

PHU NHUAN JEWELRY JOINT STOCK COMPANY

CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021



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PHU NHUAN JEWELRY JOINT STOCK COMPANY

CORPORATE INFORMATION

Enterprise Registration Certificate

No. 0300521758 dated 2 January 2004 was initially issued by the Department of Planning and Investment of Ho Chi Minh City and the 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 Tran Phuong Ngoc Thao	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
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Registered office

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

Auditor

PwC (Vietnam) Limited

PHU NHUAN JEWELRY JOINT STOCK COMPANY

STATEMENT OF THE BOARD OF MANAGEMENT

RESPONSIBILITY OF THE BOARD OF MANAGEMENT OF THE COMPANY IN RESPECT OF THE CONSOLIDATED FINANCIAL STATEMENTS

The Board of Management of Phu Nhuan Jewelry Joint Stock Company ("the Company") is responsible for the consolidated financial statements of the Company and its subsidiaries (together, "the Group") which give a true and fair view of the consolidated financial position of the Group as at 31 December 2021, and of the consolidated results of its operations and its consolidated cash flows for the year then ended. In preparing these consolidated 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 consolidated financial statements on a going concern basis unless it is inappropriate to presume that the Group will continue in business.

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

APPROVAL OF THE CONSOLIDATED FINANCIAL STATEMENTS

We hereby approve the accompanying consolidated financial statements as set out on pages 5 to 39 which give a true and fair view of the consolidated financial position of the Group as at 31 December 2021, and of the consolidated results of its operations and its consolidated cash flows for the year then ended in accordance with Vietnamese Accounting Standards, the Vietnamese Corporate Accounting System and applicable regulations on preparation and presentation of consolidated financial statements.

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 consolidated financial statements of Phu Nhuan Jewelry Joint Stock Company ("the Company") and its subsidiaries (together, "the Group") which were prepared on 31 December 2021 and approved by the Board of Management on 14 March 2022. The consolidated financial statements comprise the consolidated balance sheet as at 31 December 2021 the consolidated income statement and the consolidated cash flow statement for the year then ended, and explanatory notes to the consolidated financial statements including significant accounting policies, as set out on pages 5 to 39.

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 the consolidated financial statements of the Group in accordance with Vietnamese Accounting Standards, the Vietnamese Corporate Accounting System and applicable regulations on the preparation and presentation of consolidated financial statements and for such internal control which the Board of Management determines as necessary to enable the preparation and fair presentation of consolidated 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 consolidated 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 consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated to the Group's preparation and true and fair presentation of the consolidated financial statements. The procedures selected depend on the auditor's judgment, including an assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant 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 Group'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 consolidated financial statements.



Auditor's Opinion


In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Company as at 31 December 2021, its consolidated financial performance and consolidated 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 consolidated financial statements.

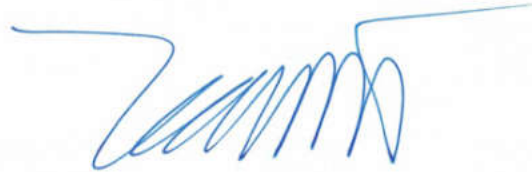
Other Matters

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: HCM11514
Ho Chi Minh City, 14 March 2022

CONSOLIDATED BALANCE SHEET

Code	ASSETS	Note	As at 31 December	
			2021 VND	2020 VND
100	CURRENT ASSETS		9,292,192,238,421	7,143,929,036,497
110	Cash		355,454,838,957	422,234,781,061
111	Cash	3	355,454,838,957	422,234,781,061
130	Short-term receivables		111,969,758,488	98,997,286,429
131	Short-term trade accounts receivable	4	59,930,655,833	67,591,685,619
132	Short-term prepayments to suppliers	5	30,659,175,548	20,218,946,599
136	Other short-term receivables	6(a)	22,831,538,994	12,261,206,010
137	Provision for doubtful debts – short-term		(2,004,798,077)	(1,202,878,846)
139	Shortage of assets awaiting resolution		553,186,190	128,327,047
140	Inventory		8,754,741,712,359	6,545,905,987,056
141	Inventories	7	8,754,741,712,359	6,545,905,987,056
150	Other current assets		70,025,928,617	76,790,981,951
151	Short-term prepaid expenses	8(a)	56,716,921,380	66,112,866,470
152	Value Added Tax to be reclaimed		8,705,831,517	10,670,276,957
153	Tax and other receivables from the State		4,603,175,720	7,838,524
200	NON-CURRENT ASSETS		1,326,824,308,701	1,339,217,061,954
210	Long-term receivable		84,131,506,164	77,310,617,360
216	Other long-term receivables	6(b)	84,131,506,164	77,310,617,360
220	Fixed assets		909,985,491,983	931,617,117,533
221	Tangible fixed assets	9(a)	259,137,188,160	281,244,232,172
222	Historical cost		633,614,629,426	600,464,186,725
223	Accumulated depreciation		(374,477,441,266)	(319,219,954,553)
227	Intangible fixed assets	9(b)	650,848,303,823	650,372,885,361
228	Historical cost		697,774,918,988	683,791,142,309
229	Accumulated amortisation		(46,926,615,165)	(33,418,256,948)
240	Long-term asset in progress		30,795,369,850	33,003,867,003
242	Construction in progress	10	30,795,369,850	33,003,867,003
250	Long-term investments	11	-	-
253	Investments in other entities		395,271,613,400	395,271,613,400
254	Provision for long-term investments		(395,271,613,400)	(395,271,613,400)
260	Other long-term assets		301,911,940,704	297,285,460,058
261	Long-term prepaid expenses	8(b)	201,443,147,089	206,301,766,031
262	Deferred income tax assets	21	100,468,793,615	90,983,694,027
270	TOTAL ASSETS		10,619,016,547,122	8,483,146,098,451

The notes on pages 9 to 39 are an integral part of these consolidated financial statements.

CONSOLIDATED BALANCE SHEET
 (continued)

Code	RESOURCES	Note	As at 31 December	
			2021 VND	2020 VND
300	LIABILITIES		4,606,382,566,869	3,241,284,233,443
310	Short-term liabilities		4,563,002,409,508	3,231,907,356,443
311	Short-term trade accounts payable	12	680,447,298,103	481,588,464,720
312	Short-term advances from customers	13	156,729,112,135	157,182,968,364
313	Tax and other payables to the State	14	309,500,571,902	214,710,310,923
314	Payable to employees	15	385,144,216,152	290,765,645,610
315	Short-term accrued expenses	16	69,534,599,697	55,520,256,916
319	Other short-term payables	17	83,404,423,727	76,978,636,900
320	Short-term borrowings	18	2,721,930,701,144	1,839,275,064,065
321	Provision for short-term liabilities	20(a)	30,129,306,488	-
322	Bonus and welfare fund	19	126,182,180,160	115,886,008,945
330	Long-term liabilities		43,380,157,361	9,376,877,000
337	Other long-term payables		518,668,000	526,168,000
342	Provision for long-term liability	20(b)	42,861,489,361	8,850,709,000
400	OWNERS' EQUITY		6,012,633,980,253	5,241,861,865,008
410	Capital and reserves		6,012,633,980,253	5,241,861,865,008
411	Owners' capital	22, 23	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	23	991,261,882,458	991,261,882,458
415	Treasury shares	23	(4,908,890,000)	(3,384,090,000)
418	Investment and development fund	23	800,503,556,918	372,779,556,918
421	Undistributed earnings	23	1,949,653,810,877	1,605,080,895,632
421a	- Undistributed post-tax profits of previous years		920,611,645,232	670,845,205,971
421b	- Post-tax profits of current year		1,029,042,165,645	934,235,689,661
440	TOTAL RESOURCES		10,619,016,547,122	8,483,146,098,451



 Nguyen Thanh Dat
 Preparer



 Duong Quang Hai
 Chief Accountant



 Le Thi Thong
 General Director
 14 March 2022


The notes on pages 9 to 39 are an integral part of these consolidated financial statements.

CONSOLIDATED INCOME STATEMENT

Code	Note	Year ended 31 December	
		2021 VND	2020 VND
01		19,735,646,137,250	17,681,913,026,177
02		(188,587,772,416)	(171,124,375,178)
10		<u>19,547,058,364,834</u>	<u>17,510,788,650,999</u>
11	28	(15,948,760,134,458)	(14,076,055,770,112)
20		<u>3,598,298,230,376</u>	<u>3,434,732,880,887</u>
21	29	16,326,114,795	2,368,958,316
22	30	(118,252,734,395)	(161,541,087,492)
23		(104,380,274,160)	(154,416,694,276)
25	31	(1,687,654,952,494)	(1,423,499,070,565)
26	32	(501,819,303,928)	(502,929,377,487)
30		<u>1,306,897,354,354</u>	<u>1,349,132,303,659</u>
31		8,861,354,013	5,485,848,150
32		(36,528,186,336)	(8,637,683,094)
40		<u>(27,666,832,323)</u>	<u>(3,151,834,944)</u>
50		<u>1,279,230,522,031</u>	<u>1,345,980,468,715</u>
51	33	(259,673,455,974)	(279,422,477,414)
52	33	9,485,099,588	2,752,113,960
60		<u>1,029,042,165,645</u>	<u>1,069,310,105,261</u>
Attributable to:			
61		1,029,042,165,645	1,069,310,105,261
70	25(a)	4,197	4,308
71	25(b)	4,197	4,308

Nguyen Thanh Dat
Preparer

Duong Quang Hai
Chief Accountant



Le Tri Thong
General Director
14 March 2022

The notes on pages 9 to 39 are an integral part of these consolidated financial statements.

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

Code	Note	Year ended 31 December	
		2021 VND	2020 VND
CASH FLOWS FROM OPERATING ACTIVITIES			
01		1,279,230,522,031	1,345,980,468,715
	Adjustments for:		
02	Depreciation and amortisation	75,118,429,219	72,154,867,041
03	Provisions	64,942,006,080	6,391,807,846
04	Unrealised foreign exchange losses	2,504,365,377	177,425,063
05	(Profits)/losses from investing activities	(3,225,478,644)	1,237,319,162
06	Interest expense	104,380,274,160	154,416,694,276
08	Operating profit before changes in working capital	1,522,950,118,223	1,580,358,582,103
09	(Increase)/decrease in receivables	(23,111,709,097)	17,322,807,863
10	(Increase)/decrease in inventories	(2,208,835,725,303)	484,514,384,160
11	Increase/(decrease) in payables	354,804,359,041	(99,651,505,808)
12	Decrease/(increase) in prepaid expenses	14,254,564,032	(42,462,273,125)
14	Interest paid	(105,200,568,547)	(155,543,069,575)
15	BIT paid	(234,058,441,077)	(253,134,374,354)
17	Other payments on operating activities	(43,169,828,785)	(34,492,822,139)
20	Net cash (outflows)/inflows from operating activities	(722,367,231,513)	1,496,911,729,125
CASH FLOWS FROM INVESTING ACTIVITIES			
21	Purchases of fixed assets and other long-term assets	(61,304,197,645)	(85,433,646,180)
22	Proceeds from disposals of fixed assets	12,869,426,085	792,669,960
27	Interest received	267,480,935	251,771,651
30	Net cash outflows from investing activities	(48,167,290,625)	(84,389,204,569)
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	7,758,858,344,889	7,432,783,338,336
34	Repayments of borrowings	(6,876,202,707,810)	(8,208,110,896,493)
36	Dividend paid	(177,376,257,045)	(355,099,739,283)
40	Net cash inflows/(outflows) from financing activities	703,754,580,034	(1,085,334,757,440)
50	Net increase in cash	(66,779,942,104)	327,187,767,116
60	Cash at beginning of year	422,234,781,061	95,224,439,008
61	Effect of foreign exchange differences	-	(177,425,063)
70	Cash at end of year	355,454,838,957	422,234,781,061



 Nguyen Thanh Dat
 Preparer



 Duong Quang Hai
 Chief Accountant



 Le Tri Thong
 General Director
 14 March 2022

The notes on pages 9 to 39 are an integral part of these consolidated financial statements.

**NOTES TO THE CONSOLIDATED 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 2022.

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 and its subsidiaries (“the Group”) 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 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	Jewelry 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 Group had 56 branches (as at 31 December 2020: 56 branches) located in various provinces and cities in Vietnam.

As at 31 December 2021, the Group had 5,806 employees (as at 31 December 2020: 6,191 employees).

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation of consolidated financial statements

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

The accompanying consolidated financial statements are not intended to present the consolidated financial position and results of consolidated operations and consolidated 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.

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

In addition, the Company and its subsidiaries also use these currencies to raise financial resources (such as via issuance of shares or bonds) and/or regularly collect these currencies from business operations and savings.

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 consolidated income statement.

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**2.5 Basis of consolidation****Subsidiaries**

Subsidiaries are all entities over which the Group has the power to govern the financial and operating policies in order to gain future benefits from their activities, generally accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

Inter-company transactions, balances and unrealised gains and losses on transactions between group companies are eliminated.

Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

The financial statements of the subsidiaries are prepared for the same accounting period of the Group for the consolidation purpose. If there are differences in end dates, the gap must not exceed 3 months. Adjustments are made to reflect impacts of significant transactions and events occurring between the end dates of the subsidiaries' accounting period and that of the Group's. The length of the reporting period and differences in reporting date must be consistent between periods.

2.6 Cash

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

2.7 Receivables

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

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



2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**2.8 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 Group 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.

2.9 Investments in other entities

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

Provision for investments in other entities is made when there is a diminution in value of the investments at the year end. It is calculated based on market value if market value can be determined reliably. If market value can not be determined reliably, the provision for investments in other entities is calculated similarly to provision for investments in subsidiaries.

Changes in the provision balance during the accounting period 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.

2.10 Fixed assets*Tangible and intangible fixed assets*

Fixed assets are stated at historical cost less accumulated depreciation or amortisation. Historical cost includes any expenditure that is directly attributable to the acquisition of the fixed assets bringing them to a 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 consolidated income statement when incurred.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.10 Fixed assets (continued)

Depreciation and amortisation

Fixed assets are depreciated and 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 of each asset class are as follows:

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 the fixed assets and are recognised as income or expense in the consolidated 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 comprise 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; project management expenditures; construction consulting expenditures; and capitalised borrowing costs for qualifying assets in accordance with the Group's accounting policies. Depreciation of these assets, on the same basis as other fixed assets, commences when the assets are ready for their intended use.

2.11 Leased assets

Leases where a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases are charged to the consolidated 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 consolidated balance sheet. Prepaid expenses are recorded at historical cost and allocated on a straight-line basis over estimated useful lives.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**2.13 Payables**

Classifications of payables are based on their nature as follows:

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

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

2.14 Borrowing costs

Borrowings include borrowings from banks and individuals.

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

Borrowing costs that are directly attributable to the construction or production of any qualifying assets are capitalised during the year of time that is required to complete and prepare the asset for its intended use. In respect of general-purpose borrowings a portion of which is used for the purpose of construction or production of any qualifying assets, the Group determines the amount of borrowing costs eligible for capitalisation by applying a capitalisation rate to the weighted average expenditure on that assets. The capitalisation rate is the weighted average of the interest rates applicable to the Group'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 consolidated 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 Group has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation and the amount has been reliably estimated. Provision is not recognised for future operating losses.

Provisions are measured at the expenditures expected to be required to settle the obligation. If the time value of money is material, provision will be measured at the present value using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as a financial expense. Changes in the provision balance during the accounting period 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 Group 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 Group less the year during which the employee participates the unemployment insurance scheme in accordance with the labour regulations and the working period for which the employee has received severance allowance from the Group.

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

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

2.18 Owners' capital

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

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 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 Group's results profit after BIT at the reporting date.

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

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

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

The Group's funds are as below:

(a) Investment and development fund

Investment and development fund is appropriated from profit after BIT of the Group and subject to Shareholders' approval at the General Meeting of Shareholders. The fund is set aside for the use in the Group's expansion of its operation or in-depth investments.

(b) Bonus and welfare fund

Bonus and welfare fund is appropriated from the Group's profit after BIT and subject to Shareholders' approval at the General Meeting of Shareholders. This fund is presented as a liability on the consolidated 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 consolidated income statement when all five (5) of the following conditions are satisfied:

- The Group has transferred to the buyer the significant risks and rewards of ownership of the goods;
- The Group 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 Group; 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 according with principle of "substance over form" principle and allocated to each sales obligation. If the Group gives promotional goods to customers associated with their purchases, the Group allocates the total considerations received between goods sold and promotional goods. The cost of promotional goods is recognised as cost of sales in the consolidated 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 consolidated 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 Group;
- The percentage of completion of the transaction at the consolidated 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 Group has established the receiving right from investees.

2.21 Sales deductions

Sales deduction include sales allowances and sales returns. Sales deductions incurred in the same period of the related sales of products, goods and services are recorded as deduction of revenue of that period.

Sales deductions for products, goods or services which are sold in the year but are incurred after the balance sheet date but before the issuance of the consolidated 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; 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 profits. 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 period 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 recognised, 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 consolidated 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 period when the asset is realised or the liability is settled, based on tax rates that have been enacted or substantively enacted by the consolidated balance sheet date.

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**2.27 Related parties**

Enterprises and individuals that directly, or indirectly through one or more intermediaries, control, or are controlled by, or are under common control with, the Group, including holding companies, subsidiaries and fellow subsidiaries are related parties of the Group. Associates and individuals owning, directly or indirectly, an interest in the voting power of the Group that gives them significant influence over the enterprise, key management personnel, including the Chairwoman of the Board of Directors, members of the Board of Directors, the Board of Directors, the Board of Management of the Group 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 Group considers the substance of the relationship not merely the legal form.

2.28 Critical accounting estimates

The preparation of consolidated financial statements in conformity with Vietnamese Accounting Standards, the Vietnamese Corporate Accounting System and applicable regulations on preparation and presentation of consolidated financial statements 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 consolidated financial statements and the reported amounts of revenues and expenses during the accounting period. 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 Group and that are assessed by the Board of Management to be reasonable under the circumstances.

2.29 Segment reporting

A segment is a component which can be consolidated by the Group engaged in sales of goods or rendering of services (business segment); or sales of goods or rendering of services within a particular economic environment (geographical segment). Each segment is subject to risks and returns that are different from those of other segments. A reportable segment is the Group's business segment or the Group's geographical segment.

3 CASH

	2021 VND	2020 VND
Cash on hand	108,982,273,042	113,043,139,318
Cash at bank	213,630,437,624	286,111,163,400
Cash in transit	32,842,128,291	23,080,478,343
	<u>355,454,838,957</u>	<u>422,234,781,061</u>

4 SHORT-TERM TRADE ACCOUNTS RECEIVABLE

	2021 VND	2020 VND
FH Trautz GmBh	2,420,619,704	6,165,618,167
DC&D Co.	6,589,972,421	6,758,326,847
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	30,399,420,113	39,343,691,309
	<u>59,930,655,833</u>	<u>67,591,685,619</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
Gia Khang Construction Real Estate Corporation	476,099,621	3,035,860,000
Others	30,183,075,927	17,183,086,599
	<u>30,659,175,548</u>	<u>20,218,946,599</u>

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

	2021 VND	2020 VND
Advances from employees	12,867,680,249	6,347,378,451
Others	9,963,858,745	5,913,827,559
	<u>22,831,538,994</u>	<u>12,261,206,010</u>

As at December 31, 2021 and December 31, 2020, the balance of short-term receivables that are past due is VND4,009,596,154. As at 31 December 2021, the Group has made provision for this receivable respectively VND2,004,798,077 (as at 31 December 2020: VND1,202,878,846).

(b) Long-term

	2021 VND	2020 VND
Rent deposits	<u>84,131,506,164</u>	<u>77,310,617,360</u>

7 INVENTORIES

	2021 VND	2020 VND
Raw materials	635,145,088,845	390,491,615,025
Tools and supplies	34,566,769,933	28,975,937,334
Work in progress	147,603,238,069	148,684,491,248
Finished goods	173,951,077,140	379,933,495,924
Merchandise	7,763,475,538,372	5,597,820,447,525
	<u>8,754,741,712,359</u>	<u>6,545,905,987,056</u>

As at 31 December 2021, the Group's total inventories of VND3,303,916,000,000 (as at 31 December 2020: VND2,996,916,000,000) were pledged as collaterals for short-term borrowings from commercial banks (Note 18).

8 PREPAID EXPENSES

(a) Short-term

	2021 VND	2020 VND
Tools and supplies	8,256,792,363	10,320,459,979
Operating lease	25,131,143,445	30,263,584,357
IT expenses	15,347,742,167	12,490,883,142
Repairs and maintenances	2,687,986,462	5,572,063,499
Others	5,293,256,943	7,465,875,493
	<u>56,716,921,380</u>	<u>66,112,866,470</u>

(b) Long-term

	2021 VND	2020 VND
Tools and supplies	103,689,818,858	91,055,979,728
Office and store renovation	80,879,194,596	80,669,317,259
Store rental	8,930,291,938	13,759,093,930
Repairs and maintenances	2,190,418,018	18,248,358,470
Others	5,753,423,679	2,569,016,644
	<u>201,443,147,089</u>	<u>206,301,766,031</u>

Movements in prepaid expenses during the year were as follows:

	2021 VND	2020 VND
Beginning of year	270,404,042,417	229,952,359,376
Increase	483,139,145,191	575,275,386,825
Allocation	(494,840,534,604)	(532,813,113,700)
Disposal	(542,584,535)	-
	<u>258,160,068,469</u>	<u>272,414,632,501</u>

9 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	290,239,737,420	36,475,119,707	116,638,099,699	600,464,186,725
New purchases	1,083,881,871	18,007,702,847	13,824,473,800	3,272,364,127	36,188,422,645
Transfers from construction in progress (Note 10)	-	4,482,459,400	-	-	4,482,459,400
Disposals	(2,242,990,000)	(1,862,600,738)	(1,853,331,999)	(1,561,516,607)	(7,520,439,344)
As at 31 December 2021	155,952,121,770	310,867,298,929	48,446,261,508	118,348,947,219	633,614,629,426
Accumulated depreciation					
As at 1 January 2021	51,408,217,316	185,012,990,430	23,433,425,214	59,365,321,593	319,219,954,553
Charge for the year	8,334,030,537	32,357,234,809	4,628,183,446	15,219,564,459	60,539,013,251
Disposals	(134,461,703)	(1,743,802,614)	(1,853,331,999)	(1,549,930,222)	(5,281,526,538)
As at 31 December 2021	59,607,786,150	215,626,422,625	26,208,276,661	73,034,955,830	374,477,441,266
Net book value					
As at 1 January 2021	105,703,012,583	105,226,746,990	13,041,694,493	57,272,778,106	281,244,232,172
As at 31 December 2021	96,344,335,620	95,240,876,304	22,237,984,847	45,313,991,389	259,137,188,160

As at 31 December 2021, tangible fixed assets of the Group with the carrying amount of VND23,355,811,521 (as at 31 December 2020: VND47,726,768,029) were pledged as collaterals for borrowings from commercial banks (Note 18).

As at 31 December 2021, the historical cost of fixed assets that were fully depreciated but still in use was VND163,594,191,621 (as at 31 December 2020: VND136,624,948,646).

9 FIXED ASSETS (continued)

(b) Intangible fixed assets

	Land use rights VND	Softwares VND	Total VND
Historical cost			
As at 1 January 2021	542,729,276,942	141,061,865,367	683,791,142,309
New purchases	22,727,350,000	-	22,727,350,000
Disposals	(7,672,515,570)	(1,071,057,751)	(8,743,573,321)
As at 31 December 2021	557,784,111,372	139,990,807,616	697,774,918,988
Accumulated amortisation			
As at 1 January 2021	-	33,418,256,948	33,418,256,948
Charge for the year	-	14,579,415,968	14,579,415,968
Disposals	-	(1,071,057,751)	(1,071,057,751)
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	107,643,608,419	650,372,885,361
As at 31 December 2021	557,784,111,372	93,064,192,451	650,848,303,823

As at 31 December 2021, the historical cost of land use rights of the Group amounting to VND27,089,291,000 (as at 31 December 2020: VND49,837,617,572) were pledged as collaterals for borrowings from commercial banks (Note 18).

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

10 CONSTRUCTION IN PROGRESS

	2021 VND	2020 VND
Land use right in Di An - Binh Duong	26,137,767,250	26,137,767,250
Long Hau Fire System	-	2,574,172,400
Human resource management software	1,990,919,100	1,990,919,100
Others	2,666,683,500	2,301,008,253
	30,795,369,850	33,003,867,003

10 CONSTRUCTION IN PROGRESS (continued)

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

	2021 VND	2020 VND
Beginning of year	33,003,867,003	28,457,398,434
Addition	2,388,425,000	6,483,065,709
Transfer to tangible fixed assets (Note 9(a))	(4,482,459,400)	(1,143,927,180)
Others	(114,462,753)	(792,669,960)
End of year	<u>30,795,369,850</u>	<u>33,003,867,003</u>

11 LONG-TERM INVESTMENT

	2021		2020	
	Cost VND	Provision VND	Cost VND	Provision VND
Dong A Commercial Joint Stock Bank (*)	<u>395,271,613,400</u>	<u>(395,271,613,400)</u>	<u>395,271,613,400</u>	<u>(395,271,613,400)</u>

(*) 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 eligible transferable. Therefore, the Board of Management has decided to recognise full provision for diminution in value of this investment as at the consolidated balance sheet date.

As at 31 December 2021 and 31 December 2020, the Group had not determined the fair value of this investment to disclose in the consolidated financial statements because it does not have listed prices.

12 SHORT-TERM TRADE ACCOUNTS PAYABLE

	2021 VND	2020 VND
Finesse Impex Limited	419,140,437,414	185,106,975,192
Forte Jewellery (HK) Co., Ltd	161,906,400,863	126,662,589,601
Quang Vinh Nguyen Co., Ltd	-	912,591,777
Fu Sheng Company Limited	-	1,667,935,368
Others	99,400,459,826	167,238,372,782
	<u>680,447,298,103</u>	<u>481,588,464,720</u>

13 SHORT-TERM ADVANCES FROM CUSTOMERS

	2021 VND	2020 VND
Mrs.Nguyen Thi Anh Tuyet	6,165,000,000	15,000,000
LM Manufacturing Pty. Ltd.	2,005,462,968	2,005,462,968
Duoc Hau Giang Joint Stock Company	-	42,864,000,000
Others	148,558,649,167	112,298,505,396
	<u>156,729,112,135</u>	<u>157,182,968,364</u>

14 TAXES AND OTHER PAYABLES TO THE STATE

	2021 VND	2020 VND
Value added tax ("VAT")	106,359,582,855	47,328,341,499
BIT	184,591,961,711	154,678,620,526
Personal income tax ("PIT")	13,412,674,360	8,133,718,365
Others	5,136,352,976	4,569,630,533
	<u>309,500,571,902</u>	<u>214,710,310,923</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	(Netted off/ Reclassified VND	As at 31.12.2021 VND
VAT	47,328,341,499	465,707,264,308	(399,771,568,908)	(6,904,454,044)	106,359,582,855
BIT	154,678,620,526	259,673,455,974	(234,058,441,077)	4,298,326,288	184,591,961,711
PIT	8,133,718,365	92,558,433,452	(87,279,477,457)	-	13,412,674,360
Others	4,569,630,533	2,073,002,614	(1,506,280,171)	-	5,136,352,976
	<u>214,710,310,923</u>	<u>820,012,156,348</u>	<u>(722,615,767,613)</u>	<u>(2,606,127,756)</u>	<u>309,500,571,902</u>

15 PAYABLE TO EMPLOYEES

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

16 SHORT-TERM ACCRUED EXPENSES

	2021 VND	2020 VND
Advertising and marketing	47,856,371,900	40,969,790,347
Interest expense	2,611,807,589	3,432,101,976
Others	19,066,420,208	11,118,364,593
	<u>69,534,599,697</u>	<u>55,520,256,916</u>

17 OTHER SHORT-TERM PAYABLES

	2021 VND	2020 VND
Bonus for the Board of Management and Board of Directors (Note 35)	10,084,181,002	21,039,066,145
Dividend payables (Note 24)	15,684,687,047	11,167,693,692
Union trade	4,036,647,172	5,302,327,162
PIT paid on behalf of shareholders	4,531,133,392	4,531,133,392
Raw materials borrow for processing	26,949,152,804	5,035,237,406
Others	22,118,622,310	29,903,179,103
	<u>83,404,423,727</u>	<u>76,978,636,900</u>

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18 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	439,980,551,393	1,821,316,339,965	(1,496,879,259,216)	764,417,632,142
Southeast Asia Joint Stock Commercial Bank	234,871,440,600	805,759,271,800	(770,671,440,600)	269,959,271,800
Vietnam International Commercial Joint Stock Bank	144,405,989,760	-	(144,405,989,760)	-
HSBC Bank (Viet Nam) Ltd.	165,436,846,311	316,734,601,473	(430,150,655,902)	52,020,791,882
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	115,747,972,000	1,671,355,880,077	(1,093,936,534,460)	693,167,317,617
Military Commercial Joint Stock Bank	47,338,228,281	30,000,000,000	(77,338,228,281)	-
China Construction Bank	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 (**)	122,076,727,800	256,229,419,403	(298,375,491,800)	79,930,655,403
	<u>1,839,275,064,065</u>	<u>7,758,858,344,889</u>	<u>(6,876,202,707,810)</u>	<u>2,721,930,701,144</u>

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18 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	764,417,632,142	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	693,167,317,617	From 21 January 2022 to 24 May 2022	4.6%	Land use rights, buildings and inventories
China Construction Bank	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
HSBC Bank (Viet Nam) Ltd.	52,020,791,882	To 3 February 2022	4.4%	Unsecured
KEB Hana Bank - Ho Chi Minh City Branch	2,216,065,600	To 30 March 2022	4.5%	Unsecured
	<u>2,642,000,045,741</u>			

(**) Individual loans represent unsecured loans from the Group's employees with original maturity of 12 months and bear interest at the interest rate 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 at the consolidated balance sheet date.

19 BONUS AND WELFARE FUND

	2021 VND	2020 VND
Beginning of year	115,886,008,945	90,682,831,084
Appropriation from undistributed earnings (Note 23)	53,466,000,000	59,696,000,000
Utilisation during the year	(43,169,828,785)	(34,492,822,139)
End of year	<u>126,182,180,160</u>	<u>115,886,008,945</u>

20 PROVISION FOR 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 financial year ended.

(b) Long-term

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

21 DEFERRED INCOME TAX ASSETS

Deferred income tax assets and liabilities are offset when The Group have 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 and same taxable unit. The offset amounts were as follows:

	2021 VND	2020 VND
Deferred tax assets:		
Deferred tax assets to be recovered after more than 12 months	83,207,628,911	82,009,418,884
Deferred tax assets to be recovered within 12 months	17,261,164,704	8,974,275,143
	<u>100,468,793,615</u>	<u>90,983,694,027</u>

21 DEFERRED INCOME TAX ASSETS (continued)

The gross movements in the 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	90,983,694,027	88,231,580,067
Credit to consolidated income statement (Note 34)	9,485,099,588	2,752,113,960
End of year	<u>100,468,793,615</u>	<u>90,983,694,027</u>

Details of deferred tax assets:

	2021 VND	2020 VND
Deductible temporary differences	<u>100,468,793,615</u>	<u>90,983,694,027</u>

The deferred income tax assets are mainly derived from accruals and provisions.

The Group 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 profit will be available against which the temporary difference can be utilised.

22 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>

22 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	2.05
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 is 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 shares	(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 share.

The Company do not have preferred share.

(*) 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 23).

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23 MOVEMENTS IN 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	1,045,273,381,971	4,577,265,811,347
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	-	-	-	-	1,069,310,105,261	1,069,310,105,261
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 19)	-	-	-	-	(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	1,605,080,895,632	5,241,861,865,008
Net profit for the year	-	-	-	-	1,029,042,165,645	1,029,042,165,645
Dividends appropriation (*)	-	-	-	-	(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 19) (**)	-	-	-	-	(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	1,949,653,810,877	6,012,633,980,253

23 MOVEMENTS IN OWNERS' EQUITY (continued)

(*) 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-ĐHĐCĐ-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.

24 DIVIDEND

	2021 VND	2020 VND
Beginning of year	11,167,693,692	6,004,841,375
Dividend payable during the year	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>

(a) Basic earnings per share

Basic earnings per share is calculated by dividing the net profit attributable to shareholders after deducting the bonus and welfare fund and allowance for the Board of Directors and the Board of Management by the weighted average number of ordinary shares outstanding during the year, adjusted for bonus shares issued during the year and excluding treasury shares. The details were as follows:

	2021 VND	2020 VND
Net profit attributable to shareholders (VND)	1,029,042,165,645	1,069,310,105,261
Less amount allocated to bonus and welfare fund, allowance for the Board of Directors and the Board of Management (VND) (Note 23)	(74,852,000,000)	(89,544,000,000)
	<u>954,190,165,645</u>	<u>979,766,105,261</u>
Weighted average number of ordinary shares in issue (shares)	227,366,563	227,442,803
Basic earnings per share (VND)	<u>4,197</u>	<u>4,308</u>

25 EARNINGS PER SHARE (continued)

(b) Diluted earnings per share

The Company has no diluted earnings per share during the year and at the reporting date. Therefore, the diluted earnings per share is equal to the basic earnings per share.

26 OFF BALANCE SHEET ITEMS

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

	2021	2020
United States Dollar - USD	1,059,414	1,464,450
Euro - EUR	3,677	3,724
British Pound - GBP	1,625	1,625
Australia Dollar - AUD	958	1,002
	<u> </u>	<u> </u>

(b) The future minimum lease payments under non-cancellable operating leases were VND1,444,225,351,587 and VND1,316,720,121,669 for years ended 31 December 2021 and 31 December 2020, respectively (Note 36).

27 NET REVENUE FROM SALES OF GOODS AND RENDERING OF SERVICES

	2021 VND	2020 VND
Revenue		
Revenue from sales of gold, silver and jewelry	19,608,294,312,644	17,487,379,140,948
Revenue from sales of accessories	79,149,769,974	153,937,831,108
Revenue from rendering of services	48,202,054,632	40,596,054,121
	<u>19,735,646,137,250</u>	<u>17,681,913,026,177</u>
Sales deductions		
Sales returns	(188,580,972,416)	(171,123,340,972)
Sales allowances	(6,800,000)	(1,034,206)
	<u>(188,587,772,416)</u>	<u>(171,124,375,178)</u>
Net revenue from sales of goods and rendering of services	<u>19,547,058,364,834</u>	<u>17,510,788,650,999</u>

28 COST OF GOODS SOLD AND SERVICES RENDERED

	2021 VND	2020 VND
Cost of gold, silver and jewelry sold	15,907,666,477,678	14,017,473,506,356
Cost of accessories sold	29,613,031,220	49,331,825,580
Cost of services rendered	11,480,625,560	9,250,438,176
	<u>15,948,760,134,458</u>	<u>14,076,055,770,112</u>

29 FINANCIAL INCOME

	2021 VND	2020 VND
Interest income	267,480,935	251,771,651
Realised foreign exchange gains	16,058,633,860	2,117,186,665
	<u>16,326,114,795</u>	<u>2,368,958,316</u>

30 FINANCIAL EXPENSES

	2021 VND	2020 VND
Interest expense	104,380,274,160	154,416,694,276
Realised foreign exchange losses	6,160,507,306	3,510,464,614
Net loss from foreign currency translation at year-end	2,504,365,377	177,425,063
Others	5,207,587,552	3,436,503,539
	<u>118,252,734,395</u>	<u>161,541,087,492</u>

31 SELLING EXPENSES

	2021 VND	2020 VND
Staff costs	927,933,521,764	689,190,889,491
Rental	246,307,802,475	258,343,539,717
Advertising and marketing	126,473,042,786	146,040,903,385
Tools and supplies	106,242,385,201	106,063,237,322
Depreciation	18,852,708,747	15,627,150,063
Outside services	158,156,935,122	120,084,763,960
Others	103,688,556,399	88,148,586,627
	<u>1,687,654,952,494</u>	<u>1,423,499,070,565</u>

32 GENERAL AND ADMINISTRATION EXPENSES

	2021 VND	2020 VND
Staff costs	334,815,199,923	362,870,156,577
Tools and supplies	13,345,577,420	12,944,672,439
Depreciation	28,655,150,417	29,840,270,105
Fee charges	1,273,038,584	1,063,819,767
Outside services	77,739,085,012	74,644,333,481
Others	45,991,252,572	21,566,125,118
	<u>501,819,303,928</u>	<u>502,929,377,487</u>

33 BIT

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

	2021 VND	2020 VND
Net accounting profit before tax	<u>1,279,230,522,031</u>	<u>1,345,980,468,715</u>
Including		
- Accounting profit before tax	1,354,549,732,531	1,357,382,622,984
- Accounting loss before tax	(75,319,210,500)	(11,402,154,269)
Tax calculated at a rate of 20%	<u>255,846,104,406</u>	<u>269,196,093,743</u>
Effect of:		
Expenses not deductible for tax purposes	8,105,845,631	1,501,733,297
Temporary differences for which no deferred income tax asset was recognised	(21,196,075,967)	3,692,105,560
Impact of changes in tax rate	(741,406,483)	-
Tax losses for which no deferred income tax asset was recognised	6,429,003,684	2,280,430,854
Under-provision in previous years	<u>1,744,885,115</u>	<u>-</u>
BIT charge (*)	<u>250,188,356,386</u>	<u>276,670,363,454</u>
Charged/(credited) to income statement:		
BIT – current	259,673,455,974	279,422,477,414
BIT – deferred (Note 21)	(9,485,099,588)	(2,752,113,960)
	<u>250,188,356,386</u>	<u>276,670,363,454</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 Group's operating activities, excluding cost of merchandises for trading activities. Details are as follows:

	2021 VND	2020 VND
Raw materials	6,533,668,664,645	5,272,469,182,700
Staff costs	1,468,307,712,404	1,254,333,985,055
Tools and supplies	117,237,309,536	116,343,456,871
Depreciation	75,118,429,219	72,154,867,041
Outside services	651,162,176,248	615,489,113,790
Others	216,461,489,153	242,950,595,911
	<u>9,061,955,781,205</u>	<u>7,573,741,201,368</u>

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

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

	2021 VND	2020 VND
<i>Compensation of key management</i>		
Gross salaries and other benefits	64,450,423,358	54,932,689,167
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>

(b) Related party balances

	2021 VND	2020 VND
Other short-term payables (Note 17)		
Members of the Board of Management and Board of Directors	<u>10,084,181,002</u>	<u>21,039,066,145</u>

36 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	267,648,043,754	230,896,342,548
Between one and five years	814,210,958,710	727,906,892,402
Over five years	362,366,349,123	357,916,886,719
Total minimum payments	<u>1,444,225,351,587</u>	<u>1,316,720,121,669</u>

37 SEGMENT REPORTING

Geographical segment

The Group has performed all manufacturing and trading activities of gold, silver, jewelry, gemstones and services in Vietnam only. Therefore, the Group does not present the geographical segment.

Business activity segment

Manufacturing and trading gold, silver, jewelry and gemstones is the principal activities of the Group to generate revenue and earn profit for the Group, whereas, other income accounts for a small portion in total revenue of the Group, therefore, the Board of Management assumed that the Group is in one business activity segment only.



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

Nguyen Thanh Dat
Preparer

Duong Quang Hai
Chief Accountant



Le Tri Thong
General Director