

# Consolidated interim Financial Statements

For the three-month period ended 31 December 2020

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# Phu Nhuan Jewelry Joint Stock Company

## Consolidated Financial Statements Q4.2020

31 Decemeber 2020

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# Phu Nhuan Jewelry Joint Stock Company

## GENERAL INFORMATION

31 December 2020

### COMPANY

Phu Nhuan Jewelry Joint Stock Company (the "Company") was incorporated in Vietnam, under the Business Registration Certificate No. 0300521758 issued by the Department of Planning and Investment of Ho Chi Minh City on 2 January 2004, and amended Business Registration Certificates.

The Company has been listed on the Ho Chi Minh Stock Exchange ("HOSE") with PNJ code since 23 March 2009 pursuant to Decision No.129/DKNY issued by the General Director of HOSE on 26 December 2008.

The Company's head office is located at 170E Phan Dang Luu Street, Ward 3, Phu Nhuan District, Ho Chi Minh City, Vietnam.

### BOARD OF DIRECTORS

Members of the Board of Directors of the Company during the period and as of the date of this report are as follow:

Mrs. Cao Thi Ngoc Dung	Chairwoman
Mr. Le Tri Thong	Vice Chairman
Mr. Le Huu Hanh	Member
Mr. Le Quang Phuc	Member
Mr. Nguyen Tuan Hai	Member
Mrs. Dang Thi Lai	Member
Mrs. Huynh Thi Xuan Lien	Member
Mrs. Tieu Yen Trinh	Member
Mrs. Tran Phuong Ngoc Thao	Member

### BOARD OF SUPERVISORS

Members of the Board of Supervisors of the Company during the period and as of the date of this report are as follow:

Mr. Nguyen Thanh Du	Head of Board of Supervisors
Mrs. Nguyen Ngoc Hue	Member
Mr. Le Anh Duc	Member

### BOARD OF MANagements

Members of board of management during the period and as of the date of this report are as follows:

Mr. Le Tri Thong	General Director
Mrs. Dang Thi Lai	Chief of Finance – Operation Officer
Mr. Phan Nguyen Hoai Anh	Acting Director of Marketing Division
Mr. Dao Trung Kien	Chief Strategy Officer
Mr. Dang Hai Anh	Chief Information Officer
Mr. Nguyen Anh Hung	Director of Human Resources
Mr. Duong Quang Hai	Chief Accountant

\* Since 10 August 2020, the Board of Director assigned Mr. Le Tri Thong to manage and operate:  
- Customer and Retail Division  
- Supply Chain Division

### LEGAL REPRESENTATIVE

The legal representative of the Group during the period and at the date of this report is Mr. Le Tri Thong.

CONSOLIDATED BALANCE SHEET  
31 December 2020

Unit: VND

	ITEM	CODE	NOTE	31/12/2020	1/1/2020
<b>A</b>	<b>CURRENT ASSETS</b>	<b>100</b>		<b>7,144,153,839,482</b>	<b>7,333,364,485,251</b>
<b>I</b>	<b>Cash and cash equivalents</b>	<b>110</b>		<b>422,234,781,061</b>	<b>95,224,439,008</b>
1	Cash	111		422,234,781,061	95,224,439,008
<b>III</b>	<b>Current accounts receivable</b>	<b>130</b>		<b>100,363,015,565</b>	<b>129,688,313,476</b>
1	Trade receivables	131		67,591,685,619	48,292,876,716
2	Advances to suppliers	132		20,451,588,108	74,867,455,343
6	Other receivables	136		13,394,293,637	5,287,941,028
7	Provisions for doubtful receivables (*)	137		(1,202,878,846)	
8	Shortage of assets awaiting resolution	139		128,327,047	1,240,040,389
<b>IV</b>	<b>Inventories</b>	<b>140</b>		<b>6,544,772,899,429</b>	<b>7,030,420,371,216</b>
1	Inventories	141		6,544,772,899,429	7,030,420,371,216
<b>V</b>	<b>Other current assets</b>	<b>150</b>		<b>76,783,143,427</b>	<b>78,031,361,551</b>
1	Short-term prepaid expenses	151		66,112,866,470	71,633,378,895
2	Value added tax to be reclaimed	152		10,670,276,957	6,306,692,920
3	Tax and other receivables from the State Bud	153		-	91,289,736
<b>B</b>	<b>NON-CURRENT ASSETS</b>	<b>200</b>		<b>1,339,217,061,954</b>	<b>1,269,599,936,565</b>
<b>I</b>	<b>Non-current receivables</b>	<b>210</b>		<b>77,310,617,360</b>	<b>70,721,623,109</b>
6	Other non-current receivables	216		77,310,617,360	70,721,623,109
<b>II</b>	<b>Fixed assets</b>	<b>220</b>		<b>931,617,117,533</b>	<b>923,870,354,474</b>
1	Tangible fixed assets	221		281,244,232,172	263,827,234,353
	- Cost	222		600,464,186,725	534,818,699,342
	- Accumulated depreciation (*)	223		(319,219,954,553)	(270,991,464,989)
3	Intangible fixed assets	227		650,372,885,361	660,043,120,121
	- Cost	228		683,791,142,309	679,619,883,005
	- Accumulated depreciation (*)	229		(33,418,256,948)	(19,576,762,884)
<b>IV</b>	<b>Non-current assets in progress</b>	<b>240</b>		<b>33,003,867,003</b>	<b>28,457,398,434</b>
2	Construction in progress	242		33,003,867,003	28,457,398,434
2	Investments in other entities	253		395,271,613,400	395,271,613,400
3	Provision for long-term investments	254		(395,271,613,400)	(395,271,613,400)
<b>VI</b>	<b>Other long-term assets</b>	<b>260</b>		<b>297,285,460,058</b>	<b>246,550,560,548</b>
1	Long-term prepaid expenses	261		206,301,766,031	158,318,980,481
2	Deferred income tax assets	262		90,983,694,027	88,231,580,067
	<b>TOTAL ASSETS</b>	<b>270</b>		<b>8,483,370,901,436</b>	<b>8,602,964,421,816</b>


CONSOLIDATED BALANCE SHEET  
31 December 2020

<b>C</b>	<b>LIABILITIES</b>	<b>300</b>	<b>3,241,509,036,428</b>	<b>4,025,698,610,469</b>
<b>I</b>	<b>Current liabilities</b>	<b>310</b>	<b>3,232,132,159,428</b>	<b>4,017,860,824,469</b>
1	Short-term trade account payables	311	481,821,106,229	690,808,185,195
2	Short-term advances from customers	312	157,182,968,364	95,353,052,369
3	Tax and other receivables from the State Budget	313	214,702,472,399	192,682,671,178
4	Payables to employees	314	290,765,645,610	222,296,091,737
5	Short-term accrued expenses	315	55,520,256,916	45,877,630,688
9	Other short-term payables	319	76,978,636,900	69,257,739,996
10	Short-term borrowings	320	1,839,275,064,065	2,610,902,622,222
12	Bonus and welfare fund	322	115,886,008,945	90,682,831,084
<b>II</b>	<b>Non-current liabilities</b>	<b>330</b>	<b>9,376,877,000</b>	<b>7,837,786,000</b>
7	Other long-term liabilities	337	526,168,000	476,006,000
8	Long-term borrowings	338	-	3,700,000,000
12	Provision for long-term payables	342	8,850,709,000	3,661,780,000
<b>D</b>	<b>EQUITY</b>	<b>400</b>	<b>5,241,861,865,008</b>	<b>4,577,265,811,347</b>
<b>I</b>	<b>Owner's equity</b>	<b>410</b>	<b>5,241,861,865,008</b>	<b>4,577,265,811,347</b>
1	Owner's contributed capital	411	2,276,123,620,000	2,252,935,850,000
2	Share premium	412	991,261,882,458	968,074,112,458
5	Treasury shares	415	(3,384,090,000)	(2,101,090,000)
8	Investment and development fund	418	372,779,556,918	313,083,556,918
11	Undistributed earnings	421	1,605,080,895,632	1,045,273,381,971
	Undistributed earnings of previous years	421a	670,845,205,971	29,482,225,528
	Undistributed earnings of the current year	421b	934,235,689,661	1,015,791,156,443
	<b>TOTAL RESOURCES</b>	<b>440</b>	<b>8,483,370,901,436</b>	<b>8,602,964,421,816</b>

  
 Nguyen Thanh Dat  
 Preparer  
 20 January 2021

  
 Duong Quang Hai  
 Chief Accountant



  
 Le Tri Thong  
 General Director

# Phu Nhuan Jewelry Joint Stock Company

CONSOLIDATED INCOME STATEMENT  
For Quarter 4 period ended on 31 December 2020

Form B02-DN/HN

Unit: VNĐ

ITEMS	Code	Q4/2020	Q4/2019	YTD 2020	YTD 2019
<b>Gross revenue from sale of goods and services rendered</b>	<b>01</b>	<b>5,903,043,165,174</b>	<b>5,374,046,800,939</b>	<b>17,682,142,620,687</b>	<b>17,144,251,446,632</b>
Deductions	02	60,091,419,311	52,704,540,031	171,124,375,178	143,570,366,109
Net revenue from sale of goods and services rendered	10	5,842,951,745,863	5,321,342,260,908	17,511,018,245,509	17,000,681,080,523
Costs of goods sold and services rendered	11	4,665,569,863,768	4,298,771,153,390	14,076,252,524,622	13,539,967,588,262
<b>Gross profit from sale of goods and services rendered</b>	<b>20</b>	<b>1,177,381,882,095</b>	<b>1,022,571,107,518</b>	<b>3,434,765,720,887</b>	<b>3,460,713,492,261</b>
Financial incomes	21	1,440,390,332	15,515,563,732	2,973,019,988	16,820,020,734
Financial expenses	22	31,794,661,440	56,041,311,097	162,145,149,164	133,678,118,497
<i>_In which: interest expense</i>	23	29,105,868,217	41,002,191,152	154,416,694,276	115,367,610,418
Selling expenses	25	444,760,732,572	366,874,763,030	1,420,888,493,447	1,361,807,553,507
General and administrative expenses	26	168,113,412,171	130,326,591,921	505,572,794,605	475,831,697,930
<b>Operating profit</b>	<b>30</b>	<b>534,153,466,244</b>	<b>484,844,005,202</b>	<b>1,349,132,303,659</b>	<b>1,506,216,143,061</b>
Other income	31	2,572,927,223	1,470,924,189	5,485,848,150	4,760,923,089
Other expense	32	1,233,320,158	935,460,083	8,637,683,094	4,264,680,599
Net other profit	40	1,339,607,065	535,464,106	(3,151,834,944)	496,242,490
<b>Accounting profit before tax</b>	<b>50</b>	<b>535,493,073,309</b>	<b>485,379,469,308</b>	<b>1,345,980,468,715</b>	<b>1,506,712,385,551</b>
Business income tax-current	51	109,938,162,272	100,225,505,025	279,422,477,414	315,667,183,537
Business income tax-deferred	52	(1,746,663,184)	(2,879,755,229)	(2,752,113,960)	(2,879,755,229)
<b>Net profit after corporate income tax</b>	<b>60</b>	<b>427,301,574,221</b>	<b>388,033,719,512</b>	<b>1,069,310,105,261</b>	<b>1,193,924,957,243</b>
Basic earning per share	70	1,877	1,722	4,698	4,896

*Signature*

Nguyen Thanh Dat  
Preparer  
20 January 2021



*Signature*


Le Tri Thong  
General Director

Duong Quang Hai  
Chief Accountant


## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS


For Quarter 4 ended on 31 December 2020

No.	ITEMS	Code	CURRENT YEAR	PREVIOUS YEAR
<b>I</b>	<b>Cash flows from operating activities</b>			
1	Profit before tax	01	1,345,980,468,715	1,506,712,385,551
2	Adjustment for			
	- Depreciation and amortization	02	70,145,524,154	61,066,130,585
	- Provisions	03	1,202,878,846	(3,414,537,000)
	- Foreign exchange gain/loss	04	(380,068,081)	(1,242,529,054)
	- Profit (loss) from investing activities	05	2,451,212,946	(1,456,968,019)
	- Interest expense	06	154,416,694,276	115,367,610,418
3	<b>Operating profit before changes in working capital</b>	08	<b>1,573,816,710,856</b>	<b>1,677,032,092,481</b>
	- Increase/Decrease in receivables	09	18,464,009,359	12,888,586,942
	- Increase/Decrease in inventories	10	485,647,471,787	(2,062,274,428,226)
	- Increase/Decrease in payables	11	(115,521,072,157)	199,226,464,534
	- Increase/Decrease in prepaid expenses	12	(42,462,273,125)	(62,082,212,310)
	- Interest paid	14	(157,191,884,254)	(114,016,876,155)
	- Corporate income tax paid	15	(253,231,591,220)	(291,572,199,831)
	- Other proceeds from operating activities	16	-	
	- Other payments from operating activities	17	(13,137,612,837)	(20,293,123,341)
	<b>Net cash flows (used in) from operating activities</b>	20	<b>1,496,383,758,409</b>	<b>(661,091,695,906)</b>
<b>II</b>	<b>Cash flows from investing activities</b>			
1	Acquisition and construction of fixed assets	21	(84,157,071,556)	(223,765,922,597)
2	Proceeds from sale, disposals of fixed assets	22	91,820,264	1,774,979,478
7	Interest earned and dividends received	27	(102,132,124)	163,983,543
	<b>Net cash flows (used in) from investing activities</b>	30	<b>(84,167,383,416)</b>	<b>(221,826,959,576)</b>
<b>III</b>	<b>Cash flows from financing activities</b>			
1	Proceeds from issuing shares and receive capital from owners	31	46,375,540,000	68,932,500,000
2	Prepayment to shareholders	32	(1,283,000,000)	(2,094,000,000)
3	Proceeds from borrowings	33	6,388,352,533,973	5,435,682,129,077
4	Repayments of borrowings	34	(7,163,680,092,130)	(4,387,362,004,881)
6	Dividend paid	36	(354,971,014,783)	(343,875,424,770)
	<b>Net cash flows (used in) from financing activities</b>	40	<b>(1,085,206,032,940)</b>	<b>771,283,199,426</b>
	Net decrease in cash and cash equivalents	50	327,010,342,053	(111,635,456,056)
	<b>Cash and cash equivalents at beginning of period</b>	60	<b>95,224,439,008</b>	<b>206,721,179,629</b>
	The effects of changes in foreign exchange	61	-	138,715,435
	<b>Cash and cash equivalents at ending of period</b>	70	<b>422,234,781,061</b>	<b>95,224,439,008</b>

  
 Nguyen Thanh Dat  
 Preparer

20 January 2021

  
 Duong Quang Hai  
 Chief Accountant

  
 Le Tri Thong  
 General Director



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For Quarter 4 ended on 31 December 2020

**I. CORPORATE INFORMATION****Business activities**

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

The Company has 349 stores in different provinces and cities in Vietnam.

The number of employees as of 31 December 2020 was 6,191 (as at 31 December 2019: 6,570).

**Corporate structure:** The Company has 4 subsidiaries, as follows:

**1. CAO Fine Jewelry Company Limited (CAO)** owned 100% by PNJ, the Business Registration Certificate No.0309279212 issued by the Department of Planning and Investment of Ho Chi Minh City on 14 August 2009. CFC's head office is located at 170E, Phan Dang Luu Street, Ward 3, Phu Nhuan District, Ho Chi Minh City, Vietnam.

**2. PNJ Laboratory Company Limited (PNJL)** owned 100% by PNJ, the Business Registration Certificate No.0310521330 issued by the Department of Planning and Investment of Ho Chi Minh City on 16 December 2010. PLC's head office is located at 168A, Phan Dang Luu Street, Phu Nhuan District, Ho Chi Minh City, Vietnam.

**3. PNJ Production and Trading Jewelry Company Limited (PNJP)** owned 100% by PNJ, the Business Registration Certificate No.0315018466 issued by the Department of Planning and Investment of Ho Chi Minh City on 28 April 2018. PNJP's head office is located at No.23 Street 14, Ward 5, Go Vap District, HCMC.

**4. Customer Era Company Limited (CECL)** owned 100% by PNJ, the Business Registration Certificate No.0315018547 issued by the Department of Planning and Investment of Ho Chi Minh City on 28 April 2018. CECL's head office is located at 170E, Phan Dang Luu Street, Ward 3, Phu Nhuan District, Ho Chi Minh City, Vietnam.

**II. BASIS OF PREPARATION****2.1 Applied accounting standards and system**

The consolidated financial statements of the Company and its subsidiaries ("the Group") are prepared in accordance with Vietnamese Enterprise Accounting System and Vietnamese Accounting Standards (VAS):

**2.2 Applied accounting documentation system**

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

**2.3 Fiscal year**

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

**2.4 Accounting currency**

The consolidated financial statements are prepared in VND.

**2.5 Basis of consolidation**

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries for the period of Q4.2020 ended 31 December 2020.



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For Quarter 4 ended on 31 December 2020

Subsidiaries are fully consolidated from the date of acquisition, being the date on which the Company obtains control, and continued to be consolidated until the date that such control ceases.

The financial statements of the Company and its subsidiaries used for consolidation are prepared for the same fiscal year and use consistent accounting policies.

All intra-company balances, income and expenses and unrealized gains or losses resulting from intra-company transactions are fully eliminated.

Minority interests represent the portion of profit or loss and net assets of subsidiaries not held by the Group and are presented separately in the consolidated income statement and within the equity portion of the shareholders of the parent company on the consolidated balance sheet.

**III. SIGNIFICANT ACCOUNTING POLICIES****3.1 *Changes in accounting policies and notes***

In addition to continue to apply Vietnam Accounting Standard No. 10 - Effects of changes in foreign exchange rates ("VAS 10") as in the previous year. The Group implemented Circular No. 179/2012 / TT-BTC regulations on recognition, assessment, treatment differences in the exchange rate set by the Ministry of Finance now issued October 24, 2012 ("Circular 179").

According to Circular 179, at the end of the year, the assets and liabilities denominated in foreign currencies are converted into VND at the bid rate of the commercial banks where the Group opened the account.

**3.2 *Cash and cash equivalents***

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

**3.3 *Receivables***

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

The provision for doubtful debts represents amounts of outstanding receivables at the balance sheet date which are doubtful of being recovered at the end of fiscal year. Increases and decreases to the provision balance are recorded as general and administrative expense in reporting period.

**3.4 *Inventories***

Inventories are stated at the lower of cost incurred and net reliable value to bring each product to its present location and condition.

Net reliable value represents the estimated selling price of inventories in the normal course of business less the estimated costs of completion and the selling expenses.

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

Merchandises, consumables, and raw materials	- cost of purchase on a weighted average basis.
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## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For Quarter 4 ended on 31 December 2020

Finished goods and work-in process

- cost of direct materials and labor plus attributable manufacturing overheads based on the normal operating capacity on a weighted average basis.

*Provision for obsolete inventories*

An inventory provision is created for the estimated loss arising due to the impairment of value (through diminution, damage, obsolescence, etc.) of merchandise goods, raw materials, finished goods, and other inventories owned by the Group, based on appropriate evidence of impairment available at the end of fiscal year.

**3.5 Fixed assets**

Tangible and intangible fixed assets are stated at cost less accumulated depreciation or amortization.

The cost of a fixed asset comprises its purchase price and any directly attributable costs of bringing the fixed asset to working condition for its intended use.

When fixed assets are sold or retired, their cost and accumulated depreciation or amortization are removed from the consolidated balance sheet and any gain or loss resulting from their disposal is included in the consolidated income statement.

*Land use rights*

Land use right is recorded as an intangible fixed asset on the consolidated balance sheet when the Company obtained the land use right certificates. The costs of land use right comprise all directly attributable costs of bringing the land lot to the condition available for intended use.

The Group does not amortize the value of land use rights.

**3.6 Depreciation and amortization**

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

Buildings and structures	3 - 25 years
Machinery and equipment	3 - 15 years
Motor vehicles	4 - 10 years
Office equipment	3 - 8 years
Computer software	3 years

The useful lives of the fixed assets and depreciation and amortization rates are reviewed periodically to ensure that the method and the period of the depreciation and amortisation are consistent with the expected pattern of economic benefits that will be derived from the use of fixed assets.

**3.7 Borrowing costs**

Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowings of the Group and are recorded as expense during the period in which they are

**3.8 Prepayment expenses**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
For Quarter 4 ended on 31 December 2020

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

The following types of expenses are recorded as long-term prepaid expense and are amortized to the consolidated income statement.

- ▶ Prepaid rental includes land and shop rental prepaid for many years under operating lease contracts and are amortized over the lease term;
- ▶ Tools and consumables with large value issued in use and can be used for more than one year; and
- ▶ Others are amortized to the consolidated income statement over 2 to 3 years.

### **3.9 Investments in associates**

The Group's investment in its associates is accounted for using the equity method of accounting. An associate is an entity in which the Group has significant influence that is neither subsidiaries nor joint ventures. The Group generally deems they have significant influence if they have over 20% of the voting rights.

Under the equity method, the investment is carried in the consolidated balance sheet at cost plus post acquisition changes in the Group's share of net assets of the associates. Goodwill arising on acquisition of the associate is included in the carrying amount of the investment and is amortized over a 10-year year. The consolidated income statement reflects the share of the post-acquisition results of operation of the associate.

The share of post-acquisition profit (loss) of the associates is presented on face of the consolidated income statement and its share of post-acquisition movements in reserves is recognized in reserves. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. Dividends receivable from associates reduce the carrying amount of the investment.

The financial statements of the associates are prepared for the same reporting period and use the same accounting policies as the Group. Where necessary, adjustments are made to bring the accounting policies in line with those of the Group.

### **3.10 Investments in securities and other investments**

Investments in securities and other investments are stated at their acquisition costs. Provision is made for any diminution in value of the investments at the balance sheet date in accordance with the guidance under the Circular No. 48//2019/TT-BTC issued by the Ministry of Finance on 8 August 2019.

### **3.11 Payables and accruals**

Payables and accrued expenses are recognized for future amounts paid in respect of goods and services received regardless of whether the Group has received the supplier's invoice.

### **3.12 Provisions**

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



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For Quarter 4 ended on 31 December 2020

**3.13 Treasury shares**

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

**3.14 Appropriation of net profits**

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

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

▶ Investment and development funds

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

▶ Bonus and welfare funds

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

**3.15 Earnings per share**

Basic earnings per share amounts are calculated by dividing net profit after tax for the year attributable to ordinary shareholders of the Group (after adjusting for interest on the convertible preference shares) by the weighted average number of ordinary shares outstanding during the year.

**3.16 Revenue recognition**

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

*Sale of goods*

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

*Services rendered*

Revenue is recognized when the service has been rendered.

*Interest*

Revenue is recognized as the interest accrues (taking into account the profits that the asset brings) unless collectability is in doubt.

*Dividends*

Income is recognized when the Group's entitlement as an investor to receive the dividend is established.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
For Quarter 4 ended on 31 December 2020

### 3.18 Taxation

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

#### Current income tax

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

#### Deferred income tax

Deferred income tax is provided using the liability method on temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts for interim financial reporting purposes.

## IV. EVENTS AND SIGNIFICANT TRANSACTIONS

### 1. CASH AND CASH EQUIVALENTS

	31/12/2020	31/12/2019
Cash on hand	113,043,139,318	54,073,143,734
Cash at banks	286,114,547,242	26,186,708,725
Cash in transit	23,077,094,501	14,964,586,549
<b>TOTAL</b>	<b>422,234,781,061</b>	<b>95,224,439,008</b>

### 2. FINANCIAL INVESTMENT

	31/12/2020	31/12/2019
<b>Longterm investment</b>		
<b>Investment in other entities</b>	-	-
_Dong A Bank JSC (EAB)	395,271,613,400	395,271,613,400
_Provision for long-term investments (EAB) (*)	(395,271,613,400)	(395,271,613,400)
<b>TOTAL</b>	<b>-</b>	<b>-</b>

(\*) As at 31 December 2020, Dong A Joint Stock Commercial Bank was still under special control by State Bank of Vietnam and shares are not transferable.

The "Group" holds 38,496,250 EAB shares corresponding EAB ownership ratio (ratio of voting rights) is 7.69%.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
For Quarter 4 ended on 31 December 2020

**3. SHORT-TERM TRADE RECEIVABLES**

	<b>31/12/2020</b>	<b>31/12/2019</b>
FH Trautz GmBh	6,165,618,167	6,700,060,929
DC&D Company	6,758,326,847	2,524,617,369
Aeon Binh Duong	5,965,409,829	3,965,324,714
Aeon Binh Tan	4,658,692,785	3,024,215,639
Aeon Hai Phong	1,388,702,288	-
Aeon Long Bien	320,546,430	228,491,800
Aeon Mall Ha Dong	1,203,796,710	817,004,030
Aeon Tan Phu	4,699,946,682	3,365,675,996
Aeon Ha Noi	1,637,828,420	1,592,902,110
Center Nha Trang	193,304,578	658,184,212
Crescent Mall Q7	2,289,128,182	1,368,947,140
Diamond Le Duan	1,178,384,460	587,433,754
Nowzone	-	1,351,641,724
Parkson Hung Vuong	2,820,641,540	1,596,853,465
Sense Ca Mau	1,012,762,431	690,186,622
Sense City Can Tho	880,173,827	1,507,484,910
Sense Ben Tre	1,073,705,090	769,540,851
Ngoc Phuong private enterprise	1,286,909,145	-
Vinh Tuong Industrial JSC	886,040,000	-
Nichias Hai Phong Ltd., Co.	1,206,708,000	-
Others	21,965,060,208	17,544,311,451
<b>TOTAL</b>	<b>67,591,685,619</b>	<b>48,292,876,716</b>

**4. OTHER RECIVABLES**

	<b>31/12/2020</b>	<b>31/12/2019</b>
<b>a. Current</b>		
_Advance to employees	6,347,378,451	4,511,880,018
_Hoang Gia Ngoc (Phan Ri)	4,009,596,154	-
_Others	3,037,319,032	776,061,010
<b>TOTAL</b>	<b>13,394,293,637</b>	<b>5,287,941,028</b>
<b>b. Non - current</b>		
_Deposit for long-term renting stores	77,310,617,360	70,721,623,109
<b>TOTAL</b>	<b>77,310,617,360</b>	<b>70,721,623,109</b>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
For Quarter 4 ended on 31 December 2020

**5. INVENTORIES**

	<b>31/12/2020</b>	<b>31/12/2019</b>
Raw materials	390,470,885,665	392,983,496,033
Tools and supplies	28,965,611,042	36,238,354,990
Work in Process	147,551,403,621	345,059,347,568
Finished goods	4,158,611,261,001	4,324,394,069,610
Merchandise goods	1,819,173,738,100	1,931,745,103,015
<b>TOTAL</b>	<b><u>6,544,772,899,429</u></b>	<b><u>7,030,420,371,216</u></b>

Inventories valued at VND 3,034,093,044,533 were used as collateral for short-term loans at commercial banks (Note number 9).

**6. REPAYMENTS****CURRENT**

	<b>31/12/2020</b>	<b>31/12/2019</b>
Tools and supplies	10,426,441,145	17,136,444,212
Stores rental	30,263,584,357	29,563,820,897
Uniform expense	-	7,490,805,392
IT expenses	12,490,883,142	7,861,826,496
Repair and maintenace expenses	5,650,704,932	4,446,850,548
Others	7,281,252,894	5,133,631,350
<b>TOTAL</b>	<b><u>66,112,866,470</u></b>	<b><u>71,633,378,895</u></b>

**NON – CURRENT**

	<b>31/12/2020</b>	<b>31/12/2019</b>
Tools and supplies	91,055,979,728	77,007,694,434
Stores rental	13,759,093,930	9,616,517,091
Repair and maintenace expenses	98,917,675,729	67,703,893,402
Others	2,569,016,644	3,990,875,554
<b>TOTAL</b>	<b><u>206,301,766,031</u></b>	<b><u>158,318,980,481</u></b>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
For Quarter 4 ended on 31 December 2020

## 7. FIXED ASSETS:

## 7.1 TANGIBLE FIXED ASSETS

ITEMS	Buildings and structures	Machinery and equipment	Motor vehicles	Office equipment	Total
<b>Cost:</b>					
31/12/2019	148,336,281,191	245,940,265,425	33,941,741,296	106,600,411,430	534,818,699,342
Addition	8,774,948,708	53,340,419,662	753,590,000	13,129,202,170	75,998,160,540
Disposal	-	(10,003,601,529)	-	(349,071,628)	(10,352,673,157)
31/12/2020	157,111,229,899	289,277,083,558	34,695,331,296	119,380,541,972	600,464,186,725
In which,					
Assets are fully depreciated	1,571,799,136	112,424,222,064	3,915,081,189	17,136,906,765	135,048,009,154
<b>Accumulated depreciation:</b>					
31/12/2019	(44,008,607,930)	(163,279,451,194)	(14,521,561,125)	(49,181,844,740)	(270,991,464,989)
Depreciation for the year	(7,398,762,243)	(30,658,838,550)	(4,205,978,061)	(15,953,794,123)	(58,217,372,977)
Disposal	-	9,688,489,562	-	300,393,851	9,988,883,413
31/12/2020	(51,407,370,173)	(184,249,800,182)	(18,727,539,186)	(64,835,245,012)	(319,219,954,553)
<b>Net carrying value:</b>					
31/12/2019	104,327,673,261	82,660,814,231	19,420,180,171	57,418,566,690	263,827,234,353
31/12/2020	105,703,859,726	105,027,283,376	15,967,792,110	54,545,296,960	281,244,232,172

Buildings and machineries are used as collaterals to obtain loans from commercial banks (Note number 9).



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Cont.)  
As of date and for Quarter 4 ended on 31 December 2020

**7.2 INTANGIBLE FIXED ASSETS**

ITEM	<i>Indefinite land and use rights</i>	<i>Computer software</i>	<i>Total</i>
<b>Cost:</b>			
31/12/2019	542,687,586,739	136,932,296,266	679,619,883,005
Additions	41,690,203	4,225,569,101	4,267,259,304
Disposal	-	(96,000,000)	(96,000,000)
31/12/2020	542,729,276,942	141,061,865,367	683,791,142,309
In which,			
Asset are fully depreciated		6,982,250,583	6,982,250,583
<b>Accumulated depreciation:</b>			
31/12/2019	-	(19,576,762,884)	(19,576,762,884)
Depreciation for the year	-	(13,937,494,064)	(13,937,494,064)
Disposal	-	96,000,000	96,000,000
31/12/2020	-	(33,418,256,948)	(33,418,256,948)
<b>Net carrying value:</b>			
31/12/2019	542,687,586,739	117,355,533,382	660,043,120,121
31/12/2020	542,729,276,942	107,643,608,419	650,372,885,361

**8. CONSTRUCTION IN PROCESS**

	<b>31/12/2020</b>	<b>31/12/2019</b>
Human resources management system	1,990,919,100	-
Land use right in Binh Duong	26,137,767,250	26,137,767,250
Others	4,875,180,653	2,319,631,184
<b>TOTAL</b>	<b>33,003,867,003</b>	<b>28,457,398,434</b>

**9. LOANS AND FINANCIAL LEASING**

	<b>31/12/2020</b>	<b>31/12/2019</b>
<b>a.Current</b>		
Loans from comercial bank	1,713,498,336,265	2,455,084,531,792
Loans from individuals	122,076,727,800	152,118,090,430
Current portion of long-term liabilities	3,700,000,000	3,700,000,000
<b>TOTAL</b>	<b>1,839,275,064,065</b>	<b>2,610,902,622,222</b>
<b>b.Non-current</b>		
Loans from comercial banks	-	3,700,000,000
<b>TOTAL</b>	<b>-</b>	<b>3,700,000,000</b>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Cont.)  
As of date and for Quarter 4 ended on 31 December 2020

Details of short-term loans:

BANKS	31/12/2019	DRAWDOWN	REPAYMENT	31/12/2020
<b>COMMERCIAL BANKS</b>	<b>2,485,484,531,792</b>	<b>7,358,616,150,536</b>	<b>8,126,902,346,063</b>	<b>1,717,198,336,265</b>
CTBC Bank Co., Ltd - HCMC Branch	92,799,546,320	280,828,894,723	301,291,056,397	72,337,384,646
Vietnam Joint Stock Commercial Bank for Industry and Trade	898,993,052,515	1,575,137,625,156	2,034,150,126,278	439,980,551,393
Shinhan Bank Vietnam Limited	97,000,000,000	242,097,049,000	274,097,049,000	65,000,000,000
JSC Bank for Foreign Trade of Vietnam	490,427,204,477	775,197,642,171	1,149,876,874,648	115,747,972,000
Bank for Investment and Development of Vietnam JSC - Hoc Mon Branch	300,000,000,000	953,230,965,374	938,000,000,000	315,230,965,374
Military Commercial Joint Stock Bank	99,971,329,000	158,907,793,895	211,540,894,614	47,338,228,281
Southeast Asia Commercial Joint Stock Bank	200,000,000,000	1,060,447,479,845	1,025,576,039,245	234,871,440,600
Petrolimex Commercial Joint Stock Bank	298,893,399,480	1,248,892,181,869	1,547,785,581,349	-
HSBC	-	375,730,954,296	210,294,107,985	165,436,846,311
Orient Commercial Joint Stock Commercial Bank	-	62,312,992,680	62,312,992,680	-
Vietnam Bank for Agriculture and Rural Development - Branch No. 4	7,400,000,000	-	3,700,000,000	3,700,000,000
China Construction Bank	-	262,100,000,000	217,300,000,000	44,800,000,000
Vietnam International and Commercial Joint Stock Bank	-	295,383,613,627	150,977,623,867	144,405,989,760
HCMC Development Joint Stock Commercial Bank	-	68,348,957,900	-	68,348,957,900
<b>INDIVIDUAL LOANS</b>	<b>129,118,090,430</b>	<b>84,350,187,800</b>	<b>91,391,550,430</b>	<b>122,076,727,800</b>
<b>TOTAL</b>	<b>2,614,602,622,222</b>	<b>7,442,966,338,336</b>	<b>8,218,293,896,493</b>	<b>1,839,275,064,065</b>

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Cont.)

As of date and for Quarter 4 ended on 31 December 2020

Details of short-term loans:

BANK	AMOUNT	MATURITY	INTEREST RATE	COLLATERAL
<b>SHORT-TERM LOANS IN VND</b>	<b>1,713,498,336,265</b>			
CTBC Bank Co., Ltd - HCMC Branch	72,337,384,646	From 28 April to 24 June 2021	4.87%	Inventories
Vietnam Joint Stock Commercial Bank for Industry and Trade	439,980,551,393	From 02 May to 17 June 2021	5.70%	Inventories
Shinhan Bank Vietnam Limited	65,000,000,000	From 28 April to 03 May 2021	5.00%	Unsecured
JSC Bank for Foreign Trade of Vietnam	115,747,972,000	From 22 June to 30 June 2021	5.20%	House: 46 Ngo Quyen street, 359 Phan Chu Trinh street, 461 Phan Chu Trinh-Tam Ky city
Bank for Investment and Development of Vietnam JSC - Hoc Mon Branch	315,230,965,374	From 14 April to 30 June 2021	5.76%	Inventories
Military Commercial Joint Stock Bank	47,338,228,281	From 30 March to 15 May 2021	4.70%	Unsecured
Southeast Asia Commercial Joint Stock Bank	234,871,440,600	From 17 February to 01 February 2021	5.90%	Unsecured
HSBC	165,436,846,311	18-Jun-21	4.60%	House at: 123 Hung Vuong, Da Nang and inventories
China Construction Bank	44,800,000,000	From 19 May to 27 May 2021	5.50%	Unsecured
Vietnam International and Commercial Joint Stock Bank	144,405,989,760	From 04 April to 17 May 2021	5.60%	Unsecured
HCMC Development Joint Stock Commercial Bank	68,348,957,900	From 13 January to 20 January 2021	6.20%	Unsecured
<b>INDIVIDUAL LOANS</b>	<b>122,076,727,800</b>			Unsecured
Current portion of Long-term liabilities	3,700,000,000			
<b>SHORT-TERM LOANS</b>	<b>1,839,275,064,065</b>			
Vietnam Bank for Agriculture and Rural Development - Branch No. 4	3,700,000,000	22 November 2021	9.5%	House at PG1-05 Vincom Can Tho
<b>In which: Current portion of long-term liabilities</b>	<b>3,700,000,000</b>			
<b>LONG-TERM LOANS</b>	<b>-</b>			

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Cont.)  
As of date and for Quarter 4 ended on 31 December 2020

**10. SHORT – TERM TRADE PAYABLES**

	<b>31/12/2020</b>	<b>31/12/2019</b>
Forte Jewellery (HK)	126,662,589,601	154,975,866,651
Champion Pearl Co.,Ltd	282,584,126	1,840,815,251
Fineese Impex Ltd	185,106,975,192	264,376,245,789
Hung Kim Loan Company	6,916,628,900	5,443,890,500
Quang Vinh Nguyen Company	912,591,777	12,140,499,777
Thanh Thuy Company	-	6,096,921,500
Khong Gian Vang JSC	151,406,389	70,861,943
Nhat Vy Ltd.Company	2,101,349,600	-
Saigon International Precious Metal JSC	662,820,000	-
Silvana Sa	2,867,870,639	1,826,132,190
Jowissa Uhren Ag	-	2,564,646,605
Metalor Technologies	-	13,389,566,135
CMC Company	-	4,073,596,286
Kim Khai Hoan Vinh Long Company	-	4,380,957,000
Netis Geme JSC ( Netis)	-	4,970,085,289
Watch Me Ltd.Co	-	2,023,139,926
Top Ten Ltd.Co	4,293,152,507	8,623,855,493
ATOTECH Vietnam Ltd. Co	670,758,871	-
Lam Tran Import-Export Ltd.Co	3,505,201,700	6,744,540,000
Tri Linh Ltd.Co	1,956,421,833	1,520,799,901
Dong Duong Ltd.Co	3,556,028,971	-
Others	142,174,726,123	195,745,764,959
<b>TOTAL</b>	<b>481,821,106,229</b>	<b>690,808,185,195</b>



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Cont.)  
As of date and for Quarter 4 ended on 31 December 2020

### 11. TAXES AND OTHER RECEIVABLES FROM PAYABLES TO THE STATE BUDGET

	Opening period	Receivable/Payable in the period	Received/Paid in the period	Closing period
<b>a.Receivables</b>				
Valued added tax from import	-	115,408,625,815	115,408,625,815	-
Deductible value added tax	6,306,692,920	24,577,694,569	20,214,110,532	10,670,276,957
Import - Export tax	26,565,240	9,128,029,499	9,154,594,739	-
Others	64,724,496	-	64,724,496	-
<b>TOTAL</b>	<b>6,397,982,656</b>	<b>149,114,349,883</b>	<b>144,842,055,582</b>	<b>10,670,276,957</b>
<b>b.Payables</b>				
Valued added tax	52,394,562,292	398,431,023,711	403,497,244,504	47,328,341,499
Corporate income tax	128,390,517,466	279,519,694,280	253,231,591,220	154,678,620,526
Personal income tax	7,327,960,887	70,639,332,552	69,833,575,074	8,133,718,365
Others	4,569,630,533	4,842,533,208	4,850,371,732	4,561,792,009
<b>TOTAL</b>	<b>192,682,671,178</b>	<b>753,432,583,751</b>	<b>731,412,782,530</b>	<b>214,702,472,399</b>

### 12. OTHER PAYABLES

	31/12/2020	31/12/2019
<b>a.Current</b>		
_Trade Union fees	5,544,044,995	7,618,096,621
_Bonus of the Board of Management and the Board of Directors	21,039,066,145	20,528,793,837
_Union fund	4,725,041,339	1,119,370,114
_Dividend payable	11,167,693,692	6,004,841,375
_Tuan Ngan Jewelry Private Company	2,658,136,013	7,691,453,469
_Saigon International JSC	1,842,997,131	5,270,036,804
_Pham Gia Phat Ltd.Co	394,918,034	-
_Others	29,606,739,551	21,025,147,776
<b>TOTAL</b>	<b>76,978,636,900</b>	<b>69,257,739,996</b>
<b>b.Non-current</b>		
_Deposit for store rental	526,168,000	476,006,000
<b>TOTAL</b>	<b>526,168,000</b>	<b>476,006,000</b>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Cont.)  
As of date and for Quarter 4 ended on 31 December 2020

## 13. OWNER'S EQUITY

	Share capital	Share premium	Treasury share	Investment and Development Fund	Undistributed earnings	Total
<b>Opening balance of the previous period (01.01.2019)</b>	<b>1,670,029,820,000</b>	<b>925,397,862,458</b>	<b>(7,090,000)</b>	<b>265,087,556,918</b>	<b>884,565,278,528</b>	<b>3,745,073,427,904</b>
Charter capital increase	582,906,030,000	42,676,250,000	-	-	(556,649,780,000)	68,932,500,000
Net profit for the year	-	-	-	-	1,193,924,957,243	1,193,924,957,243
Dividend declared	-	-	-	-	(345,136,073,800)	(345,136,073,800)
Treasury shares	-	-	(2,094,000,000)	-	-	(2,094,000,000)
Profit appropriation	-	-	-	47,996,000,000	(131,431,000,000)	(83,435,000,000)
<i>Investment and development fund</i>	-	-	-	47,996,000,000	(47,996,000,000)	-
<i>Transfer to bonus and welfare fund</i>	-	-	-	-	(47,996,000,000)	(47,996,000,000)
<i>Board of Directors fund</i>	-	-	-	-	(35,439,000,000)	(35,439,000,000)
<b>Ending balance of the previous period (31.12.2019)</b>	<b>2,252,935,850,000</b>	<b>968,074,112,458</b>	<b>(2,101,090,000)</b>	<b>313,083,556,918</b>	<b>1,045,273,381,971</b>	<b>4,577,265,811,347</b>
Charter capital increase (*)	23,187,770,000	23,187,770,000	-	-	-	46,375,540,000
Net profit for the period	-	-	-	-	1,069,310,105,261	1,069,310,105,261
Dividend declared (**)	-	-	-	-	(360,262,591,600)	(360,262,591,600)
Treasury shares (***)	-	-	(1,283,000,000)	-	-	(1,283,000,000)
Profit appropriation	-	-	-	59,696,000,000	(149,240,000,000)	(89,544,000,000)
<i>Investment and development fund</i>	-	-	-	59,696,000,000	(59,696,000,000)	-
<i>Transfer to bonus and welfare fund</i>	-	-	-	-	(59,696,000,000)	(59,696,000,000)
<i>Board of Directors and Board of Management fund</i>	-	-	-	-	(29,848,000,000)	(29,848,000,000)
<b>Closing balance of the current period (31.12.2020)</b>	<b>2,276,123,620,000</b>	<b>991,261,882,458</b>	<b>(3,384,090,000)</b>	<b>372,779,556,918</b>	<b>1,605,080,895,632</b>	<b>5,241,861,865,008</b>

Notes:

(\*) Charter capital increase due to ESOP issuance.

(\*\*) On 08 August 2019, PNJ paid 1<sup>st</sup> cash dividend for 2019 (8%/share).(\*\*\*) On 16 April 2020, PNJ paid 2<sup>nd</sup> cash dividend 2019 (10%/share).(\*\*\*) On 22 December 2020, PNJ paid 1<sup>st</sup> cash dividend 2020 (6%/share).

(\*\*\*) PNJ bought back bonus shares of employees who left.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
As of date and for Quarter 4 ended on 31 December 2020

**14. REVENUE****14.1 Revenue from goods sold and services rendered**

	<b>Q4.2020</b>	<b>Q4.2019</b>
<b>Gross revenue, in which</b>	<b>5,903,043,165,174</b>	<b>5,374,046,800,939</b>
<i>Sales of gold, silver and jewelry</i>	5,862,431,947,742	5,333,945,555,010
<i>Sales of other goods,</i>	24,949,701,611	26,997,134,457
<i>Rendering services</i>	15,661,515,821	13,104,111,472
Goods returned	60,091,419,311	52,704,540,031
<b>Net revenue, in which</b>	<b>5,842,951,745,863</b>	<b>5,321,342,260,908</b>
<i>Sale of gold, silver and jewelry</i>	5,802,348,129,886	5,281,241,014,979
<i>Sale of other goods</i>	24,942,100,156	26,997,134,457
<i>Rendering services</i>	15,661,515,821	13,104,111,472

**14.2 Financial income**

	<b>Q4.2020</b>	<b>Q4.2019</b>
Interest income	72,053,239	190,259,669
Gain/loss from foreign exchange	1,368,337,093	15,325,304,063
<b>Total</b>	<b>1,440,390,332</b>	<b>15,515,563,732</b>

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

	<b>Q4.2020</b>	<b>Q4.2019</b>
Cost of jewelry	4,642,871,232,532	4,275,547,327,688
Cost of watches, accessories	20,489,961,194	20,273,018,183
Cost of rendering services	2,208,670,042	2,950,807,519
<b>Total</b>	<b>4,665,569,863,768</b>	<b>4,298,771,153,390</b>

**16. FINANCIAL EXPENSES**

	<b>Q4.2020</b>	<b>Q4.2019</b>
Interest expense	29,105,868,217	41,002,191,152
Other financial expense	1,018,277,775	(1,451,492,648)
Foreign exchange loss	1,670,515,448	16,490,612,593
<b>Total</b>	<b>31,794,661,440</b>	<b>56,041,311,097</b>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
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**17. SELLING, GENERAL AND ADMINISTRATIVE EXPENSES**

	<b>Q4.2020</b>	<b>Q4.2019</b>
Staff cost	333,373,960,122	250,120,372,844
Materials, packaging	6,811,767,092	11,157,024,350
Tools and supplies	18,719,666,451	24,037,072,435
Depreciation	11,823,848,839	11,634,305,647
Outside services	126,749,955,747	91,086,707,870
Others	115,394,946,492	109,165,871,805
<b>TOTAL</b>	<b><u>612,874,144,743</u></b>	<b><u>497,201,354,951</u></b>

**18. CORPORATE INCOME TAX**

The tax returns filed by Company are subject to examination by the tax authorities. As the application of tax laws and regulations is susceptible to varying interpretations, the amounts reported in the consolidated interim financial statements could change at a later date upon final determination by the tax authorities.

	<b>Q4.2020</b>	<b>Q4.2019</b>
Profit before tax	535,493,073,309	485,379,469,308
<b>Taxable profit</b>	<b>549,690,811,360</b>	<b>501,127,525,126</b>
Corporate income tax rate	20%	20%
<b>Current CIT</b>	<b><u>109,938,162,272</u></b>	<b><u>100,225,505,025</u></b>

**19. OFF – BALANCE SHEET ITEMS****a. Operating Lease Commitments**

As at 31 December 2020, lease payments paid under operating leases commitments are as follows:

	<b>Q4.2020</b>	<b>Q4.2019</b>
Within next year	226,484,505,575	230,886,854,351
From 2 to 5 years	729,378,100,433	659,220,215,715
Over 5 years	355,325,894,098	394,804,455,963
<b>Total</b>	<b><u>1,311,188,500,106</u></b>	<b><u>1,284,911,526,029</u></b>

**a) Foreign Exchange:**

	<b>31/12/2020</b>	<b>31/12/2019</b>
USD	92,348	92,878
GBP	1,625	1,625
AUD	992	27,330
EUR	3,699	5,901
Gold taels (mace)	12,500	7,580



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
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## 20. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

### ***Market risk***

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market prices comprise four types of risk: interest rate risk, currency risk, commodity price risk and other price risk, such as equity price risk. Financial instruments affected by market risk include loans.

### ***Interest rate risk***

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to market risk for changes in interest rate relates primarily to the Group's loans with floating interest rates.

The Group manages its interest rate risk by keeping close watch on relevant market situation, in order to contemplate and adapt its leverage level as well as financing strategies to the prevailing situation.

### ***Foreign currency risk***

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Group's exposure to the risk of changes in foreign exchange rates relates primarily to the Group's operating activities. Risks due to changes in exchange rates of the Group is insignificant.

### ***Commodity price risk***

The Group exposes to commodity price risk in relation to purchase of certain commodities. The Group manages its commodity prices risk by keeping close watch on relevant information and situation of commodity market in order to properly manage timing of purchases, production plans and inventories level. The Group does not employ any derivative financial instruments to hedge its commodity price risk.

### ***Credit risk***

Credit risk is the risk that counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Group is exposed to credit risk from its operating activities (primarily for trade receivables) and from its financing activities, including deposits with banks, foreign exchange operations and other financial instruments

### ***Trade receivables***

Customer credit risk is managed by the Group based on its established policy, procedures and control. The Group's exposure to credit risk in relation with receivables is mainly influenced by the individual characteristics of each customer. The Group mostly has cash sale which are not exposure to the credit risk.

Outstanding customer receivables are regularly monitored. In terms of account receivables of oversea customers, the Group is guaranteed by a third bank. For large clients, the Group considers the decline in credit quality of each customer at reporting date.

### ***Bank deposits***

The Group's bank balances are mainly maintained with well-known banks in Vietnam. The Group evaluates the concentration of credit risk in respect to bank deposit as low.

### ***Liquidity risk***

The liquidity risk is the risk that the Group will encounter difficulty in meeting financial obligation due to shortage of funds. The Group's exposure to liquidity risk arises primarily from mismatches of maturities of financial assets and liabilities.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
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The Group monitors its liquidity risk by maintaining a level of cash, cash equivalents and bank loans deemed adequate by management to finance the Group's operations.

**Collateral**

The Group has pledged its fixed assets, inventories in order to fulfil the collateral requirements for loans obtained from commercial banks.

The Group did not hold any collateral of other parties at 31 December 2019 and 31 December 2020.

**21. FACTORS IMPACT ON BUSINESS PERFORMANCE IN Q4.2020**

Net revenue Q4.2020 reached VND 5,834 bn, increased by 9.8% compared to the same period last year.

- Retail sales (include jewelries and watches) increased by 22.8% yoy. Cummulatively, this figure was 10.2% yoy.
- Gold bar sales fell by 1.1% yoy in Q4 but rose by 11% yoy for the whole year.
- Wholesale revenue went down by 14.7% yoy in Q4 because the jewelry demand of mass segment has not recovered yet. Cummulatively, wholesale sales dropped by 23.2% yoy.


Profit before tax reached VND 535.5 bn, grew by 10.3% compared to Q4.2019.

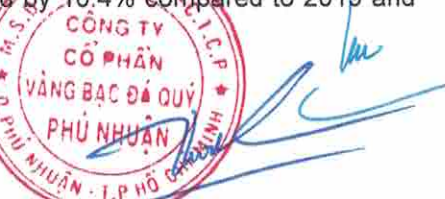
- Gross profit reached VND 1.177 bn, up 15.1% yoy.
- Total operating expenses climbed by 23.3% yoy. For the whole year, this figure was 4.8%. The cost optimization efficiency has remained at good level which was demonstrated by operating expenses/gross profit ratio which was 2.3% lower than that of the budget.
- Financial expenses were VND 29.1bn in Q4, down 29% yoy due to the optimization of debt to fund for working capital. Average debt balance decreased by 23% yoy.

Summary of business performance of 2020:

- Net sales was amounted to VND 17.511 bn, increase by 3% compared to 2019 and exceeding the 2020 sales budget by 21%.
- Profit before tax reached VND 1.069 bn, declined by 10.4% compared to 2019 and exceeding the 2020 profit budget by 28.5%.

  
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Nguyen Thanh Dat  
Preparer  
20 January 2021

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

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

