technology innovation, product innovation, production rationalization in order to improve the competitiveness of the Company.

The appropriation of provision for and use of Scientific and technological development fund from 01/01/2016 to 31/08/2016 are guided by Circular No. 15/2011/TT-BTC dated 09/02/2011 and Circular No. 105/2012/TT-BTC dated 25/06/2012 by the Ministry of Finance. For fixed assets purchased from the Scientific and technological development fund after being certified by the local Science and Technology Department, the Company makes entries for decreasing the Scientific and technological development fund and increasing the accumulated depreciation of fixed assets by the entire cost of those fixed assets.

As from 01/09/2016, the Company has used and made provision for Scientific and technological development fund in accordance with Joint Circular No. 12/2016/TTLT-BKHHCN-BTC dated 28/06/2016 of the Ministry of Science and Technology and the Ministry of Finance.

### **4.14 Owners' equity**

Share capital represents the amount of capital actually contributed by shareholders.

#### ***Share premium***

Share premium reflects the difference between the issue price and par value of the shares issued, costs directly related to the issuance of shares; difference between the re-issue price and book value, costs directly related to the re-issuance of shares; the capital component of convertible bonds as they fall due.

#### ***Profit distribution***

Profit after corporate income tax is available for appropriation to funds and to shareholders as provided for in the Resolution of Annual General Shareholders' Meeting.

The dividend to be paid to the shareholders shall not exceed the undistributed profit after tax and with consideration of non-monetary items in undistributed post-tax profits that may affect cash flow and ability to pay dividends.

## NOTES TO THE FINANCIAL STATEMENTS (cont'd)

*(These notes form an integral part of and should be read in conjunction with the financial statements)*

### 4.15 Recognition of revenue and other income

- Revenue from construction contracts:
  - ✓ In the case where it is stipulated in the contract that contractors make payments upon the work's progress, revenue and expenses are recorded for completed portion when the contract outcome is estimated reliably;
  - ✓ In the case where the contract stipulates that contractors make payment upon the work volume, revenue and expenses are recognized for the completed portion confirmed by the customer when the contract outcome is measured reliably.
- Revenue from sales and service provision is recognized to the extent that it is probable that the economic benefits will flow to the Company, the revenue can be reliably measured and the following conditions are also met:
  - ✓ Revenue from the sale of goods is recognized in the income statement when the significant risks and rewards of ownership have been transferred to the buyer and there are no significant uncertainties regarding recovery of the consideration due or the likely return of goods;
  - ✓ Revenue from service provision is recognized when the services have been rendered. In case that the services are to be provided in many accounting periods, the determination of revenue in each period is done on the basis of the service completion rate as of the balance sheet date.
- Revenue from financing activities is recognized when revenue is determined with relative certainty and it is possible to obtain economic benefits from the transactions.
  - ✓ Interests are recognized on the basis of the actual term and interest rates;
  - ✓ Dividends and profits shared are recognized when the Company assumes the rights to receive dividends or profit from the capital contribution. Stock dividends are not recognized as financial revenue. Dividends received in the period before investment date shall be recorded as a decrease in value of investment.
- Other income is the income derived out of the Company's scope of business and recognized when it can be measured reliably and it is probable that the economic benefits associated with the transaction will flow to the Company.

### 4.16 Revenue deductions

Revenue deductions include trade discounts, sales rebates and sales returns.

In case where revenue is recognized in during the year but the corresponding revenue deductions arise after the balance sheet date, revenue shall be decreased in accordance with the following principles:

- If the corresponding deductions arise before the date of releasing the financial statements, they shall be charged against revenue of the reporting year;
- If the corresponding revenue deductions arise after the date of releasing the financial statements, they shall be charged against revenue of the next reporting year.

### 4.17 Cost of goods sold

Cost of products, goods sold and services rendered shall be recognized in the right period in accordance with the matching principle and conservatism principle.

## NOTES TO THE FINANCIAL STATEMENTS (cont'd)

*(These notes form an integral part of and should be read in conjunction with the financial statements)*

Costs of inventories and services rendered which are incurred in excess of the ordinary level shall be charged out to cost of goods sold in the period, not to the production cost of goods and services.

### 4.18 Financial expenses

Financial expenses reflect expenses or losses related to financial investment activities: interest expense, interest on installment purchase, interest on finance lease, payment discounts for buyers, expenses and loss on liquidating, transferring investments; provision for diminution in value of trading securities, provision for loss from investment in other entities, loss from sale of foreign currency, foreign exchange loss and expenses of other investing activities.

### 4.19 Selling expenses, administrative expenses

Selling expenses reflect expenses actually incurred in process of selling products, goods, rendering services.

Administrative expenses reflect expenses actually incurred related to the overall administration of enterprises.

### 4.20 Current income tax expense, deferred income tax expense

Corporate income tax expenses include current income tax and deferred income tax.

Current income tax is the tax amount computed based on the taxable income in the period at the tax rates ruling at the balance sheet date. The difference between taxable income and accounting profit is due to the adjustments of temporary differences between tax and accounting figures as well as those of non-taxable or non-deductible income and expenses.

Deferred income tax is determined for temporary differences at the balance sheet date between the tax base of assets and liability and their carrying amount for financial reporting purpose.

### 4.21 Financial instruments

#### Initial recognition

##### *Financial assets*

A financial asset is recognized initially at cost plus transaction costs directly attributable to the acquisition of the asset. The Company's financial assets include cash on hand, cash in bank, trade receivables, other receivables and financial investments.

##### *Financial liabilities*

A financial liability is recognized initially at cost plus transaction costs directly attributable to the issuance of such liability. The Company's financial liabilities include loans, trade payables, accrued expenses and other payables.

#### Subsequent measurement

Currently, there has been no requirement for subsequent measurement of financial instruments.

### 4.22 Tax rates and charges payable to the State Budget which the Company is applying

- Value Added Tax (VAT):
  - ✓ 5% is applicable to sugar, molasses, ethanol, malt.

## NOTES TO THE FINANCIAL STATEMENTS (cont'd)

*(These notes form an integral part of and should be read in conjunction with the financial statements)*

- ✓ 10% is applicable to mineral water, confectionery, milk, beer, packages, commercial electricity, advertising services and sales of wastes.
- ✓ Other products, services are subject to prevailing tax rates.
- Special consumption tax: A tax rate of 65% is applicable to beer.
- Natural resources tax:
  - ✓ Activity of exploiting mineral water at VND325,000/m<sup>3</sup> x tax rate (10%);
  - ✓ Activity of exploiting Tra Khuc River water at VND4,000/m<sup>3</sup> x tax rate (1%).
- Corporate Income Tax (CIT):

Applicable CIT rate is 20%.

Incentives for some dependent units are listed below:

- ✓ Agricultural and Mechanical Workshop: Income from the activity of ploughing land is free of tax.
- ✓ Quang Ngai Cane Variety Research Center (Nghia Hanh District, Quang Ngai Province): tax rate of 10% is applicable to the activities of planting and processing farm produce in area with difficult socio-economic conditions.
- ✓ An Khe Sugar Factory (An Khe Town, Gia Lai Province):
  - + For income from processing farm produce: CIT exemption is applicable to income from processing farm produce in area with extremely difficult socio-economic conditions.
  - + For other income from production and business activities: CIT rate of 10% is applicable for 15 years (from 2006 to 2020);
- ✓ Pho Phong Sugar Factory: tax rate of 15% is applicable to income from the activity of processing farm produce in area without difficult socio-economic conditions or extremely difficult socio-economic conditions.
- ✓ Viet Nam Soya Milk Factory - VINASOY Bac Ninh has the expansion investment project which was invested from 2009 to 2013, satisfying conditions for tax incentives as regulated and are entitled to tax incentives for the remaining time as from the tax-calculation year of 2015. For investment after 2014 satisfying conditions for tax incentives as regulated, the factory shall enjoy incentives for new investment. Accordingly, the factory is entitled to tax exemption for 2 years and 50% reduction of tax amount payable in the subsequent 4 years with respect to income from the expansion investment project as from 2016.
- ✓ Viet Nam Soya Milk Factory - VINASOY Binh Duong has the new investment project in 2016 satisfying conditions for tax incentives as regulated shall enjoy incentives for new investment. Accordingly, the factory is entitled to tax exemption for 2 years and 50% reduction of tax amount payable in the subsequent 4 years for income from new investment project as from 2017.
- ✓ Thach Bich Mineral Water Factory has the expansion investment project which was invested in 2017. Accordingly, the factory is entitled to tax exemption for 2 years and 50% reduction of tax amount payable in the subsequent 4 years with respect to income from the expansion investment project as from 2017.
- ✓ An Khe Biomass Power Plant has the new investment project in the area with extremely difficult socio-economic conditions. Accordingly, the factory is entitled to the tax rate of 10% for 15 years (from 2018 to 2032), tax exemption for 4 years (from 2018 to 2021) and 50% reduction of tax amount payable in the subsequent 9 years (from 2022 to 2030).



**NOTES TO THE FINANCIAL STATEMENTS (cont'd)**

(These notes form an integral part of and should be read in conjunction with the financial statements)

- ✓ Gia Lai Sugarcane Seed Study and Application Center: CIT exemption is applicable to the activities of planting and processing farm produce in area with extremely difficult socio-economic conditions.
- Other taxes and charges are paid in accordance with relevant regulations.

**4.23 Related parties**

Parties are considered to be related if one party has the ability to (directly or indirectly) control the other party or exercise significant influence over the other party in making financial or operational decisions.

Unit: VND

**5. Cash**

	31/12/2020		01/01/2020	
Cash on hand		16,736,433,621		9,174,417,605
+ VND		16,714,213,621		9,157,517,605
+ Monetary gold (SJC gold bars)	4 bars	22,220,000	4 bars	16,900,000
Cash in bank		402,853,532,398		201,983,000,192
+ VND		401,751,056,553		199,995,892,868
+ USD	47,901.40 #	1,102,143,682	85,956.45 #	1,986,500,037
+ EUR	11.86 #	332,163	23.48 #	607,287
<b>Total</b>		<b>419,589,966,019</b>		<b>211,157,417,797</b>

**6. Financial investments**

**a. Held-to-maturity investments**

	31/12/2020	01/01/2020
Term deposits	2,639,000,000,000	2,660,000,000,000
<b>Total</b>	<b>2,639,000,000,000</b>	<b>2,660,000,000,000</b>

As at 31/12/2020, held-to-maturity investments of the Company are bank deposits with term ranging from 6 months to 1 year. The Management assesses that these investments are not impaired.

**b. Long-term financial investments**

	31/12/2020				01/01/2020	
	% holding	Voting rate	Cost	Provision	Cost	Provision
Investment in subsidiary			800,000,000,000	-	800,000,000,000	-
- Thanh Phat Trade Limited Company	100%	100%	800,000,000,000	-	800,000,000,000	-
<b>Total</b>			<b>800,000,000,000</b>	<b>-</b>	<b>800,000,000,000</b>	<b>-</b>

**NOTES TO THE FINANCIAL STATEMENTS (cont'd)**

*(These notes form an integral part of and should be read in conjunction with the financial statements)*

The 2020 income statement of Thanh Phat Trade Limited Company shows profit and no accumulated loss as at 31/12/2020. As a result, this investment is recognized at cost and no provision is made for it.

**7. Short-term trade receivables**

	31/12/2020	01/01/2020
MM Mega Market (Vietnam) Company Limited	1,972,675,761	1,825,763,638
EB Service Co., Ltd	3,960,934,685	3,914,055,722
Vietnam Electricity	17,765,891,848	7,353,570,996
Tetra Pak Vietnam Joint Stock Company	34,463,000,000	30,250,000,000
Other customers	21,709,721,777	18,471,259,569
<b>Total</b>	<b>79,872,224,071</b>	<b>61,814,649,925</b>

**8. Short-term prepayments to suppliers**

	31/12/2020	01/01/2020
Prepayments to farmers for buying sugarcane	142,705,451,606	164,260,265,734
Other suppliers	22,893,916,633	30,537,829,787
<b>Total</b>	<b>165,599,368,239</b>	<b>194,798,095,521</b>

**9. Other receivables**

**a. Short-term**

	31/12/2020		01/01/2020	
	Value	Provision	Value	Provision
Bank interest receivables	23,466,126,027	-	25,708,928,767	-
Advances	1,753,502,404	-	2,699,187,693	-
Deposits, collaterals	357,293,787	-	79,296,000	-
Other receivables	6,810,393,747	18,451,050	7,196,730,768	-
<b>Total</b>	<b>32,387,315,965</b>	<b>18,451,050</b>	<b>35,684,143,228</b>	<b>-</b>

**b. Long-term**

	31/12/2020		01/01/2020	
	Value	Provision	Value	Provision
Deposits, collaterals	412,183,710	-	690,181,497	-
<b>Total</b>	<b>412,183,710</b>	<b>-</b>	<b>690,181,497</b>	<b>-</b>

**NOTES TO THE FINANCIAL STATEMENTS (cont'd)**

(These notes form an integral part of and should be read in conjunction with the financial statements)

**10. Provision for doubtful debts**

**a. Short-term**

	31/12/2020	01/01/2020
Provision for overdue receivable debts		
- From 3 years and over	11,846,164,812	11,059,704,628
- From 2 years to under 3 years	403,282,790	556,350,293
- From 1 year to under 2 years	604,260,737	288,938,886
- Over 6 months to under 1 year	1,257,552,551	284,167,522
<b>Total</b>	<b>14,111,260,890</b>	<b>12,189,161,329</b>

**b. Bad debts**

Overdue receivable debts	31/12/2020			01/01/2020		
	Cost	Recoverable amount (*)	Overdue period	Cost	Recoverable amount (*)	Overdue period
- Trinh Van Hung	478,245,050		- Over 3 years	478,245,050		- Over 3 years
- Energy and Technology Development Company	750,000,000		- Over 3 years	750,000,000		- Over 3 years
- Pham Thi Chinh	117,903,750		- Over 3 years	117,903,750		- Over 3 years
- Vietnam Vinashin Mechanical Company	140,732,500		- Over 3 years	140,732,500		- Over 3 years
- Thuan Thanh Co., Ltd	272,811,481		- Over 3 years	272,811,481		- Over 3 years
- Nguyen Tai Danh	175,416,672		- Over 3 years	175,416,672		- Over 3 years
- Others	15,887,536,941	3,711,385,504	0,5 - 20 years	11,444,484,154	1,190,432,278	0,5 - 19 years
<b>Total</b>	<b>17,822,646,394</b>	<b>3,711,385,504</b>		<b>13,379,593,607</b>	<b>1,190,432,278</b>	

(\*) The Company assesses that recoverable amount is the net of outstanding principal balance less the amount of provision that needs to be appropriated as guided in Circular No. 48/2019/TT-BTC dated 08/08/2019 by the Ministry of Finance.

**NOTES TO THE FINANCIAL STATEMENTS (cont'd)**

*(These notes form an integral part of and should be read in conjunction with the financial statements)*

**11. Inventories**

	31/12/2020		01/01/2020	
	Cost	Provision	Cost	Provision
Goods in transit	36,080,715,339	-	32,547,180,941	-
Materials, raw materials	504,424,649,821	-	319,928,431,688	-
Tools, instruments	6,960,068,293	-	12,933,850,368	-
Work in process	70,838,218,894	-	92,503,930,665	-
Finished products	211,230,574,057	-	189,735,222,610	-
Merchandise goods	12,295,032,674	-	10,313,360,374	-
Goods on consignment	874,556,522	-	2,281,743,942	-
<b>Total</b>	<b>842,703,815,600</b>	<b>-</b>	<b>660,243,720,588</b>	<b>-</b>

- There are no inventories which are unsold, in poor quality as at 31/12/2020.
- No inventories are mortgaged and pledged as security for debts as at 31/12/2020.

**12. Prepaid expenses**

**a. Short-term**

	31/12/2020	01/01/2020
Operating lease of fixed assets	123,636,360	368,570,365
Tools and instruments put into use pending allocation	6,112,113,990	563,592,654
Others	10,786,410,800	15,624,707,245
<b>Total</b>	<b>17,022,161,150</b>	<b>16,556,870,264</b>

**b. Long-term**

	31/12/2020	01/01/2020
Land lease	184,938,769,296	190,442,375,596
Tools and instruments put into use pending allocation	20,524,082,420	10,422,592,809
Bottles, cases	5,606,178,273	3,996,471,914
Others	15,471,729,335	19,049,798,431
<b>Total</b>	<b>226,540,759,324</b>	<b>223,911,238,750</b>

**NOTES TO THE FINANCIAL STATEMENTS (cont'd)**

(These notes form an integral part of and should be read in conjunction with the financial statements)

**13. Tangible fixed assets**

	Buildings, architectures	Machinery, equipment	Motor vehicles	Office equipment	Total
<b>Cost</b>					
Beginning balance	1,368,416,606,867	6,470,784,751,679	287,980,629,388	95,314,736,251	8,222,496,724,185
Newly-purchased	3,792,505,394	6,831,154,660	414,500,000	2,114,815,182	13,152,975,236
Self-constructed	10,850,774,258	79,847,042,353	-	-	90,697,816,611
Fixed assets from STDF	-	-	-	1,468,800,000	1,468,800,000
Sold, disposed		96,663,894,974	409,056,126	1,549,862,638	98,622,813,738
<b>Ending balance</b>	<b>1,383,059,886,519</b>	<b>6,460,799,053,718</b>	<b>287,986,073,262</b>	<b>97,348,488,795</b>	<b>8,229,193,502,294</b>
<b>Depreciation</b>					
Beginning balance	725,139,700,539	3,131,365,272,118	167,306,299,206	64,558,953,452	4,088,370,225,315
Increase in the year	83,414,724,280	340,621,204,502	12,117,881,497	12,779,565,225	448,933,375,504
- Depreciation	83,414,724,280	340,621,204,502	12,117,881,497	12,635,358,996	448,789,169,275
- Using STDF	-	-	-	144,206,229	144,206,229
Sold, disposed		96,663,894,974	409,056,126	1,549,862,638	98,622,813,738
<b>Ending balance</b>	<b>808,554,424,819</b>	<b>3,375,322,581,646</b>	<b>179,015,124,577</b>	<b>75,788,656,039</b>	<b>4,438,680,787,081</b>
<b>Net book value</b>					
Beginning balance	643,276,906,328	3,339,419,479,561	120,674,330,182	30,755,782,799	4,134,126,498,870
<b>Ending balance</b>	<b>574,505,461,700</b>	<b>3,085,476,472,072</b>	<b>108,970,948,685</b>	<b>21,559,832,756</b>	<b>3,790,512,715,213</b>

- As at 31/12/2020, tangible fixed assets with a carrying value of VND13,857,022,204 have been mortgaged as collateral for borrowings granted to the Company.
- Cost of tangible fixed assets fully depreciated but still in active use at 31/12/2020 is VND2,552,327,206,459.

**NOTES TO THE FINANCIAL STATEMENTS (cont'd)**

(These notes form an integral part of and should be read in conjunction with the financial statements)

**14. Intangible fixed assets**

	Land use rights	Computer software	Total
<b>Cost</b>			
Beginning balance	986,388,000	45,910,974,050	46,897,362,050
Newly-purchased	1,488,290,545	8,905,790,000	10,394,080,545
Fixed assets from STDF	-	125,000,000	125,000,000
Other decrease		-	-
<b>Ending balance</b>	<b>2,474,678,545</b>	<b>54,941,764,050</b>	<b>57,416,442,595</b>
<b>Amortization</b>			
Beginning balance	693,110,400	23,383,481,899	24,076,592,299
Charge for the year	58,727,651	16,867,498,905	16,926,226,556
- Amortization	58,727,651	16,839,439,672	16,898,167,323
- Using STDF	-	28,059,233	28,059,233
Other decrease			-
<b>Ending balance</b>	<b>693,110,400</b>	<b>40,250,980,804</b>	<b>41,002,818,855</b>
<b>Net book value</b>			
Beginning balance	293,277,600	22,527,492,151	22,820,769,751
<b>Ending balance</b>	<b>1,781,568,145</b>	<b>14,690,783,246</b>	<b>16,413,623,740</b>

- No intangible fixed assets were mortgaged as collateral for debts at 31/12/2020.
- Cost of intangible fixed assets fully amortized but still in active use at 31/12/2020 is VND9,068,255,217.

**15. Construction in progress**

	31/12/2020	01/01/2020
<b>Purchases</b>	<b>6,490,285,153</b>	<b>2,199,169,105</b>
- Land of households	6,490,285,153	2,199,169,105
<b>Constructions</b>	<b>921,942,862,816</b>	<b>823,835,154,921</b>
- Project on expanding An Khe Sugar Factory 18,000TMN	29,026,192,827	12,464,486,412
- Biomass thermal power plant project	15,853,099,013	28,232,621,969
- SAP Barcode Solution System	-	2,460,233,373
- RE refined sugar project	874,667,721,043	772,536,247,277
- Gia Lai Sugarcane Seed Study and Application Center	-	745,801,791
- Others	2,395,849,933	7,395,764,099
<b>Total</b>	<b>928,433,147,969</b>	<b>826,034,324,026</b>

**NOTES TO THE FINANCIAL STATEMENTS (cont'd)**

*(These notes form an integral part of and should be read in conjunction with the financial statements)*

**16. Short-term trade payables**

	31/12/2020	01/01/2020
Asia Packing Industries Vietnam Co., Ltd.	10,125,886,595	14,142,505,608
Thai Tan Trading & Transportation Co., Ltd.	4,794,579,625	6,049,227,800
Khatoco Package Printing JSC	9,249,572,524	8,668,584,446
Tetra Pak Vietnam JSC	7,804,396,337	7,620,864,561
WPP Media Co., Ltd.	18,715,122,802	45,493,695,110
Vietnam Japan Fertilizer Company	11,770,000,000	17,955,000,000
Asia Chemical Corporation	7,708,167,500	6,369,143,000
Kinh Bac Packaging JSC	2,272,466,684	2,840,416,634
Minh Thong Production and Trading Co., Ltd.	2,701,513,650	4,809,480,816
HAXU Technical Services Co., Ltd	2,682,057,705	21,031,134,169
Technology Development & Application Co., Ltd	130,642,075,208	132,291,751,417
Urban & Industrial Zone Construction JSC	4,651,956,950	17,882,188,620
Nguyen Lieu Technical & Trading Co., Ltd	3,681,569,310	6,866,798,723
Others	165,721,957,283	196,020,558,628
<b>Total</b>	<b>382,521,322,173</b>	<b>488,041,349,532</b>

**17. Short-term advances from customers**

	31/12/2020	01/01/2020
KV2 - Hoang Trung Trading Co. Ltd	1,124,642,546	45,781,515
Hieu Bac Trading Co., Ltd	2,138,432,891	95,704,434
Hung Oanh Service & Trading Co., Ltd	1,512,309,413	-
Thanh Hanh Iron Rolling Co., Ltd	4,485,182,000	-
TTC Bien Hoa - Dong Nai Sugar One Member Co., Ltd	2,725,000,000	-
Thach Tran Single Member Co., Ltd	788,994,907	1,402,043,605
Thang Thuy Trading and Service Co., Ltd	837,952,406	239,948,597
Others	24,868,128,002	25,405,211,750
<b>Total</b>	<b>38,480,642,165</b>	<b>27,188,689,901</b>



**NOTES TO THE FINANCIAL STATEMENTS (cont'd)**

(These notes form an integral part of and should be read in conjunction with the financial statements)

**18. Taxes and amounts payable to/receivable from the State**

	Beginning balance		Occurrence in the year		Ending balance	
	Receivable	Payable	Amount to be paid	Amount paid	Receivable	Payable
VAT		8,796,717,637	298,459,889,748	295,055,307,811	-	12,201,299,574
Import VAT	-	-	20,811,997,703	20,811,997,703	-	-
Special consumption tax	-	22,874,366,234	244,924,432,798	250,723,959,190	-	17,074,839,842
Import-export duty	-	-	12,500,967,190	12,500,967,190	-	-
CIT	-	108,558,356,434	213,177,287,706	225,852,028,419	-	95,883,615,721
PIT	3,560,291	70,355,657	46,789,464,777	46,787,343,551	-	68,916,592
Natural resources tax	-	166,352,003	2,268,285,702	2,283,787,007	-	150,850,698
Land and house tax, land rent	-	-	2,629,868,457	2,629,868,457	-	-
Other taxes	25,785,512	16,292,345	2,451,888,300	2,403,760,518	25,785,512	64,420,127
Fees and charges	-	11,552,998	161,591,252	163,145,750	-	9,998,500
<b>Total</b>	<b>29,345,803</b>	<b>140,493,993,308</b>	<b>844,175,673,633</b>	<b>859,212,165,596</b>	<b>25,785,512</b>	<b>125,453,941,054</b>

The Company's tax returns are subject to examination by the tax authorities. The amounts reported in the financial statements could be changed at later date upon final determination by the tax authorities.

**19. Short-term accrued expenses**

	31/12/2020	01/01/2020
Accrued loan interest	1,437,413,678	1,925,437,474
Other accruals	1,607,736,050	4,657,974,000
<b>Total</b>	<b>3,045,149,728</b>	<b>6,583,411,474</b>

**20. Other payables**

**a. Short term**

	31/12/2020	01/01/2020
Trade union fees	400,835,177	796,243,172
Transportation expenses	-	602,398,363
Social insurance, health insurance, unemployment insurance	65,602,279	67,586,119
Short-term deposits, collaterals received	2,737,026,476	2,106,733,584
Dividend, profit payable	799,463,475	130,902,400
Thanh Phat Trade Limited Company	168,401,740,951	29,567,965,872
Others	16,739,014,068	15,340,285,494
<b>Total</b>	<b>189,143,682,426</b>	<b>48,612,115,004</b>

**NOTES TO THE FINANCIAL STATEMENTS (cont'd)**

(These notes form an integral part of and should be read in conjunction with the financial statements)

**b. Long term**

	31/12/2020	01/01/2020
Long-term deposits, collaterals received	11,085,657,724	10,968,832,523
<b>Total</b>	<b>11,085,657,724</b>	<b>10,968,832,523</b>

**21. Short-term loans and finance lease liabilities**

	Beginning balance	Increase in the year	Decrease in the year	Ending balance
<b>Short-term loans</b>	<b>1,664,732,020,504</b>	<b>4,700,769,619,517</b>	<b>4,642,491,961,212</b>	<b>1,723,009,678,809</b>
- BIDV - Quang Ngai Branch	628,239,440,121	1,691,696,871,139	1,620,076,285,834	699,860,025,426
- VietinBank - Quang Ngai Branch	556,219,454,375	1,323,956,023,461	1,350,257,372,416	529,918,105,420
- Vietcombank - Quang Ngai Branch	423,246,033,548	1,526,299,761,110	1,568,832,009,191	380,713,785,467
- Military Bank - Quang Ngai Branch	57,027,092,460	158,816,963,807	103,326,293,771	112,517,762,496
<b>Total</b>	<b>1,664,732,020,504</b>	<b>4,700,769,619,517</b>	<b>4,642,491,961,212</b>	<b>1,723,009,678,809</b>

**22. Science and technology development fund**

	Year 2020	Year 2019
<b>Beginning balance</b>	<b>5,280,448,290</b>	<b>8,435,184,723</b>
Increase in the year (appropriated fund)	10,000,000,000	-
Decrease in the year	8,040,785,459	3,154,736,433
<b>Ending balance</b>	<b>7,239,662,831</b>	<b>5,280,448,290</b>

The Company appropriated and used the science and technology development fund to serve its science and technology activities in accordance with the guidance of Joint Circular No. 12/2016/TTLT-BKH-CN-BTC dated 28/06/2016 of the Ministry of Science and Technology and the Ministry of Finance (applicable from 01/09/2016 onwards) on guiding the establishment, organization, operation, management and use of science and technology development fund of enterprises.

**NOTES TO THE FINANCIAL STATEMENTS (cont'd)**

(These notes form an integral part of and should be read in conjunction with the financial statements)

**23. Owners' equity**

**a. Statement of changes in owners' equity**

	Share capital	Share premium	Development investment fund	Undistributed profit	Total
As at 01/01/2019	2,925,746,090,000	288,320,082,456	505,806,238,330	2,403,410,259,984	6,123,282,670,770
Increase in the year	643,653,460,000	65,226,581,324	62,017,559,881	1,354,235,057,518	2,125,132,658,723
Decrease in the year		47,000,000		996,720,405,833	996,767,405,833
As at 31/12/2019	<u>3,569,399,550,000</u>	<u>353,499,663,780</u>	<u>567,823,798,211</u>	<u>2,760,924,911,669</u>	<u>7,251,647,923,660</u>
As at 01/01/2020	3,569,399,550,000	353,499,663,780	567,823,798,211	2,760,924,911,669	7,251,647,923,660
Increase in the year	-	-	38,753,298,032	1,104,350,506,325	1,143,103,804,357
Decrease in the year	-	-	-	1,122,490,929,043	1,122,490,929,043
As at 31/12/2020	<u>3,569,399,550,000</u>	<u>353,499,663,780</u>	<u>606,577,096,243</u>	<u>2,742,784,488,951</u>	<u>7,272,260,798,974</u>

**b. Capital transactions with owners**

	Year 2020	Year 2019
<b>Share capital</b>		
- Beginning balance	3,569,399,550,000	2,925,746,090,000
- Increase in the year	-	643,653,460,000
- Decrease in the year	-	-
- Ending balance	3,569,399,550,000	3,569,399,550,000

Changes in share capital in the year are as follows:

	Year 2020		Year 2019	
	Number of shares	Share capital	Number of shares	Share capital
Beginning balance	356,939,955	3,569,399,550,000	292,574,609	2,925,746,090,000
Increase in the year	-	-	64,365,346	643,653,460,000
- Paying dividend in shares	-	-	58,513,854	585,138,540,000
- Shares issued to employees	-	-	5,851,492	58,514,920,000
Ending balance	<u>356,939,955</u>	<u>3,569,399,550,000</u>	<u>356,939,955</u>	<u>3,569,399,550,000</u>

**NOTES TO THE FINANCIAL STATEMENTS (cont'd)**

(These notes form an integral part of and should be read in conjunction with the financial statements)

**c. Shares**

	31/12/2020 Shares	01/01/2020 Shares
Number of shares registered to be issued	356,939,955	356,939,955
Number of shares issued publicly	356,939,955	356,939,955
- Common shares	356,939,955	356,939,955
- Preferred shares	-	-
Number of shares bought back (treasury shares)	-	-
- Common shares	-	-
- Preferred shares	-	-
Number of outstanding shares	356,939,955	356,939,955
- Common shares	356,939,955	356,939,955
- Preferred shares	-	-
Par value of outstanding shares: VND10,000 each		

**d. Undistributed profit**

	Year 2020	Year 2019
Profit brought forward	2,760,924,911,669	2,403,410,259,984
Profit after corporate income tax this year	1,104,350,506,325	1,354,235,057,518
Distribution of profit	1,122,490,929,043	996,720,405,833
- Distribution of prior-year profit	944,020,951,543	818,250,428,333
+ Appropriated to development investment fund	38,753,298,032	62,017,559,881
+ Appropriated to reward and welfare fund	12,917,766,011	24,807,023,952
+ Paying cash dividend	892,349,887,500	146,287,304,500
+ Paying stock dividend		585,138,540,000
- Temporary distribution of current-year profit	178,469,977,500	178,469,977,500
+ Paying cash dividend	178,469,977,500	178,469,977,500
<b>Undistributed profit at the end of the year</b>	<b><u>2,742,784,488,951</u></b>	<b><u>2,760,924,911,669</u></b>

The Company's 2019 profit is distributed according to Resolution No. 11/NQ/QNS-DHDCD2020 dated 28/03/2020.

**e. Dividend**

**Payment of 2019 dividend:**

According to Resolution No. No. 11/NQ/QNS-DHDCD2020 of 2020 Annual Shareholder Meeting on 28/03/2020 of the Company, the plan of paying dividend from 2019 profit was resolved: Paying cash dividend with the rate of 30% of the charter capital.

The Company paid dividend as follows:

- ✓ Payment 1: Paying in advance with the rate of 5%, equivalent to VND178,469,977,500 (Date of finalizing the list of shareholders: 03/09/2019; payment date: 16/09/2019);
- ✓ Payment 2: Paying in advance with the rate of 10%, equivalent to VND356,939,955,000 (Date of finalizing the list of shareholders: 27/02/2020; payment date: 05/03/2020);

**NOTES TO THE FINANCIAL STATEMENTS (cont'd)**

(These notes form an integral part of and should be read in conjunction with the financial statements)

- ✓ Payment 3: Paying the remaining 15%, equivalent to VND535,409,932,500 (Date of finalizing the list of shareholders: 17/04/2020; payment date: 08/05/2020).

**Advance payment of 2020 dividend:**

The Board of Directors decided to make the first advance payment of 2020 dividend in cash at the rate of 5%/charter capital, equivalent to VND178,469,977,500 (Date of finalizing the list of shareholders: 07/09/2020; payment date: 18/09/2020).

**24. Off balance sheet items**

**a. Leased assets**

The amounts of minimum lease payments payable under operating leases are as follows:

	31/12/2020	01/01/2020
Not later than 1 year	4,439,275,564	4,419,342,364
Later than 1 year and not later than 5 years	17,824,055,378	17,806,960,963
Later than 5 years	136,948,176,081	141,404,546,059
<b>Total</b>	<b>159,211,507,023</b>	<b>163,630,849,386</b>

**b. Foreign currencies**

	Foreign currencies	31/12/2020 VND	Foreign currencies	01/01/2020 VND
Cash in bank		1,102,475,845		1,987,107,324
+ USD	47,901.40 #	1,102,143,682	85,956.45 #	1,986,500,037
+ EUR	11.86 #	332,163	23.48 #	607,287
<b>Total</b>		<b>1,102,475,845</b>		<b>1,987,107,324</b>

**c. Monetary gold**

		31/12/2020 VND		01/01/2020 VND
+ SJC gold bars on hand	4 bars	22,220,000	4 bars	16,900,000
<b>Total</b>		<b>22,220,000</b>		<b>16,900,000</b>

**NOTES TO THE FINANCIAL STATEMENTS (cont'd)**

*(These notes form an integral part of and should be read in conjunction with the financial statements)*

**25. Revenue from sales and service provision**

	Year 2020	Year 2019
Revenue from sales of finished products	6,120,580,342,161	7,222,063,793,765
Revenue from sales of merchandise goods	73,733,283,477	137,037,853,900
Revenue from services rendered	46,974,033,880	44,870,502,901
<b>Total</b>	<b><u>6,241,287,659,518</u></b>	<b><u>7,403,972,150,566</u></b>

**26. Revenue deductions**

	Year 2020	Year 2019
Trade discounts	21,820,449,733	28,294,301,552
Sales returns	5,977,746,213	12,277,564,998
<b>Total</b>	<b><u>27,798,195,946</u></b>	<b><u>40,571,866,550</u></b>

**27. Cost of goods sold**

	Year 2020	Year 2019
Cost of finished products sold	4,078,880,668,555	4,764,752,766,933
Cost of merchandise goods sold	74,620,108,571	138,230,869,802
Cost of services rendered	40,161,727,933	45,619,344,710
<b>Total</b>	<b><u>4,193,662,505,059</u></b>	<b><u>4,948,602,981,445</u></b>

**28. Financial income**

	Year 2020	Year 2019
Deposit interest, loan interest	114,026,859,453	103,634,548,324
Profits, dividends received	52,419,990,495	63,906,985,182
Realized foreign exchange gains	2,502,420,832	1,975,966,810
Payment discounts	25,495,446,085	32,392,476,094
<b>Total</b>	<b><u>194,444,716,865</u></b>	<b><u>201,909,976,410</u></b>

**29. Financial expenses**

	Year 2020	Year 2019
Loan interest	71,041,570,755	76,961,987,689
Foreign exchange losses	805,915,138	400,106,368
<b>Total</b>	<b><u>71,847,485,893</u></b>	<b><u>77,362,094,057</u></b>

**NOTES TO THE FINANCIAL STATEMENTS (cont'd)**

*(These notes form an integral part of and should be read in conjunction with the financial statements)*

**30. Selling expenses and administrative expenses**

**a. Selling expenses incurred in the year**

	Year 2020	Year 2019
Staff costs	189,648,043,149	238,141,672,134
Transportation, loading and unloading expenses	139,880,270,452	198,866,840,411
Advertising expenses	81,193,542,653	136,356,784,766
Promotion expenses	30,444,310,405	24,362,273,750
Showroom, samples expenses	23,981,017,376	23,671,300,089
Agent commission, sales support	8,633,945,112	10,612,859,178
Other outside service expenses	62,611,221,870	61,490,539,489
Others	90,781,929,534	56,005,771,818
<b>Total</b>	<b>627,174,280,551</b>	<b>749,508,041,635</b>

**b. Administrative expenses incurred in the year**

	Year 2020	Year 2019
Staff costs	111,718,189,941	109,234,893,877
Outside service expenses	30,979,039,025	30,489,048,734
Guest entertainment expenses	2,205,579,993	5,140,733,788
Office supplies expenses	5,932,097,610	5,202,858,756
Appropriation to science and technology development fund	10,000,000,000	-
Appropriation to provision for doubtful debts	1,922,099,561	722,208,328
Others	68,061,740,679	59,021,074,051
<b>Total</b>	<b>230,818,746,809</b>	<b>209,810,817,534</b>

**31. Other income**

	Year 2020	Year 2019
Marketing support received	31,330,000,000	27,500,000,000
Proceeds from disposals of materials, fixed assets	5,528,723,956	2,597,613,919
Others	1,282,263,088	3,012,397,852
<b>Total</b>	<b>38,140,987,044</b>	<b>33,110,011,771</b>

**32. Other expenses**

	Year 2020	Year 2019
Penalties, late payment fines	582,579,287	1,366,771,049
Others	4,461,775,851	6,179,280,751
<b>Total</b>	<b>5,044,355,138</b>	<b>7,546,051,800</b>



**NOTES TO THE FINANCIAL STATEMENTS (cont'd)**

(These notes form an integral part of and should be read in conjunction with the financial statements)

**33. Current corporate income tax expense**

	Year 2020	Year 2019
Accounting profit before tax	1,317,527,794,031	1,605,590,285,726
Adjustments to taxable income	(46,535,799,649)	(56,223,979,869)
- Increase	5,887,779,174	8,043,605,177
+ Foreign exchange loss from revaluation of balance of cash, receivables	132,468,766	-
+ Non-deductible expenses as per Tax Laws	5,755,310,408	8,043,605,177
- Decrease	52,423,578,823	64,267,585,046
+ Profits, dividends received	52,419,990,495	63,906,985,182
+ Foreign exchange gains from revaluation of balance of cash, receivables	3,588,328	-
+ Others	-	360,599,864
<b>Total taxable income</b>	<b>1,270,991,994,382</b>	<b>1,549,366,305,857</b>
Tax-exempted income	9,929,995,977	88,960,082,884
<b>Assessable income</b>	<b>1,261,061,998,405</b>	<b>1,460,406,222,973</b>
- Income from main operating activities	1,252,329,146,238	1,452,686,039,425
- Other income	8,732,852,167	7,720,183,548
<b>Current corporate income tax expense</b>	<b>211,464,869,467</b>	<b>248,271,511,983</b>
- From main operating activities	209,718,299,033	246,727,475,273
- Other income	1,746,570,434	1,544,036,710
<b>Current corporate income tax expense</b>	<b>213,177,287,706</b>	<b>251,355,228,208</b>
<i>In which:</i>		
- Current-year income tax expenses	211,464,869,467	248,271,511,983
- Adjusting prior-year income tax expenses to current-year income tax expenses	1,712,418,239	3,083,716,225

**34. Operating expenses by elements**

	Year 2020	Year 2019
Materials expenses	3,082,303,953,988	3,684,954,430,818
Labor costs	542,866,761,997	534,156,614,936
Depreciation expenses	465,687,336,598	473,398,248,141
Outside service expenses	485,539,040,155	528,386,958,842
Other cash expenses	523,585,070,711	518,486,618,949
<b>Total</b>	<b>5,099,982,163,449</b>	<b>5,739,382,871,686</b>

**NOTES TO THE FINANCIAL STATEMENTS (cont'd)**

*(These notes form an integral part of and should be read in conjunction with the financial statements)*

**35. Segment reporting**

Segment reporting of the Company was prepared in accordance with business activities as follows:

Segment report by operating activities	Sugar		Soy milk		Others		Total	
	Year 2020	Year 2019	Year 2020	Year 2019	Year 2020	Year 2019		
Segment revenue	994,063,195,612	1,486,045,747,981	3,875,088,825,443	4,265,761,889,133	1,344,337,442,517	1,611,592,646,902	6,213,489,463,572	7,363,400,284,016
Cost of segment	962,413,550,817	1,331,458,940,088	2,165,651,739,568	2,351,594,195,662	1,065,597,214,674	1,265,549,845,695	4,193,662,505,059	4,948,602,981,445
<b>Gross profit</b>	<b>31,649,644,795</b>	<b>154,586,807,893</b>	<b>1,709,437,085,875</b>	<b>1,914,167,693,471</b>	<b>278,740,227,843</b>	<b>346,042,801,207</b>	<b>2,019,826,958,513</b>	<b>2,414,797,302,571</b>
Financial income							194,444,716,865	201,909,976,410
Financial expenses							71,847,485,893	77,362,094,057
Selling expenses							627,174,280,551	749,508,041,635
Administrative expenses							230,818,746,809	209,810,817,534
<b>Operating profit</b>							<b>1,284,431,162,125</b>	<b>1,580,026,325,755</b>
Other income							38,140,987,044	33,110,011,771
Other expenses							5,044,355,138	7,546,051,800
<b>Other profit</b>							<b>33,096,631,906</b>	<b>25,563,959,971</b>
Profit before tax							1,317,527,794,031	1,605,590,285,726
Corporate income tax							213,177,287,706	251,355,228,208
<b>Profit after tax</b>							<b>1,104,350,506,325</b>	<b>1,354,235,057,518</b>

**NOTES TO THE FINANCIAL STATEMENTS (cont'd)**

(These notes form an integral part of and should be read in conjunction with the financial statements)

31/12/2020	Segment assets				Depreciation of fixed assets in 2020
	Cost of tangible fixed assets	Accumulated depreciation	Receivables	Total assets	
Manufacturing and trading Sugar	3,184,842,111,835	(1,673,482,459,564)	133,617,330,854	2,025,590,143,028	161,604,778,211
Manufacturing and trading Soya milk	2,004,795,576,153	(1,542,142,419,349)	52,226,412,899	1,005,033,987,347	153,630,734,541
Other operating activities	3,039,555,814,306	(1,223,055,908,168)	78,316,087,342	6,915,332,333,094	150,451,823,846
<b>Total</b>	<b>8,229,193,502,294</b>	<b>(4,438,680,787,081)</b>	<b>264,159,831,095</b>	<b>9,945,956,463,469</b>	<b>465,687,336,598</b>

  

01/01/2020	Segment assets				Depreciation of fixed assets in 2019
	Cost of tangible fixed assets	Accumulated depreciation	Receivables	Total assets	
Manufacturing and trading Sugar	3,265,845,432,900	(1,595,697,668,461)	158,134,158,402	2,026,804,433,053	169,064,188,553
Manufacturing and trading Soya milk	1,952,348,685,607	(1,408,421,948,069)	46,410,536,014	1,090,798,511,641	154,544,994,221
Other operating activities	3,004,302,605,678	(1,084,250,608,785)	76,253,214,426	6,725,232,600,442	149,789,065,367
<b>Total</b>	<b>8,222,496,724,185</b>	<b>(4,088,370,225,315)</b>	<b>280,797,908,842</b>	<b>9,842,835,545,136</b>	<b>473,398,248,141</b>

## NOTES TO THE FINANCIAL STATEMENTS (cont'd)

(These notes form an integral part of and should be read in conjunction with the financial statements)

### 36. Risk management

#### a. Capital risk management

The Company manages its capital to ensure that it will be able to continue as a going concern while maximizing the return to shareholders through the optimization of the debt and equity balance.

#### b. Financial risk management

Financial risks include market risk (including interest rate risk, exchange rate risk, commodity price risk), credit risk and liquidity risk.

**Market risk management:** The Company's activities expose it primarily to the financial risks of changes in interest rates, exchange rates and prices.

##### *Interest rate risk management*

The Company's interest rate risks mainly derive from interest bearing loans which are arranged. To minimize these risks, the Company has estimated the impact of borrowing costs to its periodic business results as well as making analysis and projection to select appropriate time to repay the loans. The Management assesses that uncontrollable risks arising from fluctuations of interest rates are insignificant.

##### *Exchange rate risk management*

Since the Company undertakes transactions in foreign currencies, consequently it is exposed to risk of exchange rate fluctuations. The Company has hedged risks related to exchange rate fluctuations by maintaining an appropriate structure of loans in foreign currency and VND, optimizing the time for settlement of debts, selecting the appropriate time to purchase and make payment in foreign currencies, projecting future exchange rates and optimizing the utilization of existing funds to balance the exchange rate risk and liquidity risk.

Book value of financial instruments in foreign currencies at the end of the year is as follows:

	31/12/2020	01/01/2020
<b>Financial assets</b>		
Cash		
- USD	47,901.40	85,956.45
- EUR	11.86	23.48
Trade receivables (USD)	24,405.22	10,807.90
<b>Financial liabilities</b>		
Trade payables (USD)	324,150.06	989,468.20
Trade payables (EUR)	188,650.00	189,980.92
Trade payables (JPY)	42,000.00	-
Other payables (USD)	40,867.25	-

##### *Price risk management*

The Company purchases goods, materials from domestic and overseas suppliers for its business production activities; it is therefore exposed to risks of changes in prices of input goods, materials. Since materials account for a high proportion of the total cost of products, the Company pays special attention to the risks of changes in price of materials used in its business production activities. To minimize this risk, the Company selects reputable suppliers, long-term cooperation suppliers and

## NOTES TO THE FINANCIAL STATEMENTS (cont'd)

*(These notes form an integral part of and should be read in conjunction with the financial statements)*

always requires updates of the most timely price fluctuations. Besides, cross-checks of prices are often done in order to ensure sufficient material sources at the most reasonable prices. With such price management policies, the Management assesses that the Company's exposure to uncontrollable risks of changes in commodity prices is controllable.

### **Credit risk management**

#### *Trade receivables*

The Company sells goods by the following methods: wholesale through the main distributors and agents and retail sale through its subsidiary, Thanh Phat Trade Limited Company.

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in financial loss to the Company. The Company's financial risks arise from some amounts receivable. The Company minimizes credit risk by various measures depending on the sale method:

- Selling goods through main distributors: Making payment before receiving goods or late payment.
- Selling goods through agents: The Company has a system of agents who have good financial status. Agents will be entitled to preferential sales policies on price, volume, and payment discount. Depending on each item and each time, the agents shall be entitled to appropriate payment terms such as payment before receiving goods (Sugar, Milk, Beer ...) or late payment.
- Retail sale: through retail outlets of Thanh Phat Trade Limited Company with the form of cash collection or bank transfer.

Therefore, the Management assesses that the Company's exposure to significant credit risk arising from trade receivables is controllable.

#### *Financial investments*

Bank deposits of the Company are transacted at large banks. The Management of the Company assesses that the Company has no significant credit risk with respect to bank deposits.

### **Liquidity risk management**

To ensure the availability of funds to meet present and future financial obligations, the Company manages liquidity risk by regularly monitoring and maintaining sufficient cash reserve, optimizing cash flows, making use of credit from customers and counterparties, controlling maturing liabilities in relative to maturing assets and the amount of funds that can be generated within that period,...

**NOTES TO THE FINANCIAL STATEMENTS (cont'd)**

*(These notes form an integral part of and should be read in conjunction with the financial statements)*

The Company's aggregate financial liabilities are categorized in accordance with their maturity as follows:

31/12/2020	Within 1 year	Over 1 year	Total
Trade payables	382,521,322,173	-	382,521,322,173
Accrued expenses	3,045,149,728	-	3,045,149,728
Loans and finance lease liabilities	1,723,009,678,809	-	1,723,009,678,809
Other payables	188,677,244,970	11,085,657,724	199,762,902,694
<b>Total</b>	<b>2,297,253,395,680</b>	<b>11,085,657,724</b>	<b>2,308,339,053,404</b>

  

01/01/2020	Within 1 year	Over 1 year	Total
Trade payables	488,041,349,532	-	488,041,349,532
Accrued expenses	6,583,411,474	-	6,583,411,474
Loans and finance lease liabilities	1,664,732,020,504	-	1,664,732,020,504
Other payables	47,748,285,713	10,968,832,523	58,717,118,236
<b>Total</b>	<b>2,207,105,067,223</b>	<b>10,968,832,523</b>	<b>2,218,073,899,746</b>

The Company is not exposed to liquidity risk. Thus the Management believes that the Company can generate sufficient resources to meet its financial obligations as they fall due.

The Company's available financial assets are drawn up on a net asset basis as follows:

31/12/2020	Within 1 year	Over 1 year	Total
Cash and cash equivalents	419,589,966,019	-	419,589,966,019
Held-to-maturity investments	2,639,000,000,000	-	2,639,000,000,000
Trade receivables	76,570,571,484	-	76,570,571,484
Other receivables	30,615,362,511	412,183,710	31,027,546,221
<b>Total</b>	<b>3,165,775,900,014</b>	<b>412,183,710</b>	<b>3,166,188,083,724</b>

  

01/01/2020	Within 1 year	Over 1 year	Total
Cash and cash equivalents	211,157,417,797	-	211,157,417,797
Held-to-maturity investments	2,660,000,000,000	-	2,660,000,000,000
Trade receivables	58,734,740,889	-	58,734,740,889
Other receivables	32,966,504,485	690,181,497	33,656,685,982
<b>Total</b>	<b>2,962,858,663,171</b>	<b>690,181,497</b>	<b>2,963,548,844,668</b>

**NOTES TO THE FINANCIAL STATEMENTS (cont'd)**

*(These notes form an integral part of and should be read in conjunction with the financial statements)*

**38. Events after the balance sheet date**

On 08/02/2021, the Board of Directors of the Company issued Resolution No. 007/NQ-QNS-HDQT. Accordingly, the Company decided to make the second advance payment of 2020 dividend in cash at the rate of 5% of charter capital, equivalent to VND178,469,977,500. (The date for finalizing the list of shareholders receiving dividends: 01/03/2021, the date of dividend payment: 11/03/2021).

In addition, there have been no other significant events occurring after the balance sheet date which would require adjustments or disclosures to be made in the financial statements.

**39. Corresponding figures**

Corresponding figures were taken from the financial statements for the year ended 31/12/2019 which had been audited by AAC.



**Võ Thanh Dang**  
General Director

*Quang Ngai Province, 1 March 2021*

**Nguyen The Binh**  
Chief Accountant

**Tran Thi Xuan Hien**  
Preparer