

**Ngoc Nghia Industry – Service – Trading
Joint Stock Company**

Consolidated financial statements

For the year ended 31 December 2022



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Ngoc Nghia Industry – Service – Trading Joint Stock Company

GENERAL INFORMATION (continued)

THE COMPANY

Ngoc Nghia Industry – Service – Trading Joint Stock Company ("the Company") is a shareholding company incorporated under the Law on Enterprise of Vietnam pursuant to the Enterprise Registration Certificate ("ERC") No. 0301427028 first issued by the Department of Planning and Investment ("DPI") of Ho Chi Minh City on 18 June 1993, and the 27th amended ERC on 5 January 2023.

The Company's shares were listed on the Unlisted Public Company Market ("UPCoM") on the Hanoi Stock Exchange ("HNX") with code NNG in accordance with Decision No. 85/QD-HNX issued by HNX on 10 February 2015.

The current principal activities of the Company are to produce packages and other products from plastic, produce molds and spare parts.

The Company's registered head office is located at No. 27A Nguyen, U Di Street, Thao Dien Ward, Thu Duc City, Ho Chi Minh City, Vietnam.

BOARD OF DIRECTORS

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

Mr Sunil Marwah	Chairman	appointed on 11 May 2022
Mr La Bui Hoang Nghia	Chairman	resigned on 11 May 2022
Mr Vasikaran Krishnamourthy	Deputy Chairman	resigned on 14 March 2023
		appointed on 11 May 2022
Ms La Bui Hong Ngoc	Deputy Chairwoman	resigned on 11 May 2022
	Member	appointed on 11 May 2022
Mr Anil Kumar Ailani	Member	appointed on 11 May 2022
Mr Vikas Gupta	Member	appointed on 11 May 2022
Mr La Van Hoang	Member	resigned on 11 May 2022
Ms Nguyen Thi Dieu Phuong	Member	resigned on 11 May 2022

BOARD OF SUPERVISION

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

Ms Hoang Thi Minh Thu	Head	appointed on 11 May 2022
Mr Nguyen Huu Thoang	Member	appointed on 11 May 2022
Mr Arvind Kumar Keshri	Member	resigned on 14 March 2023
		appointed on 11 May 2022
Ms Nguyen Ngoc Chi Mai	Member	resigned on 11 May 2022

MANAGEMENT

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

Mr Vinay Bhardwaj	General Director	appointed on 30 December 2022
Mr Vasikaran Krishnamourthy	General Director	appointed on 11 May 2022
		resigned on 30 December 2022
Ms La Bui Hong Ngoc	General Director	resigned on 11 May 2022
	Head of Sales	appointed on 11 May 2022
Mr Puneet Jain	Chief Financial Officer	appointed on 18 June 2022
Ms Truong Thi Ngoc Tram	Chief Financial Officer	resigned on 31 March 2022
Mr John Russell Gray	Chief Operations Officer	resigned on 11 May 2022

Ngoc Nghia Industry – Service – Trading Joint Stock Company

GENERAL INFORMATION (continued)

LEGAL REPRESENTATIVE

The legal representatives of the Company during the year and at the date of this report are:

Mr Sunil Marwah	from 1 July 2022
Mr Vinay Bhardwaj	from 5 January 2023
Ms La Bui Hong Ngoc	from 1 July 2022
Mr Vasikaran Krishnamourthy	from 1 July 2022 to 4 January 2023

AUDITORS

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

Ngoc Nghia Industry – Service – Trading Joint Stock Company

REPORT OF MANAGEMENT

Management of Ngoc Nghia Industry – Service – Trading Joint Stock Company (“the Company”) is pleased to present this report and the consolidated financial statements of the Company and its subsidiaries (collectively referred to as the “Group”) for the year ended 31 December 2022 of the Group.

MANAGEMENT’S RESPONSIBILITY IN RESPECT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Management is responsible for the consolidated financial statements of each financial year which give a true and fair view of the consolidated financial position of the Group and of the consolidated results of its operations and its consolidated cash flows for the year. In preparing those consolidated financial statements, Management required to:

- ▶ select suitable accounting policies and then apply them consistently;
- ▶ make judgements and estimates that are reasonable and prudent;
- ▶ state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the consolidated financial statements; and
- ▶ prepare the consolidated financial statements on the going concern basis unless it is inappropriate to presume that the Group will continue in business.

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

Management confirmed that it has complied with the above requirements in preparing the accompanying consolidated financial statements.

STATEMENT BY MANAGEMENT

Management does hereby state that, in its opinion, the accompanying consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2022 and of the consolidated results of its operations and its consolidated cash flows for the year then ended in accordance with Vietnamese Accounting Standards, Vietnamese Enterprise Accounting System and the statutory requirements relevant to the preparation and presentation of the consolidated financial statements.

For and on behalf of the management:



Vinay Bhardwaj
General Director

Ho Chi Minh City, Vietnam

5 April 2023

Reference: 12220012/22987778/HN

INDEPENDENT AUDITORS' REPORT

To: The Shareholders of Ngoc Nghia Industry – Service – Trading Joint Stock Company

We have audited the accompanying consolidated financial statements of Ngoc Nghia Industry – Service – Trading Joint Stock Company ("the Company") and its subsidiaries (collectively referred to as "the Group"), as prepared on 5 April 2023 and set out on pages 6 to 38, which comprise the consolidated balance sheet as at 31 December 2022, the consolidated income statement and the consolidated cash flow statement for the year then ended and the notes thereto.

Management's responsibility

The Company's management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with Vietnamese Accounting Standards, Vietnamese Enterprise Accounting System and the statutory requirements relevant to the preparation and presentation of the consolidated financial statements, and for such internal control as the management determines is necessary to enable the preparation and presentation of the consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' responsibility

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

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

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

Opinion

In our opinion, the consolidated financial statements give a true and fair view, in all material respects, of the consolidated financial position of the Group as at 31 December 2022, and of the consolidated results of its operations and its consolidated cash flows for the year then ended in accordance with Vietnamese Accounting Standards, Vietnamese Enterprise Accounting System and the statutory requirements relevant to the preparation and presentation of consolidated financial statements.

Ernst & Young Vietnam Limited



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



Pham Xuan Tuan
Auditor
Audit Practicing Registration Certificate
No. 4639-2023-004-1

Ho Chi Minh City, Vietnam

5 April 2023

CONSOLIDATED BALANCE SHEET
as at 31 December 2022

VND

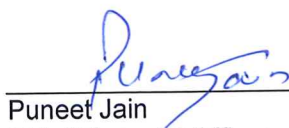
Code	ASSETS	Notes	Ending balance	Beginning balance
100	A. CURRENT ASSETS		852,886,063,807	669,990,008,994
110	I. Cash	5	23,651,781,892	41,714,992,670
111	1. Cash		23,651,781,892	41,714,992,670
120	II. Short-term investment	6	4,000,000,000	-
123	1. Held-to-maturity investments		4,000,000,000	-
130	III. Current accounts receivable		453,540,129,251	306,545,031,655
131	1. Short-term trade receivables	7	470,971,742,014	386,479,421,008
132	2. Short-term advances to suppliers	8	72,599,589,082	10,994,400,420
135	3. Short-term loan receivables	9	641,230,000,000	641,230,000,000
136	4. Other short-term receivables	10	491,211,120,986	141,313,533,058
137	5. Provision for doubtful short-term receivables	11	(1,222,472,322,831)	(873,472,322,831)
140	IV. Inventory		199,623,509,617	187,946,170,859
141	1. Inventories	12	199,623,509,617	187,946,170,859
150	V. Other current assets		172,070,643,047	133,783,813,810
151	1. Short-term prepaid expenses	13	32,124,123,585	12,815,100,665
152	2. Value-added tax deductible	20	126,363,657,791	107,120,469,839
153	3. Tax and other receivables from the State	20	13,582,861,671	13,848,243,306
200	B. NON-CURRENT ASSETS		1,084,666,079,731	1,328,944,670,153
210	I. Long-term receivable		3,095,955,105	203,410,946,525
216	1. Other long-term receivables	10	3,095,955,105	351,410,946,525
219	2. Provision for doubtful long-term receivables	11	-	(148,000,000,000)
220	II. Fixed assets		721,834,940,554	816,785,315,946
221	1. Tangible fixed assets	14	721,255,354,498	805,388,831,330
222	Cost		1,746,747,427,546	1,842,465,688,020
223	Accumulated depreciation		(1,025,492,073,048)	(1,037,076,856,690)
227	2. Intangible fixed assets	15	579,586,056	11,396,484,616
228	Cost		5,964,088,474	23,850,020,990
229	Accumulated amortization		(5,384,502,418)	(12,453,536,374)
230	III. Investment property		103,440,200,000	103,440,200,000
231	1. Cost	16	103,440,200,000	103,440,200,000
240	IV. Long-term asset in progress		29,221,486,846	4,762,711,922
242	1. Construction in progress	17	29,221,486,846	4,762,711,922
260	V. Other long-term assets		227,073,497,226	200,545,495,760
261	1. Long-term prepaid expenses	13	100,490,198,302	103,110,234,098
262	2. Deferred tax assets	31.3	126,583,298,924	97,435,261,662
270	TOTAL ASSETS		1,937,552,143,538	1,998,934,679,147

CONSOLIDATED BALANCE SHEET (continued)
as at 31 December 2022

VND

Code	RESOURCES	Notes	Ending balance	Beginning balance
300	C. LIABILITIES		725,376,748,953	803,351,973,084
310	I. Current liabilities		625,630,877,686	628,606,101,817
311	1. Short-term trade payables	18	255,847,657,571	207,857,476,150
312	2. Short-term advances from customers	19	7,387,459,011	16,435,464,923
313	3. Statutory obligations	20	544,039,013	2,851,857,695
315	4. Short-term accrued expenses	21	19,033,937,351	12,641,648,496
319	5. Other short-term payables	22	3,922,897,361	3,840,971,405
320	6. Short-term loans	23	338,894,887,379	384,978,683,148
330	II. Non-current liability		99,745,871,267	174,745,871,267
338	1. Long-term loans	23	99,745,871,267	174,745,871,267
400	D. OWNERS' EQUITY	24.1	1,212,175,394,585	1,195,582,706,063
410	I. Capital		1,212,175,394,585	1,195,582,706,063
411	1. Share capital		815,709,880,000	815,709,880,000
412	2. Share premium		192,851,537,982	192,851,537,982
418	3. Investment and development fund		11,293,166,612	11,293,166,612
420	4. Other funds belonging to owners' equity		192,503,849	192,503,849
421	5. Undistributed earnings		192,128,306,142	175,535,617,620
421a	- Undistributed earnings by the end of prior year		175,535,617,620	228,955,815,243
421b	- Undistributed earnings (loss) of current year		16,592,688,522	(53,420,197,623)
440	TOTAL LIABILITIES AND OWNERS' EQUITY		1,937,552,143,538	1,998,934,679,147


Dong Thi Ngoc Trieu
Preparer cum Chief Accountant


Puneet Jain
Chief Financial Officer



Vinay Bhardwaj
General Director

5 April 2023


CONSOLIDATED INCOME STATEMENT
for the year ended 31 December 2022

VND

Code	ITEMS	Notes	Current year	Previous year
01	1. Revenue from sale of goods and rendering of services	25.1	2,302,265,650,603	1,858,174,618,229
02	2. Deductions	25.1	(4,509,113,245)	(3,440,387,786)
10	3. Net revenue from sale of goods and rendering of services	25.1	2,297,756,537,358	1,854,734,230,443
11	4. Cost of goods sold and services rendered	26	(1,856,167,868,537)	(1,497,374,630,442)
20	5. Gross profit from sale of goods and rendering of services		441,588,668,821	357,359,600,001
21	6. Finance income	25.2	14,003,192,112	7,594,762,659
22	7. Finance expenses	27	(42,123,928,594)	(41,290,843,504)
23	- In which: Interest expense		(32,386,034,328)	(39,717,369,252)
25	8. Selling expenses	28	(127,404,290,633)	(109,238,764,030)
26	9. General and administrative expenses	28	(282,295,771,662)	(242,856,686,271)
30	10. Operating profit (loss)		3,767,870,044	(28,431,931,145)
31	11. Other income	29	6,362,578,249	4,167,228,768
32	12. Other expenses	29	(8,165,152,286)	(3,393,435,979)
40	13. Other (loss) profit	29	(1,802,574,037)	773,792,789
50	14. Accounting profit (loss) before tax		1,965,296,007	(27,658,138,356)
51	15. Current corporate income tax expense	31.1	(19,583,370,918)	(532,834,163)
52	16. Deferred tax income (expenses)	31.3	34,210,763,433	(25,229,225,104)
60	17. Net profit (loss) after tax		16,592,688,522	(53,420,197,623)
70	18. Basic gain (loss) earnings per share	24	203	(655)
71	19. Diluted gain (loss) earnings per share	24	203	(655)


Dong Thi Ngoc Trieu
Preparer cum Chief Accountant


Puneet Jain
Chief Financial Officer


Vinay Bhardwaj
General Director



5 April 2023

CONSOLIDATED CASH FLOW STATEMENT
for the year ended 31 December 2022

VND

Code	ITEMS	Notes	Current year	Previous year
	I. CASH FLOWS FROM OPERATING ACTIVITIES			
01	Profit (loss) before tax		1,965,296,007	(27,658,138,356)
	<i>Adjustments for:</i>			
02	Depreciation of tangible fixed assets and amortization of intangible fixed assets		123,023,659,326	131,712,533,506
03	Provisions	28	201,000,000,000	150,388,290,342
04	Foreign exchange losses arising from revaluation of monetary accounts denominated in foreign currency		(3,450,819,292)	(1,774,616,608)
05	Profits from investing activities		(1,189,446,582)	(1,689,254,079)
06	Interest expenses	27	32,386,034,328	39,717,369,252
08	Operating profit before changes in working capital		353,734,723,787	290,696,184,057
09	(Increase) decrease in receivables		(160,391,004,084)	88,144,348,805
10	Increase in inventories		(11,677,338,758)	(38,544,186,519)
11	Increase in payables		62,308,517,481	40,534,339,286
12	Increase in prepaid expenses		(6,048,233,888)	(952,648,310)
14	Interest paid		(38,721,436,020)	(45,572,330,683)
15	Corporate income tax paid		(20,492,083,994)	(2,253,638,289)
20	Net cash flows from operating activities		178,713,144,524	332,052,068,347
	II. CASH FLOWS FROM INVESTING ACTIVITIES			
21	Purchase, construction of fixed assets		(74,272,924,293)	(87,939,576,998)
22	Proceeds from disposals of fixed assets		2,848,363,262	4,352,715,181
23	Payment for term deposits		(4,000,000,000)	-
27	Interest received		124,550,798	87,819,150
30	Net cash flows used in investing activities		(75,300,010,233)	(83,499,042,667)
	III. CASH FLOWS FROM FINANCING ACTIVITIES			
33	Drawdown of borrowings	23	1,316,304,492,308	1,232,605,469,318
34	Repayment of borrowings	23	(1,437,915,632,939)	(1,469,437,076,292)
35	Payment of principal of finance lease liabilities		-	(44,194,461,266)
40	Net cash flows used in financing activities		(121,611,140,631)	(281,026,068,240)

CONSOLIDATED CASH FLOW STATEMENT (continued)
for the year ended 31 December 2022

VND

Code	ITEMS	Notes	Current year	Previous year
50	Net decrease in cash		(18,198,006,340)	(32,473,042,560)
60	Cash at beginning of year		41,714,992,670	74,196,601,274
61	Impact of exchange rate fluctuation		134,795,562	(8,566,044)
70	Cash at end of year	5	23,651,781,892	41,714,992,670


Dong Thi Ngoc Trieu
Preparer cum Chief Accountant


Puneet Jain
Chief Financial Officer


Vinay Bhardwaj
General Director


CÔNG TY
CỔ PHẦN
CÔNG NGHIỆP-DỊCH VỤ
-THƯƠNG MẠI
NGỌC NGHĨA
TP. THỦ ĐỨC
M.S.D.N: 0301427028-C.T.C.P

5 April 2023

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
as at 31 December 2022 and for the year then ended

1. CORPORATE INFORMATION

Ngoc Nghia Industry – Service – Trading Joint Stock Company (“the Company”) is a shareholding company incorporated under the Law on Enterprise of Vietnam pursuant to the Enterprise Registration Certificate No. 0301427028 first issued by the Department of Planning and Investment (“DPI”) of Ho Chi Minh City on 18 June 1993, and the 27th amended ERC on 05 January 2023.

The Company’s shares were listed on the Unlisted Public Company Market (“UPCoM”) on the Hanoi Stock Exchange (“HNX”) with code NNG in accordance with Decision No. 85/QD-HNX issued by HNX on 10 February 2015.

The current principal activities of the Company are to produce packages and other products from plastic; produce molds and spare parts.

The Company’s registered head office is located at No. 27A, Nguyen U Di Street, Thao Dien Ward, Thu Duc City, Ho Chi Minh City, Vietnam.

The number of Company’s employees as at 31 December 2022 was 863 (31 December 2021: 892).

The Company had two (2) subsidiaries that are International PET Single Member Limited Liability Company (“IPC”) and Ngoc Nghia International Packaging Single Member Limited Liability Company (“NNI”). On 11 October 2022, IPC and IIC were fully merged into the Company in accordance with the Annual General Meeting Resolution of the Company No. 01-T09-22/NQ/DHDCD/NN dated 27 September 2022 and the signed contracts No. 2709/SP/IPC-NNC and 2709/SP/NNI-NNC on the same day.

2. BASIS OF PREPARATION

2.1 Accounting standards and system

The consolidated financial statements of the Company and its subsidiaries (“the Group”) expressed in Vietnam Dong (“VND”) are prepared in accordance with Vietnamese Enterprise Accounting System and Vietnamese Accounting Standards issued by the Ministry of Finance as per:

- ▶ Decision No. 149/2001/QD-BTC dated 31 December 2001 on the Issuance and Promulgation of Four Vietnamese Accounting Standards (Series 1);
- ▶ Decision No. 165/2002/QD-BTC dated 31 December 2002 on the Issuance and Promulgation of Six Vietnamese Accounting Standards (Series 2);
- ▶ Decision No. 234/2003/QD-BTC dated 30 December 2003 on the Issuance and Promulgation of Six Vietnamese Accounting Standards (Series 3);
- ▶ Decision No. 12/2005/QD-BTC dated 15 February 2005 on the Issuance and Promulgation of Six Vietnamese Accounting Standards (Series 4); and
- ▶ Decision No. 100/2005/QD-BTC dated 28 December 2005 on the Issuance and Promulgation of Four Vietnamese Accounting Standards (Series 5)

Accordingly, the accompanying consolidated financial statements, including their utilization are not designed for those who are not informed about Vietnam’s accounting principles, procedures and practices and furthermore are not intended to present the consolidated financial position and consolidated results of operations and consolidated cash flows in accordance with accounting principles and practices generally accepted in countries other than Vietnam.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
as at 31 December 2022 and for the year then ended

2. BASIS OF PREPARATION (continued)

2.2 Applied accounting documentation system

The Group's applied accounting documentation system is the Journal Voucher system.

2.3 Fiscal year

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

2.4 Accounting currency

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

2.5 Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at 31 December 2022 and for the year then ended.

Subsidiaries are fully consolidated from the date of acquisition, being the date on which the Group obtains control, and continued to be consolidated until the date that such control ceases.

The financial statements of the subsidiaries are prepared for the same reporting year as the Company, using consistent accounting policies.

All intra-company balances, income and expenses and unrealized gains or losses result from intra-company transactions are eliminated in full.

Non-controlling interests represent the portion of profit or loss and net assets not held by the Company's shareholders and are presented separately in the consolidated income statement and within equity in the consolidated balance sheet.

Impact of change in the ownership interest of a subsidiary, without a loss of control, is recorded in retained earnings.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

3.1 Cash

Cash comprises cash in banks.

3.2 Inventories

Inventories are stated at the lower of cost incurred in bringing each product to its present location and condition, and net realizable value.

Net realizable value ("NRV") represents the estimated selling price in the ordinary course of business less the estimated costs to complete and the estimated costs necessary to make the sale.

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

Raw materials, goods for resale, and finished goods - cost of purchase on a first-in, first-out basis.

Work-in process - cost of direct materials and labor plus attributable manufacturing overheads based on the normal operating capacity on a weighted average basis.

Provision for obsolete inventories

An inventory provision is created for the estimated loss arising due to the impairment of value (through diminution, damage, obsolescence, etc.) of raw materials, finished goods, and other inventories owned by the Company, based on appropriate evidence of impairment available at the balance sheet date.

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
as at 31 December 2022 and for the year then ended

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.3 Receivables

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

The provision for doubtful debts represents amounts of outstanding receivables at the balance sheet date which are doubtful of being recovered. Increases or decreases to the provision balance are recorded as general and administrative expense in the consolidated income statement.

3.4 Tangible fixed assets

Tangible fixed assets are stated at cost less accumulated depreciation.

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

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

When tangible fixed assets are sold or retired, and any gain or loss resulting from their disposal (the difference between the net disposal proceeds and the carrying amount) is included in the consolidated income statement.

3.5 Intangible fixed assets

Intangible fixed assets are stated at cost less accumulated amortization.

The cost of an intangible fixed asset comprises of its purchase price and any directly attributable costs of preparing the intangible fixed asset for its intended use.

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

When intangible fixed assets are sold or retired, any gain or loss resulting from their disposal (the difference between the net disposal proceeds and the carrying amount) is included in the consolidated income statement.

Land use rights ("LURs")

LURs are recorded as intangible fixed assets if the land is held for use in the production or business, for rental to others by the enterprise and when the Group receives the LURs certificate. The cost of LURs comprises any directly attributable costs of preparing the land for its intended use. The costs of LURs with indefinite useful life are not amortized.

3.6 Depreciation and amortization

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

Buildings and structures	5 - 25 years
Machinery and equipment	5 - 15 years
Means of transportation	6 - 10 years
Office equipment	3 - 8 years
Computer software	3 - 6 years

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
as at 31 December 2022 and for the year then ended

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.7 Investment properties

Investment properties are stated at cost including transaction costs less accumulated depreciation and/or amortization. Investment properties held for capital appreciation are not depreciated/amortized but subject to impairment review.

Subsequent expenditure relating to an investment property that has already been recognized is added to the net book value of the investment property when it is probable that future economic benefits, in excess of the originally assessed standard of performance of the existing investment property, will flow to the Group.

Investment properties are derecognized when either they have been disposed of or when the investment properties are permanently withdrawn from use and no future economic benefit is expected from its disposal. The difference between the net disposal proceeds and the carrying amount of the assets is recognized in the consolidated income statement in the year of retirement or disposal.

Transfers are made to investment properties when, and only when, there is a change in use, evidenced by ending of owner-occupation, commencement of an operating lease to another party or ending of construction or development. Transfers are made from investment properties when, and only when, there is change in use, evidenced by commencement of owner-occupation or commencement of development with a view to sale. The transfer from investment property to owner-occupied property or inventories does not change the cost or the carrying value of the property for subsequent accounting at the date of change in use.

3.8 Borrowing costs

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

3.9 Prepaid expenses

Prepaid expenses are reported as short-term or long-term prepaid expense on the consolidated balance sheet and amortized over the year for which the amounts are paid or the year in which economic benefits are generated in relation to these expenses.

Tools and supplies with large value are recorded as long-term prepaid expenses and are amortized to the consolidated income statement over 2 to 3 years.

Prepaid land rental

The prepaid land rental represents the unamortised balance of advance payment made in accordance with the lease contract dated 31 July 2009 signed with Saigon - Linh Trung Export Processing Zone Joint Venture Company for a period of 43 years and 4 months; land lease contract dated 20 June 2012 signed with Sepzone - Linh Trung (Vietnam) Co., Ltd. for a term of 40 years and 6 months and land lease contract dated 7 March 2016 signed with Sepzone - Linh Trung (Vietnam) Co., Ltd. for a period of 36 years. Such prepaid rental is classified as long-term prepaid expenses for allocation to the consolidated income statement over the remaining lease period, according to Circular 45.

3.10 Payables and accruals

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
as at 31 December 2022 and for the year then ended

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.11 Foreign currency transactions

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

- ▶ Transactions resulting in receivables are recorded at the buying exchange rates of the commercial banks designated for collection;
- ▶ Transactions resulting in liabilities are recorded at the selling exchange rates of the commercial banks designated for payment; and
- ▶ Payments for assets or expenses without liabilities initially being recognized is recorded at the buying exchange rates of the commercial banks that process these payments.

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

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

All foreign exchange differences incurred are taken to the consolidated income statement.

3.12 Appropriation of net profit

Net profit after tax (excluding negative goodwill arising from a bargain purchase) is available for appropriation to shareholders after approval by shareholders at the annual general meeting, and after making appropriation to reserve funds in accordance with the Company's Charter and Vietnam's regulatory requirements.

The Group maintains the following reserve funds which are appropriated from the Group's net profit as proposed by the Board of Directors and subject to approval by shareholders at the annual general meeting:

▶ *Investment and development fund*

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

▶ *Bonus and welfare fund*

This fund is set aside for the purpose of pecuniary rewarding and encouraging, common benefits and improvement of the employees' benefits, and presented as a liability on the consolidated balance sheet.

3.13 Revenue recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received or receivable, excluding trade discount, rebate and sales return. The following specific recognition criteria must also be met before revenue is recognized:

Sale of goods

Revenue is recognized when the significant risks and rewards of ownership of the goods have passed to the buyer, usually upon the delivery of the goods.

Rendering of services

Revenue from rendering of services is recognized when the services are rendered and complete.

Interest income

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
as at 31 December 2022 and for the year then ended

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.14 Taxation

Current income tax

Current income tax assets and liabilities for the current and prior years are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted as at the consolidated balance sheet date.

Current income tax is charged or credited to the consolidated income statement, except when it relates to items recognized directly to equity, in which case the current income tax is also dealt with in equity.

Current income tax assets and liabilities are offset when there is a legally enforceable right for the Group to offset current tax assets against current tax liabilities and when the Group intends to settle its current tax assets and liabilities on a net basis.

Deferred tax

Deferred tax is provided using the liability method on temporary differences at the consolidated balance sheet date between the tax base of assets and liabilities and their carrying amount for financial reporting purposes.

Deferred tax liabilities are recognized for all taxable temporary differences.

Deferred tax assets are recognized for all deductible temporary differences, carried forward unused tax credit and unused tax losses, to the extent that it is probable that taxable profit will be available against which deductible temporary differences, carried forward unused tax credit and unused tax losses can be utilized.

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

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

Deferred tax is charged or credited to the consolidated income statement, except when it relates to items recognized directly to equity, in which case the deferred tax is also dealt with in the equity account.

Deferred tax assets and liabilities are offset when there is a legally enforceable right for the Group to offset current tax assets against current tax liabilities and when they relate to income taxes levied on the same taxable entity by the same taxation authority.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
as at 31 December 2022 and for the year then ended

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.15 Earnings (loss) per share

Basic earnings (loss) per share amounts are calculated by dividing net profit after tax (tax loss) for the year attributable to ordinary shareholders of the Group (after adjusting for the bonus and welfare fund) by the weighted average number of ordinary shares outstanding during the year.

Diluted earnings (loss) per share amounts are calculated by dividing the net profit after tax (tax loss) attributable to ordinary equity holders of the Group (after adjusting for interest on the convertible preference shares) by the weighted average number of ordinary shares outstanding during the year plus the weighted average number of ordinary shares that would be issued on conversion of all the dilutive potential ordinary shares into ordinary shares.

3.16 Related parties

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

3.17 Segment information

A segment is a component determined separately by the Group which is engaged in providing products or related services (business segment) or providing products or services in a particular economic environment (geographical segment), that is subject to risks and returns that are different from those of other segments.

The Group's principal activities are in manufacturing and trading plastics products. In addition, these activities are mainly taking place within Vietnam. Therefore, the Group's risks and returns are not impacted by the Group's products that the Group is manufacturing or the locations where the Group is trading. As a result, the Group's management is of the view that there is only one segment for business and geography and therefore presentation of segmental information is not required.

4. SIGNIFICANT EVENT

On 11 October 2022, International PET Single Member Limited Liability Company ("IPC") and Ngoc Nghia International Packaging Single Member Limited Liability Company ("NNI"), which were the Group's subsidiaries, was fully merged into the Company in accordance with the Annual General Meeting Resolution of the Company No. 01-T09-22/NQ/DHDCD/NN dated 27 September 2022 and the signed contracts No. 2709/SP/IPC-NNC and 2709/SP/NNI-NNC on the same day. The merger of the above companies is carried out according to the Company's operational restructuring strategy. Accordingly, from 11 October 2022, the Company is no longer a parent company.

5. CASH

	VND	
	Ending balance	Beginning balance
Cash in banks	<u>23,651,781,892</u>	<u>41,714,992,670</u>

6. SHORT-TERM INVESTMENTS

Held-to maturity investments represent term deposits at commercial banks with the original maturities of more than three (3) months and less than one (1) year and earn interest at the rate at 4.9% p.a.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
as at 31 December 2022 and for the year then ended

7. SHORT-TERM TRADE RECEIVABLES

	VND	
	Ending balance	Beginning balance
Suntory PepsiCo Vietnam Beverage Company Limited	117,783,165,941	56,325,793,478
Opera Consumer Goods Joint Stock Company	59,643,512,765	59,643,512,765
Unilever Vietnam International Company Limited	48,051,604,655	42,050,633,722
Others	245,493,458,653	228,459,481,043
TOTAL	470,971,742,014	386,479,421,008
Provision for doubtful short-term trade receivables	(87,311,932,380)	(87,311,932,380)
NET	383,659,809,634	299,167,488,628

The Group has pledged certain trade receivables to secure the bank short-term loan facilities (Note 23.1).

Detail of movements of provision for doubtful short-term trade receivables:

	VND	
	Ending balance	Beginning balance
Beginning balance	87,311,932,380	84,923,642,038
Add: Provision made during the year	-	2,969,200,342
Less: Reversal of provision during the year	-	(580,910,000)
Ending balance	87,311,932,380	87,311,932,380

8. SHORT-TERM ADVANCES TO SUPPLIERS

	VND	
	Ending balance	Beginning balance
Husky Injection Molding Systems Singapore Pte. Ltd	31,499,465,752	-
Sacmi Imola S.C	8,030,028,192	-
Other suppliers	33,070,095,138	10,994,400,420
TOTAL	72,599,589,082	10,994,400,420
Provision for doubtful short-term advances to suppliers	(4,151,216,115)	(4,151,216,115)
NET	68,448,372,967	6,843,184,305

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
as at 31 December 2022 and for the year then ended

9. SHORT-TERM LOAN RECEIVABLES

	VND	
	Ending balance	Beginning balance
Opera Consumer Goods Joint Stock Company	571,630,000,000	571,630,000,000
International Fine Meat Company Limited	49,750,000,000	49,750,000,000
Thai Long Consumer Goods Company Limited	19,850,000,000	19,850,000,000
TOTAL	641,230,000,000	641,230,000,000
Provision for doubtful short-term loan receivables	(641,230,000,000)	(641,230,000,000)
NET	-	-

10. OTHER RECEIVABLES

	VND	
	Ending balance	Beginning balance
Short-term	491,211,120,986	141,313,533,058
Receivable from Corola Trading One Member Company Limited (*)	246,000,000,000	-
Capital contributed in Business Cooperation Contracts ("BCC") (*)	103,000,000,000	-
Loan interest, deposits interest receivables	140,779,174,336	140,779,174,336
Advances to employees	569,876,288	373,575,252
Others	862,070,362	160,783,470
Long-term	3,095,955,105	351,410,946,525
Deposits of factories and office rental	3,095,955,105	2,410,946,525
Receivable from Corola Trading One Member Company Limited	-	246,000,000,000
Capital contributed in Business Cooperation Contracts ("BCC")	-	103,000,000,000
TOTAL	494,307,076,091	492,724,479,583
Provision for doubtful other receivables	(489,779,174,336)	(288,779,174,336)
NET TOTAL	4,527,901,755	203,945,305,247

(*) These balances represented the receivables from Corola relating to the debt clearing agreements in 2019 and the capital contribution in BCC with Corola relating to the cooperation in trading high-class imported food products. The management made a full provision on the receivables from Corola due to the event on 3 January 2023, Corola has received the Decision Declare Bankruptcy No. 01/2023/QĐ-TBPS issued by People's Court of Trang Bom District - Dong Nai Province.

Detail of movements of provision for doubtful other receivables:

	VND	
	Ending balance	Beginning balance
Beginning balance	288,779,174,336	140,779,174,336
Add: Provision made during the year	201,000,000,000	148,000,000,000
Ending balance	489,779,174,336	288,779,174,336

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
as at 31 December 2022 and for the year then ended

11. PROVISION FOR DOUBTFUL DEBTS

Summarized from Notes 7, 8, 9 and 10.

	Ending balance			Beginning balance			VND
	Cost	Recoverable amount	Provision	Cost	Recoverable amount	Provision	
Short-term:	1,222,472,322,831	-	(1,222,472,322,831)	873,472,322,831	-	(873,472,322,831)	
Opera Consumer Goods Joint Stock Company	764,688,654,462	-	(764,688,654,462)	764,688,654,462	-	(764,688,654,462)	
Corola Trading One Member Company Limited	349,000,000,000	-	(349,000,000,000)	-	-	-	
International Fine Meat Company Limited	56,298,555,975	-	(56,298,555,975)	56,298,555,975	-	(56,298,555,975)	
Thai Long Consumer Goods Company Limited	45,554,737,090	-	(45,554,737,090)	45,554,737,090	-	(45,554,737,090)	
Song Toan Production and Trading Company Limited	2,745,250,000	-	(2,745,250,000)	2,745,250,000	-	(2,745,250,000)	
Lamaison Trading Joint Stock Company	2,010,481,597	-	(2,010,481,597)	2,010,481,597	-	(2,010,481,597)	
Others	2,174,643,707	-	(2,174,643,707)	2,174,643,707	-	(2,174,643,707)	
Long-term:	-	-	-	349,000,000,000	201,000,000,000	(148,000,000,000)	
Corola Trading One Member Company Limited	-	-	-	349,000,000,000	201,000,000,000	(148,000,000,000)	
TOTAL	1,222,472,322,831	-	(1,222,472,322,831)	1,222,472,322,831	201,000,000,000	(1,021,472,322,831)	

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
as at 31 December 2022 and for the year then ended

12. INVENTORIES

	VND	
	<i>Ending balance</i>	<i>Beginning balance</i>
Raw materials	75,649,349,926	81,720,732,241
Finished goods	74,821,930,371	72,237,195,782
Goods in transit	30,577,609,910	10,203,685,354
Work in progress	14,406,813,289	10,113,065,450
Goods on consignment	2,653,587,799	7,549,111,446
Tools and supplies	1,331,469,251	5,753,928,448
Merchandise	182,749,071	368,452,138
TOTAL	<u>199,623,509,617</u>	<u>187,946,170,859</u>

13. PREPAID EXPENSES

	VND	
	<i>Ending balance</i>	<i>Beginning balance</i>
Short-term	32,124,123,585	12,815,100,665
Tools and supplies	27,644,542,867	9,993,009,862
Others	4,479,580,718	2,822,090,803
Long-term	100,490,198,302	103,110,234,098
Land rental (*)	60,242,508,132	51,598,298,654
Tools and supplies	39,190,378,502	49,513,184,663
Others	1,057,311,668	1,998,750,781
TOTAL	<u>132,614,321,887</u>	<u>115,925,334,763</u>

(*) The prepaid land rentals represented the unallocated balance of payment in advance in accordance with lease contracts as disclosed in Note 3.9.

The Company has pledged land use right of land rentals to secure the bank loan facilities (Note 23.1 and 23.2).

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
as at 31 December 2022 and for the year then ended

14. TANGIBLE FIXED ASSETS

	Buildings and structures	Machinery and equipment	Means of transportation	Office equipment	Total	VND
Cost:						
Beginning balance	180,743,191,227	1,629,559,151,843	23,382,514,272	8,780,830,678	1,842,465,688,020	
New purchase	-	3,795,273,192	-	330,000,000	4,125,273,192	
Transferred from construction in progress	-	27,538,628,568	-	672,627,500	28,211,256,068	
Disposal	(369,433,333)	(53,690,662,439)	(6,368,013,233)	-	(60,428,109,005)	
Other decrease	-	(67,626,680,729)	-	-	(67,626,680,729)	
Ending balance	180,373,757,894	1,539,575,710,435	17,014,501,039	9,783,458,178	1,746,747,427,546	
<i>In which:</i>						
Fully depreciated	11,218,028,095	372,264,709,706	1,983,495,410	7,342,605,787	392,808,838,998	
Accumulated depreciation:						
Beginning balance	(75,506,114,735)	(936,643,127,077)	(16,710,297,242)	(8,217,317,636)	(1,037,076,856,690)	
Depreciation for the year	(7,998,437,760)	(112,642,756,851)	(1,665,784,892)	(205,351,999)	(122,512,331,502)	
Disposal	369,433,333	42,429,600,942	6,334,679,902	-	49,133,714,177	
Other decrease	-	84,963,400,967	-	-	84,963,400,967	
Ending balance	(83,135,119,162)	(921,892,882,019)	(12,041,402,232)	(8,422,669,635)	(1,025,492,073,048)	
Net carrying amount:						
Beginning balance	105,237,076,492	692,916,024,766	6,672,217,030	563,513,042	805,388,831,330	
Ending balance	97,238,638,732	617,682,828,416	4,973,098,807	1,360,788,543	721,255,354,498	
<i>In which:</i>						
Pledged as loan security (Note 23.1)	81,401,962,958	354,311,586,708	8,324,883	-	435,721,874,549	

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
as at 31 December 2022 and for the year then ended

15. INTANGIBLE FIXED ASSETS

			VND
	<i>Land use rights</i>	<i>Computer software</i>	<i>Total</i>
Cost:			
Beginning balance	18,221,115,016	5,628,905,974	23,850,020,990
Transfer from construction in progress	-	335,182,500	335,182,500
Reclassification	(18,221,115,016)	-	(18,221,115,016)
Ending balance	-	5,964,088,474	5,964,088,474
<i>In which:</i>			
<i>Fully amortized</i>	-	4,796,603,674	4,796,603,674
Accumulated amortization:			
Beginning balance	(7,423,469,298)	(5,030,067,076)	(12,453,536,374)
Amortization for the year	(178,768,970)	(354,435,342)	(533,204,312)
Reclassification	7,602,238,268	-	7,602,238,268
Ending balance	-	(5,384,502,418)	(5,384,502,418)
Net carrying amount:			
Beginning balance	10,797,645,718	598,838,898	11,396,484,616
Ending balance	-	579,586,056	579,586,056

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
as at 31 December 2022 and for the year then ended

16. INVESTMENT PROPERTIES

	VND	
	<i>Ending balance</i>	<i>Beginning balance</i>
Investment properties held for capital appreciation (*)	<u>103,440,200,000</u>	<u>103,440,200,000</u>

(*) The fair value of the investment properties was not formally assessed and determined as of 31 December 2022. However, given the market value of these properties, it is management's assessment that the properties' market value are higher than their carrying value as at the balance sheet date.

17. CONSTRUCTION IN PROGRESS

	VND	
	<i>Ending balance</i>	<i>Beginning balance</i>
Machinery and equipment waiting for installation	29,221,486,846	4,242,007,922
Office maintenance fee	-	520,704,000
TOTAL	<u>29,221,486,846</u>	<u>4,762,711,922</u>

18. SHORT-TERM TRADE PAYABLES

	VND	
	<i>Ending balance</i>	<i>Beginning balance</i>
Trade payables to related parties (Note 32)	68,715,731,750	-
Trade payables to others	187,131,925,821	207,857,476,150
<i>Polytex Far Eastern Company Limited (Vietnam)</i>	42,466,291,362	15,884,186,345
<i>Duy Tan Plastic Recycling Company Limited</i>	34,522,972,632	20,155,262,820
<i>Others</i>	110,142,661,827	171,818,026,985
TOTAL	<u>255,847,657,571</u>	<u>207,857,476,150</u>

19. SHORT-TERM ADVANCES FROM CUSTOMERS

	VND	
	<i>Ending balance</i>	<i>Beginning balance</i>
NOVA Beverages Joint Stock Company	-	4,333,768,503
Others	7,387,459,011	12,101,696,420
TOTAL	<u>7,387,459,011</u>	<u>16,435,464,923</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
as at 31 December 2022 and for the year then ended

20. TAXES AND OTHER RECEIVABLES, PAYABLES FROM THE STATE

				VND
	<i>Beginning balance</i>	<i>Increase</i>	<i>Decrease</i>	<i>Ending balance</i>
Receivables				
Value-added tax (*)	107,120,469,839	61,060,777,073	(82,074,388,665)	86,106,858,247
Value-added tax at NNI and IPC (*)	-	40,256,799,544	-	40,256,799,544
Corporate income tax	13,848,243,306	19,052,607,648	(19,317,989,283)	13,582,861,671
TOTAL	120,968,713,145	120,370,184,265	(101,392,377,948)	139,946,519,462
Payables				
Personal income tax	1,089,562,556	10,334,885,082	(10,903,876,907)	520,570,731
Value-added tax	37,126,435	126,851,400,736	(126,865,058,889)	23,468,282
Corporate income tax	1,174,094,711	-	(1,174,094,711)	-
Import value added tax	-	34,000,565,305	(34,000,565,305)	-
Foreign contractor tax	551,073,993	1,670,209,642	(2,221,283,635)	-
Import duties	-	5,523,792,631	(5,523,792,631)	-
Others	-	16,004,245	(16,004,245)	-
TOTAL	2,851,857,695	178,396,857,641	(180,704,676,323)	544,039,013

(*) Ending balance of value-added tax ("VAT") represents the VAT deductible and refundable VAT.

21. SHORT-TERM ACCRUED EXPENSES

			VND
	<i>Ending balance</i>	<i>Beginning balance</i>	
Salary and bonus	11,218,721,311	6,242,349,458	
Interest expense	2,577,334,352	3,419,527,254	
Others	5,237,881,688	2,979,771,784	
TOTAL	19,033,937,351	12,641,648,496	

22. OTHER SHORT-TERM PAYABLES

			VND
	<i>Ending balance</i>	<i>Beginning balance</i>	
Deposit	2,236,922,051	1,385,346,280	
Others	1,685,975,310	2,455,625,125	
TOTAL	3,922,897,361	3,840,971,405	

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

as at 31 December 2022 and for the year then ended

23. LOAN

	Beginning balance	Increase	Decrease	Current portion of long-term loans	Foreign exchange	Ending balance
						VND
Short-term						
Loans from banks (Note 23.1)	384,978,683,148	1,316,304,492,308	(1,437,915,632,939)	75,000,000,000	527,344,862	338,894,887,379
Current portion of long-term loans (Note 23.2)	319,978,683,148	1,316,304,492,308	(1,372,915,632,939)	-	527,344,862	263,894,887,379
	65,000,000,000	-	(65,000,000,000)	75,000,000,000	-	75,000,000,000
Long-term						
Loans from bank (Note 23.2)	174,745,871,267	-	-	(75,000,000,000)	-	99,745,871,267
	174,745,871,267	-	-	(75,000,000,000)	-	99,745,871,267
TOTAL	559,724,554,415	1,316,304,492,308	(1,437,915,632,939)	-	527,344,862	438,640,758,646

Ngoc Nghia Industry - Service - Trading Joint Stock Company

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

as at 31 December 2022 and for the year then ended

23. LOAN (continued)

23.1 Short-term loans from banks

Details of short-term loans from banks to finance working capital and the interest rate specified in each debt acknowledge contract. Details are as follows:

Banks	Ending balance		Principal repayment term	Description of collateral
	VND	(Original currency) USD		
Joint Stock Commercial Bank for Foreign Trade of Vietnam - Ho Chi Minh Branch				
Loan 1	130,600,560,165	-	From 27 April 2023 to 22 June 2023	Land use right and associated assets of the Company at Tay Bac Cu Chi Industrial Zone, and in Tan Binh Industrial Park; Ho Chi Minh City;
Loan 2	30,960,512,489	-	From 20 March 2023 to 27 March 2023	
Loan 3	24,670,277,520	1,039,624	From 28 May 2023 to 15 June 2023	Capital contribution of the Company to subsidiaries; Mortgaged assets for guaranteeing medium and long-term loans of NNI at this bank.
Loan 4	4,647,283,200	195,840	20 March 2023	

Bangkok Bank Public Company Limited - Ho Chi Minh Branch

Loan 1	32,312,561,820	-	From 27 April 2023 to 14 May 2023	Unsecured
Loan 1	16,278,091,830	685,971	19 May 2023	

Vietnam Joint Stock Commercial Bank For Industry And Trade

Loan 1	24,425,600,355	-	From 21 March 2023 to 27 April 2023	Land use rights, ownership of houses and other asset attached to land of IPC at land lot No. 41, Map sheet No. 46; Linh Trung III Export Processing and Industry Zone, An Tinh Ward, Trang Bang Town, Tay Ninh Province.
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TOTAL	263,894,887,379	1,921,435
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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
as at 31 December 2022 and for the year then ended

23. LOAN AND FINANCE LEASES (continued)

23.2 Long-term loan from bank

Details of a long-term loan from bank to purchase of assets and the interest rate specified in each debt acknowledge contract. Details are as follows:

<i>Bank</i>	<i>Ending balance</i>	<i>Principal repayment term</i>	<i>Description of collateral</i>
	<i>VND</i>		
Joint Stock Commercial Bank for Foreign Trade of Vietnam - Ho Chi Minh City Branch	174,745,871,267	From 28 January 2023 to 25 November 2025	Machinery and equipment of the Company.
<i>In which:</i>			
Long-term loan	99,745,871,267		
Current portion of long-term loan	75,000,000,000		

Ngoc Nghia Industry - Service - Trading Joint Stock Company

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

as at 31 December 2022 and for the year then ended

24. OWNERS' EQUITY

24.1 Increase and decrease in owners' equity

	Share capital	Share premium	Investment and development fund	Other fund belongs to owner's equity	Undistributed earnings	Total
						VND
Previous year:						
Beginning balance	815,709,880,000	192,851,537,982	11,293,166,612	192,503,849	226,027,872,470	1,246,074,960,913
Net loss for the year	-	-	-	-	(53,420,197,623)	(53,420,197,623)
Refund from the bonus and welfare fund	-	-	-	-	2,927,942,773	2,927,942,773
Ending balance	815,709,880,000	192,851,537,982	11,293,166,612	192,503,849	175,535,617,620	1,195,582,706,063
Current year:						
Beginning balance	815,709,880,000	192,851,537,982	11,293,166,612	192,503,849	175,535,617,620	1,195,582,706,063
Net profit for the year	-	-	-	-	16,592,688,522	16,592,688,522
Ending balance	815,709,880,000	192,851,537,982	11,293,166,612	192,503,849	192,128,306,142	1,212,175,394,585

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
as at 31 December 2022 and for the year then ended

24. OWNERS' EQUITY (continued)

24.2 Capital transactions with shareholders and distribution of dividends

	VND	
	Current year	Previous year
Contributed capital		
Beginning balance and ending balance	<u>815,709,880,000</u>	<u>815,709,880,000</u>

24.3 Shares

	Quantity	
	Ending balance	Beginning balance
Authorized shares	81,570,988	81,570,988
Issued shares	81,570,988	81,570,988
<i>Ordinary shares</i>	<i>81,570,988</i>	<i>81,570,988</i>
Shares in circulation	81,570,988	81,570,988
<i>Ordinary shares</i>	<i>81,570,988</i>	<i>81,570,988</i>

The Company's shares are issued with par value of VND 10,000 per share. The holders of the ordinary shares are entitled to receive dividends as and when declared by the Company. Each ordinary share carries one vote without restriction.

24.4 Earnings (loss) per share

The following reflects the income and share data used in the basic and diluted earnings per share computations:

	VND	
	Current year	Previous year
Net profit (loss) after tax attributable to ordinary equity holders of the Company	16,592,688,522	(53,420,197,623)
Weighted average number of ordinary shares	<u>81,570,988</u>	<u>81,570,988</u>
Earnings (loss) per share		
- <i>Basic (VND/share)</i>	203	(655)
- <i>Diluted (VND/share)</i>	203	(655)

There have been no dilutive potential ordinary shares during the year and up to the date of completion of these consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
as at 31 December 2022 and for the year then ended

25. REVENUE

25.1 Revenue from sale of goods and rendering of services

	VND	
	Current year	Previous year
Gross revenue	2,302,265,650,603	1,858,174,618,229
<i>In which:</i>		
Sales of finished goods	2,289,308,352,121	1,845,451,807,477
Sales of merchandised	12,934,298,482	12,722,810,752
Rendering of services	23,000,000	-
Sale deductions	(4,509,113,245)	(3,440,387,786)
Sales return	(4,509,113,245)	(3,312,558,186)
Trade discounts	-	(127,829,600)
Net revenue	<u>2,297,756,537,358</u>	<u>1,854,734,230,443</u>
<i>In which:</i>		
Sales of finished goods	2,284,799,238,876	1,842,011,419,691
Sales of merchandised	12,934,298,482	12,722,810,752
Rendering of services	23,000,000	-

25.2 Finance income

	VND	
	Current year	Previous year
Foreign exchange gains	13,878,580,491	7,506,943,509
Interest income	124,611,621	87,819,150
TOTAL	<u>14,003,192,112</u>	<u>7,594,762,659</u>

26. COST OF GOODS SOLD AND SERVICES RENDERED

	VND	
	Current year	Previous year
Cost of finished goods sold	1,843,897,029,943	1,485,641,505,868
Cost of merchandise goods sold	12,270,838,594	11,733,124,574
TOTAL	<u>1,856,167,868,537</u>	<u>1,497,374,630,442</u>

27. FINANCE EXPENSES

	VND	
	Current year	Previous year
Loan interest	32,386,034,328	39,717,369,252
Foreign exchange losses	9,737,894,266	1,573,474,252
TOTAL	<u>42,123,928,594</u>	<u>41,290,843,504</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
as at 31 December 2022 and for the year then ended

28. SELLING EXPENSES AND GENERAL AND ADMINISTRATIVE EXPENSES

	VND	
	Current year	Previous year
Selling expenses	127,404,290,633	109,238,764,030
Transportation expense	87,724,409,745	71,624,086,497
Labor cost	29,696,381,458	28,375,598,344
Expenses for external services	7,778,239,435	7,971,634,785
Others	2,205,259,995	1,267,444,404
General and administrative expenses	282,295,771,662	242,856,686,271
Provisions	201,000,000,000	150,388,290,342
Labor cost	49,696,375,157	67,004,173,020
Expenses for external services	18,610,059,956	16,246,386,821
Depreciation and amortization	3,905,187,759	4,432,051,761
Others	9,084,148,790	4,785,784,327
TOTAL	409,700,062,295	352,095,450,301

29. OTHER INCOME AND OTHER EXPENSES

	VND	
	Current year	Previous year
Other income	6,362,578,249	4,167,228,768
Gains from disposal of fixed assets	1,064,834,961	1,599,057,157
Others	5,297,743,288	2,568,171,611
Other expenses	(8,165,152,286)	(3,393,435,979)
Penalty	(4,901,702,022)	(2,025,987,083)
Others	(3,263,450,264)	(1,367,448,896)
NET OTHER (LOSS) PROFIT	(1,802,574,037)	773,792,789

30. PRODUCTION AND OPERATING COSTS

	VND	
	Current year	Previous year
Raw materials	1,540,244,425,954	1,231,297,020,475
Expenses for external services	202,303,586,414	140,965,988,969
Provision	201,000,000,000	150,388,290,342
Labor cost	177,101,855,807	189,271,513,340
Depreciation and amortization	123,023,659,326	131,712,533,506
Others	23,991,659,045	16,560,509,712
TOTAL	2,267,665,186,546	1,860,195,856,344

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
as at 31 December 2022 and for the year then ended

31. CORPORATE INCOME TAX

The statutory corporate income tax ("CIT") rate applicable to the Group is 20% of taxable profits except for NNI as explained in the following paragraph.

NNI has the obligation to pay CIT at the rate of 20% of taxable profits for the first 10 years of operations (2015). From 2016, the tax rate applicable to NNI is 17% for the remaining years of the first 10 years of operations up to 2024 and 20% for the following years. NNI is entitled to an exemption from CIT for two years commencing from the first year in which taxable profit is earned (2017) and a reduction by 50% over the next four years.

The tax returns filed by the Group are subject to examination by the tax authorities. As the application of tax laws and regulations is susceptible to varying interpretations, the amounts reported in the consolidated financial statements could change at a later date upon final determination by the tax authorities.

31.1 CIT expenses

		VND
	<i>Current year</i>	<i>Previous year</i>
Current tax expense	12,926,417,273	1,174,094,711
Adjustment for over accrual of tax from prior years	6,656,953,645	(641,260,548)
Deferred tax expense	<u>(34,210,763,433)</u>	<u>25,229,225,104</u>
TOTAL	<u>(14,627,392,515)</u>	<u>25,762,059,267</u>

The reconciliation between CIT expenses and the accounting profit (loss) before tax multiplied by CIT rate is presented below:

		VND
	<i>Current year</i>	<i>Previous year</i>
Accounting profit (loss) before tax	<u>1,965,296,007</u>	<u>(27,658,138,356)</u>
At CIT rate applied for the Group	(3,628,018,854)	(5,619,534,847)
<i>Adjustments:</i>		
Consolidation adjustments	(3,029,454,636)	4,440,536,694
Non-deductible expenses	3,551,204,870	849,484,309
Tax losses not yet recognized as deferred tax asset	-	26,981,903,989
Provision for doubtful receivables	(20,600,000,000)	-
Adjustments for over accrual of tax from over years (*)	6,656,953,645	(641,260,548)
Tax loss carried forward	3,139,257,962	-
Tax deduction	<u>(717,335,502)</u>	<u>(249,070,330)</u>
CIT expense	<u>(14,627,392,515)</u>	<u>25,762,059,267</u>

(*) In this year, this is the adjustment for over accrual of tax expense for the period from 2017 to 2021 of IPC and NNI in accordance with Tax Audit Minute issued by Tax Department of Tay Ninh Province on 9 May 2022 and 10 May 2022.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
as at 31 December 2022 and for the year then ended

31. CORPORATE INCOME TAX (continued)

31.2 Current tax

The current tax payable is based on taxable income for the current year. The taxable income of the parent company and its subsidiaries for the year differs from the profit as reported in the consolidated income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are not taxable or deductible. The parent company and its subsidiaries' liability for current tax are calculated using tax rates that have been enacted by the consolidated balance sheet date.

31.3 Deferred tax

The following are the deferred tax assets recognized by the Group, and the movements thereon, during the current and previous year:

				VND	
		<i>Consolidated balance sheet</i>		<i>Consolidated income statement</i>	
		<i>Ending balance</i>	<i>Beginning balance</i>	<i>Current year</i>	<i>Previous year</i>
Deferred tax assets					
Tax losses carried forward	126,583,298,924	91,313,598,633	35,269,700,292	(19,937,915,180)	
Provision for doubtful receivable	-	-	-	-	-
Interest expenses	-	1,058,936,859	(1,058,936,859)	(925,442,420)	
Unrealized profit	-	5,062,726,170	-	(4,365,867,504)	
Net deferred tax asset	126,583,298,924	97,435,261,662			
Net deferred tax income (expense) to consolidated income statement			34,210,763,433	(25,229,225,104)	

