

Southern Seed Corporation

Financial statements

For the year ended 31 December 2023



Southern Seed Corporation

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Southern Seed Corporation

GENERAL INFORMATION

THE COMPANY

Southern Seed Corporation ("the Company") is a joint stock company incorporated under the Law on Enterprise of Vietnam pursuant to Business Registration Certificate ("BRC") No. 4103001067 issued by the Department of Planning and Investment of Ho Chi Minh City on 24 June 2002, and as amended subsequently.

The Company's current principal activities are to research, produce, and trade various kinds of seeds.

The Company's registered head office is located at No. 282 Le Van Sy Street, Ward 1, Tan Binh District, Ho Chi Minh City, Vietnam. In addition, the Company also has seed farms and branches which include Cu Chi Branch, Cai Lay Branch, Co Do Branch, Lam Ha Branch, Tan Hiep Branch, Central Area Branch, Tra Vinh Branch, Southern Seed Research Center and Center for Trading and Developing Vegetable and Flower Seeds.

BOARD OF DIRECTORS

Members of the Board of Directors ("BOD") during the year and at the date of this report are:

Ms Tran Kim Lien	Chairwoman	
Mr Hang Phi Quang	Vice Chairman	
Mr Nguyen Dinh Nam	Member	
Mr Duong Quang Sau	Member	
Mr Nguyen Quoc Phong	Member	appointed on 21 April 2023
Mr Bui Quang Son	Member	resigned on 10 March 2023

BOARD OF SUPERVISION

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

Mr Phan The Ty	Head
Ms Nguyen Thi Thanh Ha	Member
Ms Van Thi Ngoc Anh	Member

MANAGEMENT

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

Mr Dang Van Vinh	General Director	appointed on 19 February 2024
Mr Nguyen Dinh Nam	General Director	resigned on 19 February 2024
	Deputy General Director	appointed on 19 February 2024
Mr Nguyen Quoc Phong	Deputy General Director	
Ms Nguyen Thi Phong	Deputy General Director	appointed on 10 March 2023

LEGAL REPRESENTATIVE

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

Mr Dang Van Vinh	appointed on 19 February 2024
Mr Nguyen Dinh Nam	resigned on 19 February 2024

AUDITORS

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

Southern Seed Corporation

REPORT OF MANAGEMENT

Management of Southern Seed Corporation ("the Company") is pleased to present its report and the Company's financial statements for the year ended 31 December 2023.

MANAGEMENT'S RESPONSIBILITY IN RESPECT OF THE FINANCIAL STATEMENTS

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

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

Management is responsible for ensuring that proper accounting records are kept which disclose, with reasonable accuracy at any time, the financial position of the Company and ensuring that the accounting records comply with the applied accounting system. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Management confirmed that they have complied with the above requirements in preparing the accompanying financial statements.

STATEMENT BY MANAGEMENT

Management does hereby state that, in their opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at 31 December 2023, and of the results of its operations and its cash flows for the year then ended in accordance with Vietnamese Accounting Standards, Vietnamese Enterprise Accounting System and the statutory requirements relevant to the preparation and presentation of the financial statements.

For and on behalf of management



Dang Van Vinh
General Director

Ho Chi Minh City, Vietnam

12 March 2024

Reference: 0011658554/E-66922510

INDEPENDENT AUDITORS' REPORT

To: The Shareholders of Southern Seed Corporation

We have audited the accompanying financial statements of Southern Seed Corporation ("the Company"), as prepared on 12 March 2024 and set out on pages 5 to 37, which comprise the balance sheet as at 31 December 2023, and the income statement and the cash flow statement for the year then ended, and the notes thereto.

Management's responsibility

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

Auditors' responsibility

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

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

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

Opinion

In our opinion, the financial statements give a true and fair view, in all material respects, of the financial position of the Company as at 31 December 2023, and of the results of its operations and its cash flows for the year then ended in accordance with Vietnamese Accounting Standards, Vietnamese Enterprise Accounting System and the statutory requirements relevant to the preparation and presentation of the financial statements.

Ernst & Young Vietnam Limited



Nguyen Ho Khanh Tan
Deputy General Director
Audit Practicing Registration Certificate
No. 3458-2020-004-1



A blue handwritten signature.

Nguyen Minh Thanh
Auditor
Auditor Practicing Registration Certificate
No. 5559-2020-004-1

Ho Chi Minh City, Vietnam

12 March 2024

BALANCE SHEET
as at 31 December 2023

VND

Code	ASSETS	Notes	Ending balance	Beginning balance
100	A. CURRENT ASSETS		330,171,457,282	327,580,157,690
110	I. Cash and cash equivalents	4	47,215,188,681	78,816,574,850
111	1. Cash		24,215,188,681	19,816,574,850
112	2. Cash equivalents		23,000,000,000	59,000,000,000
130	II. Current accounts receivable		213,386,578,117	195,111,695,722
131	1. Short-term trade receivables	5.1	29,508,873,482	74,664,918,556
132	2. Short-term advances to suppliers	5.2	6,384,608,006	8,264,429,099
135	3. Short-term loans receivable	5.3	155,000,000,000	100,000,000,000
136	4. Other short-term receivables	5.4	24,023,804,816	13,741,877,582
137	5. Provision for doubtful short-term receivables	5.1, 5.2, 5.5	(1,530,708,187)	(1,559,529,515)
140	III. Inventories	6	68,203,966,455	48,870,070,956
141	1. Inventories		73,616,549,372	56,184,556,739
149	2. Provision for obsolete inventories		(5,412,582,917)	(7,314,485,783)
150	IV. Other current assets		1,365,724,029	4,781,816,162
151	1. Short-term prepaid expenses	11	1,323,075,639	696,627,259
153	2. Tax and other receivables from the State	13	42,648,390	4,085,188,903
200	B. NON-CURRENT ASSETS		215,895,452,895	199,378,214,823
220	I. Fixed assets		105,951,124,339	86,351,022,384
221	1. Tangible fixed assets	7	59,312,106,001	40,083,522,722
222	Cost		192,047,702,531	166,026,577,691
223	Accumulated depreciation		(132,735,596,530)	(125,943,054,969)
227	2. Intangible fixed assets	8	46,639,018,338	46,267,499,662
228	Cost		56,521,959,344	55,042,809,344
229	Accumulated amortisation		(9,882,941,006)	(8,775,309,682)
240	II. Long-term assets in progress		4,052,419,677	7,733,244,604
242	1. Construction in progress	9	4,052,419,677	7,733,244,604
250	III. Long-term investments	10	99,000,000,000	99,000,000,000
251	1. Investment in a subsidiary		3,349,764,000	3,349,764,000
252	2. Investment in an associate		99,000,000,000	99,000,000,000
254	3. Provision for diminution in value of long-term investments		(3,349,764,000)	(3,349,764,000)
260	IV. Other long-term assets		6,891,908,879	6,293,947,835
261	1. Long-term prepaid expenses	11	2,060,435,328	2,082,528,892
262	2. Deferred tax assets	23.3	4,045,357,321	3,425,302,713
268	3. Other long-term assets		786,116,230	786,116,230
270	TOTAL ASSETS		546,066,910,177	526,958,372,513

BALANCE SHEET (continued)
as at 31 December 2023

VND

Code	RESOURCES	Notes	Ending balance	Beginning balance
300	C. LIABILITIES		156,869,069,898	147,757,748,260
310	I. Current liabilities		156,869,069,898	147,757,748,260
311	1. Short-term trade payables	12	26,925,061,656	23,048,312,780
312	2. Short-term advances from customers		444,920,652	541,065,701
313	3. Statutory obligations	13	11,558,821,992	2,106,514,898
314	4. Payables to employees		661,587,970	9,341,238,569
315	5. Short-term accrued expenses	14	16,773,367,855	9,612,629,835
319	6. Other short-term payables	15	100,460,673,008	101,655,708,469
322	7. Bonus and welfare fund	16	44,636,765	1,452,278,008
400	D. OWNERS' EQUITY		389,197,840,279	379,200,624,253
410	I. Owners' equity	17.1	389,197,840,279	379,200,624,253
411	1. Issued share capital		149,923,670,000	149,923,670,000
411a	- Ordinary shares with voting rights		149,923,670,000	149,923,670,000
412	2. Share premium		8,520,414,412	8,520,414,412
415	3. Treasury shares		(116,847,528,444)	(116,847,528,444)
418	4. Investment and development fund		134,250,074,818	128,676,920,650
421	5. Undistributed earnings		213,351,209,493	208,927,147,635
421a	- Undistributed earnings by the end of prior year		158,644,856,875	158,262,109,748
421b	- Undistributed earnings of the current year		54,706,352,618	50,665,037,887
440	TOTAL LIABILITIES AND OWNERS' EQUITY		546,066,910,177	526,958,372,513



Ma Hoang Kim Trang
Preparer



Lam Tuan Lac
Chief Accountant



Dang Van Vinh
General Director

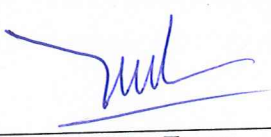
Ho Chi Minh City, Vietnam

12 March 2024

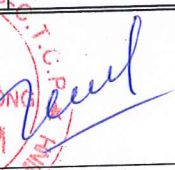
INCOME STATEMENT
for the year ended 31 December 2023

VND

Code	ITEMS	Notes	Current year	Previous year
01	1. Revenue from sale of goods and rendering of services	18.1	316,706,012,056	315,301,343,206
02	2. Deductions	18.1	(14,733,996,221)	(15,033,030,338)
10	3. Net revenue from sale of goods and rendering of services	18.1	301,972,015,835	300,268,312,868
11	4. Cost of goods sold and services rendered	21	(203,165,490,134)	(184,404,356,853)
20	5. Gross profit from sale of goods and rendering of services		98,806,525,701	115,863,956,015
21	6. Finance income	18.2	18,390,224,563	6,655,959,482
22	7. Finance expenses	19	(860,986,722)	(824,554,209)
23	- In which: Interest expenses		(487,833,639)	-
25	8. Selling expenses	20, 21	(25,611,131,679)	(27,760,559,209)
26	9. General and administrative expenses	20, 21	(35,348,223,220)	(36,028,575,057)
30	10. Operating profit		55,376,408,643	57,906,227,022
31	11. Other income	22	16,417,779,593	8,215,237,615
32	12. Other expenses	22	(4,073,223,697)	(2,381,813,801)
40	13. Other profit	22	12,344,555,896	5,833,423,814
50	14. Accounting profit before tax		67,720,964,539	63,739,650,836
51	15. Current corporate income tax expense	23.1	(13,634,666,529)	(12,274,854,921)
52	16. Deferred tax income (expense)	23.3	620,054,608	(799,758,028)
60	17. Net profit after tax		54,706,352,618	50,665,037,887
70	18. Basic earnings per share	24	3,792	3,512
71	19. Diluted earnings per share	24	3,792	3,512


Ma Hoang Kim Trang
Preparer


Lam Tuan Lac
Chief Accountant


Dang Van Vinh
General Director



Ho Chi Minh City, Vietnam

12 March 2024

CASH FLOW STATEMENT
for the year ended 31 December 2023

VND

Code	ITEMS	Notes	Current year	Previous year
	I. CASH FLOWS FROM OPERATING ACTIVITIES			
01	Accounting profit before tax		67,720,964,539	63,739,650,836
	<i>Adjustments for:</i>			
02	Depreciation and amortisation	7, 8	12,064,395,350	9,510,962,808
03	(Reversal of provisions) provisions		(1,930,724,194)	1,371,008,841
04	Foreign exchange gains arising from revaluation of monetary accounts denominated in foreign currencies		(464,716)	(791,968)
05	Profits from investing activities	18.2, 22	(29,801,914,211)	(6,971,802,389)
06	Interest expenses	19	487,833,639	-
08	Operating profit before changes in working capital		48,540,090,407	67,649,028,128
09	Decrease (increase) in receivables		49,434,640,667	(9,263,926,462)
10	Increase in inventories		(17,431,992,633)	(10,279,300,488)
11	Increase in payables		3,031,576,685	4,678,357,941
12	Increase in prepaid expenses		(604,354,816)	(211,818,258)
14	Interest paid		(487,833,639)	-
15	Corporate income tax paid	13	(4,093,806,650)	(14,761,800,906)
17	Other cash outflows for operating activities		(6,427,022,835)	(4,054,832,376)
20	Net cash flows from operating activities		71,961,297,186	33,755,707,579
	II. CASH FLOWS FROM INVESTING ACTIVITIES			
21	Purchases of fixed assets and construction in process		(28,021,316,533)	(13,012,605,865)
22	Proceeds from disposals of fixed assets		11,834,719,553	569,818,182
23	Loans to other entities		(140,000,000,000)	(20,000,000,000)
24	Collections from borrowers		85,000,000,000	-
27	Interest and dividends received		7,444,587,909	13,440,221,027
30	Net cash flows used in investing activities		(63,742,009,071)	(19,002,566,656)
	III. CASH FLOWS FROM FINANCING ACTIVITIES			
33	Drawdown of borrowings		32,866,245,682	-
34	Repayment of borrowings		(32,866,245,682)	-
36	Dividends paid	17.2	(39,821,139,000)	(39,788,883,000)
40	Net cash flows used in financing activities		(39,821,139,000)	(39,788,883,000)

CASH FLOW STATEMENT (continued)
for the year ended 31 December 2023

VND


Code	ITEMS	Notes	Current year	Previous year
50	Net decrease in cash and cash equivalents for the year		(31,601,850,885)	(25,035,742,077)
60	Cash and cash equivalents at beginning of year		78,816,574,850	103,851,524,959
61	Impact of foreign exchange rate fluctuation		464,716	791,968
70	Cash and cash equivalents at end of year	4	47,215,188,681	78,816,574,850



Ma Hoang Kim Trang
Preparer



Lam Tuan Lac
Chief Accountant

Dang Van Vinh
General Director

Ho Chi Minh City, Vietnam

12 March 2024

NOTES TO THE FINANCIAL STATEMENTS
as at 31 December 2023 and for the year then ended

1. CORPORATE INFORMATION

Southern Seed Corporation ("the Company") is a joint stock company incorporated under the Law on Enterprise of Vietnam pursuant to Business Registration Certificate ("BRC") No. 4103001067 issued by the Department of Planning and Investment of Ho Chi Minh City on 24 June 2002, and as amended subsequently.

The Company's current principal activities are to research, produce, and trade various kinds of seeds.

The Company's registered head office is located at No. 282 Le Van Sy Street, Ward 1, Tan Binh District, Ho Chi Minh City, Vietnam. In addition, the Company also has seed farms and branches which include Cu Chi Branch, Cai Lay Branch, Co Do Branch, Lam Ha Branch, Tan Hiep Branch, Central Area Branch, Tra Vinh Branch, Southern Seed Research Center and Center for Trading and Developing Vegetable and Flower Seeds.

The number of the Company's employees as at 31 December 2023 was 142 (31 December 2022: 132).

2. BASIS OF PREPARATION

2.1 *Accounting standards and system*

The financial statements of the Company, expressed in Vietnam dong ("VND"), are prepared in accordance with Vietnamese Enterprise Accounting System and Vietnamese Accounting Standards issued by the Ministry of Finance as per:

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

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

2.2 *Applied accounting documentation system*

The Company's applied accounting documentation system is the General Journal System.

2.3 *Fiscal year*

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

2.4 *Accounting currency*

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

NOTES TO THE FINANCIAL STATEMENTS (continued)
as at 31 December 2023 and for the year then ended

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

3.1 *Cash and cash equivalents*

Cash and cash equivalents comprise cash on hand, cash in banks and short-term, highly liquid investments with an original term to maturity of not more than three months that are readily convertible into known amounts of cash and that are subject to an insignificant risk of change in value.

3.2 *Inventories*

Inventories are measured at their historical costs. The cost of inventories comprises costs of purchase, costs of conversion (including raw materials, direct labor cost, other directly related cost, manufacturing general overheads allocated based on the normal operating capacity) incurred in bringing the inventories to their present location and condition.

In case the net realizable value is lower than the original price, it must be calculated according to the net realizable value. Net realisable value ("NRV") represents the estimated selling price in the ordinary course of business less the estimated costs to complete and the estimated costs necessary to make the sale.

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

Raw materials, merchandise goods, tools and supplies	-	cost of purchase on a weighted average basis.
Finished goods and work-in process	-	cost of finished goods based on the normal operating capacity on a weighted average basis.

Provision for obsolete inventories

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

Increases or decreases to the provision balance are recorded into the cost of goods sold account in the income statement. When inventories are expired, obsolescence, damage or become useless, the difference between the provision previously made and the historical cost of inventories are included in the income statement.

3.3 *Receivables*

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

The provision for doubtful receivables represents amounts outstanding receivables at the balance sheet date which are doubtful of being recovered. Increases or decreases to the provision balance are recorded as general and administrative expenses in the income statement. When bad debts are determined as unrecoverable and accountant writes off those bad debts, the differences between the provision for doubtful receivables previously made and historical cost of receivables are included in the income statement.

3.4 *Tangible fixed assets*

Tangible fixed assets are stated at cost less accumulated depreciation.

The cost of a tangible fixed asset comprises its purchase price and any directly attributable costs of bringing the tangible fixed asset to working condition for its intended use. Expenditures for additions, improvements and renewals are added to the carrying amount of the assets and expenditures for maintenance and repairs are charged to the income statement as incurred.

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

NOTES TO THE FINANCIAL STATEMENTS (continued)
as at 31 December 2023 and for the year then ended

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.5 *Leased assets*

The determination of whether an arrangement is, or contains a lease is based on the substance of the arrangement at inception date and requires an assessment of whether the fulfilment of the arrangement is dependent on the use of a specific asset and the arrangement conveys a right to use the asset.

Where the Company is the lessee

Rentals under operating leases are charged to the income statement on a straight-line basis over the lease term.

Where the Company is the lessor

Lease income is recognised in the income statement on a straight-line basis over the lease term.

3.6 *Intangible fixed assets*

Intangible fixed assets are stated at cost less accumulated amortisation.

The cost of an intangible fixed asset comprises its purchase price and any directly attributable costs of preparing the intangible fixed asset for its intended use. Expenditures for additions, improvements are added to the carrying amount of the assets and other expenditures are charged to the income statement as incurred.

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

Land use rights ("LURs")

The advance payment for land rental, of which the land lease contracts have effectiveness prior to 2003 and Land use right certificate being issued, are recorded as intangible fixed asset according to Circular No. 45/2013/TT-BTC issued by the Ministry of Finance on 25 April 2013 providing guidance on the management, use and depreciation of fixed assets ("Circular 45").

3.7 *Depreciation and amortisation*

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

Land use rights	10 – 49 years
Buildings and structures	4 – 25 years
Machinery and equipment	3 – 12 years
Means of transportation	3 – 8 years
Office equipment	3 – 7 years
Patent	10 – 20 years
Computer software	2 – 6 years

3.8 *Borrowing costs*

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

NOTES TO THE FINANCIAL STATEMENTS (continued)
as at 31 December 2023 and for the year then ended

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.9 *Prepaid expenses*

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

The following types of expenses are recorded as long-term prepaid expenses and are amortised to the income statement:

- ▶ Prepaid rental;
- ▶ Repair and renovation expenses; and
- ▶ Tools and consumables with large value issued into production and can be used for more than one year.

3.10 *Investments*

Investments in subsidiaries

Investments in subsidiaries over which the Company has control are carried at cost.

Distributions from accumulated net profits of the subsidiaries arising subsequent to the date of acquisition are recognised in the income statement. Distributions from sources other than from such profits are considered a recovery of investment and are deducted to the cost of the investment.

Investments in associates

Investments in associates over which the Company has significant influence are carried at cost.

Distributions from accumulated net profits of the associates arising subsequent to the date of acquisition are recognised in the income statement. Distributions from sources other than from such profits are considered a recovery of investment and are deducted to the cost of the investment.

Provision for diminution in value of investments

Provision for diminution in value of investments is made when there are reliable evidences of the diminution in value of those investments at the balance sheet date. Increases or decreases to the provision balance are recorded as finance expense in the income statement.

3.11 *Payables and accruals*

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

3.12 *Provisions*

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

When the Company expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognised as an asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the income statement net of any reimbursement.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognised as a finance expense.

NOTES TO THE FINANCIAL STATEMENTS (continued)
as at 31 December 2023 and for the year then ended

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.13 *Foreign currency transactions*

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

- ▶ Transactions resulting in receivables are recorded at the buying exchange rates of the commercial banks designated for collection;
- ▶ Transactions resulting in liabilities are recorded at the selling exchange rates of the commercial banks designated for payment;

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

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

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

3.14 *Treasury shares*

Own equity instruments which are reacquired (treasury shares) are recognised at cost and deducted from equity. No gain or loss is recognised in profit/(loss) upon purchase, sale, issue or cancellation of the Company's own equity instruments.

3.15 *Appropriation of net profit*

Net profit after tax is available for appropriation to shareholders after approval in the annual general meeting, and after making appropriation to reserve funds in accordance with the Company's Charter and Vietnam's regulatory requirements.

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

Investment and development fund

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

Bonus and welfare fund

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

3.16 *Revenue recognition*

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

Sale of goods

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

Rendering of services

Revenue is recognised when the services have been performed and completed.

NOTES TO THE FINANCIAL STATEMENTS (continued)
as at 31 December 2023 and for the year then ended

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.16 *Revenue recognition* (continued)

Sale of properties

Revenue from sale of properties recognised when the significant risks and returns associated with the ownership of the properties have been transferred to the buyer.

Interest income

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

Rental income

Rental income arising from operating leases is accounted for on a straight line basis over the lease term.

Dividends

Dividend income is recognised when the Company's entitlement as an investor to receive the dividend is established.

3.17 *Taxation*

Current income tax

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

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

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

Deferred tax

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

Deferred tax liabilities are recognised for all taxable temporary differences, except where the deferred tax liability arises from the initial recognition of an asset or liability in a transaction which at the time of the transaction affects neither the accounting profit nor taxable profit or loss.

Deferred tax assets are recognised for all deductible temporary differences, carried forward unused tax credit and unused tax losses, to the extent that it is probable that taxable profits will be available against which deductible temporary differences, carried forward unused tax credit and unused tax losses can be utilised, except where the deferred tax asset in respect of deductible temporary difference which arises from the initial recognition of an asset or liability which at the time of the related transaction, affects neither the accounting profit nor taxable profit or loss.

NOTES TO THE FINANCIAL STATEMENTS (continued)
as at 31 December 2023 and for the year then ended

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.17 *Taxation* (continued)

Deferred tax (continued)

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

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

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

Deferred tax assets and liabilities are offset when there is a legally enforceable right for the Company to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same tax authority on either the same taxable entity or when the Company intends either settle current tax liabilities and assets on a net basis or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

3.18 *Earnings per share*

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

Diluted earnings per share amounts are calculated by dividing the net profit after tax attributable to ordinary equity holders of the Company by the weighted average number of ordinary shares outstanding during the year plus the weighted average number of ordinary shares that would be issued on conversion of all the dilutive potential ordinary shares into ordinary shares.

3.19 *Segment information*

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

3.20 *Related parties*

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

NOTES TO THE FINANCIAL STATEMENTS (continued)
as at 31 December 2023 and for the year then ended

4. CASH AND CASH EQUIVALENTS

	VND	
	<i>Ending balance</i>	<i>Beginning balance</i>
Cash on hand	133,905,537	252,785,425
Cash in banks	24,081,283,144	19,563,789,425
Cash equivalents (*)	23,000,000,000	59,000,000,000
TOTAL	<u>47,215,188,681</u>	<u>78,816,574,850</u>

(*) Cash equivalents represent short-term deposits at commercial banks with original term to maturity of not more than (3) three months, and earns interest rates at 3.5% p.a (31 December 2022: 4.0% p.a to 6.0% p.a).

Additional information regarding the cash flow statement:

	VND	
	<i>Ending balance</i>	<i>Beginning balance</i>
Significant non-cash transactions that will have impact on the cash flow statement:		
Netting off account payables with dividend receivables	<u>-</u>	<u>2,400,000,000</u>

5. SHORT-TERM RECEIVABLES

5.1 *Short-term trade receivables*

	VND	
	<i>Ending balance</i>	<i>Beginning balance</i>
Due from customers	15,456,200,255	25,478,593,373
<i>Ms Phan Thi Giao Chi</i>	2,604,013,761	3,109,897,841
<i>Ms Nguyen Thi Dai Trang</i>	1,680,394,458	536,371,000
<i>Ms Le Thi Lien</i>	1,216,003,252	1,659,696,202
<i>Others</i>	9,955,788,784	20,172,628,330
Due from related parties (<i>Note 25</i>)	14,052,673,227	49,186,325,183
TOTAL	<u>29,508,873,482</u>	<u>74,664,918,556</u>
Provision for doubtful short-term trade receivables	<u>(1,083,028,867)</u>	<u>(1,099,784,329)</u>
NET	<u>28,425,844,615</u>	<u>73,565,134,227</u>

NOTES TO THE FINANCIAL STATEMENTS (continued)
as at 31 December 2023 and for the year then ended

5. SHORT-TERM RECEIVABLES (continued)

5.2 Short-term advances to suppliers

	VND	
	Ending balance	Beginning balance
Axavn Construction One Member Ltd., Co.	834,000,000	-
Minh Phu Trading Development and Construction Consulting Ltd., Co.	-	2,940,170,200
Other suppliers	<u>5,550,608,006</u>	<u>5,324,258,899</u>
TOTAL	6,384,608,006	8,264,429,099
Provision for doubtful short-term advances to suppliers	<u>(447,679,320)</u>	<u>(459,745,186)</u>
NET	<u>5,936,928,686</u>	<u>7,804,683,913</u>

5.3 Short-term loans receivable

	VND	
	Ending balance	Beginning balance
Related parties (Note 25)	<u>155,000,000,000</u>	<u>100,000,000,000</u>

Unsecured loans to related parties for the purpose of working capital financing are as follows:

Borrower	Ending balance	Date due	Interest rate
	VND		%/pa
The Pan Group Joint Stock Company	100,000,000,000	From 8 March 2024	5.0
Vietnam National Seed Group Joint Stock Company	55,000,000,000	From 27 January 2024 to 9 March 2024	5.0 - 6.0
	<u>155,000,000,000</u>		

5.4 Other short-term receivables

	VND	
	Ending balance	Beginning balance
Dividends receivable from an associate (Note 25)	9,900,000,000	-
Advances to employees	5,509,905,216	4,266,714,532
Processing and rental fees receivable from a related party	4,375,287,470	6,930,518,411
Loan interests receivable from related parties	2,192,416,438	1,189,041,097
Others	<u>2,046,195,692</u>	<u>1,355,603,542</u>
TOTAL	<u>24,023,804,816</u>	<u>13,741,877,582</u>
<i>In which:</i>		
Related parties (Note 25)	16,467,703,908	8,119,559,508
Other parties	7,556,100,908	5,622,318,074

NOTES TO THE FINANCIAL STATEMENTS (continued)
as at 31 December 2023 and for the year then ended

5. SHORT-TERM RECEIVABLES (continued)

5.5. Overdue debts

	VND			
	Ending balance		Beginning balance	
	Cost	Provision	Cost	Provision
Nguyen Ngoc Duc	142,247,462	(142,247,462)	142,247,462	(142,247,462)
Huynh Tuan Kiet	358,162,654	(342,670,654)	358,162,654	(342,670,654)
Sinh Tan Agent	141,805,896	(141,805,896)	141,805,896	(141,805,896)
Others	903,984,175	(903,984,175)	932,805,503	(932,805,503)
TOTAL	<u>1,546,200,187</u>	<u>(1,530,708,187)</u>	<u>1,575,021,515</u>	<u>(1,559,529,515)</u>

6. INVENTORIES

	VND			
	Ending balance		Beginning balance	
	Cost	Provision	Cost	Provision
Finished goods	54,201,808,775	(3,582,072,522)	38,495,906,481	(5,782,291,249)
Raw materials	17,695,307,409	(1,830,510,395)	16,059,294,674	(1,532,194,534)
Tools and supplies	953,817,768	-	763,446,621	-
Merchandise goods	765,615,420	-	865,908,963	-
TOTAL	<u>73,616,549,372</u>	<u>(5,412,582,917)</u>	<u>56,184,556,739</u>	<u>(7,314,485,783)</u>

Details of movements of provision for obsolete inventories are as follows:

	VND	
	Current year	Previous year
At beginning of year	7,314,485,783	6,058,785,813
Add: Provision made during the year	5,412,582,917	7,314,485,783
Less: Reversal of provision during the year	<u>(7,314,485,783)</u>	<u>(6,058,785,813)</u>
At the end of year	<u>5,412,582,917</u>	<u>7,314,485,783</u>

NOTES TO THE FINANCIAL STATEMENTS (continued)
as at 31 December 2023 and for the year then ended

7. TANGIBLE FIXED ASSETS

	Buildings and structures	Machinery and equipment	Means of transportation	Office equipment	VND Total
Cost:					
Beginning balance	105,095,328,976	38,796,978,315	18,285,613,819	3,848,656,581	166,026,577,691
Newly-purchased	8,566,867,886	11,271,588,938	330,000,000	-	20,168,456,824
Transferred from construction in progress	6,066,066,641	4,331,592,432	-	-	10,397,659,073
Disposals	(2,097,248,236)	(2,163,080,821)	(237,500,000)	(47,162,000)	(4,544,991,057)
Ending balance	117,631,015,267	52,237,078,864	18,378,113,819	3,801,494,581	192,047,702,531
<i>In which:</i>					
Fully depreciated	46,688,716,430	29,800,455,601	10,877,943,355	3,443,552,119	90,810,667,505
Accumulated depreciation:					
Beginning balance	(73,428,337,768)	(34,914,066,923)	(14,045,121,597)	(3,555,528,681)	(125,943,054,969)
Depreciation for the year	(7,147,729,061)	(2,470,752,965)	(1,253,753,593)	(84,528,407)	(10,956,764,026)
Disposals	1,783,265,687	2,153,690,617	180,104,161	47,162,000	4,164,222,465
Ending balance	(78,792,801,142)	(35,231,129,271)	(15,118,771,029)	(3,592,895,088)	(132,735,596,530)
Net carrying amount:					
Beginning balance	31,666,991,208	3,882,911,392	4,240,492,222	293,127,900	40,083,522,722
Ending balance	38,838,214,125	17,005,949,593	3,259,342,790	208,599,493	59,312,106,001

Southern Seed Corporation

NOTES TO THE FINANCIAL STATEMENTS (continued)
as at 31 December 2023 and for the year then ended

8. INTANGIBLE FIXED ASSETS

	Land use rights (*)	Computer software	Patent	VND Total
Cost:				
Beginning balance	49,827,385,520	1,351,673,824	3,863,750,000	55,042,809,344
Newly purchased	-	1,479,150,000	-	1,479,150,000
Ending balance	49,827,385,520	2,830,823,824	3,863,750,000	56,521,959,344
<i>In which:</i>				
<i>Fully amortised</i>	1,629,311,770	1,351,673,824	-	2,980,985,594
Accumulated amortisation:				
Beginning balance	(5,670,292,057)	(1,351,673,824)	(1,753,343,801)	(8,775,309,682)
Amortisation for the year	(429,904,704)	(203,851,612)	(473,875,008)	(1,107,631,324)
Ending balance	(6,100,196,761)	(1,555,525,436)	(2,227,218,809)	(9,882,941,006)
Net carrying amount:				
Beginning balance	44,157,093,463	-	2,110,406,199	46,267,499,662
Ending balance	43,727,188,759	1,275,298,388	1,636,531,191	46,639,018,338

(*) Included land use rights for a piece of land located at No. 282 Le Van Sy Street, Ward 1, Tan Binh District, Ho Chi Minh City ("Le Van Sy Land"). The Company contributed part of Le Van Sy Land value as charter capital into Cantavil Housing Development Co., Ltd ("Cantavil") according to the Joint Venture Contract ("JV Contract") dated 3 September 2014 and appendices to this contract signed with Daewon – Thu Duc Housing and Development Joint Stock Company ("Daewon – Thu Duc"). The difference between agreed value of Le Van Sy Land and the Company's capital contribution in Cantavil will be refunded to the Company. In addition, the Company signed the Contract of Capital Contribution Transfer ("the CCCT") and appendices to this contract to transfer its share capital in Cantavil to Daewon – Thu Duc. The progress of this contract depends on conditions stated in the CCCT and the said JV Contract.

As at 31 December 2023, due to the incomplete procedures in transforming the land use purpose of Le Van Sy Land, as well as in meeting the other conditions of the JV Contract and the CCCT, the Company has neither handed over Le Van Sy Land to Cantavil nor recorded the benefits and costs associated with the implementation of the said JV Contract and the CCCT (Note 15).

NOTES TO THE FINANCIAL STATEMENTS (continued)
as at 31 December 2023 and for the year then ended

9. CONSTRUCTION IN PROGRESS

	VND	
	<i>Ending balance</i>	<i>Beginning balance</i>
Renovation and repairment factories	3,292,663,830	4,906,825,080
Machine and equipments	516,380,723	1,399,724,400
Software	243,375,124	1,426,695,124
TOTAL	<u>4,052,419,677</u>	<u>7,733,244,604</u>

10. LONG-TERM INVESTMENTS

	VND	
	<i>Ending balance</i>	<i>Beginning balance</i>
Investment in a subsidiary (Note 10.1)	3,349,764,000	3,349,764,000
Investment in an associate (Note 10.2)	99,000,000,000	99,000,000,000
TOTAL	<u>102,349,764,000</u>	<u>102,349,764,000</u>
Provision for long-term investments	<u>(3,349,764,000)</u>	<u>(3,349,764,000)</u>
NET	<u>99,000,000,000</u>	<u>99,000,000,000</u>

10.1 Investment in a subsidiary

Name of subsidiary	<u>Ending balance</u>		<u>Beginning balance</u>	
	<i>% of interest</i>	<i>Cost (VND)</i>	<i>% of interest</i>	<i>Cost (VND)</i>
Southern Seed Equipment Corporation	83.74	<u>3,349,764,000</u>	83.74	<u>3,349,764,000</u>

Southern Seed Equipment Corporation ("SSE")

SSE is a joint stock company incorporated under the Law on Enterprise of Vietnam pursuant to the BRC No. 0309966504 issued by the Department of Planning and Investment of Ho Chi Minh City on 26 April 2010, as amended. SSE's head office is registered at 282 Le Van Sy Street, Ward 1, Tan Binh District, Ho Chi Minh City, Vietnam. SSE's principal activities are to produce agriculture and forestry machines; food and beverages machines; and to provide repair, maintenance and installation services for machinery and equipment.

On 13 April 2013, the Company's shareholders approved the bankruptcy plan of SSE under Resolution No. 03/NQ-DHDCC and the Company submitted documents for the bankruptcy. Accordingly, the People's Court of Ho Chi Minh City issued a decision to activate bankruptcy procedures and is in process of settling bankruptcy as required by prevailing regulations. Therefore, the Company's management decided not to prepare the consolidated financial statements of the Company and its sole subsidiary for the year ended 31 December 2023.

NOTES TO THE FINANCIAL STATEMENTS (continued)
as at 31 December 2023 and for the year then ended

10. LONG-TERM INVESTMENTS (continued)

10.2 Investment in an associate

Name of subsidiary	Ending balance		Beginning balance	
	% of interest	Cost (VND)	% of interest	Cost (VND)
Vietnam Rice Company Limited	30	<u>99,000,000,000</u>	30	<u>99,000,000,000</u>

Vietnam Rice Company Limited ("Vinarice")

Vinarice is a limited liability company with two or more members incorporated under the Law on Enterprise of Vietnam pursuant to Investment Registration Certificate ("IRC") No. 740732160 and BRC No. 140213347 issued by the Department of Planning and Investment of Dong Thap Province on 13 September 2018 and 1 November 2019 respectively, and as amended subsequently. Vinarice's head office is registered at Truong Xuan Industrial Zone, Truong Xuan Commune, Thap Muoi District, Dong Thap Province. Its current principal activities are to produce and trade various kinds of seeds and agricultural products.

11. PREPAID EXPENSES

	Ending balance	Beginning balance
		VND
Short-term	1,323,075,639	696,627,259
Tools and supplies	1,057,078,413	210,592,757
Repair and renovation	254,440,926	486,034,502
Khác	11,556,300	-
Long-term	2,060,435,328	2,082,528,892
Land rental	1,277,100,911	1,317,968,147
Repair and renovation	515,938,202	527,807,062
Tools and supplies	156,860,245	142,564,795
Others	110,535,970	94,188,888
TOTAL	<u>3,383,510,967</u>	<u>2,779,156,151</u>

NOTES TO THE FINANCIAL STATEMENTS (continued)
as at 31 December 2023 and for the year then ended

12. SHORT-TERM TRADE PAYABLES

	VND	
	<i>Ending balance</i>	<i>Beginning balance</i>
	<i>Balance/ Payable amount</i>	<i>Balance/ Payable amount</i>
Mr Truong Phu Quoc	4,743,951,819	-
Mr Le Van Son	3,614,628,414	-
PGG Wrightson Seeds	2,207,074,716	-
Thanh Ha General Joint Stock Company	1,648,826,641	3,382,675,000
Others	14,710,580,066	19,665,637,780
TOTAL	<u>26,925,061,656</u>	<u>23,048,312,780</u>

13. TAX

	VND			
	<i>Beginning balance</i>	<i>Increase in the year</i>	<i>Payments/net-off during year</i>	<i>Ending balance</i>
Payables				
Corporate income tax	1,949,849,921	13,634,666,529	(4,093,806,650)	11,490,709,800
Value-added tax	93,179,365	1,577,149,015	(1,602,216,188)	68,112,192
Personal income tax	63,485,612	2,001,646,615	(2,065,132,227)	-
Others	-	1,509,279,131	(1,509,279,131)	-
TOTAL	<u>2,106,514,898</u>	<u>18,722,741,290</u>	<u>(9,270,434,196)</u>	<u>11,558,821,992</u>
Receivables				
Deductible value-added tax	-	1,249,859,960	(1,249,859,960)	-
Personal income tax	-	42,648,390	-	42,648,390
Land rental fee	4,085,188,903	-	(4,085,188,903)	-
TOTAL	<u>4,085,188,903</u>	<u>1,292,508,350</u>	<u>(5,335,048,863)</u>	<u>42,648,390</u>

14. SHORT-TERM ACCRUED EXPENSES

	VND	
	<i>Ending balance</i>	<i>Beginning balance</i>
Land rental	10,651,651,441	6,901,584,745
Promotion and customer care expenses	2,454,313,881	454,985,653
Packing and delivery fees	1,638,647,562	802,620,512
Copyright fees	1,100,920,600	843,672,720
Others	927,834,371	609,766,205
TOTAL	<u>16,773,367,855</u>	<u>9,612,629,835</u>

NOTES TO THE FINANCIAL STATEMENTS (continued)
as at 31 December 2023 and for the year then ended

15. OTHER SHORT-TERM PAYABLES

	VND	
	Ending balance	Beginning balance
Daewon – Thu Duc (i)	60,000,000,000	60,000,000,000
Joint venture contract (ii)	30,473,500,000	30,473,500,000
Transfer of capital contribution (ii)	9,526,500,000	9,526,500,000
Borrowing goods	-	1,275,000,000
Others	460,673,008	380,708,469
TOTAL	100,460,673,008	101,655,708,469
<i>In which:</i>		
<i>Other parties</i>	100,460,673,008	100,380,708,469
<i>Related party (Note 25)</i>	-	1,275,000,000

(i) This is the residual value of the Le Van Sy Land and the remaining value of the Contract of Capital Contribution Transfer (“the CCCT”) which was voluntarily transferred to the Company’s bank account by the counterpart (although the Company has neither requested nor received the notice prior to receiving this amount). As at 31 December 2023, the procedures in transforming the land use purpose for Le Van Sy Land and other conditions of the JV Contract and the CCCT have not been completed (Note 8).

(ii) This is the value of the JV Contract and the CCCT prepaid to the Company by Cantavil and Daewon – Thu Duc. As at 31 December 2023, these contracts have not been completed and the Company is in discussion with the counter parties on the feasibility of implementation of these contracts (Note 8).

16. BONUS AND WELFARE FUND

	VND	
	Current year	Previous year
At beginning of year	1,452,278,008	453,833,006
Appropriation during the year (Note 17.1)	4,053,203,031	4,355,741,902
Utilisation of fund during the year	(5,460,844,274)	(3,357,296,900)
At end of year	<u>44,636,765</u>	<u>1,452,278,008</u>

Southern Seed Corporation

NOTES TO THE FINANCIAL STATEMENTS (continued)
as at 31 December 2023 and for the year then ended

17. OWNERS' EQUITY

17.1 Movements in owners' equity

	Issued share capital	Share premium	Treasury shares	Investment and development fund	Undistributed earnings	Total
						VND
Previous year						
Beginning balance	149,923,670,000	8,520,414,412	(116,847,528,444)	120,509,904,583	211,524,753,348	373,631,213,899
Net profit for the year	-	-	-	-	50,665,037,887	50,665,037,887
Appropriation to Investment and development fund	-	-	-	8,167,016,067	(8,167,016,067)	-
Appropriation to bonus and welfare fund	-	-	-	-	(4,355,741,902)	(4,355,741,902)
Remuneration of Board of Directors and Supervisors	-	-	-	-	(924,530,631)	(924,530,631)
Dividends declared	-	-	-	-	(39,815,355,000)	(39,815,355,000)
Ending balance	149,923,670,000	8,520,414,412	(116,847,528,444)	128,676,920,650	208,927,147,635	379,200,624,253
Current year						
Beginning balance	149,923,670,000	8,520,414,412	(116,847,528,444)	128,676,920,650	208,927,147,635	379,200,624,253
Net profit for the year	-	-	-	-	54,706,352,618	54,706,352,618
Appropriation to Investment and development fund (*)	-	-	-	5,573,154,168	(5,573,154,168)	-
Appropriation to bonus and welfare fund (*)	-	-	-	-	(4,053,203,031)	(4,053,203,031)
Remuneration of Board of Directors and Supervisors	-	-	-	-	(840,578,561)	(840,578,561)
Dividends declared (*)	-	-	-	-	(39,815,355,000)	(39,815,355,000)
Ending balance	149,923,670,000	8,520,414,412	(116,847,528,444)	134,250,074,818	213,351,209,493	389,197,840,279

(*) According to the Resolution of the Annual General Meeting No. 01/INQ-ĐHĐCĐ on 21 April 2023, the Company's Board of Directors has approved the appropriate investment and development fund and bonus and welfare fund at the rate of 11% and 8% of profit after tax of year 2022, respectively and to pay 2022 dividends by cash to existing shareholders at the rate of 30% of par value, equivalent to VND 39,815,355,000.

NOTES TO THE FINANCIAL STATEMENTS (continued)
as at 31 December 2023 and for the year then ended

17. OWNERS' EQUITY (continued)

17.2 Capital transactions with owners and distribution of dividends

	Current year	VND Previous year
Contributed share capital		
Beginning and ending balance	<u>149,923,670,000</u>	<u>149,923,670,000</u>
Dividends		
Dividends declared	39,815,355,000	39,815,355,000
Dividends paid during the year	(39,821,139,000)	(39,788,883,000)

17.3 Share capital

	Ending balance	Shares Beginning balance
Authorised shares	14,992,367	14,992,367
Shares issued and fully paid Ordinary shares	14,992,367	14,992,367
Treasury shares	(1,720,582)	(1,720,582)
Shares in circulation Ordinary shares	13,271,785	13,271,785

Par value of outstanding share: VND 10,000 (31 December 2022: VND 10,000). The holders of the ordinary shares are entitled to receive dividends as and when declared by the Company. Each ordinary share represents a voting right without restriction.

18. REVENUE

18.1 Revenue from sale of goods and rendering of services

	Current year	VND Previous year
Gross revenue	316,706,012,056	315,301,343,206
Of which:		
Sale of finished goods	315,804,780,118	310,905,946,905
Rendering of services	613,426,126	2,614,855,121
Sale of merchandise	287,805,812	1,780,541,180
Less:	(14,733,996,221)	(15,033,030,338)
Trade discounts	(13,167,412,001)	(13,128,251,061)
Sales returns	(945,338,400)	(1,251,569,535)
Sales allowances	(621,245,820)	(653,209,742)
NET	<u>301,972,015,835</u>	<u>300,268,312,868</u>
Of which:		
Sales to others	253,942,843,497	269,349,436,056
Sales to related parties (Note 25)	48,029,172,338	30,918,876,812

NOTES TO THE FINANCIAL STATEMENTS (continued)
as at 31 December 2023 and for the year then ended

18. REVENUE (continued)

18.2 Finance income

	VND	
	Current year	Previous year
Profit distribution from an associate (Note 25)	9,900,000,000	-
Interest income from deposits and lending	8,447,963,250	6,440,440,207
Late payment interest	26,065,695	213,857,103
Foreign exchange gains	16,195,618	1,662,172
TOTAL	<u>18,390,224,563</u>	<u>6,655,959,482</u>

19. FINANCE EXPENSES

	VND	
	Current year	Previous year
Interest expense	487,833,639	-
Payment discounts	315,701,457	733,205,050
Others	57,451,626	91,349,159
TOTAL	<u>860,986,722</u>	<u>824,554,209</u>

20. SELLING EXPENSES AND GENERAL AND ADMINISTRATIVE EXPENSES

	VND	
	Current year	Previous year
Selling expenses	25,611,131,679	27,760,559,209
Labour costs	10,275,387,252	11,996,550,414
Expenses for external services	9,998,674,430	9,935,727,833
Depreciation and amortisation	1,012,149,521	1,898,413,666
Others	4,324,920,476	3,929,867,296
General and administrative expenses	35,348,223,220	36,028,575,057
Labour costs	15,379,829,160	19,608,152,034
Expenses for external services	3,984,166,607	5,678,340,643
Depreciation and amortisation	1,941,423,888	1,453,793,312
Others	14,042,803,565	9,288,289,068
TOTAL	<u>60,959,354,899</u>	<u>63,789,134,266</u>

NOTES TO THE FINANCIAL STATEMENTS (continued)
as at 31 December 2023 and for the year then ended

21. PRODUCTION AND OPERATING COSTS BY ELEMENTS

	VND	
	<i>Current year</i>	<i>Previous year</i>
Raw materials	186,013,718,053	170,158,658,383
Labour costs	36,186,590,211	40,873,482,371
Expenses for external services	15,500,853,386	15,791,863,107
Depreciation and amortisation	9,528,067,864	7,863,884,528
Land rental expense	6,769,112,014	1,726,180,181
(Reversal) provision expenses	(1,930,724,194)	1,255,699,970
Others	12,057,227,699	10,523,722,579
TOTAL	<u>264,124,845,033</u>	<u>248,193,491,119</u>

22. OTHER INCOME AND EXPENSES

	VND	
	<i>Current year</i>	<i>Previous year</i>
Other income	16,417,779,593	8,215,237,615
Income from disposal of asset	11,453,950,961	531,362,182
Income from leasing of assets	4,604,329,844	3,038,873,278
Income from provide consulting services	-	3,750,000,000
Collecting doubtful debts which have been written off	-	736,969,000
Others	359,498,788	158,033,155
Other expenses	(4,073,223,697)	(2,381,813,801)
Expenses on leasing assets	(3,362,407,133)	(2,304,129,026)
Tax penalty	(609,575,727)	-
Others	(101,240,837)	(77,684,775)
NET OTHER PROFIT	<u>12,344,555,896</u>	<u>5,833,423,814</u>

23. CORPORATE INCOME TAX

The Company has the obligation to pay corporate income tax ("CIT") at the rate of 20% of taxable profits.

The Company's tax returns are subject to examination by the tax authorities. Because the application of tax laws and regulations to many types of transactions is susceptible to varying interpretations, the amounts reported in the financial statements could be changed at a later date upon final determination by the tax authorities.

23.1 CIT expense

	VND	
	<i>Current year</i>	<i>Previous year</i>
Current CIT expense	12,607,255,926	12,274,854,921
Adjustment for under accrual of tax from prior years	1,027,410,603	-
	<u>13,634,666,529</u>	<u>12,274,854,921</u>
Deferred CIT (income) expense	(620,054,608)	799,758,028
TOTAL	<u>13,014,611,921</u>	<u>13,074,612,949</u>

NOTES TO THE FINANCIAL STATEMENTS (continued)
as at 31 December 2023 and for the year then ended

23. CORPORATE INCOME TAX (continued)

23.1 CIT expense (continued)

Reconciliation between CIT expense and the accounting profit before tax multiplied by CIT rate is presented below:

	VND	
	Current year	Previous year
Accounting profit before tax	67,720,964,539	63,739,650,836
At CIT rate of 20% applicable to the Company	13,544,192,908	12,747,930,167
<i>Adjustments:</i>		
Exempted income (Profit distribution from an associate)	(1,980,000,000)	-
Adjustment for under accrual of tax from prior years	1,027,410,603	-
Non-deductibles expenses	423,008,410	326,682,782
CIT expense	13,014,611,921	13,074,612,949

23.2 Current CIT

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

23.3 Deferred tax

The following are the major deferred tax assets recognised by the Company, and the movements thereon, during the current and previous years:

	VND			
	<i>Balance sheet</i>		<i>Income statement</i>	
	<i>Ending balance</i>	<i>Beginning balance</i>	<i>Current year</i>	<i>Previous year</i>
Short-term accrued expenses	2,890,616,842	1,922,525,967	968,090,875	(594,370,117)
Accrual for trade discounts	818,032,325	896,565,805	(78,533,480)	(393,080,634)
Provision for obsolete inventories	336,708,155	606,210,941	(269,502,786)	187,692,723
Deferred tax assets	4,045,357,321	3,425,302,713		
Deferred tax income (expense)			620,054,608	(799,758,028)

NOTES TO THE FINANCIAL STATEMENTS (continued)
as at 31 December 2023 and for the year then ended

24. EARNINGS PER SHARE

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

	VND	
	Current year	Previous year
Net profit after tax	54,706,352,618	50,665,037,887
Transferred to bonus and welfare fund (*)	<u>(4,376,508,209)</u>	<u>(4,053,203,031)</u>
Net profit attributable to ordinary equity holders of the Company	50,329,844,409	46,611,834,856
Weighted average number of ordinary shares	13,271,785	13,271,785
Basic earnings per share (VND/share)	3,792	3,512
Diluted earnings per share (VND/share)	3,792	3,512

(*) Profit used to compute earnings per share for previous year was adjusted to reflect the actual allocation to bonus and welfare fund from 2022 retained earnings following the Resolution of the Shareholders Meeting Minutes No. 01/NQ-HĐQT dated 21 April 2023.

Profit used to compute earnings per share for current year was adjusted for the provisional allocation to bonus and welfare fund from 2023 profit following the approval by the Resolution of the Shareholders Meeting Minutes No. 01/NQ-HĐQT dated 21 April 2023.

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

25. TRANSACTIONS WITH RELATED PARTIES

List of related parties as at 31 December 2023 is as follows

<i>Related parties</i>	<i>Relationship</i>
The Pan Group Joint Stock Company	Ultimate Parent company
Vietnam National Seed Group Joint Stock Company	Parent company
Ha Tay Seed Joint Stock Company	Affiliate
Quang Nam National Seed Joint Stock Company	Affiliate
Ha Nam High Tech Agricultural Development And Investment Joint Stock Company	Affiliate
Vietnam National Agrifood Investment and Export Import Company Limited	Affiliate
Vietnam Rice Limited Company	Associate
Southern Seed Equipment Corporation	Subsidiary (under bankruptcy process)
Ms Tran Kim Lien	Chairwoman
Mr Hang Phi Quang	Vice Chairman
Mr Nguyen Dinh Nam	Member of BOD General Director to 19 February 2024 Deputy General Director from 19 February 2024
Mr Dang Van Vinh	General Director from 19 February 2024
Mr Duong Quang Sau	Member of BOD
Mr Bui Quang Son	Member of BOD
Mr Nguyen Quoc Phong	Member of BOD cum Deputy General Director

NOTES TO THE FINANCIAL STATEMENTS (continued)
as at 31 December 2023 and for the year then ended

25. TRANSACTIONS WITH RELATED PARTIES (continued)

Significant transactions with related parties during the year were as follows:

Related company	Transaction	VND	
		Current year	Previous year
Vietnam National Seed Group Joint Stock Company	Collection of lending	45,000,000,000	-
	Dividend paid	38,384,586,000	38,384,586,000
	Sale of goods	38,096,994,999	21,232,987,124
	Offset of receivables	15,635,892,970	12,101,137,520
	Purchase of goods	15,635,892,970	12,101,137,520
	Rendering of services	4,518,733,677	2,003,413,637
	Interest income	4,407,260,270	3,582,465,752
	Rental income	3,162,127,720	2,297,744,156
	Lending	-	20,000,000,000
	Borrowing good	-	1,275,000,000
	Vietnam Rice Company Limited	Lending	20,000,000,000
Collection of lending		20,000,000,000	-
Profit distribution		9,900,000,000	-
Purchase of goods		9,731,446,170	3,570,973,619
Sale of goods		4,975,609,457	6,241,217,500
Offset of receivables		3,249,934,033	3,468,524,959
Rental income		585,721,474	634,829,222
Interest income		524,000,000	-
Rendering of services		437,834,205	706,258,551
Purchase of services		-	91,772,000
Sales returns		-	65,660,000
The Pan Group Joint Stock Company	Lending	100,000,000,000	-
	Interest income	2,035,616,438	-
Vietnam National Agrifood Investment and Export Import Company Limited	Lending	20,000,000,000	-
	Collection of lending	20,000,000,000	-
	Interest income	156,800,000	-
	Rental income	3,867,801	-
Ha Tay Seed Joint Stock Company	Sale of goods	-	735,000,000
	Sales returns	-	240,000,000
Quang Nam National Seed Joint Stock Company	Rental income	-	106,299,900

NOTES TO THE FINANCIAL STATEMENTS (continued)
as at 31 December 2023 and for the year then ended

25. TRANSACTIONS WITH RELATED PARTIES (continued)

Amounts due from and due to related parties at the balance sheet date were as follows:

<i>Related company</i>	<i>Transaction</i>	<i>Ending balance</i>	<i>VND Beginning balance</i>
Short-term trade receivables (Note 5.1)			
Vietnam National Seed Group Joint Stock Company	Sale of goods	14,052,673,227	47,564,820,316
Vietnam Rice Company Limited	Sale of goods	-	1,421,504,867
Ha Tay Seed Joint Stock Company	Sale of goods	-	200,000,000
		<u>14,052,673,227</u>	<u>49,186,325,183</u>
Short-term loans receivables (Note 5.3)			
The Pan Group Joint Stock Company	Lending	100,000,000,000	-
Vietnam National Seed Group Joint Stock Company	Lending	55,000,000,000	100,000,000,000
		<u>155,000,000,000</u>	<u>100,000,000,000</u>
Other short-term receivables (Note 5.4)			
Vietnam Rice Company Limited	Profit distribution	9,900,000,000	-
	Rendering services	-	886,996,456
Vietnam National Seed Group Joint Stock Company	Rendering services	4,371,098,737	6,043,521,955
	Interest income	-	1,189,041,097
The Pan Group Joint Stock Company	Interest income	2,035,616,438	-
Vietnam National Agrifood Investment and Export Import Company Limited	Interest income	156,800,000	-
	Rendering services	4,188,733	-
		<u>16,467,703,908</u>	<u>8,119,559,508</u>
Other short-term payables (Note 15)			
Vietnam National Seed Group Joint Stock Company	Borrowings of goods	-	1,275,000,000

NOTES TO THE FINANCIAL STATEMENTS (continued)
as at 31 December 2023 and for the year then ended

25. TRANSACTIONS WITH RELATED PARTIES (continued)

Remuneration for members of the Board of Directors, management and the Board of Supervision are as follows:

Name	Position	Remuneration	
		Current year	Previous year
<i>VND</i>			
Board of Directors			
Ms Tran Kim Lien	Chairwoman	172,722,196	92,404,843
Mr Hang Phi Quang	Member	163,148,131	133,333,333
Mr Bui Quang Son	Member	100,722,196	92,404,843
Mr Nguyen Dinh Nam	Member of BOD General Director to 19 February 2024	1,977,993,004	1,772,859,997
	Deputy General Director from 19 February 2024		
Mr Duong Quang Sau	Member	172,722,196	92,404,843
Mr Nguyen Quoc Phong	Member of BOD cum Deputy General Director	1,004,491,924	969,062,886
Management			
Mr Le Minh Chanh	Deputy General Director until 1 July 2022	-	469,589,756
Ms Nguyen Thi Phong	Deputy General Director	650,123,037	-
Board of Supervision			
		300,463,842	163,982,771
TOTAL		4,542,386,526	3,786,043,272

26. COMMITMENTS

Operating lease commitments

The Company as a lessee

The Company leases office premises, warehouses and land rental under operating lease arrangements with minimum lease commitments due as follows:

	<i>VND</i>	
	Ending balance	Beginning balance
Less than 1 year	2,903,380,540	3,097,772,339
From 1 to 5 years	1,911,833,620	4,423,994,910
Over 5 years	10,068,955,750	11,465,051,002
TOTAL	14,884,169,910	18,986,818,251

The Company is in the process of renewing land lease contract at Hamlet 5, Phan Van Coi Commune, Cu Chi District, Ho Chi Minh City with the lease term ended on 30 December 2020, land lease contract at Tan Hiep Commune, Phu Giao District, Binh Duong Province with the lease term ended on 23 March 2022 and land lease contract at EaTu Commune, Buon Ma Thuoc City, Dak Lak Province with the lease term ended on 31 December 2022

NOTES TO THE FINANCIAL STATEMENTS (continued)
as at 31 December 2023 and for the year then ended

26. **COMMITMENTS** (continued)

The Company as a lessor

The Company lets out its office, land rental and assets under operating lease arrangements, with future minimum rental receivables collectible as follows:

	<i>Ending balance</i>	<i>Beginning balance</i>
		VND
Less than 1 year	3,295,282,280	2,858,032,860
From 1 to 5 years	8,337,460,640	7,545,985,700
Over 5 years	6,971,032,746	11,115,321,966
TOTAL	<u>18,603,775,666</u>	<u>21,519,340,526</u>

Capital commitments

As at 31 December 2023, the Company has contractual commitments for the Renovation and repairment factories as follows:

	<i>Contracted amount</i>	<i>Recognised amount</i>	<i>Remaining commitments</i>
			VND
Renovation and repairment factories	<u>6,685,648,500</u>	<u>3,125,324,250</u>	<u>3,560,324,250</u>

27. **OFF BALANCE SHEET ITEMS**

<i>ITEMS</i>	<i>Ending balance</i>	<i>Beginning balance</i>
Goods held by the Company on consignment from third parties (VND) (*)	50,397,885,000	50,397,885,000
Bad debts written off (VND)	7,824,041,432	7,824,041,432
Foreign currencies:		
- United States dollar (USD)	6,469	701

(*) This represents the merchandise of the Department of Cultivation Ministry of Agriculture and Rural Development held by the Company in accordance with the Contract for purchase and sale of corn and rice seeds for the National Reserve No. 03/HĐMT/DTQG/2021 dated 16 November 2021 and No. 03/HĐMB/DTQG/2021 date 12 May 2022.

NOTES TO THE FINANCIAL STATEMENTS (continued)
as at 31 December 2023 and for the year then ended

28. CONTINGENT LIABILITIES

Land rental at Pham Van Coi Commune, Cu Chi District, Ho Chi Minh City

In 2013, the Company purchases fixed assets of East-West Seed Joint Venture Company ("EW") including the land use rights. According to Decision No. 3201/QD-UBND dated 28 June 2014, the Company is approved by Ho Chi Minh City People's Committee for using the land parcel of 259,717.2 m² at Pham Van Coi Commune, Cu Chi District, Ho Chi Minh City for the purpose of researching and manufacturing vegetables seeds. Therefore, the Company has the obligation to pay the land fees from the date of this Decision until 30 December 2020. Currently, the aforementioned land area has been used by the Company since then. However, the Department of Natural Resources and Environment and the Tax Department of Ho Chi Minh City have not yet determined the official land rental fee. As the result, the Company and local authorities have not been able to determine the amount of land rental fee for the entire relevant rental periods. The land rental has been accrued by the Company annually based on land rental unit price of EW, previous lessee, under the land lease contract No. 9018/HDD-GTD dated 29 June 2000 between EW and Ho Chi Minh City People's Committee. At the issuance date of these financial statements, the Company has accrued the land rental for financial years from 2014 to 2023 amounting to VND 5,649,003,219. When there is an official land rental price and notice of land rental adjustment from relevant authorities, the Company will adjust the land rental amount accordingly and pay additional fee thereof in the next payment period (if any).

Land rental at Tan Hiep Commune, Phu Giao District, Binh Duong Province

On 27 May 2005, the Company signed the Land rental contract with People's Committee of Binh Duong Province to rent the land parcel of 776,947 m² at Tan Hiep Commune, Phu Giao District, Binh Duong Province for the purpose of agricultural land with the term of 20 years from 27 May 2005 to 25 March 2022. In 2020, the Company carried out the procedures for renewal land lease contract and has been approved by People's Committee of Binh Duong Province under Decision No. 685/QD-UBND dated 13 March 2020.

On 21 April 2022, the Company received the Notification of tentative payment for the land rental No. 12/TB-CCT issued by Tan Uyen Tax Department for the above land area with the land rental unit price of 192 VND/m². Accordingly, on 7 June 2022, Tan Uyen Tax Department issued Official Letter No. 3424/BPMCPG-CCTKV confirming that the Company has fulfilled its financial obligations regarding land rental from years from 2006 to 2021.

However, on 15 July 2022, the Company received the Notification of payment for the land rent No. 11989/TB-CTBDU from Binh Duong Province Tax Department. According to this notification, the adjusted land rental unit price increases from 192 VND/m² to 5,258 VND/m² for the price-stable-period from 13 March 2020 to 13 March 2025.

On 28 October 2022, the Company sent Official Letter No. 334/CV-SSC to People's Committee of Binh Duong Province and Department Of Natural Resources and Environment of Binh Duong Province ("DNR") to request these departments to revise the land rental fee and People's Committee of Binh Duong Province assigned DNR to review and respond to the Company. As the result, the Company and local authorities have not been able to determine the amount of land rental fee for the parcel as mentioned above.

The Company made full advance payment of land rental fee for year 2022 amounting to VND 4,085,188,093 in accordance with Notification No. 11989/TB-CTBDU on 27 October 2022 and 29 November 2022. At the balance sheet date, the Company has not yet received any official notification from Tax authorities regarding land rental fee for year 2023, however, the Company has accrued for land rental fee for year 2023 amounting to VND 4,085,188,093 and the Company made full advance payment for this amount on 18 January 2024. Whenever there is an official notification from the relevant authorities regarding land rental fee, the Company will adjust the land rental amount accordingly and pay additional land rental fee thereof in the next payment period (if any).

Due to uncertainty about the value of the land rental, the Board of Directors decided to present this land rental as contingent liabilities in accordance with Vietnamese Accounting Standard 18 - Provisions, assets and contingent liabilities.

NOTES TO THE FINANCIAL STATEMENTS (continued)
as at 31 December 2023 and for the year then ended

29. EVENTS AFTER THE BALANCE SHEET DATE

There is no significant matter or circumstance that has arisen since the balance sheet date that requires adjustment or disclosure in the financial statements of the Company.



Ma Hoang Kim Trang
Preparer



Lam Tuan Lac
Chief Accountant



Dang Van Vinh
General Director

Ho Chi Minh City, Vietnam

12 March 2024

