

**HAI PHONG PAINT JOINT STOCK COMPANY**  
**AUDITED CONSOLIDATED FINANCIAL STATEMENTS**  
**For the year ended 31/12/2023**

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## **HAI PHONG PAINT JOINT STOCK COMPANY**

No. 12 Lach Tray, Lach Tray Ward, Ngo Quyen District, Hai Phong City, Vietnam

### **STATEMENT OF BOARD OF GENERAL DIRECTORS**

The Board of General Directors of Hai Phong Paint Joint Stock Company presents this report together with the Company's audited consolidated financial statements for the year ended 31/12/2023.

#### **THE COMPANY**

Hai Phong Paint Joint Stock Company ("The Company") was established under Decision 3419/QĐ-UB dated 26/12/2003 by Hai Phong People's Committee on conversion of Hai Phong Paint Company into Hai Phong Paint Joint Stock Company; Business Registration Certificate No. 0203000681 (New code is 02000575580) dated 02/01/2004 ) issued by Department of Planning and Investment of Hai Phong; during the operation, the Company has changed its Business Registration Certificate; and the ninth change was on 26 April 2018 on the addition of business lines.

The Company's chartered capital under Business Registration Certificate No. 020057558 dated 26/4/2018: VND 80,071,770,000 (*Eighty billion, seventy-one million, seven hundred and seventy thousand dong*).

Company name: **HAIPHONG PAINT JOINT STOCK COMPANY.**

Foreign Name: HAIPHONG PAINT JOINT STOCK COMPANY.

Abbreviations: HAIPHONGPAINT.

The Company's shares are traded on the Unlisted Public Company Market - UpCOM with code HPP.

Registered Address: No. 12 Lach Tray, Lach Tray Ward, Ngo Quyen District, Hai Phong City, Vietnam.

#### **BOARDS OF MANAGEMENT, SUPERVISORS AND GENERAL DIRECTORS**

Members of Boards of Management, Supervisors and General Directors who held the Company during the year and at the date of this report are as follows:

##### **Board of Management**

Mr. Nguyen Van Vien	Non-executive Chairman
Mr. Nguyen Van Dung	Vice Chairman
Mr. Vu Trung Dung	Member
Mrs. Bui Kim Ngoc	Member
Mr. Nguyen Mong Lan	Non-executive members

##### **Board of Supervisors**

Mrs. La Quynh Chi	Head of Board of Supervisors
Mrs. Nguyen Thi Thanh Tam	Member
Mrs. Hoang Thi Thu	Member

##### **Board of General Directors**

Mr. Nguyen Van Dung	Chief Executive Officer
Mr. Vu Trung Dung	Deputy General Director
Mrs. Bui Kim Ngoc	Deputy General Director



**STATEMENT OF THE BOARD OF GENERAL DIRECTORS (Continued)**

**SUBSEQUENT EVENTS**

According to the Board of General Directors, in all material respects, there have been no other significant events occurring after the balance sheet date, affecting the financial position and operation of the Company which would require adjustments to or disclosures to be made in the Consolidated Financial Statements for the year ended 31/12/2023.

**AUDITORS**

The Company's Consolidated financial statements for the year ended 31<sup>st</sup> December 2023 have been audited by CPA VIETNAM Auditing Company limited - A Member Firm of INPACT.

**RESPONSIBILITY OF THE BOARD OF GENERAL DIRECTORS**

The Board of General Directors is responsible for preparing the Consolidated Financial Statements of each year, which give a true and fair view of the financial position of the Company and of its results and cash flows for the year. In preparing those Consolidated Financial Statements, the Board of General Directors is required to:

- Selecting suitable accounting policies and then apply them consistently;
- Make judgments and estimates that are reasonable and prudent;
- State whether applicable accounting principles have been followed, subject to any material departures disclosed and explained in the Consolidated Financial Statements;
- Design, execute and maintain an effective internal control related to the appropriate preparation and presentation of Consolidated Financial Statements so as to obtain reasonable assurance that the Consolidated Financial Statements are free of material misstatements caused by even frauds and errors;
- Prepare the Consolidated Financial Statements on the going concern basis unless it is inappropriate to presume that company will continue its business.

The Board of General Directors 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 to ensure that the Consolidated Financial Statements comply with prevailing Vietnamese Accounting Standards, Vietnamese Enterprise Accounting System and relevant legal regulations relating to preparation and presentation of the Consolidated Financial Statements. The Board of General Directors is also responsible for safeguarding the assets of the Company and hence for taking reasonable steps to prevent and detect frauds together with other irregularities.

The Board of General Directors confirms that the Company has complied with the above requirements in preparing the Consolidated Financial Statements.

On behalf of the Board of General Directors,



**Nguyen Van Dung**  
**General Director**

*Hai Phong, March 21, 2024*



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**INDEPENDENT AUDITOR'S REPORT**

**To:** Shareholders  
Boards of Management, Supervisors and General Directors  
Hai Phong Paint Joint Stock Company

We have audited the accompanying Consolidated Financial Statements Hai Phong Paint Joint Stock Company, prepared on 21<sup>st</sup> March 2023, presented from page 06 to page 41 including Consolidated balance sheet as at 31/12/2023, consolidated income statement and consolidated cash flows statement for the year then ended, and the Notes to the Consolidated Financial Statements.

**Responsibility of the Board of General Directors**

The Company's Board General of Directors is responsible for the true and fair preparation and presentation of these Consolidated Financial Statements in compliance with Vietnamese Accounting Standards, Vietnamese Accounting System and the statutory requirements relevant to the preparation and presentation of the Consolidated financial statements, and for the internal control as the Board of General Directors determines is necessary to enable the preparation of Consolidated financial statements that are free from material misstatement, whether due to fraud or error.

**Responsibility of Auditors**

Our responsibility is to express an opinion on these Consolidated Financial Statements based on our audit. We conducted our audit in accordance with Vietnamese Standards on Auditing. These Standards require us to comply with the Standards and codes of ethics, to plan and perform the audit to obtain reasonable assurance as to whether the Company's Consolidated financial statements are there any significant errors or not.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the Consolidated financial statements. The audit procedures are selected based on the auditor's judgment, including the assessment of risks of material misstatement in the financial statements due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the Consolidated financial statements in order to design appropriate audit procedures to the actual situation, which is not intended to give 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 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, in all material respects, give a true and fair view of the financial position of the Company as at 31<sup>st</sup> December 2023 and the results of its operations and its cash flows for the year then ended, in accordance with the prevailing Vietnamese Accounting Standards, Vietnamese Enterprise Accounting System and the statutory requirements relevant to the preparation and presentation of the Consolidated Financial Statements.



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**Nguyen Thi Mai Hoa****Deputy General Director**

Certificate of registration of auditing practice

No: 2326-2023-137-1

*Authorised: 08/2024/UQ-CPA VIETNAM dated 02/01/2024 of Chairman, General Director*

For and on behalf of

**CPA VIETNAM AUDITING COMPANY LIMITED****A member firm of INPACT***Hanoi, March 21, 2024*

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**Nguyen Thi Tien****Auditor**

Certificate of registration of auditing practice

No: 5276-2021-137-1



## CONSOLIDATED BALANCE SHEET

As at 31<sup>st</sup> December 2023

ASSET	Code	Note	31/12/2023 VND	01/01/2023 VND
<b>A - CURRENT ASSET</b>	<b>100</b>		<b>884,458,257,473</b>	<b>878,508,983,591</b>
<b>(100=110+120+130+140+150)</b>				
<b>I. Cash and cash equivalents</b>	<b>110</b>	<b>5.1</b>	<b>109,959,470,954</b>	<b>51,982,806,306</b>
1. Cash	111		24,459,470,954	25,482,806,306
2. Cash equivalent	112		85,500,000,000	26,500,000,000
<b>II. Short-term financial investments</b>	<b>120</b>		<b>176,655,433,750</b>	<b>171,688,313,750</b>
3. Held to maturity investments	123	5.2	176,655,433,750	171,688,313,750
<b>III. Other short term receivables</b>	<b>130</b>		<b>370,933,282,603</b>	<b>415,362,241,346</b>
1. Receivables from customer	131	5.3	245,505,732,375	304,223,566,619
2. Advances to supplier	132	5.4	58,336,878,865	58,438,737,482
6. Other short term receivables	136	5.5	71,200,885,765	56,447,532,327
7. Provision for doubtful debt	137	5.6	(4,110,214,402)	(3,747,595,082)
<b>IV. Inventory</b>	<b>140</b>		<b>224,592,633,357</b>	<b>236,638,580,326</b>
1. Inventory	141	5.7	226,687,675,740	237,913,387,470
2. Allowances for devaluation of inventories	149		(2,095,042,383)	(1,274,807,144)
<b>V. Other current assets</b>	<b>150</b>		<b>2,317,436,809</b>	<b>2,837,041,863</b>
1. Short term prepaid expenses	151	5.8	2,176,444,225	2,384,930,654
2. Deductible value added tax	152		120,660,099	82,543,771
3. Tax and amount receivables from State budget	153	5.14	20,332,485	369,567,438
<b>B - NON-CURRENT ASSETS</b>	<b>200</b>		<b>334,596,217,787</b>	<b>334,688,513,411</b>
<b>(200=220+240+250+260)</b>				
<b>II. Fixed assets</b>	<b>220</b>		<b>96,931,706,818</b>	<b>107,022,936,053</b>
1. Tangible fixed assets	221	5.9	95,467,377,042	105,470,704,415
- Cost	222		288,855,325,144	282,381,401,717
- Accumulated depreciation	223		(193,387,948,102)	(176,910,697,302)
3. Intangible fixed assets	227	5.10	1,464,329,776	1,552,231,638
- Cost	228		8,733,781,469	8,063,781,469
- Accumulated amortization	229		(7,269,451,693)	(6,511,549,831)
<b>IV. Long-term Construction in progress</b>	<b>240</b>		<b>10,225,621,513</b>	<b>4,406,311,287</b>
2. Construction in progress	242	5.11	10,225,621,513	4,406,311,287
<b>V. Long-term financial investments</b>	<b>250</b>	<b>5.2</b>	<b>225,425,704,673</b>	<b>219,911,205,649</b>
2. Investment in the associated and joint-venture companies	252	5.2	169,099,981,086	163,585,482,062
3. Investment in intities	253	5.2	51,060,883,587	51,060,883,587
4. Provision for long term investment devaluation	254	5.2	(7,735,160,000)	(7,735,160,000)
5. Held to maturity investments	255	5.2	13,000,000,000	13,000,000,000
<b>VI. Other non-current asset</b>	<b>260</b>		<b>2,013,184,783</b>	<b>3,348,060,422</b>
1. Long term prepaid expenses	261	5.8	2,013,184,783	3,348,060,422
<b>TOTAL ASSETS</b>	<b>270</b>		<b>1,219,054,475,260</b>	<b>1,213,197,497,002</b>
<b>(270 = 100+200)</b>				



## CONSOLIDATED BALANCE SHEET (Continued)

As at 31<sup>st</sup> December 2023

RESOURCES	Code	Note	31/12/2023 VND	01/01/2023 VND
<b>C- LIABILITIES (300=310+330)</b>	<b>300</b>		<b>719,363,223,631</b>	<b>773,716,554,704</b>
<b>I. Short term liabilities</b>	<b>310</b>		<b>684,484,590,151</b>	<b>742,071,860,059</b>
1. Trade account payables	311	5.12	104,017,670,386	175,517,597,451
2. Advances from customers	312	5.13	394,060,694	2,804,922,175
3. Taxes and other payables to State budget	313	5.14	7,072,765,239	3,020,059,734
4. Payables to employees	314		12,378,207,163	3,992,723,044
5. Short-term accrued expenses	315	5.15	12,142,604,808	9,003,166,687
9. Other short-term payables	319	5.16	14,092,419,264	15,743,802,100
10. Short-term loans and liabilities	320	5.17	546,441,141,964	539,433,344,102
12. Bonus and welfare funds	322		(12,054,279,367)	(7,443,755,234)
<b>II. Long-term liabilities</b>	<b>330</b>		<b>34,878,633,480</b>	<b>31,644,694,645</b>
8. Long-term financial loans and liabilities	338	5.17	34,878,633,480	31,644,694,645
<b>D- OWNERS' EQUITY (400=410+430)</b>	<b>400</b>		<b>499,691,251,629</b>	<b>439,480,942,298</b>
<b>I- Owners' equity</b>	<b>410</b>	5.18	<b>499,691,251,629</b>	<b>439,480,942,298</b>
1. Paid in capital	411		80,071,770,000	80,071,770,000
- Common share with voting right	411a		80,071,770,000	80,071,770,000
2. Share premium	412		10,787,152,766	10,787,152,766
3. Other capital	414		7,250,586,886	7,250,586,886
4. Treasury stock	415		(467,410,000)	(467,410,000)
7. Investment and development funds	418		285,022,068,384	284,668,319,513
10. Retained earnings	421		95,711,545,139	38,511,707,513
- Undistributed profit after tax brought forward	421a		5,414,399,073	8,179,819,649
- Retained earnings of this period	421b		90,297,146,066	30,331,887,864
13 Non controller interest	429		21,315,538,454	18,658,815,620
<b>II- Other resources and funds</b>	<b>430</b>		<b>-</b>	<b>-</b>
<b>TOTAL RESOURCES</b>	<b>440</b>		<b>1,219,054,475,260</b>	<b>1,213,197,497,002</b>
<b>(440 = 300+400)</b>				

Preparer

Doan Thi Dung

Deputy Manager of Accountant and  
Finance Department

Doan Thi Dung

Hai Phong, 21<sup>st</sup> March, 2024

General Director


  
Nguyen Van Dung

## CONSOLIDATED INCOME STATEMENT

For the year ended 31/12/2023

ITEMS	Code	Note	In 2023	In 2022
			VND	VND
1. Gross sales of goods and services	01	6.1	1,215,696,066,744	1,218,108,764,018
2. Revenue deductions	02	6.1	256,952,228	1,193,581,862
3. Net sales of goods and services (10 = 01-02)	10	6.1	1,215,439,114,516	1,216,915,182,156
4. Cost of goods sold	11	6.2	977,074,701,341	1,051,215,893,244
5. Gross profit from sales of goods and services (20 = 10-11)	20		238,364,413,175	165,699,288,912
6. Financial income	21	6.3	13,498,750,613	15,233,855,552
7. Financial expenses	22	6.4	42,437,519,604	40,384,177,727
<i>In which: Interest expenses</i>	23		35,294,825,913	23,728,269,392
8. Profit (loss) in associates and joint ventures	24		5,514,499,024	(7,153,644,392)
9. Selling expenses	25	6.5	76,380,787,157	67,826,571,104
10. General and administration expenses	26	6.5	36,773,050,300	25,931,518,597
11. Operating profit {30 = 20+(21-22)-(25+26)}	30		101,786,305,751	39,637,232,644
12. Other income	31	6.6	1,407,021,801	372,733,840
13. Other expenses	32	6.6	907,028,392	117,609,363
14. Profit from other activities (40 = 31-32)	40	6.6	499,993,409	255,124,477
15. Accounting profit before tax (50 = 30+40+45)	50		102,286,299,160	39,892,357,121
16. Current income tax expense	51	6.7	9,332,430,260	6,808,875,999
17. Deferred tax income/(expense)	52		-	-
18. Profit after tax(60 = 50-51-52)	60		92,953,868,900	33,083,481,122
19. Profit after tax of Parent's Company shareholder	61		90,297,146,066	32,743,559,569
20. Profit after tax of minority shareholder without voting right	62		2,656,722,834	339,921,553
21. Basic earnings per share	70	6.8	11,343	3,000

Preparer

Doan Thi Dung

Deputy Manager of Accountant and  
Finance Department

Doan Thi Dung

Hai Phong, 21<sup>st</sup> March, 2024

General Director



Nguyen Van Dung



## CONSOLIDATED CASH FLOW STATEMENT

(Indirect method)

For the year ended 31/12/2023

ITEMS	Code	Note	In 2023 VND	In 2022 VND
<b>I. Cash flows from operating activities</b>				
1. Profit before tax	01		102,286,299,160	39,892,357,121
2. Adjustments for				
- Depreciation and amortization	02		18,062,849,840	17,979,055,643
- Provisions	03		1,182,854,559	(957,001,726)
- Gain/loss from unrealized foreign exchange differences	04		(311,673,658)	(297,840,350)
- Gain, loss from investment activities	05		(17,135,599,220)	(6,750,767,734)
- Interest expenses	06		35,294,825,913	23,728,269,392
3. Operating profit before movements in working capital	08		139,379,556,594	73,594,072,346
- (Increase) decrease receivables	09		46,934,678,754	(115,516,551,386)
- (Increase) decrease inventories	10		11,225,711,730	13,673,748,024
- (Increase) decrease accounts payable	11		(64,995,931,159)	(8,578,281,239)
- (Increase) decrease prepaid expenses	12		1,543,362,068	(4,033,174,556)
- Interest paid	14		(35,618,305,938)	(22,697,069,392)
- Corporate Income Tax paid	15		(6,004,808,488)	(8,222,737,865)
- Other cash outflows	17		(13,472,775,702)	(14,122,411,606)
Net cash from operating activities	20		78,991,487,859	(85,902,405,674)
<b>II. Cash flows from investing activities</b>				
1. Purchase and construction of fixed assets and other long-term assets	21		(13,790,930,831)	(9,801,557,291)
3. Payment for lending, purchasing debt instruments of other entities	23		(4,967,120,000)	(16,386,215,125)
4. Proceed from lending, re-selling debt instruments of other entities	24		-	28,043,000,000
6. Expenditures on equity investments in other entities	26		-	3,000,000,000
7. Interest income, dividends received	27		9,211,725,818	9,458,840,908
Net cashflow from investing activities	30		(9,546,325,013)	14,314,068,492
<b>III. Cash flows from financing activities</b>				
3. Proceeds from borrowings	33		1,143,138,217,362	1,140,280,856,253
4. Payment to settle debts	34		(1,132,896,480,665)	(1,017,214,197,355)
6. Dividend and profit paid to equity owners	36		(21,874,062,225)	(20,853,352,950)
Net cashflow from financing activities	40		(11,632,325,528)	102,213,305,948
Net cashflow during the period (50 = 20+30+40)	50		57,812,837,318	30,624,968,766
Cash and cash equivalents at beginning of year	60		51,982,806,306	21,194,010,210
Effects of change in foreign exchange rate	61		163,827,330	163,827,330
Cash and cash equivalents at end of year (70 = 50+60+61)	70	5.1	109,959,470,954	51,982,806,306

Preparer

Doan Thi Dung

Deputy Manager of Accountant  
and Finance Department

Doan Thi Dung

Hai Phong, 21<sup>st</sup> March, 2024

General Director

Nguyen Van Dung



**NOTE TO CONSOLIDATED FINANCIAL STATEMENTS**

For the year ended 31 December 2023

**1. COMPANY INFORMATION****1.1. Structure of ownership**

Hai Phong Paint Joint Stock Company was established under Decision No. 3419/ QĐ-UB dated 26 December 2003 by Hai Phong People's Committee on conversion of Hai Phong Paint Company into Hai Phong Paint Joint Stock Company; Business Registration Certificate No. 0203000681 (New code is 02000575580) issued by Department of Planning and Investment of Hai Phong dated 2 January 2004. During the operation, the Company has changed its Business Registration Certificate; and the ninth change was on 26 April 2018 on the addition of business lines.

Charter capital (Under Business Registration Certificate No. 02000575580 on 28/5/2015): VND 80,071,770,000 (*Eighty billion, seventy-one million, seven hundred and seventy thousand dong*).

The Company's shares are traded on the Unlisted Public Company Market - UpCOM with code HPP.

Company name: **HAI PHONG PAINT JOINT STOCK COMPANY.**

Foreign Name: HAI PHONG PAINT JOINT STOCK COMPANY.

Abbreviations: HAIPHONGPAINT.

Registered Address: No. 12 Lach Tray, Lach Tray Ward, Ngo Quyen District, Hai Phong.

The total number of the Company's employees as at 31/12/2023 is 283 employees (As at 31/12/2022 is 287 employees).

**1.2. Operating industries and principal activities**

Company's business lines according to the business registration:

- Production of paints, varnishes and similar paints; producing ink and mastics;
- Other specialized businesses which are not classified, details: Wholesale of ordinary chemicals (except for agricultural use);
- Wholesale of other construction materials and equipment, details: Paint production;
- Wholesale of other machineries, equipment and spare parts, details: Wholesale of industrial machineries, equipment and spare parts;
- Transporting goods by Road, details: Transporting goods by cars, container trucks, tank trucks tankers;
- Motor vehicle rental;
- Business or leased real estate, land use rights owned, used (including rental housing, offices, warehouses, factories);
- Transporting coastal and ocean passengers;
- Transporting road passengers in urban and suburban areas (except for bus transportation);
- Road passenger transport other (detail in Passenger transport by local and inter-provincial passenger cars, Passenger transport by cars by fixed route and by contract);
- Wholesale of other household appliances;
- Warehousing and storage of goods;
- Restaurants and mobile catering services, details: Restaurants, food shops and food stalls (excluding for bars);
- Short-stay services, details: Hotel;
- Travel agent;

**NOTE TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**

For the year ended 31/12/2023

**1.2. Operating industries and principal activities (Continued)**

- Other non-classified business support services, details: Export and import services;
- Producing products from Plastic;
- Other professional, scientific and technological activities which had not been classified, details: Consulting services of technology transfer for production of paints, varnishes, detergents, polishes and sanitary preparations; Consultancy services for development assistance, enterprise brand protection, product brands;
- Research and develop natural science and engineering experiments;
- Activities of sports clubs;
- Wholesale food;
- Beverage service (excluding bar);
- Activities of sports facilities;
- Other support services related to transport./.

The Company's principal activities: Production of all kinds of paints.

**1.3. Normal operating cycle**

The Company's normal operating cycle is 12 months.

**1.4. The Company structure**

As at 31/12/2023, the Company has subsidiaries, associates as follows:

Name	Address	Major business lines	Capital contribution ratio	Voting Ratio	Benefit ratio
<b>Investment in subsidiaries</b>					
Hai Phong Paint JSC No.2	Hai Phong	Producing and trading in paints of all kinds	51%	51%	51%
Phoenix Resin Limited Company	Hai Phong	Producing and trading in paints of all kinds	100%	100%	100%
<b>Investment in joint-venture companies</b>					
Viet Nam Petrol Paint JSC	Ho Chi Minh City	Producing and trading in paints of all kinds	31.21%	31.21%	31.21%
VLC JSC	Hai Phong	Producing and trading in paints of all kinds	56.28%	32.94%	56.28%
Asian Real Estate, Paint and Chemicals JSC (Direct ownership rate is 26,6%, indirect ownership rate through Hai Phong Paint Joint Stock Company 2 is 095%)	Hai Phong	Producing and trading in paints of all kinds	27.55%	27.55%	27.55%
Samhwa Hai Phong Paint Limited Liability Company	Hai Phong	Producing and trading in paints of all kinds	50%	50%	50%
VLC Powder Coating Company Limited (Direct ownership rate is 25%, indirect ownership rate through Hai Phong Paint Joint Stock Company 2 is 20,61%)	Binh Duong	Producing and trading in paints of all kinds	45.61%	45.61%	45.61%



**NOTE TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**

For the year ended 31/12/2023

**1.5 Statement of information comparability on the Consolidated Financial Statements**

The Company ensures to follow all the requirements of the Vietnamese Accounting Standards and System, which were issued together with the Circular No. 200/2014/TT-BTC dated 22 December 2014 and Circular No. 53/2016/TT-BTC on amending and supplementing a number of articles of Circular No. 200/2014/TT-BTC dated December 22, 2014 issued by the Ministry of Finance. Therefore, the information and figures presented in the Consolidated financial statements are comparable.

**2. ACCOUNTING CONVENTION AND ACCOUNTING PERIOD****Fiscal year**

The Company's fiscal year applicable for the preparation of its financial statements starts on 1<sup>st</sup> January and ends on 31<sup>st</sup> December of solar year.

**Accounting currency**

The accompanying Consolidated financial statements are expressed in Vietnam Dong (VND).

**3. ACCOUNTING STANDARDS AND SYSTEM****Accounting System**

The Company applied to Vietnamese Accounting System promulgated under Circular No. 200/2014/TT-BTC dated 22 December 2014 issued by the Ministry of Finance and Circular No. 53/2016/TT-BTC dated March 21, 2016 amending and supplementing a number of articles of Circular 200/2014/TT-BTC dated December 22, 2014.

**Statements for the compliance with Accounting Standards and System**

The Board of General Directors ensures to follow all the requirements of the Vietnamese Accounting Standards and System, which were issued to guide the preparation and presentation of the Consolidated Financial Statements For the year ended 31/12/2023.

**Accounting form applied**

The company uses general journal accounting.

**4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES****Basis of preparation of the Consolidated financial statements**

Consolidated financial statements of the Company are prepared in accordance with Circular 202/2014/TT-BTC guiding the method of preparation and presentation of Consolidated financial statements, specifically:

The Consolidated financial statements include the Company's Consolidated financial statements and the financial statements of companies controlled by the Company (subsidiaries) prepared up to December 31 of each year. This control is achieved when the Company has the power to govern the financial and operating policies of the investee companies so as to obtain benefits from their activities.

The results of subsidiaries acquired or sold during the year are included in the Consolidated Income Statement from the date of acquisition or until the date of sale of the investments in that Subsidiary.

Where necessary, the financial statements of the Subsidiaries are adjusted so that the accounting policies applied at the Company and the Subsidiaries are the same.

All transactions and balances between Companies within the same Company are eliminated upon consolidation of the Financial Statements.

The interest of non-controlling shareholders in the net assets of the Consolidated Subsidiary is determined as a Consolidated entry from the equity portion of the shareholders of the Parent Company. Non-controlling interests include the amount of non-controlling interests at the date of the initial business combination and the non-controlling interest's share in changes in total equity as of the date of the business combination from the date of the business combination. Loss incurred at a Subsidiary must be distributed proportionally to the share of the non-controlling shareholder, even if such loss is greater than the non-controlling shareholder's share of the subsidiary net assets.



**NOTE TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**

For the year ended 31/12/2023

**4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)****Basis of preparation of the Consolidated financial statements (Continued)**

The attached Consolidated financial statements are expressed in Vietnam Dong (VND), under the historical cost convention and in accordance with Vietnamese Accounting Standards, Vietnamese Accounting System and legal regulations relevant to the preparation and presentation of Consolidated financial statements.

The accompanying Consolidated financial statements are not intended to present the financial position, results of operations and cash flows in accordance with accounting principles and practices generally accepted in countries and jurisdiction other than Vietnam.

**Subsidiaries are consolidated**

*Hai Phong Paint Joint Stock Company No. 2* was established and operated under the Business Registration Certificate of Joint Stock Company No. 0203003498 issued for the first time on September 25, 2007 by the Department of Planning and Investment of Hai Phong City. Signed the fourth change on July 4, 2014. Hai Phong Paint Joint Stock Company owns 51% of the charter capital.

Company name written in foreign language: Haiphong Paint Joint Stock Company No.2.

Charter capital: VND 20,850,950,000.

The company's head office is at Trang Due Technology Park, Hong Phong commune, An Duong district, Hai Phong.

Line of business: Producing paints, varnishes and paint chemicals, similar coatings, mastics; printing ink...

*Phoenix Plastics Co., Ltd.* was established and operated under the Business Registration Certificate of Joint Stock Company No. 0201880643 issued for the first time by the Department of Planning and Investment of Hai Phong City on June 1, 2018.

Company name written in foreign language: Phoenix Resin Limited Company.

Charter capital: VND 6,000,000,000.

The company's head office is at 12 Lach Tray, Lach Tray ward, Ngo Quyen district, Hai Phong City.

Line of business: Wholesale of primary plastics, colored plastic beads, Alkyd resins, wholesale of chemicals, wholesale of industrial paint.

Consolidated Financial Statements for the year ended 31/12/2023 are consolidated on the basis of the Consolidated financial statements for 2023 of the parent company, Hai Phong Paint Joint Stock Company, the subsidiaries of Hai Phong Paint Joint Stock Company are Hai Phong Paint Joint Stock Company No 2, Phoenix Plastics Co.

**Accounting estimates**

The preparation of the Consolidated financial statements in conformity with Vietnamese Standards on Accounting, Vietnamese Enterprise Accounting System and other prevailing accounting regulations in Vietnam requires the Board of General Directors to make estimates and assumptions that affect the reported amounts of liabilities, assets and disclosures of contingent assets and liabilities at the date of the Consolidated financial statements and the reported amounts of revenues and expenses during the fiscal year. Actual results may differ from those estimates and assumptions.

**NOTE TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**

For the year ended 31/12/2023

**4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)****Exchange rate differences**Transactions in foreign currencies

Transactions in foreign currencies are exchanged at the rates ruling at the transaction date, foreign exchange differences arising from these transactions are recognized in the consolidated income statement.

Revaluation of monetary items denominated in foreign currencies at the date of the consolidated financial statements.

- (i) The items denominated in foreign currencies are classified as assets (cash, receivables, ...):  
Revaluation under the buying rate of the bank which the Company opens its account as at 31/12/2023.
- (ii) The items denominated in foreign currencies are classified as liabilities (payable, debts, ...):  
Revaluation under the selling rate of the bank which the Company opens its account as at 31/12/2023.

The difference in exchange rates arising from the revaluation is transferred into the revenue or financial expenses at the time of the consolidated financial statements.

**Cash and cash equivalents**

Cash comprises cash on hand, bank deposits.

Cash equivalents comprise short-term deposits and highly liquid investments with an original maturity of less than 3 months that are readily convertible to known amounts of cash and that are subject to an insignificant risk of changes in value.

**Financial investments***Held to maturity investments*

Investments held to maturity are recorded starting from the date of purchase and are valued initially at the purchase price and the costs associated with the purchase of investments. Interest income from investments held up to maturity after the date of purchase is recognized on the Income Statement on a reserve basis. The interest enjoyed before the Holding Company is written down from the original price at the time of purchase.

Investments held to maturity are determined at cost minus bad receivables.

Provision for bad receivables of investments held up to maturity date shall be set aside in accordance with current accounting regulations.

*Investments in associates and other investments*

Investments in associates and joint ventures over which the Company has significant influence are stated at cost method in the Consolidated Financial Statements.

Profit distributions that Company received from the accumulated profits of the subsidiaries after the Company obtains control right are recognized in income statement. Other distributions are considered a recovery of investment and are deducted to the investment value.

Investments in associates and joint ventures over which the Company has significant influence are stated at cost method in the financial statements.

*Other investments:* are recorded at cost, including purchase price plus directly attributable acquisition costs. After the initial recognition, these investments are measured at cost less allowance for diminution in value of investments.



**NOTE TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**

For the year ended 31/12/2023

**4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)****Financial investments (Continued)***Allowance for loss of investments*

Allowance for losses of investments in subsidiaries, contributions to joint ventures, investments in associates and investments in equity instruments of other entities is made when there is apparent evidence for impairment in value of the investments as at the balance sheet date.

**Receivables**

The receivables comprise the customer receivables and other receivables. Receivables are recognized at the carrying amounts less allowances for doubtful debts.

Allowance for doubtful debts is assessed and made for overdue receivables that are difficult to be collected, or the debtor is unable to pay due to dissolution, bankruptcy or similar difficulties.

**Inventories**

Inventories are stated at the historical cost. When historical cost is higher than net realizable value, inventories shall be stated at net realizable value. The historical cost of inventories comprises direct materials expenses, direct labour expenses and general production expenses based on normal levels of operating activity that have been incurred in bringing the inventories to their present location and condition. Net realizable value is the estimated selling price in the normal course of business minus all estimated costs of completion and costs of marketing, selling and distribution.

Inventories are accounted for using the perpetual inventory method. Ex-stock prices are calculated using the weighted average cost method.

The Company's allowance for impairment of inventories is made when there is reliable evidence of impairment of the net realizable value compared to the history cost of inventories.

**Tangible fixed assets and Depreciation**

Tangible fixed assets are stated at history cost less accumulated depreciation. Historical costs of tangible fixed assets include all the expenses paid by the Company to bring the asset to its working condition for its intended use.

Tangible fixed assets are depreciated using the straight-line method over their estimated useful lives as follows:

	<b>Years</b>
Buildings, structures	10 - 50
Machinery and equipment	10
Motor vehicles	10
Office equipment	06 - 10
Others	03 - 08

When a tangible fixed asset is sold or disposed, its historical cost and accumulated depreciation are written off, then any gain or loss arising from such disposal is included in the income or the expenses during the year.

**Intangible fixed assets and Amortization**

The Company's intangible fixed assets are informatics software, patent copyrights, environmental management systems and others are stated at history cost less accumulated amortization.

Historical costs of intangible fixed assets include all the expenses paid by the Company to bring the asset to its working condition for its intended use.

Intangible fixed assets are amortized on a straight-line basis over their estimated useful lives of 6 years.



**NOTE TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**

For the year ended 31/12/2023

**4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)****Prepaid expenses**

Prepaid expenses reflect the actual costs that have been incurred but are related to the results of production and business activities of many accounting periods. The Company's prepaid expenses include the following types of expenses: advertising costs, fixed asset repair costs, and paint formulation purchase costs. Advertising costs, The cost of repairing fixed assets is allocated to expenses not exceeding 12 months. The cost of repairing fixed assets, the cost of purchasing paint formulations is allocated to the cost not exceeding 36 months.

**Construction in progress**

Properties under construction for production, leasing, administration or for any other purpose are recognized at cost. This includes related service and interest expense in accordance with the Company's accounting policy. The depreciation calculation of these assets is applied in the same way as with other assets, starting from the time the asset is ready for use.

**Payables**

The payables are monitored in detail by maturity terms, subjects, kind of currency and other factors according to management demand of the Company.

The payables include payable to suppliers, loans payables and other payables which are determined almost certainly about the recorded value and duration which are not less than the obligation payable, they are classified as follows:

- Trade payables: includes commercial payables arising from the purchase of goods, services and assets between the Company and the seller (the independent unit of the Company, including amounts payable between the Holding company and its subsidiaries, joint ventures, affiliate).
- Other payables: include of non-commercial payables, non-related transactions of purchasing and selling of goods and services.

**Loans**

Includes loans, excluding loans in the form of the issuance of bonds or preferred stock that have a clause obligating the issuer to redeem it at a certain time in the future.

The Company monitors loans amounts and financial liabilities in details by each type and classifies them into short-term and long-term according to repayment term.

Expenses directly related to the loan are recognized to financial expenses, except for expenses incurred from a separate loan for investment, construction or production in progress, which are capitalized according to Accounting Standard "Borrowing costs".

**Recognition and capitalization of Borrowing costs**

All other borrowing costs are recognised in the Income statement when incurring, except for the borrowing cost capitalized under Vietnamese Accounting Standards "Borrowing cost".

**Accrued expenses**

Expenses that have not actually been incurred but are pre-recorded to operating expenses during the year to ensure that when these expenses actually occur, they will not have a significant influence on operating expenses based on matching principle between income and expenses.

The Company recognizes accrued expenses under the following expenditure items:

- Interest expense accruals, royalty expenses: accrued according to the contract execution time;
- Deducting expenses for materials purchased but not yet received invoices; Deducting interest expenses in advance according to the contract.



**NOTE TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**

For the year ended 31/12/2023

**4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)****Owners' equity**

Share capital is recognized as the actual capital contributed to the Company.

Retained earnings determined on the basis of profit after corporate income tax and the distribution of profits or settlement of losses of the Company.

Profit after tax of the Company is used to pay dividends to shareholders after having the approval of the Shareholders at the Annual General Meeting and after allocations to the reserve fund under the Company's Charter.

Capital surplus is recorded in accordance with the difference between the issuance price and face value upon the IPO, additional issue, or the difference between the re-issuance price and carrying value of treasury shares and the equity component of convertible bonds upon maturity date. Expenses directly related to the additional issue of shares and the re-issuance of treasury shares are recorded as a decrease in share premiums.

Other sources of capital are due to the supplementation from business profits, revaluation of assets and net carrying values between the fair values of the assets gifted or granted to the Company after deducting taxes payable (if any) related to these assets.

Treasury shares are recorded at purchase price and presented as a reduction in owners' equity on the balance sheet.

Official dividends are announced and paid in the following year from undistributed earnings based on the approval of the Shareholders' Council at the Company's Annual General Meeting.

**Revenue recognition, other income**

The Company's revenue includes sales of products and goods that are paints of all kinds.

*Revenue from sale of goods shall be recognized when it satisfies all the five (5) conditions below:*

- The Company has transferred to the buyer the significant risks and reward of ownership of the goods;
- The Company 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 Company;
- Costs related to transactions can be determined.

*Revenue from interest income, dividends and profits received and other income:*

The revenue is recognized when the Company can obtain economic benefits from the above activities and when it is reliably measured.

**Revenue deductions**

Revenue deductions include:

- Sales returns: due to violations of commitment or economic contracts, bad qualified product, incorrect type or specification.

In case the products, goods sold or services provided from the previous period, but sales discounts, sales allowance and sale return incurred in this period, then the Company recognizes as the following principles:

- If incurred before issuance of interim financial statements: reducing revenue in the financial statements of interim reporting period.
- If incurred after the issuance of the interim financial statements of: reducing revenue of the occurrence period.



**NOTE TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**

For the year ended 31/12/2023

**4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)****Cost of goods sold**

Cost of goods sold including of cost of products, goods and services are recognized in accordance with revenue in the year.

For the cost of direct materials consumed exceeds normal levels, labour costs, fixed general administration expense which are not allocated to finished goods will be recognized in cost of sales (after minus the amount of compensation, if any) even if the goods have not been determined to be consumed.

**Financial expenses**

Financial expenses reflect expenses incurred during the period, which mainly include:

- Borrowing cost: Recorded monthly based on the loan principles, the interest rate and number of actual borrowing days.
- The expense of foreign exchange losses: is recognized when there is a difference between the actual exchange rate and the exchange rate recorded in accounting books and when there were incurred when the revaluation of monetary items denominated in foreign currencies.

**Current corporate income tax and deferred tax expenses**

Enterprise income tax expense (or income tax income): is the total current income tax expense (or current income tax income) when determining the profit or loss of a year.

Current corporate income tax expense: is the amount of corporate income tax payable based on taxable income in the year and current corporate income tax rate. Current income tax is calculated based on taxable income and applicable tax rates in the tax period. The taxable income difference from the accounting profit is due to the adjustment of the difference between accounting profit and taxable income according to the current tax policy.

**Corporate income tax Parent company:** The company was granted the Certificate of Science and Technology Enterprise No. 06/DNKHCHN dated September 18, 2015. Therefore, the Company enjoys the CIT incentives as follows: Enjoy the preferential tax rate of 10% for a period of fifteen (15) years and be exempt from CIT for four (4) years, reduce 50% of the CIT amount payable within nine (9) years Continued with the principles of the Law on CIT and Official Letter No. 2173/CT-TT&HT dated September 21, 2016 of Hai Phong Tax Department on tax policy explanation. The company is entitled to a 50% corporate income tax reduction until the end of 2028, so the company is enjoying tax incentives with a tax rate of 10%. For yacht leasing activities, the Company is obliged to pay corporate income tax at the rate of 20% on taxable income.

**Corporate income tax of Subsidiaries - Hai Phong Paint Joint Stock Company 2:**

According to Investment Certificate No. 02221000017 issued by Hai Phong Industrial and Export Processing Zones Management Board on June 19, 2008, the Company is entitled to corporate income tax incentives for the project of Powder Coating and Paint Factory. countries as follows: Exemption from corporate income tax for 03 (three) years from the date of taxable income (from 2009 to the end of 2011) and 50% reduction of payable tax for 07 (seven) years Continued (from 2012 to the end of 2020). The corporate income tax rate is 15% within 12 years from the date the project commences business operations. Year 2020 is the 10th (tenth) year the Company enjoys corporate income tax incentives.

According to Official Letter No. 1375/TCT-CS dated April 14, 2015 of the General Department of Taxation guiding on CIT incentives for enterprises operating in Trang Due industrial zone. The company enjoys preferential corporate income tax rate of 10%, exempts 4 years, reduces 50% of payable tax for next 09 years for the remaining time from the 2015 tax period. Specifically: Preferential tax rate 15% from 2008 to 2014 and 10% from 2015 to 2022; tax-free period from 2009 to 2011 and 50% off for next 9 years from 2012 to 2020.

The determination of the Company's income tax is based on current tax regulations. However, these regulations change from time to time and the final determination of corporate income tax depends on the inspection results of the competent tax authorities.

Other taxes are applied in accordance with applicable tax laws in Vietnam.

**NOTE TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**

For the year ended 31/12/2023

**4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)****Earnings per share**

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

**Related parties**

A party is considered a related party of the Corporation in case that party is able to control the Corporation or to cause material effects on the financial decisions as well as the operations of the Corporation. A party is also considered a related party of the Corporation in case that party is under the same control or is subject to the same material effects.

When considering the relationship of related parties, the nature of relationship is focused more than its legal form.

**Segment reporting**

A business segment is a distinguishable component of the Company that is engaged in manufacturing or providing products or related services (by business segment) or in providing products or services within a particular economic environment (geographical area) which is subject to risks and returns that are different from those of other segments. The Board of General Director believes that the main activity of the Company is construction and installation and mainly operates in a segment according to the geographical area of Vietnam. Therefore, the Company does not present segment reports.

**5. SUPPLEMENTARY INFORMATION TO ITEMS DISCLOSED IN THE CONSOLIDATED BALANCE SHEET****5.1 Cash and cash equivalents**

	31/12/2023 VND	01/01/2023 VND
Cash	4,406,734,189	3,525,509,984
Cash at bank	20,052,736,765	21,957,296,322
Cash equivalent	85,500,000,000	26,500,000,000
- Deposits with term less than 3 months	85,500,000,000	26,500,000,000
<b>Total</b>	<b>109,959,470,954</b>	<b>51,982,806,306</b>



**NOTE TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**

For the year ended 31/12/2023

**5.2 Financial investments****a. Held to maturity investments***Unit: VND*

	31/12/2023		01/01/2023	
	Cost	Book Value	Cost	Book Value
Short term	176,655,433,750	176,655,433,750	171,688,313,750	171,688,313,750
- Term deposits	945,000,000	945,000,000	-	-
- Held to maturity investments	175,710,433,750	175,710,433,750	171,688,313,750	171,688,313,750
Long term	13,000,000,000	13,000,000,000	13,000,000,000	13,000,000,000
- Bonds (*)	13,000,000,000	13,000,000,000	13,000,000,000	13,000,000,000
<b>Total</b>	<b>189,655,433,750</b>	<b>189,655,433,750</b>	<b>184,688,313,750</b>	<b>184,688,313,750</b>

(\*): (1): Certificate of ownership of Vietnam Joint Stock Commercial Bank for Industry and Trade's bonds issued in 2020 and maturing in 2030 (Code: CTG2030T2/01-542); Quantity: 50,000 bonds as at 30/07/2020, Par value: VND 100,000/bond; bond maturity: 10 years, interest rate: apply for the entire 10 (ten) years is the floating rate and equal to the Reference Rate + 1.0% amplitude/year; form of bonds: Bonds are issued in the form of book entry. These bonds are being pledged and mortgaged at Vietnam Joint Stock Commercial Bank for Industry and Trade. Issue date: July 20, 2020 – maturity date: July 30, 2030.

(2): Certificate of ownership of Vietnam Bank for Agriculture and Rural Development issued on 24 December 2020 (Code: AGRIBANK202703): Quantity: 1,000 bonds as at 24/12/2020, Par value: VND 1,000,000/bond; Total: VND 1,000,000,000 (One billion VND), bond maturity: 7 years; interest rate applicable to the entire 07 years is the floating rate and equal to; (Interest rate = Reference rate + Amplitude, whereas: the annual addition amplitude rate for the first five years is 1.3% per year, the annual addition amplitude rate in the fifth year and seventh year each year is 1.5% per year; form of bonds: Registered bonds are issued in the form of booking entry. These bonds are being pledged and mortgaged at Vietnam Bank for Agriculture and Rural Development. Issue date: 24 December 2020, maturity date: 24 December 2027.

(3): Certificate of ownership of Vietnam Joint Stock Commercial Bank for Industry and Trade's bonds issued in 2021 and maturing in 2031 (Code: CTG2131T2); Quantity: 50,000 bonds as at 18/11/2021, Par value: VND 100,000/bond; bond maturity: 10 years, interest rate: apply for the entire 10 (ten) years is the floating rate and equal to the Reference Rate + 1.0% amplitude/year; form of bonds: Bonds are issued in the form of book entry. Issuance date: 11/18/2021 - expiration date: 11/18/2031. Bonds were used as pledge at Joint Stock Commercial Bank for Industry and Trade of Vietnam - Ngo Quyen Branch under the Pledge of Valuable Paper Contract No. 01.TP/2021/HDBD/NHCT168-TRAIPHIEUSONH.

(4): Bond AGRIBANK223001, issue date: December 30, 2022. face value VND 100,000 quantity: 20,000 bonds, total value VND 2,000,000,000. Bond term: 8 years, paying interest once a year, Floating interest rate, calculated by reference interest rate (average interest rate on personal savings deposits in VND, term of 12 months, interest payment at the end of the listed period of four banks (BIDV, Vietinbank, Agribank, Vietcombank at the date of interest rate determination) plus a margin of 1.6%/year in the first 5 years and 3.1%/year in the last 3 years.

# HAI PHONG PAINT JOINT STOCK COMPANY

No. 12 Lach Tray, Lach Tray Ward,  
Ngo Quyen District, Hai Phong City, Vietnam.

Form B 09 - DN  
Issued under Circular No. 200/2014/TT-BTC  
December 22, 2014 of the Ministry of Finance

## NOTE TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31/12/2023

### 5.2 Financial investments (Continued)

b. Long-term financial investments	Rate		31/12/2023 (VND)		01/01/2023 (VND)	
	Ownership Ratio (%)	Voting Ratio (%)	Number of shares held	Cost	Reasonable value	Provision
Investment in the associated and joint-venture companies						
Viet Nam Petrol Paint JSC	31.21%	31.21%	112,370	169,099,981,086	-	163,585,482,062
VLC JSC	56.28%	32.94%	2,840,800	19,654,224,528	-	18,498,722,853
Real Estate Joint Stock Company	27.55%	27.55%	11,020,298	27,942,724,927	-	27,923,544,317
Paints and Chemicals Asia (2)				97,472,451,642	-	99,888,558,786
Samhwa Hai Phong Paint Limited	50%	50%		17,888,037,911	-	11,812,600,915
Liability Company	45.61%	45.61%		6,142,542,078	-	5,462,055,191
VLC Powder Coating Company Limited (1)				51,060,883,587	(7,735,160,000)	51,060,883,587
Investment in other entities						
PAINTPRO Professional	18.34%	18.64%	441,146	4,484,759,811	(4,335,160,000)	4,484,759,811
Paint Solutions JSC	12%	12%		12,132,544,000	-	12,132,544,000
VICO Limited Company (3)	7%	7%	202,500	1,243,579,776	-	1,243,579,776
SIVICO JSC (4)	5%	5%	140,000	1,400,000,000	-	1,400,000,000
VLC Packaging JSC				3,400,000,000	(3,400,000,000)	3,400,000,000
VIFA coating Joint Stock Company				28,400,000,000	-	28,400,000,000
Entrusting VLC Group Joint Stock Company to invest						
Total				220,160,864,673	(7,735,160,000)	214,646,365,649
					(*)	(7,735,160,000)



**HAI PHONG PAINT JOINT STOCK COMPANY**

No. 12 Lach Tray, Lach Tray Ward,  
Ngo Quyen District, Hai Phong City, Vietnam.

Form B 09 - DN  
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December 22, 2014 of the Ministry of Finance

**NOTE TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**

For the year ended 31/12/2023

**5.2 Financial investments (Continued)**

- (1) In 2022, the Company has transferred a part of shares in VLC Powder Paint Co., Ltd., the charter capital of the Company is VND 12,000,000,000 Son Hai Phong Joint Stock Company after the transfer is VND 3,000,000,000 the direct ownership rate is 25% of charter capital. Son Hai Phong 2 Joint Stock Company transferred shares in VLC Powder Paint Co., Ltd., after the transfer was VND 4,920,000,000 the ownership rate of 41% of charter capital.
- (2): The Company invests in A Chau Paint and Chemical Real Estate Joint Stock Company and receives a stock dividend of 791,830 shares. Therefore, the number of shares the Company holds is 10,657,530 shares. The number of shares held by a subsidiary of Son Hai Phong Joint Stock Company in Asia Paint and Chemical Real Estate Joint Stock Company is 711,310 shares.
- (3): The company invested in VICO Co., Ltd., in 2018 the company divided the profit in 2017 to increase the capital contribution of members to VND 6,066,272,000 and Son Hai Phong Joint Stock Company contributed additional capital to VND 6,066,272,000. In 2020, VICO Co., Ltd. will increase its capital by 15% with the profit in 2019 equivalent to an amount of VND 2,729,822,000.
- (4): The Company invests in SIVICO Joint Stock Company and receives a stock dividend of 78,142 shares. Therefore, the number of shares the Company holds is 202,500 shares.
- (\*) : The Company has not determined the fair value of the investments since these investments are not listed and the Vietnamese Accounting Standards and the Vietnamese Accounting System for Enterprises do not currently have guidance on how to fair value using valuation techniques. The fair value of this financial instrument may differ from its carrying amount.

## NOTE TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31/12/2023

## 5.3 Receivables from customers

	31/12/2023	01/01/2023
	VND	VND
Short term receivables from customers	245,505,732,375	304,223,566,619
Samhwa Hai Phong Paint Limited Company	45,415,556,900	81,692,391,164
Son Quang Huy Joint Stock Company	21,807,840,000	23,039,840,000
Others	178,282,335,475	199,491,335,455
<b>Total</b>	<b>245,505,732,375</b>	<b>304,223,566,619</b>
<i>Receivables from related parties</i> <i>(Details in Note 7.1)</i>	<i>53,928,910,041</i>	<i>81,692,391,164</i>

## 5.4 Repayments to suppliers

	31/12/2023	01/01/2023
	VND	VND
Hong Tien Trading And Services Engineering Company Limited	-	1,548,800,000
LOTTE CHEMICAL CORPORATION	-	2,528,240,000
MITSUBISHI SHOJI CHEMICAL CORPORATION	-	3,802,921,000
Sao Do Investment Group Joint Stock Company	36,421,720,000	37,841,290,000
Ravelink Trading Joint Stock Company	3,697,800,000	300,000,000
Tsuno Rice Fine Chemical Co., Ltd	18,217,358,865	12,417,486,482
Others		
<b>Total</b>	<b>58,336,878,865</b>	<b>58,438,737,482</b>

## 5.5 Other receivables

	31/12/2023		01/01/2023	
	Book Value	Provision	Book Value	Provision
Short term receivables	71,200,885,765	-	56,447,532,327	-
Chailease International Leasing Company Limited - Hanoi Branch	-	-	1,835,556,982	-
Capital gains and dividends	37,351,612,191	-	22,656,309,252	-
- Advances	5,172,157,140	-	1,365,832,890	-
- Collateral, deposits	16,190,000,000	-	16,511,224,520	-
- Others	12,487,116,434	-	14,078,608,683	-
<b>Total</b>	<b>71,200,885,765</b>	<b>-</b>	<b>56,447,532,327</b>	<b>-</b>
<i>Receivables from related parties</i> <i>(Details in Note 7.1)</i>	<i>32,010,637,011</i>		<i>23,330,529,252</i>	

Unit: VND



**HAI PHONG PAINT JOINT STOCK COMPANY**

No. 12 Lach Tray, Lach Tray Ward,  
Ngo Quyen District, Hai Phong City, Vietnam.

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**NOTE TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**

For the year ended 31/12/2023

**5.6 Bad debts**

	31/12/2023		01/01/2023	
	Unit: VND			
	Cost	Recoverable value	Cost	Recoverable value
The total value of receivables, loans that are overdue or not overdue but difficult to recover	4,893,996,681	783,782,279	4,139,644,135	392,049,053
<i>In which:</i>	Overdue 6 months	Overdue 01-02 years	Overdue 02-03 years	Overdue more than 3 years
Duong Giang Co., LTD	-	-	-	448,623,581
Minh Xuan Joint Stock Company	-	-	-	358,680,064
Ben Kien Shipbuilding Industry Company Ltd	-	-	-	263,882,194
Lilama 5 JSC	-	-	-	392,388,933
Sao Thuy Design and Construction Joint Stock Company	-	-	-	858,206,864
Hoang Linh Petrol and Trading Company Limited	-	-	-	219,108,246
MLS Joint Stock Company	-	1,567,564,560	-	-
Others	-	-	-	785,542,239
<b>Total</b>		<b>1,567,564,560</b>	-	<b>3,326,432,121</b>

**5.7 Inventories**

	31/12/2023		01/01/2023	
	Unit: VND			
	Cost	Provision cost	Cost	Provision cost
Raw materials	154,439,416,153	(470,902,439)	159,376,374,175	(506,288,373)
Tools and supplies	2,013,560,215	-	1,666,542,457	-
Work in progress	1,604,492,139	(539,398,881)	1,690,391,192	(179,891,129)
Finished goods	68,630,207,233	(1,084,741,063)	75,180,079,646	(588,627,642)
<b>Total</b>	<b>226,687,675,740</b>	<b>(2,095,042,383)</b>	<b>237,913,387,470</b>	<b>(1,274,807,144)</b>

**NOTE TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**

For the year ended 31/12/2023

**5.8 Prepaid expenses**

	31/12/2023	01/01/2023
	VND	VND
<b>Short term</b>	<b>2,176,444,225</b>	<b>2,384,930,654</b>
Insurance	-	-
Advertising costs	1,811,711,229	1,378,222,000
Tools and equipment	-	303,121,229
Fixed asset repair costs	72,460,206	135,979,047
Others	292,272,790	567,608,378
<b>Long term</b>	<b>2,013,184,783</b>	<b>3,348,060,422</b>
Others	303,884,239	464,050,860
Tools and tools to use	360,828,748	572,949,566
Fixed asset repair costs	85,371,796	83,759,996
Prepaid cost to buy Paint formula	1,263,100,000	2,227,300,000
<b>Total</b>	<b>4,189,629,008</b>	<b>5,732,991,076</b>



**HAI PHONG PAINT JOINT STOCK COMPANY**

No. 12 Lach Tray, Lach Tray Ward,  
Ngo Quyen District, Hai Phong City, Vietnam.

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**NOTE TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**

For the year ended 31/12/2023

**5.9 Tangible fixed assets**

	Buildings, structures	Machinery, equipment	Motor vehicles	Tool & Equipment	Total
<b>HISTORICAL COST</b>					
As at 01/01/2023	80,025,300,677	127,942,181,871	63,560,993,361	10,852,925,808	282,381,401,717
Increase	-	3,802,292,526	2,619,253,091	880,074,988	7,301,620,605
Purchasing in year	-	3,802,292,526	2,558,553,091	880,074,988	7,240,920,605
Capital construction investment completed	-	-	60,700,000	-	60,700,000
Decrease	-	-	827,697,178	-	827,697,178
Disposal	-	-	827,697,178	-	827,697,178
As at 31/12/2023	80,025,300,677	131,744,474,397	65,352,549,274	11,733,000,796	288,855,325,144
<b>ACCUMULATED DEPRECIATION</b>					
As at 01/01/2023	39,711,962,783	87,259,951,909	41,973,563,218	7,965,219,392	176,910,697,302
Increase	3,441,176,086	7,993,399,254	5,081,816,708	788,555,930	17,304,947,978
Depreciation in year	3,441,176,086	7,993,399,254	5,081,816,708	788,555,930	17,304,947,978
Decrease	-	-	827,697,178	-	827,697,178
Disposal	-	-	827,697,178	-	827,697,178
As at 31/12/2023	43,153,138,869	95,253,351,163	46,227,682,748	8,753,775,322	193,387,948,102
<b>NET BOOK VALUE</b>					
As at 01/01/2023	40,313,337,894	40,682,229,962	21,587,430,143	2,887,706,416	105,470,704,415
As at 31/12/2023	36,872,161,808	36,491,123,234	19,124,866,526	2,979,225,474	95,467,377,042

Net book value of tangible fixed assets used to secure bank loans as at 31/12/2023 is VND 84,723,705,421 (As at 31/12/2022 is VND 92,710,294,593).

History cost of tangible fixed assets which are fully depreciated but still in use as at 31/12/2023 is VND 77,015,217,519 (As at 31/12/2022 is VND 67,844,239,731).

**NOTE TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**

For the year ended 31/12/2023

**5.10 Intangible fixed assets***Unit: VND*

	Copyright, patent	Soft ware	Environmental management	Other intangible fixed assets	Total
<b>Historical Cost</b>					
As at 01/01/2023	5.038.810.859	2.285.825.903	272.015.238	467.129.469	8.063.781.469
Increase	-	670.000.000	-	-	670.000.000
Purchasing in year	-	33.500.000	-	-	33.500.000
Capital construction investment completed	-	636.500.000	-	-	636.500.000
Decrease	-	-	-	-	-
As at 31/12/2023	5.038.810.859	2.955.825.903	272.015.238	467.129.469	8.733.781.469
<b>ACCUMULATED AMORTIZATION</b>					
As at 01/01/2023	3.898.936.629	1.956.103.041	272.015.238	384.494.923	6.511.549.831
Increase	471.672.096	234.039.522	-	52.190.244	757.901.862
Amortization in year	471.672.096	234.039.522	-	52.190.244	757.901.862
Decrease	-	-	-	-	-
As at 31/12/2023	4.370.608.725	2.190.142.563	272.015.238	436.685.167	7.269.451.693
<b>NET BOOK VALUE</b>					
As at 01/01/2023	1.139.874.230	329.722.862	-	82.634.546	1.552.231.638
As at 31/12/2023	668.202.134	765.683.340	-	30.444.302	1.464.329.776

History cost of intangible fixed assets which are fully amortized but still in use as at 31/12/2023 is VND 4,735,668,619 (As at 31/12/2022 is VND 2,055,218,238).

**5.11 Construction in progress***Unit: VND*

	31/12/2023		01/01/2023	
	Cost	Recoverable Value	Cost	Recoverable Value
<b>Construction in process</b>				
- Software upgrade cost	-	-	636,500,000	636,500,000
- Machinery and equipment lines	10,225,621,513	10,225,621,513	438,496,369	438,496,369
- Renovate and repair factory	-	-	3,281,314,918	3,281,314,918
- Purchase of fixed assets	-	-	50,000,000	50,000,000
<b>Total</b>	10,225,621,513	10,225,621,513	4,406,311,287	4,406,311,287



**HAI PHONG PAINT JOINT STOCK COMPANY**No. 12 Lach Tray, Lach Tray Ward,  
Ngo Quyen District, Hai Phong City, Vietnam.**Form B 09 - DN**Issued under Circular No. 200/2014/TT-BTC  
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For the year ended 31/12/2023

**5.12 Trade payables***Unit: VND*

	31/12/2023		01/01/2023	
	Book value	Amount can be paid	Book value	Amount can be paid
Short term	104,017,670,386	104,017,670,386	175,517,597,451	175,517,597,451
FSI Viet Nam Ltd., Co	682,810,181	682,810,181	1,671,890,669	1,671,890,669
Guangzhou Kinte Industrial	8,514,788,719	8,514,788,719	14,562,176,570	14,562,176,570
KUKDO CHEMICAL CO. LTD	3,499,320,900	3,499,320,900	5,115,564,312	5,115,564,312
ANHUI MEIJIA NEW MATERIALS CO., LTD	1,527,272,218	1,527,272,218	3,405,520,874	3,405,520,874
Chugoku Marine Paint Singapore	7,118,357,497	7,118,357,497	10,538,610,116	10,538,610,116
SAMHWA PAINTS IND CO., LTD	24,486,284,768	24,486,284,768	62,049,256,483	62,049,256,483
Viet Nam Petro Paint Joint Stock Company	-	-	871,229,145	871,229,145
Others	58,188,836,103	58,188,836,103	77,303,349,282	77,303,349,282
<b>Total</b>	<b>104,017,670,386</b>	<b>104,017,670,386</b>	<b>175,517,597,451</b>	<b>175,517,597,451</b>
<i>In which payables to related parties (Details in Note 7.1)</i>	<i>2,282,345,799</i>	<i>2,282,345,799</i>	<i>871,229,145</i>	<i>871,229,145</i>

**5.13 Prepayments from customers**

	31/12/2023	01/01/2023
	VND	VND
Petro Vietnam Paint Joint Stock Company	-	1,815,544,631
Dai Duong Shipbuilding Group Joint Stock Company	-	152,339,281
Others	394,060,694	837,038,263
<b>Total</b>	<b>394,060,694</b>	<b>2,804,922,175</b>
<i>In which Prepayments from customers from related parties are presented in Note 7.1</i>	<i>-</i>	<i>1,815,544,631</i>

**HAI PHONG PAINT JOINT STOCK COMPANY**No. 12 Lach Tray, Lach Tray Ward,  
Ngo Quyen District, Hai Phong City, Vietnam.**Form B 09 - DN**Issued under Circular No. 200/2014/TT-BTC  
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For the year ended 31/12/2023

**5.14 Taxes and receivables, payables to the State Budget***Unit: VND*

	01/01/2023	Additions	Paid	31/12/2023
<b>Payables</b>	<b>3,020,059,734</b>	<b>78,709,576,958</b>	<b>74,656,871,453</b>	<b>7,072,765,239</b>
VAT tax	2,848,462,986	63,960,016,640	63,548,017,155	3,260,462,471
Import& Export tax	-	56,466,735	56,466,735	-
Corporate income tax	141,749,631	9,399,637,852	6,004,808,488	3,536,578,995
+ <i>In year</i>	141,749,631	9,332,430,260	5,990,428,088	3,483,751,803
+ <i>Corporate income tax</i>	-	67,207,592	14,380,400	52,827,192
Personal income tax	18,152,000	4,881,127,594	4,794,303,434	104,976,160
FCT	-	220,824,575	50,967,762	169,856,813
Land & housing tax	-	171,886,654	171,886,654	-
Fee & charge & other payables	11,695,117	19,616,908	30,421,225	890,800
<b>Receivables</b>	<b>369,567,438</b>	<b>1,580,854,892</b>	<b>1,231,619,939</b>	<b>20,332,485</b>
Import& Export tax	11,881,109	1,223,168,563	1,231,619,939	20,332,485
Personal income tax	357,686,329	357,686,329	-	-

**5.15 Accrued expenses**

	31/12/2023	01/01/2023
	VND	VND
<b>Short term</b>	<b>12,142,604,808</b>	<b>9,003,166,687</b>
Patents Expense for CMP	3,643,266,641	3,983,428,186
Interest expense	1,171,719,975	1,495,200,000
Extract the cost of materials and other expenses	974,247,593	1,561,880,593
Others	100,385,218	53,000,000
Cost of using the license is to be paid to Samhwa	6,252,985,381	1,909,657,908
<b>Total</b>	<b>12,142,604,808</b>	<b>9,003,166,687</b>

**5.16 Other payables**

	31/12/2023	01/01/2023
	VND	VND
<b>Short term</b>	<b>14,092,419,264</b>	<b>15,743,802,100</b>
Trade Union fees	474,705,459	433,707,398
Social insurance	-	3,443,370
Equitization payable	105,050,000	105,050,000
Dividends or profits payable	5,485,644,205	3,478,398,430
Others payable	8,027,019,600	11,723,202,902
<i>Chailease International Leasing Company Limited - Hanoi Branch</i>	-	1,735,023,530
<i>Contributing capital to purchase yachts</i>	7,434,500,000	7,434,500,000
<i>Others</i>	592,519,600	2,553,679,372
<b>Total</b>	<b>14,092,419,264</b>	<b>15,743,802,100</b>



NOTE TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31/12/2023

### 5.17 Borrowings and finance lease liabilities

	31/12/2023 (VND)		In Year (VND)		01/01/2023 (VND)	
	Value	Amount can be paid	Increase	Decrease	Value	Amount can be paid
<b>Short term</b>	<b>546,441,141,964</b>	<b>546,441,141,964</b>	<b>1,124,905,414,040</b>	<b>1,117,897,616,178</b>	<b>539,433,344,102</b>	<b>539,433,344,102</b>
Vietnam Joint Stock Commercial Bank For Industry And Trade - Ngo Quyen Branch (1)	135,110,737,252	135,110,737,252	323,045,357,259	337,846,783,657	149,912,163,650	149,912,163,650
Vietnam Bank For Agriculture And Rural Development - Hai Phong Branch (2)	187,846,471,530	187,846,471,530	275,533,560,133	244,459,780,270	156,772,691,667	156,772,691,667
Vietnam Prosperity Joint Stock Commercial Bank (USD) (3)	-	-	673,220,720	18,083,202,140	17,409,981,420	17,409,981,420
Vietnam Prosperity Joint Stock Commercial Bank (VND) (3)	1,818,556,973	1,818,556,973	21,334,796,847	36,293,369,834	16,777,129,960	16,777,129,960
Vietnam International Commercial Joint Stock Bank (7)	54,898,838,215	54,898,838,215	54,923,838,215	25,000,000	-	-
Joint Stock Commercial Bank for Foreign Trade of Vietnam - Hai Phong Branch (4)	34,660,324,349	34,660,324,349	121,520,320,661	136,713,574,978	49,853,578,666	49,853,578,666
Hong Leong Bank Vietnam Limited (5)	69,502,376,813	69,502,376,813	152,340,650,072	152,681,448,440	69,843,175,181	69,843,175,181
Bank Sinopac (6)	42,923,597,198	42,923,597,198	85,156,770,433	87,678,669,274	45,445,496,039	45,445,496,039
Bank Sinopac - Ho Chi Minh Branch (8)	4,637,432,900	4,637,432,900	23,294,735,931	18,657,303,031	-	-
Others (9)	15,042,806,734	15,042,806,734	67,082,163,769	85,458,484,554	33,419,127,519	33,419,127,519
<b>Long term</b>	<b>34,878,633,480</b>	<b>34,878,633,480</b>	<b>18,232,803,322</b>	<b>14,998,864,487</b>	<b>31,644,694,645</b>	<b>31,644,694,645</b>
Bank Sinopac - Ho Chi Minh Branch (8)	5,644,906,400	5,644,906,400	5,644,906,400	-	-	-
Chailease International Leasing Co., Ltd - Hanoi Branch	-	-	-	1,105,867,938	1,105,867,938	1,105,867,938
Others	29,233,727,080	29,233,727,080	12,587,896,922	13,892,996,549	30,538,826,707	30,538,826,707
<b>Total</b>	<b>581,319,775,444</b>	<b>581,319,775,444</b>	<b>1,143,138,217,362</b>	<b>1,132,896,480,665</b>	<b>571,078,038,747</b>	<b>571,078,038,747</b>



# HAI PHONG PAINT JOINT STOCK COMPANY

No. 12 Lach Tray, Lach Tray Ward,  
Ngo Quyen District, Hai Phong City, Vietnam.

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## NOTE TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31/12/2023

### 5.17 Borrowings and finance lease liabilities (Continued)

- <1> Loan agreement under the contract No. 01/2023/HĐCVHM/NHCT168-SONHP signed on 16/05/2023 between Vietnam Joint Stock Commercial Bank for Industry and Trade - Ngo Quyen Branch and Hai Phong Paint Joint Stock Company with credit limit of VND 200,000,000,000. The limit of loans includes debts adjusted by credit contract No. 01/2019-HĐCVHM/NHCT168-CPSONHP dated 31/10/2019. The credit schedule is 12 months from 22/12/2020 to the end of 30/11/2021. The credit purpose is to supplement working capital for production and business activities. The term of each loan is stated in the debt certificate but must not exceed 06 months. Lending interest rate of each debt is determined in each contract and according to the adjustment record (if any).
- <2> Credit contract No. 2100-LAV-202200560 signed on November 01, 2022 between Bank for Agriculture and Rural Development of Vietnam - City Branch Hai Phong and Hai Phong Paint Joint Stock Company with a credit limit of VND 200,000,000,000. The loan limit includes all debts and obligations in the credit contract No. 2100-LAV-201900779 signed on December 11, 2019. The loan limit maintenance period is 12 months from the date of signing this contract. The purpose of using the loan is to supplement working capital to pay expenses for production and business of paints, oils, plastics and other products according to the business license for the 2020-2021 business plan period. The maximum loan term of each loan is not more than 06 months/time from the next day of loan disbursement and does not exceed the remaining loan term of the loan at other credit institutions in the school. loans to repay loans at other credit institutions. Lending interest rate applied to the principal balance within the term: VND: 7.5%/year; USD: 4.5%/year. Loans are partially secured by assets, the rate of unsecured loans is up to 40% of the total credit level.
- <3> The contract for digital signal limit 2021/HMTD/VPB-SHP dated July 28, 2021 between Vietnam Prosperity Commercial Joint Stock Bank and Hai Phong Son Joint Stock Company with a signal limit of VND 180,000,000,000. Loan limit includes all debts and obligations in credit contract No. 2021/HMTD/VPB-SHP. The application signal level maintenance period is 12 months from the date of signing this contract. Purpose of using loan: Using working capital to pay expenses for production and business activities of enterprises. The loan term of the loans each time under the authority does not exceed 6 months. Loan interest rate and interest rate adjustment mechanism will be agreed upon by the bank and the customer according to the market capital supply, loan demand and credit level of the customer.
- <4> Loan contract under limit No. 01.2023/HĐCVHM/VCB-SHP2 dated 05/12/2023 between Joint Stock Commercial Bank for Foreign Trade of Vietnam - Hai Phong Branch and Son Hai Phong Joint Stock Company No. 2 with a loan limit of VND 35,000,000,000 including outstanding loans under the loan contract under the limit No. 01.2023/HĐCVHM/VCB-SHP2 signed on December 05, 2023 between the bank and customers as of the contract signing date this. The purpose of using loans is to finance reasonable, lawful and valid short-term credit needs to serve production and business activities, but excluding short-term needs for fixed asset investment activities. The term of retention of the limit is 12 months from the effective date of this contract. Loan interest rates are determined by each debt receipt. Security measures under the security measures specified in the credit agreement No. 01.2023/VCB-SHP2 dated 05/12/2023.
- <5> Credit contract No. HCM/2022/003/STL/FA dated February 18, 2022 between Hong Leong Bank Vietnam Ltd and Hai Phong Son Joint Stock Company with a loan credit limit of VND 70,000,000,000 (In words: Seventy billion dong). Maximum term is 06 months from the day following the disbursement date for each disbursement or from the date of issuance of each LC. Intended use: to issue irrevocable sight/deferred letters of credit to finance import/domestic needs of raw materials. The specific interest rate for each credit granted may vary depending on the Bank's cost of capital from time to time and is determined on the date the credit is granted to the borrower and is detailed above. Credit note and disbursement confirmation issued by the bank.



**NOTE TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**

For the year ended 31/12/2023

**5.17 Borrowings and finance lease liabilities (Continued)**

<6> Short-term credit contract No. 221009 between Sinopac Bank - Ho Chi Minh City branch and Hai Phong Son Joint Stock Company. Loan credit limit is: USD 2,000,000 (*In words: Two million USD even*). The limit granting period from the contract signing date to March 31, 2023 is subject to further extension (if any). Purpose of use: serving production and business activities, issuing L/C. The interest rate specified for each credit granted. Collateral as specified in the Security Contract.

<7> Credit contract between Son Hai Phong Joint Stock Company and Vietnam International Commercial Joint Stock Bank (VIB) No. 6410090.23 dated September 20, 2023. Credit line: VND 55,000,000,000. Duration: 12 months. Loan purpose: To grant additional credit for working capital for production and business. Collateral: The loan is secured by receivables, debt collection rights.

<8> Loan at Sinopac Bank - Ho Chi Minh Branch includes:

- Loan contract under limit No. 221047 dated 07/12/2023 between SinoPac Bank - Ho Chi Minh Branch and Son Hai Phong Joint Stock Company No. 2 with a loan limit of USD 200,000. The purpose of using loans is to finance reasonable, lawful and valid short-term credit needs to serve production and business activities, but excluding short-term needs for fixed asset investment activities. The term of retention of the limit is 12 months from the effective date of this contract. Loan interest rates are determined by each debt receipt. Security measures under the security measures specified in the credit agreement No. 221047 dated December 7, 2023.

- Loan contract under limit No. 22203 dated 07/02/2023 between SinoPac Bank - Ho Chi Minh Branch and Son Hai Phong Joint Stock Company No. 2 with a loan limit of USD 68,000. The purpose of using the loan is to finance reasonable, lawful and valid medium-long-term credit needs to finance working capital costs for the purchase of machinery and equipment. The term of retention of the limit is 36 months from the effective date of this contract. Loan interest rates are determined by each debt receipt. Security measures under the security measures specified in the credit agreement No. 22203 dated February 7, 2023.

<9> Personal loans: interest rate from 7.2% to 8.4%/year.

**HAI PHONG PAINT JOINT STOCK COMPANY**

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**5.18 Owners' equity**

**a. Changes of owners' equity**

	Paid-in capital	Share premium	Other Paid-in capital	Treasury Shares	Investment & development funds	Retained earnings	Non controller interest	Total
As at 01/01/2022	80,071,770,000	10,787,152,766	7,250,586,886	(467,410,000)	252,418,906,471	73,744,523,927	21,574,369,339	445,379,899,389
Gain in the year	-	-	-	-	-	32,743,559,569	339,921,553	33,083,481,122
Allocation to Investment & development funds (i)	-	-	-	-	32,249,413,042	(32,249,413,042)	-	-
Dividend paid (i)	-	-	-	-	-	(23,881,308,000)	-	(23,881,308,000)
Allocation to Bonus & welfare funds (i)	-	-	-	-	-	(11,824,931,980)	(191,485,382)	(12,016,417,362)
Deducting bonus fund from the Board of Directors (i)	-	-	-	-	-	(1,679,665,000)	-	(1,679,665,000)
Dividend paid to subsidiaries (i)	-	-	-	-	-	-	(2,124,000,000)	(2,124,000,000)
Increase capital contribution to new subsidiary	-	-	-	-	-	-	-	-
Profit distribution Affiliate company (i)	-	-	-	-	-	(95,842,246)	-	(95,842,246)
Liquidation of a subsidiary into an Associate Company	-	-	-	-	-	3,124,508,794	-	3,124,508,794
Change of ownership rate in Associates	-	-	-	-	-	(1,369,724,509)	(939,989,890)	(2,309,714,399)
As at 31/12/2022	80,071,770,000	10,787,152,766	7,250,586,886	(467,410,000)	284,668,319,513	38,511,707,513	18,658,815,620	439,480,942,298
As at 01/01/2023	80,071,770,000	10,787,152,766	7,250,586,886	(467,410,000)	284,668,319,513	38,511,707,513	18,658,815,620	439,480,942,298
Gain in the year	-	-	-	-	-	90,297,146,066	2,656,722,834	92,953,868,900
Allocation to Investment & development funds (i)	-	-	-	-	353,748,871	(353,748,871)	-	-
Dividend (i)	-	-	-	-	-	(23,881,308,000)	-	(23,881,308,000)
Allocation to Bonus & welfare funds (i)	-	-	-	-	-	(8,862,251,569)	-	(8,862,251,569)
As at 31/12/2023	80,071,770,000	10,787,152,766	7,250,586,886	(467,410,000)	285,022,068,384	95,711,545,139	21,315,538,454	499,691,251,629

(i): During the year the Company and its subsidiaries make distributions according to the resolution of the general meeting of shareholders of the Parent Company and its subsidiaries and affiliates.



**HAI PHONG PAINT JOINT STOCK COMPANY**No. 12 Lach Tray, Lach Tray Ward,  
Ngo Quyen District, Hai Phong City, Vietnam.**Form B 09 - DN**Issued under Circular No. 200/2014/TT-BTC  
December 22, 2014 of the Ministry of Finance**NOTE TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**

For the year ended 31/12/2023

**5.18 Owners' equity (Continued)****b. Detail shareholders' capital**

	31/12/2023	01/01/2023
	VND	VND
Luu Thi Phuong Lan	3,172,430,000	3,172,430,000
Nguyen Thi Xuan Dung	5,482,040,000	5,482,040,000
Nguyen Van Vien	6,151,420,000	6,151,420,000
AFC VF LIMITED	7,105,000,000	7,105,000,000
Others	58,160,880,000	58,160,880,000
<b>Total</b>	<b>80,071,770,000</b>	<b>80,071,770,000</b>

**c. Capital transactions with shareholders and appropriation of profits and dividends**

	Năm 2023	Năm 2022
	VND	VND
<b>Shareholders' capital</b>		
Opening balance	80,071,770,000	80,071,770,000
Increased during the period	-	-
Decreased during the period	-	-
Closing balance	80,071,770,000	80,071,770,000
<b>Dividend, Profit distribution</b>	<b>23,881,308,000</b>	<b>23,881,308,000</b>

**d. Dividends****Dividends announced after the end of the financial year****In 2023**

Announced dividends on common shares:

Not yet announced, just  
announced to advance the  
dividend in 2023 at 10%

On November 29, 2023 the Board of Directors of the Company approved Resolution No.03/2023/NQ-BOD on the temporary dividend payment in 2023 of 10%/charter capital, the expected time is January 31, 2024.

**e. Shares**

	12/31/2023	1/1/2023
	Shares	Shares
<b>Quantity of issued shares</b>	<b>8.007.177</b>	<b>8.007.177</b>
Common shares	-	-
<b>Purchased shares</b>	<b>46.741</b>	<b>46.741</b>
Common shares	46.741	46.741
<b>Outstanding shares</b>	<b>7.960.436</b>	<b>7.960.436</b>
Common shares	7.960.436	7.960.436
Par value of outstanding shares (VND/share)	10.000	10.000

**5.19 Off Consolidated Balance Sheet Items****a. Foreign currencies**

	31/12/2023		01/01/2023	
	Currency	Equivalents VND	Currency	Equivalents VND
USD	2,044.67	49,144,082	10,290.86	243,594,217
Total		49,144,082		243,594,217

**NOTE TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**

For the year ended 31/12/2023

**6. ADDITIONAL INFORMATION ON THE ITEMS OF THE CONSOLIDATED INCOME STATEMENT**
**6.1 Revenue from sales of goods and provision of services**

	In 2023 VND	In 2022 VND
Revenue from sales of goods	1,215,690,560,424	1,218,108,764,018
Others	5,506,320	-
<b>Total</b>	<b>1,215,696,066,744</b>	<b>1,218,108,764,018</b>
<b>Revenue deductions</b>		
Sale return	256,952,228	1,193,581,862
<b>Total</b>	<b>256,952,228</b>	<b>1,193,581,862</b>
<b>Net Revenue</b>		
Revenue from sales of goods	1,215,433,608,196	1,216,915,182,156
Others	5,506,320	-
<b>Total</b>	<b>1,215,439,114,516</b>	<b>1,216,915,182,156</b>
<i>In which the revenue of related parties (Details in Note 7.1)</i>	<i>321,225,410,114</i>	<i>312,927,339,630</i>

**6.2 Cost of goods sold**

	In 2023 VND	In 2022 VND
Cost of goods sold	976,254,466,102	1,051,514,580,846
Reversal of Provision	820,235,239	(298,687,602)
<b>Total</b>	<b>977,074,701,341</b>	<b>1,051,215,893,244</b>

**6.3 Financial income**

	In 2023 VND	In 2022 VND
Interest income, loan	6,516,883,296	9,826,975,566
Dividend, profit received	5,104,216,900	4,077,436,560
Realized loss on exchange difference	1,390,965,505	448,667,626
Unrealized loss on exchange difference	311,673,658	297,840,350
Others	175,011,254	582,935,450
<b>Total</b>	<b>13,498,750,613</b>	<b>15,233,855,552</b>
<i>In which the financial income of related parties (Details in Note 7.1)</i>	<i>12,277,419,351</i>	<i>8,238,947,329</i>



**NOTE TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**

For the year ended 31/12/2023

**6.4 Financial expenses**

	In 2023 VND	In 2022 VND
Interest expense	35,294,825,913	23,728,269,392
Realized exchange rate difference loss	6,960,354,667	16,638,096,583
Unrealized exchange rate difference loss	40,868,761	370,397
Others	141,470,263	17,441,355
<b>Total</b>	<b>42,437,519,604</b>	<b>40,384,177,727</b>

**6.5 Selling expenses and General and administrative expenses**

	In 2023 VND	In 2022 VND
<b>Selling expenses</b>	<b>76.380.787.157</b>	<b>67.826.571.104</b>
Employee expenses	20.707.852.384	14.104.505.377
Tools and supplies	1.957.557.592	260.516.416
Depreciation expenses	-	1.446.700.895
Outsourcing expense	35.838.233.240	36.779.967.596
- Carriage cost	17.572.051.448	18.817.578.357
- Advertising expenses	10.202.840.695	10.003.883.292
- Outsourcing expense	8.063.341.097	7.958.505.947
Other expenses in cash	17.877.143.941	15.234.880.820
<b>General administrative expense</b>	<b>36.773.050.300</b>	<b>25.931.518.597</b>
Employee expenses	18.982.489.074	11.659.121.892
Office supplies	683.419.421	605.655.347
Depreciation expenses	1.260.347.932	1.127.477.748
Taxe charges and fees	1.434.163.496	1.124.029.178
Provision expenses	1.175.831.413	(115.000.000)
Outsourcing expense	4.102.547.966	3.146.714.456
Other expenses in cash	9.134.250.998	8.383.519.976
<b>Total</b>	<b>113.153.837.457</b>	<b>93.758.089.701</b>

## NOTE TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31/12/2023

## 6.6 Other income/Other expenses

	In 2023 VND	In 2022 VND
<b>Other Income</b>		
Gain on liquidation of assets	39,090,909	-
Differences from inventory	105,918,036	133,660,456
Revenue from insurance compensation	824,230,000	-
Obtained by office rental	84,000,000	84,000,000
Receive Voucher to buy Vinfast cars	250,000,000	-
Others	103,782,856	155,073,384
<b>Total</b>	<b>1,407,021,801</b>	<b>372,733,840</b>
<b>Other Expenses</b>		
Expenses on liquidation of assets	792,964,526	-
Inventory discrepancies	102,446,958	117,609,363
Pay additional tax penalty	11,616,908	-
Others	-	-
<b>Total</b>	<b>907,028,392</b>	<b>117,609,363</b>
<b>Other profits</b>	<b>499,993,409</b>	<b>255,124,477</b>
<i>In which Other Income (Details in Note 7.1)</i>	<i>84,000,000</i>	<i>84,000,000</i>

## 6.7 Current corporate income tax expense

	In 2023 VND	In 2022 VND
Current corporate income tax	9,332,430,260	6,808,875,999
<b>Total</b>	<b>9,332,430,260</b>	<b>6,808,875,999</b>

## 6.8 Earnings per share

	In 2023 VND	In 2022 (Restated)
Accounting profit after corporate income tax of the Parent Company (VND)	90,297,146,066	32,743,559,569
Adjustments increase	-	-
Adjustments to decrease (*)	-	(8,862,251,569)
- <i>Deducting bonus and welfare fund, Board bonus fund</i>	-	(8,862,251,569)
Profit or loss allocated to shareholders of the parent company holding common shares (VND)	90,297,146,066	23,881,308,000
Average number of outstanding shares in the period/year	7,960,436	7,960,436
<b>Basic earnings per share (VND/share)</b>	<b>11,343</b>	<b>3,000</b>



**NOTE TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**

For the year ended 31/12/2023

**6.8 Earnings per share (Continued)**

(i): At the Reporting Date, the Company and its Subsidiaries have not reliably estimated the amount of profit for the fiscal year ended December 31, 2023 that may be allocated to the Executive Management's Compensation, Benefits, and Bonus Fund. If the Executive Management's Bonus, Benefits, and Bonus Fund is deducted for the fiscal year ended December 31, 2023, net profit attributable to shareholders and underlying interest on shares will decrease.

(ii) The Company re-determines the deductions for bonus, welfare and executive bonuses for the financial year ended December 31, 2022 according to the profit distribution ratio for 2022 of the Company approved in the Resolutions. The General Meeting of Shareholders in 2023 of the Parent Company and Son Hai Phong No. 2 Joint Stock Company - Subsidiaries. Accordingly, basic earnings per share for the year ended 31 December 2023 are restated as follows:

	<b>In 2022 (Restated)</b>	<b>In 2022 (Presented)</b>
Accounting profit after corporate income tax of the Parent Company (VND)	32,743,559,569	32,743,559,569
Adjustments increase	-	-
Adjustments to decrease (ii)	(8,862,251,569)	-
- From the bonus and welfare fund, Board Bonus Fund	(8,862,251,569)	-
Profit or loss allocated to shareholders of the parent company holding common shares (VND)	23,881,308,000	32,743,559,569
Average number of outstanding shares in the period/ year	7,960,436	7,960,436
<b>Basic earnings per share (VND/share)</b>	<b>3,000</b>	<b>4,113</b>

**6.9 Production and business expenses by factors**

	<b>In 2023 VND</b>	<b>In 2022 VND</b>
Material expenses	809,079,080,112	882,813,778,139
Employee expenses	72,898,311,943	59,352,486,875
Depreciation expenses	18,062,849,840	17,979,055,643
Provision expenses	1,996,066,652	(115,000,000)
Outsourcing expense	53,507,584,108	55,105,470,215
Other expenses in cash	31,072,174,053	28,434,099,227
<b>Total</b>	<b>986,616,066,708</b>	<b>1,043,569,890,099</b>

**HAI PHONG PAINT JOINT STOCK COMPANY**

No. 12 Lach Tray, Lach Tray Ward,  
Ngo Quyen District, Hai Phong City, Vietnam.

**Form B 09 - DN**

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**NOTE TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**

For the year ended 31/12/2023

**7. OTHER INFORMATION****7.1 Transactions and balances with related parties**

*The Company has transactions with related parties as follows:*

Related parties	Relations
VLC Powder Coating Company Limited	Associates
Viet Nam Petro Paint JSC	Associates
PAINTPRO Professional Paint Solution Joint Stock Company	Associates
VLC Group Joint Stock Company	Associates
Asian Real Estate Paint and Chemicals JSC	Associates
Samhwa Hai Phong Paint Limited	Joint ventures
Members of the Board of Directors, Board of Directors, Board of Supervisors and individuals related to key management members	Significant influence

*In the year, the Company has transactions with related parties as follows:*

**Remuneration for Boards of Management, Supervisors and General Directors**

Related parties	Nature of transaction	In 2023 VND	In 2022 VND
Salary and remuneration of the Board of Management and Supervisory Board	Salary and Remuneration	-	1,612,000,000
Salary of the Board of Directors, Chief Accountant	Salary	5,825,456,773	5,302,390,208

*In which:*

**Remuneration of the Board of Management**

Full name	Title	In 2023 VND	In 2022 VND
Nguyen Van Vien	Chairman	-	372,000,000
Nguyen Van Dung	Member	-	434,000,000
Vu Trung Dung	Member	-	186,000,000
Bui Kim Ngoc	Member	-	186,000,000
Nguyen Mong Lan	Member	-	186,000,000

**Remuneration of the Supervisory Board**

Full name	Title	In 2023 VND	In 2022 VND
La Quynh Chi	Head of Supervisor	-	124,000,000
Hoang Thi Thu	Member	-	62,000,000
Nguyen Thi Thanh Tram	Member	-	62,000,000



**NOTE TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**

For the year ended 31/12/2023

**7.1 Transactions and balances with related parties (Continued)****Remuneration for Boards of Management, Supervisors and General Directors (Continued)****Income of the General Director and Other managers**

Full name	Title	In 2023 VND	In 2022 VND
Nguyen Van Vien	Chairman	11,500,000	14,500,000
Nguyen Mong Lan	Member	8,000,000	11,000,000
Nguyen Van Dung	General Director	2,529,902,822	2,075,421,366
Vu Trung Dung	Deputy General Director	1,055,343,665	1,099,178,382
Bui Kim Ngoc	Deputy General Director	1,272,699,954	1,135,645,843
La Quynh Chi	Head of Supervisor	8,000,000	11,000,000
Hoang Thi Thu	Member	684,381,637	694,702,081
Nguyen Thi Thanh Tram	Member	255,628,695	260,942,535

**Transactions with related parties**

Related parties	Nature of transaction	In 2023 VND	In 2022 VND
<b>Selling goods and services</b>		<b>321,309,410,114</b>	<b>313,011,339,630</b>
Viet Nam Petro Paint JSC	Sale of goods	58,404,819,422	13,966,490,866
Samhwa Hai Phong Paint Limited Liability Company	Sale of goods Rent an office	262,820,590,692 84,000,000	298,960,848,764 84,000,000
<b>Buy goods and services</b>		<b>38,245,425,034</b>	<b>20,978,683,814</b>
Samhwa Hai Phong Paint Limited Liability Company	Sale of goods	1,889,982,861	784,634,582
Viet Nam Petro Paint JSC	Sale of goods	36,355,442,173	20,194,049,232
<b>Profit sharing Subsidiaries, joint ventures</b>		<b>2,491,885,000</b>	-
Viet Nam Petro Paint JSC	Dividend	898,960,000	-
Samhwa Hai Phong Paint Limited Liability Company	Dividend	1,592,925,000	-
<b>Other transactions</b>		<b>9,785,534,351</b>	<b>8,238,947,329</b>
Asian Real Estate Paint and Chemicals JSC	Investment profit	9,785,534,351	8,238,947,329

**Related Party Balance**

	31/12/2023 VND	01/01/2023 VND
<b>Receivables</b>		
<b>Receivables from customer</b>	<b>53,928,910,041</b>	<b>81,692,391,164</b>
Viet Nam Petro Paint JSC	8,513,353,141	-
Samhwa Hai Phong Paint Limited Liability Company	45,415,556,900	81,692,391,164
<b>Other receivables</b>	<b>32,010,637,011</b>	<b>23,330,529,252</b>
Viet Nam Petro Paint JSC	898,960,000	674,220,000
Asian Real Estate Paint and Chemicals JSC	31,111,677,011	22,656,309,252

**NOTE TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**

For the year ended 31/12/2023

**7.1 Transactions and balances with related parties (Continued)****Related Party Balance**

	31/12/2023	01/01/2023
Payables	VND	VND
Trade account payables	2,282,345,799	871,229,145
Viet Nam Petro Paint JSC	2,282,345,799	871,229,145
Prepayments from customers	-	1,815,544,631
Viet Nam Petro Paint JSC	-	1,815,544,631
Other Payables	500,000,000	-
Samhwa Hai Phong Paint Limited	500,000,000	-
Liability Company		

**7.2 Comparative figures**

Comparative figures are taken from the Consolidated financial statements for the year ended 31<sup>st</sup> December 2022 which are audited by CPA VIETNAM Auditing Company Limited - A Member firm of INPACT.

Preparer



Doan Thi Dung

Deputy Manager of Accountant and  
Finance Department


Doan Thi Dung

Hai Phong, 21<sup>st</sup> March, 2024

General Director


  
 Nguyen Van Dung