

DUC GIANG CHEMICALS GROUP JOINT STOCK COMPANY

CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2021



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# DUC GIANG CHEMICALS GROUP JOINT STOCK COMPANY

## CORPORATE INFORMATION

### Enterprise Registration Certificate

No. 0101452588 dated 5 March 2004

The Enterprise Registration Certificate was initially issued by the Hanoi Department for Planning and Investment on 5 March 2004. The latest amendment (20<sup>th</sup>) to the Enterprise Registration Certificate was issued on 24 May 2021.

### Board of Directors

Mr. Dao Huu Huyen	Chairman
Mr. Dao Huu Duy Anh	Member
Mr. Nguyen Van Quang	Member
Mr. Pham Van Hung	Member
Mr. Khuc Ngoc Giang	Member

### Board of Supervision

Mr. Nguyen Van Kien	Chief Supervisor
Mr. Vu Van Ngo	Member
Ms. Pham Thi Thoa	Member

### Board of Management

Mr. Dao Huu Duy Anh	General Director
Mr. Pham Van Hung	Deputy General Director

### Legal Representative

Mr. Dao Huu Huyen	Chairman of Board of Directors
Mr. Dao Huu Duy Anh	Member of Board of Directors/ General Director

### Registered Office

No. 18 Lane 44, Duc Giang Street, Thuong Thanh Ward, Long Bien District, Hanoi, Vietnam

### Auditor

Branch of PwC (Vietnam) Limited in Hanoi

## DUC GIANG CHEMICALS GROUP JOINT STOCK COMPANY

### STATEMENTS OF THE BOARD OF MANAGEMENT

#### RESPONSIBILITY OF THE BOARD OF MANAGEMENT IN RESPECT OF THE CONSOLIDATED FINANCIAL STATEMENTS

The Board of Management of Duc Giang Chemicals Group Joint Stock Company (“the Company”) is responsible for preparing the consolidated financial statements of the Company and its subsidiaries (together, “the Group”) which give a true and fair view of the financial position of the Group as at 31 December 2021, and the consolidated results of its operations and its consolidated cash flows for the year then ended. In preparing these consolidated financial statements, the Board of Management is required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent; and
- prepare the consolidated financial statements on a going concern basis unless it is inappropriate to presume that the Group will continue in business.

The Board of Management is responsible for ensuring that proper accounting records are kept which disclose, with reasonable accuracy at any time, the financial position of the Group and enable the consolidated financial statements to be prepared which comply with the basis of accounting set out in Note 2 to the consolidated financial statements. The Board of Management is also responsible for safeguarding the assets of the Group and hence for taking reasonable steps for the prevention and detection of fraud or errors.

#### APPROVAL OF THE CONSOLIDATED FINANCIAL STATEMENTS

We hereby, approve the accompanying consolidated financial statements as set out on pages 5 to 45. The consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2021 and of the consolidated results of its operations and its consolidated cash flows for the year then ended in accordance with Vietnamese Accounting Standards, the Vietnamese Corporate Accounting System and applicable regulations on preparation and presentation of consolidated financial statements.

On behalf of the Board of Management



Dao Huu Duy Anh  
General Director  
Legal Representative

Hanoi, SR Vietnam  
28 February 2022



## **INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS AND BOARD OF DIRECTORS OF DUC GIANG CHEMICALS GROUP JOINT STOCK COMPANY**

We have audited the accompanying consolidated financial statements of Duc Giang Chemicals Group Joint Stock Company ("the Company") and its subsidiaries (together, "the Group") which were prepared on 31 December 2021, and approved by the Board of Management of the Company on 28 February 2022. The consolidated financial statements comprise the consolidated balance sheet as at 31 December 2021, the consolidated income statement, and the consolidated cash flow statement for the year then ended, and explanatory consolidated financial statements including significant accounting policies, as set out on pages 5 to 45.

### **Responsibility of the Board of Management**

The Board of Management of the Company is responsible for the preparation and the true and fair presentation of these consolidated financial statements in accordance with Vietnamese Accounting Standards, the Vietnamese Corporate Accounting System and applicable regulations on the preparation and presentation of consolidated financial statements and for such internal control which the Board of Management determines as necessary to enable the preparation and fair presentation of the consolidated financial statements that are free from material misstatement, whether due to fraud or errors.

### **Auditor's Responsibility**

Our responsibility is to express an opinion on the 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 standards and requirements and plan and perform the audit in order to obtain reasonable assurance as to 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 auditor's judgment, including an assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or errors. In making those risk assessments, the auditor considers internal control relevant to the Group's preparation and true 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 Group's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Board of Management of the Company, 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.

## Auditor's opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 31 December 2021, its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Vietnamese Accounting Standards, the Vietnamese Corporate Accounting System and applicable regulations on the preparation and presentation of the consolidated financial statements.

## Other Matters

The consolidated financial statements of the Group for the financial year ended 31 December 2020 were audited by another auditors whose audit report dated 18 March 2021 expressed an unqualified audit opinion.

The independent auditor's report is prepared in Vietnamese and English. Should there be any conflict between the Vietnamese and English versions, the Vietnamese version shall take precedence.

## For and on behalf of Branch of PwC (Vietnam) Limited in Hanoi



Tran Hong Kien  
Audit Practising License: 0298-2018-006-1  
Authorised signatory



Tran Khắc Thế  
Audit Practising License: 2043-2018-006-01

Report reference number: HAN 2907  
Hanoi, 28 February 2022

## CONSOLIDATED BALANCE SHEET

Code	ASSETS	Note	As at 31 December	
			2021 VND	2020 VND (As reclassified – Note 36)
<b>100</b>	<b>CURRENT ASSETS</b>		<b>5,997,347,534,355</b>	<b>3,433,498,648,020</b>
<b>110</b>	<b>Cash and cash equivalents</b>	3	<b>123,957,761,198</b>	<b>282,319,769,553</b>
111	Cash		114,957,761,198	39,191,561,995
112	Cash equivalents		9,000,000,000	243,128,207,558
<b>120</b>	<b>Short-term investments</b>		<b>3,631,679,997,108</b>	<b>1,557,534,801,277</b>
123	Investments held to maturity	4	3,631,679,997,108	1,557,534,801,277
<b>130</b>	<b>Short-term receivables</b>		<b>780,770,236,525</b>	<b>848,572,832,929</b>
131	Short-term trade accounts receivable	5	630,346,484,850	750,355,619,680
132	Short-term prepayments to suppliers	6	73,409,082,843	47,709,542,431
136	Other short-term receivables	7(a)	77,014,668,832	50,507,670,818
<b>140</b>	<b>Inventories</b>	8	<b>1,386,431,589,969</b>	<b>697,142,527,758</b>
141	Inventories		1,386,431,589,969	697,142,527,758
<b>150</b>	<b>Other current assets</b>		<b>74,507,949,555</b>	<b>47,928,716,503</b>
151	Short-term prepaid expenses		6,656,353,535	10,393,725,307
152	Value Added Tax (“VAT”) to be reclaimed		64,841,617,679	37,534,991,196
153	Other tax assets and receivables from state		3,009,978,341	-
<b>200</b>	<b>LONG-TERM ASSETS</b>		<b>2,523,045,582,016</b>	<b>2,442,651,123,868</b>
<b>210</b>	<b>Long-term receivables</b>		<b>9,239,083,336</b>	-
216	Other long-term receivables	7(b)	9,239,083,336	-
<b>220</b>	<b>Fixed assets</b>		<b>1,973,866,114,123</b>	<b>2,029,464,639,216</b>
221	Tangible fixed assets	10(a)	1,973,710,613,343	2,029,235,696,849
222	Historical cost		3,776,239,360,097	3,550,461,804,749
223	Accumulated depreciation		(1,802,528,746,754)	(1,521,226,107,900)
227	Intangible fixed assets	10(b)	155,500,780	228,942,367
228	Historical cost		1,045,839,000	1,045,839,000
229	Accumulated amortisation		(890,338,220)	(816,896,633)
<b>240</b>	<b>Long-term assets in progress</b>		<b>171,600,433,670</b>	<b>180,478,058,724</b>
242	Construction in progress	11	171,600,433,670	180,478,058,724
<b>260</b>	<b>Other long-term assets</b>		<b>368,339,950,887</b>	<b>232,708,425,928</b>
261	Long-term prepaid expenses	9	361,083,406,691	228,434,534,247
262	Deferred income tax assets		381,239,227	-
263	Long-term spare parts, supplies and equipment		3,152,883,180	-
269	Goodwill	12	3,722,421,789	4,273,891,681
<b>270</b>	<b>TOTAL ASSETS</b>		<b>8,520,393,116,371</b>	<b>5,876,149,771,888</b>

The notes on pages 9 to 45 are an integral part of these consolidated financial statements.

CONSOLIDATED BALANCE SHEET  
(CONTINUED)

Code	RESOURCES	Note	As at 31 December	
			2021 VND	2020 VND (As reclassified – Note 36)
<b>300</b>	<b>LIABILITIES</b>		<b>2,188,391,014,861</b>	<b>1,808,718,873,158</b>
<b>310</b>	<b>Short-term liabilities</b>		<b>2,188,291,014,861</b>	<b>1,808,618,873,158</b>
311	Short-term trade accounts payable	13	683,397,714,034	137,023,874,475
312	Short-term advances from customers	14	165,633,053,411	34,017,024,310
313	Tax and other payables to the State	15	55,022,797,269	59,300,749,575
314	Payables to employees		156,003,204,908	90,357,771,188
315	Short-term accrued expenses		13,040,153,290	17,869,739,880
319	Other short-term payables	16	204,106,585,380	243,230,738,381
320	Short-term borrowings	17	841,909,212,299	1,148,973,992,471
322	Bonus and welfare fund	18	69,178,294,270	77,844,982,878
<b>330</b>	<b>Long-term liabilities</b>		<b>100,000,000</b>	<b>100,000,000</b>
343	Fund for scientific and technological development		100,000,000	100,000,000
<b>400</b>	<b>OWNERS' EQUITY</b>		<b>6,332,002,101,510</b>	<b>4,067,430,898,730</b>
<b>410</b>	<b>Capital and reserves</b>		<b>6,332,002,101,510</b>	<b>4,067,430,898,730</b>
411	Owners' capital	19,20	1,710,805,560,000	1,487,669,430,000
411a	- Owners' capital with voting rights		1,710,805,560,000	1,487,669,430,000
412	Share premium	20	1,786,667,372,400	1,786,667,372,400
414	Owners' other capital	20	(849,228,747,207)	(849,228,747,207)
415	Treasury shares	20	(8,730,000)	(8,730,000)
418	Investment and development fund	20	481,725,051,093	345,987,365,996
421	Undistributed earnings	20	2,946,706,519,165	1,139,904,853,184
421a	- Undistributed post-tax profits of previous years		708,513,295,066	456,379,174,908
421b	- Post-tax profit of current year		2,238,193,224,099	683,525,678,276
429	Non-controlling interests	20	255,335,076,059	156,439,354,357
<b>440</b>	<b>TOTAL RESOURCES</b>		<b>8,520,393,116,371</b>	<b>5,876,149,771,888</b>



Hoang Thuy Ha  
Preparer



Dao Thi Mai  
Chief Accountant



Dao Huu Duy Anh  
General Director  
Legal Representative  
28 February 2022

The notes on pages 9 to 45 are an integral part of these consolidated financial statements.



## CONSOLIDATED INCOME STATEMENT

Code	Note	Year ended 31 December	
		2021 VND	2020 VND
01	Revenue from sales of goods and rendering of services	9,550,582,124,429	6,236,486,134,952
02	Less deductions	(195,888,680)	(6,745,569)
10	Net revenue from sales of goods and rendering of services	9,550,386,235,749	6,236,479,389,383
11	Cost of goods sold and services rendered	(6,368,029,470,264)	(4,757,294,297,235)
20	Gross profit from sales of goods and rendering of services	3,182,356,765,485	1,479,185,092,148
21	Financial income	170,667,013,963	122,107,448,832
22	Financial expenses	(68,114,072,606)	(85,051,371,186)
23	- Including: Interest expenses	(13,663,632,336)	(19,822,090,403)
25	Selling expenses	(503,818,242,221)	(388,042,567,303)
26	General and administration expenses	(136,602,168,446)	(104,602,329,448)
30	Net operating profit	2,644,489,296,175	1,023,596,273,043
31	Other income	7,310,901,345	3,611,036,605
32	Other expenses	(14,687,299,804)	(25,866,698,565)
40	Net other expenses	(7,376,398,459)	(22,255,661,960)
50	Net accounting profit before tax	2,637,112,897,716	1,001,340,611,083
51	Business income tax ("BIT") - current	(123,717,903,343)	(53,269,446,339)
52	BIT - deferred	381,239,227	-
60	Net profit after tax	2,513,776,233,600	948,071,164,744
Attributable to:			
61	Shareholders of the parent company	2,388,150,970,624	906,674,783,276
62	Non-controlling interests	125,625,262,976	41,396,381,468
70	Basic earnings per share	13,122	4,986
71	Diluted earnings per share	13.122	4.986

Hoang Thuy Ha  
Preparer

Dao Thi Mai  
Chief Accountant



Dao Huu Duy Anh  
General Director  
Legal Representative  
28 February 2022

The notes on pages 9 to 45 are an integral part of these consolidated financial statements.

**CONSOLIDATED CASH FLOW STATEMENT**  
**(Indirect method)**

Code	Note	Year ended 31 December	
		2021 VND	2020 VND
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
01		<b>2,637,112,897,716</b>	<b>1,001,340,611,083</b>
	Adjustments for:		
02	Depreciation and amortisation	278,605,693,953	267,807,756,440
04	Unrealised foreign exchange losses	8,393,853,930	3,266,579,765
05	Profits from investing activities	(97,905,096,803)	(71,099,528,026)
06	Interest expenses	13,663,632,336	19,822,090,403
08	<b>Operating profit before changes in working capital</b>	<b>2,839,870,981,132</b>	<b>1,221,137,509,665</b>
09	Decrease/(increase) in receivables	35,748,751,836	(185,034,084,352)
10	(Increase)/decrease in inventories	(692,441,945,391)	111,111,688,946
11	Increase in payables	766,438,884,469	45,227,815,092
12	Increase in prepaid expenses	(128,911,500,672)	(26,253,193,252)
14	Interest paid	(14,412,982,853)	(18,796,377,733)
15	BIT paid	(127,754,745,651)	(29,577,432,536)
17	Other payments on operating activities	(58,971,024,047)	(44,829,310,382)
20	<b>Net cash inflows from operating activities</b>	<b>2,619,566,418,823</b>	<b>1,072,986,615,448</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
21	Purchases of fixed assets	(252,689,536,618)	(243,268,894,837)
22	Proceeds from disposals of fixed assets	-	2,357,686,365
23	Lendings and term deposits at bank	(3,458,441,076,712)	(1,949,336,000,000)
24	Collection of lendings and term deposits	1,417,458,824,805	1,053,171,918,656
27	Dividends and interest received	52,981,921,398	36,003,353,113
30	<b>Net cash outflows from investing activities</b>	<b>(2,240,689,867,127)</b>	<b>(1,101,071,936,703)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
33	Proceeds from borrowings	3,109,717,781,637	3,519,018,565,958
34	Repayments of borrowings	(3,410,431,593,538)	(3,142,459,969,711)
36	Dividends paid, profits distributed to owners	(236,503,705,272)	(193,865,249,600)
40	<b>Net cash (outflows)/inflows from financing activities</b>	<b>(537,217,517,173)</b>	<b>182,693,346,647</b>
50	<b>Net (decrease)/increase in cash and cash equivalents</b>	<b>(158,340,965,477)</b>	<b>154,608,025,392</b>
60	<b>Cash and cash equivalents at beginning of year</b>	<b>282,319,769,553</b>	<b>127,679,693,963</b>
61	Effect of foreign exchange differences	(21,042,878)	32,050,198
70	<b>Cash and cash equivalents at end of year</b>	<b>123,957,761,198</b>	<b>282,319,769,553</b>

Additional information for major non-cash transactions relating to the consolidated cash flow statement is presented in Note 32.

  
 Hoang Thuy Ha  
 Preparer

  
 Dao Thi Mai  
 Chief Accountant



  
 Dao Huu Duy Anh  
 General Director  
 Legal Representative  
 28 February 2022

The notes on pages 9 to 45 are an integral part of these consolidated financial statements.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2021

## 1 GENERAL INFORMATION

Duc Giang Chemicals Group Joint Stock Company (“the Company”) is a joint stock company established in SR Vietnam pursuant to the Enterprise Registration Certificate No. 0101452588 dated 5 March 2004 issued by the Hanoi Department for Planning and Investment. The latest amendment (20th) to the Enterprise Registration Certificate was issued on 24 May 2021.

The Company's shares are listed on the Ho Chi Minh City Stock Exchange (HOSE) with the stock trading code DGC.

The business sector of Duc Giang Chemicals Group Joint Stock Company (“the Company”) and its subsidiaries (together, “the Group”) is manufacturing of industrial products.

The principal activities of the Group are:

- producing basic chemicals: production of raw materials and chemical products;
- producing fertilizers and nitrogen compounds: producing fertilizer products;
- trading in rubber, paint, plastic and fertilizer products; trading in raw materials and chemical products;
- production of plastics and synthetic rubber in primary form;
- Freight transport by road; and
- Mining

The normal business cycle of the Group is 12 months.

As at 31 December 2021, the Company had three (03) dependent accounting units (Hung Yen Branch, Binh Duong Branch and Lao Cai Branch) and six (06) subsidiaries. The details are as follows:

Subsidiaries	Principal activities	Place of incorporation and operation	As at 31/12/2021 and 31/12/2020	
			% of ownership	% of voting rights
1. Duc Giang Lao Cai Chemicals One Member Company Limited	Industrial manufacturing	Bao Thang District, Lao Cai	100%	100%
2. Duc Giang - Dinh Vu Chemicals One Member Company Limited	Warehousing and storage business	Hai An District, Hai Phong	100%	100%
3. Duc Giang Nghi Son Chemicals One Member Company Limited	Industrial manufacturing	Tinh Gia District, Thanh Hoa	100%	100%
4. Duc Giang Chemicals Sports One Member Company Limited	Sports activities	Long Bien District, Hanoi	100%	100%

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2021

## 1 GENERAL INFORMATION (CONTINUED)

Subsidiaries	Principal activities	Place of incorporation and operation	As at 31/12/2021 and 31/12/2020	
			% of ownership	% of voting rights
5. Duc Giang Land One Member Company Limited ( <i>established on 1 February 2021</i> )	Real estates	Long Bien District, Hanoi	100%/(-)	100%/(-)
6. Vietnam Phosphorus Apatite Joint Stock Company ( <i>is a direct subsidiary of Duc Giang Lao Cai Chemical Co., Ltd.</i> )	Industrial manufacturing	Bao Thang District, Lao Cai	51%	51%
7. Apatite Duc Giang Limited Company – <i>dissolved (*)</i>	Mining	Bao Thang District, Lao Cai	(-)/100%	(-)/100%

(\*) Apatite Duc Giang Limited Company was dissolved according to the Resolution No. 11/2021/NQ-HDQT dated 21 July 2021 of the Board of Management and the Notice No. 7973/21 dated 16 December 2021 of the Lao Cai Department of Planning and Investment.

As at 31 December 2021, the Group had 2,246 employees (as at 31 December 2020: 2,090 employees).

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

## 2.1 Basis of preparation of the consolidated financial statements

The consolidated financial statements have been prepared in accordance with Vietnamese Accounting Standards, the Vietnamese Corporate Accounting System and applicable regulations on preparation and presentation of consolidated financial statements. The consolidated financial statements have been prepared under the historical cost convention except for business combinations as presented in Note 2.5.

The accompanying consolidated financial statements are not intended to present the financial position and results of operations and cash flows in accordance with accounting principles and practices generally accepted in countries and jurisdictions other than Vietnam's. The accounting principles and practices utilised in Vietnam may differ from those generally accepted in countries and jurisdictions other than Vietnam.

The consolidated financial statements in the Vietnamese language are the official statutory consolidated financial statements of the Group. The consolidated financial statements in the English language have been translated from the Vietnamese version.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2021**2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)****2.2 Fiscal year**

The Group's fiscal year is from 1 January to 31 December.

**2.3 Currency**

The consolidated financial statements are measured and presented in the Vietnamese Dong ("VND").

**2.4 Exchange rates**

Transactions arising in foreign currencies are translated at exchange rates ruling at the transaction dates. Foreign exchange differences arising from these transactions are recognised in the consolidated income statement.

Monetary assets and liabilities denominated in foreign currencies at the consolidated balance sheet date are respectively translated at the buying and selling exchange rates at the consolidated balance sheet date of the commercial banks with which the Group regularly trades. Foreign currencies deposited in banks at the consolidated balance sheet date are translated at the buying exchange rate of the commercial banks where the Group opens its foreign currency accounts. Foreign exchange differences arising from these translations are recognised in the consolidated income statement.

**2.5 Basis of consolidation****Subsidiaries**

Subsidiaries are all entities over which the Group has the power to govern the financial and operating policies in order to gain future benefits from their activities generally accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

In a multi-phase acquisition, when determining goodwill or bargain purchase, the consideration is the sum of the total consideration on the date of acquiring control and previous considerations remeasured to fair value on the date of control acquisition.

Inter-company transactions, balances and unrealised gains and losses on transactions between group companies are eliminated.

Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2021**2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)****2.5 Basis of consolidation (continued)****Business combination**

Accounting policies on business combinations are presented in Note 2.6.

**Non-controlling transactions and interests**

The Group applies a policy for transactions with non-controlling interests as transactions with external parties to the Group.

Non-controlling interests (“NCI”) are measured at their proportionate share of the acquiree’s identifiable net assets at date of acquisition.

Divestment of the Group’s interest in a subsidiary that does not result in a loss of control is accounted for as a transaction with owners. The difference between the change in the Group’s share of net assets of the subsidiary and any consideration paid or received from divestment of Group’s interest in the subsidiary is recorded directly in the undistributed earnings under equity.

In a divestment of the Group’s interest in a subsidiary that results in a loss of control, the difference between the Group’s share in the net assets of the subsidiary and the net proceeds from divestment is recognised in the consolidated income statement. The retained interest in the entity will be accounted for as either an investment in another entity or investment to be accounted for as equity since the divestment date.

**2.6 Business combination****Business combinations using purchase method of accounting**

The purchase method of accounting is used to account for the acquisition of subsidiaries by the Group. The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any non-controlling interest. The excess of the cost of acquisition over the fair value of the Group’s share of the identifiable net assets acquired is recorded as goodwill. If the cost of acquisition is less than the fair value of the net assets of the subsidiary acquired, the difference is recognised directly in the consolidated income statement.

**Business combinations involving entities under common control**

Entities under common control are those that are ultimately controlled by the same party (companies or individuals) or by multiple parties (groups of companies or groups of individuals) either before or after the business combination and that control is not transitory. The accounting applicable to business combinations involving entities under common control is presented as follows:

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2021**2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)****2.6 Business combination (continued)****Business combinations involving entities under common control (continued)**

- Assets and liabilities of the acquired entity are stated at predecessor carrying values. Fair value measurement is not required;
- No goodwill arises in the business combination;
- Any difference between the consideration given and the aggregate carrying value of the assets and liabilities of the acquired entity at the date of the transaction is included in equity (presented in the account “Owners’ other capital” – Code 414);
- The consolidated balance sheet and consolidated income statement reflect the financial position and results of operations of the consolidated entities from the date of the combination.

After the date of the business combination, if the Group transfers and loses control in these entities, the difference between the consideration transferred from the acquirer and the net asset value of the acquirees which was previously recognised to the account “Owners’ other capital”, will be transferred to account “Undistributed earnings” in the consolidated balance sheet.

**2.7 Goodwill**

Goodwill represents the excess of the cost of an acquisition over the fair value of the Group’s share of the net identifiable assets of the acquired subsidiary at the date of acquisition. Goodwill on acquisitions of subsidiaries is recognised as an asset and is amortised on a straight-line basis over its estimated year of benefit but not exceeding 10 years.

On disposal of the investments in subsidiaries, the attributable amount of unamortised goodwill is included in the determination of the profit or loss on the disposal.

Goodwill is carried at cost less accumulated amortisation, and is tested annually for impairment. If there is evidence that the impairment during the year is higher than the annual goodwill charge, the Group records the impairment immediately in the accounting year.

Goodwill is not recognized in a business combination involving entities under common control (Note 2.6).

**2.8 Cash and cash equivalents**

Cash and cash equivalents comprise cash on hand, cash in banks, cash in transit, demand deposits and other short-term investments with an original maturity of three months or less.

**2.9 Investments held to maturity**

Investments held to maturity are investments which the Group has a positive intention and ability to hold until maturity.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2021**2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)****2.9 Investments held to maturity (continued)**

Investments held to maturity include term deposits with maturity over three months and other investments held to maturity. Those investments are initially accounted for at cost. Subsequently, the Group reviews all outstanding investments to determine the amount of provision to recognise at the year end.

Provision for diminution in value of investments held to maturity is made when there is evidence that the investment is uncollectible in whole or in part. Changes in the provision balance during the accounting year are recorded as an increase or decrease in financial expenses. A reversal, if any, is made only to the extent the investment is restored to its original cost.

Investments held to maturity are classified into short-term and long-term investments held to maturity on the consolidated balance sheet based on remaining year from the consolidated balance sheet date to the remaining maturity date.

**2.10 Receivables**

Receivables represent trade receivables from customers arising from sales of goods and rendering of services or non-trade receivables from others and are stated at cost. Provision for doubtful debts is made for each outstanding amount based on overdue days in payment according to the initial payment commitment (exclusive of the payment rescheduling between parties). Bad debts are written off when identified.

Receivables are classified into long-term and short-term receivables on the consolidated balance sheet based on the remaining year from the consolidated balance sheet date to the maturity date.

**2.11 Inventories**

Inventories are stated at the lower of cost and net realisable value. Cost is determined by the weighted average method and includes all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition. In the case of manufactured products, cost includes all direct expenditure and production overheads based on normal levels of operating activity. Net realisable value is the estimated selling price in the normal course of business, less the estimated costs of completion and selling expenses.

The Group applies the perpetual system for inventories.

Provision is made, when necessary, for obsolete, slow-moving and defective inventory items. The difference between the provision of this year and the provision of the previous year is recognised as an increase or decrease of cost of goods sold in the year.



NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2021

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.12 Fixed assets

*Tangible and intangible fixed assets*

Fixed assets are stated at historical cost less accumulated depreciation or amortisation. Historical cost includes any expenditure that is directly attributable to the acquisition of the fixed assets bringing them to suitable conditions for their intended use. Expenditure incurred subsequently which has resulted in an increase in the future economic benefits expected to be obtained from the use of fixed assets, can be capitalised as an additional historical cost. Otherwise, such expenditure is charged to the consolidated income statement when incurred.

*Depreciation and amortisation*

Fixed assets are depreciated and amortised using the straight-line method, except for machinery and equipment for mining activities, which are depreciated using the units of production method, so as to write off the historical cost of the fixed assets over their estimated useful lives. Depreciation and amortisation are included in the operating expenses of the year, other than those related to fixed assets funded by the Bonus and Welfare Fund (Note 2.20(b)). The estimated useful lives of each asset class are as follows:

Plant and buildings	6 – 25 years
Machinery	3 – 10 years
Motor vehicles (*)	5 – 8 years
Office equipment	3 – 6 years
Computer software	5 years

(\*) Motor vehicles used for apatite ore mining at Mine 25 are depreciated based on the estimated extraction volume, which is expected to be within 6 years.

Land use rights comprise of land use rights granted by the State for which land use fees are collected, land use rights acquired in a legitimate transfer, and prepaid land use rights obtained under land rental contracts which are effective before the effective date of land law 2003 (ie. 1 July 2004) and which land use right certificates are granted.

Definite land use rights are stated at costs less accumulated amortisation. Costs of land use rights consist of the purchased prices and any directly attributable costs in obtaining the land use rights. Land use rights are amortised using the straight-line basis over the terms of the land use right certificates.

Indefinite land use rights are stated at costs and not amortised.

*Disposals*

Gains or losses on disposals are determined by comparing net disposal proceeds with the carrying amount of the fixed assets and are recognised as income or expense in the consolidated income statement.

*Construction in progress*

Construction in progress represents the cost of assets in the course of installation or construction for production, rental or administrative purposes, or for purposes not yet determined, which are recorded at cost.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2021**2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)****2.13 Leased assets**

Leases where a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases are charged to the consolidated income statement on a straight-line basis over the term of the lease.

**2.14 Prepaid expenses**

Prepaid expenses include short-term and long-term prepayments on the consolidated balance sheet. Prepaid expenses are recorded at historical cost and allocated on a systematic basis over their estimated useful lives.

Prepayments for land rental contracts which are not recorded as intangible assets as described in 2.12 are recorded as prepaid expenses, and allocated on a straight-line basis over the lease term. Site clearance costs related to the leased land are allocated in proportion to the lease term.

Fees for mineral exploitation right in connection with mining apatite ore at Mine 25 are amortized based on the estimated extraction volume. Other expenses incurred are amortized on a straight-line basis over the mining term.

**2.15 Payables**

Classifications of payables are based on their nature as follows:

- Trade accounts payable are trade payables arising from purchase of goods and services;
- Other payables are non-trade payables, and payables not relating to purchases of goods and services.

Payables are classified into long-term and short-term payables on the consolidated balance sheet based on the remaining year from the consolidated balance sheet date to the maturity date.

**2.16 Borrowings**

Borrowings are obtained from banks and other entities.

Borrowings are classified into long-term and short-term borrowings on the consolidated balance sheet based on the remaining year from the consolidated balance sheet date to the maturity date.

Borrowing costs that are directly attributable to the construction or production of any qualifying assets are capitalised during the year of time that is required to complete and prepare the asset for its intended use. In respect of general-purpose borrowings, a portion of which used for the purpose of construction or production of any qualifying assets, the Group determines the amount of borrowing costs eligible for capitalisation by applying a capitalisation rate to the weighted average expenditure on the assets. The capitalisation rate is the weighted average of the interest rates applicable to the Group's borrowings that are outstanding during the year, other than borrowings made specifically for the purpose of obtaining a qualifying asset. Other borrowing costs are recognised in the consolidated income statement when incurred.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2021**2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)****2.17 Accrued expenses**

Accrued expenses include liabilities for goods and services received in the year but not yet paid for, due to pending invoice or insufficient records and documents. Accrued expenses are recorded as expenses in the reporting year.

**2.18 Provisions**

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount has been reliably estimated. Provision is not recognised for future operating losses.

Provisions are measured at the level of the expenditures expected to be required to settle the obligation. If the time value of money is material, provision will be measured at the present value using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as a financial expense. Changes in the provision balance during the accounting year are recorded as an increase or decrease in operating expenses.

**2.19 Capital and reserves**

Owners' capital is recorded according to the actual amounts contributed at the par value of the shares.

Share premium is the difference between the par value and the issue price of shares and the difference between the repurchase prices and re-issuing prices of treasury shares.

Owners' other capital represents the difference between the consideration transferred from the acquirer and the net asset value of the acquiree in business combination involving entities under common control (Note 2.6).

Treasury shares brought before the effective date of the Securities Law 2019 (i.e. 1 January 2021) are shares issued by the Company and bought back by itself, but these are not cancelled and may be re-issued subsequently in accordance with the Law on Securities. Treasury shares brought after 1 January 2021 will be cancelled and adjusted to reduce equity.

Undistributed earnings record the Group's results (profit or loss) after business income tax at the reporting date.

**2.20 Appropriation of net profit**

The Group's dividends are recognised as a liability in the consolidated financial statements in the year in which the dividends are approved by the General Meeting of shareholders.

Net profit after business income tax could be distributed to shareholders after approval at General Meeting of shareholders, and after appropriation to other funds in accordance with the Group's charter and Vietnamese regulations.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2021**2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)****2.20 Appropriation of net profit (continued)**

The Group's funds are as below:

**(a) Investment and development fund**

The investment and development fund is appropriated from profit after business income tax of the Group and approved by shareholders in the General Meeting of shareholders. This fund is used to expand the scale of business or in-depth investment of the Group.

**(b) Bonus and welfare fund**

The bonus and welfare fund is appropriated from the Group's profit after business income tax and subject to shareholders approval at the General Meeting of shareholders. This fund is presented as a liability in the consolidated balance sheet. The fund is used for bonus and welfare to the Group's employees in accordance with the Group's bonus and welfare policies.

In addition, in accordance to Circular 200/2014/TT-BTC issued on 22 December 2014 by the Ministry of Finance, the fund is also used to purchase fixed assets for cultural and welfare activities for employees. Accordingly, the Group recognises fixed assets in the financial statements and depreciates them over their estimated useful lives (Note 2.12). However, the depreciation of these fixed assets is not recognised to the profit or loss in the year, but is recorded as a decrease to the fund.

**2.21 Revenue recognition****(a) Revenue from sales of goods**

Revenue from sale of goods is recognised in the consolidated income statement when all five following conditions are satisfied:

- The Group has transferred to the buyer the significant risks and rewards of ownership of the goods;
- The Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- The amount of revenue can be measured reliably;
- It is probable that the economic benefits associated with the transaction will flow to the Group; and
- The costs incurred or to be incurred in respect of the transaction can be measured reliably.

No revenue is recognised if there are significant uncertainties regarding recovery of the consideration due or the possible return of goods.

Revenue is recognised in accordance with the "substance over form" principle and allocated to each sales obligation.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2021**2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)****2.21 Revenue recognition (continued)****(b) Revenue from rendering of services**

Revenue from rendering of services is recognised in the consolidated income statement when the services are rendered, by reference to completion of the specific transaction assessed on the basis of the actual service provided as a proportion of the total services to be provided.

Revenue from the sale of services is only recognised when all four (4) of the following conditions are satisfied:

- The amount of revenue can be measured reliably;
- It is probable that the economic benefits associated with the transaction will flow to the Group;
- The percentage of completion of the transaction at the consolidated balance sheet date can be measured reliably; and
- The costs incurred for the transaction and the costs to complete the transaction can be measured reliably.

**(c) Interest income**

Interest income is recognised on an earned basis.

**2.22 Sales deductions**

Sales deductions include trade discounts, sales returns and allowances. Sales deductions incurred in the same year of the related revenue from sales of products, goods and rendering of services are recorded as a deduction from the revenue of that year.

Sales deductions for sales of products, goods or rendering of services which are sold/rendered in the year but are incurred after the consolidated balance sheet date but before the issuance of the consolidated financial statements are recorded as a deduction from the revenue of the year.

**2.23 Cost of goods sold and services rendered**

Cost of goods sold and services rendered are the cost of finished goods, merchandise, materials sold or services rendered during the year, and recorded on the basis of matching with revenue and on a prudence basis.

**2.24 Financial expenses**

Financial expenses are expenses incurred in the year for financial activities including expenses of borrowing, losses from foreign exchange differences.

**2.25 Selling expenses**

Selling expenses represent expenses that are incurred in the process of selling products, and goods of the Group.

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2021****2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)****2.26 General and administration expenses**

General and administration expenses represent expenses for administrative purposes of the Group.

**2.27 Current and deferred income tax**

Income tax includes all Income tax which is based on taxable profits. Income tax expense comprises current tax expense and deferred tax expense.

Current income tax is the amount of Income tax payable or recoverable in respect of the current year taxable profits at the current year tax rates. Current and deferred Income tax are recognised as an income or an expense and included in the profit or loss of the year, except to the extent that the income tax arises from a transaction or event which is recognised, in the same or a different year, directly in equity.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. Deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of occurrence affects neither the accounting nor the taxable profit or loss. Deferred income tax is determined at the tax rates that are expected to apply to the financial year when the asset is realised or the liability is settled, based on tax rates that have been enacted or substantively enacted by the consolidated balance sheet date.

Deferred income tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

**2.28 Related parties**

Enterprises and individuals that directly, or indirectly through one or more intermediaries, control, or are controlled by, or are under common control with, the Group, including holding companies, subsidiaries and fellow subsidiaries are related parties of the Group. Associates and individuals owning, directly or indirectly, an interest in the voting power of the Group that gives them significant influence over the Group, key management personnel, including the Board of Directors, Board of Management of the Group and close members of the family of these individuals and companies associated with these individuals also constitute related parties.

In considering its relationships with each related party, the Group considers the substance of the relationships, not merely the legal form.

**2.29 Segment reporting**

A segment is a component which can be separated by the Group engaged in sales of goods or rendering of services ("business segment"), or sales of goods or rendering of services within a particular economic environment ("geographical segment"). Each segment is subject to risks and returns that are different from those of other segments. A reportable segment is the Group's business segment or the Group's geographical segment.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2021

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.30 Critical accounting estimates

The preparation of consolidated financial statements in accordance with Vietnamese Accounting Standards, the Vietnamese Corporate Accounting System and applicable regulations on preparation and presentation of consolidated financial statements requires the Board of Management to make estimates and assumptions that affect the reported amounts of assets, liabilities and disclosures of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the accounting year.

The areas involving significant estimates and assumptions in the consolidated financial statements are as follows:

- Estimated useful lives of fixed assets (Note 2.12);
- Business income tax (Note 29);
- Contingent liabilities and other commitments (Note 35).

Such estimates and assumptions are continually evaluated. They are based on historical experiences and other factors, including expectations of future events that may have a financial impact on the Group and that are assessed by the Board of Management to be reasonable under the circumstances.

3 CASH AND CASH EQUIVALENTS

	2021 VND	2020 VND
Cash on hand	385,547,249	1,672,527,107
Cash in banks	114,572,213,949	37,519,034,888
Cash equivalents (*)	9,000,000,000	243,128,207,558
	<u>123,957,761,198</u>	<u>282,319,769,553</u>

(\*) The ending balance of cash equivalents includes deposits at domestic commercial banks with original maturity of three months or less.





NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2021

## 6 SHORT-TERM PREPAYMENTS TO SUPPLIERS

	2021 VND	2020 VND
Van Giang - Van Nam Import Export Trading Services Company Limited	42,292,168,440	16,316,284,586
China Tianchen Engineering Corporation	6,257,250,000	6,257,250,000
Anh Phat Investment Construction and Trading - Joint Stock Company	-	6,904,000,000
Others	24,859,664,403	18,232,007,845
	<u>73,409,082,843</u>	<u>47,709,542,431</u>

## 7 OTHER RECEIVABLES

	2021 VND	2020 VND
<b>a) Short-term</b>		
Interest receivable from bank deposits	47,656,331,298	35,896,099,817
Others	29,358,337,534	14,611,571,001
	<u>77,014,668,832</u>	<u>50,507,670,818</u>
<b>b) Long-term</b>		
Lao Cai Provincial Environmental Protection Fund (*)	3,239,083,336	-
Deposits	6,000,000,000	-
	<u>9,239,083,336</u>	<u>-</u>

(\*) According to Decision 1057/QĐ-BTNMT dated 7 May 2020 issued by the Ministry of Natural Resources and Environment, the total estimated costs of environmental rehabilitation and restoration related to the exploitation of apatite ore mines at Mine 25 is VND 8,005,545,000. This amount will be deposited in six instalments from 2021 to 2026 into the Environmental Protection Fund of Lao Cai province to guarantee the fulfilment of the Company's obligation of rehabilitating and restoring the environment. The balance as at 31 December 2021 is the amount that the Company has contributed to the Fund in accordance with the above Decision (Note 35).

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2021

## 8 INVENTORIES

	2021		2020	
	Cost VND	Provision VND	Cost VND	Provision VND
Goods in transit	178,608,174,324	-	-	-
Raw materials	651,012,003,924	-	327,796,300,811	-
Tools and supplies	57,599,741	-	8,976,709,706	-
Work in progress	27,827,104,332	-	32,485,368,927	-
Finished goods	528,926,707,648	-	327,884,148,314	-
	<u>1,386,431,589,969</u>	<u>-</u>	<u>697,142,527,758</u>	<u>-</u>

A part of the Group's year-end inventory value was used as collateral for the bank loan contracts (Note 17).

## 9 LONG-TERM PREPAID EXPENSES

	2021 VND	2020 VND (As reclassified – Note 36)
Land rental fees (*)	77,174,506,058	79,949,543,694
Land clearance costs for leased land (**)	125,185,027,018	129,381,495,469
Expenses incurred for mining apatite ore at Mine 25 (***)	94,477,750,114	-
Tools, supplies	32,229,009,578	9,293,987,365
Repair and maintenance expenses	31,276,921,306	7,262,020,660
Others	740,192,617	2,547,487,059
	<u>361,083,406,691</u>	<u>228,434,534,247</u>

(\*) These are one-time prepayments for land rental and are amortized from 29 years to 37 years in accordance with the durations of the land rental contracts.

(\*\*) These are land clearance costs which are amortized from 16 years to 40 years in accordance with the durations of the land lease contracts.

(\*\*\*) Expenses related to mining apatite ore at Mine 25: mainly including expenses for site clearance, fees for using data and information on results of mineral assessment, fees for mineral exploitation right. Fees for mineral exploitation right is amortized based on the exploitation volumn. Other expenses are amortized on a straight-line basis over 6 years in accordance with the mining term.

DUC GIANG CHEMICALS GROUP JOINT STOCK COMPANY

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2021

10 FIXED ASSETS

(a) Tangible fixed assets

	Plant and buildings VND	Machinery VND	Motor vehicles VND	Office equipment VND	Total VND
<b>Historical cost</b>					
As at 1 January 2021	1,831,975,314,270	1,552,455,908,816	155,967,332,414	10,063,249,249	3,550,461,804,749
New purchases	-	36,553,115,856	8,587,755,272	-	45,140,871,128
Transfers from construction in progress (Note 11)	87,691,866,256	56,221,572,335	36,723,245,629	-	180,636,684,220
As at 31 December 2021	<u>1,919,667,180,526</u>	<u>1,645,230,597,007</u>	<u>201,278,333,315</u>	<u>10,063,249,249</u>	<u>3,776,239,360,097</u>
<b>Accumulated depreciation</b>					
As at 1 January 2021	(613,192,822,435)	(811,765,218,051)	(92,843,511,856)	(3,424,555,558)	(1,521,226,107,900)
Charge for the year	(114,936,720,545)	(143,981,013,501)	(21,355,407,307)	(1,029,497,501)	(281,302,638,854)
As at 31 December 2021	<u>(728,129,542,980)</u>	<u>(955,746,231,552)</u>	<u>(114,198,919,163)</u>	<u>(4,454,053,059)</u>	<u>(1,802,528,746,754)</u>
<b>Net book value</b>					
As at 1 January 2021	<u>1,218,782,491,835</u>	<u>740,690,690,765</u>	<u>63,123,820,558</u>	<u>6,638,693,691</u>	<u>2,029,235,696,849</u>
As at 31 December 2021	<u>1,191,537,637,546</u>	<u>689,484,365,455</u>	<u>87,079,414,152</u>	<u>5,609,196,190</u>	<u>1,973,710,613,343</u>

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2021

10 FIXED ASSETS (CONTINUED)

(a) Tangible fixed assets (continued)

The historical cost of tangible fixed assets that were fully depreciated but still in use as at 31 December 2021 was VND 363 billion (as at 31 December 2020: VND 324 billion).

As at 31 December 2021, tangible fixed assets of Duc Giang Lao Cai Chemicals Limited Company, a subsidiary, with historical cost of VND 239 billion and net book value of VND 158 billion were pledged as collaterals for borrowings granted by banks to this subsidiary (Note 17).

(b) Intangible fixed assets

	<b>Computer software VND</b>
<b>Historical cost</b>	
As at 1 January 2021	1,045,839,000
As at 31 December 2021	<u>1,045,839,000</u>
<b>Accumulated amortisation</b>	
As at 1 January 2021	(816,896,633)
Charge for the year	(73,441,587)
As at 31 December 2021	<u>(890,338,220)</u>
<b>Net book value</b>	
As at 1 January 2021	<u>228,942,367</u>
As at 31 December 2021	<u><u>155,500,780</u></u>

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2021

## 11 LONG-TERM ASSETS IN PROGRESS

Movements in the construction in progress during the year were as follows:

	2021 VND	2020 VND
Beginning of year	180,478,058,724	52,071,618,773
Purchases	171,759,059,166	205,076,852,761
Transfers to fixed assets (Note 10(a))	(180,636,684,220)	(76,670,412,810)
End of year	<u>171,600,433,670</u>	<u>180,478,058,724</u>

Details of construction in progress by projects at the year-end are as follows:

	2021 VND	2020 VND
Apatite mining project in Lao Cai	-	59,928,392,889
Thermal power plant project in Lao Cai (i)	14,214,615,434	13,787,175,419
Plastic and chemical industrial park project (ii)	129,986,242,453	58,283,571,150
Gyps warehouse – Area D	-	22,326,740,606
Others	27,399,575,783	180,478,058,724
	<u>171,600,433,670</u>	<u>180,478,058,724</u>

- i) Duc Giang - Lao Cai Thermal Power Plant 2x50MW in Tang Loong Industrial Park, Bao Thang District, Lao Cai Province is the priority investment project in the field of industry - handicrafts in Lao Cai province according to Decision No. 5340/QD-UBND of the People's Committee of Lao Cai province on 29 November 2017. Total investment capital of the project is VND 2,011,290,000,000 (equivalent to USD 88,720,378). Currently, the Company is in the process of applying for an environmental impact assessment permit.
- ii) Project of Plastics and chemicals industrial park in Industrial Park No. 15 - Nghi Son Economic Zone, Tan Truong Commune, Nghi Son Town, Thanh Hoa Province is carried out according to the Decision No. 2152/QD-UBND of the People's Committee of Thanh Hoa Province dated 11 June 2020. Total investment capital of the project is about VND 2,400,000,000,000. Currently, the Company is in the process of land clearance, survey and designing the factory.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2021

## 12 GOODWILL

Goodwill was arisen in connection with the business combination of Vietnam Phosphorus Apatite Joint Stock Company in 2018. Movements of goodwill during the year are as follows:

	2021 VND	2020 VND
Beginning of year	4,273,891,681	4,825,361,575
Allocation during the year	(551,469,892)	(551,469,894)
End of year	<u>3,722,421,789</u>	<u>4,273,891,681</u>

## 13 TRADE ACCOUNTS PAYABLE

	2021 VND	2020 VND
Third parties (*)	683,380,864,031	137,023,874,475
Related parties (Notes 33(b))	16,850,003	-
	<u>683,397,714,034</u>	<u>137,023,874,475</u>

(\*) Details for suppliers accounting for 10% or more of the total trade account payable balance are as follows:

	2021 VND	2020 VND
Lao Cai Fused phosphate Fertilizer Join Stock Company	253,105,773,944	-
Fargo International Trading Limited	153,957,248,590	-
Ha Bac Nitrogenous Fertilizer and Chemicals Joint Stock Company	<u>27,168,362,000</u>	<u>27,193,914,000</u>

## 14 SHORT-TERM ADVANCES FROM CUSTOMERS

	2021 VND	2020 VND
K.S International Fze	95,334,452,580	10,731,148,800
Nylex Specialty Chemicals Sdn.Bhd	24,880,373,505	-
General Trading Tay Bac 368 Co., Ltd.	24,467,800,000	-
An An Import Export Services One member Co., Ltd.	-	5,540,224,234
Others	20,950,427,326	17,745,651,276
	<u>165,633,053,411</u>	<u>34,017,024,310</u>

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2021

## 15 TAXES AND OTHER PAYABLES TO THE STATE

Movements in tax and other payables to the State during the year were as follows:

	As at 1.1.2021 VND	Payable during the year VND	Payment during the year VND	As at 31.12.2021 VND
Value added tax	2,569,548,722	214,579,414,167	(212,900,607,297)	4,248,355,592
Import, export tax	6,740,154,446	192,208,268,443	(198,851,418,004)	97,004,885
Business income tax	46,269,486,703	123,717,903,343	(127,754,745,651)	42,232,644,395
Personal income tax	3,721,559,704	22,323,840,374	(17,894,339,841)	8,151,060,237
Resource tax, fees for mineral exploitation right	-	28,467,649,000	(28,467,649,000)	-
Others	-	18,324,028,480	(18,030,296,320)	293,732,160
	<u>59,300,749,575</u>	<u>599,621,103,807</u>	<u>(603,899,056,113)</u>	<u>55,022,797,269</u>

## 16 OTHER SHORT-TERM PAYABLES

	2021 VND	2020 VND
Dividends payable	195,578,839,001	236,945,922,745
Short-term deposits	4,784,951,400	4,697,325,839
Others	3,742,794,979	1,587,489,797
	<u>204,106,585,380</u>	<u>243,230,738,381</u>

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## 17 SHORT-TERM BORROWINGS

	As at 1.1.2021 VND	Addition VND	Repayment VND	(Gain)/loss on foreign currency translation VND	As at 31.12.2021 VND
Joint Stock Commercial Bank for Foreign Trade of Vietnam – Transaction Office (i)	369,068,724,719	1,062,409,438,413	(1,138,473,146,152)	(3,840,313,714)	289,164,703,266
HSBC Bank (Vietnam) Limited - Hanoi Branch (ii)	493,269,885,136	1,463,693,767,924	(1,501,431,002,269)	(1,070,486,278)	454,462,164,513
Shinhan Bank Vietnam Limited – Pham Hung Branch (iii)	100,708,915,533	183,295,739,781	(239,835,409,999)	(189,065,530)	43,980,179,785
Vietnam Joint Stock Commercial Bank for Industry and Trade – Lao Cai Branch (iv)	185,926,467,083	226,067,319,580	(356,533,535,362)	(1,158,086,566)	54,302,164,735
The Joint Stock Commercial Bank for Investment and Development of Vietnam – Ha Thanh Branch	-	174,251,515,939	(174,158,499,756)	(93,016,183)	-
	<u>1,148,973,992,471</u>	<u>3,109,717,781,637</u>	<u>(3,410,431,593,538)</u>	<u>(6,350,968,271)</u>	<u>841,909,212,299</u>

Detail of outstanding short-term borrowing balances as at 31 December 2021 are as follows:

No.	Lenders	Credit limit and period	Ending balance VND	Interest rate	Purpose	Collateral
i	Joint Stock Commercial Bank for Foreign Trade of Vietnam – Transaction Office	Credit limit of VND 1,300 billion or foreign currency equivalent, in which: - Duc Giang Lao Cai Chemicals One Member Company Limited: VND 1,100 billion or foreign currency equivalent - Vietnam Phosphorus Apatite Joint Stock Company: VND 200 billion or foreign currency equivalent	289,164,703,266	1.2% - 2.6% per annum	Working capital	- Duc Giang Lao Cai Chemicals One Member Company Limited: • Inventories with a minimum value of VND 200 billion; • Receivables with a maximum value of VND 300 billion (Note 5); • Term deposits of VND 21 billion (Note 4). - Duc Giang Nghi Son Chemicals One Member Company Limited: Term deposits of VND 97 billion.
		The duration for each loan is no more than 6 months from the date of drawdown. The loan was drawdown during the year in USD.				



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## 17 SHORT-TERM BORROWINGS (CONTINUED)

Detail of outstanding short-term borrowing balances as at 31 December 2021 are as follows (continued):

No.	Lenders	Credit limit and period	Ending balance VND	Interest rate/year	Purpose	Collateral
ii	HSBC Bank (Vietnam) Limited – Hanoi Branch	Credit limit of USD 26 million, in which: - Duc Giang Lao Cai Chemicals One Member Company Limited: USD 15.8 million - Vietnam Phosphorus Apatite Joint Stock Company: USD 10.2 million  Loan duration does not exceed 120 days from the drawdown date of each loan.	454,462,164,513	1.2% - 1.4% per annum	Working capital	- Duc Giang Lao Cai Chemicals One Member Company Limited: • Receivables with a minimum value of USD 15 million (Note 5); • Inventories with a value of USD 10 million (Note 8). - Vietnam Phosphorus Apatite Joint Stock Company: • Receivables with a minimum value of VND 120 billion (Note 5); • Inventories with a minimum value of VND 120 billion (Note 8).
iii	Shinhan Bank Vietnam Limited – Pham Hung Branch	Credit limit of USD 5 million for Duc Giang Lao Cai Chemicals One Member Company Limited. Loan duration does not exceed 4 months from the date of drawdown.	43,980,179,785	1.15% per annum	Working capital	- None
iv	Vietnam Joint Stock Commercial Bank for Industry and Trade – Lao Cai Branch	Credit limit is VND 280 billion or USD equivalent - Duc Giang Lao Cai Chemicals One Member Company Limited: VND 200 billion or USD equivalent - Vietnam Phosphorus Apatite Joint Stock Company: VND 80 billion or USD equivalent Loan duration is no more than 4 months from the date of drawdown. Loans were drawdown during the year in USD.	54,302,164,735	1.2% per annum	Working capital	- Duc Giang Lao Cai Chemicals One Member Company Limited: • Inventories with a value of VND 70 billion (Note 8); • Asset right of VND 100 billion; • Fixed assets of VND 239 billion (Note 10(a)). - Vietnam Phosphorus Apatite Joint Stock Company: Inventories with a minimum value of VND 55 billion (Note 8).
<b>Total</b>			<b>841,909,212,299</b>			

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## 18 BONUS AND WELFARE FUND

	2021 VND	2020 VND
Beginning of year	77,844,982,878	93,876,539,676
Increase in year (Note 20)	53,626,191,819	32,119,609,964
Utilisation in year	(58,971,024,047)	(44,829,310,382)
Depreciation of fixed assets funded by the Bonus and Welfare Fund	(3,321,856,380)	(3,321,856,380)
End of year	<u>69,178,294,270</u>	<u>77,844,982,878</u>

## 19 OWNERS' CAPITAL

## (a) Number of shares

	2021 Ordinary shares	2020 Ordinary shares
Number of shares registered	171,080,556	148,766,943
Number of shares issued	171,080,556	148,766,943
Number of shares repurchased	(873)	(873)
Number of existing shares in circulation	<u>171,079,683</u>	<u>148,766,070</u>

## (b) Details of owners' shareholding

	2021		2020	
	Ordinary shares	%	Ordinary shares	%
Mr. Dao Huu Huyen	31,662,343	18,507	26,532,473	17,835
Vietnam National Chemical Group	6,039,090	3,530	13,168,774	8,852
Ms. Ngo Thi Ngoc Lan	11,615,239	6,789	10,100,208	6,789
Mr. Dao Huu Kha	10,436,474	6,100	9,075,195	6,100
Other shareholders	111,326,537	65,073	89,889,420	60,423
Treasury shares	873	0,001	873	0,001
Number of shares issued	<u>171,080,556</u>	<u>100</u>	<u>148,766,943</u>	<u>100</u>

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19 OWNERS' CAPITAL (CONTINUED)

(c) Movement of share capital

	Number of shares	Ordinary shares VND	Treasury shares VND	Total VND
As at 1 January 2020	129,363,616	1,293,636,160,000	(8,730,000)	1,293,627,430,000
Increase due to share dividend	19,403,327	194,033,270,000	-	194,033,270,000
As at 31 December 2020	148,766,943	1,487,669,430,000	(8,730,000)	1,487,660,700,000
Increase due to share dividend	22,313,613	223,136,130,000	-	223,136,130,000
As at 31 December 2021	171,080,556	1,710,805,560,000	(8,730,000)	1,710,796,830,000

Par value per share: VND10,000.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
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## 20 MOVEMENTS IN OWNERS' EQUITY

	Owners' capital VND	Share premium VND	Owners' other capital (*) VND	Treasury shares VND	Investment and development funds VND	Undistributed earnings VND	Total VND	Non-controlling interests VND	Total of capital and reserves VND
As at 1 January 2020 – As previously reported	1,293,636,160,000	1,786,667,372,400	(1,113,960,026,039)	(8,730,000)	521,976,561,127	835,698,412,937	3,324,009,750,425	127,549,648,025	3,451,559,398,450
Reclassified (Note 36)	-	-	264,731,278,832	-	(264,731,278,832)	-	-	-	-
As at 1 January 2020 – As reclassified	1,293,636,160,000	1,786,667,372,400	(849,228,747,207)	(8,730,000)	257,245,282,295	835,698,412,937	3,324,009,750,425	127,549,648,025	3,451,559,398,450
Net profit for the year	-	-	-	-	-	906,674,783,276	906,674,783,276	41,396,381,468	948,071,164,744
Appropriation to investment and development funds	-	-	-	-	88,742,083,701	(88,742,083,701)	-	-	-
Appropriation to bonus and welfare funds	-	-	-	-	-	(31,862,512,828)	(31,862,512,828)	(257,097,136)	(32,119,609,964)
Dividend distribution in shares	194,033,270,000	-	-	-	-	(194,033,270,000)	-	-	-
Dividend distribution in cash	-	-	-	-	-	(287,830,476,500)	(287,830,476,500)	(12,249,578,000)	(300,080,054,500)
As at 31 December 2020 – As reclassified	1,487,669,430,000	1,786,667,372,400	(849,228,747,207)	(8,730,000)	345,987,365,996	1,139,904,853,184	3,910,991,544,373	156,439,354,357	4,067,430,898,730
Net profit for the year	-	-	-	-	-	2,388,150,970,624	2,388,150,970,624	125,625,262,976	2,513,776,233,600
Appropriation to investment and development funds (**)	-	-	-	-	135,737,685,097	(135,737,685,097)	-	-	-
Appropriation to bonus and welfare funds (**)	-	-	-	-	-	(51,395,806,546)	(51,395,806,546)	(2,230,385,273)	(53,626,191,819)
Dividend distribution in shares (**)	223,136,130,000	-	-	-	-	(223,136,130,000)	-	-	-
Dividend distribution in cash (***)	-	-	-	-	-	(171,079,683,000)	(171,079,683,000)	(24,499,156,001)	(195,578,839,001)
As at 31 December 2021	1,710,805,560,000	1,786,667,372,400	(849,228,747,207)	(8,730,000)	481,725,051,093	2,946,706,519,165	6,076,667,025,451	255,335,076,059	6,332,002,101,510

(\*) Owners' other capital represents the premium resulting from business combination involving entities under common control which is determined as the difference between the Company's consideration and the net asset of Duc Giang Lao Cai Chemicals Limited Company at the combination date in 2018 (Notes 2.6 and 2.19).

(\*\*) The Resolution of the 2021 Annual General Meeting of Shareholders No. 01/2021/NQ-DHDCD of Duc Giang Chemicals Group Joint Stock Company dated 29 March 2021 and The Resolution of the Annual General Meeting of Shareholders No. 01/ 2021/NQ-DHDCD of Vietnam Phosphorus Apatite Joint Stock Company dated 25 March 2021 approved the profit distribution plan for 2020. Accordingly, the Group appropriated an amount of VND 53,626,191,819 to the bonus and welfare funds and appropriated an amount of VND 135,737,685,097 to investment and development funds. The General Meeting of Shareholders also approved the plan to issue shares to pay dividends of 2020. According to the Notification No. 1098/TB-SGDHCM dated 2 June 2021, the number of issued shares is 22,313,613 shares.

(\*\*\*) The Board of Directors' Resolution No. 15/2021/NQ-HDQT dated 14 December 2021 approved the advance of dividend payment of 2021 to existing shareholders. Accordingly, the Company paid cash dividends at the rate of 10% per share.

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## 21 EARNINGS PER SHARE

## a) Basic earnings per share

Basic earnings per share is calculated by dividing the net profit attributable to shareholders after deducting the bonus and welfare funds by the weighted average number of ordinary shares outstanding during the year adjusted for bonus shares issued during the year and excluding treasury shares. The details were as follows:

	2021	2020 (**)
Net profit attributable to shareholders (VND)	2,388,150,970,624	906,674,783,276
Less amount appropriated to bonus and welfare funds (VND) (*)	(143,289,058,237)	(53,626,191,820)
Profit for calculation basic profit per share	2,244,861,912,387	853,048,591,456
Weighted average number of ordinary shares in issue (shares)	171,079,683	171,079,683
Basic earnings per share (VND)	<u>13,122</u>	<u>4,986</u>

(\*) The bonus and welfare fund is temporarily calculated at the rate of deduction of the previous year, which is equal to 6% of the profit after tax.

(\*\*) Basic earnings per share for the year ended 31 December 2020 are recalculated as a result of the dividend distribution in shares as follows:

	From 1.1.2020 to 31.12.2020		
	As previously reported	Adjustments	As restated
Net profit attributable to shareholders (VND)	906,674,783,276	-	906,674,783,276
Less amount allocated to bonus and welfare funds (VND)	(53,763,860,760)	137,668,940	(53,626,191,820)
Profit for calculation basic profit per share	852,910,922,516	137,668,940	853,048,591,456
Weighted average number of ordinary shares in issue (shares)	148,766,070	22,313,613	171,079,683
Basic earnings per share (VND)	<u>5,733</u>		<u>4,986</u>

## b) Diluted earnings per share

The Group did not have any ordinary shares potentially diluted during the year and up to the date of this consolidated financial statements. Therefore, the diluted EPS is equal to the basic EPS.

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## 22 OFF CONSOLIDATED BALANCE SHEET ITEMS

## Foreign currencies

As at 31 December 2021, included in cash and cash equivalents were balances held in currencies other than VND of USD 3,854,045 and EUR 607 (as at 31 December 2020: USD 920,847.87 and EUR 617.5).

## 23 NET REVENUE FROM SALES OF GOODS AND RENDERING OF SERVICES

	2021 VND	2020 VND
<b>Revenue</b>		
Revenue from sales of finished goods	9,515,042,824,696	6,199,599,389,265
Revenue from sales of merchandise	22,333,624,168	23,968,088,957
Revenue from rendering of services	13,205,675,565	12,918,656,730
	<u>9,550,582,124,429</u>	<u>6,236,486,134,952</u>
<b>Sales deductions</b>		
Sales returns	(195,888,680)	(6,745,569)
	<u>(195,888,680)</u>	<u>(6,745,569)</u>
<b>Net revenue from sales of goods and rendering of services</b>		
Net revenue from sales of finished goods	9,514,846,936,016	6,199,592,643,696
Net revenue from sales of merchandise	22,333,624,168	23,968,088,957
Net revenue from rendering of services	13,205,675,565	12,918,656,730
	<u>9,550,386,235,749</u>	<u>6,236,479,389,383</u>

## 24 COST OF GOODS SOLD AND SERVICES RENDERED

	2021 VND	2020 VND
Cost of finished goods sold	6,347,003,881,146	4,742,062,241,839
Cost of merchandise sold	21,025,589,118	15,232,055,396
	<u>6,368,029,470,264</u>	<u>4,757,294,297,235</u>

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## 25 FINANCIAL INCOME

	2021 VND	2020 VND
Interest income from deposits	97,971,202,222	78,453,237,897
Realised foreign exchange gains	72,695,811,741	43,652,890,658
Gain from foreign currency translation at year-end	-	1,320,277
	<u>170,667,013,963</u>	<u>122,107,448,832</u>

## 26 FINANCIAL EXPENSES

	2021 VND	2020 VND
Interest expense	13,663,632,336	19,822,090,403
Realised foreign exchange losses	46,056,586,340	61,961,380,741
Loss from foreign currency translation at year-end	8,393,853,930	3,267,900,042
	<u>68,114,072,606</u>	<u>85,051,371,186</u>

## 27 SELLING EXPENSES

	2021 VND	2020 VND
Transportation	374,977,814,964	268,185,240,852
Outside services	91,623,535,293	90,936,093,503
Staff costs	18,285,817,853	17,444,533,354
Materials, packaging	6,858,454,419	3,936,976,066
Depreciation and amortisation	1,589,733,031	1,685,276,872
Others	10,482,886,661	5,854,446,656
	<u>503,818,242,221</u>	<u>388,042,567,303</u>

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## 28 GENERAL AND ADMINISTRATION EXPENSES

	2021 VND	2020 VND
Staff costs	82,148,570,636	64,857,216,352
Depreciation and amortisation	13,983,853,259	15,358,117,330
Outside services	18,237,450,140	12,115,205,159
Others	22,232,294,411	12,271,790,607
	<u>136,602,168,446</u>	<u>104,602,329,448</u>

## 29 BUSINESS INCOME TAX

The tax on the Group's accounting profit before tax differs from theoretical amount that would arise using the applicable tax rate of 20% as follows:

	2021 VND	2020 VND
Net accounting profit before tax	2,637,112,897,716	1,001,340,611,083
Tax calculated at a rate of 20%	527,422,579,543	200,268,122,217
Effect of:		
- Tax reduction, exemption (*)	(408,252,480,211)	(150,622,109,737)
- Expenses not deductible for tax purposes	4,166,564,784	3,623,433,859
BIT charge (*)	<u>123,336,664,116</u>	<u>53,269,446,339</u>
Charged to the consolidated income statement:		
BIT – current	123,717,903,343	53,269,446,339
BIT – deferred	(381,239,227)	-
BIT expense (**)	<u>123,336,664,116</u>	<u>53,269,446,339</u>

(\*) The Group is entitled to BIT incentives for the investment projects of its subsidiaries, including:

➤ *Duc Giang Lao Cai Chemicals One Member Company Limited:*

- Project Phosphorus Production Furnace No.1 and No.2: tax-exempt for 4 years from the year of generating income (from 2010 to 2013) and 50% tax deduction in next 9 years (from 2014 to 2022);
- Project of Rich Phosphate Factory, Dicalcium Phosphate (DCP) Factory and Mono Ammonium Phosphate (MAP) Factory: tax rate of 10% for 15 years since the project started its operation ( from 2014 to 2028), 4 years of tax exemption from year of generating income (from 2015 to 2018) and 50% tax deduction in next 9 years (from 2019 to 2027);



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## 29 BUSINESS INCOME TAX (continued)

➤ *Duc Giang Lao Cai Chemicals One Member Company Limited (continued):*

- Project for Factory producing extracted phosphoric acid and rich phosphate fertilizer (TSP): 10% tax rate for 15 years since the project started its operation (from 2014 to 2028), tax exemption for 4 years from the year of generating income from the project (from 2014 to 2017) and 50% tax deduction in next 9 years (from 2018 to 2026);
- Project of factory producing food phosphoric acid and phosphate salts: the tax rate is 10% for 15 years from the year the project started its operation (from 2016 to 2030), tax exemption for 4 years from the year of generating income (from 2016 to 2019) and 50% tax deduction in next 9 years (from 2020 to 2028);
- The project of Silicate production line and other taxable activities: preferential tax rate of 10% for 15 years from the year of generating income from the first project (from 2009 to 2023).

➤ *Vietnam Phosphorus Apatite Joint Stock Company*

- Yellow phosphorus production project: tax rate of 10% for 15 years since the project started its operation (from 2018 to 2032), tax exemption for 4 years from the year of generating income (from 2018 to 2021) and 50% tax deduction in next 9 years (from 2022 to 2030).

➤ *Duc Giang - Dinh Vu Chemicals One Member Company Limited*

- Chemical storage project: tax rate of 10% within 15 years since the year of generating revenue from activities having tax incentives (from 2013 to 2027). Income from the project is subject to tax exemption for 4 years from the year of generating taxable income (from 2015 to 2018) and 50% tax deduction in next 9 years (from 2019 to 2028).

(\*\*) The BIT charge for the year is based on estimated taxable income and is subject to review and possible adjustments by the tax authorities.

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30 COSTS OF OPERATION BY FACTOR

Costs of operation by factor represent expenses incurred during the year from the Group's production and business activities, excluding the purchase price of goods incurred in trading activities. Details are presented as follows:

	2021 VND	2020 VND
Raw materials	4,368,416,030,462	2,838,461,047,714
Outside service	1,868,617,889,025	1,615,794,885,118
Staff costs	616,440,169,310	421,884,476,166
Depreciation and amortisation	278,605,693,953	267,807,756,440
Others	78,848,543,179	203,966,038,159
	<u>7,210,928,325,929</u>	<u>5,347,914,203,597</u>

31 SEGMENT REPORTING

The Board of Management of the Company determines that the management decisions of the Group are based primarily on the types of product and service provided by the Group. As a result, the primary segment reporting of the Group is presented in respect of the Group's business segments.

**Primary segment report (business segments)**

During the year ended 31 December 2021, revenue from sales of finished goods (mainly Yellow Phosphorus and Acids of all kinds) accounted for 99.7% of the Group's total revenue (year ended 31 December 2020: 99.2%). Accordingly, the Group does not present Segment report by business sector.



NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
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## 33 RELATED PARTY DISCLOSURES

Details of the key related parties and relationship are given as below:

Related parties	Relationship
Vietnam National Chemical Group	Shareholder/ Representative in the Board of Members
Member of the Board of Directors, Board of Supervision, Board of Management Van Minh Company Limited	Key management/ Shareholders Under common control of the Chairman

## (a) Related party transactions

During year, the Group had the following major transactions carried out with related parties:

	2021 VND	2020 VND
<i>i) Purchases of goods and services</i>		
Van Minh Company Limited	102,109,733,659	78,471,611,855
<i>ii) Sales of goods and rendering services</i>		
Van Minh Company Limited	192,234,035,054	138,121,512,623
<i>iii) Compensation of Board of Management and Board of Directors</i>		
Mr. Dao Huu Huyen	256,607,500	279,297,118
Mr. Dao Huu Duy Anh	2,958,976,683	2,046,211,942
Mr. Nguyen Van Quang	2,542,311,314	1,744,310,435
Mr. Pham Van Hung	84,000,000	84,000,000
Mr. Vu Ngoc Tam	-	35,000,000
Mr. Khuc Ngoc Giang	84,000,000	49,000,000
	5,925,895,497	4,237,819,495

## (b) Year-end balances with related parties

	2021 VND	2020 VND
<i>Short-term trade accounts receivable (Note 5)</i>		
Van Minh Company Limited	15,593,908,482	6,102,628,137
<i>Short-term trade accounts payable (Note 13)</i>		
Van Minh Company Limited	16,850,003	-

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## 33 RELATED PARTY DISCLOSURES (CONTINUED)

## (b) Year-end balances with related parties (continued)

	2021 VND	2020 VND
<b><i>Other Short-term payable</i></b>		
Division payable to Board of Directors, Board of Supervision	37,243,301,952	47,307,376,500

## 34 COMMITMENTS UNDER OPERATING LEASES AND CAPITAL COMMITMENT

## (a) Commitments under operating leases

The future minimum lease payments under non-cancellable operating leases were as follows:

	Land rental	
	2021 VND	2020 VND
Within one year	2,231,372,551	2,231,372,551
Between one and five years	23,572,149,967	11,572,089,859
Over five years	466,378,676,601	580,137,427,581
Total minimum payments	492,182,199,119	593,940,889,991

## (b) Capital commitments

Capital expenditure contracted for at the consolidated balance sheet date but not recognised in the consolidated financial statements was as follows:

	2021 VND	2020 VND
Property, plant and equipment and transportation vehicles	362,327,319,000	179,859,103,669

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## 35 CONTINGENT LIABILITIES AND OTHER COMMITMENTS

**Obligation to rehabilitate and restore the environment - Apatite ore at Mine 25**

The Company exploits apatite ore at Mine 25 within 6 years and is obliged to rehabilitate and restore the environment for this ore mining after the mining period. According to Decision 1057/QD-BTNMT dated 7 May 2020 issued by the Ministry of Natural Resources and Environment, the total estimated costs of environmental rehabilitation and restoration related to mining apatite ore at Mine 25 is VND 8,005,545,000. This amount will be deposited in six instalments from 2021 to 2026 into the Environmental Protection Fund of Lao Cai Province to guarantee the fulfilment of the Company's obligation to rehabilitate and restore the environment (Note 7( b)).

**Costs for asset retirement obligation**

The Group signed land lease contracts and has carried out the construction of infrastructure on these leased lands. Most of these land lease contracts do not contain any provisions related to asset retirement obligation of the Group for the leased lands, so for these contracts, the Group considers that the Group may have future obligations related to dismantling, removing the Group's assets from the lands and restoring the lands to their original conditions at the end of the lease terms, and this obligation can only be ascertained when there are further events such as additional discussions with the lessors and when the competent authority promulgates additional legal documents clarifying the lessee's obligations when the land lease contract does not contain any provisions for asset retirement obligation. As the Group has not been able assessed the probability of economic outflow from this contingent liability, the Group has not recognized a provision for assets retirement obligation in the Group's consolidated financial statements for the year ended 31 December 2021.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2021

## 36 RECLASSIFICATION OF COMPARATIVE FIGURES

The Group reclassified some line items in the consolidated financial statements for the year ended 31 December 2020, details are as follows:

Consolidated balance sheet as at 31 December 2020 (extracted):

Code	For the year ended 31 December 2020		
	As previously reported VND	Reclassification VND	As reclassified VND
227 Intangible fixed assets (i)	107,162,549,471	(106,933,607,104)	228,942,367
228 <i>Historical cost</i>	128,545,311,819	(127,499,472,819)	1,045,839,000
229 <i>Accumulated amortisation</i>	(21,382,762,348)	20,565,865,715	(816,896,633)
261 Long-term prepaid expenses (i)	121,500,927,143	106,933,607,104	228,434,534,247
414 Owners' other capital (ii)	(1,113,960,026,039)	264,731,278,832	(849,228,747,207)
418 Investment and development funds (ii)	610,718,644,828	(264,731,278,832)	345,987,365,996

- (i) To reclassify site clearance expenses from intangible fixed assets to long-term prepaid expenses.
- (ii) To reduce the Investment and development fund and to increase the Owners' other capital related to the recalculation in the business combination transaction in which the Company acquired additional shares of Duc Giang Lao Cai Chemicals One Member Company Limited in 2018 according to accounting policy in Note 2.6 – Business combinations involving entities under common control.

The consolidated financial statements for the year ended 31 December 2021 were approved by the Board of Management of the Company on 28 February 2022.

Hoang Thuy Ha  
Preparer

Dao Thi Mai  
Chief Accountant



Dao Huu Duy Anh  
General Director  
Legal Representative