

PHU NHUAN JEWELRY JOINT STOCK COMPANY

**SEPARATE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**



PHU NHUAN JEWELRY JOINT STOCK COMPANY

SEPARATE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

TABLE OF CONTENTS

PAGE

Corporate information	1
Statement of the Board of Management	2
Independent Auditor's report	3
Separate balance sheet (Form B 01 – DN)	5
Separate income statement (Form B 02 – DN)	7
Separate cash flow statement (Form B 03 – DN)	8
Notes to the separate financial statements (Form B 09 – DN)	9

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 latest (the 32nd) amendment dated 6 January 2022.

Board of Directors

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

Audit Committee

Mr Le Quang Phuc	Chairman
Mr Nguyen Anh Tuan	Head of Internal audit (appointed on 10 November 2021)
Mr Nguyen Tuan Hai	Member

Board of Supervision

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

(From 17 April 2021, the General Meeting of Shareholders terminated the Board of Supervision and dismissed all members of the Board of Supervision. Also, the Company established an Audit Committee under the Board of Directors)

Board of Management

Mr Le Tri Thong	General Director (From 10 August 2020 the Board of Directors assigned Mr. Le Tri Thong to manage and operate the Customer & Retail and Supply sectors)
Mrs Dang Thi Lai	Chief Finance and Operation Officer
Mr Phan Nguyen Hoai Anh	Alternate Marketing Director
Mr Dao Trung Kien	Chief Strategy Officer
Mr Dang Hai Anh	Information Technology Division Director
Mr Nguyen Anh Hung	Human Resource Director
Mr Duong Quang Hai	Chief Accountant

Legal representative

Mr Le Tri Thong	General Director
-----------------	------------------

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 THE BOARD OF MANAGEMENT

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 2021, 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 separate 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 2021, 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 2021 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
14 March 2022



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 2021 and approved by the Board of Management on 14 March 2022. The separate financial statements comprise the separate balance sheet as at 31 December 2021, 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 as 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 2021, 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 Matters

The independent auditor's 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




Tran Thi Thanh Truc
Audit Practising Licence No.
3047-2019-006-1
Authorised signatory



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

Report reference number: HCM11513
Ho Chi Minh City, 14 March 2022


SEPARATE BALANCE SHEET

Code	ASSETS	Note	As at 31 December	
			2021 VND	2020 VND
100	CURRENT ASSETS		8,602,996,182,573	6,474,649,388,077
110	Cash		305,277,938,978	228,463,983,404
111	Cash	3	305,277,938,978	228,463,983,404
130	Short-term receivables		390,023,093,373	630,326,326,092
131	Short-term trade accounts receivable	4	40,694,434,402	42,741,333,285
132	Short-term prepayments to suppliers	5	330,458,116,382	571,620,933,833
135	Short-term lending	36(b)	-	50,000,000,000
136	Other short-term receivables	6(a)	20,525,567,151	12,463,883,751
137	Provision for doubtful debts – short-term	7	(2,004,798,077)	(46,559,069,745)
139	Shortage of assets awaiting resolution		349,773,515	59,244,968
140	Inventory		7,845,352,587,725	5,545,614,607,458
141	Inventories	8	7,845,352,587,725	5,545,614,607,458
150	Other current assets		62,342,562,497	70,244,471,123
151	Short-term prepaid expenses	9(a)	54,543,083,974	60,983,508,549
152	Value Added Tax to be reclaimed		7,799,478,523	9,260,962,574
200	NON-CURRENT ASSETS		1,451,077,899,581	1,492,980,532,386
210	Long-term receivable		80,350,406,759	73,087,785,912
216	Other long-term receivables	6(b)	80,350,406,759	73,087,785,912
220	Fixed assets		820,594,930,272	816,679,203,148
221	Tangible fixed assets	10(a)	169,746,626,449	179,965,644,686
222	Historical cost		344,892,108,002	328,768,290,663
223	Accumulated depreciation		(175,145,481,553)	(148,802,645,977)
227	Intangible fixed assets	10(b)	650,848,303,823	636,713,558,462
228	Historical cost		697,774,918,988	669,060,757,659
229	Accumulated amortisation		(46,926,615,165)	(32,347,199,197)
240	Long-term asset in progress		30,183,906,350	30,183,906,350
242	Construction in progress	11	30,183,906,350	30,183,906,350
250	Long-term investments		246,119,593,225	310,000,000,000
251	Investments in subsidiaries	12	340,000,000,000	340,000,000,000
253	Investments in other entities		395,271,613,400	395,271,613,400
254	Provision for long-term investments		(489,152,020,175)	(425,271,613,400)
260	Other long-term assets		273,829,062,975	263,029,636,976
261	Long-term prepaid expenses	9(b)	175,791,229,191	174,314,839,953
262	Deferred income tax assets	22	98,037,833,784	88,714,797,023
270	TOTAL ASSETS		10,054,074,082,154	7,967,629,920,463

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	
			2021 VND	2020 VND
300	LIABILITIES		4,109,229,101,091	2,819,891,308,781
310	Short-term liabilities		4,100,098,701,091	2,810,745,215,781
311	Short-term trade accounts payable	13	638,903,772,994	467,421,998,503
312	Short-term advances from customers	14	106,563,466,096	78,453,544,728
313	Tax and other payables to the State	15	261,052,351,661	205,321,597,778
314	Payable to employees	16	339,225,759,891	244,814,397,938
315	Short-term accrued expenses	17	56,176,517,030	42,163,045,770
319	Other short-term payables	18	47,206,698,660	68,515,458,771
320	Short-term borrowings	19	2,495,307,120,466	1,588,817,635,703
321	Provision for short-term liabilities	21(a)	30,129,306,488	-
322	Bonus and welfare fund	20	125,533,707,805	115,237,536,590
330	Long-term liabilities		9,130,400,000	9,146,093,000
337	Other long-term payables		518,668,000	526,168,000
342	Provision for long-term liabilities	21(b)	8,611,732,000	8,619,925,000
400	OWNERS' EQUITY		5,944,844,981,063	5,147,738,611,682
410	Capital and reserves		5,944,844,981,063	5,147,738,611,682
411	Owners' capital	23, 24	2,276,123,620,000	2,276,123,620,000
411a	- Ordinary shares with voting rights		2,276,123,620,000	2,276,123,620,000
412	Share premium	24	991,261,882,458	991,261,882,458
415	Treasury shares	24	(4,908,890,000)	(3,384,090,000)
418	Investment and development fund	24	800,503,556,918	372,779,556,918
421	Undistributed earnings	24	1,881,864,811,687	1,510,957,642,306
421a	- Undistributed post-tax profits of previous years		826,488,391,906	613,766,393,848
421b	- Post-tax profits of current year		1,055,376,419,781	897,191,248,458
440	TOTAL RESOURCES		10,054,074,082,154	7,967,629,920,463



Nguyen Thanh Dat
Preparer



Duong Quang Hai
Chief Accountant



Le Tri Thong
General Director
14 March 2022

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	
		2021 VND	2020 VND
01	Revenue from sales of goods and rendering of services	22,094,027,404,679	18,249,207,303,760
02	Less deduction	(191,704,724,733)	(163,140,746,157)
10	Net revenue from sales of goods and rendering of services	21,902,322,679,946	18,086,066,557,603
11	Cost of goods sold and services rendered	(18,472,287,310,471)	(14,814,605,656,076)
20	Gross profit from sales of goods and rendering of services	3,430,035,369,475	3,271,460,901,527
21	Financial income	38,970,709,497	2,234,041,308
22	Financial expenses	(171,225,204,655)	(136,487,135,123)
23	- Including: Interest expense	(96,963,843,334)	(132,606,524,473)
25	Selling expenses	(1,605,167,850,932)	(1,335,106,694,296)
26	General and administration expenses	(381,233,161,253)	(495,909,067,684)
30	Net operating profit	1,311,379,862,132	1,306,192,045,732
31	Other income	7,386,236,972	4,724,316,142
32	Other expenses	(14,769,208,569)	(8,050,661,786)
40	Net other expenses	(7,382,971,597)	(3,326,345,644)
50	Net accounting profit before tax	1,303,996,890,535	1,302,865,700,088
51	Business income tax - current	(257,943,507,515)	(272,183,368,394)
52	Business income tax - deferred	9,323,036,761	1,583,332,364
60	Net profit after tax	1,055,376,419,781	1,032,265,664,058



 Nguyen Thanh Dat
 Preparer



 Duong Quang Hai
 Chief Accountant





 Le Tri Thong
 General Director
 14 March 2022

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	
		2021 VND	2020 VND
CASH FLOWS FROM OPERATING ACTIVITIES			
01		1,303,996,890,535	1,302,865,700,088
	Adjustments for:		
02	Depreciation and amortisation	45,804,632,581	43,028,953,790
03	Provisions	49,447,248,595	51,747,998,745
04	Unrealised foreign exchange losses/(gains)	2,351,000,719	(247,150,460)
05	Profits from investing activities	(28,807,519,438)	(186,563,446)
06	Interest expense	96,963,843,334	132,606,524,473
08	Operating profit before changes in working capital	1,469,756,096,326	1,529,815,463,190
09	Decrease in receivables	269,571,290,692	191,081,790,952
10	(Increase)/decrease in inventories	(2,299,737,980,267)	54,427,868,393
11	Increase/(decrease) in payables	275,116,010,892	(69,313,595,461)
12	Decrease/(increase) in prepaid expenses	4,964,035,337	(43,176,372,081)
14	Interest paid	(97,682,133,656)	(133,501,763,936)
15	BIT paid	(222,338,449,315)	(237,842,086,643)
17	Other payments on operating activities	(43,169,828,785)	(34,492,822,139)
20	Net cash (outflows)/inflows from operating activities	(643,520,958,776)	1,256,998,482,275
CASH FLOWS FROM INVESTING ACTIVITIES			
21	Purchases of fixed assets and other long-term assets	(45,884,630,197)	(31,943,696,474)
22	Proceeds from disposals of fixed assets	12,754,963,332	133,567,536
24	Collection of loans	-	50,000,000,000
25	Investments in other entities	-	(170,000,000,000)
27	Dividends and interest received	25,876,153,497	102,132,124
30	Net cash outflows from investing activities	(7,253,513,368)	(151,707,996,814)
CASH FLOWS FROM FINANCING ACTIVITIES			
31	Proceeds from issuance of shares	-	46,375,540,000
32	Payments for share repurchases	(1,524,800,000)	(1,283,000,000)
33	Proceeds from borrowings	7,137,837,855,943	6,389,152,533,973
34	Repayments of borrowings	(6,231,348,371,180)	(7,038,805,836,501)
36	Dividends paid	(177,376,257,045)	(355,099,739,283)
40	Net cash inflows/(outflows) from financing activities	727,588,427,718	(959,660,501,811)
50	Net increase in cash	76,813,955,574	145,629,983,650
60	Cash at beginning of year	228,463,983,404	82,586,849,294
61	Effect of foreign exchange differences	-	247,150,460
70	Cash at end of year	305,277,938,978	228,463,983,404

Non-cash major transactions of the cash flow as presented in Note 35.



Nguyen Thanh Dat
Preparer



Duong Quang Hai
Chief Accountant





Le Tri Thong
General Director
14 March 2022

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 2021**

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 latest (the 32nd) amendment dated 6 January 2012.

On 23 March 2009, the Company’s shares were officially listed in the Ho Chi Minh City Stock Exchange (“HOSE”) with the stock trading code PNJ 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 within 12 months.

As at 31 December 2021, the Company had 3 subsidiaries (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	31.12.2021		31.12.2020		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	Jewellery manufacturing and trading
Customer Era Company Limited (*)	Ho Chi Minh City	-	-	100	100	Retailing

(*) Pursuant to Decision No. 24/2021/NQ-HĐQT-CTY dated 12 January 2021, Customer Era Company Limited was merged into CAO Fashion Company Limited.

As at 31 December 2021, the Company had 56 branches (as at 31 December 2020: 56 branches) located in various provinces and cities in Vietnam.

As at 31 December 2021, the Company had 4,646 employees (as at 31 December 2020: 4,609 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 2021 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"), which is the Company's accounting currency. 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 which is 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 prevailing 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 with which 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 whose financial and operating policies the Company has the power to govern in order to gain future benefits from their activities generally accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Company controls another entity.

Investments in subsidiaries are initially recorded at costs of acquisition 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.

Provision for investments in subsidiaries, associates and joint ventures is calculated based on the loss of investees.

Provision for investments in other entities is calculated based on market value if market value can be determined reliably. If market value can not be determined reliably, the provision is calculated similarly to provision for investments in subsidiaries, associates and joint ventures.

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 Lendings

Lendings are lendings granted for the earning interest under agreements among parties but not for 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.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**2.9 Lendings (continued)**

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

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 which is incurred subsequently and 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 separate income statement when incurred in the year.

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

Indefinite land use rights are stated at costs and 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 installation or 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 construct, repair and maintain, upgrade, 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 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**2.11 Leased assets**

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

2.12 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 period of time that is required to complete and prepare the asset for its intended use. In respect of general-purpose borrowings, a portion of which used for the purpose of construction or production of any qualifying assets, the Company determines the amount of borrowing costs eligible for capitalisation by applying a capitalisation rate to the weighted average expenditure on 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 for, 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 brought before the effective date of the Securities Law (ie. 1 January 2021) 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.

Treasury shares brought after 1 January 2021 will be cancelled and adjusted to reduce equity.

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.

Net profit after BIT could be distributed to shareholders after approval at a 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) of the 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. If 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) of the 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 includes all income taxes which is based on taxable. 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 are 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 Chairman, members of the Board of Directors, General Director, members of 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.

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 assessed by the Board of Management to be reasonable under the circumstances.

3 CASH

	2021 VND	2020 VND
Cash on hand	103,572,773,991	111,148,587,697
Cash at bank	168,863,036,696	94,288,301,206
Cash in transit	32,842,128,291	23,027,094,501
	<u>305,277,938,978</u>	<u>228,463,983,404</u>

4 SHORT-TERM TRADE ACCOUNT RECEIVABLE

	2021 VND	2020 VND
Third parties		
Aeon Vietnam Co., Ltd. - Binh Duong Branch	7,417,481,647	5,965,409,829
Aeon Vietnam Co., Ltd.	6,055,942,557	4,699,946,682
Aeon Vietnam Co., Ltd. - Binh Tan Branch	7,047,219,391	4,658,692,785
Others	20,069,180,217	27,417,283,989
Related parties (Note 36(b))	104,610,590	-
	<u>40,694,434,402</u>	<u>42,741,333,285</u>

As at 31 December 2021 and 31 December 2020, there was no balance of short-term trade accounts receivable that was past due or not past due but doubtful.

5 SHORT-TERM PREPAYMENTS TO SUPPLIERS

	2021 VND	2020 VND
Third parties		
Gia Khang Construction Real Estate Corporation	476,099,621	3,035,860,000
Others	25,403,400,818	12,626,111,136
Related parties (Note 36(b))	304,578,615,943	555,958,962,697
	<u>330,458,116,382</u>	<u>571,620,933,833</u>

6 OTHER RECEIVABLES**(a) Short-term**

	2021 VND	2020 VND
Advances to employees	10,836,881,536	4,362,005,293
Others	9,688,685,615	5,709,249,495
Related parties (Note 36(b))	-	2,392,628,963
	<u>20,525,567,151</u>	<u>12,463,883,751</u>

As at 31 December 2021 and 31 December 2020, the balance of short-term other receivables that was past due is VND4,009,596,154 as presented in Note 7.

(b) Long-term

	2021 VND	2020 VND
Rental deposits	<u>80,350,406,759</u>	<u>73,087,785,912</u>

7 DOUBTFUL DEBTS

	2021			Overdue period
	Cost VND	Recoverable amount VND	Provision VND	
i) Receivables that were past due	4,009,596,154	-	(2,004,798,077)	Over 1 year
	<u>4,009,596,154</u>	<u>-</u>	<u>(2,004,798,077)</u>	
	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	4,009,596,154	-	(1,202,878,846)	-
	<u>4,009,596,154</u>	<u>-</u>	<u>(1,202,878,846)</u>	

(*) During 2021, Customer Era Company Limited was merged into CAO Fashion Company Limited pursuant to Decision No. 24/2021/NQ-HĐQT-CTY dated 12 January 2021. Accordingly, the Company's lending to Customer Era Company Limited amounting to VND50 billion (Note 36(a)) was transferred to CAO Fashion Company Limited as a prepayment to supplier and the Company reversed the provision for this short-term lending in the separate financial statements as at 31 December 2021.

8 INVENTORIES

	2021 VND	2020 VND
Raw materials	338,161,002,157	90,138,560,521
Tools and supplies	28,160,441,406	21,981,313,101
Work in progress	186,865,821	960,609,840
Merchandise	7,478,844,278,341	5,432,534,123,996
	<u>7,845,352,587,725</u>	<u>5,545,614,607,458</u>

As at 31 December 2021, the total inventories of VND2,503,916,000,000 (as at 31 December 2020: VND2,176,916,000,000) were pledged as collateral for short-term borrowings from commercial banks (Note 19).

9 PREPAID EXPENSES

(a) Short-term

	2021 VND	2020 VND
Operating lease	25,131,143,445	28,137,004,357
IT expenses	15,347,742,167	12,490,883,142
Tools and supplies	6,767,936,548	9,088,558,141
Repairs and maintenance	2,588,656,468	4,733,609,694
Others	4,707,605,346	6,533,453,215
	<u>54,543,083,974</u>	<u>60,983,508,549</u>

(b) Long-term

	2021 VND	2020 VND
Office and store renovation	80,879,194,596	80,669,317,259
Tools and supplies	84,155,492,063	77,339,118,407
Store rental	8,930,291,938	13,759,093,930
Others	1,826,250,594	2,547,310,357
	<u>175,791,229,191</u>	<u>174,314,839,953</u>

Movements in prepaid expenses during the year were as follows:

	2021 VND	2020 VND
Beginning of year	235,298,348,502	192,121,976,421
Increase	455,435,040,860	515,976,864,916
Allocation	(460,399,076,197)	(472,800,492,835)
End of year	<u>230,334,313,165</u>	<u>235,298,348,502</u>

PHU NHUAN JEWELRY JOINT STOCK COMPANY

Form B 09 – DN

10 FIXED ASSETS

(a) Tangible fixed assets

	Buildings and structures VND	Machinery and equipment VND	Motor vehicles VND	Office equipment VND	Total VND
Historical cost					
As at 1 January 2021	157,111,229,899	47,625,634,220	30,170,753,351	93,860,673,193	328,768,290,663
New purchases	544,407,991	8,341,644,680	11,766,673,800	2,504,553,726	23,157,280,197
Disposals	(2,242,990,000)	(1,634,539,746)	(1,853,331,999)	(1,302,601,113)	(7,033,462,858)
As at 31 December 2021	155,412,647,890	54,332,739,154	40,084,095,152	95,062,625,806	344,892,108,002
Accumulated depreciation					
As at 1 January 2021	51,407,370,173	29,958,870,004	17,340,530,412	50,095,875,388	148,802,645,977
Charge for the year	8,244,118,224	7,510,756,858	3,937,616,179	11,532,725,352	31,225,216,613
Disposals	(134,461,703)	(1,602,652,893)	(1,853,331,999)	(1,291,934,442)	(4,882,381,037)
As at 31 December 2021	59,517,026,694	35,866,973,969	19,424,814,592	60,336,666,298	175,145,481,553
Net book value					
As at 1 January 2021	105,703,859,726	17,666,764,216	12,830,222,939	43,764,797,805	179,965,644,686
As at 31 December 2021	95,895,621,196	18,465,765,185	20,659,280,560	34,725,959,508	169,746,626,449

As at 31 December 2021, tangible fixed assets of the Company with the carrying amount of VND5,395,369,806 (as at 31 December 2020: VND10,555,033,631) were pledged as collateral assets for borrowings from commercial banks granted to the Company (Note 19).

As at 31 December 2021, the historical cost of fixed assets that were fully depreciated but still in use was VND57,948,060,905 (as at 31 December 2020: VND34,879,810,146).

10 FIXED ASSETS (continued)

(b) Intangible fixed assets

	Land use rights VND	Software VND	Total VND
Historical cost			
As at 1 January 2021	542,729,276,942	126,331,480,717	669,060,757,659
New purchases	22,727,350,000	-	22,727,350,000
Purchase from subsidiary (*)	-	13,659,326,899	13,659,326,899
Disposals	(7,672,515,570)	-	(7,672,515,570)
As at 31 December 2021	557,784,111,372	139,990,807,616	697,774,918,988
Accumulated amortisation			
As at 1 January 2021	-	32,347,199,197	32,347,199,197
Charge for the year	-	14,579,415,968	14,579,415,968
Disposals	-	-	-
As at 31 December 2021	-	46,926,615,165	46,926,615,165
Net book value			
As at 1 January 2021	542,729,276,942	93,984,281,520	636,713,558,462
As at 31 December 2021	557,784,111,372	93,064,192,451	650,848,303,823

(*) This intangible fixed asset is e-commerce sales software sold by Customer Era Company Limited to the Company with the remaining value of VND13,659,326,899 to offset payables between the two parties before Customer Era Company Limited merged into CAO Fashion Company Limited under Decision No. 24/2021/NQ-HDQT-CTY dated January 12, 2021.

As at 31 December 2021, historical cost of land use rights of the Company amounting to VND27,089,291,000 (as at 31 December 2020: VND49,837,617,572) were pledged as collaterals for short-term borrowings from commercial banks granted to the Company (Note 19).

As at 31 December 2021, the historical cost of software that was fully amortised but still in use was VND6,982,250,583 (as at 31 December 2020: VND6,982,250,583).

11 CONSTRUCTION IN PROGRESS

	2021 VND	2020 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	1,990,919,100
Others	2,055,220,000	2,055,220,000
	<u>30,183,906,350</u>	<u>30,183,906,350</u>

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

	2021 VND	2020 VND
Beginning of year	30,183,906,350	28,192,987,250
Addition	-	1,990,919,100
End of year	<u>30,183,906,350</u>	<u>30,183,906,350</u>

12 LONG-TERM INVESTMENTS

	2021		2020	
	Cost VND	Provision VND	Cost VND	Provision VND
(i) Investment in subsidiaries				
CAO Fashion Company Limited (*)	130,000,000,000	(93,880,406,775)	100,000,000,000	-
PNJ Laboratory Company Limited	10,000,000,000	-	10,000,000,000	-
Customer Era Company Limited (*)	-	-	30,000,000,000	(30,000,000,000)
PNJ Jewelry Production and Trading Company Limited	200,000,000,000	-	200,000,000,000	-
(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>(489,152,020,175)</u>	<u>735,271,613,400</u>	<u>(425,271,613,400)</u>

As at 31 December 2021 and 31 December 2020, 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.

(*) As at 31 December 2020, the Company made a provision for long-term financial investment in Customer Era Company Limited. During the year 2021, Customer Era Company Limited was merged into CAO Fashion Company Limited pursuant to Decision No. 24/2021/NQ-HDQT-CTY dated 12 January 2021. Accordingly, the Company reversed this provision for financial investment in Customer Era Company Limited and made a provision for the investment in CAO Fashion Company Limited corresponding to the investment lost as at 31 December 2021.

(**) As at 31 December 2021 and 31 December 2020, Dong A Joint Stock Commercial Bank was still under special control of the State Bank of Vietnam and its shares have not been elgibly 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

	2021 VND	2020 VND
Third parties		
Finesse Impex Limited	407,209,800,903	185,106,975,192
Forte Jewellery (HK) Co., Ltd	156,961,646,131	126,662,589,601
Others	65,746,278,440	128,433,385,400
Related parties (Note 36(b))	8,986,047,520	27,219,048,310
	<u>638,903,772,994</u>	<u>467,421,998,503</u>

14 SHORT-TERM PREPAYMENTS FROM CUSTOMERS

	2021 VND	2020 VND
Third parties	<u>106,563,466,096</u>	<u>78,453,544,728</u>

15 TAXES AND OTHER PAYABLES TO THE STATE

	2021 VND	2020 VND
BIT	184,591,961,711	148,986,903,511
Value added tax ("VAT")	59,430,680,133	44,703,754,789
Personal income tax ("PIT")	11,893,356,841	7,061,308,945
Others	5,136,352,976	4,569,630,533
	<u>261,052,351,661</u>	<u>205,321,597,778</u>

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

	As at 1.1.2021 VND	Payable during the year VND	Paid during the year VND	As at 31.12.2021 VND
VAT	44,703,754,789	394,082,796,704	(379,355,871,360)	59,430,680,133
BIT	148,986,903,511	257,943,507,515	(222,338,449,315)	184,591,961,711
PIT	7,061,308,945	77,951,831,165	(73,119,783,269)	11,893,356,841
Others	4,569,630,533	1,452,889,645	(886,167,202)	5,136,352,976
	<u>205,321,597,778</u>	<u>731,431,025,029</u>	<u>(675,700,271,146)</u>	<u>261,052,351,661</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

	2021 VND	2020 VND
Advertising and marketing	46,175,908,456	36,537,750,567
Interest expense	2,426,405,825	3,144,696,147
Others	7,574,202,749	2,480,599,056
	<u>56,176,517,030</u>	<u>42,163,045,770</u>

18 OTHER SHORT-TERM PAYABLES

	2021 VND	2020 VND
Bonus for the Board of Management and Board of Directors (Note 36(b))	10,084,181,002	21,039,066,145
Dividend payable (Note 25)	15,684,687,047	11,167,693,692
Union trade	2,737,780,626	4,070,292,446
PIT paid on behalf of shareholders	4,531,133,392	4,531,133,392
Others	11,743,827,100	27,161,432,000
Related parties (Note 36(b))	2,425,089,493	545,841,096
	<u>47,206,698,660</u>	<u>68,515,458,771</u>

19 SHORT-TERM BORROWINGS

	As at 1.1.2021 VND	Increase VND	Decrease VND	As at 31.12.2021 VND
Bank borrowings (*)				
Joint Stock Commercial Bank for Investment and Development of Vietnam	315,230,965,374	1,370,692,097,756	(1,287,123,063,130)	398,800,000,000
Vietnam Joint Stock Commercial Bank for Industry and Trade	283,008,242,292	1,504,199,498,336	(1,109,425,020,502)	677,782,720,126
Southeast Asia Joint Stock Commercial Bank	224,685,828,580	805,759,271,800	(760,485,828,580)	269,959,271,800
Vietnam International Commercial Joint Stock Bank	144,405,989,760	-	(144,405,989,760)	-
HSBC Bank (Viet Nam) Ltd.	117,663,179,070	158,771,914,200	(276,435,093,270)	-
CTBC Bank Company Limited - Ho Chi Minh City Branch	72,337,384,646	200,729,651,215	(186,380,654,121)	86,686,381,740
Ho Chi Minh City Development Joint Stock Commercial Bank	68,348,957,900	178,692,432,640	(247,041,390,540)	-
Shinhan Bank Vietnam Limited	65,000,000,000	82,900,000,000	(147,900,000,000)	-
Joint Stock Bank for Foreign Trade of Vietnam	59,052,972,000	1,528,410,963,596	(987,717,711,196)	599,746,224,400
Military Commercial Joint Stock Bank	47,338,228,281	30,000,000,000	(77,338,228,281)	-
China Construction Bank - Ho Chi Minh City Branch	44,800,000,000	115,800,000,000	(68,800,000,000)	91,800,000,000
Vietnam Bank for Agriculture and Rural Development	3,700,000,000	-	(3,700,000,000)	-
Petrolimex Group Commercial Joint Stock Bank	-	892,932,584,960	(610,000,000,000)	282,932,584,960
Woori Bank Vietnam Limited	-	13,500,000,000	(13,500,000,000)	-
KEB Hana Bank - Ho Chi Minh City Branch	-	2,216,065,600	-	2,216,065,600
Individual borrowings (**)	120,245,887,800	253,233,375,840	(296,095,391,800)	77,383,871,840
Borrowings from related parties (Note 36(b))	23,000,000,000	-	(15,000,000,000)	8,000,000,000
	<u>1,588,817,635,703</u>	<u>7,137,837,855,943</u>	<u>(6,231,348,371,180)</u>	<u>2,495,307,120,466</u>

PHU NHUAN JEWELRY JOINT STOCK COMPANY

Form B 09 – DN

19 SHORT-TERM BORROWINGS (continued)

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

Bank	As at 31.12.2021 VND	Maturity date	Interest (per annum)	Collateral
Joint Stock Commercial Bank for Investment and Development of Vietnam	398,800,000,000	From 8 March 2022 to 10 April 2022	5.1%	Inventories
Vietnam Joint Stock Commercial Bank for Industry and Trade	677,782,720,126	From 30 March 2022 to 9 June 2022	4.2%	Inventories
Southeast Asia Joint Stock Commercial Bank	269,959,271,800	From 25 February 2022 to 22 March 2022	5.2%	Unsecured
CTBC Bank Company Limited - Ho Chi Minh City Branch	86,686,381,740	From 15 April 2022 to 22 June 2022	4.5%	Inventories
Joint Stock Bank for Foreign Trade of Vietnam	599,746,224,400	From 21 Jan 2022 to 24 May 2022	4.6%	Land use rights, buildings and inventories
China Construction Bank - Ho Chi Minh City Branch	91,800,000,000	From 12 April 2022 to 26 April 2022	4.8%	Unsecured
Petrolimex Group Commercial Joint Stock Bank	282,932,584,960	From 2 March 2022 to 28 March 2022	5.2%	Unsecured
KEB Hana Bank - Ho Chi Minh City Branch	2,216,065,600	To 30 March 2022	4.5%	Unsecured
	<u>2,409,923,248,626</u>			

(**) Individual loans represent unsecured loans from the Company's employees with original maturity of 12 months and bear interest at the interest rates of 3% - 7.6% 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 at the separate balance sheet date.

20 BONUS AND WELFARE FUND

	2021 VND	2020 VND
Beginning of year	115,237,536,590	90,034,358,729
Appropriation during the year (Note 24)	53,466,000,000	59,696,000,000
Utilisation during the year	(43,169,828,785)	(34,492,822,139)
	<u>125,533,707,805</u>	<u>115,237,536,590</u>

21 PROVISION FOR OTHER LIABILITIES

(a) Short-term

The balance represents the provision for warranty for products, goods which may be payable within one to six months after the end of the financial year.

(b) Long-term

The amount in the provision for Severance allowance was determined base on the method presented at Note 2.17

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:

	2021 VND	2020 VND
Deferred tax assets:		
Deferred tax assets to be recovered after more than 12 months	80,776,669,080	79,740,521,880
Deferred tax assets to be recovered within 12 months	17,261,164,704	8,974,275,143
	<u>98,037,833,784</u>	<u>88,714,797,023</u>

22 DEFERRED INCOME TAX ASSETS (continued)

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

	2021 VND	2020 VND
Beginning of year	88,714,797,023	87,131,464,659
Separate income statement credit (Note 33)	9,323,036,761	1,583,332,364
End of year	<u>98,037,833,784</u>	<u>88,714,797,023</u>

Details of deferred tax assets:

	2021 VND	2020 VND
Deductible temporary differences	<u>98,037,833,784</u>	<u>88,714,797,023</u>

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

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

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

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

	2021	2020
Number of shares registered	<u>227,612,362</u>	<u>227,612,362</u>
Number of shares issued	227,612,362	227,612,362
Number of shares repurchased	(245,799)	(169,559)
Number of existing shares in circulation	<u>227,366,563</u>	<u>227,442,803</u>

23 OWNERS' CAPITAL (continued)

(b) Details of owners' shareholding

	2021		2020	
	Ordinary shares (VND)	%	Ordinary shares (VND)	%
Mrs. Truong Ngoc Phuong (**)	204,315,730,000	8.99	208,209,430,000	9.15
Dragon Capital Vietfund Management Joint Stock Company	156,908,280,000	6.90	46,752,160,000	2.06
VinaCapital Fund Management Joint Stock Company (*)	113,840,180,000	5.01	156,537,510,000	6.88
Mrs. Tran Phuong Ngoc Ha	92,000,000,000	4.05	-	0.00
Mrs. Cao Thi Ngoc Dung	63,840,180,000	2.80	205,840,180,000	9.04
Other shareholders	1,645,219,250,000	72.36	1,658,784,340,000	72.93
Treasury shares	(2,457,990,000)	(0.11)	(1,695,590,000)	(0.06)
	<u>2,273,665,630,000</u>	<u>100</u>	<u>2,274,428,030,000</u>	<u>100</u>

(*) As at 31 December 2021 and 31 December 2020, Dragon Capital Vietfund Management Joint Stock Company and VinaCapital Fund Management Joint Stock Company were the representatives for a group of investors.

(**) As at 31 December 2021 and 31 December 2020, 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 2020	225,188,176	2,251,881,760,000
New shares issued	2,318,777	23,187,770,000
Treasury share	(64,150)	(641,500,000)
As at 31 December 2020	<u>227,442,803</u>	<u>2,274,428,030,000</u>
Treasury shares	(76,240)	(762,400,000)
As at 31 December 2021	<u>227,366,563</u>	<u>2,273,665,630,000</u>

Par value per share: VND10,000 per shares.

The company do not have preferred shares.

(*) According to the Resolution No. 217/2021/NQ-ĐHĐC dated 17 April 2021, the Company bought back 76,240 ESOP shares of the retired staffs. The Board of Management assessed that this transaction did not have a material impact on the consolidated financial statements of the year 2021, accordingly, the Company did not reduce its capital in 2021 (Note 24).

PHU NHUAN JEWELRY JOINT STOCK COMPANY

Form B 09 – DN

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 2020	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	-	-	-	-	(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
Net profit for the year	-	-	-	-	1,055,376,419,781	1,055,376,419,781
Dividends appropriation (Note 25) (*)	-	-	-	-	(181,893,250,400)	(181,893,250,400)
Repurchase share	-	-	(1,524,800,000)	-	-	(1,524,800,000)
Appropriation of bonus and welfare fund (Note 20) (**)	-	-	-	-	(53,466,000,000)	(53,466,000,000)
Appropriation to investment and development fund (**)	-	-	-	427,724,000,000	(427,724,000,000)	-
Appropriation to bonus for the Board of Directors and the Board of Management (**)	-	-	-	-	(21,386,000,000)	(21,386,000,000)
As at 31 December 2021	2,276,123,620,000	991,261,882,458	(4,908,890,000)	800,503,556,918	1,881,864,811,687	5,944,844,981,063

24 MOVEMENTS IN OWNERS' EQUITY (continued)

(*) In the year, the Company has appropriated the 2020 dividends of VND181,893,250,400 to its shareholders in accordance with the Resolution No. 113/2021/NQ-HDQT-CTY dated 24 February 2021 of the Board of Directors.

(**) According to Resolution of the Shareholders General Meeting No. 217/2021/NQ-DHDCD-CTY dated 17 April 2021, the Shareholders have approved the appropriation of net profit for the year ended 31 December 2020 as follows:

- Dividends payable in cash: VND453,387,000,000;
- Investment and development fund: VND427,724,000,000;
- Bonus and welfare fund: VND53,466,000,000; and
- Allowance for the Board of Directors and Board of Management: VND21,386,000,000.

25 DIVIDENDS

	2021 VND	2020 VND
Beginning of year	11,167,693,692	6,004,841,375
Dividend payable (Note 24)	181,893,250,400	360,262,591,600
Dividend paid in cash	(177,376,257,045)	(355,099,739,283)
End of year	<u>15,684,687,047</u>	<u>11,167,693,692</u>

26 OFF BALANCE SHEET ITEMS

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

	2021	2020
United States Dollar - USD	66,391	58,266
Euro - EUR	464	480
Pound sterling - GBP	1,625	1,625
Australia Dollar - AUD	408	434
	<u> </u>	<u> </u>

(b) The future minimum lease payments under non-cancellable operating leases were VND1,322,106,519,382 and VND1,207,159,917,311 for the years ended 31 December 2021 and 31 December 2020, respectively (Note 37).

27 NET REVENUE FROM SALES OF GOODS AND RENDERING OF SERVICES

	2021 VND	2020 VND
Revenue		
Revenue from sales of jewelry	22,013,379,482,419	18,203,162,726,488
Revenue from sales of accessories	60,866,279,993	29,405,737,314
Revenue from rendering of services	19,781,642,267	16,638,839,958
	<u>22,094,027,404,679</u>	<u>18,249,207,303,760</u>
Sales deduction		
Sales returns	(191,704,724,733)	(163,140,746,157)
	<u>(191,704,724,733)</u>	<u>(163,140,746,157)</u>
Net revenue from sales of goods and rendering of services	<u>21,902,322,679,946</u>	<u>18,086,066,557,603</u>

28 COST OF SALES AND SERVICES RENDERED

	2021 VND	2020 VND
Cost of jewelry sold and services rendered	18,422,475,055,492	14,788,822,269,667
Cost of accessories sold	49,812,254,979	25,783,386,409
	<u>18,472,287,310,471</u>	<u>14,814,605,656,076</u>

29 FINANCIAL INCOME

	2021 VND	2020 VND
Dividend income (Note 36(a))	25,000,000,000	-
Realised foreign exchange gains	13,094,556,000	1,884,758,724
Net gain from foreign currency translation at year-end	-	247,150,460
Interest income	876,153,497	102,132,124
	<u>38,970,709,497</u>	<u>2,234,041,308</u>

30 FINANCIAL EXPENSES

	2021 VND	2020 VND
Interest expense	96,963,843,334	132,606,524,473
Provision for diminution in value of investment	63,880,406,775	-
Realised foreign exchange losses	3,066,889,540	819,351,388
Net loss from foreign currency translation at year-end	2,351,000,719	-
Others	4,963,064,287	3,061,259,262
	<u>171,225,204,655</u>	<u>136,487,135,123</u>

31 SELLING EXPENSES

	2021 VND	2020 VND
Staff costs	868,764,705,963	633,786,902,485
Rental	255,944,113,717	252,649,608,460
Advertising and marketing	119,912,520,976	138,844,557,829
Outside services	151,820,319,549	112,191,813,763
Tools and supplies	98,847,226,834	102,728,197,539
Depreciation	17,318,103,702	14,123,408,308
Others	92,560,860,191	80,782,205,912
	<u>1,605,167,850,932</u>	<u>1,335,106,694,296</u>

32 GENERAL AND ADMINISTRATION EXPENSES

	2021 VND	2020 VND
Staff costs	299,961,373,508	322,672,920,609
Outside services	74,116,938,826	66,829,817,522
Depreciation	28,486,528,879	28,839,161,954
Tools and supplies	12,363,463,442	12,128,492,322
Fee charges	1,273,038,584	747,012,083
(Provision)/reversal of provision for doubtful debt	(44,554,271,668)	46,559,069,745
Others	9,586,089,682	18,132,593,449
	<u>381,233,161,253</u>	<u>495,909,067,684</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:

	2021 VND	2020 VND
Net accounting profit before tax	1,303,996,890,535	1,302,865,700,088
Tax calculated at a rate of 20%	260,799,378,107	260,573,140,018
Effect of:		
Income not subject to tax	(5,000,000,000)	-
Expenses not deductible for tax purposes	1,155,159,868	955,657,832
Temporary differences for which no deferred income tax asset was recognised	(9,071,238,180)	9,071,238,180
Under-provision in previous years	737,170,959	-
Business income tax charge (*)	<u>248,620,470,754</u>	<u>270,600,036,030</u>
Charged/(credited) to income statement:		
BIT – current	257,943,507,515	272,183,368,394
BIT – deferred (Note 22)	(9,323,036,761)	(1,583,332,364)
	<u>248,620,470,754</u>	<u>270,600,036,030</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:

	2021 VND	2020 VND
Staff costs	1,173,641,667,206	958,405,987,055
Outside services	616,966,911,383	575,281,365,729
Tools and supplies	111,210,690,276	114,856,689,861
Depreciation	45,804,632,581	43,028,953,790
(Provision)/reversal of provision for doubtful debt	(44,554,271,668)	46,559,069,745
Others	103,419,988,457	99,595,427,916
	<u>2,006,489,618,235</u>	<u>1,837,727,494,096</u>

35 ADDITIONAL INFORMATION ON NON-CASH TRANSACTION OF THE CASH FLOW

	Year ended 31 December	
	2021 VND	2020 VND
Collection of short-term lendings (*)	50,000,000,000	-

(*) For the year ended 31 December 2021, Customer Era Company Limited was merged into CAO Fashion Company Limited pursuant to Decision No. 24/2021/NQ-HĐQT-CTY dated 12 January 2021. Accordingly, the Company's lending to Customer Era Company Limited amounting to VND50 billion was transferred to CAO Fashion Company Limited as a prepayment to supplier in the separate financial statements as at 31 December 2021.

36 RELATED PARTY DISCLOSURES

The Company has balances and/or transactions with the following related parties:

Name	Relationship
PNJ Jewelry Production and Trading Company Limited	Subsidiary
CAO Fashion Company Limited	Subsidiary
PNJ Laboratory Company Limited	Subsidiary
Customer Era Company Limited (*)	Subsidiary
Members of Board of Management and Board of Directors	Other related parties

(*) Pursuant to Decision No. 24/2021/NQ-HĐQT-CTY dated 12 January 2021, Customer Era Company Limited was merged into CAO Fashion Company Limited during the year ended 31 December 2021.

36 RELATED PARTY DISCLOSURES (continued)

(a) Related party transactions

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

	2021 VND	2020 VND
<i>i) Sales of goods and rendering of services</i>		
PNJ Jewelry Production and Trading Company Limited	5,602,097,637,982	3,945,899,055,854
CAO Fashion Company Limited	11,574,360,210	2,683,794,643
Customer Era Company Limited	-	700,000,000
	<u>5,613,671,998,192</u>	<u>3,949,282,850,497</u>
<i>ii) Purchases of goods and services</i>		
PNJ Jewelry Production and Trading Company Limited	6,163,334,268,912	4,475,495,124,800
CAO Fashion Company Limited	61,333,251,131	74,223,586,325
PNJ Laboratory Company Limited	7,738,587,655	4,162,226,800
Customer Era Company Limited	-	64,602,827,736
	<u>6,232,406,107,698</u>	<u>4,618,483,765,661</u>
<i>iii) Interest expense</i>		
PNJ Laboratory Company Limited	<u>874,136,987</u>	<u>1,648,640,146</u>
<i>iv) Investment in subsidiaries</i>		
CAO Fashion Company Limited	30,000,000,000	70,000,000,000
PNJ Jewelry Production and Trading Company Limited	-	100,000,000,000
	<u>30,000,000,000</u>	<u>170,000,000,000</u>

36 RELATED PARTY DISCLOSURES (continued)

(a) Related party transactions (continued)

	2021 VND	2020 VND
v) Compensation of key management		
Gross salaries and other benefits	64,450,423,358	44,426,030,312
In which:		
Board of Directors	19,690,844,975	13,327,809,094
Board of Management	<u>44,759,578,383</u>	<u>31,098,221,218</u>
vi) Dividend income (Note 29)		
PNJ Laboratory Company Limited	<u>25,000,000,000</u>	<u>-</u>
vii) Provision for investment (Note 12)		
CAO Fashion Company Limited	<u>93,880,406,775</u>	<u>-</u>
(b) Year end balances with related parties		
	2021 VND	2020 VND
i) Short-term trade accounts receivable (Note 4)		
CAO Fashion Company Limited	<u>104,610,590</u>	<u>-</u>
ii) Short-term prepayments to suppliers (Note 5)		
PNJ Jewelry Production and Trading Company Limited	222,048,609,317	514,736,557,354
CAO Fashion Company Limited	82,530,006,626	-
Customer Era Company Limited	-	41,222,405,343
	<u>304,578,615,943</u>	<u>555,958,962,697</u>
iii) Short-term lending		
Customer Era Company Limited	<u>-</u>	<u>50,000,000,000</u>

36 RELATED PARTY DISCLOSURES (continued)

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

	2021 VND	2020 VND
iv) Other short-term receivables (Note 6(a))		
Customer Era Company Limited	-	2,392,628,963
	<u> </u>	<u> </u>
v) Short-term trade accounts payable (Note 13)		
PNJ Laboratory Company Limited	8,986,047,520	-
CAO Fashion Company Limited	-	21,538,833,386
PNJ Jewelry Production and Trading Company Limited	-	5,680,214,924
	<u> </u>	<u> </u>
	<u>8,986,047,520</u>	<u>27,219,048,310</u>
vi) Other short-term payables (Note 18)		
CAO Fashion Company Limited	2,325,089,493	-
PNJ Laboratory Company Limited	100,000,000	545,841,096
Members of Board of Management and Board of Directors	10,084,181,002	21,039,066,145
	<u> </u>	<u> </u>
	<u>12,509,270,495</u>	<u>21,584,907,241</u>
vii) Short-term borrowings (Note 19)		
PNJ Laboratory Company Limited	8,000,000,000	23,000,000,000
	<u> </u>	<u> </u>

37 COMMITMENTS UNDER OPERATING LEASES

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

	2021 VND	2020 VND
Within one year	230,791,427,298	202,083,737,360
Between one and five years	728,948,742,961	653,768,103,852
Over five years	362,366,349,123	351,308,076,099
	<u> </u>	<u> </u>
Total minimum payments	<u>1,322,106,519,382</u>	<u>1,207,159,917,311</u>

38 COMPARATIVE FIGURES

Comparative figures have been reclassified to conform with the current period's presentation.

The separate financial statements were approved by the Board of Management on 14 March 2022.



Nguyen Thanh Dat
Preparer



Duong Quang Hai
Chief Accountant



The stamp is circular and red, containing the following text: 'M.S.D.N: 0300521758 - C.I.C.P', 'CÔNG TY CỔ PHẦN VÀNG BẠC ĐÁ QUÝ', 'PHU NHUAN', and '1. HỒ CHÍ MINH'. To the right of the stamp is a vertical red stamp with the text 'N.H.H' and two stars.

Le Tri Thong
General Director