

AN CUONG WOOD-WORKING JOINT STOCK COMPANY

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



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FOR THE YEAR ENDED 31 DECEMBER 2023**

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AN CUONG WOOD-WORKING JOINT STOCK COMPANY

CORPORATE INFORMATION

Enterprise Registration Certificate

No. 3700748131 dated 20 September 2006

The initial Business Registration Certificate No. 4602002303 dated 20 September 2006 and its subsequent amendments were issued by the Department of Planning and Investment of Binh Duong Province. The 33rd latest Enterprise Registration Certificate No. 3700748131 dated 22 February 2024.

Board of Directors

Mr. Le Duc Nghia	Chairman
Mr. Masao Kamibayashiyama	Vice Chairman
Mr. Nguyen Minh Tuan	Member
Mr. Le Thanh Phong	Member
Ms. Nguyen Thi Dieu Phuong	Member
Mr. Phan Quoc Cong	Independent member
Mr. Nguyen Thanh Quyen	Independent member

Board of Management

Ms. Vo Thi Ngoc Anh	General Director
Mr. Le Thanh Phong	Deputy General Director
Ms. Nguyen Thi Hao	Deputy General Director (until 25 October 2023)
Ms. Nguyen Thi Kim Thoa	Deputy General Director
Ms. Nguyen Thi Duyen	Deputy General Director
Mr. Ngo Tan Tri	Deputy General Director
Ms. Thieu Thi Ngoc Diem	Chief Accountant

Board of Supervision

Ms. Tran Thi Ngoc Tue	Head
Ms. Nguyen Thi Thuy Trang	Member (from 26 April 2023)
Ms. Tran Thi Kim Anh	Member (until 25 April 2023)
Ms. Mai Thi Phuong Thao	Member

Legal representative

Mr. Le Duc Nghia	Chairman of Board of Directors
Ms. Vo Thi Ngoc Anh	General Director

Registered office

Land lot No. 681, Map No. 5, DT 747B Street,
Phuoc Hai Town, Thai Hoa Ward,
Tan Uyen City, Binh Duong Province, Viet Nam

Auditor

PwC (Vietnam) Limited

AN CUONG WOOD-WORKING JOINT STOCK COMPANY

STATEMENT OF THE BOARD OF MANAGEMENT

STATEMENT OF THE RESPONSIBILITY OF THE BOARD OF MANAGEMENT OF THE COMPANY IN RESPECT OF THE CONSOLIDATED FINANCIAL STATEMENTS

The Board of Management of An Cuong Wood-Working Joint Stock Company (“the Company”) is responsible for preparing the consolidated financial statements of the Company and its subsidiaries (together, “the Group”) which give a true and fair view of the consolidated financial position of the Group as at 31 December 2023 and the results of its consolidated 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 judgements 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 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 55 which give a true and fair view of the consolidated financial position of the Group as at 31 December 2023 and of the results of its consolidated 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 Board of Management



Le Duc Nghia
Chairman of Board of Directors

Binh Duong Province, SR Vietnam
28 March 2024



INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF AN CUONG WOOD-WORKING JOINT STOCK COMPANY

We have audited the accompanying consolidated financial statements of An Cuong Wood-Working 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 on 28 March 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 55.

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 control 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 relevant to the Group's preparation and true and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Board of Management, 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 PwC (Vietnam) Limited



Quach Thanh Chau
Audit Practising Licence No.
0875-2023-006-1
Authorised signatory

Nguyen Xuan Cuong
Audit Practising Licence No.
4349-2024-006-1

Report reference number: HCM15051
Ho Chi Minh City, 28 March 2024

CONSOLIDATED BALANCE SHEET

Code	ASSETS	Note	As at 31 December	
			2023 VND	2022 VND
100	CURRENT ASSETS		4,131,503,386,110	3,839,450,781,144
110	Cash and cash equivalents	3	66,882,261,518	387,855,741,942
111	Cash		66,882,261,518	70,855,741,942
112	Cash equivalents		-	317,000,000,000
120	Short-term investments		1,834,500,000,000	1,049,000,000,000
123	Investments held to maturity	4(a)	1,834,500,000,000	1,049,000,000,000
130	Short-term receivables		1,078,715,271,161	888,079,373,885
131	Short-term trade accounts receivable	5	723,795,484,707	654,268,204,929
132	Short-term prepayments to suppliers	6	18,994,795,117	42,996,923,973
135	Short-term lending	7(a)	115,551,132,127	2,050,000,000
136	Other short-term receivables	8(a)	277,092,053,954	219,865,694,487
137	Provision for doubtful debts – short-term	9	(57,118,073,641)	(31,764,224,435)
139	Shortage of assets awaiting resolution		399,878,897	662,774,931
140	Inventories	10	1,134,504,136,989	1,466,857,166,709
141	Inventories		1,170,522,474,357	1,491,571,074,416
149	Provision for decline in value of inventories		(36,018,337,368)	(24,713,907,707)
150	Other current assets		16,901,716,442	47,658,498,608
151	Short-term prepaid expenses	11(a)	14,935,644,627	44,987,623,366
152	Value added tax ("VAT") to be reclaimed	16(a)	1,786,084,549	1,333,331,682
153	Tax and other receivables from the State		179,987,266	1,337,543,560

The notes on pages 10 to 55 are an integral part of these consolidated financial statements.

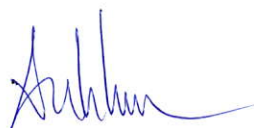
CONSOLIDATED BALANCE SHEET
 (continued)

Code	ASSETS (continued)	Note	As at 31 December	
			2023 VND	2022 VND
200	NON-CURRENT ASSETS		1,390,580,649,441	1,627,756,234,720
210	Long-term receivables		164,948,393,611	366,943,654,159
215	Long-term lending	7(b)	142,526,415,151	-
216	Other long-term receivables	8(b)	22,421,978,460	366,943,654,159
220	Fixed assets		404,977,442,045	439,123,243,902
221	Tangible fixed assets	12(a)	393,162,446,484	425,861,523,672
222	Historical cost		1,072,429,376,434	1,026,347,861,999
223	Accumulated depreciation		(679,266,929,950)	(600,486,338,327)
227	Intangible fixed assets	12(b)	11,814,995,561	13,261,720,230
228	Historical cost		34,504,878,488	32,568,567,346
229	Accumulated amortisation		(22,689,882,927)	(19,306,847,116)
240	Long-term asset in progress		21,542,045,902	4,590,174,133
242	Construction in progress	13	21,542,045,902	4,590,174,133
250	Long-term investments		601,080,434,733	615,831,200,000
252	Investments in associates	4(b)	405,880,434,733	401,631,200,000
253	Investments in other entity	4(b)	119,200,000,000	119,200,000,000
255	Investments held to maturity	4(a)	76,000,000,000	95,000,000,000
260	Other long-term assets		198,032,333,150	201,267,962,526
261	Long-term prepaid expenses	11(b)	187,035,283,084	191,951,361,477
262	Deferred income tax assets	22	10,997,050,066	9,316,601,049
270	TOTAL ASSETS		5,522,084,035,551	5,467,207,015,864

The notes on pages 10 to 55 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		1,348,528,134,560	1,554,989,645,974
310	Current liabilities		1,333,507,312,650	1,542,319,419,092
311	Short-term trade accounts payable	14	263,320,000,996	347,514,345,447
312	Short-term advances from customers	15	174,455,445,430	160,976,991,093
313	Tax and other payables to the State	16(b)	66,381,511,717	122,055,076,239
314	Payable to employees	17	72,997,981,546	23,034,215,577
315	Short-term accrued expenses	18	22,405,996,833	30,570,918,651
318	Short-term unearned revenue		1,403,071,904	1,630,344,632
319	Other short-term payables		2,303,046,251	3,798,017,175
320	Short-term borrowings	19	706,566,540,805	813,722,672,711
322	Bonus and welfare funds	20	23,673,717,168	39,016,837,567
330	Non-current liabilities		15,020,821,910	12,670,226,882
336	Long-term unearned revenue		753,563,083	1,883,907,715
342	Provision for long-term liabilities	21	14,267,258,827	10,786,319,167
400	OWNERS' EQUITY		4,173,555,900,991	3,912,217,369,890
410	Capital and reserves		4,173,555,900,991	3,912,217,369,890
411	Owners' capital	23, 24	1,507,879,460,000	1,358,461,220,000
411a	- Ordinary shares with voting rights		1,507,879,460,000	1,358,461,220,000
412	Share premium	24	1,418,741,358,556	1,419,298,588,703
415	Treasury shares	24	-	(653,230,147)
418	Investment and development funds	24	35,502,563,287	5,387,266
421	Undistributed earnings	24	1,211,432,519,148	1,135,105,404,068
421a	- Undistributed post-tax profits of previous years		774,714,248,566	519,524,114,733
421b	- Post-tax profits of current year		436,718,270,582	615,581,289,335
440	TOTAL RESOURCES		5,522,084,035,551	5,467,207,015,864



 Tran Anh Tuan
 Preparer



 Thieu Thi Ngoc Diem
 Chief Accountant


 Le Duc Nghia
 Chairman of Board of Directors
 28 March 2024

CONSOLIDATED INCOME STATEMENT

Code	Note	Year ended 31 December	
		2023 VND	2022 VND
01	Revenue from sales of goods and rendering of services	3,778,719,611,534	4,509,669,871,101
02	Less deductions	(16,590,359,786)	(34,191,432,278)
10	Net revenue from sales of goods and rendering of services	3,762,129,251,748	4,475,478,438,823
11	Cost of goods sold and services rendered	(2,654,516,188,446)	(3,137,632,133,507)
20	Gross profit from sales of goods and rendering of services	1,107,613,063,302	1,337,846,305,316
21	Financial income	159,561,172,686	175,304,539,586
22	Financial expenses	(45,348,374,449)	(56,857,728,070)
23	- Including: Interest expense	(38,839,429,154)	(31,879,418,791)
24	Profit sharing from associate	1,849,234,733	8,000,000,000
25	Selling expenses	(522,386,144,114)	(547,870,944,173)
26	General and administration expenses	(172,404,565,592)	(167,893,855,307)
30	Net operating profit	528,884,386,566	748,528,317,352
31	Other income	15,055,004,561	4,990,478,155
32	Other expenses	(3,794,525,061)	(1,582,162,367)
40	Net other income	11,260,479,500	3,408,315,788
50	Accounting profit before tax	540,144,866,066	751,936,633,140
51	Corporate income tax ("CIT") - current	(105,108,514,501)	(137,375,132,415)
52	CIT - deferred	1,680,449,017	1,019,788,610
60	Profit after tax	436,716,800,582	615,581,289,335
61	Attributable to: Profit after tax of the parent company	436,718,270,582	615,581,289,335
62	Non-controlling interests	(1,470,000)	-
70	Basic earnings per share	2,896	3,757
71	Diluted earnings per share	2,896	3,757



Tran Anh Tuan
Preparer



Thieu Thi Ngoc Diem
Chief Accountant



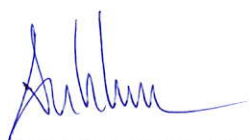
Le Duc Nghia
Chairman of Board of Directors
28 March 2024

The notes on pages 10 to 55 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		540,144,866,066	751,936,633,140
		Net accounting profit before tax	
		Adjustments for:	
02		104,130,491,627	110,500,933,112
		Depreciation and amortisation	
03		41,554,080,190	12,390,347,763
		Provisions	
04		(18,741,429)	(2,733,153,901)
		Unrealised foreign exchange gains	
05		(142,326,372,475)	(157,052,006,484)
		Profits from investing activities	
06		38,839,429,154	31,879,418,791
		Interest expense	
08		582,323,753,133	746,922,172,421
		Operating profit before changes in working capital	
09		(7,678,149,459)	(122,377,394,294)
		Increase in receivables	
10		321,048,600,059	(81,694,403,817)
		Decrease/(increase) in inventories	
11		(23,986,734,937)	(16,478,839,529)
		Decrease in payables	
12		34,968,057,132	(24,850,581,255)
		Decrease/(increase) in prepaid expenses	
14		(38,415,772,686)	(31,879,418,791)
		Interest paid	
15		(166,955,468,341)	(60,749,588,221)
		CIT paid	
17		(87,404,017,680)	(20,511,895,358)
		Other payments on operating activities	
20		613,900,267,221	388,380,051,156
		Net cash inflows from operating activities	
		CASH FLOWS FROM INVESTING ACTIVITIES	
21		(84,102,240,244)	(18,400,278,483)
		Purchases of fixed assets and other long-term assets	
22		1,720,663,636	101,284,849
		Proceeds from disposals of fixed assets	
23		(2,012,500,000,000)	(1,383,200,000,000)
		Investments held to maturity	
24		1,275,025,283,033	1,497,995,044,955
		Collection of lending and investments held to maturity	
25		(2,400,000,000)	(126,631,200,000)
		Investments in associate	
26		10,200,000,000	-
		Proceeds from divestment in other entities	
27		89,677,974,015	102,740,084,864
		Interest received from lendings, bank deposits and dividend	
30		(722,378,319,560)	72,604,936,185
		Net cash (outflows)/inflows from investing activities	
		CASH FLOWS FROM FINANCING ACTIVITIES	
31		9,896,000,000	43,748,200,000
		Proceeds from capital contribution from non-controlling shareholder and issue of shares	
32		(9,800,000,000)	-
		Payments for share returns and repurchases	
33		2,074,856,226,643	2,397,968,155,776
		Proceeds from borrowings	
34		(2,182,012,358,549)	(2,149,455,806,058)
		Repayments of borrowings	
36		(105,486,151,400)	(464,650,732,500)
		Dividends paid	
40		(212,546,283,306)	(172,390,182,782)
		Net cash outflows from financing activities	
50		(321,024,335,645)	288,594,804,559
		Net (decrease)/increase in cash in the year	
60		387,855,741,942	99,169,609,256
		Cash and cash equivalents at beginning of year	
61		50,855,221	91,328,127
		Effect of foreign exchange differences	
70		66,882,261,518	387,855,741,942
		Cash and cash equivalents at end of year	

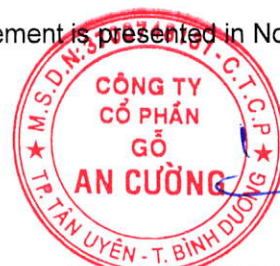
Additional information relating to the consolidated cash flow statement is presented in Note 36.



Tran Anh Tuan
Preparer



Thieu Thi Ngoc Diem
Chief Accountant



Le Duc Nghia
Chairman of Board of Directors
28 March 2024

The notes on pages 10 to 55 are an integral part of these consolidated financial statements.

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

1 GENERAL INFORMATION OF THE GROUP

An Cuong Wood-Working Joint Stock Company (“the Company”) is a joint stock company established in SR Vietnam pursuant to the initial Business Registration Certificate No. 4602002303 dated 20 September 2006 and its subsequent amendments were issued by the Department of Planning and Investment of Binh Duong Province and the 33rd latest Enterprise Registration Certificate No. 3700748131 dated 22 February 2024.

The owners of the Company include NC Vietnam Investment Company Limited, Whitlam Holding Pte. Ltd., Sumitomo Forestry (Singapore) Ltd. and other shareholders. Details of capital contributions are presented in Note 23.

The Company’s shares are listed in Ho Chi Minh City Stock Exchange (“HOSE”) with the ticker symbol ACG.

The principal activities of the Company and its subsidiaries (together, “the Group”) are to manufacture and trade wooden household, industrial wooden items, artificial boards, interior decoration, kitchen equipment, and other wooden related products; provide installation services.

The normal business cycle of the Group is within 12 months.

As at 31 December 2023, the Group had 2 direct subsidiaries, 1 indirect subsidiary and 1 associate as follows:

Name	Principal activities	Place of incorporation and operation	31.12.2023		31.12.2022		
			Ownership (%)	Voting right (%)	Ownership (%)	Voting right (%)	
Direct subsidiaries							
An Cuong Wood-Working Company Limited	Manufacture and trade wooden products	Binh Duong Province	100	100	100	100	
Malloca Vietnam Company Limited	Trade Malloca-brand kitchen appliances	Ho Chi Minh City	100	100	100	100	
An Khang MDF Co., Ltd (**)	Manufacture and trade board products	Tay Ninh Province	-	-	51	51	
Indirect subsidiary							
AConcept Vietnam Company Limited (*)	Wholesale and retail of interior and interior decoration	Ho Chi Minh City	100	100	100	100	
Associate							
Thang Loi Homes Joint Stock Company	Trade real estate and develop residential projects	Long An Province	30	30	30	30	

1 GENERAL INFORMATION OF THE GROUP (continued)

(*) The indirect subsidiary is a subsidiary of Malloca Vietnam Company Limited.

(**) Pursuant to Resolution of the Board of Directors No. 18-2023/NQ-GAC dated 16 October 2023, the Company has approved the divestment of its entire contributed capital in An Khang MDF Co., Ltd by transferring the entire capital contribution of VND10,200,000,000 to the appropriate party. The transfer completed on 9 November 2023 and made a profit amounted to VND1,530,000 arising from capital transfer of non-controlling shareholder. Accordingly, as at 31 December 2023, the Company no longer owned any capital contribution in An Khang MDF Co., Ltd.

Pursuant to the Resolution of the Board of Directors No. 05-2023/NQ-GAC dated 11 April 2023, the Company approved the establishment of a Commercial Representative Office in the Kingdom of Cambodia. As at 20 June 2023, the incorporation was completed.

As at 31 December 2023, the Group had 2,633 employees (as at 31 December 2022: 2,797 employees).

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**2.1 Basis of preparation of 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 investments in associate, and business combination as presented in Note 2.5.

The accompanying consolidated financial statements are not intended to present the consolidated financial position and results of consolidated operations and consolidated 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.

2.3 Currency

The consolidated financial statements are measured and presented in Vietnamese Dong ("VND"), which is the Company's accounting currency.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**2.4 Exchange rate**

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

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

2.5 Basis of consolidation**Subsidiaries**

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

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 separate financial statements of the subsidiaries are prepared for the same financial year 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' financial year and that of the Group's. The length of the reporting year and differences in reporting date must be consistent between years.

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.

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**2.5 Basis of consolidation (continued)****Non-controlling transactions and interests (continued)**

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

Associate

Associate is investment that the Group has significant influence but not control over and the Group would generally have from 20% to less than 50% of the voting rights of the investee. Investments in associate are accounted for using the equity method of accounting and are initially recognised at cost. The Group's investment in associate includes goodwill identified on acquisition, net of any accumulated impairment loss.

The Group's share of the post-acquisition profits or losses of its associate is recognised in the consolidated income statement. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. When the Group's share of losses in a associate equals or exceeds its interest in associate, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of associate.

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

Unrealised gains and losses on transactions between the Group and its associate are eliminated to the extent of the Group's interest in associate.

2.6 Cash and cash equivalents

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

2.7 Receivables

Receivables represent trade receivables from customers arising from sales of merchandise and finished 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 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 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**2.8 Inventories**

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

The Group applies the perpetual system for inventories.

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

2.9 Investments**(a) Investments held to maturity**

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

Investments held to maturity include term deposits. Those investments are initially accounted for at cost. Subsequently, the Board of Management reviews all outstanding investments to determine amount of the 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 financial 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.

(b) Investment in associate

Investment in associate is accounted for using the equity method when preparing the consolidated financial statements (Note 2.5).

(c) Investment in other entity

Investment in other entity is investment in equity instruments of other entity without controlling rights or co-controlling rights, or without significant influence over the investee. These investments are accounted for initially at cost. Subsequently, the Board of Management reviews all outstanding investments to determine amount of the provision to recognise at the year end.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**2.9 Investments (continued)****(c) Investment in other entity (continued)**

Provision for investment in associate and investment in other entity is made when there is a diminution in value of the investments at the year end. It is calculated based on market value if market value can be determined reliably. If market value can not be determined reliably, the provision for investment in associate and investment in other entity is calculated based on the loss of investees.

Changes in the provision balance during the financial 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.

2.10 Lendings

Lendings are lendings granted for the earning interest under agreements among parties but not being traded as securities.

Lendings are initially recognised at cost. Subsequently, the Board of Management reviews all outstanding amounts to determine the provision to recognise at the year end. Provision for doubtful lendings is made for each lending based on overdue days in payment of principals according to the initial payment commitment (exclusive of the payment rescheduling between parties) or based on the estimated loss that may arise. Changes in the provision balance during the financial 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.

Lendings are classified into short-term and long-term lendings on the consolidated balance sheet based on the remaining term of the lendings as at the consolidated balance sheet date.

2.11 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 financial year.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**2.11 Fixed assets (continued)***Depreciation and amortisation*

Fixed assets are depreciated and amortised using the straight-line 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 consolidated financial statements minus (-) the estimated disposal value of such assets. The principal annual rates of each asset class are as follows:

Plant and buildings	3% - 20%
Machinery	8% - 20%
Motor vehicles	8% - 17%
Office equipment	13% - 33%
Others	6% - 13%
Land use rights	3%
Software	13% - 40%

Land use rights comprise of land use rights granted by the State for which land use fees are collected 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 consists 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.

Disposals

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

Construction in progress

Construction in progress represents the cost of assets in the course of installation or construction for production, rental or administrative purposes, or for purposes not yet determined, which are recorded at cost and are comprised of such necessary costs to construct, repair and maintain, upgrade, renew or equip the projects with technologies as construction costs; costs of tools and equipments; project management expenditure; construction consulting expenditure; and capitalised borrowing costs for qualifying assets in accordance with the Group's accounting policies. Depreciation of these assets, on the same basis as other fixed assets, commences when they are ready for their intended use.

2.12 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 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**2.13 Prepaid expenses**

Prepaid expenses include short-term and long-term prepayments on the consolidated balance sheet, which mainly include long-term land rentals, office rentals, tools and equipment in use. Short-term prepaid expenses represent 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 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 using the straight-line basis over estimated useful lives.

Prepayments for land rental contracts which are not recorded as intangible assets as described in 2.11 are recorded as prepaid expenses and allocated using the straight-line basis over the prepaid lease term.

2.14 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 purchase 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.

2.15 Borrowings

Short-term borrowings include borrowings from banks.

Borrowings are classified into short-term and long-term borrowings on the consolidated balance sheet based on remaining terms 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 financial 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 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**2.16 Accrued expenses**

Accrued expenses include liabilities for goods and services received in the financial 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.

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

2.18 Provision for severance allowances

In accordance with Vietnamese labour laws, employees of the Group who have worked regularly for full 12 months or longer are entitled to a severance allowance. The working period used for the calculation of severance allowance is the period during which the employee actually works for the Group less the period during which the employee participates the unemployment insurance scheme in accordance with the labour regulations and the working year for which the employee has received severance allowance from the Group.

The severance allowance is accrued at the end of the reporting year on the basis that each employee is entitled to half of an average monthly salary for each working year. The average monthly salary used for calculating the severance allowance is the employee contract's average salary for the six-month prior to the consolidated balance sheet date.

This allowance will be paid as a lump sum when employees terminate their labour contracts in according with current regulations.

2.19 Unearned revenue

Unearned revenue includes short-term and long-term unearned revenues on the consolidated balance sheet. These unearned revenues recognised the amounts paid in advance for renting the factory roof of a subsidiary to install and operate the solar panels, the support system and the solar rooftop projects with 20 years starting from September 2020. The Group records unearned revenue for the future obligations that the Group has to fulfil during the first five years of the rental contracts. Unearned revenue recognised as revenue in the consolidated income statement during the period to the extent that recognition criteria have been met.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**2.20 Owners' capital**

Owners' capital of the Shareholders is recorded according to the actual amount contributed at the par value of the share.

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.

Treasury shares brought 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 profit after CIT at the reporting date.

2.21 Appropriation of net profit

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

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

The Group's funds are as below:

(a) Bonus and welfare fund

The bonus and welfare fund is appropriated from profit after CIT and subject to Shareholders' approval in the General Meeting of Shareholders. This fund is presented as a liability on the consolidated balance sheet. This fund is used for pecuniary rewarding and encouragement, common benefits and improvement of employees' benefits.

The bonus and welfare fund of subsidiaries is appropriated from profit after CIT of the company and subject to approval of Chairman of the company.

(b) Investment and development fund

The investment and development fund is appropriated from the Company's profit after CIT and subject to Shareholders' approval in the General Meeting of Shareholders. This fund is use for the Company's expansion of its operation or in-depth investments.

The investment and development fund of subsidiaries is appropriated from the company's profit after CIT and subject to approval of Chairman of the company.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**2.22 Revenue recognition****(a) Revenue from sales of goods**

Revenue from sale of goods is recognised in the consolidated income statement when all five (5) of the 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. If the Group gives promotional goods to customers associated with the purchases, the Group allocates the total consideration received between goods sold and promotional goods. The cost of promotional goods is recognised as cost of goods sold in the consolidated income statement.

(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 rendering 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 year when both conditions are simultaneously satisfied:

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.23 Sales deductions

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

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

2.24 Cost of goods sold and services rendered

Cost of goods sold and services rendered are 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.

2.25 Financial expenses

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

2.26 Selling expenses

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

2.27 General and administration expenses

General and administration expenses represent expenses that are incurred for administrative purposes.

2.28 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 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 tax arises from a transaction or event which is recognised, in the same or a different year, directly in equity.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**2.28 Current and deferred income tax (continued)**

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

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

2.29 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, associate 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 Chairman, member of the Board of Directors, Head of Board of Supervision, the General Director and member of the 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 relationships not merely the legal form.

2.30 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.

2.31 Critical accounting estimates

The preparation of the 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 consolidated financial statements and the reported amounts of revenues and expenses during the financial year.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**2.31 Critical accounting estimates (continued)**

The areas involving significant estimates and assumptions are as follows:

- Estimated useful life of fixed assets (Note 2.11 and 12);
- Estimation of provision for doubtful debts (Note 9) and provision for decline in value of inventories (Note 10); and
- Recognition of deferred tax assets for difference between tax base and accounting base (Note 22).

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

3 CASH AND CASH EQUIVALENTS

	2023 VND	2022 VND
Cash on hand	450,061,516	790,512,114
Cash at banks	66,432,200,002	70,065,229,828
Cash equivalents	-	317,000,000,000
	<u>66,882,261,518</u>	<u>387,855,741,942</u>

4 INVESTMENTS**(a) Investments held to maturity**

	2023		2022	
	Cost VND	Book value VND	Cost VND	Book value VND
i. Short-term				
Term deposits (*)	<u>1,834,500,000,000</u>	<u>1,834,500,000,000</u>	<u>1,049,000,000,000</u>	<u>1,049,000,000,000</u>
ii. Long-term				
Term deposits (**)	<u>76,000,000,000</u>	<u>76,000,000,000</u>	<u>95,000,000,000</u>	<u>95,000,000,000</u>

(*) As at 31 December 2023, short-term investments held to maturity comprise of term deposits at commercial banks with the remaining period less than 1 year and earn interest at the rate of 4.9% - 11.5% per annum (as at 31 December 2022: 5% - 12% per annum). In addition, the Group has pledged VND343 billion of these investments as collateral assets for the Group's short-term borrowings (Note 19) (as at 31 December 2022: VND325 billion).

(**) As at 31 December 2023, long-term investments held to maturity comprise of term deposits at commercial banks with remaining period more than 1 year and earn interest at the rate of 4.8% per annum (as at 31 December 2022: 11.5% per annum)

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4 INVESTMENTS (continued)

(b) Investments in associate and other entity

	2023			2022		
	Book value VND	Fair value VND	Provision VND	Book value VND	Fair value VND	Provision VND
i. Investment in associate						
Thang Loi Homes Joint Stock Company (**), (****)	405,880,434,733	(*)	-	401,631,200,000	(*)	-
ii. Investments in other entity						
Thang Loi Group Real Estate Joint Stock Company (***)	119,200,000,000	(*)	-	119,200,000,000	(*)	-

(*) As at 31 December 2023 and 31 December 2022, the Group had not determined the fair value of investment in associate and investment in other entity because they do not have listed prices. The fair value of such investments may be different from their book value.

(**) Pursuant to Resolution of the Board of Directors No. 09-2023/NQ-GAC dated 1 June 2023, the Board of Directors of the Company approved an investment of VND5,400,000,000 to buy 30% of total new shares issued by Thang Loi Homes Joint Stock Company, equivalent to 540,000 ordinary shares. During the year, the Company has fully contributed the 1st round of committed capital amounted to VND2,400,000,000, equivalent to 240,000 ordinary shares. Accordingly, as at 31 December 2023, the Company owned 30% of the charter capital of this company. At the date of these consolidated financial statements, the information regarding the remaining capital contribution and the issuance of the according ordinary shares have not been disclosed.

(***) During the year, some shareholders of Thang Loi Group Real Estate Joint Stock Company divested a part of their capital contribution according to the Resolution of the General Meeting of Shareholders of this company, resulting an increase of the charter capital owned by the Company in this company from 12.97% to 15.55%.

4 INVESTMENTS (continued)

(****) Movements of investment of associate during the financial year were as follow:

	2023 VND	2022 VND
Beginning of year	401,631,200,000	-
Increase investment in associate	2,400,000,000	393,631,200,000
Profit sharing of Group from income statement of associate	1,849,234,733	8,000,000,000
End of year	<u>405,880,434,733</u>	<u>401,631,200,000</u>

5 SHORT-TERM TRADE ACCOUNTS RECEIVABLE

	2023 VND	2022 VND
Third parties		
Ai Linh Trading Import - Export Joint Stock Company	151,251,590,399	138,768,651,350
Hung Thinh Furniture Joint Stock Company	77,902,199,414	74,441,744,824
Others	488,925,720,689	432,177,693,461
Related parties (Note 37(b))	5,715,974,205	8,880,115,294
	<u>723,795,484,707</u>	<u>654,268,204,929</u>

As at 31 December 2023 and 31 December 2022, the balances of short-term trade accounts receivable which were past due, amounted to VND111,330,045,831 and VND53,015,479,411, respectively as presented in Note 9.

As at 31 December 2023 and 31 December 2022, there were no other third-party customers which had a balance accounting for 10% or more of the total balance of short-term trade accounts receivable.

6 SHORT-TERM PREPAYMENTS TO SUPPLIERS

	2023 VND	2022 VND
Third parties		
HUECK Rheinische GmbH	2,771,525,210	-
Others	15,824,329,507	39,194,877,973
Related party (Note 37(b))	398,940,400	3,802,046,000
	<u>18,994,795,117</u>	<u>42,996,923,973</u>

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7 LENDINGS

(a) Short-term

	31.12.2023	31.12.2022
	VND	VND
Novareal Joint Stock Company (*)	114,021,132,127	-
Other individual	1,530,000,000	2,050,000,000
	<u>115,551,132,127</u>	<u>2,050,000,000</u>

(b) Long-term

	31.12.2023	31.12.2022
	VND	VND
Novareal Joint Stock Company (*)	142,526,415,151	-

(*) According to Resolution No. 01-2021/NQ-GAC dated 11 January 2021 of the Board of Directors, the Company signed the purchase option agreements with Novareal Joint Stock Company for real estates of the Novareal Phan Thiet project. Accordingly, the Company deposited VND285,052,830,311 in 2021. In addition, pursuant to the relevant agreements, until 15 March 2023, the Company can decide whether to exercise or not the real estate purchase option. The Company has confirmed to not exercise the real estate purchase option. According to the confirmation for Option Selection for the Buy Back Commitment Program with Novareal Joint Stock Company signed on 20 April 2023 and Liquidation agreements dated 11 October 2023, the Company continued to confirm to not exercise the real estate purchase option and will be fully refunded deposit amounts and relevant interests, according to the schedule and interest rate as follows:

- September 2023: Payment of 10% of the actual deposit. During the year, the Company fully collected 10% of the actual deposit, equivalent to VND28,505,283,033.
- September 2024: Payment of 40% of the actual deposit and the unpaid interest accumulated as of September 2024, including the interest calculated at 13% per annum computed on 100% of the actual deposit as of September 2023 and the late-payment interest at 15% per annum arising from September 2023 to September 2024 computed on 40% of the actual deposit.
- September 2025: Payment of 50% of the actual deposit and the late-payment interest at 15% per annum arising from September 2023 to September 2025 computed on 50% of the actual deposit.

The Company recognised the above accrued interest income in the consolidated financial statements for the year ended 31 December 2022 and 31 December 2023.

8 OTHER RECEIVABLES**(a) Short-term**

	2023 VND	2022 VND
Entrusted-investment (*)	114,699,683,444	156,017,700,000
Interest receivables (Note 7, 30 and 36)	99,490,956,153	-
Interest income from term deposits	47,465,864,469	23,266,215,447
Interest income from entrusted-investment (Note 36) (*)	10,867,216,930	18,645,847,067
Deposits	3,290,081,440	9,596,179,470
Advances to employees	1,242,279,970	2,878,744,878
Deposit to purchasing house (Note 37(b))	-	9,318,000,000
Others	35,971,548	143,007,625
	<u>277,092,053,954</u>	<u>219,865,694,487</u>

(*) The Company entrusted VinaCapital Fund Management Joint Stock Company ("VinaCapital") to invest in corporate bonds and earned an expected interest at the rate of 13.8% per annum according to the contract No. GB2021001 dated 5 February 2021 signed between the Group and VinaCapital. These bonds matured on 30 December 2022. The Company received interest amounted to VND7,778,630,137 on 3 January 2023 and principal amounted to VND41,318,016,556 on 9 June 2023. At the date of these consolidated financial statements, VinaCapital is in the process of dealing with bond issuer to collect the remaining of this investment. According to the Board of Management's assessment of the Company, this investment will be fully recovered and hence, there's no impairment indicator which requires a provision to be made.

(b) Long-term

	2023 VND	2022 VND
Other deposits	16,740,446,020	13,100,249,615
Interest receivables (Note 7, 30 and 36)	5,681,532,440	68,790,574,233
Deposits (*)	-	285,052,830,311
	<u>22,421,978,460</u>	<u>366,943,654,159</u>

(*) As at 31 December 2023, the deposits were classified into short-term lending and long-term lending according to the confirmation of not exercising the real estate purchase option with Novareal Joint Stock Company signed on 20 April 2023 as presented in Note 7.

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9 PROVISION FOR DOUBTFUL DEBTS – SHORT-TERM

2023

	Cost VND	Recoverable amount VND	Provision VND	Overdue
Short-term receivables that were past due				
Hung Thinh Furniture Joint Stock Company	66,759,830,333	33,453,666,638	33,306,163,695	Over 6 months, under 3 years
Long Giang Investment and Urban Development Joint Stock Company	4,735,807,801	-	4,735,807,801	Over 3 years
Lao Cai - No.1 Construction and Trading Investment Joint Stock Company	11,758,568,349	8,230,997,844	3,527,570,505	Over 6 months, under 1 year
An Gia Hung Investment Construction Joint Stock Company	3,338,942,601	-	3,338,942,601	Over 3 years
Others	24,736,896,747	12,527,307,708	12,209,589,039	Over 6 months
	<u>111,330,045,831</u>	<u>54,211,972,190</u>	<u>57,118,073,641</u>	

2022

	Cost VND	Recoverable amount VND	Provision VND	Overdue
Short-term receivables that were past due				
Lao Cai - No.1 Construction and Trading Investment Joint Stock Company	18,799,490,297	9,399,745,148	9,399,745,149	Over 2 years, under 3 years
Long Giang Investment and Urban Development Joint Stock Company	5,235,807,801	-	5,235,807,801	Over 2 years, under 3 years
An Gia Hung Investment Construction Joint Stock Company	4,094,674,296	-	4,094,674,296	Over 3 years
Others	24,885,507,017	11,851,509,828	13,033,997,189	Over 6 months
	<u>53,015,479,411</u>	<u>21,251,254,976</u>	<u>31,764,224,435</u>	

10 INVENTORIES

	31.12.2023		31.12.2022	
	Cost VND	Provision VND	Cost VND	Provision VND
Goods purchased in transit	45,208,363,802	-	66,569,788,797	-
Raw materials	557,485,101,721	(18,919,194,639)	698,496,904,016	(12,170,303,242)
Tools, supplies	9,756,769,432	-	-	-
Work in progress	174,198,297,205	(5,167,458,899)	254,058,190,275	(4,817,028,393)
Finished goods	206,412,425,952	(8,759,996,393)	257,228,857,354	(6,267,073,649)
Merchandise	162,155,014,106	(3,171,687,437)	208,346,077,960	(1,459,502,423)
Finished goods in transit	15,306,502,139	-	6,871,256,014	-
	<u>1,170,522,474,357</u>	<u>(36,018,337,368)</u>	<u>1,491,571,074,416</u>	<u>(24,713,907,707)</u>

Movements in the provision for decline in value of inventories during the financial year were as follows:

	2023 VND	2022 VND
Beginning of year	24,713,907,707	29,575,360,134
Provision/(reversal of provision) (Note 29)	11,304,429,661	(4,861,452,427)
End of year	<u>36,018,337,368</u>	<u>24,713,907,707</u>

11 PREPAID EXPENSES

(a) Short-term

	2023 VND	2022 VND
Tools, supplies used	7,061,021,396	8,833,303,472
Insurance	1,256,907,760	1,700,396,340
Rental	824,572,477	1,132,844,304
Advertising	836,059,282	12,928,019,500
Others	4,957,083,712	20,393,059,750
	<u>14,935,644,627</u>	<u>44,987,623,366</u>

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11 PREPAID EXPENSES (continued)

(b) Long-term

	2023	2022
	VND	VND
Land rental (*)	157,173,459,051	161,896,253,581
Office and factory renovation	12,115,407,205	12,349,834,490
Tools, supplies used	8,720,395,262	9,610,550,560
Rental	1,955,823,931	2,001,933,729
Others	7,070,197,635	6,092,789,117
	<u>187,035,283,084</u>	<u>191,951,361,477</u>

(*) As at 31 December 2023, land use right of land lots No. 441, No. 218, No. 820 and No. 818 located in Binh Duong Province with a carrying value of VND154,620,329,076 (as at 31 December 2022: VND110,555,654,894) were pledged as securities for short-term borrowings with banks (Note 19).

Movement in prepaid expenses during the financial year were as follows:

	2023	2022
	VND	VND
Beginning of year	236,938,984,843	212,088,403,588
Increase	114,882,464,475	162,257,004,176
Allocation during the year	(149,850,521,607)	(137,406,422,921)
End of year	<u>201,970,927,711</u>	<u>236,938,984,843</u>

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12	FIXED ASSETS	Plant and buildings VND	Machinery VND	Motor vehicles VND	Office equipment VND	Others VND	Total VND
(a)	Tangible fixed assets						
	Historical cost						
	As at 1 January 2023	339,228,430,453	519,198,866,202	132,320,813,917	14,056,725,905	21,543,025,522	1,026,347,861,999
	New purchases	4,157,626,579	53,261,108,980	11,992,090,248	347,050,909	-	69,757,876,716
	Written-off	(8,485,572,163)	(6,967,721,957)	(255,000,000)	(93,478,000)	(2,053,273,912)	(17,855,046,032)
	Disposals	(65,563,138)	(2,073,398,532)	(3,639,709,543)	(42,645,036)	-	(5,821,316,249)
	As at 31 December 2023	334,834,921,731	563,418,854,693	140,418,194,622	14,267,653,778	19,489,751,610	1,072,429,376,434
	Accumulated depreciation						
	As at 1 January 2023	174,692,521,316	314,043,124,466	79,389,909,760	13,107,112,519	19,253,670,266	600,486,338,327
	Charge for the year	30,004,375,115	56,031,840,280	13,278,561,110	677,896,809	754,782,502	100,747,455,816
	Written-off	(7,780,170,598)	(6,967,721,957)	(255,000,000)	(93,478,000)	(2,053,273,912)	(17,149,644,467)
	Disposals	(65,563,138)	(1,290,052,513)	(3,418,959,039)	(42,645,036)	-	(4,817,219,726)
	As at 31 December 2023	196,851,162,695	361,817,190,276	88,994,511,831	13,648,886,292	17,955,178,856	679,266,929,950
	Net book value						
	As at 1 January 2023	164,535,909,137	205,155,741,736	52,930,904,157	949,613,386	2,289,355,256	425,861,523,672
	As at 31 December 2023	137,983,759,036	201,601,664,417	51,423,682,791	618,767,486	1,534,572,754	393,162,446,484

Historical cost of tangible fixed assets fully depreciated but still in use as at 31 December 2023 was VND139,475,667,869 (as at 31 December 2022: VND89,896,494,233).

12 FIXED ASSETS (continued)**(a) Tangible fixed assets (continued)**

As at 31 December 2023, tangible fixed assets with carrying value of VND94,772,127,253 (as at 31 December 2022: VND116,847,874,120) were pledged as securities for short-term borrowings with banks (Note 19).

(b) Intangible fixed assets

	Land use rights VND	Software VND	Total VND
Historical cost			
As at 1 January 2023	8,090,909,091	24,477,658,255	32,568,567,346
New purchases	-	1,936,311,142	1,936,311,142
As at 31 December 2023	<u>8,090,909,091</u>	<u>26,413,969,397</u>	<u>34,504,878,488</u>
Accumulated amortisation			
As at 1 January 2023	1,843,415,183	17,463,431,933	19,306,847,116
Charge for the year	221,804,518	3,161,231,293	3,383,035,811
As at 31 December 2023	<u>2,065,219,701</u>	<u>20,624,663,226</u>	<u>22,689,882,927</u>
Net book value			
As at 1 January 2023	<u>6,247,493,908</u>	<u>7,014,226,322</u>	<u>13,261,720,230</u>
As at 31 December 2023	<u>6,025,689,390</u>	<u>5,789,306,171</u>	<u>11,814,995,561</u>

Historical cost of intangible fixed assets fully amortised but still in use as at 31 December 2023 was VND3,668,852,090 (as at 31 December 2022: VND3,398,852,090).

As at 31 December 2023, intangible fixed assets with carrying value of VND6,025,689,390 (as at 31 December 2022: VND6,247,493,908) were pledged as securities for short-term borrowings with banks (Note 19).

13 CONSTRUCTION IN PROGRESS

	2023 VND	2022 VND
Software under installation process	18,628,673,191	934,020,000
Factory construction	669,033,636	-
Machinery and equipment	939,191,330	2,375,528,217
Office renovation	729,289,463	958,351,030
Others	575,858,282	322,274,886
	<u>21,542,045,902</u>	<u>4,590,174,133</u>

Movement in construction in progress during the financial year were as follows:

	2023 VND	2022 VND
Beginning of year	4,590,174,133	1,425,546,949
Increase during the year	16,951,871,769	3,164,627,184
	<u>21,542,045,902</u>	<u>4,590,174,133</u>

14 SHORT-TERM TRADE ACCOUNTS PAYABLE

	2023		2022	
	Value VND	Able-to-pay amount VND	Value VND	Able-to-pay amount VND
Third parties				
VRG Kien Giang MDF Joint Stock Company	56,115,551,218	56,115,551,218	55,556,518,023	55,556,518,023
Vina Eco Board Limited	20,290,814,232	20,290,814,232	20,560,698,097	20,560,698,097
Others	182,906,217,893	182,906,217,893	270,577,217,913	270,577,217,913
Related parties (Note 37)	4,007,417,653	4,007,417,653	819,911,414	819,911,414
	<u>263,320,000,996</u>	<u>263,320,000,996</u>	<u>347,514,345,447</u>	<u>347,514,345,447</u>

As at 31 December 2023 and as at 31 December 2022, there were no other third-party suppliers which had a balance accounting for 10% or more of the total balance of short-term trade accounts payable.

As at 31 December 2023 and as at 31 December 2022, there were no balance of short-term trade accounts payable which were past due.

15 SHORT-TERM ADVANCES FROM CUSTOMERS

	2023 VND	2022 VND
Ricons Construction Investment Joint Stock Company	21,390,527,465	213,829,845
Others	153,064,917,965	160,763,161,248
	<u>174,455,445,430</u>	<u>160,976,991,093</u>

As at 31 December 2023 and as at 31 December 2022, there were no other third-party customers which had a balance accounting for 10% or more of the total balance of short-term advances from customers.

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16 TAX AND OTHER RECEIVABLES FROM/PAYABLES TO THE STATE

Movements in tax and other receivables from/payables to the State during the financial year were as follows:

	As at 1.1.2023 VND	Receivable during the year VND	Received during the year VND	Net-off during the year VND	As at 31.12.2023 VND
(a) Value added tax ("VAT") input to be reclaimed	1,333,331,682	260,154,469,482	-	(259,701,716,615)	1,786,084,549
b) Payables					
CIT	101,267,236,150	105,108,514,501	(166,955,468,341)	-	39,420,282,310
VAT output	11,231,566,535	382,176,091,279	(115,962,150,638)	(259,701,716,615)	17,743,790,561
VAT on imported goods	-	75,950,315,588	(75,950,315,588)	-	-
Personal income tax	9,464,845,957	20,957,307,650	(21,218,713,013)	-	9,203,440,594
Import tax	13,921,559	10,877,332,336	(10,877,255,643)	-	13,998,252
Others	77,506,038	1,997,251,869	(2,074,757,907)	-	-
	122,055,076,239	597,066,813,223	(393,038,661,130)	(259,701,716,615)	66,381,511,717

17 PAYABLES TO EMPLOYEES

Payables to employees represent salary of December and 13th month salary payable to employees.

18 SHORT-TERM ACCRUED EXPENSES

	2023 VND	2022 VND
Based-investment-performance fees to VinaCapital	6,000,000,000	6,000,000,000
Bonus to employees	5,815,492,427	9,699,285,821
Salary expenses	5,427,230,518	5,699,854,552
Interest expense	423,656,468	-
Others	4,739,617,420	9,171,778,278
	<u>22,405,996,833</u>	<u>30,570,918,651</u>

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19 SHORT-TERM BORROWINGS

	As at 1.1.2023 VND	Increase VND	Decrease VND	As at 31.12.2023 VND
Bank loans (*)	813,722,672,711	2,074,856,226,643	(2,182,012,358,549)	706,566,540,805

(*) Details of short-term bank loans as follows:

	Currency	As at 31.12.2023 VND	Term Months	Expiry date	Interest (%/annum)	Collateral assets/Pledges (Note 4(a), 11(b), 12(a), 12(b))	Purposes
Joint Stock Commercial Bank for Foreign Trade of Vietnam ("Vietcombank")	VND	366,071,338,660	6	12/3/2024 - 25/6/2024	3.1 - 4.4	Bank deposit contracts with total value of VND241 billion, debt collection rights, land use rights and assets, machineries belonged to land plot No. 218 and land plot No.818 located in Binh Duong province.	To finance working capital
Vietnam Joint Stock Commercial Bank for Industry and Trade ("Vietinbank")	VND	310,457,122,606	3 - 6	5/3/2024 - 6/5/2024	3.3 - 4.4	Debt collection rights, land use rights and assets belonged to land plot No. 441 and 820 located in Binh Duong province, machineries and equipments.	To finance working capital
Shinhan Bank Vietnam Limited ("Shinhan Bank")	VND	30,038,079,539	6	7/6/2024 - 17/6/2024	3.1 - 3.3	Bank deposit contracts of VND102 billion.	To finance working capital
		<u>706,566,540,805</u>					

20 BONUS AND WELFARE FUNDS

Movements of bonus and welfare fund during the financial year are as follows:

	2023 VND	2022 VND
Beginning of year	39,016,837,567	2,666,298,490
Increase (Note 24)	54,699,030,232	53,997,434,435
Decrease	(70,042,150,631)	(17,646,895,358)
End of year	<u>23,673,717,168</u>	<u>39,016,837,567</u>

21 PROVISION FOR LONG-TERM LIABILITIES

The balances represent provision for dismantling cost and provision for severance allowances which were determined based on the method disclosed in Note 2.17 and Note 2.18.

22 DEFERRED INCOME TAX

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

	2023 VND	2022 VND
Deferred income tax assets are calculated base on:		
Provision for decline in value of inventories	6,043,163,137	4,238,956,584
Accrual expenses	2,663,185,223	3,203,880,880
Provision for dismantling cost	1,587,674,383	1,200,000,000
Provision of severance allowances	812,169,041	557,263,833
Profit from revenue with invoices issued but not yet qualified to be recognised	822,160,329	-
Unrealised (loss)/profit when consolidate	(931,302,047)	116,499,752
	<u>10,997,050,066</u>	<u>9,316,601,049</u>

The gross movement in the deferred income tax, without taking into consideration the offsetting of balances within the same tax jurisdiction during the financial year, were as follows:

	2023 VND	2022 VND
Beginning of year	9,316,601,049	8,296,812,439
Recorded into consolidated income statement (charge)/credit (Note 34)	1,680,449,017	1,019,788,610
End of year	<u>10,997,050,066</u>	<u>9,316,601,049</u>

22 DEFERRED TAX ASSETS (continued)

Details of deferred income tax assets:

	2023 VND	2022 VND
Deductible temporary differences	10,997,050,066	9,316,601,049

The Group uses tax rate of each company in the Group for determining deferred tax assets. Deferred income tax assets mainly arise from deductible temporary differences relating to accrued expenses, provisions, profit from revenue with invoices issued but not yet qualified to be recognised and unrealised profit when consolidate.

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.

23 OWNERS' CAPITAL**(a) Number of shares**

	2023 Ordinary shares	2022 Ordinary shares
Number of shares registered	150,787,946	135,846,122
Number of shares issued	150,787,946	135,846,122
Number of shares repurchased	-	(9,600)
Number of existing shares in circulation	150,787,946	135,836,522

(b) Details of owners' shareholding

	2023		2022	
	Ordinary shares	%	Ordinary shares	%
NC Viet Nam Investment Ltd.	75,463,194	50.05	67,984,860	50.05
Sumitomo Forestry (Singapore) Ltd.	29,571,819	19.61	26,641,279	19.61
Whitlam Holding Pte. Ltd.	27,242,397	18.07	24,542,700	18.07
Others	18,510,536	12.27	16,667,683	12.27
	150,787,946	100	135,836,522	100

23 OWNERS' CAPITAL (continued)**(c) Movement of share capital**

	Number of shares	Ordinary shares VND	Treasury shares VND	Total VND
As at 1 January 2022	87,640,744	876,503,440,000	(653,230,147)	875,850,209,853
New shares issued	48,195,778	481,957,780,000	-	481,957,780,000
As at 31 December 2022	135,836,522	1,358,461,220,000	(653,230,147)	1,357,807,989,853
New shares issued (Note 24)	14,941,824	149,418,240,000	-	149,418,240,000
Treasury shares re-issued (Note 24)	9,600	-	653,230,147	653,230,147
As at 31 December 2023	<u>150,787,946</u>	<u>1,507,879,460,000</u>	<u>-</u>	<u>1,507,879,460,000</u>

Par value per share: VND10,000.

The Group has no preference shares.

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24 MOVEMENTS IN OWNERS' EQUITY

	Owners' capital	Share premium	Treasury shares	Development and investment fund	Undistributed earnings	Total	Non-controlling interests	Total of capital and reserves
	VND	VND	VND	VND	VND	VND		VND
As at 1 January 2022	876,503,440,000	1,419,304,688,703	(653,230,147)	25,138,524,261	1,456,505,482,373	3,776,798,905,190	-	3,776,798,905,190
Capital increased during the year	43,754,300,000	(6,100,000)	-	-	-	43,748,200,000	-	43,748,200,000
Net profit for the year	-	-	-	-	615,581,289,335	615,581,289,335	-	615,581,289,335
Dividend paid in shares	438,203,480,000	-	-	-	(438,203,480,000)	-	-	-
Dividend paid in cash	-	-	-	-	(464,913,590,200)	(464,913,590,200)	-	(464,913,590,200)
Appropriation to the bonus and welfare fund	-	-	-	-	(28,864,297,440)	(28,864,297,440)	-	(28,864,297,440)
Transfer to bonus and welfare fund	-	-	-	(25,133,136,995)	-	(25,133,136,995)	-	(25,133,136,995)
Appropriation to the charity funds	-	-	-	-	(5,000,000,000)	(5,000,000,000)	-	(5,000,000,000)
As at 31 December 2022	1,358,461,220,000	1,419,298,588,703	(653,230,147)	5,387,266	1,135,105,404,068	3,912,217,369,890	-	3,912,217,369,890
Net profit for the year	-	-	-	-	436,718,270,582	436,718,270,582	(1,470,000)	436,716,800,582
Capital increased during the year (i)	-	-	-	-	-	-	9,800,000,000	9,800,000,000
Capital decreased during the year (i)	-	-	-	-	-	-	(9,798,530,000)	(9,798,530,000)
Dividends paid in shares ((ii) and Note 25)	149,418,240,000	-	-	-	(149,418,240,000)	-	-	-
Dividends paid in cash (iii)	-	-	-	-	(105,544,842,200)	(105,544,842,200)	-	(105,544,842,200)
Treasury shares re-issued (iv)	-	(557,230,147)	653,230,147	-	-	96,000,000	-	96,000,000
Appropriation to the investment and development fund ((v), (vi) and (vii))	-	-	-	45,729,043,070	(45,729,043,070)	-	-	-
Appropriation to the bonus and welfare fund ((v), (vi) and (vii))	-	-	-	-	(54,699,030,232)	(54,699,030,232)	-	(54,699,030,232)
Appropriation to the charity funds (iv)	-	-	-	-	(5,000,000,000)	(5,000,000,000)	-	(5,000,000,000)
Paid from investment and development fund (viii)	-	-	-	(10,231,867,049)	-	(10,231,867,049)	-	(10,231,867,049)
As at 31 December 2023	1,507,879,460,000	1,418,741,358,556	-	35,502,563,287	1,211,432,519,148	4,173,555,900,991	-	4,173,555,900,991

24 MOVEMENTS IN OWNERS' EQUITY (continued)

- (i) Pursuant to Resolution of the Board of Directors No. 16-2022/NQ-GAC dated 24 October 2022, the Board of Directors of the Company approved the plan to contribute capital to establish An Khang MDF Co., Ltd. According to the initial Business Registration Certificate No. 3901331450 dated 27 October 2022, the Company owned 51% of charter capital of this company. On 16 January 2023, the Company has fully contributed the capital commitment which is VND10,200,000,000. The remaining capital which is VND9,800,000,000 (equivalent to 49% ownership) contributed by non-controlling owner of this company. However, as presented in Note 1, the Company has completed the transfer of capital to other partners in 2023. Accordingly, as of 31 December 2023, the Company no longer owns any contributed capital. any of An Khang MDF Co., Ltd. The non-controlling shareholder interests in the amount of VND 9,798,530,000 (corresponding to the ownership ratio of 49%) of the non-controlling shareholders of this company have also been adjusted accordingly at the date the company ceased to controls this company.
- (ii) Pursuant to the Resolution No. 10-2023/NQ-GAC dated 21 June 2023 and Decision No. 82-2023/QĐ-GAC dated 24 July 2023, the Board of Directors approved the issuance of new shares to pay dividend for existing shareholders at the ratio of 11%. Accordingly, the Company issued 14,941,824 shares, which is equivalent to VND149,418,240,000.
- (iii) Pursuant to the Resolution No. 19-2023/NQ-GAC dated 16 November 2023, the Board of Directors approved the advance of the 1st dividend payment of 2023 in cash for existing shareholders at the rate of 7% on par value of each share, equivalent to VND105,544,842,200. Accordingly, the Company paid VND105,544,842,200 dividend in cash.
- (iv) Pursuant to the Decision No. 15-2023/QĐ-GAC dated 23 August 2023, the Board of Directors approved on the execution of the plan to issue the shares under the Employee Stock Ownership Plan from treasury shares with the amount of 9,600 treasury shares. Accordingly, the Company re-issued 9,600 treasury shares, which is equivalent to VND96,000,000.
- (v) Pursuant to the Resolution of the Annual General Meeting of Shareholders No. 07-2023/NQ-GAC dated 26 April 2023, the General Meeting of Shareholders approved the appropriation of charity fund amounting to VND5,000,000,000, the appropriation of bonus and welfare fund at the rate of 5% on profit after tax in the audited consolidated financial statements of the Group in 2022, equivalent to VND30,779,064,467 and the appropriation of the Company's Investment and Development Fund at the rate of 5% on profit after tax in the audited consolidated financial statements of the Group in 2022, equivalent to VND30,779,064,467.
- (vi) Pursuant to the Decision of the Chairman No. 27A-2023/QĐ-SXGAC dated 26 April 2023, the Chairman of An Cuong Wood-Working Manufacturing Company Limited approved the appropriation of bonus and welfare fund at the rate of 8% on profit after tax in the audited financial statements of An Cuong Wood-Working Manufacturing Company Limited in 2022, equivalent to VND20,559,114,997 and the appropriation of investment and development fund at the rate of 5% on profit after tax in the audited financial statements of An Cuong Wood – Working Manufacturing Company Limited in 2022, equivalent to VND12,849,446,873.

24 MOVEMENTS IN OWNERS' EQUITY (continued)

- (vii) Pursuant to the Decision of the Chairman No. 21-2023/QĐ-MLC dated 10 May 2023, the Chairman of Malloca Vietnam Company Limited approved the appropriation of bonus and welfare fund at the rate of 8% on profit after tax in the audited financial statements of Malloca Vietnam Company Limited in 2022, which is equivalent to VND3,360,850,768 and the appropriation of investment and development fund at the rate of 5% on profit after tax in the audited financial statements of Malloca Vietnam Company Limited in 2022, equivalent to VND2,100,531,730.
- (viii) Payment from investment and development fund related to the implementation of the project to upgrade and improve SAP S/4 HANA of the Group's system in 2023.

25 DIVIDENDS

	2023 VND	2022 VND
Beginning of year	262,857,700	-
Increase during the year (Note 24)	254,963,082,200	903,117,070,200
Dividends paid in cash	(105,486,151,400)	(464,650,732,500)
Dividends paid in ordinary shares (Note 24)	(149,418,240,000)	(438,203,480,000)
End of year	<u>321,548,500</u>	<u>262,857,700</u>

26 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, excluding ordinary shares repurchased by the Company and held as treasury shares.

The details were as follows:

	For the year ended	
	31.12.2023	31.12.2022 (Restated) (**)
Net profit attributable to shareholders (VND)	436,718,270,582	615,581,289,335
Less amount allocated to bonus and welfare funds (VND) (*)	-	(54,699,030,232)
	<u>436,718,270,582</u>	<u>560,882,259,103</u>
Weighted average number of ordinary shares in issue (shares)	150,779,372	149,301,397
Basic earnings per share (VND)	<u>2,896</u>	<u>3,757</u>

26 EARNINGS PER SHARE (continued)**(a) Basic earnings per share (continued)**

(*) As at 31 December 2023, the Group has not had the plan to appropriate the bonus and welfare funds from undistributed earnings of 2023.

(**) Basic earnings per share for the year ended 31 December 2022 were recalculated to take into account adjustments for bonus and welfare expenses and for issuance of dividend shares as follows:

	For the year ended 31.12.2022		
	As previously reported	Adjustments (***)	As restated
Net profit attributable to shareholders (VND)	615,581,289,335		615,581,289,335
Adjust amount of Bonus and welfare fund		- (54,699,030,232)	(54,699,030,232)
	<u>615,581,289,335</u>		<u>560,882,259,103</u>
Weighted average number of ordinary shares in issue (shares)	134,505,936	14,795,461	149,301,397
Basic earnings per share (VND)	<u>4,577</u>		<u>3,757</u>

(***) In 2023, the appropriation of bonus and welfare fund (VND) for the year ended 31 December 2022 was approved according to Resolution of the Annual General Meeting of Shareholders No. 07-2023/NQ-GAC, Decision No. 33-2023/QĐ-SXG and Decision No. 21-2023/QĐ-MLC. At the same time, the weighted average number of ordinary shares in circulation is also adjusted as an impact of the issuance of new shares to pay dividend for existing shareholders at the ratio of 2:1 according to Resolution No. 06-2022/NQ-GAC and at the ratio of 11% according to Resolution No. 10-2023/NQ-GAC .

(b) Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account:

- the after-income tax effect of interest and other financing costs associated with dilutive potential ordinary shares, and
- the weighted average number of additional ordinary shares that would have been outstanding assuming the conversion of all dilutive potential ordinary shares.

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.

27 OFF CONSOLIDATED BALANCE SHEET ITEMS**(a) Foreign currencies**

As at 31 December 2023, included in cash were balances held in foreign currencies of US\$407,721 and EUR5,101 (as at 31 December 2022: US\$451,559 and EUR15,434).

(b) Operating lease assets

The future minimum lease payments under non-cancellable operating assets leases are presented in Note 38.

28 NET REVENUE OF SALES OF GOODS AND RENDERING OF SERVICES

	2023 VND	2022 VND
Revenue		
Revenue from sales of merchandise and finished goods	3,759,712,577,819	4,482,061,765,274
Revenue from rendering of services	19,007,033,715	27,608,105,827
	<u>3,778,719,611,534</u>	<u>4,509,669,871,101</u>
Sales deductions		
Sales returns	(16,026,939,758)	(22,071,582,989)
Trade discounts	(484,730,548)	(12,111,113,729)
Sales allowances	(78,689,480)	(8,735,560)
	<u>(16,590,359,786)</u>	<u>(34,191,432,278)</u>
Net revenue from sales of goods and rendering of services		
Net revenue from sales of merchandise and finished goods	3,743,122,218,033	4,447,870,332,996
Net revenue from rendering of services	19,007,033,715	27,608,105,827
	<u>3,762,129,251,748</u>	<u>4,475,478,438,823</u>

29 COST OF GOODS SOLD AND SERVICES RENDERED

	2023 VND	2022 VND
Cost of goods sold	2,639,442,138,469	3,134,076,717,010
Cost of services rendered	1,892,876,487	4,416,868,924
Provision/(reversal of provision) for decline in value of inventories (Note 10)	11,304,429,661	(4,861,452,427)
Provision for dismantling cost	1,876,743,829	4,000,000,000
	<u>2,654,516,188,446</u>	<u>3,137,632,133,507</u>

30 FINANCIAL INCOME

	2023 VND	2022 VND
Interest income from bank deposits	105,801,261,241	80,834,190,753
Interest income from deposits (Note 8(a) and Note 8(b))	36,381,914,360	37,056,867,940
Realised foreign exchange gains	17,030,097,669	22,162,099,595
Penalty interest income on late payments	184,307,440	-
Interest income from lending	143,320,547	2,478,479,451
Net gain from foreign currency translation at year-end	18,741,429	2,733,153,902
Gain from deinvestment in subsidiary (Note 1) (**)	1,530,000	
Interest income from entrusted-investment	-	21,099,747,945
Dividend distributed	-	8,940,000,000
	<u>159,561,172,686</u>	<u>175,304,539,586</u>

31 FINANCIAL EXPENSES

	2023 VND	2022 VND
Interest expenses	38,839,429,154	31,879,418,791
Realised foreign exchange losses	6,508,945,295	18,978,309,279
Based-investment-performance fees to VinaCapital	-	6,000,000,000
	<u>45,348,374,449</u>	<u>56,857,728,070</u>

32 SELLING EXPENSES

	2023 VND	2022 VND
Staff costs	189,904,946,639	227,736,278,828
Marketing and advertising	121,295,611,817	100,724,394,367
Transportation	59,541,982,677	66,810,926,515
Rental	43,172,852,017	38,349,887,505
Repair and maintenances	18,844,080,717	19,784,345,235
Depreciation and amortisation	15,509,422,319	14,153,763,193
Tools, supplies used	14,243,647,186	9,495,350,887
Others	59,873,600,742	70,815,997,643
	<u>522,386,144,114</u>	<u>547,870,944,173</u>

33 GENERAL AND ADMINISTRATION EXPENSES

	2023 VND	2022 VND
Staff costs	70,483,652,317	89,615,977,843
Provision for doubtful debts	26,768,710,869	12,998,884,773
Depreciation and amortisation	4,396,736,634	4,370,421,947
Tools, supplies used	2,444,547,511	2,022,028,959
Professional fees	3,074,081,546	3,293,107,102
Others	65,236,836,715	55,593,434,683
	<u>172,404,565,592</u>	<u>167,893,855,307</u>

34 CORPORATE INCOME TAX (“CIT”)

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

	2023 VND	2022 VND
Net accounting profit before tax	540,144,866,066	751,936,633,140
Tax calculated at a rate of 20%	108,028,973,213	150,387,326,628
Effect of:		
Expenses not deductible for tax purposes	15,726,800,507	16,838,398,289
Under-provision in previous years (***)	1,871,272,447	88,401,342
Tax deduction (**)	(22,199,274,683)	(29,170,782,454)
Temporary difference for which no deferred tax asset has been recognised	294,000	-
Incomes not subject to tax	-	(1,788,000,000)
CIT charge (*)	<u>103,428,065,484</u>	<u>136,355,343,805</u>
Charged/(credited) to consolidated income statement:		
CIT – current	105,108,514,501	137,375,132,415
CIT – deferred (Note 22)	(1,680,449,017)	(1,019,788,610)
	<u>103,428,065,484</u>	<u>136,355,343,805</u>

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

(**) Pursuant to the initial Investment Registration certificate No. 1338867711 dated 17 October 2017, An Cuong Wood-Working Manufacturing Company Limited has the obligation to pay CIT at rate of 20%. The Company is exempted from CIT for 2 years from the first profitable year (2019 - 2020) and is entitled to a 50% CIT reduction for 4 years thereafter (2021 - 2024).

34 CORPORATE INCOME TAX (“CIT”) (Continued)

(***) Underpaid CIT from previous financial years. In which, based on Decision No. 1221/QĐ-TCT dated 11 August 2023 issued by the Head of the General Department of Taxation, the underpaid CIT amount identified during the inspection of compliance with tax laws for the financial year ended 31 December 2022 was VND1,216,445,217.

35 COSTS OF OPERATION BY FACTOR

Costs of operation by factor represent all costs incurred during the financial year from the Group’s operating activities excluding cost of merchandises for trading activities. The details are as follows:

	2023 VND	2022 VND
Raw materials	2,208,003,679,443	2,801,172,108,515
Staff costs	521,384,290,354	632,684,808,649
Outside services	286,343,581,485	273,116,392,532
Depreciation and amortisation	104,130,491,627	110,500,933,112
Tools, supplies used	90,045,584,381	64,973,736,758
Transportation	60,444,079,623	87,441,085,728
Others	231,027,999,366	206,356,715,540
	<u>3,501,379,706,279</u>	<u>4,176,245,780,834</u>

37 RELATED PARTY DISCLOSURES (continued)**(a) Related party transactions**

The primary transactions with related parties incurred during the financial year are:

	2023 VND	2022 VND
i) Sales of goods		
Trung Hieu Plywood Company Limited	37,918,620,898	65,342,502,700
ii) Purchases of goods and services		
Thao Nghia Thanh One-member Company Limited	15,460,839,828	13,215,968,254
Sumitomo Forestry (Singapore) Ltd.	10,002,959,700	7,432,065,037
Sumitomo Forestry Vietnam Company Limited	2,154,107,591	1,698,717,435
	<u>27,617,907,119</u>	<u>22,346,750,726</u>
iii) Sales of fixed assets		
Thao Nghia Thanh One-member Company Limited	1,559,639,583	-
vi) Deposits for purchasing houses		
Ms. Nguyen Thi Kim Thoa	-	5,900,700,000
Ms. Vo Thi Ngoc Anh	-	3,417,300,000
	<u>-</u>	<u>9,318,000,000</u>
v) Collection of deposits for purchasing houses		
Ms. Nguyen Thi Kim Thoa	5,900,700,000	-
Ms. Vo Thi Ngoc Anh	3,417,300,000	-
	<u>9,318,000,000</u>	<u>-</u>
vi) Investment in associate (Note 4(b))		
Thang Loi Homes Joint Stock Company	2,400,000,000	393,631,200,000

37 RELATED PARTY DISCLOSURES (continued)

(a) Related party transactions (continued)

	2023 VND	2022 VND
vii) Dividends paid during the year in cash (Note 24)		
NC Vietnam Investment Company Limited	52,824,235,800	232,683,666,000
Sumitomo Forestry (Singapore) Ltd.	20,700,273,300	91,181,925,900
Whitlam Holding Pte. Ltd.	19,069,677,900	83,999,370,000
Other shareholders	12,950,655,200	57,048,628,300
	<u>105,544,842,200</u>	<u>464,913,590,200</u>
viii) Dividends paid during the year in ordinary shares (Note 24)		
NC Vietnam Investment Company Limited	74,783,340,000	219,306,000,000
Sumitomo Forestry (Singapore) Ltd.	29,305,400,000	85,939,610,000
Whitlam Holding Pte. Ltd.	26,996,970,000	79,170,000,000
Other shareholders	18,332,530,000	53,787,870,000
	<u>149,418,240,000</u>	<u>438,203,480,000</u>
ix) Compensation of key management		
Gross salaries and other benefits	<u>28,180,481,567</u>	<u>30,365,894,931</u>

In which:**Remuneration of Board of Directors**

No.	Name	Title	2023 VND	2022 VND
1.	Mr. Le Duc Nghia	Chairman	-	-
2.	Mr. Masao Kamibayashiyama	Vice Chairman	-	-
3.	Mr. Nguyen Minh Tuan	Member	-	-
4.	Mr. Le Thanh Phong	Member	-	-
5.	Ms. Nguyen Thi Dieu Phuong	Member	-	-
6.	Mr. Phan Quoc Cong	Independent member	-	-
7.	Ms. Nguyen Thanh Quyen	Independent member	-	-

Remuneration of Board of Supervision

No.	Name	Title	2023 VND	2022 VND
1.	Ms. Tran Thi Ngoc Tue	Head	-	-
2.	Ms. Nguyen Thi Thuy Trang	Member	-	-
		(from 26/4/2023)		
3.	Ms. Tran Thi Kim Anh	Member	-	-
		(until 25/4/2023)		
4.	Ms. Mai Thi Phuong Thao	Member	-	-

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37 RELATED PARTY DISCLOSURES (continued)

(a) Related party transactions (continued)

ix) Compensation of key management (continued)

Gross salaries and other benefits of Board of Management and other management

No.	Name	Title	2023 VND	2022 VND
1.	Mr. Le Duc Nghia	Chairman of subsidiary	4,700,000,000	4,625,500,000
2.	Ms. Vo Thi Ngoc Anh	General Director	3,826,994,900	3,884,500,000
3.	Mr. Le Thanh Phong	Deputy General Director	2,500,060,000	2,698,034,999
4.	Ms. Nguyen Thi Hao	Deputy General Director (until 25/10/2023)	1,667,000,000	2,571,399,999
5.	Ms. Nguyen Thi Kim Thoa	Deputy General Director	2,800,000,000	2,711,399,999
6.	Ms. Nguyen Thi Duyen	Deputy General Director	3,183,600,000	3,070,175,000
7.	Mr. Ngo Tan Tri	Deputy General Director	3,184,100,000	2,602,797,500
8.	Ms. Thieu Thi Ngoc Diem	Chief Accountant	2,585,000,000	2,418,441,666
9.	Ms. Tran Thi Ngoc Tue	Head of Board of Supervision	1,745,366,667	1,599,240,768
10.	Mr. Masao Kamibayashiyama	Market Development Director	1,988,360,000	2,409,555,000
11.	Mr. Tran Luong Thanh Tung	In charge of information disclosure (until 22/12/2022)	-	1,774,850,000
			<u>28,180,481,567</u>	<u>30,365,894,931</u>

(b) Year-end balances with related parties

	2023 VND	2022 VND
Investment in associate (Note 4(b))		
Thang Loi Homes Joint Stock Company	<u>405,880,434,733</u>	<u>401,631,200,000</u>
Short-term trade accounts receivable (Note 5)		
Trung Hieu Plywood Company Limited	<u>5,715,974,205</u>	<u>8,880,115,294</u>
Short-term prepayment to vendors (Note 6)		
Thao Nghia Thanh One-member Company Limited	<u>398,940,400</u>	<u>3,802,046,000</u>

37 RELATED PARTY DISCLOSURES (continued)**(b) Year-end balances with related parties (continued)**

	2023 VND	2022 VND
Deposits for purchasing houses (Note 8(a))		
Ms. Nguyen Thi Kim Thoa	-	5,900,700,000
Ms. Vo Thi Ngoc Anh	-	3,417,300,000
	<u>-</u>	<u>9,318,000,000</u>
Short-term trade accounts payable (Note 14)		
Sumitomo Forestry (Singapore) Ltd.	2,491,135,553	-
Thao Nghia Thanh One-member Company Limited	1,516,282,100	302,933,260
Sumitomo Forestry Vietnam Company Limited	-	516,978,154
	<u>4,007,417,653</u>	<u>819,911,414</u>

38 OPERATING COMMITMENTS

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

	2023 VND	2022 VND
Within one year	48,953,793,657	40,599,777,074
Between one and five years	146,405,426,749	119,672,102,772
Over five years	2,404,889,230	12,876,125,257
Total minimum payments	<u>197,764,109,636</u>	<u>173,148,005,103</u>

39 SEGMENT REPORTING*Business activity segments*

Business segment information is primarily segment reporting of the Group. Its business is manufacturing and trading wooden household, industrial wooden items, artificial boards, interior decoration, kitchen equipment, and other wooden related products and they are the main activities to earn revenue and gain profit for the Group, whereas other incomes account for a small proportion in total revenue of the Group, therefore, the Board of Management of the Group assumed that the Group is in one business activity segment, only.

Geographical segments

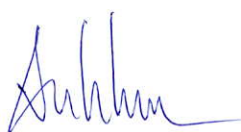
The primarily segment reporting of the Group is presented in term of business segment. Therefore, the Group presented the geographical segments as the secondary segment information and including information as follows:

	Year ended 31 December 2023		
	Dosmetic VND	Overseas VND	Total VND
Net revenue from sales of goods and rendering of services	3,172,008,629,032	590,120,622,716	3,762,129,251,748
Cost of goods sold and services rendered	(2,185,688,823,623)	(468,827,364,823)	(2,654,516,188,446)
Gross profit from sales of goods and rendering of services	986,319,805,409	121,293,257,893	1,107,613,063,302
Total expense incurred for purchases of fixed assets	87,935,737,629	710,322,000	88,646,059,629
Total carrying amount of the segment fixed assets by geographic area of the assets	404,275,576,259	701,865,786	404,977,442,045
Segment assets	714,001,111,452	9,794,373,255	723,795,484,707
Unallocated assets	4,393,311,108,799	-	4,393,311,108,799
Total assets	5,511,587,796,510	10,496,239,041	5,522,084,035,551
Segment liabilities	179,870,444,703	83,449,556,293	263,320,000,996
Unallocated liabilities	1,085,208,133,564	-	1,085,208,133,564
Total liabilities	1,265,078,578,267	83,449,556,293	1,348,528,134,560

39 SEGMENT REPORTING (continued)

	Year ended 31 December 2022		
	Dosmetic VND	Overseas VND	Total VND
Net revenue from sales of goods and rendering of services	3,915,918,994,274	559,559,444,549	4,475,478,438,823
Cost of goods sold and services rendered	(2,639,203,409,341)	(498,428,724,166)	(3,137,632,133,507)
Gross profit from sales of goods and rendering of services	1,276,715,584,933	61,130,720,383	1,337,846,305,316
Total expense incurred for purchases of fixed assets	18,400,278,483	-	18,400,278,483
Total carrying amount of the segment fixed assets by geographic area of the assets	439,123,243,902	-	439,123,243,902
Segment assets	642,507,978,066	11,760,226,863	654,268,204,929
Unallocated assets	4,373,815,567,033	-	4,373,815,567,033
Total assets	5,455,446,789,001	11,760,226,863	5,467,207,015,864
Segment liabilities	234,026,643,737	113,487,701,710	347,514,345,447
Unallocated liabilities	1,207,475,300,527	-	1,207,475,300,527
Total liabilities	1,441,501,944,264	113,487,701,710	1,554,989,645,974

The consolidated financial statements were approved by the Board of Management on 28 March 2024.



Tran Anh Tuan
Preparer



Thieu Thi Ngoc Diem
Chief Accountant



Le Duc Nghia
Chairman of Board of Directors