



**QUANG NGAI SUGAR
JOINT STOCK COMPANY**
Consolidated financial statements
For the year ended 31 December 2021

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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 consolidated financial statements for the year ended 31/12/2021.

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 23 times and the most recent amendment was made on 22/03/2021.

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 31/12/2021: VND3,569,399,550.

As at 31/12/2021, the Company had 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 Soybean Research and Application Center;
- VINASOY Soybean Research and Development 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 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

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;
- Repairing machinery and equipment;
- Other specialized construction activities;
- Wholesale of food. Detail: Trading sugar, honey, milk, confectionary;
- Exploiting, treating and supplying water. Detail: Exploiting mineral water;
- Manufacturing malt liquors and malt;
- Manufacturing non-alcoholic beverages, mineral water. Detail: Manufacturing soft drinks and mineral water;
- Warehousing and storage;
- 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;
- 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, growing 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;
- Manufacture of structural metal products;
- Manufacture of tanks, reservoirs and containers of metal;

REPORT OF THE MANAGEMENT (CONT'D)

- Manufacture of steam generators, except central heating hot water boilers;
- Forging, pressing, stamping and roll-forming of metal; powder metallurgy;
- Manufacture of lifting and handling equipment;
- Electrical installation;
- Plumbing, heat and air-conditioning installation;
- Distilling, rectifying and blending of spirits;
- Manufacture of wines;
- Wholesale of agricultural raw materials (except wood, bamboo) and live animals. Details: Trading of soybean seeds and raw soybeans;
- Growing of vegetables, leguminous crops and flowers. Details: Growing of soybeans;
- Growing of oil seeds;
- Seed processing for propagation;
- Other mining and quarrying n.e.c;
- Other professional, scientific and technical activities n.e.c. Detail: Agronomic consultancy;
- Organization of conventions and trade shows;
- Packaging activities (except packaging of plant protection drugs);
- Site preparation. Detail: Filling, grading, excavating land, building infield ditch roads and traffic of sugar cane area;
- Manufacturing gas; distributing gaseous fuels through mains. Detail: Manufacturing and supplying biogas and steam gas;
- Landscape care and maintenance service;
- Manufacturing cocoa, chocolate and sugar confectionery;
- Propagation and growing of industrial cultivars. Detail: Propagation and growing of sugar cane; Propagation and growing of soybean trees;
- Generating electricity;
- Construction of other civil engineering projects;
- Research and experimental development on natural sciences;
- Research and experimental development on engineering and technology.

Employees

As at 31/12/2021, the Company had 4,099 employees, including 146 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 | Reappointed on 08/04/2021 |
| • Mr. Vo Thanh Dang | Vice Chairman | Appointed on 08/04/2021 |
| • Mr. Nguyen Huu Tien | Vice Chairman | Holding the post till 02/04/2021 |
| | Member | Reappointed on 03/04/2021 |
| • Mr. Ngo Van Tu | Member | Reappointed on 03/04/2021 |
| • Mr. Dang Phu Quy | Member | Reappointed on 03/04/2021 |

REPORT OF THE MANAGEMENT (CONT'D)

- Mr. Nguyen Van Dong Member Appointed on 03/04/2021

Board of Supervisors

- Mr. Nguyen Dinh Que Chief Supervisor Reappointed on 06/04/2021
- Mr. Nguyen Thanh Huy Supervisor Reappointed on 03/04/2021
- Ms. Huynh Thi Ngoc Diep Supervisor Reappointed on 03/04/2021

Management and Chief Accountant

- Mr. Vo Thanh Dang General Director Reappointed on 08/04/2021
- Mr. Nguyen Huu Tien Vice General Director Reappointed on 08/04/2021
- Mr. Tran Ngoc Phuong Vice General Director Reappointed on 08/04/2021
- Mr. Nguyen The Binh Chief Accountant Reappointed on 08/04/2021

Independent Auditor

These consolidated financial statements have been audited by AAC Auditing and Accounting Co., Ltd. (Head office: Lot 78-80, 30th April Street, Hai Chau District, Da Nang City; Telephone: (84) 0236.3655886; Fax: (84) 0236.3655887; Website: www.aac.com.vn; Email: aac@dng.vnn.vn).

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

The Management of the Company is responsible for preparation and fair presentation of these consolidated 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 consolidated 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 consolidated 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 consolidated financial statements including the consolidated balance sheet, the consolidated income statement, the consolidated statement of cash flows and notes to the consolidated financial statements give a true and fair view of the consolidated financial position of the Company as at 31/12/2021 and the consolidated results of its operations and its consolidated 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 the consolidated financial statements.

On behalf of the Management



Vo Thanh Dang
General Director

Quang Ngai Province, 25 February 2022



AAC AUDITING AND ACCOUNTING CO., LTD

AN INDEPENDENT MEMBER OF PRIMEGLOBAL
AUDITING ACCOUNTING AND 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. 106/2022/BCKT-AAC

INDEPENDENT AUDITORS' REPORT

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

We have audited the consolidated financial statements prepared on 25/02/2022 of Quang Ngai Sugar Joint Stock Company ("the Company") as set out on pages 6 to 42, which comprise the consolidated balance sheet as at 31/12/2021, the consolidated income statement, consolidated statement of cash flows, and notes to the consolidated 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 consolidated financial statements in accordance with Vietnamese Accounting Standards, Vietnamese Corporate Accounting System and the statutory requirements relevant to preparation and presentation of consolidated financial statements, and for such internal control as the Management determines is necessary to enable the preparation and presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the Company's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Management, as well as evaluating the overall presentation of the consolidated financial statements.

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

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Company as at 31/12/2021, and its consolidated financial performance and its consolidated 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 consolidated financial statements.

AAC Auditing and Accounting Co., Ltd.

T.N.H.H

KIỂM TOÁN VÀ KẾ TOÁN

AAC

CHUYÊN NGHIỆP

Tran Thi Thu Hien – Deputy General Director

Audit Practicing Registration Certificate

No. 0753-2018-010-1

Da Nang, 25 February 2022

Do Thi Thanh Van – Auditor

Audit Practicing Registration Certificate

No. 1483-2018-010-1

CONSOLIDATED BALANCE SHEET
As at 31 December 2021

Form B 01 – DN/HN
Issued under Circular No. 202/2014/TT - BTC
dated 22/12/2014 by the Ministry of Finance

ASSETS	Code	Note	31/12/2021 VND	01/01/2021 VND
A. CURRENT ASSETS	100		5,323,276,030,719	4,187,686,897,809
I. Cash and cash equivalents	110		178,881,955,680	422,044,973,893
1. Cash	111	5	178,881,955,680	422,044,973,893
2. Cash equivalents	112		-	-
II. Short-term financial investments	120		3,923,000,000,000	2,639,000,000,000
1. Trading securities	121		-	-
2. Held-to-maturity investments	123	6	3,923,000,000,000	2,639,000,000,000
III. Short-term receivables	130		385,904,213,240	264,297,996,308
1. Short-term trade receivables	131	7	99,619,899,810	79,943,578,169
2. Short-term prepayments to suppliers	132	8	260,821,323,529	165,599,368,239
3. Other short-term receivables	136	9.a	41,481,377,656	32,925,408,279
4. Provision for doubtful short-term debts	137	10	(16,018,387,755)	(14,170,358,379)
IV. Inventories	140		816,197,725,221	843,708,996,514
1. Inventories	141	11	817,786,454,977	843,708,996,514
2. Provision for decline in value of inventories	149		(1,588,729,756)	-
V. Other current assets	150		19,292,136,578	18,634,931,094
1. Short-term prepaid expenses	151	12.a	17,403,657,957	17,043,406,605
2. Deductible VAT	152		1,523,202,189	1,565,738,977
3. Taxes and amounts receivable from the State	153	18	365,276,432	25,785,512
B. LONG-TERM ASSETS			4,552,474,239,628	4,962,644,051,486
I. Long-term receivables	210		786,569,947	412,183,710
1. Other long-term receivables	216	9.b	786,569,947	412,183,710
2. Provision for doubtful long-term debts	219		-	-
II. Fixed assets	220		4,285,447,883,752	3,806,926,338,953
1. Tangible fixed assets	221	13	4,273,726,932,853	3,790,512,715,213
- Cost	222		8,942,372,581,348	8,231,890,317,925
- Accumulated depreciation	223		(4,668,645,648,495)	(4,441,377,602,712)
2. Intangible fixed assets	227	14	11,720,950,899	16,413,623,740
- Cost	228		62,343,137,395	57,416,442,595
- Accumulated amortization	229		(50,622,186,496)	(41,002,818,855)
III. Investment properties	230		-	-
IV. Long-term assets in progress	240		46,712,984,551	928,433,147,969
1. Long-term work in process	241		-	-
2. Construction in progress	242	15	46,712,984,551	928,433,147,969
V. Long-term financial investments	250		-	-
VI. Other long-term assets	260		219,526,801,378	226,872,380,854
1. Long-term prepaid expenses	261	12.b	219,522,307,215	226,671,920,188
2. Deferred income tax assets	262		4,494,163	200,460,666
TOTAL ASSETS	270		9,875,750,270,347	9,150,330,949,295

CONSOLIDATED BALANCE SHEET (cont'd)
As at 31 December 2021

RESOURCES	Code	Note	31/12/2021 VND	01/01/2021 VND
C. LIABILITIES	300		2,780,862,739,898	2,544,964,442,741
I. Current liabilities	310		2,709,771,959,560	2,517,260,603,822
1. Short-term trade payables	311	16	363,762,300,188	382,734,453,855
2. Short-term advances from customers	312	17	41,305,690,080	59,828,397,538
3. Taxes and amounts payable to the State budget	313	18	60,933,337,962	125,910,909,419
4. Payables to employees	314		109,813,564,883	132,303,537,522
5. Short-term accrued expenses	315	19	3,754,021,957	3,045,149,728
6. Short-term unearned revenue	318		18,181,818	-
7. Other short-term payables	319	20a	27,066,984,441	20,990,491,475
8. Short-term loans and finance lease liabilities	320	21	2,032,288,120,686	1,723,009,678,809
9. Reward and welfare fund	322		70,829,757,545	69,437,985,476
II. Long-term liabilities	330		71,090,780,338	27,703,838,919
1. Other long-term payables	337	20b	20,356,047,079	20,464,176,088
2. Science and technology development fund	343	22	50,734,733,259	7,239,662,831
D. OWNERS' EQUITY	400		7,094,887,530,449	6,605,366,506,554
I. Equity	410	23	7,094,887,530,449	6,605,366,506,554
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. Treasury shares	415	23	(834,457,318,216)	(834,457,318,216)
4. Investment and development fund	418	23	638,166,434,928	606,577,096,243
5. Undistributed profit	421	23	3,368,279,199,957	2,910,347,514,747
- Undistributed profit up to prior year-end	421a		2,265,417,696,500	2,008,072,233,590
- Undistributed profit this year	421b		1,102,861,503,457	902,275,281,157
6. Non-controlling interests	429		-	-
II. Budget sources and other funds	430		-	-
TOTAL RESOURCES	440		9,875,750,270,347	9,150,330,949,295



Ngô Thành Dạng
General Director

Quang Ngai Province, 25 February 2022

Nguyen The Binh
Chief Accountant

Tran Thi Xuan Hien
Preparer

CONSOLIDATED INCOME STATEMENT
For the year ended 31 December 31/12/2021

Form B 02 – DN/HN
Issued under Circular No. 202/2014/TT - BTC
dated 22/12/2014 by the Ministry of Finance

ITEMS	Code	Note	Year 2021	Year 2020
1. Revenue from sales and service provision	01	25	7,374,456,065,704	6,522,165,071,319
2. Deductions	02	26	39,161,673,649	32,401,244,522
3. Net revenue from sales and service provision	10		7,335,294,392,055	6,489,763,826,797
4. Cost of goods sold	11	27	5,073,234,436,282	4,438,284,191,180
5. Gross profit from sales and service provision	20		2,262,059,955,773	2,051,479,635,617
6. Financial income	21	28	142,915,484,776	142,064,834,469
7. Financial expenses	22	29	66,281,421,486	71,847,485,893
Including: Interest expense	23		65,880,925,449	71,041,570,755
8. Selling expenses	25	30.a	693,932,847,200	654,113,883,340
9. Administrative expenses	26	30.b	252,508,477,645	234,335,496,961
10. Operating profit	30		1,392,252,694,218	1,233,247,603,892
11. Other income	31	31	53,029,739,734	38,029,869,172
12. Other expenses	32	32	6,125,164,821	4,843,664,119
13. Other profit	40		46,904,574,913	33,186,205,053
15. Accounting profit before tax	50		1,439,157,269,131	1,266,433,808,945
16. Current corporate income tax expense	51	33	185,397,124,171	213,634,256,071
17. Deferred corporate income tax expense	52		195,966,503	-178,403,283
18. Profit after tax	60		1,253,564,178,457	1,052,977,956,157
19. Attributable to parent company	61		1,253,564,178,457	1,052,977,956,157
20. Attributable to the non-controlling interests	62			
21. Basic earnings per share	70	34	4,117	3,459
22. Diluted earnings per share	71	34	4,117	3,459



Vo Thanh Dang
General Director

Quang Ngai Province, 25 February 2022

Nguyen The Binh
Chief Accountant

Tran Thi Xuan Hien
Preparer

CONSOLIDATED STATEMENT OF CASH FLOWS

Form B 03 – DN/HN

For the year ended 31/12/2021

Issued under Circular No. 202/2014/TT - BTC
dated 22/12/2014 by the Ministry of Finance

ITEMS	Code	Year 2021 VND	Year 2020 VND
I. Cash flows from operating activities			
1. Profit before tax	01	1,439,157,269,131	1,266,433,808,945
2. Adjustments for			
- Depreciation and amortization	02	473,822,745,455	471,190,942,898
- Provisions	03	3,436,759,132	1,922,099,561
- Foreign exchange (gains)/losses from revaluation of foreign currency balances	04	(120,482,728)	554,883,420
- (Profits)/losses from investing activities	05	(133,279,541,304)	(119,400,802,553)
- Interest expense	06	65,880,925,449	71,041,570,755
- Other adjustments	07	50,000,000,000	10,000,000,000
3. Operating profit before changes in working capital	08	1,898,897,675,135	1,701,742,503,026
- Decrease/(increase) in receivables	09	(178,141,515)	(34,110,534,430)
- Decrease/(increase) in inventories	10	25,922,541,537	(183,111,646,148)
- (Decrease)/increase in payables (excluding loan interest and corporate income tax payable)	11	(118,513,532,064)	(52,190,060,256)
- Decrease/(increase) in prepaid expenses	12	2,029,218,726	(8,598,037,516)
- Interest paid	14	(65,676,720,111)	(71,529,594,551)
- Corporate income tax paid	15	(250,963,148,154)	(225,912,389,433)
- Other payments for operating activities	17	(15,184,289,853)	(18,005,781,949)
- Net cash provided by operating activities	20	1,476,333,603,701	1,108,284,458,743
II. Cash flows from investing activities			
1. Purchases of fixed assets and other long-term assets	21	(113,918,151,061)	(198,582,596,557)
2. Sales, disposals of fixed assets and other long-term assets	22	18,675,265,828	5,349,015,001
3. Purchases of debt instruments, loans given	23	(2,389,049,408,219)	(1,661,000,000,000)
4. Recovery of loans, sales of debt instruments	24	1,105,049,408,219	1,682,000,000,000
5. Received loan interest, dividends, profits	27	104,794,246,994	116,294,590,292
Net cash used in investing activities	30	(1,274,448,638,239)	(55,938,991,264)
III. Cash flows from financing activities			
1. Proceeds from borrowings	33	5,454,981,707,993	4,700,769,619,517
2. Repayment of loan principal	34	(5,145,703,266,116)	(4,642,491,961,212)
3. Cash paid for dividends, profit to owners	36	(754,159,373,100)	(903,547,488,925)
Net cash used in financing activities	40	(444,880,931,223)	(845,269,830,620)
Net cash flows for the year	50	(242,995,965,761)	207,075,636,859
Cash and cash equivalents at the beginning of the year	60	422,044,973,893	215,083,518,132
Impacts of exchange rate fluctuations	61	(167,052,452)	(114,181,098)
Cash and cash equivalents at the end of the year	70	178,881,955,680	422,044,973,893



Vo Thanh Dang
General Director

Quang Ngai Province, 25 February 2022

Nguyen The Binh
Chief Accountant

Tran Thi Xuan Hien
Preparer

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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

Form B 09 – DN/HN
Issued under Circular No. 202/2014/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 23 times and the most recent amendment was made on 22/03/2021.

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

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;
- Repairing machinery and equipment;
- Other specialized construction activities;
- Wholesale of food. Detail: Trading sugar, honey, milk, confectionary;
- Exploiting, treating and supplying water. Detail: Exploiting mineral water;
- Manufacturing malt liquors and malt;
- Manufacturing non-alcoholic beverages, mineral water. Detail: Manufacturing soft drinks and mineral water;
- Warehousing and storage;
- Post-harvest crop activities;
- Support activities for crop production. Detail: Planting sugar cane;
- Real estate activities with own or leased property;

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (cont'd)

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

- Machining; treatment and coating of metals. Detail: Machining mechanical products for manufacture and civil industries;
- 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, growing 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;
- Manufacture of structural metal products;
- Manufacture of tanks, reservoirs and containers of metal;
- Manufacture of steam generators, except central heating hot water boilers;
- Forging, pressing, stamping and roll-forming of metal; powder metallurgy;
- Manufacture of lifting and handling equipment;
- Electrical installation;
- Plumbing, heat and air-conditioning installation;
- Distilling, rectifying and blending of spirits;
- Manufacture of wines;
- Wholesale of agricultural raw materials (except wood, bamboo) and live animals. Details: Trading of soybean seeds and raw soybeans;
- Growing of vegetables, leguminous crops and flowers. Details: Growing of soybeans;
- Growing of oil seeds;
- Seed processing for propagation;
- Other mining and quarrying n.e.c.;
- Other professional, scientific and technical activities n.e.c. Detail: Agronomic consultancy;
- Organization of conventions and trade shows;
- Packaging activities (except packaging of plant protection drugs);
- Site preparation. Detail: Filling, grading, excavating land, building infield ditch roads and traffic of sugar cane area;
- Manufacturing gas; distributing gaseous fuels through mains. Detail: Manufacturing and supplying biogas and steam gas;
- Landscape care and maintenance service;
- Manufacturing cocoa, chocolate and sugar confectionery;

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (cont'd)

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

- Propagation and growing of industrial cultivars. Detail: Propagation and growing of sugar cane; Propagation and growing of soybean trees;
- Generating electricity;
- Construction of other civil engineering projects;
- Research and experimental development on natural sciences;
- Research and experimental development on engineering and technology.

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 typically from October of the preceding year to May of the following year.

1.5. Significant event in the year that affects the financial statements

In 2021, Vietnam was severely affected by the Covid-19 pandemic. The Government applied strict measures to contain the outbreak, including movement restrictions, border controls and distancing. Therefore, the operating activities of enterprises were adversely impacted. The Company's Management has evaluated the possible effects of the Covid-19 pandemic on the Company's operations and subsequently has devised and adopted appropriate plans to control the situation and ensure the stability of the Company's operations.

1.6. Company structure

As at 31/12/2021, the Company had 16 dependent units which do independent accounting and one subsidiary as follows:

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 Soybean Research and Application Center;
- VINASOY Soybean Research and Development 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 Glucose Syrup Factory;
- Mechanical Factory;
- Gia Lai Sugarcane Seed Study and Application Center.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (cont'd)

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

(*) On 05/04/2021, the Company converted Quang Ngai Sugarcane Variety Research Center into VINASOY Soybean Research and Development Center.

Due to the shrinking of the sugarcane growing area in Quang Ngai Province, Pho Phong Sugar Factory temporarily halted its production and processing of sugar from sugarcane in 2021.

Subsidiary

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

2. Accounting period, currency used in accounting

The Company's annual accounting period starts on 01 January and ends on 31 December.

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

3. Applied accounting standards and system

The Company adopts the Vietnamese Corporate Accounting System which is guided in Circular No. 200/2014/TT-BTC dated 22/12/2014 and Vietnamese Accounting Standards promulgated by the Ministry of Finance. These consolidated financial statements are prepared and presented in accordance with the provisions of Circular No. 202/2014/TT-BTC dated 22/12/2014 by the Ministry of Finance.

4. Summary of significant accounting policies

4.1 Principles and methods of preparing consolidated financial statements

Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiary.

Subsidiary

Subsidiary is entity controlled by the Company. Control is achieved where the Company has the power to directly or indirectly govern the financial and operating policies of an investee entity so as to obtain benefits from its activities. The financial statements of subsidiary are consolidated from the effective date of control up to the date of cease to control.

The financial statements of the subsidiary are prepared for the same year as the Company, using consistent accounting policies. Adjustments are made for any differences in accounting policies that may exist to ensure consistency between the subsidiary and the Company.

Capital divestment of the Company from a subsidiary that does not result in a loss of control is accounted for as transactions with owners. If the capital divestment results in a loss of control, any resulting gain or loss is recognized in the consolidated income statement.

All intra-company balances and transactions, unrealized profits or losses arising from intra-company transactions, have been eliminated in full when preparing the consolidated financial statements.

Non-controlling interests

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (cont'd)

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

Non-controlling interests represent the portion of net assets in subsidiary not held by the Company and are presented within equity in the consolidated balance sheet, separately from parent shareholders' equity.

Non-controlling interests include non-controlling interests which are measured at their holding proportion in fair value of the net assets of subsidiary at the acquisition date and non-controlling interests in the fluctuations of total equity as from the consolidation date. Losses in subsidiary are respectively attributed to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Non-controlling interests represent the portion of profit or loss of subsidiary not held by the Company, are determined based on the ratio of non-controlling interests and profit after corporate income tax of subsidiary and are presented separately in the consolidated income statement.

4.2 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 conducts 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. For foreign currency deposited in bank, the exchange rate upon revaluation is the purchasing 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 revaluating the closing balances of monetary items denominated in foreign currencies are recorded in the income statement of the fiscal year.

4.3 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.

4.4 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.

4.5 Receivables

Receivables include trade receivables and other receivables.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (cont'd)

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

- 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.

4.6 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.

4.7 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.

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (cont'd)

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

4.8 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 over their 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>Kinds of assets</u>	<u>Amortization period (years)</u>
Land use rights with definite term	15
Management software	1.5 - 3

4.9 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.

4.10 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:

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (cont'd)

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

- 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.

4.11 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 original currencies.

4.12 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.

4.13 Unearned revenue

Unearned revenue of the Company is amounts paid in advance for one or many accounting periods for services rendered to customers that are amortized over the period for which the Company has received the payment in advance.

4.14 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 original 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 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (cont'd)

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

Capitalization 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.

4.15 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.

4.16 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.

Treasury shares

Treasury shares are the amounts payable to repurchase the shares that the Company has issued and all costs directly related to this repurchase transaction.

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 dividends 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.

4.17 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;

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (cont'd)

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

- ✓ 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 to obtain economic benefits, it 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.
 - ✓ Interest is 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.

4.18 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (cont'd)

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

4.19 Cost of goods sold

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

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.

4.20 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 losses 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 other expenses attributable to investing activities.

4.21 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.

4.22 Corporate 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.

4.23 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 comprise 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 comprise loans, trade payables, accrued expenses and other payables.

Subsequent measurement

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (cont'd)

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

4.24 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.
 - ✓ 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/m³ x tax rate (10%);
 - ✓ Activity of exploiting Tra Khuc River water at VND4,000/m³ 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.
- ✓ VINASOY Soybean Research and Development 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).
 - + For the project of “Investment in RE refined sugar production line” which is a new investment project in the area with extremely difficult socio-economic conditions (with project code No. 4022187241 pursuant to Investment Registration Certificate dated 13/05/2019), CIT incentives would be applied as below:
 - CIT would be levied at the rate of 10% for the first 15 years of revenue generation from the project. In 2021, the Company generated revenue from the project. Hence, CIT rate of 10% would be applied from 2021 to 2035.
 - CIT would be waived for 4 years and would be halved for the succeeding 9 years starting from the time of taxable income derivation from the project. In 2021, the Company derived taxable income from the project. Hence, the Company would enjoy CIT exemption from 2021 to 2024 and 50% CIT liability reduction from 2025 to 2033.
- ✓ 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 year 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (cont'd)

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

- ✓ 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).
- ✓ 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.

4.25 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

	31/12/2021		01/01/2021	
Cash on hand		27,000,518,400		17,936,040,375
+ VND		26,970,913,400		17,847,940,375
+ Monetary gold (SJC gold bar)	4 bars	24,380,000	4 bars	22,220,000
+ Monetary gold (SJC gold ring)	1 ring	5,225,000	12 rings	65,880,000
Cash in bank		151,881,437,280		404,108,933,518
+ VND		141,811,845,706		403,006,457,673
+ USD	445,777.23 #	10,069,574,537	47,901.40 #	1,102,143,682
+ EUR	0.67 #	17,037	11.86 #	332,163
Total		178,881,955,680		422,044,973,893

6. Held-to-maturity investments

	31/12/2021	01/01/2021
Term deposits	3,923,000,000,000	2,639,000,000,000
Total	3,923,000,000,000	2,639,000,000,000

As at 31/12/2021, held-to-maturity investments of the Company are bank deposits with terms ranging from 6 months to 1 year. The Management assesses that these investments are not impaired in value.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (cont'd)

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

7. Short-term trade receivables

	31/12/2021	01/01/2021
MM Mega Market (Vietnam) Company Limited	2,536,105,330	1,972,675,761
EB Service Co., Ltd	2,371,531,320	3,960,934,685
Vietnam Electricity	23,388,506,349	17,765,891,848
Tetra Pak Vietnam Joint Stock Company	36,300,000,000	34,463,000,000
FRIESLANDCAMPINA Hanam Co., Ltd	5,633,177,970	-
Other customers	29,390,578,841	21,781,075,875
Total	99,619,899,810	79,943,578,169

8. Short-term prepayments to suppliers

	31/12/2021	01/01/2021
Prepayments to farmers for buying sugarcane	240,118,490,215	142,705,451,606
Other suppliers	20,702,833,314	22,893,916,633
Total	260,821,323,529	165,599,368,239

9. Other receivables

a. Short-term

	31/12/2021		01/01/2021	
	Value	Provision	Value	Provision
Accrued bank interest	33,285,568,494	-	23,466,126,027	-
Advances	1,625,068,969	-	2,110,597,792	-
Deposits, collaterals	143,753,255	-	357,293,787	-
Other receivables	6,426,986,938	18,451,050	6,991,390,673	18,451,050
Total	41,481,377,656	18,451,050	32,925,408,279	18,451,050

b. Long-term

	31/12/2021		01/01/2021	
	Value	Provision	Value	Provision
Deposits, collaterals	786,569,947	-	412,183,710	-
Total	786,569,947	-	412,183,710	-

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (cont'd)

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

10. Provision for doubtful debts

a. Short-term

	31/12/2021	01/01/2021
Provision for overdue receivables		
- From 3 years and over	12,471,195,493	11,905,262,301
- From 2 years to under 3 years	804,215,632	403,282,790
- From 1 year to under 2 years	2,029,048,418	604,260,737
- Over 6 months to under 1 year	713,928,212	1,257,552,551
Total	16,018,387,755	14,170,358,379

b. Bad debts

Overdue receivables	31/12/2021			01/01/2021		
	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 Comp	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	17,338,586,757	3,255,308,455	0.5 to 21 years	15,946,634,430	3,711,385,504	0,5 - 20 Year
Total	19,273,696,210	3,255,308,455		17,881,743,883	3,711,385,504	

(*) 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 CONSOLIDATED FINANCIAL STATEMENTS (cont'd)

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

11. Inventories

	31/12/2021		01/01/2021	
	Cost	Provision	Cost	Provision
Goods in transit	60,020,345,714	-	36,080,715,339	-
Materials, raw materials	580,684,042,700	747,552,679	504,424,649,821	-
Tools, instruments	11,763,211,140	-	7,043,299,498	-
Work in process	28,356,905,191	-	70,838,218,894	-
Finished products	132,240,721,191	841,177,077	212,152,121,766	-
Merchandise goods	2,960,017,684	-	12,295,434,674	-
Goods on consignment	1,761,211,357	-	874,556,522	-
Total	817,786,454,977	1,588,729,756	843,708,996,514	-

- Value of inventories that were unsellable, of poor quality or slow-moving as at 31/12/2021 was VND1,588,729,759.
- No inventories were mortgaged and pledged as security for debts as at 31/12/2021.

12. Prepaid expenses

a. Short-term

	31/12/2021	01/01/2021
Operating lease of fixed assets	170,059,354	123,636,360
Tools and instruments put into use	9,301,238,688	6,133,359,445
Others	7,932,359,915	10,786,410,800
Total	17,403,657,957	17,043,406,605

b. Long-term

	31/12/2021	01/01/2021
Land lease	180,178,626,401	184,938,769,296
Tools and instruments	14,720,839,662	20,655,243,284
Bottles, cases	8,492,940,503	5,606,178,273
Others	16,129,900,649	15,471,729,335
Total	219,522,307,215	226,671,920,188

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (cont'd)

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

13. Tangible fixed assets

	Buildings, architectures	Machinery, equipment	Motor vehicles	Office equipment	Total
Cost					
Beginning balance	1,383,059,886,519	6,460,847,824,718	290,548,314,743	97,434,291,945	8,231,890,317,925
Newly-purchased	542,178,610	5,041,889,362	40,929,818	2,037,666,363	7,662,664,153
Self-constructed	151,615,951,266	772,371,693,434	2,069,416,989	9,268,660,364	935,325,722,053
Fixed assets from STDF	103,870,000	33,257,550	-	-	137,127,550
Sold, disposed	20,847,375,411	208,388,220,863	3,280,738,059	126,916,000	232,643,250,333
Ending balance	1,514,474,510,984	7,029,906,444,201	289,377,923,491	108,613,702,672	8,942,372,581,348
Depreciation					
Beginning balance	808,554,424,819	3,375,371,352,646	181,577,366,058	75,874,459,189	4,441,377,602,712
Increase in the year	89,762,934,147	349,420,235,251	11,676,584,462	9,042,128,271	459,901,882,131
- Depreciation	89,748,657,950	349,415,664,236	11,676,584,462	8,643,994,938	459,484,901,586
- Using STDF	14,276,197	4,571,015	-	398,133,333	416,980,545
Sold, disposed	20,837,961,426	208,388,220,863	3,280,738,059	126,916,000	232,633,836,348
Ending balance	877,479,397,540	3,516,403,367,034	189,973,212,461	84,789,671,460	4,668,645,648,495
Net book value					
Beginning balance	574,505,461,700	3,085,476,472,072	108,970,948,685	21,559,832,756	3,790,512,715,213
Ending balance	636,995,113,444	3,513,503,077,167	99,404,711,030	23,824,031,212	4,273,726,932,853

- As at 31/12/2021, tangible fixed assets with a carrying value of VND600,024,392 have been mortgaged as collateral for borrowings granted to the Company.
- Cost of tangible fixed assets fully depreciated but still in active use as at 31/12/2021 was VND2,663,526,721,643.

14. Intangible fixed assets

	Land use rights	Computer software	Total
Cost			
Beginning balance	2,474,678,545	54,941,764,050	57,416,442,595
Newly-purchased	-	4,926,694,800	4,926,694,800
Other decrease	-	-	-
Ending balance	2,474,678,545	59,868,458,850	62,343,137,395
Amortization			
Beginning balance	751,838,051	40,250,980,804	41,002,818,855
Charge for the year	89,982,203	9,529,385,438	9,619,367,641
- Amortization	89,982,203	9,487,718,771	9,577,700,974
- Using STDF	-	41,666,667	41,666,667
Other decrease	-	-	-
Ending balance	841,820,254	49,780,366,242	50,622,186,496
Net book value			
Beginning balance	1,722,840,494	14,690,783,246	16,413,623,740
Ending balance	1,632,858,291	10,088,092,608	11,720,950,899

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (cont'd)

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

- No intangible fixed assets were mortgaged as collateral for debts as at 31/12/2021.
- Cost of intangible fixed assets fully amortized but still in active use as at 31/12/2021 was VND41,953,604,175.

15. Construction in progress

	31/12/2021	01/01/2021
Purchases	12,496,895,837	6,490,285,153
- Land of households	12,496,895,837	6,490,285,153
Construction	34,216,088,714	921,942,862,816
- Project on expanding An Khe Sugar Factory 18,000TMN	262,707,865	29,026,192,827
- Biomass thermal power plant project	6,445,620,492	15,853,099,013
- RE refined sugar project	19,891,810,478	874,667,721,043
- Other construction works	7,615,949,879	2,395,849,933
Total	46,712,984,551	928,433,147,969

16. Short-term trade payables

	31/12/2021	01/01/2021
Asia Packing Industries Vietnam Co., Ltd.	10,060,028,480	10,125,886,595
Khatoco Package Printing JSC	7,998,353,896	9,249,572,524
Tetra Pak Vietnam JSC	7,884,571,138	7,804,396,337
WPP Media Co., Ltd.	-	18,715,122,802
Vietnam Japan Fertilizer Company	14,670,000,000	11,770,000,000
Asia Chemical Corporation	7,152,838,000	7,708,167,500
Kinh Bac Packaging JSC	3,200,304,250	2,272,466,684
TKL Corporation	42,505,829,988	-
Minh Thong Production and Trading Co., Ltd.	1,790,102,050	2,701,513,650
Technology Development & Application Co., Ltd	113,113,552,660	130,642,075,208
Urban & Industrial Zone Construction JSC	394,623,800	4,651,956,950
Nguyen Lieu Technical & Trading Co., Ltd	1,824,734,851	3,681,569,310
Others	153,167,361,075	173,411,726,295
Total	363,762,300,188	382,734,453,855

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (cont'd)

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

17. Short-term advances from customers

	31/12/2021	01/01/2021
KV2 - Hoang Trung Trading Co. Ltd	123,837,597	1,124,642,546
TH Ngoc Anh Service and Trading Co., Ltd	1,412,597,022	-
Binh Huy Hoang Co., Ltd	1,173,357,951	202,396,575
Thanh Hanh Iron Rolling Co., Ltd	-	4,485,182,000
TTC Bien Hoa - Dong Nai Sugar One Member Co., Ltd	-	2,725,000,000
Lan Son Trading Co., Ltd	1,127,282,299	225,504,307
Thang Thuy Trading and Service Co., Ltd	504,453,837	837,952,406
Viet Chien Transport Co., Ltd	962,313,398	136,217,224
Others	36,001,847,976	50,091,502,480
Total	41,305,690,080	59,828,397,538

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

	Beginning balance		Occurrence in the year		Ending balance	
	Receivable	Payable	Amount to be paid	Actual amount paid	Receivable	Payable
VAT	-	12,201,299,574	354,008,629,952	353,889,598,854	-	12,309,249,542
Import VAT	-	-	19,349,491,677	19,349,491,677	-	-
Special consumption tax	-	17,074,839,842	233,598,032,338	233,046,711,399	-	17,626,160,781
Import-export duty	-	-	535,923,205	535,923,205	-	-
CIT	-	96,340,584,086	185,397,124,171	250,963,148,154	-	30,774,560,103
PIT	-	68,916,592	36,359,963,556	36,585,548,658	221,427,988	64,759,478
Natural resources tax	-	150,850,698	2,092,774,274	2,094,959,914	-	148,665,058
Land and house tax, land rent	-	-	2,401,361,238	2,519,424,170	118,062,932	-
Other taxes	25,785,512	64,420,127	1,001,400,011	1,065,820,138	25,785,512	-
Fees and charges	-	9,998,500	168,975,000	169,030,500	-	9,943,000
Total	25,785,512	125,910,909,419	834,913,675,422	900,219,656,669	365,276,432	60,933,337,962

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

19. Short-term accrued expenses

	31/12/2021	01/01/2021
Accrued selling expenses	644,492,412	-
Accrued loan interest	1,641,619,016	1,437,413,678
Other accruals	1,467,910,529	1,607,736,050
Total	3,754,021,957	3,045,149,728

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (cont'd)

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

20. Other payables

a. Short-term

	31/12/2021	01/01/2021
Trade union fees	311,421,115	400,835,177
Social insurance, health insurance, unemployment insurance	696,699,697	65,602,279
Short-term deposits, collaterals received	2,751,587,437	2,737,026,476
Dividend, profit payable	153,465,375	799,463,475
Others	23,153,810,817	16,987,564,068
Total	27,066,984,441	20,990,491,475

b. Long-term

	31/12/2021	01/01/2021
Long-term deposits, collaterals received	20,356,047,079	20,464,176,088
Total	20,356,047,079	20,464,176,088

21. Short-term loans and finance lease liabilities

	Beginning balance	Increase in the year	Decrease in the year	Ending balance
Short-term loans	1,723,009,678,809	5,454,981,707,993	5,145,703,266,116	2,032,288,120,686
- BIDV - Quang Ngai Branch	699,860,025,426	2,031,487,565,565	1,860,855,301,553	870,492,289,438
- VietinBank - Quang Ngai Branch	529,918,105,420	2,409,755,740,168	2,073,757,462,970	865,916,382,618
- Vietcombank - Quang Ngai Branch	380,713,785,467	979,025,894,218	1,063,860,231,055	295,879,448,630
- Military Bank - Quang Ngai Branch	112,517,762,496	34,712,508,042	147,230,270,538	-
Total	1,723,009,678,809	5,454,981,707,993	5,145,703,266,116	2,032,288,120,686

22. Science and technology development fund

	Year 2021	Year 2020
Beginning balance	7,239,662,831	5,280,448,290
Increase in the year (appropriation for fund)	50,000,000,000	10,000,000,000
Decrease in the year	6,504,929,572	8,040,785,459
Ending balance	50,734,733,259	7,239,662,831

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-BKHHCN-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 CONSOLIDATED FINANCIAL STATEMENTS (cont'd)

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

23. Owners' equity

a. Statement of changes in owners' equity

	Share capital	Share premium	Treasury shares	Development investment fund	Undistributed profit
As at 01/01/2020	3,569,399,550,000	353,499,663,780	(834,457,318,216)	567,823,798,211	2,813,256,672,633
Increase in the year				38,753,298,032	1,052,977,956,157
Decrease in the year					955,887,114,043
As at 31/12/2020	<u>3,569,399,550,000</u>	<u>353,499,663,780</u>	<u>(834,457,318,216)</u>	<u>606,577,096,243</u>	<u>2,910,347,514,747</u>
As at 01/01/2021	3,569,399,550,000	353,499,663,780	(834,457,318,216)	606,577,096,243	2,910,347,514,747
Increase in the year				31,589,338,685	1,253,564,178,457
Decrease in the year					795,632,493,247
As at 31/12/2021	<u>3,569,399,550,000</u>	<u>353,499,663,780</u>	<u>(834,457,318,216)</u>	<u>638,166,434,928</u>	<u>3,368,279,199,957</u>

b. Capital transactions with owners

	Year 2021	Year 2020
Share capital		
- Beginning balance	3,569,399,550,000	3,569,399,550,000
- Increase in the year	-	-
- 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 2021		Year 2020	
	Number of shares	Share capital	Number of shares	Share capital
Beginning 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>
Increase in the year	-	-	-	-
Decrease in the year	-	-	-	-
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 CONSOLIDATED FINANCIAL STATEMENTS (cont'd)

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

c. Shares

	31/12/2021 Shares	01/01/2021 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)	55,534,605	55,534,605
- Common shares	55,534,605	55,534,605
- Preferred shares	-	-
Number of outstanding shares	301,405,350	301,405,350
- Common shares	301,405,350	301,405,350
- Preferred shares	-	-
Par value of outstanding shares: VND10,000 each		

The Company's treasury shares are held by its subsidiary (Thanh Phat Trade Limited Company). As at 31/12/2021 and 01/01/2021, Thanh Phat Trade Limited Company was holding 55,534,605 shares of the Company (of which, number of purchased shares: 16,467,808 shares; number of shares from stock dividends: 39,066,797 shares).

d. Undistributed profit

	Year 2021	Year 2020
Profit brought forward	2,910,347,514,747	2,813,256,672,633
Profit after corporate income tax this year	1,253,564,178,457	1,052,977,956,157
Distribution of profit	795,632,493,247	955,887,114,043
- Distribution of prior-year profit	644,929,818,247	805,184,439,043
+ Appropriated to development investment fund	31,589,338,685	38,753,298,032
+ Appropriated to reward and welfare fund	10,529,779,562	12,917,766,011
+ Paying cash dividend	602,810,700,000	753,513,375,000
- Temporary distribution of current-year profit	150,702,675,000	150,702,675,000
+ Paying cash dividend	150,702,675,000	150,702,675,000
Undistributed profit	<u>3,368,279,199,957</u>	<u>2,910,347,514,747</u>

e. Dividends

Payment of 2020 dividends:

Resolution No. 30/NQ/QNS-DHDCD2021 dated 03/04/2021 of the 2021 Annual General Shareholders' Meeting approved to pay dividends from the profit of the year 2020 (in cash) at the rate of 25% of the charter capital.

The Company paid dividends as follows:

- ✓ 1st payment: Paying in advance at the rate of 5% of the charter capital, equivalent to VND178,469,977,500 (Date of finalizing the list of shareholders: 07/09/2020; payment date: 18/09/2020);

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (cont'd)

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

- ✓ 2nd payment: Paying in advance at the rate of 5% of the charter capital, equivalent to VND178,469,977,500 (Date of finalizing the list of shareholders: 01/03/2021; Payment date: 11/03/2021);
- ✓ 3rd payment: Paying the remaining dividends at the rate of 15% of the charter capital, equivalent to VND535,409,932,500 (Date of finalizing the list of shareholders: 16/04/2021; Payment date: 29/04/2021).

Advance payment of 2021 dividends:

- ✓ The Board of Directors decided to make the first advance payment of 2021 dividends in cash at the rate of 5% of the charter capital, equivalent to VND178,469,977,500 (Date of finalizing the list of shareholders: 19/08/2021, payment date: 01/09/2021).

24. Off-balance sheet items

a. Leased assets

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

	31/12/2021	01/01/2021
Not later than 1 year	4,419,342,364	4,439,275,564
Later than 1 year and not later than 5 years	17,757,102,255	17,824,055,378
Later than 5 years	127,443,875,727	136,948,176,081
Total	149,620,320,346	159,211,507,023

b. Foreign currencies

	31/12/2021	01/01/2021
Cash in bank		
+USD	445,777.23	47,901.40
+EUR	0.67	11.86

c. Monetary gold

	31/12/2021	01/01/2021
+ Monetary gold (SJC gold bar)	4 bars	4 bars
+ Monetary gold (SJC gold ring)	1 ring	12 rings

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (cont'd)

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

25. Revenue from sales and service provision

	Year 2021	Year 2020
Revenue from sales of finished products	7,196,504,652,893	6,402,535,351,710
Revenue from sales of merchandise goods	132,598,500,000	73,733,283,477
Revenue from rendering of services	45,352,912,811	45,896,436,132
Total	<u>7,374,456,065,704</u>	<u>6,522,165,071,319</u>

26. Revenue deductions

	Year 2021	Year 2020
Trade discounts	32,072,526,976	25,770,698,306
Sales returns	7,089,146,673	6,630,546,216
Total	<u>39,161,673,649</u>	<u>32,401,244,522</u>

27. Cost of goods sold

	Year 2021	Year 2020
Cost of finished products sold	4,881,200,206,240	4,319,208,751,355
Cost of merchandise goods sold	132,598,500,000	74,620,108,571
Cost of services rendered	57,847,000,286	44,455,331,254
Provision for decline in value of inventories	1,588,729,756	-
Total	<u>5,073,234,436,282</u>	<u>4,438,284,191,180</u>

28. Financial income

	Year 2021	Year 2020
Loan interest, deposit interest	114,613,689,461	114,051,787,552
Foreign exchange gains	3,071,435,789	2,517,600,832
Payment discounts	25,230,359,526	25,495,446,085
Total	<u>142,915,484,776</u>	<u>142,064,834,469</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (cont'd)

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

29. Financial expenses

	Year 2021	Year 2020
Loan interest	65,880,925,449	71,041,570,755
Foreign exchange losses	400,496,037	805,915,138
Total	66,281,421,486	71,847,485,893

30. Selling expenses and administrative expenses

a. Selling expenses incurred in the year

	Year 2021	Year 2020
Staff costs	276,524,311,903	246,484,017,551
Transportation, loading and unloading expenses	171,200,359,736	140,401,741,749
Advertising expenses	107,873,815,627	81,531,815,425
Promotion expenses	14,135,932,100	39,764,389,428
Showroom, sampling expenses	22,780,564,319	23,981,017,376
Other outside service expenses	77,070,661,331	64,622,271,684
Others	24,347,202,184	57,328,630,127
Total	693,932,847,200	654,113,883,340

b. Administrative expenses incurred in the year

	Year 2021	Year 2020
Staff costs	107,411,211,001	114,436,910,067
Outside service expenses	16,997,923,306	31,230,326,677
Guest entertainment expenses	2,061,514,759	2,205,579,993
Office supplies expenses	6,257,017,019	5,932,097,610
Appropriation for science and technology development fund	50,000,000,000	10,000,000,000
Provision (reversal of provision) for doubtful debts	1,848,029,376	1,922,099,561
Others	67,932,782,184	68,608,483,053
Total	252,508,477,645	234,335,496,961

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (cont'd)

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

31. Other income

	Year 2021	Year 2020
Marketing support received	33,069,006,976	31,330,000,000
Proceeds from disposals of supplies, fixed assets	18,665,851,843	5,545,723,956
Others	1,294,880,915	1,154,145,216
Total	53,029,739,734	38,029,869,172

32. Other expenses

	Year 2021	Year 2020
Penalties	383,137,323	582,579,287
Others	5,742,027,498	4,261,084,832
Total	6,125,164,821	4,843,664,119

33. Current corporate income tax expense

	Year 2021	Year 2020
Accounting profit before tax	1,439,157,269,131	1,266,433,808,945
Adjustments to taxable income	8,852,535,877	6,843,027,260
- Increase	9,834,528,392	5,969,779,174
+ Foreign exchange loss from revaluation of balances of cash, receivables	170,442,932	132,468,766
+ Improper, unqualified expenses	9,664,085,460	5,837,310,408
- Decrease	2,160,000	18,768,328
+ Foreign exchange gain from revaluation of balances of cash, receivables	2,160,000	18,768,328
- Adjustment to unrealized gain/loss	(979,832,515)	892,016,414
+ Increase from unrealized profit this year	22,470,813	1,002,303,328
+ Decrease from prior-year profit realized this year	(1,002,303,328)	(110,286,914)
Total taxable income	1,448,009,805,008	1,273,276,836,205
Tax-exempted income	320,052,453,548	9,929,995,977
Total assessable income	1,127,957,351,460	1,263,346,840,228
Corporate income tax		
- On income from main operating activities	182,051,859,958	210,175,267,398
- On other income	4,512,700,144	1,746,570,434
Current corporate income tax expense	185,397,124,171	213,634,256,071
In which:		
- Current-year income tax expenses	186,564,560,102	211,921,837,832
- Adjusting prior-year income tax expenses to current-year income tax expenses	(1,167,435,931)	1,712,418,239

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (cont'd)

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

34. Basic/diluted earnings per share

	Year 2021	Year 2020
Profit after corporate income tax	1,253,564,178,457	1,052,977,956,157
Adjustments increasing or decreasing profit after tax	(12,535,641,785)	(10,529,779,562)
- Increase	-	-
- Decrease (appropriated to reward and welfare fund)	12,535,641,785	10,529,779,562
Profit or loss attributable to common shareholders	1,241,028,536,672	1,042,448,176,595
Weighted average number of outstanding common shares	301,405,350	301,405,350
Basic/diluted earnings per share	4,117	3,459

Weighted average number of outstanding common shares:

	Year 2021	Year 2020
Common shares brought forward from prior year (excluding treasury shares)	301,405,350	301,405,350
Effect of common shares issued to pay dividends	-	-
Effect of additional shares issued to employees	-	-
Weighted average number of common shares in circulation in the year	301,405,350	301,405,350

35. Operating expenses by element

	Year 2021	Year 2020
Materials expenses	3,484,773,935,604	3,082,303,953,988
Labor costs	551,418,454,665	576,766,180,978
Depreciation expenses	469,062,602,560	465,687,336,598
Outside service expenses	486,590,161,062	491,243,913,200
Other cash expenses	540,239,947,114	518,730,734,947
Total	5,532,085,101,006	5,134,732,119,711

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (cont'd)

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

36. Segment reporting

Segment reporting of the Company was prepared in accordance with business activities of each dependent unit and subsidiary as follows:

Segment report by operating activities	Sugar		Soy milk		Thanh Phat		Others		Elimination		Total	
	Year 2021	Year 2020	Year 2021	Year 2020	Year 2021	Year 2020	Year 2021	Year 2020	Year 2021	Year 2020	Year 2021	Year 2020
Segment revenue	1,583,711,923,218	994,063,195,612	4,090,749,390,592	3,875,088,825,443	1,178,407,540,597	1,053,068,503,580	1,400,233,560,264	1,344,337,442,517	(917,808,022,616)	(776,794,140,355)	7,335,294,392,055	6,489,763,826,797
Cost of segment	1,212,061,556,948	962,413,550,817	2,444,966,193,800	2,165,651,739,568	1,144,984,246,402	1,014,367,381,711	1,179,588,096,894	1,065,597,214,674	(908,365,657,762)	(769,745,695,590)	5,073,234,436,282	4,438,284,191,180
Gross profit	371,650,366,270	31,649,644,795	1,645,783,196,792	1,709,437,085,875	33,423,294,195	38,701,121,869	220,645,463,370	278,740,227,843	(9,442,364,854)	(7,048,444,765)	2,262,059,955,773	2,051,479,635,617
Financial income											142,915,484,776	142,064,834,469
Financial expenses											66,281,421,486	71,847,485,893
Selling expenses											693,932,847,200	654,113,883,340
Administrative expenses											252,508,477,645	234,335,496,961
Operating profit											1,392,252,694,218	1,233,247,603,892
Other income											53,029,739,734	38,029,869,172
Other expenses											6,125,164,821	4,843,664,119
Other profit											46,904,574,913	33,186,205,053
Profit before tax											1,439,157,269,131	1,266,433,808,945
Corporate income tax											185,593,090,674	213,455,852,788
Profit after tax											1,253,564,178,457	1,052,977,956,157

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (cont'd)

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

31/12/2021	Segment assets					Depreciation of fixed assets in 2021
	Cost of tangible fixed assets	Accumulated depreciation	Receivables	Total assets	Payables	
Manufacturing and trading Sugar	3,639,223,609,182	(1,458,809,725,352)	234,634,968,416	2,802,246,134,914	36,160,186,565	188,948,384,371
Manufacturing and trading Soya milk	2,032,985,805,328	(1,663,447,075,803)	59,863,679,084	872,686,010,090	185,249,785,286	128,348,325,379
Thanh Phat Trade Co., Ltd	2,961,128,358	(2,710,580,628)	122,228,138,643	957,627,603,052	17,892,874,095	59,180,997
Other operating activities	3,267,202,038,480	(1,543,678,266,712)	92,069,951,776	6,999,771,771,889	2,663,665,848,684	151,706,711,813
	8,942,372,581,348	(4,668,645,648,495)	508,796,737,919	11,632,331,519,945	2,902,968,694,630	469,062,602,560
Eliminations	-	-	(122,105,954,732)	(1,756,581,249,598)	(122,105,954,732)	-
Total	8,942,372,581,348	(4,668,645,648,495)	386,690,783,187	9,875,750,270,347	2,780,862,739,898	469,062,602,560

01/01/2021	Segment assets					Depreciation of fixed assets in 2020
	Cost of tangible fixed assets	Accumulated depreciation	Receivables	Total assets	Payables	
Manufacturing and trading Sugar	3,184,842,111,835	(1,673,482,459,564)	133,617,330,854	2,025,590,143,028	62,230,411,821	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	178,535,932,835	153,630,734,541
Thanh Phat Trade Co., Ltd	2,696,815,631	(2,696,815,631)	168,952,089,874	1,008,035,387,655	39,670,519,197	
Other operating activities	3,039,555,814,306	(1,223,055,908,168)	78,316,087,342	6,915,332,333,094	2,432,929,319,839	150,451,823,846
	8,231,890,317,925	(4,441,377,602,712)	433,111,920,969	10,953,991,851,124	2,713,366,183,692	465,687,336,598
Eliminations	-	-	(168,401,740,951)	(1,803,660,901,829)	(168,401,740,951)	-
Total	8,231,890,317,925	(4,441,377,602,712)	264,710,180,018	9,150,330,949,295	2,544,964,442,741	465,687,336,598

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (cont'd)

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

37. 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 low.

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:

	31/12/2021	01/01/2021
Financial assets		
Cash		
- USD	445,777.23	47,901.40
- EUR	0.67	11.86
Trade receivables (USD)	8,862.00	24,405.22
Financial liabilities		
Trade payables (USD)	148,940.00	324,150.06
Trade payables (EUR)	184,600.00	188,650.00
Trade payables (JPY)	-	42,000.00
Other payables (USD)	50,907.25	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 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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (cont'd)

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

management policies, the Management assesses that the Company's exposure to uncontrollable risks of changes in commodity prices is low.

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,...

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

31/12/2021	Within 1 year	Over 1 year	Total
Trade payables	363,762,300,188	-	363,762,300,188
Accrued expenses	3,754,021,957	-	3,754,021,957
Loans and finance lease liabilities	2,032,288,120,686	-	2,032,288,120,686
Other payables	26,058,863,629	20,356,047,079	46,414,910,708
Total	2,425,863,306,460	20,356,047,079	2,446,219,353,539
01/01/2021	Within 1 year	Over 1 year	Total
Trade payables	382,734,453,855	-	382,734,453,855
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	20,524,054,019	20,464,176,088	40,988,230,107
Total	2,129,313,336,411	20,464,176,088	2,149,777,512,499

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (cont'd)

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

The Company is not exposed to liquidity risk in the short term. 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:

31/12/2021	Within 1 year	Over 1 year	Total
Cash and cash equivalents	178,881,955,680	-	178,881,955,680
Held-to-maturity investments	3,923,000,000,000	-	3,923,000,000,000
Trade receivables	96,135,888,234	-	96,135,888,234
Other receivables	39,837,857,637	786,569,947	40,624,427,584
Total	4,237,855,701,551	786,569,947	4,238,642,271,498

01/01/2021	Within 1 year	Over 1 year	Total
Cash and cash equivalents	422,044,973,893	-	422,044,973,893
Held-to-maturity investments	2,639,000,000,000	-	2,639,000,000,000
Trade receivables	76,582,828,093	-	76,582,828,093
Other receivables	30,796,359,437	412,183,710	31,208,543,147
Total	3,168,424,161,423	412,183,710	3,168,836,345,133

38. Related party information

Salaries, bonuses of the members of the Board of Directors and Management are as follows:

Name	Position	Year 2021	Year 2020
Vo Thanh Dang	Vice Chairman General Director	1,699,830,769	1,706,098,594
Tran Ngoc Phuong	Chairman Vice General Director	1,106,522,769	1,107,605,979
Nguyen Huu Tien	Member Vice General Director	1,106,522,769	1,186,098,594
Ngo Van Tu	Member Director of Vinasoy milk factory	2,213,351,413	2,280,767,426
Dang Phu Quy	Member Director of Thanh Phat Co., Ltd	1,066,379,250	911,281,672
Nguyen The Binh	Chief Accountant	844,715,077	822,244,684

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (cont'd)

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

39. Events after the balance sheet date


On 06/01/2022, the Board of Directors of the Company issued Resolution No. 004/NQ-QNS-HDQT on the 2nd advance payment of 2021 dividends in cash at the rate of 5% of the charter capital, equivalent to VND178,469,977,500 (The date for finalizing the list of shareholders receiving dividends is 20/01/2022 and the date of dividend payment: 28/01/2022).

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


40. Corresponding figures


Corresponding figures were taken from the consolidated financial statements for the year ended 31/12/2020 which were audited by AAC.




Vu Thanh Dang
General Director

Quang Ngai Province, 25 February 2022


Nguyen The Binh
Chief Accountant


Tran Thi Xuan Hien
Preparer