

DUC GIANG CHEMICALS GROUP JOINT STOCK COMPANY

**CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023**



DUC GIANG CHEMICALS GROUP JOINT STOCK COMPANY

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FOR THE YEAR ENDED 31 DECEMBER 2023**

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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 of Planning and Investment on 5 March 2004. The latest amendment (22nd) to the Enterprise Registration Certificate was issued on 6 October 2022.

Board of Directors

Mr. Dao Huu Huyen	Chairman
Mr. Dao Huu Duy Anh	Member
Mr. Pham Van Hung	Member
Mr. Luu Bach Dat	Member
Mr. Nguyen Van Quang	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
Mr. Luu Bach Dat	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

STATEMENT OF THE BOARD OF MANAGEMENT

Responsibility of the Board of Management of the Company 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 consolidated financial statements of the Company and its subsidiaries (together, “the Group”) which give a true and fair view of the consolidated financial position of the Group as at 31 December 2023, 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 consolidated 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 error.

Approval of the consolidated financial statements

We hereby, approve the accompanying consolidated financial statements as set out on pages 5 to 50 which give a true and fair view of the consolidated financial position of the Group as at 31 December 2023, and 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
29 February 2024



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 2023, and approved by the Board of Management of the Company on 29 February 2024. The consolidated financial statements comprise the consolidated balance sheet as at 31 December 2023, the consolidated income statement, the consolidated cash flow statement for the year then ended, and explanatory notes to the consolidated financial statements including significant accounting policies, as set out on pages 5 to 50.

The Board of Management's Responsibility

The Board of Management of the Company is responsible for the preparation and the true and fair presentation of these consolidated financial statements of the Group 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 controls which the Board of 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.

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 of the Group 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 error. In making those risk assessments, the auditor considers internal control of the Group relevant to 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, 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 2023, 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 consolidated financial statements.

Other Matter

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 Khắc Thế
Audit Practising License:
2043-2023-006-1
Authorised signatory

Report reference number: HAN 3559
Hanoi, 29 February 2024

Pham Tuan Anh
Audit Practising License:
4666-2023-006-1

CONSOLIDATED BALANCE SHEET

Code	ASSETS	Note	As at 31 December	
			2023 VND	2022 VND
100	CURRENT ASSETS		12,466,646,825,746	10,985,294,291,433
110	Cash and cash equivalents	4	1,060,574,918,860	1,535,474,845,085
111	Cash		48,074,918,860	276,974,845,085
112	Cash equivalents		1,012,500,000,000	1,258,500,000,000
120	Short-term investments		9,342,000,715,040	7,471,318,829,256
123	Investments held to maturity	5	9,342,000,715,040	7,471,318,829,256
130	Short-term receivables		1,129,510,487,178	918,722,614,195
131	Short-term trade accounts receivable	6	717,627,990,265	514,032,865,018
132	Short-term prepayments to suppliers	7	132,693,469,131	201,075,961,305
136	Other short-term receivables	8(a)	284,123,061,616	203,613,787,872
137	Provision for doubtful debts - short-term		(4,934,033,834)	-
140	Inventories	9	854,908,643,204	999,984,030,331
141	Inventories		855,121,112,037	999,984,030,331
149	Provision for decline in value of inventories		(212,468,833)	-
150	Other current assets		79,652,061,464	59,793,972,566
151	Short-term prepaid expenses		9,354,232,979	12,763,468,621
152	Value added tax ("VAT") to be reclaimed		69,737,828,485	47,030,503,945
153	Tax and other receivables from the State		560,000,000	-
200	LONG-TERM ASSETS		3,069,259,448,849	2,419,888,455,934
210	Long-term receivables		31,224,645,692	28,964,403,699
216	Other long-term receivables	8(b)	31,224,645,692	28,964,403,699
220	Fixed assets		2,143,740,484,387	1,781,234,400,328
221	Tangible fixed assets	11(a)	2,132,994,428,244	1,781,142,081,824
222	Historical cost		4,667,983,269,214	3,852,381,989,804
223	Accumulated depreciation		(2,534,988,840,970)	(2,071,239,907,980)
227	Intangible fixed assets	11(b)	10,746,056,143	92,318,504
228	Historical cost		11,725,953,359	1,045,839,000
229	Accumulated amortisation		(979,897,216)	(953,520,496)
240	Long-term assets in progress		225,371,527,019	233,577,105,533
242	Construction in progress	12	225,371,527,019	233,577,105,533
260	Other long-term assets		668,922,791,751	376,112,546,374
261	Long-term prepaid expenses	10	339,649,498,560	372,391,712,471
262	Deferred income tax assets	20	423,057,991	100,264,307
263	Long-term spare parts, supplies and equipment		15,813,841,639	449,617,700
269	Goodwill	13	313,036,393,561	3,170,951,896
270	TOTAL ASSETS		15,535,906,274,595	13,405,182,747,367

The notes on pages 9 to 50 are an integral part of these consolidated financial statements.

**CONSOLIDATED BALANCE SHEET
(CONTINUED)**

Code	RESOURCES	Note	As at 31 December	
			2023 VND	2022 VND
300	LIABILITIES		3,508,967,832,597	2,571,528,808,329
310	Short-term liabilities		3,492,906,503,052	2,571,428,808,329
311	Short-term trade accounts payable	14	190,111,045,870	326,042,900,427
312	Short-term advances from customers	15	61,792,801,018	29,828,068,110
313	Tax and other payables to the State	16	79,848,905,083	94,439,388,438
314	Payables to employees		191,405,812,186	235,281,555,542
315	Short-term accrued expenses		5,801,674,727	376,063,226
319	Other short-term payables	17	1,260,739,296,609	1,271,900,651,811
320	Short-term borrowings and finance leases liabilities	18	1,328,012,657,205	467,624,949,883
322	Bonus and welfare fund	19	375,194,310,354	145,935,230,892
330	Long-term liabilities		16,061,329,545	100,000,000
337	Other long-term payables		170,932,436	-
341	Deferred income tax liabilities	20	15,790,397,109	-
343	Fund for scientific and technological development		100,000,000	100,000,000
400	OWNERS' EQUITY		12,026,938,441,998	10,833,653,939,038
410	Capital and reserves		12,026,938,441,998	10,833,653,939,038
411	Owners' capital	21,22	3,797,792,860,000	3,797,792,860,000
411a	- Ordinary shares with voting rights		3,797,792,860,000	3,797,792,860,000
412	Share premium	22	1,786,667,372,400	1,786,667,372,400
414	Owners' other capital	22	(849,228,747,207)	(849,228,747,207)
415	Treasury shares	21,22	(8,730,000)	(8,730,000)
418	Investment and development fund	22	972,670,168,201	632,126,845,638
421	Undistributed earnings	22	5,988,746,171,094	5,083,856,880,644
421a	- Undistributed post-tax profits of previous years		4,178,378,686,876	505,141,465,495
421b	- Undistributed post-tax profit of current year		1,810,367,484,218	4,578,715,415,149
429	Non-controlling interests	22	330,299,347,510	382,447,457,563
440	TOTAL RESOURCES		15,535,906,274,595	13,405,182,747,367



Hoang Thuy Ha
Preparer



Dao Thi Mai
Chief Accountant




Dao Huu Duy Anh
General Director
Legal Representative
29 February 2024

The notes on pages 9 to 50 are an integral part of these consolidated financial statements.

CONSOLIDATED INCOME STATEMENT

Code	Note	Year ended 31 December	
		2023 VND	2022 VND
01	Revenue from sales of goods and rendering of services	9,761,057,850,158	14,444,995,604,730
02	Less deductions	(13,043,092,285)	(884,943,825)
10	Net revenue from sales of goods and rendering of services	9,748,014,757,873	14,444,110,660,905
11	Cost of goods sold and services rendered	(6,308,034,750,907)	(7,693,758,504,930)
20	Gross profit from sales of goods and rendering of services	3,439,980,006,966	6,750,352,155,975
21	Financial income	739,261,173,763	533,263,919,474
22	Financial expenses	(98,468,801,772)	(149,753,537,985)
23	- Including: Interest expense	(31,946,744,275)	(17,597,975,233)
25	Selling expenses	(435,691,263,950)	(600,386,940,046)
26	General and administration expenses	(158,572,657,070)	(151,827,512,501)
30	Net operating profit	3,486,508,457,937	6,381,648,084,917
31	Other income	2,747,898,574	7,472,127,799
32	Other expenses	(4,130,611,064)	(13,372,402,698)
40	Net other expenses	(1,382,712,490)	(5,900,274,899)
50	Accounting profit before tax	3,485,125,745,447	6,375,747,810,018
51	Corporate income tax ("CIT") - current	(246,678,968,775)	(338,483,968,102)
52	CIT - deferred	3,214,299,169	(280,974,920)
60	Profit after tax	3,241,661,075,841	6,036,982,866,996
	Attributable to:		
61	Shareholders of the parent company	3,099,985,241,815	5,565,005,078,678
62	Non-controlling interests	141,675,834,026	471,977,788,318
70	Basic earnings per share	23(a) 7,673	13,774
71	Diluted earnings per share	23(b) 7,673	13,774


Hoang Thuy Ha
Preparer


Dao Thi Mai
Chief Accountant


Dao Huu Duy Anh
General Director
Legal Representative
29 February 2024



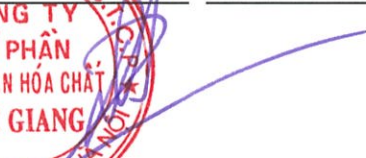
The notes on pages 9 to 50 are an integral part of these consolidated financial statements.

CONSOLIDATED CASH FLOW STATEMENT
(Indirect method)

Code	Note	Year ended 31 December	
		2023 VND	2022 VND
CASH FLOWS FROM OPERATING ACTIVITIES			
01		3,485,125,745,447	6,375,747,810,018
	Adjustments for:		
02	Depreciation and amortisation of fixed assets and goodwill	358,024,943,117	285,340,966,110
03	Provisions	(1,571,346,784)	-
04	Unrealised foreign exchange losses	3,235,954,133	3,317,580,488
05	Profits from investing activities	(626,999,292,735)	(318,950,087,189)
06	Interest expense	31,946,744,275	17,597,975,233
08	Operating profit before changes in working capital	3,249,762,747,453	6,363,054,244,660
09	(Increase)/decrease in receivables	(132,842,736,983)	11,762,616,466
10	Decrease in inventories	197,687,653,754	389,150,825,118
11	Decrease in payables	(181,824,146,393)	(425,640,805,555)
12	Decrease/(increase) in prepaid expenses	74,119,035,800	(17,415,420,866)
14	Interest paid	(31,782,499,657)	(18,129,270,020)
15	CIT paid	(264,989,999,044)	(302,822,307,283)
17	Other payments on operating activities	(126,244,975,071)	(63,200,774,666)
20	Net cash inflows from operating activities	2,783,885,079,859	5,936,759,107,854
CASH FLOWS FROM INVESTING ACTIVITIES			
21	Purchases of fixed assets	(250,811,930,649)	(157,456,310,665)
22	Proceeds from disposals of fixed assets	560,677,046	4,500,000,000
23	Loans granted and term deposits at banks	(9,667,171,000,000)	(7,231,875,502,851)
24	Collection of loans and term deposits at banks	7,857,353,555,801	3,429,511,738,041
25	Investments in other entities	(763,637,682,601)	-
27	Dividends and interest received	485,351,970,475	127,538,319,905
30	Net cash outflows from investing activities	(2,338,354,409,928)	(3,827,781,755,570)
CASH FLOWS FROM FINANCING ACTIVITIES			
31	Proceeds from issuance of shares and capital contribution	-	85,372,130,000
33	Proceeds from borrowings	3,446,634,447,927	2,949,482,488,724
34	Repayments of borrowings	(2,593,284,511,814)	(3,320,737,516,883)
36	Dividends paid, profits distributed to owners	(1,773,781,299,590)	(411,171,411,800)
40	Net cash outflows from financing activities	(920,431,363,477)	(697,054,309,959)
50	Net (decrease)/increase in cash and cash equivalents of the year	(474,900,693,546)	1,411,923,042,325
60	Cash and cash equivalents at beginning of year	1,535,474,845,085	123,957,761,198
61	Effect of foreign exchange differences	767,321	(405,958,438)
70	Cash and cash equivalents at end of year	1,060,574,918,860	1,535,474,845,085


 Hoang Thuy Ha
 Preparer


 Dao Thi Mai
 Chief Accountant


 Dao Huu Duy Anh
 General Director
 Legal Representative
 29 February 2024



**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023**

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 which was issued by Hanoi Department of Planning and Investment. The latest amendment (22nd) to the Enterprise Registration Certificate was issued on 6 October 2022.

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

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

The principal activities of the Group are:

- Producing basic chemicals: producing of raw materials and chemical products;
- Producing fertilizers and nitrogen compounds: producing fertilizer products;
- Trading in rubber, paints, plastic and fertilizer products; trading in raw materials and chemical products;
- Producing 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 2023, the Group had three (03) dependent accounting units (Hung Yen Branch, Binh Duong Branch and Lao Cai Branch) and nine (09) subsidiaries. The details are as follows:

Subsidiaries	Principal activities	Place of incorporation and operation	As at 31.12.2023 and 31.12.2022	
			% of ownership	% of voting rights
1. Duc Giang Lao Cai Chemicals Limited Company	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. Vietnam Apatite - Phosphorus Joint Stock Company	Industrial manufacturing	Bao Thang District, Lao Cai	51%	51%
4. Duc Giang Nghi Son Chemicals One Member Company Limited	Industrial manufacturing	Tinh Gia District, Thanh Hoa	100%	100%
5. Duc Giang Chemicals Sports One Member Company Limited	Sports activities	Long Bien District, Hanoi	100%	100%

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023**

1 GENERAL INFORMATION (CONTINUED)

Subsidiaries	Principal activities	Place of incorporation and operation	As at 31.12.2023 and 31.12.2022	
			% of ownership	% of voting rights
6. Duc Giang Land One Member Company Limited	Real estates	Long Bien District, Hanoi	100%	100%
7. Duc Giang - Dak Nong Chemical Limited Company	Industrial manufacturing	Cu Jut District, Dak Nong	100%	100%
8. Tia Sang Battery Joint Stock Company (<i>acquired on 21.03.2023</i>)	Industrial manufacturing	An Duong District, Hai Phong	51%/(-)	51%/(-)
9. Phosphorus 6 One-member Limited Company (<i>acquired on 10.07.2023</i>)	Industrial manufacturing	Bao Thang District, Lao Cai	100%/(-)	100%/(-)

As at 31 December 2023, the Group had 2,528 employees (as at 31 December 2022: 2,305 employees).

Statement of information comparability in the consolidated financial statements

The comparative figures presented in the consolidated financial statements for the year ended 31 December 2023 are those of the audited consolidated financial statements for the year ended 31 December 2022.

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.

2.2 Fiscal year

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023**2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)****2.3 Currency**

The consolidated financial statements are measured and presented in Vietnamese Dong (“VND”).

2.4 Exchange rates

Transactions arising in foreign currencies are translated at an exchange rate which is the rate approximating the average transfer exchange rate of the buying and selling rates of the commercial bank where the Group regularly transacts. The Group ensures that the disparity of the approximate exchange rate does not exceed +/- 1% compared with the average transfer exchange rate and does not materially impact the financial position and the result of operations during the fiscal year. The average transfer exchange rate is determined daily based on the average between the daily buying transfer rate and selling transfer rate of the commercial bank. Foreign exchange differences arising from these translations are recognised in the consolidated income statement.

Monetary assets and liabilities denominated in foreign currencies at the consolidated balance sheet date are translated at the transfer rate at the consolidated balance sheet date of the commercial bank where the Group regularly transacts. The transfer rate is the buying rate or selling rate of the commercial bank. 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.

The financial statements of the subsidiaries are prepared for the same accounting period of the Group for the consolidation purpose. If there are differences in end dates, the gap must not exceed 3 months. Adjustments are made to reflect impacts of significant transactions and events occurring between the end dates of the subsidiaries' accounting period and that of the Group's. The length of the reporting period and differences in reporting date must be consistent between years.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023****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.

Transactions leading to the change in the Group's ownership 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.

Transactions leading to the change in the Group's ownership 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.

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.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023****2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)****2.6 Business combination (continued)****Business combinations involving entities under common control**

The accounting method applicable to business combinations involving entities under common control is presented as follows:

- 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 a period of 10 years.

Goodwill on acquisitions of investments in joint ventures and associates is included in the carrying amount of the investments at the date of acquisition. The Group does not amortise this goodwill.

On disposal of the investments in subsidiaries or joint ventures and associates, 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 financial year.

Goodwill is not recognised 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 at banks, cash in transit and other short-term investments with an original maturity of three months or less.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023****2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)****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.

Investments held to maturity include term deposits with maturity of 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 fiscal 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 the remaining period from the consolidated balance sheet date to the 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), or based on the estimated loss that may arise. Bad debts are written off when identified as uncollectible.

Receivables are classified into short-term and long-term receivables on the consolidated balance sheet based on the remaining period 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 periodic system for main raw materials and finished goods and the perpetual system for sub-materials, tools and spare parts.

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 THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023**

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 which is incurred subsequently and 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 in the year.

Depreciation and amortisation

Fixed assets are depreciated and amortised using the straight-line basis, except for machinery and equipment for mining activities which are depreciated using the units of production method, so as to write off the depreciable amount of the fixed assets over their estimated useful lives. Depreciable amount equals to the historical cost of fixed assets recorded in the financial statements minus (-) the estimated disposal value of such assets. 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 – 7 years
Computer software	5 years

(*) Motor vehicles used for apatite ore mining at Khai Truong 25 mine are depreciated based on the units of production basis, which is expected to be within 6 years (2021 – 2026).

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 its 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.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023****2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)****2.12 Fixed assets (continued)***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 and are comprised of such necessary costs to construct, repair and maintain, upgrade, renew or equip the projects with technologies. Depreciation of these assets, on the same basis as other fixed assets, commences when they are ready for their intended use.

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. Short-term prepaid expenses reflect prepayments for services; or tools that do not meet the recognition criteria for fixed assets for a period not exceeding 12 months or a business cycle from the date of prepayment. Long-term prepaid expenses reflect prepayments for apatite ore mining; services; or tools which do not meet the recognition criteria for fixed assets for a period exceeding 12 months or more than one business cycle from the date of prepayment. 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 effective after the effective date of the Land Law 2003 (ie. 1 July 2004) or which land use right certificates are not granted are recorded as prepaid expenses and allocated using the straight-line basis over the terms of such land use right certificate. 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 Khai Truong 25 mine of the Group are amortised based on the estimated exploitation volume, which is expected to be within 6 years (2021 - 2026).

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; and
- Other payables are non-trade payables and payables not relating to purchases of goods and services.

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

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023****2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)****2.16 Borrowings**

Borrowings and finance lease liabilities include borrowings and finance leases from banks, financial institutions, financial companies and other entities.

Borrowings are classified into short-term and long-term borrowings on the consolidated balance sheet based on the remaining period 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 period 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.

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 fiscal year are recorded as an increase or decrease in operating expenses.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023**2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)****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 price and re-issuing price 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 bought before the effective date of the Securities Law (ie. 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 after CIT at the reporting date.

2.20 Appropriation of profit

The Group's dividends are recognised as a liability at the decision date of the shareholder's right to receive dividends.

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

The Group's funds are as below:

(a) Investment and development fund

The investment and development fund is appropriated from profit after CIT of the Group and approved by shareholders in the General Meeting of shareholders. This fund is used for expansion of 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 CIT and subject to shareholders' approval at the General Meeting of shareholders. This fund is presented as a liability on 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 with 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 of employees. Accordingly, the Group recognises fixed assets in the consolidated financial statements and depreciates them over their estimated useful lives (Note 2.12). However, the depreciation of these fixed assets is not recognised in the operating expenses of the year, but is recorded as a decrease to the fund.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023****2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)****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 (5) 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.

(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 the basis of the actual time and interest rates for each period when both following conditions are simultaneously satisfied:

- It is probable that economic benefits will be generated;
- Income can be measured reliably.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023****2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)****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 or 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 prudent basis.

2.24 Financial expenses

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

2.25 Selling expenses

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

2.26 General and administration expenses

General and administration expenses represent expenses that are incurred 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.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023****2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)****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 Supervision, Board of Management 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 relationship 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.

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 fiscal 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);
- Corporate income tax (Note 31); and
- Contingent liabilities and other commitments (Note 37).

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

3 BUSINESS COMBINATION**a) Tia Sang Battery Joint Stock Company**

On 21 March 2023, the Group completed the acquisition of 51% of shares of Tia Sang Battery Joint Stock Company. Accordingly, Tia Sang Battery Joint Stock Company became the Group's subsidiary from this date.

Consideration directly attributable to the business combination was VND 134,857,878,400 paid in cash.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023

3 BUSINESS COMBINATION (CONTINUED)

a) Tia Sang Battery Joint Stock Company (continued)

This business combination impact to the net assets of the Group at the acquisition date as follows:

	Value recognised at acquisition date VND
Assets	
Cash and cash equivalents	5,893,113,634
Short-term receivables	13,253,193,239
Inventories	57,715,023,585
Other short-term assets	2,832,620,062
Tangible fixed assets – net	71,187,739,012
Intangible fixed assets – net	10,931,437,559
Construction in progress	29,759,746
Other long-term assets	37,898,699,195
	199,741,586,032
Liabilities	
Tax and other payables to the State	(200,768,348)
Short-term borrowings and finance lease liabilities	(385,088,591)
Bonus and welfare fund	(653,900,859)
Other short-term liabilities	(25,399,462,472)
Deferred income tax liabilities (Note 20)	(18,681,902,594)
Other long-term payables	(160,932,436)
	(45,482,055,300)
Total identifiable net assets	154,259,530,732
Non-controlling interests (Note 22)	75,585,861,976
Net assets according to ownership percentage	78,673,668,756
Goodwill (Note 13)	56,184,209,644
Total consideration transferred	134,857,878,400
Cash acquired	(5,893,113,634)
Net cash outflow on acquisition	128,964,764,766

The revenue and profit after CIT of Tia Sang Battery Joint Stock Company from 1 January 2023 to the acquisition date were VND 41,061,930,227 and VND 672,073,880 respectively, from the acquisition date to 31 December 2023 were VND 119,342,390,747 and VND 3,552,590,393 respectively.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023**3 BUSINESS COMBINATION (CONTINUED)****b) Phosphorus 6 Limited Company**

The Group completed the acquisition of 100% of ownership of Phosphorus 6 Joint Stock Company on 10 July 2023. Accordingly, Phosphorus 6 Joint Stock Company became a subsidiary of the Group from this date. The legal form of this subsidiary was changed from a joint stock company to a one-member limited liability company with the name of Phosphorus 6 Company Limited from 20 July 2023.

Consideration directly attributable to the business combination was VND 635,000,000,000 paid in cash.

This business combination impact to the net assets of the Group at the acquisition date as follows:

	Value recognised at acquisition date (*) VND
Assets	
Cash and cash equivalents	327,082,165
Short-term receivables	1,541,734,372
Inventories	9,956,246,463
Value added tax ("VAT") to be reclaimed	1,205,121,439
Tangible fixed assets – net	362,850,422,092
Construction in progress	1,423,218,873
	377,303,825,404
Liabilities	
Short-term trade accounts payable	(11,485,793,833)
Tax and other payables to the State	(167,475)
Other liabilities	(2,866,830,028)
	(14,352,791,336)
Total identifiable net assets	362,951,034,068
Net assets according to ownership percentage	362,951,034,068
Non-controlling interests (Note 22)	-
Goodwill (Note 13)	272,048,965,932
Total consideration transferred	635,000,000,000
Cash acquired	(327,082,165)
Net cash outflow on acquisition	634,672,917,835

(*) At the date of these consolidated financial statements, the Group had yet determined the fair value of the assets and liabilities of Phosphorus 6 Company Limited at the acquisition date. Accordingly, the Group temporarily recognised the values of assets and liabilities of the subsidiary at the acquisition date according to their book values. Their fair values will be revalued and adjusted by the Group within 12 months from the date of acquisition required by Vietnamese Accounting Standards.

The revenue and profit/loss after CIT of Phosphorus 6 Limited Company from the establishment date (i.e. 11 April 2023) to the acquisition date were VND 0 and loss of VND 48,965,932 respectively, and from the acquisition date to 31 December 2023 were VND 161,743,820,919 and VND 23,080,236,306 respectively.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023**

4 CASH AND CASH EQUIVALENTS

	31.12.2023	31.12.2022
	VND	VND
Cash on hand	2,134,438,989	1,108,259,114
Cash at banks	45,940,479,871	275,866,585,971
Cash equivalents (*)	1,012,500,000,000	1,258,500,000,000
	<u>1,060,574,918,860</u>	<u>1,535,474,845,085</u>

(*) Included deposits at domestic commercial banks with original maturity of three months or less and interest rate ranging from 0.3% per annum to 3.55% per annum (2022: 6.0% per annum).

5 INVESTMENT HELD TO MATURITY

	31.12.2023		31.12.2022	
	Cost	Book value	Cost	Book value
	VND	VND	VND	VND
Term deposits	<u>9,342,000,715,040</u>	<u>9,342,000,715,040</u>	<u>7,471,318,829,256</u>	<u>7,471,318,829,256</u>

Included term deposits at domestic commercial banks with original terms over 3 months and the remaining terms less than 12 months and interest rates ranging from 4.3% to 9.2% per annum (2022: from 4.6% to 9.5% per annum).

As at 31 December 2023, the Group has a term deposit of VND 145 billion pledged as collateral for short-term borrowings with banks; a term deposit of VND 25 billion pledged as collateral for the Group's LC opening; and term deposits of VND 125 billion pledged as collateral for the issuance of letter of guarantee for electricity payment and bidding of the Group.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023

8 OTHER RECEIVABLES

	31.12.2023 VND	31.12.2022 VND
a) Short-term		
Interest income from bank deposits	282,174,690,662	201,952,487,033
Others	1,948,370,954	1,661,300,839
	<u>284,123,061,616</u>	<u>203,613,787,872</u>
b) Long-term		
Deposits	25,500,000,000	24,500,000,000
Environmental protection fund of Lao Cai Province (*)	5,724,645,692	4,464,403,699
	<u>31,224,645,692</u>	<u>28,964,403,699</u>

(*) 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 the exploitation of apatite ore mines at Khai Truong 25 Mine is VND 8,005,545,000. This amount will be deposited into the Environmental Protection Fund of Lao Cai province in six instalments from 2021 to 2026 to guarantee the fulfilment of the Company's obligation of rehabilitating and restoring the environment. The balance as at 31 December 2023 is the amount that the Company has contributed to the Fund in accordance with the Decision (Note 37).

9 INVENTORIES

	31.12.2023		31.12.2022	
	Cost VND	Provision VND	Cost VND	Provision VND
Goods in transit	-	-	77,062,387,876	-
Raw materials	352,593,979,740	-	438,599,191,458	-
Tools and supplies	57,086,651,738	-	68,362,009,734	-
Work in progress	18,398,659,970	-	537,715,824	-
Finished goods	427,041,820,589	(212,468,833)	415,422,725,439	-
	<u>855,121,112,037</u>	<u>(212,468,833)</u>	<u>999,984,030,331</u>	<u>-</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023

10 LONG-TERM PREPAID EXPENSES

	31.12.2023 VND	31.12.2022 VND
Land clearance costs (i)	116,956,825,868	121,070,926,447
Land rental fees (ii)	71,635,140,146	74,404,823,094
Expenses incurred for mining apatite ore at Khai Truong 25 Mine (iii)	81,994,461,681	111,216,143,306
Tools and supplies	11,779,471,206	31,556,340,567
Favourable land use right (iv)	30,010,374,339	-
Others	27,273,225,320	34,143,479,057
	<u>339,649,498,560</u>	<u>372,391,712,471</u>

- (i) Included the prepayments for site clearance which are amortised on straight-line basis from 16 to 49 years in accordance with the periods of the land rental contracts.
- (ii) Included the prepayments for land rental fees which are amortised on straight-line basis from 29 years to 37 years in accordance with the periods of the land rental contracts.
- (iii) Mainly included expenses for site clearance, fees for using data and information on results of mineral assessment, fees for mineral exploitation right at Khai Truong 25 Mine which are amortised based on the exploitation volume over 6 years (2021 – 2026).
- (iv) Favourable land use rights arose from the acquisition of Tia Sang Battery Joint Stock Company which is amortised on a straight-line basis over the period of 22 years in accordance with the remaining period of the land lease contract from the acquisition date.

DUC GIANG CHEMICALS GROUP JOINT STOCK COMPANY

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023

11 FIXED ASSETS

(a) Tangible fixed assets

	Plant and buildings VND	Machinery VND	Motor vehicles VND	Office equipment VND	Total VND
Historical cost					
As at 1 January 2023	1,934,175,804,937	1,664,098,580,851	244,044,354,767	10,063,249,249	3,852,381,989,804
New purchases	3,604,225,950	16,342,094,575	15,254,922,948	335,497,927	35,536,741,400
Transfers from construction in progress (Note 12)	122,169,027,211	100,850,489,441	1,959,292,930	-	224,978,809,582
Increase due to acquisition of subsidiary	320,047,387,247	223,782,345,155	7,758,679,874	9,701,298,339	561,289,710,615
Disposals	-	-	(6,059,357,923)	(144,624,264)	(6,203,982,187)
As at 31 December 2023	2,379,996,445,345	2,005,073,510,022	262,957,892,596	19,955,421,251	4,667,983,269,214
Accumulated depreciation					
As at 1 January 2023	(847,839,204,213)	(1,096,221,587,989)	(121,720,424,382)	(5,458,691,396)	(2,071,239,907,980)
Charge for the year	(135,416,299,701)	(170,726,353,484)	(34,490,154,545)	(2,068,557,936)	(342,701,365,666)
Increase due to acquisition of subsidiary	(39,433,451,050)	(77,887,107,552)	(4,972,825,246)	(4,958,165,663)	(127,251,549,511)
Disposals	-	-	6,059,357,923	144,624,264	6,203,982,187
As at 31 December 2023	(1,022,688,954,964)	(1,344,835,049,025)	(155,124,046,250)	(12,340,790,731)	(2,534,988,840,970)
Net book value					
As at 1 January 2023	1,086,336,600,724	567,876,992,862	122,323,930,385	4,606,557,853	1,781,142,081,824
As at 31 December 2023	1,357,307,490,381	660,238,460,997	107,833,846,346	7,614,630,520	2,132,994,428,244

The historical cost of tangible fixed assets that were fully depreciated but still in use as at 31 December 2023 was VND 538 billion (as at 31 December 2022: VND 379 billion).

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11 FIXED ASSETS (CONTINUED)

(b) Intangible fixed assets

	Computer software VND	Land use right VND	Total VND
Historical cost			
As at 1 January 2023	1,045,839,000	-	1,045,839,000
Increase due to acquisition of subsidiary	314,154,000	10,680,114,359	10,994,268,359
Disposals	(314,154,000)	-	(314,154,000)
As at 31 December 2023	<u>1,045,839,000</u>	<u>10,680,114,359</u>	<u>11,725,953,359</u>
Accumulated amortisation			
As at 1 January 2023	(953,520,496)	-	(953,520,496)
Charge for the year	(277,699,920)	-	(277,699,920)
Increase due to acquisition of subsidiary	(62,830,800)	-	(62,830,800)
Disposals	314,154,000	-	314,154,000
As at 31 December 2023	<u>(979,897,216)</u>	<u>-</u>	<u>(979,897,216)</u>
Net book value			
As at 1 January 2023	<u>92,318,504</u>	<u>-</u>	<u>92,318,504</u>
As at 31 December 2023	<u><u>65,941,784</u></u>	<u><u>10,680,114,359</u></u>	<u><u>10,746,056,143</u></u>

The historical cost of intangible fixed assets that were fully depreciated but still in use as at 31 December 2023 was VND 788,666,000 (as at 31 December 2022: VND 788,666,000).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023

12 CONSTRUCTION IN PROGRESS

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

	2023 VND	2022 VND
Beginning of year	233,577,105,533	171,600,433,670
Increases	215,320,252,449	76,030,638,584
Increase due to acquisition of subsidiary	1,452,978,619	-
Transfers to tangible fixed assets (Note 11(a)) (*)	(224,978,809,582)	(14,053,966,721)
End of year	<u>225,371,527,019</u>	<u>233,577,105,533</u>

(*) Included in this item was Dak Nong Factory which was built and inaugurated on 4 August 2023 with value of VND 134 billion.

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

	31.12.2023 VND	31.12.2022 VND
Nghi Son chemical factory project (i)	134,304,010,000	130,357,122,605
Dak Nong factory project (ii)	35,340,592,212	35,530,750,598
Expanded TPA factory project	-	42,656,199,611
Others	55,726,924,807	25,033,032,719
	<u>225,371,527,019</u>	<u>233,577,105,533</u>

- i) The project of plastics and chemicals industrial park located in Industrial Park No. 15 - Nghi Son Economic Zone, Tan Truong Commune, Nghi Son Town, Thanh Hoa Province pursuant to the Decision No. 2152/QD-UBND of the People's Committee of Thanh Hoa Province dated 11 June 2020. The total investment capital of the project is VND 2,400 billion. Currently, the Group is in the process of land clearance, surveying and designing the factory.
- ii) The project of Duc Giang – Dak Nong fertilizer manufacturing factory located at Lot CN16-2, Tam Thang Industrial Zone, Tam Thang Commune, Cu Jut District. The balance as at 31 December 2023 is the remaining value of the project still under construction.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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13 GOODWILL

	Vietnam Apatite – Phosphorus Joint Stock Company VND	Tia Sang Battery Joint Stock Company VND	Phosphorus 6 Limited Company VND	Total VND
Historical cost				
As at 1 January 2023	5,514,698,943	-	-	5,514,698,943
Increase due to acquisition of subsidiary (Note 3)	-	56,184,209,644	272,048,965,932	328,233,175,576
As at 31 December 2023	<u>5,514,698,943</u>	<u>56,184,209,644</u>	<u>272,048,965,932</u>	<u>333,747,874,519</u>
Accumulated amortisation				
As at 1 January 2023	(2,343,747,047)	-	-	(2,343,747,047)
Charge for the year	(551,469,891)	(4,213,815,723)	(13,602,448,297)	(18,367,733,911)
As at 31 December 2023	<u>(2,895,216,938)</u>	<u>(4,213,815,723)</u>	<u>(13,602,448,297)</u>	<u>(20,711,480,958)</u>
Net book value				
As at 1 January 2023	<u>3,170,951,896</u>	-	-	<u>3,170,951,896</u>
As at 31 December 2023	<u><u>2,619,482,005</u></u>	<u><u>51,970,393,921</u></u>	<u><u>258,446,517,635</u></u>	<u><u>313,036,393,561</u></u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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14 SHORT-TERM TRADE ACCOUNTS PAYABLE

	31.12.2023		31.12.2022	
	Value VND	Able-to-pay amount VND	Value VND	Able-to-pay amount VND
Third parties (*)	186,326,017,232	186,326,017,232	321,247,671,445	321,247,671,445
Related parties (Note 35(b))	3,785,028,638	3,785,028,638	4,795,228,982	4,795,228,982
	<u>190,111,045,870</u>	<u>190,111,045,870</u>	<u>326,042,900,427</u>	<u>326,042,900,427</u>

(*) Details for third-party suppliers accounting for 10% or more of the total trade accounts payable balance are as follows:

	31.12.2023 VND	31.12.2022 VND
Lao Cai Fused Phosphate Fertilizer JSC	39,333,782,324	-
SBM Energy Services Joint Stock Company - Lao Cai Branch	23,436,321,808	28,458,788,438
SV Investment Group JSC	-	84,499,200,000
Zhejiang Metals and Materials	-	77,062,387,876
	<u>61,792,801,018</u>	<u>29,828,068,110</u>

15 SHORT-TERM ADVANCES FROM CUSTOMERS

	31.12.2023 VND	31.12.2022 VND
Third parties	<u>61,792,801,018</u>	<u>29,828,068,110</u>

Details for third-party customers accounting for 10% or more of the total short-term advances from customers balance are as follows:

	31.12.2023 VND	31.12.2022 VND
K S International	37,007,147,802	-
Liven Nutrients PTE., Ltd	6,920,358,750	-
Shankar Lal Rampal Dye Chem Private Limited	-	7,734,731,200
Nghe An Food Agricultural Materials JSC	-	4,657,000,000
JSV Ingredient	-	3,086,105,344
	<u>61,792,801,018</u>	<u>29,828,068,110</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023

16 TAXES AND PAYABLES TO THE STATE

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

	As at 1.1.2023 VND	Increase due to acquisition of subsidiary VND	Payable during the year VND	Payment during the year VND	As at 31.12.2023 VND
VAT on domestic sales	2,277,782,764	-	40,215,936,697	(41,288,220,036)	1,205,499,425
VAT on importation	-	-	89,083,439,900	(85,429,341,029)	3,654,098,871
Import, export tax	873,395,422	-	194,626,775,973	(186,782,121,708)	8,718,049,687
Corporate income tax	77,894,305,214	193,735,073	246,678,968,705	(264,429,999,044)	60,337,009,948
Personal income tax	12,906,733,838	7,200,750	111,979,189,981	(119,983,246,649)	4,909,877,920
Natural resource taxes and mineral exploitation rights fees	-	-	32,484,986,102	(32,028,026,102)	456,960,000
Others	487,171,200	-	24,930,967,466	(24,850,729,434)	567,409,232
	<u>94,439,388,438</u>	<u>200,935,823</u>	<u>740,000,264,824</u>	<u>(754,791,684,002)</u>	<u>79,848,905,083</u>

17 OTHER SHORT-TERM PAYABLES

	31.12.2023 VND	31.12.2022 VND
Dividends payable (Note 22)	1,249,581,441,000	1,261,831,019,000
Others	11,157,855,609	10,069,632,811
	<u>1,260,739,296,609</u>	<u>1,271,900,651,811</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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18 SHORT-TERM BORROWINGS

	As at 1.1.2023 VND	Increase due to acquisition of subsidiary VND	Addition VND	Repayment VND	Exchange rate differences VND	As at 31.12.2023 VND
Joint Stock Commercial Bank for Foreign Trade of Vietnam – Transaction Office (i)						
• Short-term loan – VND (a)	296,945,589,927		1,034,833,241,487	(789,412,012,441)	-	542,366,818,973
• Short-term loan – USD	73,873,608,377	-	62,821,264,689	(136,694,873,066)	-	-
• Factoring L/C with recourse (b)	-	-	130,618,307,603	-	6,278,485,415	136,896,793,018
Joint Stock Commercial Bank for Investment and Development of Vietnam – Ha Thanh Branch (ii)						
• Short-term loan – VND (a)	-	-	32,965,983,893	-	-	32,965,983,893
• Short-term loan – USD (b)	58,970,123,579	-	688,495,809,395	(498,511,732,433)	374,197,203	249,328,397,744
Kasikornbank Public Company Limited – Ho Chi Minh Branch (iii)	-	-	385,158,001,383	(187,423,425,663)	-	197,734,575,720
Shinhan Bank (Vietnam) Ltd – Pham Hung Branch (iv)	-	-	98,472,033,632	(13,199,588,010)	-	85,272,445,622
HSBC Vietnam – Hanoi Branch (v)	-	-	110,531,588,022	(56,047,718,106)	-	54,483,869,916
Joint Stock Commercial Bank for Investment and Development of Vietnam – Eastern Hai Phong Branch (vi)						
• Short-term loan – VND (a)	-	-	28,573,995,126	(13,490,880,255)	-	15,083,114,871
• Short-term loan – USD (b)	-	-	16,579,798,120	(16,579,798,120)	-	-
Standard Chartered Bank (Vietnam) (vii)	-	-	13,880,657,448	-	-	13,880,657,448
Asian Commercial Joint Stock Bank – Hoang Cau Branch	37,835,628,000	-	394,364,811,654	(432,200,439,654)	-	-
Vietnam International Commercial Joint Stock Bank – Dong Da Branch	-	-	449,338,955,475	(449,338,955,475)	-	-
Eswari Global Metal Industries	-	385,088,591	-	(385,088,591)	-	-
	<u>467,624,949,883</u>	<u>385,088,591</u>	<u>3,446,634,447,927</u>	<u>(2,593,284,511,814)</u>	<u>6,652,682,618</u>	<u>1,328,012,657,205</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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18 SHORT-TERM BORROWINGS (CONTINUED)

Details of outstanding short-term borrowings balances as at 31 December 2023 are as follows:

No.	Lenders	Credit limit and period	Year-end balance VND	Interest rate/year	Purpose	Collaterals
i	Joint Stock Commercial Bank for Foreign Trade of Vietnam – Transaction Office	<p>(a) Credit limit of VND 830 billion or foreign currency equivalent, including:</p> <ul style="list-style-type: none"> Duc Giang Lao Cai Chemicals Limited Company: Credit limit of VND 700 billion or foreign currency equivalent. The period of each loan does not exceed 4 months from the date of drawdown. Viet Nam Apatite – Phosphorus Joint Stock Company: Credit limit of VND 80 billion or foreign currency equivalent. The period of each loan does not exceed 6 months from the date of drawdown. Phosphorus 6 Joint Stock Company: Credit limit of VND 50 billion or foreign currency equivalent. The period of each loan does not exceed 6 months from the date of drawdown. <p>(b) Viet Nam Apatite – Phosphorus Joint Stock Company: This represents an amount factored with recourse for documents presented under the export L/C (Note 6). The factored amount was disbursed in USD with a discount fee of 3.6% per annum.</p>	<p>421,882,231,614</p> <p>70,544,731,116</p> <p>49,939,856,243</p> <p>136,896,793,018</p>	<p>2.5% - 3.0% per annum</p> <p>2.5% - 3.6% per annum</p> <p>2.5% per annum</p> <p>2.5% - 3.6% per annum</p>	<p>Supplement working capital</p> <p>Supplement working capital</p> <p>Supplement working capital</p> <p>Supplement working capital</p>	<p>None</p> <p>None</p> <p>Term deposit contracts of VND 60 billion (Note 5)</p> <p>None</p>
ii	Joint Stock Commercial Bank for Investment and Development of Vietnam – Ha Thanh Branch	<p>Credit limit of VND 895 billion or foreign currency equivalent:</p> <ul style="list-style-type: none"> Viet Nam Apatite – Phosphorus Joint Stock Company: Credit limit of VND 95 billion or foreign currency equivalent. The period of each loan does not exceed 6 months from the date of drawdown. Duc Giang Lao Cai Chemicals Limited Company: Credit limit of VND 800 billion or foreign currency equivalent. The period of each loan does not exceed 4 months from the date of drawdown. 	<p>32,965,983,893</p> <p>249,328,397,744</p>	<p>2.3% - 2.5% per annum</p> <p>1.9% - 3.1% per annum</p>	<p>Supplement working capital</p> <p>Supplement working capital</p>	<p>None</p> <p>None</p>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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18 SHORT-TERM BORROWINGS (CONTINUED)

Details of outstanding short-term borrowing balances as at 31 December 2023 are as follows (continued):

No	Lenders	Credit limit and period	Year-end balance VND	Interest rate/year	Purpose	Collaterals
iii	Kasikornbank Public Company Limited – Ho Chi Minh Branch	Duc Giang Lao Cai Chemicals Limited Company: Credit limit of VND 400 billion or foreign currency equivalent. The period of each loan does not exceed 4 months from the date of drawdown.	197,734,575,720	2.0% per annum	Supplement working capital	None
iv	Shinhan Bank (Vietnam) Ltd – Pham Hung Branch	Credit limit of USD 5 million and VND 50 billion. <ul style="list-style-type: none"> Duc Giang Lao Cai Chemicals Limited Company: Credit limit of USD 5 million or foreign currency equivalent. The period of each loan does not exceed 4 months from the date of drawdown. Viet Nam Apatite – Phosphorus Joint Stock Company: Credit limit of VND 50 billion or foreign currency equivalent. The period of each loan does not exceed 3 months from the date of drawdown. 	63,524,383,832	2.0% per annum	Supplement working capital	None
v	HSBC Vietnam – Hanoi Branch	Viet Nam Apatite – Phosphorus Joint Stock Company: Credit limit of USD 5.2 million or foreign currency equivalent. The period of each loan does not exceed 6 months from the date of drawdown.	54,483,869,916	2.0% -3.0% per annum	Supplement working capital	None
vi	Joint Stock Commercial Bank for Investment and Development of Vietnam – Eastern Hai Phong Branch	Tia Sang Battery Joint Stock Company: Credit limit of VND 40 billion or foreign currency equivalent. The period of each loan is determined by each drawdown.	15,083,114,871	2.5% per annum	Supplement working capital	None
vii	Standard Chartered Bank (Vietnam)	Duc Giang Lao Cai Chemicals Limited Company: Credit limit of VND 120 billion or foreign currency equivalent. The period of each loan does not exceed 4 months from the date of drawdown.	13,880,657,448	2.0% per annum	Supplement working capital	None
Total			1,328,012,657,205			

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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19 BONUS AND WELFARE FUND

	2023 VND	2022 VND
Beginning of year	145,935,230,892	69,178,294,270
Increase in the year (Note 22)	358,172,010,054	143,279,567,668
Increase due to acquisition of subsidiary	653,900,859	-
Utilisation in the year	(126,244,975,071)	(63,200,774,666)
Depreciation of fixed assets funded by the Bonus and welfare fund	(3,321,856,380)	(3,321,856,380)
End of year	<u>375,194,310,354</u>	<u>145,935,230,892</u>

20 DEFERRED INCOME TAX

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current income tax assets against current income tax liabilities and when the deferred income taxes relate to the same taxation authority and same taxable unit. The details were as follows:

	31.12.2023 VND	31.12.2022 VND
Deferred income tax assets:		
Deferred income tax assets to be recovered within 12 months	<u>423,057,991</u>	<u>100,264,307</u>
Deferred income tax liabilities:		
Deferred income tax liabilities to be settled after more than 12 months	12,993,181,912	-
Deferred income tax liabilities to be settled within 12 months	<u>2,797,215,197</u>	-
	<u>15,790,397,109</u>	<u>-</u>

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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20 DEFERRED INCOME TAX (CONTINUED)

Movements in the deferred income tax, taking into consideration the offsetting of balances within the same tax jurisdiction, during the year were as follows:

Deferred income tax assets:

	2023 VND	2022 VND
Beginning of year	100,264,307	381,239,227
Consolidated income statement credit (Note 31)	322,793,684	(280,974,920)
End of year	<u>423,057,991</u>	<u>100,264,307</u>

Deferred income tax liabilities:

	2023 VND	2022 VND
Beginning of year	-	-
Increase due to acquisition of subsidiary Consolidated income statement charge (Note 31)	18,681,902,594	-
	(2,891,505,485)	-
End of year	<u>15,790,397,109</u>	<u>-</u>

(a) Details of deferred income tax assets

	31.12.2023 VND	31.12.2022 VND
Deductible temporary differences related to unrealized profits	<u>423,057,991</u>	<u>184,186,679</u>

(b) Details of deferred income tax liabilities

	31.12.2023 VND	31.12.2022 VND
Differences in asset revaluation resulted from business combination	<u>15,790,397,109</u>	<u>-</u>

The Group used a tax rate of 20% in 2023 year (2022: 20%) to determine deferred income tax assets and deferred income tax liabilities.

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

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21 OWNERS' CAPITAL

(a) Number of shares

	31.12.2023	31.12.2022
	Ordinary shares	Ordinary shares
Number of shares registered	379,779,286	379,779,286
Number of shares issued	379,779,286	379,779,286
Number of shares repurchased	(873)	(873)
Number of existing shares in circulation	379,778,413	379,778,413

(b) Details of owners' shareholding

	31.12.2023		31.12.2022	
	Ordinary shares	%	Ordinary shares	%
Mr. Dao Huu Huyen	69,794,354	18.378	69,794,354	18.378
Ms. Ngo Thi Ngoc Lan	25,205,068	6.637	25,205,068	6.637
Mr. Dao Huu Kha	22,667,148	5.969	22,667,148	5.969
Other shareholders	262,111,843	69.015	262,111,843	69.015
Treasury shares	873	0.001	873	0.001
Number of shares issued	379,779,286	100	379,779,286	100

DUC GIANG CHEMICALS GROUP JOINT STOCK COMPANY

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21 OWNERS' CAPITAL (CONTINUED)

(c) Movement of share capital

	Number of shares	Ordinary shares VND	Treasury shares VND	Total VND
As at 1 January 2022	171,080,556	1,710,805,560,000	(8,730,000)	1,710,796,830,000
Share dividend payment	200,161,517	2,001,615,170,000	-	2,001,615,170,000
Shares issued under employee stock ownership plan (ESOP)	8,537,213	85,372,130,000	-	85,372,130,000
As at 31 December 2022	<u>379,779,286</u>	<u>3,797,792,860,000</u>	<u>(8,730,000)</u>	<u>3,797,784,130,000</u>
As at 31 December 2023	<u><u>379,779,286</u></u>	<u><u>3,797,792,860,000</u></u>	<u><u>(8,730,000)</u></u>	<u><u>3,797,784,130,000</u></u>

Par value per share: VND 10,000.

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22 MOVEMENTS IN OWNERS' EQUITY

	Owners' capital VND	Share premium VND	Owners' other capital VND	Treasur y 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 2022	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
Net profit for the year	-	-	-	-	-	5,565,005,078,678	5,565,005,078,678	471,977,788,318	6,036,982,866,996
Appropriation to investment and development funds	-	-	-	-	150,401,794,545	(150,401,794,545)	-	-	-
Appropriation to bonus and welfare funds	-	-	-	-	-	(136,502,513,654)	(136,502,513,654)	(6,777,054,014)	(143,279,567,668)
Share dividend payment	2,001,615,170,000	-	-	-	-	(2,001,615,170,000)	-	-	-
Shares issued under employee stock ownership plan (ESOP)	85,372,130,000	-	-	-	-	-	85,372,130,000	-	85,372,130,000
Cash dividend payment	-	-	-	-	-	(1,139,335,239,000)	(1,139,335,239,000)	(338,088,352,800)	(1,477,423,591,800)
As at 31 December 2022	3,797,792,860,000	1,786,667,372,400	(849,228,747,207)	(8,730,000)	632,126,845,638	5,083,856,880,644	10,451,206,481,475	382,447,457,563	10,833,653,939,038
Increase due to acquisition of subsidiary (Note 3(a))	-	-	-	-	-	-	-	75,585,861,976	75,585,861,976
Net profit for the year	-	-	-	-	-	3,099,985,241,815	3,099,985,241,815	141,675,834,026	3,241,661,075,841
Appropriation to investment and development funds (*)	-	-	-	-	344,802,025,776	(344,802,025,776)	-	-	-
Utilisation development investment fund in the year	-	-	-	-	(4,258,703,213)	-	(4,258,703,213)	-	(4,258,703,213)
Appropriation to bonus and welfare funds (*)	-	-	-	-	-	(331,180,273,589)	(331,180,273,589)	(26,991,736,465)	(358,172,010,054)
Cash dividend payment (**)	-	-	-	-	-	(1,519,113,652,000)	(1,519,113,652,000)	(242,418,069,590)	(1,761,531,721,590)
As at 31 December 2023	3,797,792,860,000	1,786,667,372,400	(849,228,747,207)	(8,730,000)	972,670,168,201	5,988,746,171,094	11,696,639,094,488	330,299,347,510	12,026,938,441,998

(*) The appropriation to investment and development funds and bonus and welfare funds in 2023 in accordance with the Resolution of the Annual General Meeting of Shareholders No. 01/2023/NQ-DHDCD of Duc Giang Chemicals Group Joint Stock Company dated 29 March 2023 and the Resolution of the Annual General Meeting of Shareholders No. 01/2023/NQ-DHDCD of Vietnam Apatite - Phosphorus Joint Stock Company dated 22 March 2023, and the Resolution of the Annual General Meeting of Shareholders No. 02/2023/NQ-DHDCD of Tia Sang Battery Joint Stock Company dated 29 May 2023.

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FOR THE YEAR ENDED 31 DECEMBER 2023**

22 MOVEMENTS IN OWNERS' EQUITY (COUNTINUED)

(**) The Group distributed cash dividends according to the Resolutions of the Annual General Meeting of Shareholders No. 01/2023/NQ-DHDCD dated 29 March 2023 of Duc Giang Chemicals Group Joint Stock Company, the Annual General Meeting of Shareholders No. 01/2023/NQ-DHDCD dated 22 March 2023 of Vietnam Apatite-Phosphorus Joint Stock Company and the Board of Directors' Resolution No. 12/2023/NQ-HĐQT dated 23 October 2023 of Duc Giang Chemicals Group Joint Stock Company and the Board of Directors' Resolution No. 10/2023/NQ-HĐQT dated 23 October 2023 of Vietnam Apatite-Phosphorus Joint Stock Company with the total amount of VND 1,761,531,721,590. As at 31 December 2023, all outstanding dividend payable balance was VND 1,249,581,441,000 (Note 17) and was paid to shareholders after the date of the consolidated financial statements (Note 38).

23 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:

	2023	2022
Net profit attributable to shareholders (VND)	3,099,985,241,815	5,565,005,078,678
Less amount appropriated to bonus and welfare funds (*)	(185,999,114,509)	(333,900,304,721)
Profit for calculation basic profit per share	2,913,986,127,306	5,231,104,773,957
Weighted average number of ordinary shares in circulation (shares)	379,778,413	379,778,413
Basic earnings per share (VND)	<u>7,673</u>	<u>13,774</u>

(*) The bonus and welfare fund is temporarily calculated based on the same method of last year.

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 earnings per share is equal to the basic earnings per share.

24 OFF CONSOLIDATED BALANCE SHEET ITEMS

Foreign currencies

As at 31 December 2023, included in cash and cash equivalents were balances held in foreign currencies of USD 1,128,876.07 and EUR 585.95 (as at 31 December 2022: USD 7,530,602.41 and EUR 595.66).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023

25 NET REVENUE FROM SALES OF GOODS AND RENDERING OF SERVICES

	2023 VND	2022 VND
Revenue		
Revenue from sales of merchandise	11,099,556,824	129,950,360,542
Revenue from sales of finished goods	9,724,914,162,475	14,297,154,645,975
Revenue from rendering of services	25,044,130,859	17,890,598,213
	<u>9,761,057,850,158</u>	<u>14,444,995,604,730</u>
Sales deductions		
Trade discounts	(13,043,092,285)	(771,753,825)
Sales returns	-	(113,190,000)
	<u>(13,043,092,285)</u>	<u>(884,943,825)</u>
Net revenue from sales of goods and rendering of services		
Net revenue from sales of merchandise	11,099,556,824	129,950,360,542
Net revenue from sales of finished goods	9,711,871,070,190	14,296,269,702,150
Net revenue from rendering of services	25,044,130,859	17,890,598,213
	<u>9,748,014,757,873</u>	<u>14,444,110,660,905</u>

26 COST OF GOODS SOLD AND SERVICES RENDERED

	2023 VND	2022 VND
Cost of merchandise sold	8,281,522,401	96,957,638,837
Cost of finished goods sold	6,299,753,228,506	7,596,800,866,093
	<u>6,308,034,750,907</u>	<u>7,693,758,504,930</u>

27 FINANCIAL INCOME

	2023 VND	2022 VND
Interest income from deposits and lendings	626,596,450,780	314,600,769,509
Realised foreign exchange gains	112,664,722,983	218,663,149,965
	<u>739,261,173,763</u>	<u>533,263,919,474</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023

28 FINANCIAL EXPENSES

	2023 VND	2022 VND
Interest expense	31,946,744,275	17,597,975,233
Realised foreign exchange losses	63,286,103,364	128,837,982,264
Net loss from foreign currency translation at year end	3,235,954,133	3,317,580,488
	<u>98,468,801,772</u>	<u>149,753,537,985</u>

29 SELLING EXPENSES

	2023 VND	2022 VND
Transportation	283,959,826,657	436,816,397,600
External services	121,187,170,766	128,641,723,915
Staff costs	18,898,325,567	24,365,844,268
Materials, packaging	5,454,988,783	4,145,047,145
Depreciation and amortisation of fixed assets	1,220,058,894	1,285,294,593
Others	4,970,893,283	5,132,632,525
	<u>435,691,263,950</u>	<u>600,386,940,046</u>

30 GENERAL AND ADMINISTRATION EXPENSES

	2023 VND	2022 VND
Staff costs	76,996,090,731	91,710,604,959
Depreciation and amortisation of fixed assets and goodwill	34,465,307,149	12,117,895,781
External services	10,118,903,328	10,467,158,868
Others	36,992,355,862	37,531,852,893
	<u>158,572,657,070</u>	<u>151,827,512,501</u>

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023**

31 CORPORATE INCOME TAX (“CIT”)

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

	2023 VND	2022 VND
Accounting profit before tax	3,485,125,745,447	6,375,747,810,018
Tax calculated at a rate of 20%	697,025,149,089	1,275,149,562,004
Effect of:		
- Tax reduction, exemption (*)	(458,535,522,293)	(941,133,718,285)
- Expenses not deductible for tax purposes	4,740,261,539	4,749,099,303
- Under-provision in previous years	234,781,271	-
CIT charge (**)	<u>243,464,669,606</u>	<u>338,764,943,022</u>
Charged to the consolidated income statement:		
CIT - current	246,678,968,775	338,483,968,102
CIT - deferred	(3,214,299,169)	280,974,920
CIT charge (**)	<u>243,464,669,606</u>	<u>338,764,943,022</u>

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

➤ *Duc Giang Lao Cai Chemicals Limited Company:*

- Project Phosphorus Production Furnace No.1 and No. 2: tax rate of 10% for 15 years since operation (from 2009 to 2023), tax exemption for 4 years from the first year of having income from the project (from 2010 to 2013) and tax reduction of 50% for the following 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), tax exemption for 4 years from year of having income from the project (from 2015 to 2018) and tax reduction of 50% for the following 9 years (from 2019 to 2027);
- 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 having income from the project (from 2014 to 2017) and tax reduction of 50% for the following 9 years (from 2018 to 2026);
- The project of Silicate production line and other taxable activities: preferential tax rate of 10% for 15 years from the year of having income from the first project (from 2009 to 2023).

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023**

31 CORPORATE INCOME TAX (“CIT”) (CONTINUED)

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

- 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 having income from the project (from 2016 to 2019) and 50% tax deduction in next 9 years (from 2020 to 2028);

➤ *Vietnam Apatite - Phosphorus 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 having income from the project (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 2027).

➤ *Phosphorus 6 One Member Company Limited:*

- Yellow phosphorus production project: tax rate of 10% for 9 years since the project started its operation (from 2023 to 2031) and 50% tax deduction in next 9 years from the year of having income from the project (from 2023 to 2031).

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

32 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:

	2023	2022
	VND	VND
Raw materials	3,148,044,702,086	4,882,861,306,033
External services	1,789,686,654,467	2,061,699,784,131
Labour costs	655,204,002,729	779,909,262,215
Depreciation and amortisation of fixed assets and goodwill	355,698,307,533	299,092,672,544
Others	127,740,977,897	129,810,020,648
	<u>6,076,374,644,712</u>	<u>8,153,373,045,571</u>

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023**
33 SEGMENT REPORTING

The Board of Management of the Company determines that the management decisions of the Group are based primarily on the types of products 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 2023, revenue from sales of finished goods (mainly yellow phosphorus and acids of all kinds) accounted for 99.6% of the Group's total revenue (31 December 2022: 98.9%). Accordingly, the Group does not present Segment report by business segments. Revenue from finished goods and cost of finished goods sold are presented in Note 25 and Note 26.

Secondary segment report (geographical segments)

Segment information of net revenue from sales of goods and rendering of services based on the geographical location of customers is as follows:

	Year ended 31.12.2023		
	Domestic VND	Overseas VND	Total VND
Net revenue	2,138,655,410,789	7,609,359,347,084	9,748,014,757,873
Total expenses incurred for purchases of fixed assets (unallocated)	(*)	(*)	250,856,993,849
	=====	=====	=====
	Year ended 31.12.2022		
	Domestic VND	Overseas VND	Total VND
Net revenue	2,617,707,260,000	11,826,403,400,905	14,444,110,660,905
Total expenses incurred for purchases of fixed assets (unallocated)	(*)	(*)	211,953,637,116
	=====	=====	=====

(*) The Group does not present total expenses incurred for purchases of fixed assets on geographical segment report because the Group operates in one geographical area that is Vietnam and does not monitor fixed assets by customers' location.

34 ADDITIONAL INFORMATION ON CERTAIN ITEMS OF THE CONSOLIDATED CASH FLOW STATEMENT

	2023 VND	2022 VND
Share dividend distribution	-	2,001,615,170,000
Interest income from rolled-over deposits	60,864,441,585	32,615,611,549
	=====	=====

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023

35 RELATED PARTY DISCLOSURES

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

Related parties	Relationship
Member of the Board of Directors, Board of Management, Board of Supervision, Chief Accountant and other related individuals	Key management/Shareholders
Van Minh Company Limited	Under common control of the Chairman

(a) Related party transactions

The primary transactions with related parties incurred in the year are:

	2023 VND	2022 VND
<i>i) Sales of goods and rendering services</i>		
Van Minh Company Limited	144,830,595,785	205,706,207,885
<i>ii) Purchases of goods and services</i>		
Van Minh Company Limited	128,455,640,263	113,345,068,529
<i>iii) Compensation of key management</i>		
Mr. Dao Huu Huyen – Chairman of the Board of Directors	566,608,000	1,157,608,000
Mr. Dao Huu Duy Anh – Member of the Board of Directors/ General Director	2,563,964,657	2,627,388,000
Mr. Pham Van Hung – Member of the Board of Directors/ Deputy General Director	2,354,939,400	2,322,759,000
Mr. Luu Bach Dat – Member of the Board of Directors/ Deputy General Director	1,564,955,229	1,520,592,500
Mr. Nguyen Van Quang – Member of the Board of Directors	256,000,000	103,000,000
Mr. Khuc Ngoc Giang – Member of the Board of Directors (until 29.03.2022)	-	21,000,000
Mr. Nguyen Van Kien – Chief Supervisor	790,451,612	1,054,230,000
Mr. Vu Van Ngo – Member of Board of Supervision	92,000,000	66,000,000
Mrs. Pham Thi Thoa – Member of Board of Supervision	401,592,486	616,265,950
Mrs. Dao Thi Mai – Chief Accountant	1,843,062,047	1,973,722,342
	10,433,573,431	11,462,565,792
<i>(b) Year end balances with related parties</i>		
	31.12.2023 VND	31.12.2022 VND
<i>Short-term trade accounts receivable (Note 6)</i>		
Van Minh Company Limited	8,157,152,141	9,113,628,927
<i>Short-term trade accounts payable (Note 14)</i>		
Van Minh Company Limited	3,785,028,638	4,795,228,982

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023

35 RELATED PARTY DISCLOSURES (CONTINUED)

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

	31.12.2023 VND	31.12.2022 VND
<i>Other short-term payables</i>		
Dividend payable to Board of Directors, Board of Management, Board of Supervision, Chief Accountant and other related individuals	290,249,178,000	294,558,843,000
	<u>290,249,178,000</u>	<u>294,558,843,000</u>

36 COMMITMENTS

(a) Commitments under operating leases

The operating commitments present the land rental fees of the Group. The future minimum lease payments under non-cancellable operating lease contracts were as follows:

	31.12.2023 VND	31.12.2022 VND
Land rental:		
Within one year	5,881,227,809	4,841,216,645
Between one and five years	42,991,844,412	35,979,186,071
Over five years	383,465,966,525	392,722,387,955
Total minimum payments	<u>432,339,038,746</u>	<u>433,542,790,671</u>

(b) Capital commitments

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

	31.12.2023 VND	31.12.2022 VND
Property, plant and equipment	<u>631,979,482,546</u>	<u>409,420,355,671</u>

(c) Other commitments

According to the Contract No. 01/2022/HDKT dated 28 November 2022, Duc Giang Lao Cai Chemical Limited Company, a subsidiary, agreed to buy the entire output of apatite ore that Lao Cai Chemical Industry Joint Stock Company can exploit at Mine 19B with a total expected output of 5,156,000 tons within 5 years (2022 - 2027). As of 31 December 2023, the remaining quantity of the apatite ore to be transferred was 4,848,396 tons (31 December 2022: 5,156,000 tons). Accordingly, the Group would pay the minimum amount for this contract as follows:

	2023 VND	2022 VND
Apatite ore estimated payment	<u>1,653,720,195,519</u>	<u>1,705,859,904,000</u>

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023**

37 CONTINGENT LIABILITIES

Obligation to rehabilitate and restore the environment – Apatite ore at Khai Truong 25 Mine

The Company exploits apatite ore at Khai Truong 25 Mine within 6 years (2021 – 2026) and is obliged to rehabilitate and restore the environment for this ore mining after the mining period. 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 mining apatite ore at Khai Truong 25 Mine 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 8(b)).

Obligation for land restoration

The Group signed land lease contracts and carried out the construction of infrastructure on these leased lands. These land lease contracts do not contain any clause on obligation for land restoration after the rental periods. Therefore, the Board of Management of the Company assessed that the Group may have future land restoration obligations which may include 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 future events such as additional discussions with the lessors or when the competent authority promulgates additional legal documents clarifying the lessee's obligations when the land lease contract does not contain any clause on land restoration obligation. Therefore, the Board of Management did not recognise a provision for land restoration obligation in the Group's consolidated financial statements for the year ended 31 December 2023.

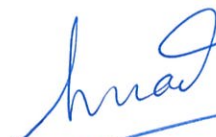
38 SUBSEQUENT EVENTS AFTER THE BALANCE SHEET DATE

In January and February 2024, the Group paid all outstanding dividends as at 31 December 2023 to shareholders (Note 17).

The consolidated financial statements for the year ended 31 December 2023 were approved by the Board of Management of the Company on 29 February 2024.



Hoang Thuy Ha
Preparer



Dao Thi Mai
Chief Accountant



Dao Huu Duy Anh
General Director
Legal Representative