

PHU NHUAN JEWELRY JOINT STOCK COMPANY

**SEPARATE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

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FOR THE YEAR ENDED 31 DECEMBER 2020**

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PHU NHUAN JEWELRY JOINT STOCK COMPANY

CORPORATE INFORMATION

Enterprise 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 30th amendment dated 31 December 2019.

Board of Directors

Mrs Cao Thi Ngoc Dung	Chairwoman
Mr Le Tri Thong	Vice Chairman
Mr Le Huu Hanh	Member
Mr Le Quang Phuc	Member
Mrs Huynh Thi Xuan Lien	Member
Mrs Dang Thi Lai	Member
Mrs Tieu Yen Trinh	Member (appointed on 10 June 2020)
Mrs Tran Phuong Ngoc Thao	Member (appointed on 10 June 2020)
Mr Nguyen Tuan Hai	Member (appointed on 10 June 2020)
Mrs Pham Vu Thanh Giang	Member (resigned on 10 June 2020)

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 (From 10 August 2020 the Board of Directors assigns Mr. Le Tri Thong to manage and operate the Customer & Retail and Supply sectors)
Mrs Dang Thi Lai	Chief Finance and Operation Officer
Mrs Tran Thi Thu Ha	Retail Director (till 10 August 2020)
Mr Phan Nguyen Hoai Anh	Alternate Marketing Director
Mr Nguyen Hoang Chau	Supply Chain Director (till 10 August 2020)
Mr Dao Trung Kien	Chief Strategy Officer
Mr Dang Hai Anh	Information Technology Division Director (from 20 August 2020)
Mr Nguyen Ngoc Tran	Information Technology (till 20 August 2020)
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 separate financial position of the Company as at 31 December 2020, and of the separate results of its operations and its separate 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 separate financial position of the Company as at 31 December 2020, and of the separate results of its operations and its separate 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 2020 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
15 March 2021



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

We have audited the accompanying the separate financial statements of Phu Nhuan Jewelry Joint Stock Company ("the Company") which were prepared on 31 December 2020 and approved by the Board of Management on 15 March 2021. The separate financial statements comprise the separate balance sheet as at 31 December 2020, 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 2020, 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

Nguyen Vu Anh Tuan
Audit Practising Licence No.
3631-2021-006-1

Report reference number: HCM10120
Ho Chi Minh City, 15 March 2021

SEPARATE BALANCE SHEET

Code	ASSETS	Note	As at 31 December	
			2020 VND	2019 VND
100	CURRENT ASSETS		6,474,649,388,077	6,682,090,576,699
110	Cash		228,463,983,404	82,586,849,294
111	Cash	3	228,463,983,404	82,586,849,294
130	Short-term receivables		630,326,326,092	932,945,866,003
131	Short-term trade accounts receivable	4	42,741,333,285	96,534,570,471
132	Short-term prepayments to suppliers	5	571,620,933,833	731,834,000,148
135	Short-term lending	35(b)	50,000,000,000	100,000,000,000
136	Other short-term receivables	6(a)	12,463,883,751	4,093,499,097
137	Provision for doubtful debts – short-term	7	(46,559,069,745)	-
139	Shortage of assets awaiting resolution		59,244,968	483,796,287
140	Inventory		5,545,614,607,458	5,600,042,475,851
141	Inventories	8	5,545,614,607,458	5,600,042,475,851
150	Other current assets		70,244,471,123	66,515,385,551
151	Short-term prepaid expenses	9(a)	60,983,508,549	66,450,661,055
152	Value Added Tax to be reclaimed		9,260,962,574	-
153	Tax and other receivables from the State		-	64,724,496
200	NON-CURRENT ASSETS		1,492,980,532,386	1,278,105,627,829
210	Long-term receivable		73,087,785,912	67,305,344,776
216	Other long-term receivables	6(b)	73,087,785,912	67,305,344,776
220	Fixed assets		816,679,203,148	829,804,515,778
221	Tangible fixed assets	10(a)	179,965,644,686	182,749,211,876
222	Historical cost		328,768,290,663	303,405,749,655
223	Accumulated depreciation		(148,802,645,977)	(120,656,537,779)
227	Intangible fixed assets	10(b)	636,713,558,462	647,055,303,902
228	Historical cost		669,060,757,659	666,299,045,857
229	Accumulated amortisation		(32,347,199,197)	(19,243,741,955)
240	Long-term asset in progress		30,183,906,350	28,192,987,250
242	Construction in progress	11	30,183,906,350	28,192,987,250
250	Long-term investments	12	310,000,000,000	140,000,000,000
251	Investments in subsidiaries		340,000,000,000	170,000,000,000
253	Investments in other entities		395,271,613,400	395,271,613,400
254	Provision for long-term investments		(425,271,613,400)	(425,271,613,400)
260	Other long-term assets		263,029,636,976	212,802,780,025
261	Long-term prepaid expenses	9(b)	174,314,839,953	125,671,315,366
262	Deferred income tax assets	22	88,714,797,023	87,131,464,659
270	TOTAL ASSETS		7,967,629,920,463	7,960,196,204,528


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

SEPARATE BALANCE SHEET
(continued)

Code	RESOURCES	Note	As at 31 December	
			2020 VND	2019 VND
300	LIABILITIES		2,819,891,308,781	3,440,009,205,304
310	Short-term liabilities		2,810,745,215,781	3,432,402,203,304
311	Short-term trade accounts payable	13	467,421,998,503	619,571,810,553
312	Short-term advances from customers	14	78,453,544,728	58,403,718,325
313	Tax and other payables to the State	15	205,321,597,778	165,567,273,128
314	Payable to employees	16	244,814,397,938	175,648,804,619
315	Short-term accrued expenses	17	42,163,045,770	40,171,657,351
319	Other short-term payables	18	68,515,458,771	48,233,642,368
320	Short-term borrowings	19(a)	1,588,817,635,703	2,234,770,938,231
322	Bonus and welfare fund	20	115,237,536,590	90,034,358,729
330	Long-term liabilities		9,146,093,000	7,607,002,000
337	Other long-term payables		526,168,000	476,006,000
338	Long-term borrowings	19(b)	-	3,700,000,000
342	Provision for long-term liabilities	21	8,619,925,000	3,430,996,000
400	OWNERS' EQUITY		5,147,738,611,682	4,520,186,999,224
410	Capital and reserves		5,147,738,611,682	4,520,186,999,224
411	Owners' capital	23, 24	2,276,123,620,000	2,252,935,850,000
411a	- Ordinary shares with voting rights		2,276,123,620,000	2,252,935,850,000
412	Share premium	24	991,261,882,458	968,074,112,458
415	Treasury shares	24	(3,384,090,000)	(2,101,090,000)
418	Investment and development fund	24	372,779,556,918	313,083,556,918
421	Undistributed earnings	24	1,510,957,642,306	988,194,569,848
421a	- Undistributed post-tax profits of previous years		613,766,393,848	8,315,394,986
421b	- Post-tax profits of current year		897,191,248,458	979,879,174,862
440	TOTAL RESOURCES		7,967,629,920,463	7,960,196,204,528



Nguyen Thanh Dat
Preparer



Duong Quang Hai
Chief Accountant






Le Tri Thong
General Director
15 March 2021


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

SEPARATE INCOME STATEMENT

Code	Note	Year ended 31 December	
		2020 VND	2019 VND
01	Revenue from sales of goods and rendering of services	18,249,207,303,760	15,097,878,887,552
02	Less deduction	(163,140,746,157)	(136,566,152,783)
10	Net revenue from sales of goods and rendering of services	18,086,066,557,603	14,961,312,734,769
11	Cost of goods sold and services rendered	(14,814,605,656,076)	(11,735,945,301,285)
20	Gross profit from sales of goods and rendering of services	3,271,460,901,527	3,225,367,433,484
21	Financial income	2,234,041,308	4,252,790,847
22	Financial expenses	(136,487,135,123)	(141,834,207,929)
23	- Including: Interest expense	(132,606,524,473)	(109,701,338,257)
25	Selling expenses	(1,335,106,694,296)	(1,230,387,363,412)
26	General and administration expenses	(495,909,067,684)	(408,175,075,416)
30	Net operating profit	1,306,192,045,732	1,449,223,577,574
31	Other income	4,724,316,142	3,933,921,321
32	Other expenses	(8,050,661,786)	(3,580,227,262)
40	Net other (expenses)/income	(3,326,345,644)	353,694,059
50	Net accounting profit before tax	1,302,865,700,088	1,449,577,271,633
51	Business income tax - current	(272,183,368,394)	(293,343,935,792)
52	Business income tax - deferred	1,583,332,364	1,779,639,821
60	Net profit after tax	1,032,265,664,058	1,158,012,975,662


 Nguyen Thanh Dat
 Preparer


 Duong Quang Hai
 Chief Accountant


 Le Tri Thong
 General Director
 15 March 2021



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	
		2020 VND	2019 VND
CASH FLOWS FROM OPERATING ACTIVITIES			
01		1,302,865,700,088	1,449,577,271,633
	Adjustments for:		
02	Depreciation and amortisation	43,028,953,790	34,838,963,175
03	Provisions	51,747,998,745	30,000,000,000
04	Unrealised foreign exchange gains	(247,150,460)	(1,242,529,054)
05	Profits from investing activities	(186,563,446)	(3,740,518,903)
06	Interest expense	132,606,524,473	109,701,338,257
08	Operating profit before changes in working capital	1,529,815,463,190	1,619,134,525,108
09	Decrease/(increase) in receivables	191,081,790,952	(711,312,404,770)
10	Decrease/(increase) in inventories	54,427,868,393	(780,175,746,510)
11	(Decrease)/increase in payables	(69,313,595,461)	154,122,437,896
12	Increase in prepaid expenses	(43,176,372,081)	(38,683,530,822)
14	Interest paid	(133,501,763,936)	(108,653,972,896)
15	BIT paid	(237,842,086,643)	(275,691,386,747)
17	Other payments on operating activities	(34,492,822,139)	(20,260,223,341)
20	Net cash inflows/(outflows) from operating activities	1,256,998,482,275	(161,520,302,082)
CASH FLOWS FROM INVESTING ACTIVITIES			
21	Purchases of fixed assets and other long-term assets	(31,943,696,474)	(189,614,177,470)
22	Proceeds from disposals of fixed assets	133,567,536	1,774,979,478
23	Loans granted	-	(94,000,000,000)
24	Collection of loans	50,000,000,000	-
25	Investments in other entities	(170,000,000,000)	(10,000,000,000)
27	Dividends and interest received	102,132,124	2,428,864,048
30	Net cash outflows from investing activities	(151,707,996,814)	(289,410,333,944)
CASH FLOWS FROM FINANCING ACTIVITIES			
31	Proceeds from issuance of shares and capital contribution	46,375,540,000	68,932,500,000
32	Payments for share repurchases	(1,283,000,000)	(2,094,000,000)
33	Proceeds from borrowings	6,389,152,533,973	5,047,550,445,086
34	Repayments of borrowings	(7,038,805,836,501)	(4,387,362,004,881)
36	Dividends paid	(355,099,739,283)	(343,875,424,770)
40	Net cash (outflows)/inflows from financing activities	(959,660,501,811)	383,151,515,435
50	Net increase in cash	145,629,983,650	(67,779,120,591)
60	Cash at beginning of year	82,586,849,294	150,227,254,450
61	Effect of foreign exchange differences	247,150,460	138,715,435
70	Cash at end of year	228,463,983,404	82,586,849,294




Nguyen Thanh Dat
Preparer



Duong Quang Hai
Chief Accountant





Le Tri Thong
General Director
15 March 2021

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 2020**

1 GENERAL INFORMATION

Phu Nhuan Jewelry Joint Stock Company (“the Company”) is a joint stock company established in SR Vietnam in accordance with the Enterprise 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 30th 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 2020, the Company had 4 subsidiaries as presented in Note 12 – Long-term investment. Details are as follows:

	Place of incorporation and operation	31.12.2020		31.12.2019		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 2020, the Company had 56 branches (as at 31 December 2019: 53 branches) located in various provinces and cities in Vietnam.

As at 31 December 2020, the Company had 4,609 employees (as at 31 December 2019: 4,784 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 separate financial position and results of separate operations and separate 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 2020 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 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

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 and cash equivalents 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 estimated loss that may arise. Bad debts are written off when identified.

Receivables are classified into long-term and short-term receivables on the separate 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 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**2.8 Investments****(a) Investments 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.

Investments in subsidiaries are initially recorded at cost 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) Investment in other entity

Investment in other entity is investment in equity instruments of other entity without controlling rights or co-controlling rights, or without significant influence over 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 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 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

lendings are lendings granted for interest earning 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 estimated loss that may arise. Changes in the provision balance during the 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 to the maturity 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, which are recorded at cost and are comprised of such necessary costs to newly construct, to repair and maintain, to upgrade, to renew or equip the projects with technologies as construction costs; costs of tools and equipment; 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.



PHU NHUAN JEWELRY JOINT STOCK COMPANY

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 a 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; and
- 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 the remaining period from the separate balance sheet date to the maturity date.

2.14 Borrowing

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 year 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 the assets. The capitalisation rate is the weighted average of the interest rates applicable to the Company's borrowings that are outstanding during the year, 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 year 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 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 year during which the employee actually works for the Company less the year 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 at 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 net profit**

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

Profit after BIT could be distribute to shareholders after approval at the 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

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 Company'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 year 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 a prudence 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 year, 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.

2.27 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 the Board of Management 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 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**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 separate financial statements and the reported amounts of revenues and expenses during the financial year. Although these estimates are based on the Board of Management's best knowledge of current events and actions; actual results may differ from those estimates.

The areas involving significant estimates and assumptions in the separate financial statements are as follows:

- Estimated useful life of fixed assets (Note 9);
- Provision for long-term investment (Note 12);
- Recognition of deferred tax assets (Note 22); and
- Doubtful debts (Note 7).

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

	2020 VND	2019 VND
Cash on hand	111,148,587,697	51,564,859,289
Cash at bank	94,288,301,206	16,380,464,624
Cash in transit	23,027,094,501	14,641,525,381
	<u>228,463,983,404</u>	<u>82,586,849,294</u>

4 SHORT-TERM TRADE ACCOUNT RECEIVABLE

	2020 VND	2019 VND
Third parties		
Aeon Vietnam Co., Ltd. - Binh Duong Branch	5,965,409,829	3,770,153,502
Aeon Vietnam Co., Ltd.	4,699,946,682	3,134,551,256
Aeon Vietnam Co., Ltd. - Binh Tan Branch	4,658,692,785	3,035,969,672
Others	27,417,283,989	21,581,250,012
Related parties (Note 35(b))	-	65,012,646,029
	<u>42,741,333,285</u>	<u>96,534,570,471</u>

As at 31 December 2020 and 31 December 2019, there was no balance of short-term trade accounts receivable that was past due or not past due but doubtful.

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5 SHORT-TERM PREPAYMENTS TO SUPPLIERS

	2020 VND	2019 VND
Third parties		
Hi-Way Furniture and Construction Corporation	-	7,115,103,418
Gia Khang Construction Real Estate Corporation	3,035,860,000	5,340,173,000
Others	12,626,111,136	27,072,307,235
Related parties (Note 35(b))	555,958,962,697	692,306,416,495
	<u>571,620,933,833</u>	<u>731,834,000,148</u>

6 OTHER RECEIVABLES

(a) Short-term

	2020 VND	2019 VND
Advances to employees	4,362,005,293	1,014,075,124
Others	5,709,249,495	775,705,010
Related parties (Note 35(b))	2,392,628,963	2,303,718,963
	<u>12,463,883,751</u>	<u>4,093,499,097</u>

As at 31 December 2020 and 31 December 2019, there was no balance of short-term other receivables that was past due or not past due but doubtful.

(b) Long-term

	2020 VND	2019 VND
Rental deposits	<u>73,087,785,912</u>	<u>67,305,344,776</u>

7 DOUBTFUL DEBTS

	2020			Overdue period
	Cost VND	Recoverable amount VND	Provision VND	
i) Lending that were past due	50,000,000,000	4,643,809,101	(45,356,190,899)	Over 2 years
ii) Receivables that were not past due but doubtful	1,202,878,846	-	(1,202,878,846)	-
	2019			Overdue period
	Cost VND	Recoverable amount VND	Provision VND	
i) Lending that were past due	-	-	-	-
ii) Receivables that were not past due but doubtful	-	-	-	-

8 INVENTORIES

	2020 VND	2019 VND
Raw materials	90,138,560,521	67,475,247,675
Tools and supplies	21,981,313,101	27,472,070,110
Work in progress	960,609,840	351,747,040
Merchandise	5,432,534,123,996	5,504,743,411,026
	<u>5,545,614,607,458</u>	<u>5,600,042,475,851</u>

As at 31 December 2020, the total inventories of VND2,176,916,000,000 (as at 31 December 2019: VND1,506,916,000,000) were pledged as collateral for short-term borrowings from commercial banks (Note 19(a)).

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9 PREPAID EXPENSES

(a) Short-term

	2020 VND	2019 VND
Operating lease	28,137,004,357	27,634,980,897
IT expenses	12,490,883,142	8,345,505,585
Tools and supplies	9,088,558,141	15,862,561,625
Repairs and maintenance	4,733,609,694	4,109,332,379
Employee's uniform	-	7,374,039,462
Signboard rental	-	515,780,770
Others	6,533,453,215	2,608,460,337
	<u>60,983,508,549</u>	<u>66,450,661,055</u>

(b) Long-term

	2020 VND	2019 VND
Office and store renovation	80,669,317,259	47,605,216,973
Tools and supplies	77,339,118,407	64,032,891,314
Store rental	13,759,093,930	9,616,517,091
Signboard rental	-	1,950,362,470
Others	2,547,310,357	2,466,327,518
	<u>174,314,839,953</u>	<u>125,671,315,366</u>

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10	FIXED ASSETS								
(a)	Tangible fixed assets								
		Buildings and structures	Machinery and equipment	Motor vehicles	Office equipment	Total			
		VND	VND	VND	VND	VND			VND
	Historical cost								
	As at 1 January 2020	148,336,281,191	40,810,468,790	30,170,753,351	84,088,246,323	303,405,749,655			
	New purchases	8,774,948,708	8,266,018,366	-	10,054,098,498	27,095,065,572			
	Disposals	-	(1,450,852,936)	-	(281,671,628)	(1,732,524,564)			
	As at 31 December 2020	157,111,229,899	47,625,634,220	30,170,753,351	93,860,673,193	328,768,290,663			
	Accumulated depreciation								
	As at 1 January 2020	44,008,607,930	24,730,427,324	13,681,549,200	38,235,953,325	120,656,537,779			
	Charge for the year	7,398,762,243	6,630,159,402	3,658,981,212	12,141,593,691	29,829,496,548			
	Disposals	-	(1,401,716,722)	-	(281,671,628)	(1,683,388,350)			
	As at 31 December 2020	51,407,370,173	29,958,870,004	17,340,530,412	50,095,875,388	148,802,645,977			
	Net book value								
	As at 1 January 2020	104,327,673,261	16,080,041,466	16,489,204,151	45,852,292,998	182,749,211,876			
	As at 31 December 2020	105,703,859,726	17,666,764,216	12,830,222,939	43,764,797,805	179,965,644,686			

As at 31 December 2020, tangible fixed assets of the Company with the carrying amount of VND10,555,033,631 (as at 31 December 2019: VND10,071,979,475) were pledged as collateral assets for borrowings from commercial banks granted to the Company (Note 19).

As at 31 December 2020, historical cost of fully depreciated fixed assets but still in use was VND34,879,810,146 (as at 31 December 2019: VND27,459,540,133).

10 FIXED ASSETS (continued)

(b) Intangible fixed assets

	Land use rights VND	Software VND	Total VND
Historical cost			
As at 1 January 2020	542,687,586,739	123,611,459,118	666,299,045,857
New purchases	41,690,203	2,816,021,599	2,857,711,802
Disposals	-	(96,000,000)	(96,000,000)
As at 31 December 2020	<u>542,729,276,942</u>	<u>126,331,480,717</u>	<u>669,060,757,659</u>
Accumulated amortisation			
As at 1 January 2020	-	19,243,741,955	19,243,741,955
Charge for the year	-	13,199,457,242	13,199,457,242
Disposals	-	(96,000,000)	(96,000,000)
As at 31 December 2020	<u>-</u>	<u>32,347,199,197</u>	<u>32,347,199,197</u>
Net book value			
As at 1 January 2020	542,687,586,739	104,367,717,163	647,055,303,902
As at 31 December 2020	<u>542,729,276,942</u>	<u>93,984,281,520</u>	<u>636,713,558,462</u>

As at 31 December 2020, historical cost of land use rights of the Company amounting to VND49,837,617,572 (as at 31 December 2019: VND49,837,617,572) were pledged as collaterals for borrowings from commercial banks granted to the Company (Note 19).

As at 31 December 2020, historical cost of fully amortised software but still in use was VND6,982,250,583 (as at 31 December 2019: VND7,078,250,583).

11 CONSTRUCTION IN PROGRESS

	2020 VND	2019 VND
Land use right in Di An - Binh Duong	26,137,767,250	26,137,767,250
Human resource management software	1,990,919,100	-
Others	2,055,220,000	2,055,220,000
	<u>30,183,906,350</u>	<u>28,192,987,250</u>

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

	2020 VND	2019 VND
Beginning of year	28,192,987,250	67,983,789,990
Addition	1,990,919,100	151,631,252,172
Transfers to tangible fixed assets	-	(36,146,625,463)
Transfers to intangible fixed assets	-	(155,275,429,449)
	<u>30,183,906,350</u>	<u>28,192,987,250</u>

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12 LONG-TERM INVESTMENTS

	2020		2019	
	Cost VND	Provision VND	Cost VND	Provision VND
(i) Investment in subsidiaries				
CAO Fashion Company Limited	100,000,000,000	-	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)	30,000,000,000	(30,000,000,000)
PNJ Jewelry Production and Trading Company Limited	200,000,000,000	-	100,000,000,000	-
(ii) Investment in other entity				
Dong A Commercial Joint Stock Bank (**)	395,271,613,400	(395,271,613,400)	395,271,613,400	(395,271,613,400)
	<u>735,271,613,400</u>	<u>(425,271,613,400)</u>	<u>565,271,613,400</u>	<u>(425,271,613,400)</u>

As at 31 December 2020 and 31 December 2019, the Company has not determined the fair value of these investments to disclose on the separate 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 2020.

(**) As at 31 December 2020 and 31 December 2019, 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 balance sheet date.

13 SHORT-TERM TRADE ACCOUNTS PAYABLE

	2020 VND	2019 VND
Third parties		
Finesse Impex Limited	185,106,975,192	264,376,245,789
Forte Jewellery (HK) Co., Ltd	126,662,589,601	154,975,866,651
Quang Vinh Nguyen Co., Ltd	912,591,777	12,140,499,777
Others	127,520,793,623	185,973,593,012
Related parties (Note 35(b))	27,219,048,310	2,105,605,324
	<u>467,421,998,503</u>	<u>619,571,810,553</u>

As at 31 December 2020 and 31 December 2019, there was no balance of short-term trade accounts payable that was past due.

14 SHORT-TERM PREPAYMENTS FROM CUSTOMERS

	2020 VND	2019 VND
Third parties	<u>78,453,544,728</u>	<u>58,403,718,325</u>

15 TAXES AND OTHER PAYABLES TO THE STATE

	2020 VND	2019 VND
BIT	148,986,903,511	114,645,621,760
Value added tax ("VAT")	44,703,754,789	42,216,317,119
Personal income tax ("PIT")	7,061,308,945	4,135,703,716
Others	4,569,630,533	4,569,630,533
	<u>205,321,597,778</u>	<u>165,567,273,128</u>

15 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 1.1.2020 VND	Payable during the year VND	Paid during the year VND	As at 31.12.2020 VND
VAT	42,216,317,119	367,460,591,441	(364,973,153,771)	44,703,754,789
BIT	114,645,621,760	272,183,368,394	(237,842,086,643)	148,986,903,511
PIT	4,135,703,716	57,879,454,904	(54,953,849,675)	7,061,308,945
Others	4,569,630,533	1,769,679,870	(1,769,679,870)	4,569,630,533
	<u>165,567,273,128</u>	<u>699,293,094,609</u>	<u>(659,538,769,959)</u>	<u>205,321,597,778</u>

16 PAYABLE TO EMPLOYEES

The balances represent accruals for the 13th month salary and performance bonus payable to employees.

17 SHORT-TERM ACCRUED EXPENSES

	2020 VND	2019 VND
Advertising and marketing	36,537,750,567	33,745,133,406
Interest expense	3,144,696,147	4,039,935,610
Others	2,480,599,056	2,386,588,335
	<u>42,163,045,770</u>	<u>40,171,657,351</u>

18 OTHER SHORT-TERM PAYABLES

	2020 VND	2019 VND
Bonus for the Board of Management and Board of Directors	21,039,066,145	20,528,793,837
Dividend payable (Note 25)	11,167,693,692	6,004,841,375
Union trade	4,070,292,446	8,391,944,233
Interest expense (Note 35(b))	545,841,096	545,841,096
Others	31,692,565,392	12,762,221,827
	<u>68,515,458,771</u>	<u>48,233,642,368</u>

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19 BORROWINGS

(a) Short-term

	As at 1.1.2020 VND	Increase VND	Decrease VND	As at 31.12.2020 VND
Bank loans (*)				
Joint Stock Commercial Bank for Investment and Development of Vietnam	300,000,000,000	953,230,965,374	(938,000,000,000)	315,230,965,374
Vietnam Joint Stock Commercial Bank for Industry and Trade	499,861,368,524	976,020,385,113	(1,192,873,511,345)	283,008,242,292
Southeast Asia Joint Stock Commercial Bank	200,000,000,000	965,585,828,580	(940,900,000,000)	224,685,828,580
Vietnam International Commercial Joint Stock Bank	-	295,383,613,627	(150,977,623,867)	144,405,989,760
HSBC Bank (Viet Nam) Ltd.	-	313,379,349,870	(195,716,170,800)	117,663,179,070
CTBC Bank Company Limited - Ho Chi Minh Branch	92,799,546,320	280,828,894,723	(301,291,056,397)	72,337,384,646
Ho Chi Minh City Development Joint Stock Commercial Bank	-	68,348,957,900	-	68,348,957,900
Shinhan Bank Vietnam Limited	97,000,000,000	242,097,049,000	(274,097,049,000)	65,000,000,000
Joint Stock Bank for Foreign Trade of Vietnam	490,427,204,477	478,745,173,542	(910,119,406,019)	59,052,972,000
Military Commercial Joint Stock Bank	99,971,329,000	158,907,793,895	(211,540,894,614)	47,338,228,281
China Construction Bank	-	262,100,000,000	(217,300,000,000)	44,800,000,000
Vietnam Bank for Agriculture and Rural Development (Note 19(b))	3,700,000,000	3,700,000,000	(3,700,000,000)	3,700,000,000
Petrolimex Group Commercial Joint Stock Bank	298,893,399,480	1,248,892,181,869	(1,547,785,581,349)	-
Orient Commercial Joint Stock Company	-	62,312,992,680	(62,312,992,680)	-
Individual loans (**)	129,118,090,430	72,319,347,800	(81,191,550,430)	120,245,887,800
Borrowings from related parties (Note 35(b))	23,000,000,000	11,000,000,000	(11,000,000,000)	23,000,000,000
	<u>2,234,770,938,231</u>	<u>6,392,852,533,973</u>	<u>(7,038,805,836,501)</u>	<u>1,588,817,635,703</u>

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19 BORROWINGS (continued)

(a) Short-term (continued)

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

Bank	As at 31.12.2020 VND	Maturity date	Interest (per ann um)	Collateral
Joint Stock Commercial Bank for Investment and Development of Vietnam	315,230,965,374	From 14 April 2021 to 30 June 2021	5.8%	Inventories
Vietnam Joint Stock Commercial Bank for Industry and Trade	283,008,242,292	From 2 May 2021 to 17 June 2021	5.7%	Inventories
Southeast Asia Joint Stock Commercial Bank	224,685,828,580	From 1 February 2021 to 17 February 2021	5.9%	Unsecured
Vietnam International Commercial Joint Stock Bank	144,405,989,760	From 4 April 2021 to 17 May 2021	5.6%	Unsecured
HSBC Bank (Viet Nam) Ltd.	117,663,179,070	To 18 June 2021	4.6%	Land use rights, buildings and inventories
CTBC Bank Company Limited - Ho Chi Minh Branch	72,337,384,646	From 26 April 2021 to 24 June 2021	4.9%	Inventories
Ho Chi Minh City Development Joint Stock Commercial Bank	68,348,957,900	From 13 January 2021 to 20 January 2021	6.2%	Unsecured
Shinhan Bank Vietnam Limited	65,000,000,000	From 28 April 2021 to 3 May 2021	5.0%	Unsecured
Joint Stock Bank for Foreign Trade of Vietnam	59,052,972,000	From 22 June 2021 to 30 June 2021	5.2%	Land use rights, buildings and inventories
Military Commercial Joint Stock Bank	47,338,228,281	From 30 March 2021 to 15 May 2021	4.7%	Unsecured
China Construction Bank	44,800,000,000	From 19 May 2021 to 27 May 2021	5.5%	Unsecured
	1,441,871,747,903			

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19 BORROWINGS (continued)

(a) Short-term (continued)

(**) Individual loans represent unsecured loans from the Company's employees with original maturity of 12 months and bear interest at the interest rate of 2.5% - 8% per annum.

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 1.1.2020 VND	Increase VND	Decrease VND	As at 31.12.2020 VND
Bank loans (*)	3,700,000,000	-	(3,700,000,000)	-

(*) Bank loan represents long-term loans 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 10). This long-term borrowing will mature in 2021, therefore as at 31 December 2020, it was reclassified as a short-term loan (Note 19(a)).

20 BONUS AND WELFARE FUND

	2020 VND	2019 VND
Beginning of year	90,034,358,729	62,298,582,070
Appropriation during the year (Note 24)	59,696,000,000	47,996,000,000
Utilisation during the year	(34,492,822,139)	(20,260,223,341)
	<u>115,237,536,590</u>	<u>90,034,358,729</u>

21 PROVISION FOR LONG-TERM LIABILITY

The balances represent provision for severance allowance to employees.

22 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:

	2020 VND	2019 VND
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	8,974,275,143	7,390,942,779
	<u>88,714,797,023</u>	<u>87,131,464,659</u>

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

	2020 VND	2019 VND
Beginning of year	87,131,464,659	85,351,824,838
Separate income statement credit (Note 33)	1,583,332,364	1,779,639,821
End of year	<u>88,714,797,023</u>	<u>87,131,464,659</u>

22 DEFERRED INCOME TAX ASSETS (continued)

Details of deferred tax assets:

	2020 VND	2019 VND
Deductible temporary differences	88,714,797,023	87,131,464,659

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% for determining deferred tax assets.

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

	2020	2019
Number of shares registered	227,612,362	225,293,585
Number of shares issued	227,612,362	225,293,585
Number of shares repurchased	(169,559)	(105,409)
Number of existing shares in circulation	227,442,803	225,188,176

(b) Details of owners' shareholding

	2020		2019	
	Ordinary shares	%	Ordinary shares	%
Mrs. Cao Thi Ngoc Dung	205,840,180,000	9.04	203,264,180,000	9.03
VinaCapital Fund Management Joint Stock Company (*)	156,537,510,000	6.88	181,331,380,000	8.05
Mrs. Truong Ngoc Phuong (**)	208,209,430,000	9.15	155,997,900,000	6.93
Other shareholders	1,705,536,500,000	74.99	1,712,342,390,000	76.04
Treasury shares	(1,695,590,000)	(0)	(1,054,090,000)	(0)
Number of shares	2,274,428,030,000	100	2,251,881,760,000	100

23 OWNERS' CAPITAL (continued)**(b) Details of owners' shareholding (continued)**

(*) As at 31 December 2020 and 31 December 2019, VinaCapital Fund Management Joint Stock Company was the representative for a group of investors.

(**) As at 31 December 2020 and 31 December 2019, Ms. Truong Ngoc Phuong was the Representative of a group of foreign investors.

(c) Movement of share capital

	Number of shares	Ordinary shares VND
As at 1 January 2019	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)
	<hr/>	<hr/>
As at 31 December 2019	225,188,176	2,251,881,760,000
New shares issued	2,318,777	23,187,770,000
Treasury shares	(64,150)	(641,500,000)
	<hr/>	<hr/>
As at 31 December 2020	<u>227,442,803</u>	<u>2,274,428,030,000</u>

Par value per share: VND10,000 per shares.

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24 MOVEMENTS 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 2019	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 25)	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	-	-	-	-	(345,136,073,800)	(345,136,073,800)
Repurchase share	-	-	(2,094,000,000)	-	-	(2,094,000,000)
Appropriation of bonus and welfare fund	-	-	-	-	(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
Issuance of ordinary shares under Employee Stock Ownership Plan to Employees (*)	23,187,770,000	23,187,770,000	-	-	-	46,375,540,000
Net profit for the year	-	-	-	-	1,032,265,664,058	1,032,265,664,058
Dividends appropriation (Note 25) (*) (**)	-	-	-	-	(360,262,591,600)	(360,262,591,600)
Repurchase share	-	-	(1,283,000,000)	-	-	(1,283,000,000)
Appropriation of bonus and welfare fund (Note 20) (***)	-	-	-	-	(59,696,000,000)	(59,696,000,000)
Appropriation to investment and development fund (***)	-	-	-	59,696,000,000	(59,696,000,000)	-
Appropriation to bonus for the Board of Directors and the Board of Management (***)	-	-	-	-	(29,848,000,000)	(29,848,000,000)
As at 31 December 2020	2,276,123,620,000	991,261,882,458	(3,384,090,000)	372,779,556,918	1,510,957,642,306	5,147,738,611,682

24 MOVEMENTS IN OWNERS' EQUITY (continued)

- (*) According to Resolution of the Annual General Meeting of Shareholders No. 337/2020/NQ-DHĐCĐ-CTY dated 10 June 2020 and Resolution of the Board of Directors No. 526/2020/NQ-HDQT-CTY dated 26 October 2020, the Company issued 2,318,777 additional shares at the par value VND20,00 per share to members of the Board of Directors, members of the Board of Management, key leaders, middle-level officials and other key employees of the Company and its subsidiaries who have made a great contribution to the results of operations exceeding the 2019 plan.
- (**) The Company has advanced the second dividends of 2019, amounting to VND225,188,176,000 to its shareholders in accordance with Resolution of the Board of Directors No. 197/2020//NQ-HDQT-CTY dated 16 March 2020. In addition, the Company has also advanced the first dividends of 2020 with payment ratio: 6% per share (each share is received VND600) equivalent to VND135,074,415,600 in accordance with Resolution of the Board of Directors No. 558/NQ-HDQT-CTY dated 12 November 2020.
- (***) According to Resolution of the Shareholders No. 337/2020/NQ-DHĐCĐ-CTY dated 10 June 2020, the Shareholders approved the appropriation of net profit for the year ended 31 December 2019 as follows:
- Dividend payable in cash: VND403,321,976,800;
 - Investment and development fund: VND59,696,000,000;
 - Bonus and welfare fund: VND59,696,000,000; and
 - Bonus for the Board of Directors and Board of Management: VND29,848,000,000.

25 DIVIDENDS

	2020 VND	2019 VND
Beginning of year	6,004,841,375	4,744,192,345
Dividend payable (Note 24)	360,262,591,600	901,785,853,800
Dividend paid by shares (Note 24)	-	(556,649,780,000)
Dividend paid in cash	(355,099,739,283)	(343,875,424,770)
End of year	<u>11,167,693,692</u>	<u>6,004,841,375</u>

26 OFF BALANCE SHEET ITEMS

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

	2020	2019
United States Dollar - USD	58,266	59,095
Euro - EUR	480	1,716
Pound sterling - GBP	1,625	1,625
Hong Kong Dollar - HKD	-	970
Australia Dollar - AUD	434	443
Singapore Dollar - SGD	-	174
	<u> </u>	<u> </u>

(b) The future minimum lease payments under non-cancellable operating leases were VND1,207,159,917,311 and VND1,174,724,583,477 for the years ended 31 December 2020 and 31 December 2019, respectively (Note 36).

27 NET REVENUE FROM SALES OF GOODS AND RENDERING OF SERVICES

	2020 VND	2019 VND
Revenue		
Revenue from sales of jewelry	18,203,162,726,488	15,067,309,216,058
Revenue from sales of accessories	29,405,737,314	12,836,219,561
Revenue from rendering of services	16,638,839,958	17,733,451,933
	<u>18,249,207,303,760</u>	<u>15,097,878,887,552</u>
Sales deduction		
Sales returns	(163,140,746,157)	(136,566,152,783)
	<u> </u>	<u> </u>
Net revenue from sales of goods and rendering of services	<u>18,086,066,557,603</u>	<u>14,961,312,734,769</u>

28 COST OF SALES AND SERVICES RENDERED

	2020 VND	2019 VND
Cost of jewelry sold and services rendered	14,788,822,269,667	11,722,361,782,958
Cost of accessories sold	25,783,386,409	13,583,518,327
	<u>14,814,605,656,076</u>	<u>11,735,945,301,285</u>

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29 FINANCIAL INCOME

	2020 VND	2019 VND
Realised foreign exchange gains	1,884,758,724	581,397,745
Net gain from foreign currency translation at year-end	247,150,460	1,242,529,054
Interest income	102,132,124	2,428,864,048
	<u>2,234,041,308</u>	<u>4,252,790,847</u>

30 FINANCIAL EXPENSES

	2020 VND	2019 VND
Interest expense	132,606,524,473	109,701,338,257
Realised foreign exchange losses	819,351,388	1,110,438,738
Provision for diminution in value of investment	-	30,000,000,000
Others	3,061,259,262	1,022,430,934
	<u>136,487,135,123</u>	<u>141,834,207,929</u>

31 SELLING EXPENSES

	2020 VND	2019 VND
Staff costs	633,786,902,485	577,381,472,453
Rental	252,649,608,460	228,547,583,992
Advertising and marketing	138,844,557,829	136,332,923,400
Outside services	112,191,813,763	105,956,771,487
Tools and supplies	102,728,197,539	107,611,228,844
Depreciation	14,123,408,308	10,373,831,594
Others	80,782,205,912	64,183,551,642
	<u>1,335,106,694,296</u>	<u>1,230,387,363,412</u>

32 GENERAL AND ADMINISTRATION EXPENSES

	2020 VND	2019 VND
Staff costs	322,672,920,609	281,608,403,453
Outside services	38,682,714,294	34,852,380,529
Depreciation	28,839,161,954	24,422,826,652
Tools and supplies	12,128,492,322	14,174,360,992
Fee charges	747,012,083	580,262,839
Others	92,838,766,422	52,536,840,951
	<u>495,909,067,684</u>	<u>408,175,075,416</u>

33 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:

	2020 VND	2019 VND
Net accounting profit before tax	1,302,865,700,088	1,449,577,271,633
Tax calculated at a rate of 20%	260,573,140,018	289,915,454,327
Effect of:		
Expenses not deductible for tax purposes	10,026,896,012	1,648,841,644
Business income tax charge (*)	<u>270,600,036,030</u>	<u>291,564,295,971</u>
Charged/(credited) to income statement:		
BIT – current	272,183,368,394	293,343,935,792
BIT – deferred (Note 22)	(1,583,332,364)	(1,779,639,821)
	<u>270,600,036,030</u>	<u>291,564,295,971</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.

34 COSTS OF OPERATION BY FACTOR

Costs of operation by factor represent all costs incurred during the year from the Company's operating activities, excluding cost of merchandises for trading activities. Details are as follows:

	2020 VND	2019 VND
Staff costs	958,405,987,055	879,872,633,509
Outside services	547,134,262,501	506,447,850,237
Tools and supplies	114,856,689,861	125,649,182,471
Depreciation	43,028,953,790	34,838,963,175
Raw materials	-	1,499,658,047,266
Others	174,301,600,889	294,182,491,982
	<u>1,837,727,494,096</u>	<u>3,340,649,168,640</u>

35 RELATED PARTY DISCLOSURES**(a) Related party transactions**

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

	2020 VND	2019 VND
i) Sales of goods and rendering of services		
PNJ Jewelry Production and Trading Company Limited	3,945,899,055,854	2,141,533,885,921
CAO Fashion Company Limited	2,683,794,643	72,226,202,802
Customer Era Company Limited	700,000,000	6,251,644,952
	<u>3,949,282,850,497</u>	<u>2,220,011,733,675</u>
ii) Purchases of goods and services		
PNJ Jewelry Production and Trading Company Limited	4,475,495,124,800	3,267,540,993,554
CAO Fashion Company Limited	74,223,586,325	7,899,340,227
Customer Era Company Limited	64,602,827,736	12,212,312,698
PNJ Laboratory Company Limited	4,162,226,800	3,227,801,500
	<u>4,618,483,765,661</u>	<u>3,290,880,447,979</u>
iii) Interest expense		
PNJ Laboratory Company Limited	<u>1,648,640,146</u>	<u>950,104,108</u>

35 RELATED PARTY DISCLOSURES (continued)

(a) Related party transactions (continued)

	2020 VND	2019 VND
iv) Investment in subsidiaries		
PNJ Jewelry Production and Trading Company Limited	100,000,000,000	-
CAO Fashion Company Limited	70,000,000,000	-
Customer Era Company Limited	-	10,000,000,000
	<u>170,000,000,000</u>	<u>10,000,000,000</u>
v) Interest income from short-term lending		
Customer Era Company Limited	-	2,303,718,963
	<u>-</u>	<u>2,303,718,963</u>
vi) Compensation of key management		
Gross salaries and other benefits	44,426,030,312	53,158,673,767
In which:		
Board of Directors	13,327,809,094	15,947,602,130
Board of Management	31,098,221,218	37,211,071,637
	<u>31,098,221,218</u>	<u>37,211,071,637</u>
(b) Year end balances with related parties		
	2020 VND	2019 VND
i) Short-term trade accounts receivable (Note 4)		
CAO Fashion Company Limited	-	61,373,320,983
Customer Era Company Limited	-	3,639,325,046
	<u>-</u>	<u>65,012,646,029</u>
ii) Short-term prepayments to suppliers (Note 5)		
PNJ Jewelry Production and Trading Company Limited	514,736,557,354	692,306,416,495
Customer Era Company Limited	41,222,405,343	-
	<u>555,958,962,697</u>	<u>692,306,416,495</u>

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35 RELATED PARTY DISCLOSURES (continued)

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

	2020 VND	2019 VND
iii) Short-term lending		
Customer Era Company Limited	<u>50,000,000,000</u>	<u>100,000,000,000</u>
iv) Other short-term receivables (Note 6(a))		
Customer Era Company Limited	<u>2,392,628,963</u>	<u>2,303,718,963</u>
v) Short-term trade accounts payable (Note 13)		
CAO Fashion Company Limited	21,538,833,386	-
PNJ Jewelry Production and Trading Company Limited	5,680,214,924	-
PNJ Laboratory Company Limited	-	2,105,605,324
	<u>27,219,048,310</u>	<u>2,105,605,324</u>
vi) Other short-term payables (Note 18)		
PNJ Laboratory Company Limited	<u>545,841,096</u>	<u>545,841,096</u>
vii) Short-term borrowings (Note 19(a))		
PNJ Laboratory Company Limited	<u>23,000,000,000</u>	<u>23,000,000,000</u>

36 COMMITMENTS UNDER OPERATING LEASES

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

	2020 VND	2019 VND
Within one year	202,083,737,360	214,927,576,282
Between one and five years	653,768,103,852	601,246,671,232
Over five years	351,308,076,099	358,550,335,963
Total minimum payments	1,207,159,917,311	1,174,724,583,477

36 EFFECTS OF COVID-19

The outbreak of the Covid-19 disease since the beginning of 2020 is a fluid and challenging situation facing all industries. Therefore, the Company had performed a preliminary assessment of the overall impact of this situation on the Company's operations, including the recoverability of the carrying amount of assets, measurements of its assets and liabilities, as well as implications to the Company's borrowing debt covenants... At the approval date of these separate financial statements, the Board of Management is not yet able to reliably estimate the financial impact of the Covid-19 on the Company's results for the next fiscal year. The Board of Management will continue to monitor this situation and take appropriate and timely actions to minimise its impact.

The separate financial statements were approved by the Board of Management on 15 March 2021.



 Nguyen Thanh Dat
 Preparer



 Duong Quang Hai
 Chief Accountant



 Le Tri Thong
 General Director