

**PHU NHUAN JEWELRY JOINT STOCK COMPANY**

**SEPARATE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2019**



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## PHU NHUAN JEWELRY JOINT STOCK COMPANY

### CORPORATE INFORMATION

#### Business registration certificate

No. 0300521758 dated 2 January 2004 was initially issued by the Department of Planning and Investment of Ho Chi Minh City and the 30<sup>th</sup> latest amendment dated 31 December 2019.

#### Board of Directors

Mrs Cao Thi Ngoc Dung	Chairwoman
Mr Le Tri Thong	Vice chairman
Mrs Pham Vu Thanh Giang	Member
Mr Le Huu Hanh	Member
Mr Le Quang Phuc	Member
Mrs Pham Thi My Hanh	Member
Mr Robert Alan Willett	Member
Mrs Huynh Thi Xuan Lien	Member
Mrs Dang Thi Lai	Member (appointed on 20 April 2019)

#### Board of Supervision

Mr Nguyen Thanh Du	Head
Mrs Nguyen Ngoc Hue	Member
Mr Le Anh Duc	Member

#### Board of Management

Mr Le Tri Thong	General Director
Mrs Dang Thi Lai	Chief Finance and Operation Officer
Mrs Tran Thi Thu Ha	Retail Director
Mr Phan Nguyen Hoai Anh	Acting Marketing Director
Mr Nguyen Hoang Chau	Supply Chain Director
Mr Dao Trung Kien	Chief Strategy Officer
Mr Nguyen Ngoc Tran	Information Technology Division Director
Mr Nguyen Anh Hung	Human Resource Director
Mr Duong Quang Hai	Chief Accountant

#### Legal representative

Mr Le Tri Thong	General Director
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#### Registered office

170E Phan Dang Luu Street, Ward 3, Phu Nhuan District,  
Ho Chi Minh City, Vietnam

#### Auditor

PwC (Vietnam) Limited

## PHU NHUAN JEWELRY JOINT STOCK COMPANY

### STATEMENT OF RESPONSIBILITY OF THE BOARD OF MANAGEMENT OF THE COMPANY IN RESPECT OF THE SEPARATE FINANCIAL STATEMENTS

The Board of Management of Phu Nhuan Jewelry Joint Stock Company ("the Company") is responsible for preparing the separate financial statements which give a true and fair view of the financial position of the Company as at 31 December 2019, and the results of its operations and its cash flows for the year then ended. In preparing these separate financial statements, the Board of Management is required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent; and
- prepare the separate financial statements on a going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Board of Management is responsible for ensuring that proper accounting records are kept which disclose, with reasonable accuracy at any time, the financial position of the Company and which enable separate financial statements to be prepared which comply with the basis of accounting set out in Note 2 to the separate financial statements. The Board of Management is also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud or error.

### APPROVAL OF THE SEPARATE FINANCIAL STATEMENTS

We hereby approve the accompanying separate financial statements as set out on pages 5 to 43 which give a true and fair view of the financial position of the Company as at 31 December 2019, and of the results of its operations and its cash flows for the year then ended in accordance with Vietnamese Accounting Standards, the Vietnamese Accounting System and applicable regulations on preparation and presentation of separate financial statements.

Users of these separate financial statements of the Company should read them together with the consolidated financial statements of the Company and its subsidiaries (together, "the Group") for the year ended 31 December 2019 in order to obtain full information of the consolidated financial position and consolidated results of operations and consolidated cash flows of the Group as a whole.

On behalf of the Board of Management



Le Tri Thong  
General Director

Ho Chi Minh City, SR Vietnam  
27 February 2020



## **INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF PHU NHUAN JEWELRY JOINT STOCK COMPANY**

We have audited the accompanying separate financial statements of Phu Nhuan Jewelry Joint Stock Company ("the Company") which were prepared on 27 February 2020 and approved by the Board of Management on 27 February 2020. The separate financial statements comprise the separate balance sheet as at 31 December 2019, the separate income statement and the separate cash flow statement for the year then ended, and explanatory notes to the separate financial statements including significant accounting policies, as set out on pages 5 to 43.

### **The Board of Management's Responsibility**

The Board of Management of the Company is responsible for the preparation and the true and fair presentation of these separate financial statements in accordance with Vietnamese Accounting Standards, the Vietnamese Corporate Accounting System and applicable regulations on the preparation and presentation of separate financial statements and for such internal control which the Board of Management determines necessary to enable the preparation and fair presentation of separate financial statements that are free from material misstatement, whether due to fraud or error.

### **Auditor's Responsibility**

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the separate financial statements. The procedures selected depend on the auditor's judgment, including an assessment of the risks of material misstatement of the separate financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and true and fair presentation of the separate financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Board of Management, as well as evaluating the overall presentation of the separate 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 separate financial statements present fairly, in all material respects, the separate financial position of the Company as at 31 December 2019, its separate financial performance and separate cash flows for the year then ended in accordance with Vietnamese Accounting Standards, the Vietnamese Corporate Accounting System and applicable regulations on the preparation and presentation of separate financial statements.

### Other Matter

This report is prepared in Vietnamese and English. Should there be any conflict between the Vietnamese and English copies, the Vietnamese copy shall take precedence.

For and on behalf of PwC (Vietnam) Limited



\_\_\_\_\_  
Mai Viet Hung Tran  
Audit Practising Licence No.  
0048-2018-006-1  
Authorised signatory

\_\_\_\_\_  
Luong Thi Anh Tuyet  
Audit Practising Licence No.  
3048-2019-006-1

Report reference number: HCM8786  
Ho Chi Minh City, 27 February 2020

PHU NHUAN JEWELRY JOINT STOCK COMPANY

Form B 01 – DN

SEPARATE BALANCE SHEET

Code	ASSETS	Note	As at 31 December	
			2019 VND	2018 VND
<b>100</b>	<b>CURRENT ASSETS</b>		<b>6,682,090,576,699</b>	<b>5,172,072,214,871</b>
<b>110</b>	<b>Cash</b>		<b>82,586,849,294</b>	<b>150,227,254,450</b>
111	Cash	3	82,586,849,294	150,227,254,450
<b>130</b>	<b>Short-term receivables</b>		<b>932,945,866,003</b>	<b>133,581,413,665</b>
131	Short-term trade accounts receivable	4	96,534,570,471	51,684,182,829
132	Short-term prepayments to suppliers	5	731,834,000,148	42,171,662,231
135	Short-term lending	34(b)	100,000,000,000	6,000,000,000
136	Other short-term receivables	6(a)	4,093,499,097	33,438,622,170
139	Shortage of assets awaiting resolution		483,796,287	286,946,435
<b>140</b>	<b>Inventory</b>		<b>5,600,042,475,851</b>	<b>4,819,866,729,341</b>
141	Inventories	7	5,600,042,475,851	4,819,866,729,341
<b>150</b>	<b>Other current assets</b>		<b>66,515,385,551</b>	<b>68,396,817,415</b>
151	Short-term prepaid expenses	8(a)	66,450,661,055	62,020,524,945
153	Tax and other receivables from the State		64,724,496	6,376,292,470
<b>200</b>	<b>NON-CURRENT ASSETS</b>		<b>1,278,105,627,829</b>	<b>1,095,501,183,218</b>
<b>210</b>	<b>Long-term receivable</b>		<b>67,305,344,776</b>	<b>55,045,824,370</b>
216	Other long-term receivables	6(b)	67,305,344,776	55,045,824,370
<b>220</b>	<b>Fixed assets</b>		<b>829,804,515,778</b>	<b>635,701,823,366</b>
221	Tangible fixed assets	9(a)	182,749,211,876	142,375,118,468
222	Historical cost		303,405,749,655	245,706,665,538
223	Accumulated depreciation		(120,656,537,779)	(103,331,547,070)
227	Intangible fixed assets	9(b)	647,055,303,902	493,326,704,898
228	Historical cost		666,299,045,857	499,937,407,873
229	Accumulated amortisation		(19,243,741,955)	(6,610,702,975)
<b>240</b>	<b>Long-term asset in progress</b>		<b>28,192,987,250</b>	<b>67,983,789,990</b>
242	Construction in progress	10	28,192,987,250	67,983,789,990
<b>250</b>	<b>Long-term investments</b>		<b>140,000,000,000</b>	<b>160,000,000,000</b>
251	Investments in subsidiaries	11	170,000,000,000	160,000,000,000
253	Investments in other entities		395,271,613,400	395,271,613,400
254	Provision for long-term investments		(425,271,613,400)	(395,271,613,400)
<b>260</b>	<b>Other long-term assets</b>		<b>212,802,780,025</b>	<b>176,769,745,492</b>
261	Long-term prepaid expenses	8(b)	125,671,315,366	91,417,920,654
262	Deferred income tax assets	21	87,131,464,659	85,351,824,838
<b>270</b>	<b>TOTAL ASSETS</b>		<b>7,960,196,204,528</b>	<b>6,267,573,398,089</b>

The notes on pages 9 to 43 are an integral part of these separate financial statements.

PHU NHUAN JEWELRY JOINT STOCK COMPANY

Form B 01 – DN

SEPARATE BALANCE SHEET  
(continued)

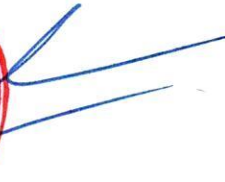
Code	RESOURCES	Note	As at 31 December	
			2019 VND	2018 VND
<b>300</b>	<b>LIABILITIES</b>		<b>3,440,009,205,304</b>	<b>2,543,666,800,727</b>
<b>310</b>	<b>Current liabilities</b>		<b>3,432,402,203,304</b>	<b>2,531,807,778,727</b>
311	Short-term trade accounts payable	12	619,571,810,553	465,422,796,887
312	Short-term advances from customers	13	58,403,718,325	52,773,513,870
313	Tax and other payables to the State	14	165,567,273,128	140,710,949,415
314	Payables to employees	15	175,648,804,619	188,482,808,253
315	Short-term accrued expenses	16	40,171,657,351	10,106,931,424
319	Other short-term payables	17	48,233,642,368	41,529,698,782
320	Short-term borrowings	18(a)	2,234,770,938,231	1,570,482,498,026
322	Bonus and welfare fund	19	90,034,358,729	62,298,582,070
<b>330</b>	<b>Non-current liabilities</b>		<b>7,607,002,000</b>	<b>11,859,022,000</b>
337	Other long-term payables		476,006,000	628,026,000
338	Long-term borrowings	18(b)	3,700,000,000	7,800,000,000
342	Provision for long-term liability	20	3,430,996,000	3,430,996,000
<b>400</b>	<b>OWNERS' EQUITY</b>		<b>4,520,186,999,224</b>	<b>3,723,906,597,362</b>
<b>410</b>	<b>Capital and reserves</b>		<b>4,520,186,999,224</b>	<b>3,723,906,597,362</b>
411	Owners' capital	22, 23	2,252,935,850,000	1,670,029,820,000
411a	- Ordinary shares with voting rights		2,252,935,850,000	1,670,029,820,000
412	Share premium	23	968,074,112,458	925,397,862,458
415	Treasury shares	23	(2,101,090,000)	(7,090,000)
418	Investment and development fund	23	313,083,556,918	265,087,556,918
421	Undistributed earnings	23	988,194,569,848	863,398,447,986
421a	- Undistributed post-tax profits of previous years		8,315,394,986	84,296,154,226
421b	- Post-tax profit of current year		979,879,174,862	779,102,293,760
<b>440</b>	<b>TOTAL RESOURCES</b>		<b>7,960,196,204,528</b>	<b>6,267,573,398,089</b>



Nguyen Thanh Dat  
Preparer



Duong Quang Hai  
Chief Accountant

Le Tri Thong  
General Director  
27 February 2020

The notes on pages 9 to 43 are an integral part of these separate financial statements.



PHU NHUAN JEWELRY JOINT STOCK COMPANY

Form B 02 – DN


SEPARATE INCOME STATEMENT

Code	Note	Year ended 31 December	
		2019 VND	2018 VND
01	Revenue from sales of goods and rendering of services	15,097,878,887,552	13,515,069,659,689
02	Less deduction	(136,566,152,783)	(102,569,985,875)
10	Net revenue from sales of goods and rendering of services	14,961,312,734,769	13,412,499,673,814
11	Cost of goods sold and services rendered	(11,735,945,301,285)	(10,760,906,226,309)
20	Gross profit from sales of goods and rendering of services	3,225,367,433,484	2,651,593,447,505
21	Financial income	4,252,790,847	18,781,028,081
22	Financial expenses	(141,834,207,929)	(67,120,878,006)
23	- Including: Interest expense	(109,701,338,257)	(61,984,346,502)
25	Selling expenses	(1,230,387,363,412)	(1,118,863,127,610)
26	General and administration expenses	(408,175,075,416)	(311,505,448,839)
30	Net operating profit	1,449,223,577,574	1,172,885,021,131
31	Other income	3,933,921,321	4,553,840,272
32	Other expenses	(3,580,227,262)	(2,698,883,470)
40	Net other income	353,694,059	1,854,956,802
50	Net accounting profit before tax	1,449,577,271,633	1,174,739,977,933
51	Business income tax ("BIT") - current	(293,343,935,792)	(237,357,551,907)
52	BIT - deferred	1,779,639,821	3,858,482,734
60	Net profit after tax	1,158,012,975,662	941,240,908,760

  
 \_\_\_\_\_  
 Nguyen Thanh Dat  
 Preparer

  
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 Duong Quang Hai  
 Chief Accountant



  
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 Le Tri Thong  
 General Director  
 27 February 2020

The notes on pages 9 to 43 are an integral part of these separate financial statements.

**SEPARATE CASH FLOW STATEMENT**  
(Indirect method)

Code	Note	Year ended 31 December	
		2019 VND	2018 VND
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
01		<b>1,449,577,271,633</b>	<b>1,174,739,977,933</b>
	<b>Net accounting profit before tax</b>		
	Adjustments for:		
02	Depreciation and amortisation	34,838,963,175	26,904,666,249
03	Provisions/(reversal of provisions)	30,000,000,000	(3,645,321,000)
04	Unrealised foreign exchange gains	(1,242,529,054)	(169,041,343)
05	Profits from investing activities	(3,740,518,903)	(19,389,762,774)
06	Interest expense	109,701,338,257	61,984,346,502
08	<b>Operating profit before changes in working capital</b>	<b>1,619,134,525,108</b>	<b>1,240,424,865,567</b>
09	Increase in receivables	(711,312,404,770)	(43,369,098,063)
10	Increase in inventories	(780,175,746,510)	(1,451,748,067,024)
11	Increase in payables	154,122,437,896	265,575,163,354
12	Increase in prepaid expenses	(38,683,530,822)	(35,977,196,581)
14	Interest paid	(108,653,972,896)	(61,320,512,488)
15	BIT paid	(275,691,386,747)	(226,969,645,753)
17	Other payments on operating activities	(20,260,223,341)	(25,401,677,884)
20	<b>Net cash outflows from operating activities</b>	<b>(161,520,302,082)</b>	<b>(338,786,168,872)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
21	Purchases of fixed assets and other long-term assets	(189,614,177,470)	(321,814,719,363)
22	Proceeds from disposals of fixed assets	1,774,979,478	1,075,665,048
23	Lending	(94,000,000,000)	-
24	Proceeds from collection of short-term investments held-to-maturity	-	160,065,000,000
25	Investments in other entities	(10,000,000,000)	(40,000,000,000)
27	Dividends and interest received	2,428,864,048	18,314,097,726
30	<b>Net cash outflows from investing activities</b>	<b>(289,410,333,944)</b>	<b>(182,359,956,589)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
31	Proceeds from issuance of shares and capital contribution	68,932,500,000	97,273,160,000
32	Payments for share repurchases	(2,094,000,000)	-
33	Proceeds from borrowings	5,047,550,445,086	4,336,772,043,080
34	Repayments of borrowings	(4,387,362,004,881)	(3,662,003,259,254)
36	Dividends paid	(343,875,424,770)	(268,371,812,300)
40	<b>Net cash inflows from financing activities</b>	<b>383,151,515,435</b>	<b>503,670,131,526</b>
50	<b>Net decrease in cash</b>	<b>(67,779,120,591)</b>	<b>(17,475,993,935)</b>
60	<b>Cash at beginning of year</b>	<b>150,227,254,450</b>	<b>167,814,376,098</b>
61	Effect of foreign exchange differences	138,715,435	(111,127,713)
70	<b>Cash at end of year</b>	<b>82,586,849,294</b>	<b>150,227,254,450</b>

  
\_\_\_\_\_  
Nguyen Thanh Dat  
Preparer

  
\_\_\_\_\_  
Duong Quang Hai  
Chief Accountant

  
  
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Le Thi Thong  
General Director  
27 February 2020

The notes on pages 9 to 43 are an integral part of these separate financial statements.

**NOTES TO THE SEPARATE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2019**

**1 GENERAL INFORMATION**

Phu Nhuan Jewelry Joint Stock Company (“the Company”) is a joint stock company established in SR Vietnam in accordance with the Business Registration certificate No. 0300521758 which was initially issued by the Department of Planning and Investment of Ho Chi Minh City on 2 January 2004 and the 30<sup>th</sup> latest amendment dated 31 December 2019.

On 23 March 2009, the Company’s shares were officially listed in the Ho Chi Minh City Stock Exchange (“HOSE”) in accordance with the Decision No. 129/UBCK-ĐKNY issued by the General Director of HOSE on 26 December 2008.

The principal activities of the Company are to manufacture and to trade gold, silver, jewelry and gemstones, and to import and export jewelry in gold, silver and gemstones.

The normal business cycle of the Company is 12 months.

As at 31 December 2019, the Company had 4 subsidiaries as presented in Note 4 – Long-term investment. Details are as follows:

	Place of incorporation and operation	31.12.2019		31.12.2018		The principal activities
		% of ownership %	% of voting right %	% of ownership %	% of voting right %	
CAO Fashion Company Limited	Ho Chi Minh City	100	100	100	100	Trading of jewellery products
PNJ Laboratory Company Limited	Ho Chi Minh City	100	100	100	100	Jewelry inspection and consultancy services
PNJ Jewelry Production and Trading Company Limited	Ho Chi Minh City	100	100	100	100	Jewelry manufacturing and trading
Customer Era Company Limited	Ho Chi Minh City	100	100	100	100	Retailing

As at 31 December 2019, the Company had 53 branches (as at 31 December 2018: 52 branches) located in various provinces and cities in Vietnam.

As at 31 December 2019, the Company had 4,784 employees (as at 31 December 2018: 4,458 employees).

## **2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

### **2.1 Basis of preparation of separate financial statements**

The separate financial statements have been prepared in accordance with Vietnamese Accounting Standards, Vietnamese Corporate Accounting System and applicable regulations on preparation and presentation of separate financial statements. The separate financial statements have been prepared under the historical cost convention.

The accompanying separate financial statements are not intended to present the financial position and results of operations and cash flows in accordance with accounting principles and practices generally accepted in countries and jurisdictions other than Vietnam. The accounting principles and practices utilised in Vietnam may differ from those generally accepted in countries and jurisdictions other than Vietnam.

Separately, the Company has also prepared consolidated financial statements of the Company and its subsidiaries (together, "the Group"), in accordance with Vietnamese Accounting Standards, the Vietnamese Corporate Accounting System and applicable regulations on preparation and presentation of consolidated financial statements. In the consolidated financial statements, subsidiary undertakings, which are those companies over which the Group has the power to govern the financial and operating policies, have been fully consolidated.

Users of these separate financial statements of the Company should read them together with the consolidated financial statements of the Group for the year ended 31 December 2019 in order to obtain full information of the consolidated financial position and consolidated results of operations and consolidated cash flows of the Group as a whole.

The separate financial statements in the Vietnamese language are the official statutory separate financial statements of the Company. The separate financial statements in the English language have been translated from the Vietnamese version.

### **2.2 Fiscal year**

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

### **2.3 Currency**

The separate financial statements are measured and presented in Vietnamese Dong ("VND"). The Company determines its accounting currency based on the currency which is mainly used in sales of goods and rendering of services, which has a significant impact on selling prices of goods and services, which is normally used for list selling prices and receive payments; which is mainly used in purchases of goods or services, which has a significant impact on cost of labor, materials and other production or operating costs and normally used as payments of those costs.

In addition, the Company also uses this currency to raise financial resources (such as via issuance of shares or bonds) and/or regularly collects this currency from business operation and savings.

### **2.4 Exchange rates**

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

**2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**2.4 Exchange rates (continued)**

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

**2.5 Cash**

Cash comprise cash on hand, cash at bank, and cash in transit.

**2.6 Receivables**

Receivables represent trade receivables from customers arising from sales of goods and rendering of services or non-trade receivables from others and are stated at cost. Provision for doubtful debts is made for each outstanding amount based on overdue days in payment according to the initial payment commitment (exclusive of the payment rescheduling between parties), or based on the expected loss that may arise. Bad debts are written off when identified.

Receivables are classified into long-term and short-term receivables on the balance sheet based on the remaining period from the separate balance sheet date to the maturity date.

**2.7 Inventories**

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

The Company applies the perpetual method for inventories.

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

**2.8 Investments**

**(a) Investment in subsidiaries**

Subsidiaries are the entities over which the Company has the power to govern the financial and operating policies in order to gain future benefits from their activities generally accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Company controls another entity.

**2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**2.8 Investments (continued)**

**(a) Investment in subsidiaries (continued)**

Subsidiaries are the entities over which the Company has the power to govern the financial and operating policies in order to gain future benefits from their activities generally accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Company controls another entity.

Investments in subsidiaries are initially recorded at costs of acquisition including purchase cost or capital contribution value plus other expenditure directly attributable to the investment. Subsequently, the Board of Management reviews all outstanding investments to determine the amount of provision to recognise at the year end.

**(b) Investments in other entities**

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

**(c) Provision for investments in subsidiaries, and other entities**

Provision for investments in subsidiaries, associates and joint ventures, and other entities is made when there is a diminution in value of the investments at the year end. Regarding investments in listed shares or those whose fair value can be determined reliably, the provision for diminution in value is made when cost is higher than market value. For other investments, provision for diminution in value is made when the investees make losses, except when the loss is anticipated by the Board of Management before the date of investment.

Changes in the provision balance during the accounting fiscal year are recorded as an increase or decrease in financial expenses. A reversal, if any, is made only to the extent the investment is restored to its original cost.

**2.9 Lending**

Lending is loan for interest earning granted under agreements among parties but not being traded as securities.

Lending is initially recognised at cost. Subsequently, the Board of Management reviews all outstanding amounts to determine the amount of provision to recognise at the year end. Provision for doubtful lending is made for each lending based on overdue days in payment of principals according to the initial payment commitment (exclusive of the payment rescheduling between parties), or based on the expected loss that may arise. Changes in the provision balance during the accounting fiscal year are recorded as an increase or decrease in financial expenses. A reversal, if any, is made only to the extent the investment is restored to its original cost.

Lending is classified into short-term and long-term lending on the separate balance sheet based on the remaining term of the lending at the separate balance sheet date.

**2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**2.10 Fixed assets**

*Tangible and intangible fixed assets*

Fixed assets are stated at historical cost less accumulated depreciation/amortisation. Historical cost includes expenditure that is directly attributable to the acquisition of the fixed assets bringing them to their suitable condition for their intended use. Expenditure incurred subsequently which has resulted in an increase in the future economic benefits expected to be obtained from the use of fixed assets, can be capitalised as an additional historical cost. Otherwise, they are charged to the income statement when incurred.

*Depreciation/amortisation*

Fixed assets are depreciated/amortised using the straight-line method so as to write off the historical cost of the fixed assets over their estimated useful lives. The estimated useful lives of each fixed assets class are as below:

Buildings and structures	5 - 25 years
Machinery and equipment	3 - 15 years
Motor vehicles	5 - 10 years
Office equipment	3 - 10 years
Software	3 - 5 years

Land use rights with indefinite term are recorded in historical cost and are not amortised.

*Disposals*

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

*Construction in progress*

Construction in progress represents the cost of assets in the course of construction for production, rental or administrative purposes, or for purposes not yet determined, including construction costs; costs of tools and equipments; construction consulting expenditures; and capitalised borrowing costs for qualifying assets in accordance with the Company's accounting policies. Depreciation of these assets, on the same basis as other fixed assets, commences when they are ready for their intended use.

**2.11 Leased assets**

Leases where a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases are charged to the separate income statement on a straight-line basis over the term of the lease.

**2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**2.12 Prepaid expenses**

Prepaid expenses include short-term and long-term prepayments on the separate balance sheet. Prepaid expenses are recorded at historical cost and allocated on the straight-line basis over their estimated useful lives.

**2.13 Payables**

Classifications of payables are based on their nature as follows:

- Trade accounts payable are trade payables arising from purchases of goods and services.
- Other payables are non-trade payables, and payables not relating to purchase of goods and services.

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

**2.14 Borrowings**

Borrowings include borrowings from banks, individual and related party.

Borrowings are classified into long-term and short-term on the separate balance sheet based on their remaining period from the separate balance sheet date to the maturity date.

Borrowing costs that are directly attributable to the construction or production of any qualifying assets are capitalised during the period of time that is required to complete and prepare the asset for its intended use. In respect of general-purpose borrowings, a portion of which used for the purpose of construction or production of any qualifying assets, the Company determines the amount of borrowing costs eligible for capitalisation by applying a capitalisation rate to the weighted average expenditure on that assets. The capitalisation rate is the weighted average of the interest rates applicable to the Company's borrowings that are outstanding during the period, other than borrowings made specifically for the purpose of obtaining a qualifying asset. Other borrowing costs are recognised in the income statement when incurred.

**2.15 Accrued expenses**

Accrued expenses include liabilities for goods and services received in the period but not yet paid due to pending invoice or insufficient records and documents. Accrued expenses are recorded as expenses in the reporting period.



**2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**2.16 Provisions**

Provisions are recognised when the Company has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Provision is not recognised for future operating losses.

Provisions are measured at the expenditures expected to be required to settle the obligation. If the time value of money is material, provision will be measured at the present value using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as a financial expense. Changes in the provision balance during the accounting fiscal year are recorded as an increase or decrease in operating expenses.

**2.17 Provision for severance allowances**

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

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

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

**2.18 Capital and reserves**

Contributed capital of the shareholders is recorded according to actual amount contributed and is recorded according to par value of the share.

Share premium is the difference between the par value and the issue price of shares and the difference between the repurchase price and re-issuing price of treasury shares.

Treasury shares are shares issued by the Company and bought-back by itself, but these are not cancelled and may be re-issued subsequently in accordance with the Law on securities.

Undistributed earnings record the Company's accumulated results after BIT at the reporting date.

**2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)****2.19 Appropriation of profit**

The Company's dividend is recognised as a liability in the Company's separate financial statements in the period in which the dividends are approved by the Company's General Meeting of Shareholders.

Profit after BIT could be distribute to shareholders after approval at General Meeting of Shareholders, and after appropriation to other funds in accordance with the Company's charter and Vietnamese regulations.

The Company's funds are as below:

**(a) Investment and development fund**

The investment and development fund is appropriated from profit after BIT of the Company and approved by shareholders at the General Meeting of Shareholders. The fund is set aside for the use in the Group's expansion of its operation or in-depth investments.

**(b) Bonus and welfare fund**

Bonus and welfare fund is appropriated from the Company's profit after BIT and subject to shareholders' approval at the General Meeting of Shareholders. This fund is presented as a liability on the separate balance sheet. The fund is set aside for the purpose of pecuniary rewarding and encouragement, common benefits and improvement of the employees' benefits.

**2.20 Revenue recognition****(a) Revenue from sales of goods**

Revenue from sale of goods is recognised in the separate income statement when all five (5) following conditions are satisfied:

- The Company has transferred to the buyer the significant risks and rewards 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; and
- The costs incurred or to be incurred in respect of the transaction can be measured reliably.

No revenue is recognised if there are significant uncertainties regarding recovery of the consideration due or the possible return of goods.

Revenue is recognised in accordance with the "substance over form" principle and allocated to each sales obligation. In case where the Company gives promotional goods to customers associated with their purchases, the Company allocates the total considerations received between goods sold and promotional goods. The cost of promotional goods is recognised as cost of sales in the separate income statement.

**2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**2.20 Revenue recognition (continued)**

**(b) Revenue from rendering of services**

Revenue from rendering of services is recognised in the separate income statement when the services are rendered, by reference to completion of the specific transaction assessed on the basis of the actual service provided as a proportion of the total services to be provided. Revenue from rendering of services is only recognised when all four (4) following conditions are satisfied:

- The amount of revenue can be measured reliably;
- It is probable that the economic benefits associated with the transaction will flow to the Company;
- The percentage of completion of the transaction at the separate balance sheet date can be measured reliably; and
- The costs incurred for the transaction and the costs to complete the transaction can be measured reliably.

**(c) Interest income**

Interest income is recognised on an earned basis.

**(d) Dividend income**

Income from dividend is recognised when the Company has established the receiving right from investees.

**2.21 Sales deduction**

Sales deduction includes sales returns. Sales deduction incurred in the same period of the related revenue from sales of products, goods and rendering of services are recorded as deduction of revenue of that period.

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

**2.22 Cost of goods sold and services rendered**

Cost of goods sold and services rendered are cost of finished goods, merchandises, materials sold or services rendered during the year, and recorded on the basis of matching with revenue and on prudent basis.

**2.23 Financial expenses**

Finance expenses are expenses incurred in the year for financial activities including expenses or losses relating to financial investment activities, expenses of borrowing, and losses from foreign exchange differences.

**2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**2.24 Selling expenses**

Selling expenses represent expenses that are incurred in the process of selling products, goods, and providing services, which mainly include publicity, display, promotions, advertising expenses, warranty charges of goods and products, maintenance charges, packaging, and transportation.

**2.25 General and administration expenses**

General and administration expenses represent expenses for administrative purposes which mainly include salary expenses of administrative staffs (salaries, wages, allowances, ...); social insurance, medical insurance, labour union fees, unemployment insurance of administrative staff, expenses of office materials, tools and supplies, depreciation and amortisation of fixed assets used for administration, land rental, outside services and other expenses.

**2.26 Current and deferred income tax**

Income taxes include all income taxes which are based on taxable profits including profits generated from production and trading activities in other countries that the Socialist Republic of Vietnam has not signed any double tax relief agreement. Income tax expense comprises current tax expense and deferred tax expense.

Current income tax is the amount of income taxes payable or recoverable in respect of the current year taxable profits at the current tax rates. Current and deferred tax should be recognised as an income or an expense and included in the profit or loss of the period, except to the extent that the tax arises from a transaction or event which is recognized, in the same or a different period, directly in equity.

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

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

**2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**2.27 Related parties**

Enterprises and individuals that directly, or indirectly through one or more intermediaries, control, or are controlled by, or are under common control with, the Company, including holding companies, subsidiaries and fellow subsidiaries are related parties of the Company. Associates and individuals owning, directly or indirectly, an interest in the voting power of the Company that gives them significant influence over the Company, key management personnel, including General Director of the Company and close members of the family of these individuals and companies associated with these individuals also constitute related parties.

In considering the related party relationship, the Company considers the substance of the relationship not merely the legal form.

**2.28 Accounting estimates**

The preparation of separate financial statements in conformity with Vietnamese Accounting Standards, Vietnamese Corporate Accounting System and legal regulations relating to financial reporting requires the Board of Management to make estimates and assumptions that affect the reported amounts of assets, liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the financial year.

The areas involving significant estimates and assumptions are as follows:

- Estimated useful life of fixed assets (Note 9);
- Provision for long-term investment (Note 11); and
- Recognition of deferred tax assets (Note 21).

Such estimates and assumptions are continually evaluated. They are based on historical experience and other factors, including expectations of future events that may have a financial impact on the Company and that are believed to be reasonable under the circumstances.

**3 CASH**

	<b>2019 VND</b>	<b>2018 VND</b>
Cash on hand	51,564,859,289	87,332,446,810
Cash at bank	16,380,464,624	55,074,940,752
Cash in transit	14,641,525,381	7,819,866,888
	<u>82,586,849,294</u>	<u>150,227,254,450</u>

**4 SHORT-TERM TRADE ACCOUNTS RECEIVABLE**

	<b>2019 VND</b>	<b>2018 VND</b>
Third parties		
Dry Cell and Storage Battery JSC	-	11,728,226,112
Others	31,521,924,442	34,303,830,924
Related parties (Note 34(b))	65,012,646,029	5,652,125,793
	<u>96,534,570,471</u>	<u>51,684,182,829</u>

As at 31 December 2019 and 31 December 2018, there was no balance of short-term trade accounts receivable that was past due or not past due but doubtful.

**5 SHORT-TERM PREPAYMENTS TO SUPPLIERS**

	<b>2019 VND</b>	<b>2018 VND</b>
Third parties		
Hi-Way Furniture and Construction Corporation	7,115,103,418	-
Gia Khang Construction Real Estate Corporation	5,340,173,000	-
PT Kinara Gilang Semesta	-	11,920,440,928
Others	27,072,307,235	29,777,258,127
Related parties (Note 34(b))	692,306,416,495	473,963,176
	<u>731,834,000,148</u>	<u>42,171,662,231</u>

**6 OTHER RECEIVABLES**

**(a) Short-term**

	<b>2019 VND</b>	<b>2018 VND</b>
Advance to employees	1,014,075,124	26,866,696,937
Others	775,705,010	6,431,925,233
Related parties (Note 34(b))	2,303,718,963	140,000,000
	<u>4,093,499,097</u>	<u>33,438,622,170</u>

As at 31 December 2019 and 31 December 2018, there was no balance of short-term other receivables that was past due or not past due but doubtful.

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**6 OTHER RECEIVABLES (continued)**

**(b) Long-term**

	<b>2019 VND</b>	<b>2018 VND</b>
Rent deposits	67,305,344,776	55,045,824,370

**7 INVENTORIES**

	<b>2019 VND</b>	<b>2018 VND</b>
Goods in transit	-	174,502,741,962
Raw materials	67,475,247,675	58,338,102,385
Tools and supplies	27,472,070,110	22,774,331,939
Work in progress	351,747,040	999,333,993,178
Finished goods	-	395,779,862,102
Merchandise	5,504,743,411,026	3,169,137,697,775
	<u>5,600,042,475,851</u>	<u>4,819,866,729,341</u>

As at 31 December 2019, the total inventories of VND1,506,916,000,000 (as at 31 December 2018: VND881,870,304,928) were pledged as collateral for short-term borrowings from a commercial bank (Note 18(a)).

**8 PREPAID EXPENSES**

**(a) Short-term**

	<b>2019 VND</b>	<b>2018 VND</b>
Tools and supplies	15,862,561,625	32,410,766,345
Operating lease	27,634,980,897	16,376,783,517
IT expenses	8,345,505,585	-
Employee's uniform	7,374,039,462	6,118,768,634
Signboard rental	515,780,770	2,500,842,774
Repairs and maintainance	4,109,332,379	3,097,620,758
Others	2,608,460,337	1,515,742,917
	<u>66,450,661,055</u>	<u>62,020,524,945</u>

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8 PREPAID EXPENSES (continued)

(b) Long-term

	2019 VND	2018 VND
Tools and supplies	64,032,891,314	47,268,008,367
Office and store renovation	47,605,216,973	37,942,664,684
Store rental	9,616,517,091	2,772,280,000
Signboard rental	1,950,362,470	2,380,714,864
Others	2,466,327,518	1,054,252,739
	<u>125,671,315,366</u>	<u>91,417,920,654</u>



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9 FIXED ASSETS

(a) Tangible fixed assets

	Buildings and structures VND	Machinery and equipment VND	Motor vehicles VND	Office equipment VND	Total VND
<b>Historical cost</b>					
As at 1 January 2019	138,832,225,224	35,042,661,919	27,943,022,451	43,888,755,944	245,706,665,538
New purchases	-	10,066,148,091	2,227,730,900	14,602,837,772	26,896,716,763
Transfers from construction in progress (Note 10)	9,504,055,967	-	-	26,642,569,496	36,146,625,463
Disposals	-	(4,298,341,220)	-	(1,045,916,889)	(5,344,258,109)
As at 31 December 2019	148,336,281,191	40,810,468,790	30,170,753,351	84,088,246,323	303,405,749,655
<b>Accumulated depreciation</b>					
As at 1 January 2019	37,446,777,758	23,575,620,176	10,040,151,562	32,268,997,574	103,331,547,070
Charge for the year	6,561,830,172	5,358,970,072	3,641,397,638	6,643,726,313	22,205,924,195
Disposals	-	(4,204,162,924)	-	(676,770,562)	(4,880,933,486)
As at 31 December 2019	44,008,607,930	24,730,427,324	13,681,549,200	38,235,953,325	120,656,537,779
<b>Net book value</b>					
As at 1 January 2019	101,385,447,466	11,467,041,743	17,902,870,889	11,619,758,370	142,375,118,468
As at 31 December 2019	104,327,673,261	16,080,041,466	16,489,204,151	45,852,292,998	182,749,211,876

As at 31 December 2019, tangible fixed assets of the Company with the carrying amount of VND10,071,979,475 (as at 31 December 2018: VND10,684,937,704) were pledged with banks as collateral assets for borrowings from commercial banks granted to the Company (Note 18).

As at 31 December 2019, historical cost of fully depreciated fixed assets but still in use was VND27,459,540,133 (as at 31 December 2018: VND26,573,915,076).

9 **FIXED ASSETS (continued)**

(b) **Intangible fixed assets**

	Land use rights VND	Software VND	Total VND
<b>Historical cost</b>			
As at 1 January 2019	459,177,157,290	40,760,250,583	<b>499,937,407,873</b>
New purchases	-	11,086,208,535	<b>11,086,208,535</b>
Transfers from construction in progress (Note 10)	83,510,429,449	71,765,000,000	<b>155,275,429,449</b>
As at 31 December 2019	<u>542,687,586,739</u>	<u>123,611,459,118</u>	<b><u>666,299,045,857</u></b>
<b>Accumulated amortisation</b>			
As at 1 January 2019	-	6,610,702,975	<b>6,610,702,975</b>
Charge for the year	-	12,633,038,980	<b>12,633,038,980</b>
As at 31 December 2019	<u>-</u>	<u>19,243,741,955</u>	<b><u>19,243,741,955</u></b>
<b>Net book value</b>			
As at 1 January 2019	<u>459,177,157,290</u>	<u>34,149,547,608</u>	<b><u>493,326,704,898</u></b>
As at 31 December 2019	<u><u>542,687,586,739</u></u>	<u><u>104,367,717,163</u></u>	<b><u><u>647,055,303,902</u></u></b>

As at 31 December 2019, historical cost of land use rights of the Company amounting to VND49,837,617,572 (as at 31 December 2018: VND49,837,617,572) were pledged with bank as collaterals for borrowings from commercial banks granted to the Company (Note 18).

As at 31 December 2019, historical cost of fully amortised software but still in use was VND7,078,250,583 (as at 31 December 2018: VND252,034,613).

10 **CONSTRUCTION IN PROGRESS**

	2019 VND	2018 VND
Store in Vincom Thanh Hoa Center	-	9,468,078,966
Land use right in Di An - Binh Duong	26,137,767,250	-
ERP's project	-	56,023,422,424
Others	2,055,220,000	2,492,288,600
	<u>28,192,987,250</u>	<u>67,983,789,990</u>

10 CONSTRUCTION IN PROGRESS (continued)

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

	2019 VND	2018 VND
Beginning of year	67,983,789,990	9,665,078,966
Addition	151,631,252,172	58,318,711,024
Transfers to tangible fixed assets (Note 9(a))	(36,146,625,463)	-
Transfers to intangible fixed assets (Note 9(b))	(155,275,429,449)	-
End of year	<u>28,192,987,250</u>	<u>67,983,789,990</u>

11 INVESTMENTS IN OTHER ENTITIES

	2019		2018	
	Cost VND	Provision VND	Cost VND	Provision VND
<b>(i) Investment in subsidiaries</b>				
CAO Fashion Company Limited	30,000,000,000	-	30,000,000,000	-
PNJ Laboratory Company Limited	10,000,000,000	-	10,000,000,000	-
Customer Era Company Limited (*)	30,000,000,000	(30,000,000,000)	20,000,000,000	-
PNJ Jewelry Production and Trading Company Limited	100,000,000,000	-	100,000,000,000	-
<b>(ii) Investment in other entity</b>				
Dong A Commercial Joint Stock Bank (**)	395,271,613,400	(395,271,613,400)	395,271,613,400	(395,271,613,400)
	565,271,613,400	(425,271,613,400)	555,271,613,400	(395,271,613,400)

As at 31 December 2019 and 31 December 2018, the Company has not determined the fair value of these investments to disclose on the financial statements because they do not have listed prices.

(\*) The Company has made full provision for its investment in Customer Era Company Limited as this subsidiary had accumulated loss as at 31 December 2019.

(\*\*) As at 31 December 2019 and 31 December 2018, Dong A Joint Stock Commercial Bank was still under special control of the State Bank of Vietnam and its shares have not been eligible transferable. Therefore, the Board of Management decided to make full provision for diminution in value of this investment as at the separate interim balance sheet date.

**12 SHORT-TERM TRADE ACCOUNTS PAYABLE**

	<b>2019</b>	<b>2018</b>
	<b>VND</b>	<b>VND</b>
Third parties		
Finesse Impex Limited	264,376,245,789	-
Shrenuj Fareast Co., Ltd	-	123,175,663,382
Forte Jewellery (HK) Co., Ltd	154,975,866,651	43,363,695,805
Quang Vinh Nguyen Co., Ltd	12,140,499,777	4,441,946,777
Others	185,973,593,012	154,658,784,811
Related parties (Note 34(b))	2,105,605,324	139,782,706,112
	<u>619,571,810,553</u>	<u>465,422,796,887</u>

As at 31 December 2019 and 31 December 2018, there was no balance of short-term trade accounts payable that was past due.

**13 SHORT-TERM PREPAYMENT FROM CUSTOMERS**

	<b>2019</b>	<b>2018</b>
	<b>VND</b>	<b>VND</b>
Third parties		
AIA Vietnam Company Limited	-	3,963,768,008
Others	58,403,718,325	39,028,263,152
Related parties (Note 34(b))	-	9,781,482,710
	<u>58,403,718,325</u>	<u>52,773,513,870</u>

**14 TAXES AND OTHER PAYABLES TO THE STATE**

	<b>2019</b>	<b>2018</b>
	<b>VND</b>	<b>VND</b>
Value added tax ("VAT")	42,216,317,119	35,907,344,209
BIT	114,645,621,760	96,993,072,715
Personal income tax ("PIT")	4,135,703,716	3,218,349,273
Others	4,569,630,533	4,592,183,218
	<u>165,567,273,128</u>	<u>140,710,949,415</u>

**14 TAXES AND OTHER PAYABLES TO THE STATE (continued)**

Movements in taxes and other payables to the State during the year are as follows:

	As at 1.1.2019 VND	Payable during the year VND	Payment during the year VND	As at 31.12.2019 VND
VAT	35,907,344,209	397,940,075,461	(391,631,102,551)	42,216,317,119
BIT	96,993,072,715	293,343,935,792	(275,691,386,747)	114,645,621,760
PIT	3,218,349,273	53,837,344,110	(52,919,989,667)	4,135,703,716
Others	4,592,183,218	66,753,597	(89,306,282)	4,569,630,533
	<u>140,710,949,415</u>	<u>745,188,108,960</u>	<u>(720,331,785,247)</u>	<u>165,567,273,128</u>

**15 PAYABLE TO EMPLOYEES**

The balances represent accrual for the 13<sup>th</sup> month salary and performance bonus payable to employees.

**16 SHORT-TERM ACCRUED EXPENSES**

	2019 VND	2018 VND
Avertising and marketing	33,745,133,406	3,891,017,573
Interest expense	4,039,935,610	3,207,743,012
Others	2,386,588,335	3,008,170,839
	<u>40,171,657,351</u>	<u>10,106,931,424</u>

**17 OTHER SHORT-TERM PAYABLES**

	2019 VND	2018 VND
Bonus for the Board of Management and Board of Directors	20,528,793,837	9,792,723,602
Union trade	8,391,944,233	13,048,527,562
Personal income tax paid on behalf of shareholders	4,531,133,392	4,531,133,392
Dividend payable (Note 24)	6,004,841,375	4,744,192,345
Interest expense (Note 34(b))	545,841,096	330,668,333
Others	8,231,088,435	9,082,453,548
	<u>48,233,642,368</u>	<u>41,529,698,782</u>

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18 BORROWINGS

(a) Short-term

	As at 1.1.2019 VND	Increase VND	Decrease VND	As at 31.12.2019 VND
Bank loans (*)				
Vietnam Joint Stock Commercial Bank for Industry and Trade	463,805,280,193	968,462,652,239	(932,406,563,908)	499,861,368,524
Joint Stock Company Bank for Foreign trade of Vietnam	324,383,851,657	990,037,176,198	(823,993,823,378)	490,427,204,477
Joint Stock Commercial Bank for Investment an Development of Vietnam	134,955,725,869	598,015,371,280	(432,971,097,149)	300,000,000,000
Petrolimex Group Commercial Joint Stock Bank	113,601,407,000	882,686,447,335	(697,394,454,855)	298,893,399,480
Southeast Asia Joint Stock Commercial Bank	198,496,310,000	644,429,835,000	(642,926,145,000)	200,000,000,000
Military Commercial Joint Stock Bank	72,711,731,023	290,889,785,657	(263,630,187,680)	99,971,329,000
Shinhan Bank Vietnam Limited	29,000,000,000	306,690,000,000	(238,690,000,000)	97,000,000,000
CTBC Bank Company Limited - Ho Chi Minh Branch	86,519,590,000	214,852,323,946	(208,572,367,626)	92,799,546,320
Vietnam Bank for Agriculture and Rural Development (Note 18(b))	3,700,000,000	3,700,000,000	(3,700,000,000)	3,700,000,000
Individual loans (**)	131,308,602,284	140,486,853,431	(142,677,365,285)	129,118,090,430
Borrowings from related parties (Note 34(b))	12,000,000,000	11,000,000,000	-	23,000,000,000
	<u>1,570,482,498,026</u>	<u>5,051,250,445,086</u>	<u>(4,386,962,004,881)</u>	<u>2,234,770,938,231</u>

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**18 BORROWINGS (continued)**

**(a) Short-term (continued)**

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

<b>Bank</b>	<b>As at 31.12.2019 VND</b>	<b>Maturity date</b>	<b>Interest (per annum)</b>	<b>Collateral</b>
Vietnam Joint Stock Commercial Bank for Industry and Trade	499,861,368,524	From 5 January 2020 to 6 September 2020	From 6.8% to 7%	Inventories
Joint Stock Company Bank for Foreign trade of Vietnam	490,427,204,477	From 3 January 2020 to 4 August 2020	6.6%	Land use right, buildings and inventories
Joint Stock Commercial Bank for Investment and Development of Vietnam	300,000,000,000	From 15 February 2020 to 4 June 2020	6.5%	Inventories
Petrolimex Group Commercial Joint Stock Bank	298,893,399,480	From 29 January 2020 to 11 March 2020	7%	Unsecured
Southeast Asia Joint Stock Commercial Bank	200,000,000,000	From 9 January 2020 to 13 March 2020	6.5%	Land use right, buildings and inventories
Military Commercial Joint Stock Bank	99,971,329,000	From 2 March 2020 to 30 April 2020	6.5%	Unsecured
Shinhan Bank Vietnam Limited	97,000,000,000	From 1 January 2020 to 6 September 2020	From 6.38% to 6.4%	Unsecured
CTBC Bank Company Limited - Hochiminh Branch	92,799,546,320	From 25 January 2020 to 22 April 2020	From 5.9% to 6.3%	Inventories
	<u>2,078,952,847,801</u>			

(\*\*) Individual loans represent unsecured loans from the Company's employees with original maturity of 12 months and bear interest at the interest rate of 3% - 8% per annum.



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18 BORROWINGS (continued)

(a) Short-term (continued)

The land use rights at No. 52A-52B Nguyen Van Troi Street, Phu Nhuan District, Ho Chi Minh City; No. 195A Phan Dang Luu Street, Phu Nhuan District, Ho Chi Minh City; No. 577 Nguyen Kiem Street, Phu Nhuan District, Ho Chi Minh City and No. 174 Le Thanh Ton Street, District 1, Ho Chi Minh City with total carrying amount of VND63,592,666,838 were held by East Asia Commercial Joint Stock Bank as collaterals for borrowings from that bank, at the separate balance sheet date.

(b) Long-term

	As at 1.1.2019 VND	Increase VND	Decrease VND	As at 31.12.2019 VND
Bank loans (*)	7,400,000,000	-	(3,700,000,000)	3,700,000,000
Individual loans	400,000,000	-	(400,000,000)	-
	<u>7,800,000,000</u>	<u>-</u>	<u>(4,100,000,000)</u>	<u>3,700,000,000</u>

(\*) Bank loan represents long-term loan from Vietnam Bank for Agriculture and Rural Development under loan contract No. 1902-LAV-2016005156 dated 22 November 2016 to purchase the fixed assets. The term is 60 months from the first drawdown dated 26 December 2016. This loan bears interest at the interest rate 9.5% per annum and is secured by tangible fixed assets and land use right of the Company (Note 9).

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**19 BONUS AND WELFARE FUND**

	<b>2019 VND</b>	<b>2018 VND</b>
Beginning of year	62,298,582,070	51,460,259,954
Appropriation from undistributed earnings (Note 23)	47,996,000,000	36,240,000,000
Utilisation during the year	(20,260,223,341)	(25,401,677,884)
End of year	<u>90,034,358,729</u>	<u>62,298,582,070</u>

**20 LONG-TERM PROVISION FOR OTHER LIABILITY**

The balance represents provision for severance allowance to employees.

**21 DEFERRED INCOME TAX ASSETS**

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

	<b>2019 VND</b>	<b>2018 VND</b>
Deferred tax assets:		
Deferred tax assets to be recovered after more than 12 months	79,740,521,880	79,740,521,880
Deferred tax assets to be recovered within 12 months	7,390,942,779	5,611,302,958
	<u>87,131,464,659</u>	<u>85,351,824,838</u>

**21 DEFERRED INCOME TAX ASSETS (continued)**

The gross movements in deferred income tax, taking into consideration the offsetting of balances within the same tax jurisdiction, are as follows:

	<b>2019 VND</b>	<b>2018 VND</b>
Beginning of year	85,351,824,838	81,493,342,104
Separate Income statement credit (Note 32)	1,779,639,821	3,858,482,734
End of year	<u>87,131,464,659</u>	<u>85,351,824,838</u>

Details of deferred tax assets:

	<b>2019 VND</b>	<b>2018 VND</b>
Deductible temporary differences	<u>87,131,464,659</u>	<u>85,351,824,838</u>

The deferred income tax assets are mainly derived from accruals, provision for long-term investment and provision for severance allowances.

The Company applied tax rate of 20% in the year for determining deferred tax assets.

**22 OWNERS' CAPITAL**

**(a) Number of ordinary shares**

	<b>2019</b>	<b>2018</b>
Number of shares registered	<u>225,293,585</u>	<u>167,002,982</u>
Number of shares issued	225,293,585	167,002,982
Number of shares repurchased	(105,409)	(709)
Number of existing shares in circulation	<u>225,188,176</u>	<u>167,002,273</u>

22 OWNERS' CAPITAL (continued)

(b) Details of owners' shareholding

	2019		2018	
	Ordinary shares	%	Ordinary shares	%
Mrs Cao Thi Ngoc Dung	203,264,180,000	9.03	151,000,640,000	9.04
VinaCapital Fund Management Joint Stock Company (*)	181,331,380,000	8.05	145,998,480,000	8.74
Mrs Truong Ngoc Phuong (**)	155,997,900,000	6.93	152,393,080,000	9.13
Other shareholders	1,712,342,390,000	76.04	1,220,637,620,000	73.09
Treasury shares	(1,054,090,000)	(0)	(7,090,000)	(0)
Number of shares	2,251,881,760,000	100	1,670,022,730,000	100

(\*) As at 31 December 2019 and 31 December 2018, VinaCapital Fund Management Joint Stock Company is the Representative for a group of investors.

(\*\*) As at 31 December 2019 and 31 December 2018, Ms. Truong Ngoc Phuong is the Representative of a group of foreign investors.

(c) Movement of share capital

	Number of shares	Ordinary shares VND
As at 1 January 2018	108,101,325	1,081,013,250,000
New shares issued	58,900,948	589,009,480,000
As at 31 December 2018	167,002,273	1,670,022,730,000
New shares issued	58,290,603	582,906,030,000
Treasury share	(104,700)	(1,047,000,000)
As at 31 December 2019	225,188,176	2,251,881,760,000

Par value per share: VND10,000 per shares.

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23 MOVEMENT OF OWNERS' EQUITY

	Owners' capital VND	Share premium VND	Treasury shares VND	Investment and development fund VND	Undistributed earnings VND	Total VND
As at 1 January 2018	1,081,020,340,000	876,761,282,458	(7,090,000)	220,087,556,918	847,832,379,226	3,025,694,468,602
Dividend paid by shares	540,372,900,000	-	-	-	(540,372,900,000)	-
Issuance of ordinary shares under Employee Stock Ownership Plan to Employees	48,636,580,000	48,636,580,000	-	-	-	97,273,160,000
Net profit for the year	-	-	-	-	941,240,908,760	941,240,908,760
Dividends appropriation	-	-	-	-	(270,239,940,000)	(270,239,940,000)
Appropriation to investment and development fund	-	-	-	45,000,000,000	(45,000,000,000)	-
Appropriation to bonus and welfare fund (Note 19)	-	-	-	-	(36,240,000,000)	(36,240,000,000)
Appropriation to bonus for the Board of Directors and the Board of Management	-	-	-	-	(33,822,000,000)	(33,822,000,000)
As at 31 December 2018	1,670,029,820,000	925,397,862,458	(7,090,000)	265,087,556,918	863,398,447,986	3,723,906,597,362
Dividend paid by shares (Note 24) (*)	556,649,780,000	-	-	-	(556,649,780,000)	-
Issuance of ordinary shares under Employee Stock Ownership Plan to Employees (**)	26,256,250,000	42,676,250,000	-	-	-	68,932,500,000
Net profit for the year	-	-	-	-	1,158,012,975,662	1,158,012,975,662
Dividends appropriation (Note 24) (*) (***)	-	-	-	-	(345,136,073,800)	(345,136,073,800)
Repurchase share	-	-	(2,094,000,000)	-	-	(2,094,000,000)
Appropriation to bonus and welfare fund (Note 19) (*)	-	-	-	-	(47,996,000,000)	(47,996,000,000)
Appropriation to investment and development fund (*)	-	-	-	47,996,000,000	(47,996,000,000)	-
Appropriation to bonus for the Board of Directors and the Board of Management (*)	-	-	-	-	(35,439,000,000)	(35,439,000,000)
As at 31 December 2019	2,252,935,850,000	968,074,112,458	(2,101,090,000)	313,083,556,918	988,194,569,848	4,520,186,999,224

**23 MOVEMENTS IN OWNERS' EQUITY (continued)**

(\*) According to Resolution of the Shareholders No. 278/2019/NQ-DHDCD-CTY dated 20 April 2019, the Shareholders have approved the appropriation of net profit for the year ended 31 December 2018 as follows:

- Stock dividends: VND556,649,780,000;
- Dividends payable in cash: VND167,002,273,000;
- Investment and development fund: VND47,996,000,000;
- Bonus and welfare fund: VND47,996,000,000, and;
- Bonus for the Board of Directors and Board of Management: VND35,439,000,000.

(\*\*) According to Resolution of the Shareholders No. 278/2019/NQ-DHDCD-CTY dated 20 April 2019, Resolution of the Board of Directors No. 563/2019/NQ-HĐQT-CTY dated 23 September 2019, Resolution of the Board of Directors No. 624/2019/NQ-HĐQT-CTY dated 28 October 2019 and Resolution of the Board of Directors No. 746/2019/NQ-HĐQT-CTY dated 16 December 2019, the Company issued 2,225,625 ordinary shares to members of the Board of Directors, Board of Management, and key leaders of the Company at par value VND20,000 per share. In addition, the Company also issued 400,000 ordinary shares to Mr. Robert Alan Willett, Member of the Board of Directors at the price of VND61,050 per share.

(\*\*\*) The Company has advanced the 2019 dividend of VND178,133,800,800 to its shareholders in accordance with the Resolution of the Board of Directors No. 373/NQ-HĐQT-CTY dated 2 July 2019.

**24 DIVIDENDS**

	2019 VND	2018 VND
Beginning of year	4,744,192,345	2,876,064,645
Dividends payable	901,785,853,800	810,612,840,000
Dividends paid by shares (Note 23)	(556,649,780,000)	(540,372,900,000)
Dividends paid in cash	(343,875,424,770)	(268,371,812,300)
End of year	6,004,841,375	4,744,192,345

**25 OFF BALANCE SHEET ITEMS**

(a) Included in cash were balances held in foreign currencies of:

	2019	2018
United States Dollar – USD	59,095	77,195
Euro – EUR	1,716	1,726
Pound sterling - GBP	1,625	-
Hong Kong Dollar – HKD	970	-
Australia Dollar – AUD	443	460
Singapore Dollar – SGD	174	174

**25 OFF BALANCE SHEET ITEMS (continued)**

- (b) The future minimum lease payments under non-cancellable operating leases were VND1,174,724,583,477 and VND642,372,871,523 for the year ended 31 December 2019 and 31 December 2018, respectively (Note 35).

**26 NET REVENUE FROM SALES OF GOODS AND RENDERING OF SERVICES**

	<b>2019 VND</b>	<b>2018 VND</b>
<b>Revenue</b>		
Revenue from sales of jewelry	15,067,309,216,058	13,475,905,881,399
Revenue from sales of accessories	12,836,219,561	25,358,513,743
Revenue from sales of rendering of services	17,733,451,933	13,805,264,547
	<u>15,097,878,887,552</u>	<u>13,515,069,659,689</u>
<b>Sales deduction</b>		
Sales returns	(136,566,152,783)	(102,569,985,875)
	<u>14,961,312,734,769</u>	<u>13,412,499,673,814</u>

**27 COST OF GOODS SOLD AND SERVICES RENDERED**

	<b>2019 VND</b>	<b>2018 VND</b>
Cost of jewelry sold and service rendered	11,722,361,782,958	10,743,612,279,152
Cost of accessories sold	13,583,518,327	17,293,947,157
	<u>11,735,945,301,285</u>	<u>10,760,906,226,309</u>

**28 FINANCIAL INCOME**

	<b>2019 VND</b>	<b>2018 VND</b>
Dividend income	-	12,000,000,000
Realised foreign exchange gains	581,397,745	297,889,012
Net gain from foreign currency translation at year-end	1,242,529,054	169,041,343
Interest income	2,428,864,048	6,314,097,726
	<u>4,252,790,847</u>	<u>18,781,028,081</u>

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**29 FINANCIAL EXPENSES**

	<b>2019</b>	<b>2018</b>
	<b>VND</b>	<b>VND</b>
Interest expense	109,701,338,257	61,984,346,502
Realised foreign exchange losses	1,110,438,738	4,904,032,297
Provision for diminution in value of investment	30,000,000,000	-
Others	1,022,430,934	232,499,207
	<u>141,834,207,929</u>	<u>67,120,878,006</u>

**30 SELLING EXPENSES**

	<b>2019</b>	<b>2018</b>
	<b>VND</b>	<b>VND</b>
Staff costs	577,381,472,453	522,333,123,290
Rental	228,547,583,992	154,885,874,960
Advertising and marketing	136,332,923,400	134,119,367,395
Tools and supplies	107,611,228,844	101,555,081,919
Depreciation and amortisation	10,373,831,594	8,225,918,169
Outside services	105,956,771,487	64,500,635,605
Others	64,183,551,642	133,243,126,272
	<u>1,230,387,363,412</u>	<u>1,118,863,127,610</u>

**31 GENERAL AND ADMINISTRATION EXPENSES**

	<b>2019</b>	<b>2018</b>
	<b>VND</b>	<b>VND</b>
Staff costs	281,608,403,453	229,181,806,840
Tools and supplies	14,174,360,992	10,655,002,633
Depreciation and amortisation	24,422,826,652	8,416,993,406
Fee charges	580,262,839	316,215,160
Outside services	34,852,380,529	9,694,747,756
Others	52,536,840,951	53,240,683,044
	<u>408,175,075,416</u>	<u>311,505,448,839</u>



**32 BIT**

The BIT on the Company's accounting profit before tax differs from the theoretical amount that would arise using the applicable tax rates as follows:

	<b>2019</b>	<b>2018</b>
	<b>VND</b>	<b>VND</b>
Net accounting profit before tax	1,449,577,271,633	1,174,739,977,933
Tax calculated at a rate of 20%	<u>289,915,454,327</u>	<u>234,947,995,587</u>
Effect of:		
Income not subject to tax	-	(2,400,000,000)
Expenses not deductible for tax purposes	1,648,841,644	951,073,586
BIT charge (*)	<u><u>291,564,295,971</u></u>	<u><u>233,499,069,173</u></u>
Charged to separate income statement:		
BIT – current	293,343,935,792	237,357,551,907
BIT – deferred (Note 21)	(1,779,639,821)	(3,858,482,734)
	<u><u>291,564,295,971</u></u>	<u><u>233,499,069,173</u></u>

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

**33 COST OF OPERATION BY FACTOR**

	<b>2019</b>	<b>2018</b>
	<b>VND</b>	<b>VND</b>
Raw materials	1,499,658,047,266	11,166,967,624,157
Staff costs	879,872,633,509	856,504,889,713
Tools and supplies	125,649,182,471	123,222,885,858
Depreciation and amortisation	34,838,963,175	26,904,666,249
Outside services	506,447,850,237	363,200,625,716
Others	294,182,491,982	412,332,501,672
	<u><u>3,340,649,168,640</u></u>	<u><u>12,949,133,193,365</u></u>

**34 RELATED PARTY DISCLOSURES**

**(a) Related party transactions**

During the year, the following major transactions were carried out with related parties:

	<b>2019 VND</b>	<b>2018 VND</b>
<b><i>i) Sales of goods and rendering of services</i></b>		
CAO Fashion Company Limited	72,226,202,802	34,806,369,352
PNJ Laboratory Company Limited	-	39,900,000
Customer Era Company Limited	6,251,644,952	-
PNJ Jewelry Production and Trading Company Limited	2,141,533,885,921	49,110,965,439
	<u>2,220,011,733,675</u>	<u>83,957,234,791</u>
<b><i>ii) Purchases of goods and services</i></b>		
CAO Fashion Company Limited	7,899,340,227	6,739,704,326
PNJ Laboratory Company Limited	3,227,801,500	3,287,285,195
Customer Era Company Limited	12,212,312,698	-
PNJ Jewelry Production and Trading Company Limited	3,267,540,993,554	229,529,515,425
	<u>3,290,880,447,979</u>	<u>239,556,504,946</u>
<b><i>iii) Interest expense</i></b>		
PNJ Laboratory Company Limited	<u>950,104,108</u>	<u>881,304,112</u>
<b><i>iv) Investment in subsidiaries</i></b>		
CAO Fashion Company Limited	-	20,000,000,000
Customer Era Company Limited	10,000,000,000	20,000,000,000
PNJ Jewelry Production and Trading Company Limited	-	100,000,000,000
	<u>10,000,000,000</u>	<u>140,000,000,000</u>

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34 RELATED PARTY DISCLOSURES (continued)

(a) Related party transactions (continued)

	2019 VND	2018 VND
<b>v) Dividend income</b>		
PNJ Laboratory Company Limited	-	12,000,000,000
<b>vi) Interest income</b>		
Customer Era Company Limited	2,303,718,963	-
<b>vii) Compensation of key management</b>		
Gross salaries and other benefits	53,158,673,767	33,296,623,981

(b) Year end balances with related parties

	2019 VND	2018 VND
<b>i) Short-term trade accounts receivable (Note 4)</b>		
CAO Fashion Company Limited	61,373,320,983	5,652,125,793
Customer Era Company Limited	3,639,325,046	-
	<u>65,012,646,029</u>	<u>5,652,125,793</u>
<b>ii) Short-term prepayments to suppliers (Note 5)</b>		
PNJ Jewelry Production and Trading Company Limited	<u>692,306,416,495</u>	<u>473,963,176</u>
<b>iii) Short-term lending</b>		
Customer Era Company Limited	<u>100,000,000,000</u>	<u>6,000,000,000</u>

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34 RELATED PARTY DISCLOSURES (continued)

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

	2019 VND	2018 VND
<b>iv) Other short-term receivable (Note 6(a))</b>		
Customer Era Company Limited	2,303,718,963	140,000,000
	<u>2,303,718,963</u>	<u>140,000,000</u>
<b>v) Short-term trade accounts payable (Note 12)</b>		
PNJ Laboratory Company Limited	2,105,605,324	-
PNJ Jewelry Production and Trading Company Limited	-	139,782,706,112
	<u>2,105,605,324</u>	<u>139,782,706,112</u>
<b>vi) Short-term advances from customers (Note 13)</b>		
PNJ Jewelry Production and Trading Company Limited	-	9,592,948,710
Customer Era Company Limited	-	188,534,000
	<u>-</u>	<u>9,781,482,710</u>
<b>vii) Other short-term payables (Note 17)</b>		
PNJ Laboratory Company Limited	545,841,096	317,216,438
PNJ Jewelry Production and Trading Company Limited	-	13,451,895
	<u>545,841,096</u>	<u>330,668,333</u>
<b>viii) Short-term borrowings (Note 18(a))</b>		
PNJ Laboratory Company Limited	23,000,000,000	12,000,000,000
	<u>23,000,000,000</u>	<u>12,000,000,000</u>

**35 COMMITMENTS**

**(a) Commitments under operating leases**

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

	<b>2019 VND</b>	<b>2018 VND</b>
Within one year	214,927,576,282	122,608,861,472
Between one and five years	601,246,671,232	326,424,289,161
Over five years	358,550,335,963	193,339,720,890
Total minimum payments	<u>1,174,724,583,477</u>	<u>642,372,871,523</u>


**(a) Capital commitments**

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

	<b>2019 VND</b>	<b>2018 VND</b>
ERP's project	-	26,093,720,312

The separate financial statements were approved by the Board of Management on 27 February 2020.

  
 \_\_\_\_\_  
 Nguyen Thanh Dat  
 Preparer

  
 \_\_\_\_\_  
 Duong Quang Hai  
 Chief Accountant

  
 \_\_\_\_\_  
 Le Tri Thong  
 General Director

