

AN CUONG WOOD - WORKING JOINT STOCK COMPANY

SEPARATE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2021



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FOR THE YEAR ENDED 31 DECEMBER 2021

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## AN CUONG WOOD-WORKING JOINT STOCK COMPANY

### CORPORATE INFORMATION

#### Enterprise Registration Certificate

No. 3700748131 dated 20 September 2006.

The initial Business Registration Certificate No. 4602002303 dated 20 September 2006 and its subsequent amendments were issued by the Department of Planning and Investment of Binh Duong Province. The latest Enterprise registration certificate No. 3700748131 dated 9 November 2021.

#### Board of Directors

|                            |                    |
|----------------------------|--------------------|
| Mr. Le Duc Nghia           | Chairman           |
| Mr. Nguyen Minh Tuan       | Member             |
| Mr. Masao Kamibayashiyama  | Member             |
| Mr. Le Thanh Phong         | Member             |
| Mr. Tran Luong Thanh Tung  | Member             |
| Mr. Jess Rueloekke         | Independent member |
| Ms. Nguyen Thi Dieu Phuong | Independent member |

#### Board of Management

|                         |  |
|-------------------------|--|
| Ms. Vo Thi Ngoc Anh     | General Director<br>(Appointed from 20.4.2021) |
| Mr. Le Thanh Phong      | Deputy General Director                        |
| Ms. Nguyen Thi Hao      | Deputy General Director                        |
| Ms. Nguyen Thi Kim Thoa | Deputy General Director                        |
| Ms. Nguyen Thi Duyen    | Deputy General Director                        |
| Mr. Ngo Tan Tri         | Deputy General Director                        |
| Ms. Thieu Thi Ngoc Diem | Chief Accountant                               |

#### Board of Supervision

|                         |        |
|-------------------------|--------|
| Ms. Tran Thi Ngoc Tue   | Head   |
| Ms. Tran Thi Kim Anh    | Member |
| Ms. Mai Thi Phuong Thao | Member |

#### Legal representative

|                     |                                      |
|---------------------|--------------------------------------|
| Mr. Le Duc Nghia    | Chairman                             |
| Ms. Vo Thi Ngoc Anh | General Director<br>(From 9.11.2021) |

#### Registered office

Land lot No. 681, Map No. 5, DT 747B Street,  
Phuoc Hai Town, Thai Hoa Ward, Tan Uyen District,  
Binh Duong Province, Viet Nam

#### Auditor

PwC (Vietnam) Limited

## AN CUONG WOOD-WORKING JOINT STOCK COMPANY

### STATEMENT OF THE BOARD OF MANAGEMENT

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

The Board of Management of An Cuong Wood-Working Joint Stock Company ("the Company") is responsible for preparing the separate financial statements which gives a true and fair view of the separate financial position of the Company as at 31 December 2021, and the separate results of its operations and 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 judgements and estimates that are reasonable and prudent; and
- prepare the separate financial statement on a going concern basis unless it is inappropriate to presume that the Company will continue in business.

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

#### APPROVAL OF THE SEPARATE FINANCIAL STATEMENTS

We hereby approve the accompanying separate financial statements as set out on pages 5 to 45 which gives a true and fair view of the separate financial position of the Company as at 31 December 2021 and of the results of its separate operations and its separate 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 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 results of consolidated operations and consolidated cash flows of the Group.

On behalf of the Board of Management

  
Vo Thi Ngoc Anh  
General Director

Binh Duong, SR Vietnam  
18 March 2022





## **INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF AN CUONG WOOD-WORKING JOINT STOCK COMPANY**

We have audited the accompanying separate financial statements of An Cuong Wood-Working Joint Stock Company ("the Company") which were prepared on 31 December 2021 and approved by the Board of Management on 18 March 2022. The separate financial statements comprise the separate balance sheet as at 31 December 2021, the separate income statement, the separate cash flow statement for the year then ended, and separate explanatory notes to the separate financial statements including significant accounting policies, as set out on pages 5 to 45.

### **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: HCM11565  
Ho Chi Minh City, 18 March 2022



## SEPARATE BALANCE SHEET

| Code       | ASSETS  | Note     | As at 31 December        |                          |
|------------|---|----------|--------------------------|--------------------------|
|            |   |          | 2021<br>VND              | 2020<br>VND              |
| <b>100</b> | <b>CURRENT ASSETS</b>                         |          | <b>2,217,537,211,863</b> | <b>2,311,012,936,304</b> |
| <b>110</b> | <b>Cash</b>                                   |          | <b>47,401,336,077</b>    | <b>24,600,396,591</b>    |
| 111        | Cash  | 3        | 47,401,336,077           | 24,600,396,591           |
| <b>120</b> | <b>Short-term investment</b>                  |          | <b>1,150,145,044,955</b> | <b>1,353,645,044,955</b> |
| 123        | Investments held to maturity                  | 4(a)     | 1,150,145,044,955        | 1,353,645,044,955        |
| <b>130</b> | <b>Short-term receivables</b>                 |          | <b>321,860,331,778</b>   | <b>349,926,513,865</b>   |
| 131        | Short-term trade accounts receivable          | 5        | 257,384,526,781          | 295,934,226,100          |
| 132        | Short-term prepayments to suppliers           | 6        | 44,314,199,287           | 13,164,884,848           |
| 136        | Other short-term receivables                  | 7(a)     | 35,323,484,196           | 48,435,725,768           |
| 137        | Provision for doubtful debts – short-term     | 8        | (15,292,989,736)         | (7,618,588,983)          |
| 139        | Shortage of assets awaiting resolution        |          | 131,111,250              | 10,266,132               |
| <b>140</b> | <b>Inventories</b>                            | <b>9</b> | <b>684,372,791,169</b>   | <b>568,306,370,967</b>   |
| 141        | Inventories                                   |          | 705,316,990,249          | 584,656,543,667          |
| 149        | Provision for decline in value of inventories |          | (20,944,199,080)         | (16,350,172,700)         |
| <b>150</b> | <b>Other current assets</b>                   |          | <b>13,757,707,884</b>    | <b>14,534,609,926</b>    |
| 151        | Short-term prepaid expenses                   | 10(a)    | 12,451,392,458           | 13,256,572,352           |
| 152        | Value Added Tax ("VAT") to be reclaimed       |          | 1,147,247,382            | 971,281,744              |
| 153        | Tax and other receivables from the State      | 15(a)    | 159,068,044              | 306,755,830              |
| <b>200</b> | <b>NON-CURRENT ASSETS</b>                     |          | <b>1,817,959,147,468</b> | <b>1,284,426,319,478</b> |
| <b>210</b> | <b>Long-term receivable</b>                   |          | <b>320,178,586,405</b>   | <b>3,570,803,600</b>     |
| 216        | Other long-term receivables                   | 7(b)     | 320,178,586,405          | 3,570,803,600            |
| <b>220</b> | <b>Fixed assets</b>                           |          | <b>216,996,077,053</b>   | <b>259,624,802,871</b>   |
| 221        | Tangible fixed assets                         | 11(a)    | 200,394,361,654          | 239,589,463,683          |
| 222        | Historical cost                               |          | 478,000,584,854          | 470,842,786,805          |
| 223        | Accumulated depreciation                      |          | (277,606,223,200)        | (231,253,323,122)        |
| 227        | Intangible fixed assets                       | 11(b)    | 16,601,715,399           | 20,035,339,188           |
| 228        | Historical cost                               |          | 32,148,567,346           | 31,684,967,346           |
| 229        | Accumulated amortisation                      |          | (15,546,851,947)         | (11,649,628,158)         |
| <b>240</b> | <b>Long-term asset in progress</b>            |          | <b>677,894,956</b>       | <b>2,660,373,746</b>     |
| 242        | Construction in progress                      | 12       | 677,894,956              | 2,660,373,746            |
| <b>250</b> | <b>Long-term investment</b>                   |          | <b>1,191,817,700,000</b> | <b>916,600,000,000</b>   |
| 251        | Investments in subsidiaries                   | 4(b)     | 916,600,000,000          | 916,600,000,000          |
| 253        | Investments in other entity                   | 4(b)     | 119,200,000,000          | -                        |
| 255        | Investments held to maturity                  | 4(a)     | 156,017,700,000          | -                        |
| <b>260</b> | <b>Other long-term assets</b>                 |          | <b>88,288,889,054</b>    | <b>101,970,339,261</b>   |
| 261        | Long-term prepaid expenses                    | 10(b)    | 83,193,368,488           | 97,364,398,195           |
| 262        | Deferred income tax assets                    | 22       | 5,095,520,566            | 4,605,941,066            |
| <b>270</b> | <b>TOTAL ASSETS</b>                           |          | <b>4,035,496,359,331</b> | <b>3,595,439,255,782</b> |

The notes on pages 9 to 45 are an integral part of these separate financial statements.

SEPARATE BALANCE SHEET  
(continued)

| Code       | RESOURCES  | Note   | As at 31 December        |                          |
|------------|--|--------|--------------------------|--------------------------|
|            |  |        | 2021<br>VND              | 2020<br>VND              |
| <b>300</b> | <b>LIABILITIES</b>                                 |        | <b>724,153,277,282</b>   | <b>589,497,115,350</b>   |
| <b>310</b> | <b>Current liabilities</b>                         |        | <b>719,619,873,532</b>   | <b>587,046,760,350</b>   |
| 311        | Short-term trade accounts payable                  | 13     | 196,565,701,449          | 217,813,372,804          |
| 312        | Short-term advances from customers                 | 14     | 129,331,886,843          | 107,450,262,008          |
| 313        | Tax and other payables to the State                | 15(b)  | 18,308,712,235           | 35,836,768,240           |
| 314        | Payable to employees                               | 16     | 42,440,625,100           | 54,505,544,629           |
| 315        | Short-term accrued expenses                        | 17     | 12,831,245,241           | 12,229,357,736           |
| 318        | Short-term unearned revenue                        |        | 500,000,000              | -                        |
| 319        | Other short-term payables                          | 18     | 10,249,428,696           | 329,115,763              |
| 320        | Short-term borrowings                              | 19     | 309,037,950,536          | 158,760,612,438          |
| 322        | Bonus and welfare funds                            | 20     | 354,323,432              | 121,726,732              |
| <b>330</b> | <b>Non-current liability</b>                       |        | <b>4,533,403,750</b>     | <b>2,450,355,000</b>     |
| 342        | Provision for long-term liabilities                | 21     | 4,533,403,750            | 2,450,355,000            |
| <b>400</b> | <b>OWNERS' EQUITY</b>                              |        | <b>3,311,343,082,049</b> | <b>3,005,942,140,432</b> |
| <b>410</b> | <b>Capital and reserves</b>                        |        | <b>3,311,343,082,049</b> | <b>3,005,942,140,432</b> |
| 411        | Owners' capital                                    | 23, 24 | 876,503,440,000          | 876,568,440,000          |
| 411a       | - Ordinary shares with voting rights               |        | 876,503,440,000          | 876,568,440,000          |
| 412        | Share premium                                      | 24     | 1,419,304,688,703        | 1,408,471,865,056        |
| 415        | Treasury shares                                    | 24     | (653,230,147)            | (20,046,000,000)         |
| 418        | Investment and development funds                   | 24     | 21,397,458,939           | 36,590,318,871           |
| 421        | Undistributed earnings                             | 24     | 994,790,724,554          | 704,357,516,505          |
| 421a       | - Undistributed post-tax profits of previous years |        | 555,172,388,873          | 526,334,644,478          |
| 421b       | - Post-tax profits of current year                 |        | 439,618,335,681          | 178,022,872,027          |
| <b>440</b> | <b>TOTAL RESOURCES</b>                             |        | <b>4,035,496,359,331</b> | <b>3,595,439,255,782</b> |



Nguyen Thi Hong Lan  
Preparer



Thieu Thi Ngoc Diem  
Chief Accountant




Vo Thi Ngoc Anh  
General Director  
18 March 2022

The notes on pages 9 to 45 are an integral part of these separate financial statements.





SEPARATE CASH FLOW STATEMENT  
(Indirect method)

| Code  | Note | Year ended 31 December                                |                          |
|---|------|---|--------------------------|
|   |      | 2021<br>VND   | 2020<br>VND              |
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b> |      |   |                          |
| 01  |      | <b>514,018,429,860</b>                                | <b>392,805,022,595</b>   |
|   |      | Net accounting profit before tax                      |                          |
|   |      | Adjustments for:                                      |                          |
| 02  |      | 52,320,596,142  | 52,246,768,895           |
| 03  |      | 14,351,475,883  | 4,166,107,189            |
| 04  |      | 51,768,350  | 777,039,136              |
| 05  |      | (385,213,116,559)                                     | (225,755,943,417)        |
| 06  |      | 12,719,611,187  | 9,784,981,206            |
| 08  |      | <b>208,248,764,863</b>                                | <b>234,023,975,604</b>   |
|   |      | Operating profit before changes in working capital    |                          |
| 09  |      | 57,787,473,761  | 133,582,327,076          |
| 10  |      | (120,660,446,582)                                     | 177,281,176,353          |
| 11  |      | (18,733,532,004)                                      | (21,934,215,349)         |
| 12  |      | 14,976,209,601  | 31,183,835,203           |
| 14  |      | (12,719,611,187)                                      | (9,784,981,206)          |
| 15  |      | (66,882,324,729)                                      | (39,399,109,720)         |
| 17  |      | (66,229,432,761)                                      | (28,945,462,680)         |
| 20  |      | <b>(4,212,899,038)</b>                                | <b>476,007,545,281</b>   |
|   |      | Net cash (outflows)/inflows from operating activities |                          |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES</b> |      |   |                          |
| 21  |      | (7,709,391,534)                                       | (18,161,288,043)         |
| 22  |      | -   | 3,132,727,272            |
| 23  |      | (1,362,625,530,311)                                   | (616,400,000,000)        |
| 24  |      | 1,109,600,000,000                                     | 307,000,000,000          |
| 25  |      | (119,200,000,000)                                     | -                        |
| 27  |      | 331,663,447,220                                       | 214,671,066,441          |
| 30  |      | <b>(48,271,474,625)</b>                               | <b>(109,757,494,330)</b> |
|   |      | Net cash outflows from investing activities           |                          |
| <b>CASH FLOWS FROM FINANCING ACTIVITIES</b> |      |   |                          |
| 31  |      | 30,225,593,500  | 17,187,610,000           |
| 32  |      | (65,000,000)  | (20,030,000,000)         |
| 33  |      | 1,751,935,050,777                                     | 866,228,790,430          |
| 34  |      | (1,601,890,824,060)                                   | (911,210,731,708)        |
| 36  |      | (104,826,892,800)                                     | (315,002,678,400)        |
| 40  |      | <b>75,377,927,417</b>                                 | <b>(362,827,009,678)</b> |
|   |      | Net cash inflows/(outflows) from financing activities |                          |
| 50  |      | <b>22,893,553,754</b>                                 | <b>3,423,041,273</b>     |
|   |      | Net decrease in cash in year                          |                          |
| 60  |      | <b>24,600,396,591</b>                                 | <b>21,222,758,654</b>    |
| 61  | 3    | (92,814,268)  | (45,403,336)             |
|   |      | Effect of foreign exchange differences                |                          |
| 70  | 3    | <b>47,401,336,077</b>                                 | <b>24,600,396,591</b>    |
|   |      | Cash at end of year                                   |                          |

Nguyen Thi Hong Lan  
Preparer

Thieu Thi Ngoc Diem  
Chief Accountant

Võ Thị Ngọc Anh  
General Director  
18 March 2022

The notes on pages 9 to 45 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**

An Cuong Wood - Working Joint Stock Company ("the Company") is a joint stock company established in SR Vietnam pursuant to the initial Business Registration Certificate No. 4602002303 dated 20 September 2006 which was issued by the Department of Planning and Development of Binh Duong Province and the latest Enterprise Registration Certificate No. 3700748131 dated 9 November 2021.

The owners of the Company include NC Vietnam Investment Company Limited, Whitlam Holding Pte. Ltd., Sumitomo Forestry (Singapore) Ltd. and other individual shareholders. Details of capital contributions are presented in Note 23.

The principal activity of the Company is to manufacture and trade wooden household, industrial wooden items, artificial boards, interior decoration, kitchen equipment, and other wooden related products; provide installation services.

The normal business cycle of the Company is within 12 months.

As at 31 December 2021 and 31 December 2020, the Company had two direct subsidiaries as disclosed in Note 4(b) and one indirect subsidiary. Details are as follows:

| Name  | Location            | Principal activity  | 31.12.2021    |                  | 31.12.2020    |                  |
|---|---------------------|---|---------------|------------------|---------------|------------------|
|   |                     |   | Ownership (%) | Voting right (%) | Ownership (%) | Voting right (%) |
| Malloca Vietnam Company Limited                       | Ho Chi Minh City    | Trade Malloca-brand kitchen appliances                    | 100           | 100              | 100           | 100              |
| An Cuong Wood - Working Manufacturing Limited Company | Binh Duong Province | Manufacture and trade wooden products                     | 100           | 100              | 100           | 100              |
| AConcept Vietnam Limited Company (*)                  | Ho Chi Minh City    | Wholesale and retail of interiors and interior decoration | 100           | 100              | 100           | 100              |

(\*) The indirect subsidiary is a subsidiary of Malloca Vietnam Company Limited.

As at 31 December 2021, the Company had 1,811 employees (as at 31 December 2020: 1,951 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, the Vietnamese Corporate Accounting System and applicable regulations on preparation and presentation of separate financial statements. The separate financial statements have been prepared under the historical cost convention.

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

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

### **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 listing selling prices and receiving payments, which is mainly used in purchases of goods or services, which has a significant impact on cost of labor, material and other production or operating costs and which is normally used as payment 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 rate**

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 commercial 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 its foreign currency accounts. Foreign exchange differences arising from these translations are recognised in the separate income statement.

**2.5 Cash**

Cash comprise cash on hand and cash at bank.

**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 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 year 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 system for inventories.

Provision is made, where necessary, for obsolete, slow-moving and defective inventory items. The difference between the provision of this year and the provision of the previous year 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 held-to-maturity**

Investments held-to-maturity are investments which the Company has a positive intention and ability to hold until maturity.

Investments held-to-maturity include term deposits and bonds which the issuer is required to buy back in the future. Those investments are initially accounted for at cost. Subsequently, The Board of Management reviews all outstanding investment to determine the amount of provision to recognise at the year end.

Provision for diminution in value of investments held-to-maturity is made when there is evidence that the investment is uncollectible in whole or in part. Changes in the provision balance during the accounting fiscal year are recorded as an increase or decrease in financial expenses. A reversal, if any, is made only to the extent the investment is restored to its original cost.

Investments held to maturity are classified into short-term and long-term investments held to maturity on the separate balance sheet based on the remaining year from the separate balance sheet date to the remaining maturity date.

**(b) Investments in subsidiaries**

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

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

**(c) Investments in other entities**

Investment in other entities is investment in equity instruments of other entities without controlling rights or co-controlling rights, or without significant influence over the investee. These investments are accounted for initially at cost. Subsequently, the Board of Management reviews all outstanding investments to determine the amount of provision to recognise at the year end.

**(d) 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 cannot be determined reliably, the provision is calculated similarly to provision for investments in subsidiaries.



**2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)****2.8 Investments (continued)****(d) Provision for investments in subsidiaries and other entities (continued)**

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

**2.9 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 suitable conditions 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, such expenditure is charged to the consolidated income statement when incurred.

*Depreciation and 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 principal annual rates of each asset class are as follows:

|                     |           |
|---------------------|-----------|
| Plant and buildings | 3% - 25%  |
| Machinery           | 8% - 50%  |
| Motor vehicles      | 8% - 33%  |
| Office equipment    | 13% - 25% |
| Others              | 6% - 50%  |
| Land use rights     | 3%        |
| Software            | 13% - 50% |

Land use rights with a definite useful life are recorded at historical cost and are amortised on a straight-line basis over the term from the date receiving the land use rights certificates or the signing dates of transferring contracts to the ending dates in accordance with such land use rights certificates.

*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 separate income statement.

**2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)****2.9 Fixed assets (continued)***Construction in progress*

Construction in progress represents the cost of asset in the course of construction installation or, rental or administrative purposes, or for purposes not yet determined, which are recorded at cost and are comprised of such necessary costs to newly construct, to repair and maintain, to upgrade, to renew or equip the projects with technologies as construction costs; costs of tools and equipment; project management expenditure; construction consulting expenditure; 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.

**2.10 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.

**2.11 Prepaid expenses**

Prepaid expenses include short-term and long-term prepayments on the separate balance sheet, which mainly include long-term land rentals, office rentals, tools and equipment in use. Prepaid expenses are recorded at historical cost and allocated on a straight-line basis over estimated useful lives. Land rentals expense is allocated over the lease term which is recognised in the lease contract.

Additionally, prepayments for land rental contracts, which became effective after 2003 are also recorded as prepaid expenses in accordance with the guidance of Circular No. 45/2013/TT-BTC dated 25 April 2013 issued by the Ministry of Finance and, allocated using the straight-line method from 40 to 50 years in accordance with such land use right certificates.

**2.12 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 separate balance sheet based on the remaining year from the separate balance sheet date to the maturity date.



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

Short-term borrowings include borrowings from banks.

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

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

**2.14 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 year.

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

**2.16 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 year 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 year for which the employee has received severance allowance from the Company.



**2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)****2.16 Provision for severance allowances (continued)**

The severance allowance is accrued at the end of the reporting year 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 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.

**2.17 Owners' capital**

Owners' capital is recorded according to the actual amounts contributed at the 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 (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 results profit after BIT at the reporting date.

**2.18 Appropriation of net profit**

The Company's dividends are recognised as a liability in the Company's separate financial statements in the year after dividends are approved by the General Meeting of Shareholders and the Company has finalised the list of Shareholders receiving dividend in accordance with Resolution of the Board of Directors.

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

The Company's funds are as below:

**(a) Bonus and welfare fund**

The bonus and welfare fund is appropriated from profit after tax and subject to Shareholders' approval at the General Meeting of Shareholders. This fund is presented as a liability on the separate balance sheet. This fund is set aside for the purpose of pecuniary rewarding and encouragement, common benefits and improvement of employees' benefits, simultaneously the bonus and welfare fund were also used for expenses relating to COVID-19 prevention.

**2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)****2.18 Appropriation of net profit (continued)****(b) Investment and development fund**

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

**2.19 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. 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.

**(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 the rendering of services is only recognised when the 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.



**2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)****2.19 Revenue recognition****(d) Dividend income**

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

**2.20 Sales deductions**

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

Sales deductions for sales 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 separate financial statements are recorded as deduction of revenue of the year.

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

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

**2.22 Financial expenses**

Financial expenses are expenses incurred in the year for financial activities including expenses of borrowing; losses incurred on selling foreign currencies and losses from foreign exchange differences.

**2.23 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, sale commissions, warranty charges of goods and products, maintenance charges, packaging, and transportation.

**2.24 General and administration expenses**

General and administration expenses represent expenses that are incurred for administrative purposes.



**2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)****2.25 Current and deferred income tax**

Income taxes includes all income taxes which is based on taxable profits including 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 year tax rates. Current and deferred tax should be recognised as an income or an expense and included in the profit or loss of the year, except to the extent that the tax arises from a transaction or event which is recognised, in the same or a different year, 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 separate 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.

**2.26 Related parties**

Enterprises and individuals that directly, or indirectly through one or more intermediaries, control, or are controlled by, or are under common control with the Company, including holding companies, subsidiaries and fellow subsidiaries are related parties of the Company. Associates and individuals owning, directly or indirectly, an interest in the voting power of the Company that gives them significant influence over the Company, key management personnel, including the Chairman, members of the Company's Board of Directors, General Director, 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 its relationships with each related party, the Company considers the substance of the relationship not merely the legal form.

**2.27 Segment reporting**

A segment is a component which can be separated by the Company 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 Company's business segment or the Company's geographical segment.

**2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)****2.28 Critical accounting estimates**

The preparation of separate financial statements in accordance with Vietnamese Accounting Standards, the Vietnamese Corporate Accounting System and applicable regulations on preparation and presentation of separate 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 separate financial statements and the reported amounts of revenues and expenses during the financial year.

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

**3 CASH**

|              | 2021<br>VND           | 2020<br>VND           |
|--------------|-----------------------|-----------------------|
| Cash on hand | 334,147,647           | 426,485,628           |
| Cash at bank | 47,067,188,430        | 24,173,910,963        |
|              | <u>47,401,336,077</u> | <u>24,600,396,591</u> |

**4 INVESTMENTS****(a) Investments held-to-maturity**

|                      | 2021                     |                          | 2020                     |                          |
|----------------------|--------------------------|--------------------------|--------------------------|--------------------------|
|                      | Cost<br>VND              | Book value<br>VND        | Cost<br>VND              | Book value<br>VND        |
| <b>i. Short-term</b> |                          |                          |                          |                          |
| Term deposits        | <u>1,150,145,044,955</u> | <u>1,150,145,044,955</u> | <u>1,353,645,044,955</u> | <u>1,353,645,044,955</u> |
| <b>ii. Long-term</b> |                          |                          |                          |                          |
| Bonds                | <u>156,017,700,000</u>   | <u>156,017,700,000</u>   | <u>-</u>                 | <u>-</u>                 |



**4 INVESTMENTS (continued)****(a) Investments held-to-maturity (continued)**

- (i) Short-term investments held-to-maturity as at 31 December 2021 represented term deposits at commercial banks with original maturities of more than 3 months but less than 1 year and earn interest at the rate of approximately 5% - 7.6% per annum (as at 31 December 2020: 5% - 8% per annum). In addition, the Company has pledged VND162 billions of these investments with banks as collateral assets for the Company's borrowings (Note 19).
- (ii) Long-term investments held-to-maturity as at 31 December 2021 were an entrusted investment to VinaCapital Fund Management Joint Stock Company for the investment in Corporate bonds with the remaining maturity of more than 12 months from the reporting date and earned an interest at the rate of approximate 13.8% per annum in accordance with the entrusted contract signed between the Company and VinaCapital Fund Management Joint Stock Company No. GB2021001 dated 5 February 2021. As at 31 December 2020, there were no long-term investments held-to-maturity.

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4 INVESTMENTS (continued)

(b) Investments in other entities

|   | 2021                   |                |                  | 2020                   |                |                  |
|---|------------------------|----------------|------------------|------------------------|----------------|------------------|
|   | Cost<br>VND            | Ownership<br>% | Provision<br>VND | Cost<br>VND            | Ownership<br>% | Provision<br>VND |
| <b>i. Investments in subsidiaries</b>                   |                        |                |                  |                        |                |                  |
| Malloca Vietnam Company Limited (*)                     | 120,000,000,000        | 100            | -                | 120,000,000,000        | 100            | -                |
| An Cuong Wood-Working Manufacturing Company Limited (*) | 796,600,000,000        | 100            | -                | 796,600,000,000        | 100            | -                |
|   | <u>916,600,000,000</u> |                | <u>-</u>         | <u>916,600,000,000</u> |                | <u>-</u>         |
| <b>ii. Other long-term investments</b>                  |                        |                |                  |                        |                |                  |
| Thang Loi Real Estate Joint Stock Company (*), (**)     | 119,200,000,000        | 12.97          | -                | -                      | -              | -                |
|   | <u>119,200,000,000</u> |                | <u>-</u>         | <u>-</u>               | <u>-</u>       | <u>-</u>         |

(\*) As at 31 December 2021, the Company has not reliably determined the fair value of the investment in subsidiaries and other long-term investments above, as its shares have not been listed on the stock exchange securities.

(\*\*) Pursuant to the Resolution of the Board of Directors No. 05-2021/NQ-GAC dated 15 April 2021, the Board of Directors of the Company approved the plan to buy shares of Thang Loi Group Real Estate Joint Stock Company. Accordingly, the Company owned 12.97% of the charter capital of this company.



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## 5 SHORT-TERM TRADE ACCOUNTS RECEIVABLE

|  | 2021<br>VND            | 2020<br>VND            |
|--|------------------------|------------------------|
| Third parties  |                        |                        |
| Ai Linh Trading Import - Export<br>Joint Stock Company | 9,814,249,920          | 30,887,655,293         |
| Others   | 172,272,612,298        | 219,493,463,792        |
| Related parties (Note 34(b))                           | 75,297,664,563         | 45,553,107,015         |
|  | <u>257,384,526,781</u> | <u>295,934,226,100</u> |

As at 31 December 2021 and 31 December 2020, the balances of short-term trade accounts receivable which were past due amounting to VND20,614,308,751 and VND12,687,321,672 respectively as presented in Note 8.

## 6 SHORT-TERM PREPAYMENTS TO SUPPLIERS

|                              | 2021<br>VND           | 2020<br>VND           |
|------------------------------|-----------------------|-----------------------|
| Third parties                |                       |                       |
| Bao Kim Equipment Co., Ltd   | 4,353,502,257         | -                     |
| Others                       | 25,981,395,030        | 13,164,884,848        |
| Related parties (Note 34(b)) | 13,979,302,000        | -                     |
|                              | <u>44,314,199,287</u> | <u>13,164,884,848</u> |

## 7 OTHER RECEIVABLES

## (a) Short-term

|                       | 2021<br>VND           | 2020<br>VND           |
|-----------------------|-----------------------|-----------------------|
| Interest income       | 27,651,213,503        | 5,835,250,458         |
| Deposits              | 6,578,869,936         | 42,402,720,381        |
| Advances to employees | 712,469,464           | 197,754,929           |
| Others                | 380,931,293           | -                     |
|                       | <u>35,323,484,196</u> | <u>48,435,725,768</u> |

## 7 OTHER RECEIVABLES (continued)

## (b) Long-term

|                                | 2021<br>VND            | 2020<br>VND          |
|--------------------------------|------------------------|----------------------|
| Deposits (*)                   | 285,052,830,311        | -                    |
| Interest receivables (Note 29) | 31,733,706,294         | -                    |
| Long-term deposits             | 3,392,049,800          | 3,570,803,600        |
|                                | <u>320,178,586,405</u> | <u>3,570,803,600</u> |

- (\*) According to the Resolution No. 01-2021/NQ-GAC dated 11 January 2021 of the Board of Directors, the Company signed the buying option agreements for real estate of the NovaWorld Phan Thiet project. Accordingly, the Company deposited VND285,052,830,311 in the first 6 months of 2021. In addition, pursuant to the above agreements, the Company can exercise the real estate buying option in March 2023. In case the Company does not exercise the buying option, the Company will receive the entire deposit, together with the interest income calculated at the interest rate of 13% per annum, from the date of the Company deposited. Accordingly, the Company has accrued above interest in the separate financial statements for the year ended 31 December 2021 pursuant to choosing not to exercise the buying option for estate belongs to the NovaWorld Phan Thiet project.



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8 DOUBTFUL DEBTS

|  | 2021                  |                              |                       |                | 2020        |                              |                  |                |
|--|-----------------------|------------------------------|-----------------------|----------------|-------------|------------------------------|------------------|----------------|
|  | Cost<br>VND           | Recoverable<br>amount<br>VND | Provision<br>VND      | Overdue period | Cost<br>VND | Recoverable<br>amount<br>VND | Provision<br>VND | Overdue period |
| <b>Receivables that were past due</b>                              |                       |                              |                       |                |             |                              |                  |                |
| Long Giang Investment and Urban Development<br>Joint Stock Company | 5,735,808,302         | 241,525,539                  | 5,494,282,763         | Over 1 year    |             |                              |                  |                |
| An Gia Hung Investment Construction Joint Stock Company            | 4,063,310,403         | 1,218,993,121                | 2,844,317,282         | Over 2 years   |             |                              |                  |                |
| Hung Long Phat Investment and Construction<br>Joint Stock Company  | 1,702,657,460         | -                            | 1,702,657,460         | Over 3 years   |             |                              |                  |                |
| China Construction Corporation Ltd.                                | 1,656,140,069         | 493,169,829                  | 1,162,970,240         | Over 2 years   |             |                              |                  |                |
| Others   | 7,456,392,517         | 3,367,630,526                | 4,088,761,991         | Over 6 months  |             |                              |                  |                |
|  | <u>20,614,308,751</u> | <u>5,321,319,015</u>         | <u>15,292,989,736</u> |                |             |                              |                  |                |
| <b>Receivables that were past due</b>                              |                       |                              |                       |                |             |                              |                  |                |
| An Gia Hung Investment Construction Joint Stock Company            | 4,263,310,403         | 2,131,655,200                | 2,131,655,203         | Over 1 year    |             |                              |                  |                |
| Hung Long Phat Investment and Construction<br>Joint Stock Company  | 2,129,404,220         | 638,821,266                  | 1,490,582,954         | Over 1 years   |             |                              |                  |                |
| China Construction Corporation Ltd.                                | 1,661,386,057         | 618,415,817                  | 1,042,970,240         | Over 2 years   |             |                              |                  |                |
| Others   | 4,633,220,992         | 1,679,840,406                | 2,953,380,586         | Over 6 months  |             |                              |                  |                |
|  | <u>12,687,321,672</u> | <u>5,068,732,689</u>         | <u>7,618,588,983</u>  |                |             |                              |                  |                |

## 9 INVENTORIES

|                  | 31.12.2021             |                         | 31.12.2020             |                         |
|------------------|------------------------|-------------------------|------------------------|-------------------------|
|                  | Cost<br>VND            | Provision<br>VND        | Cost<br>VND            | Provision<br>VND        |
| Raw materials    | 386,118,197,571        | (10,018,951,493)        | 319,619,881,725        | (6,737,223,586)         |
| Finished goods   | <b>143,371,563,394</b> | (5,749,913,907)         | 119,769,998,832        | (4,413,452,567)         |
| Work in progress | 114,350,979,197        | (3,991,620,223)         | 87,165,652,902         | (3,910,810,774)         |
| Merchandise      | 31,684,466,045         | (1,183,713,457)         | 31,648,946,097         | (1,288,685,773)         |
| Goods in transit | 29,791,784,042         | -                       | 26,452,064,111         | -                       |
|                  | <u>705,316,990,249</u> | <u>(20,944,199,080)</u> | <u>584,656,543,667</u> | <u>(16,350,172,700)</u> |

Movements in the provision for decline in value of inventories during the year were as follows:

|                     | 2021<br>VND           | 2020<br>VND           |
|---------------------|-----------------------|-----------------------|
| Beginning of year   | 16,350,172,700        | 10,328,227,835        |
| Provision (Note 28) | 4,594,026,380         | 6,021,944,865         |
| End of year         | <u>20,944,199,080</u> | <u>16,350,172,700</u> |

## 10 PREPAID EXPENSES

## (a) Short-term

|                      | 2021<br>VND           | 2020<br>VND           |
|----------------------|-----------------------|-----------------------|
| Tools and supplies   | 2,946,499,453         | 5,217,901,345         |
| Showroom and samples | -                     | 3,832,770,290         |
| Advertising          | 2,017,515,472         | 106,480,455           |
| Insurance            | 1,810,522,298         | 162,180,046           |
| Rental               | 478,435,830           | 479,635,830           |
| Others               | 5,198,419,405         | 3,457,604,386         |
|                      | <u>12,451,392,458</u> | <u>13,256,572,352</u> |



## 10 PREPAID EXPENSES (continued)

## (b) Long-term

|                               | 2021<br>VND           | 2020<br>VND           |
|-------------------------------|-----------------------|-----------------------|
| Land rental (*)               | 66,240,059,645        | 68,060,329,207        |
| Office and factory renovation | 10,059,547,045        | 15,297,885,459        |
| Tools and supplies            | 3,391,540,809         | 8,094,930,497         |
| Rental                        | 2,048,043,527         | 2,094,153,325         |
| Others                        | 1,454,177,462         | 3,817,099,707         |
|                               | <u>83,193,368,488</u> | <u>97,364,398,195</u> |

(\*) As at 31 December 2021, land use rights of land lots No. 441 and No. 681 located in Binh Duong Province have been pledged for short-term borrowings with bank (Note 19).

Movements in long-term prepaid expenses during the year were as follows:

|                   | 2021<br>VND           | 2020<br>VND           |
|-------------------|-----------------------|-----------------------|
| Beginning of year | 97,364,398,195        | 125,206,972,761       |
| Increase          | 11,913,219,118        | 6,186,704,786         |
| Allocation        | (26,084,248,825)      | (34,029,279,352)      |
| End of year       | <u>83,193,368,488</u> | <u>97,364,398,195</u> |

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11 FIXED ASSETS

(a) Tangible fixed assets

|  | Plant and buildings<br>VND | Machinery<br>VND | Motor vehicles<br>VND | Office equipment<br>VND | Others<br>VND  | Total<br>VND    |
|--|----------------------------|------------------|-----------------------|-------------------------|----------------|-----------------|
| <b>Historical cost</b>                               |                            |                  |                       |                         |                |                 |
| As at 1 January 2021                                 | 157,693,013,040            | 214,290,795,294  | 70,639,054,170        | 3,887,225,089           | 24,332,699,212 | 470,842,786,805 |
| New purchases  | -                          | 4,008,764,095    | 930,363,637           | 219,150,000             | -              | 5,158,277,732   |
| Transfers from construction in progress<br>(Note 12) | -                          | 4,069,992,592    | -                     | -                       | -              | 4,069,992,592   |
| Disposals  | -                          | (1,465,635,462)  | -                     | (217,180,909)           | (387,655,904)  | (2,070,472,275) |
| As at 31 December 2021                               | 157,693,013,040            | 220,903,916,519  | 71,569,417,807        | 3,889,194,180           | 23,945,043,308 | 478,000,584,854 |
| <b>Accumulated depreciation</b>                      |                            |                  |                       |                         |                |                 |
| As at 1 January 2021                                 | 63,644,773,230             | 108,133,161,036  | 37,161,382,151        | 2,486,463,652           | 19,827,543,053 | 231,253,323,122 |
| Charge for the year                                  | 14,400,183,671             | 23,810,653,775   | 8,316,326,792         | 652,340,081             | 1,243,868,034  | 48,423,372,353  |
| Disposals  | -                          | (1,465,635,462)  | -                     | (217,180,909)           | (387,655,904)  | (2,070,472,275) |
| As at 31 December 2021                               | 78,044,956,901             | 130,478,179,349  | 45,477,708,943        | 2,921,622,824           | 20,683,755,183 | 277,606,223,200 |
| <b>Net book value</b>                                |                            |                  |                       |                         |                |                 |
| As at 1 January 2021                                 | 94,048,239,810             | 106,157,634,258  | 33,477,672,019        | 1,400,761,437           | 4,505,156,159  | 239,589,463,683 |
| As at 31 December 2021                               | 79,648,056,139             | 90,425,737,170   | 26,091,708,864        | 967,571,356             | 3,261,288,125  | 200,394,361,654 |

Historical cost of tangible fixed assets fully depreciated but still in use as at 31 December 2021 was VND41 billion (as at 31 December 2020: VND26.5 billion).

As at 31 December 2021, tangible fixed assets with carrying value of VND52 billion (as at 31 December 2020: VND60 billion) were pledged with banks as security for short-term borrowings granted to the Company (Note 19).



## 11 FIXED ASSETS (continued)

## (b) Intangible fixed assets

|   | Land use rights<br>VND      | Software<br>VND              | Total<br>VND                 |
|---|-----------------------------|------------------------------|------------------------------|
| <b>Historical cost</b>                              |                             |                              |                              |
| As at 1 January 2021                                | 8,090,909,091               | 23,594,058,255               | 31,684,967,346               |
| Transferred from construction in progress (Note 12) |                             | 463,600,000                  | 463,600,000                  |
| As at 31 December 2021                              | <u>8,090,909,091</u>        | <u>24,057,658,255</u>        | <u>32,148,567,346</u>        |
| <b>Accumulated amortisation</b>                     |                             |                              |                              |
| As at 1 January 2021                                | 1,399,806,148               | 10,249,822,010               | 11,649,628,158               |
| Charge for the year                                 | 221,804,518                 | 3,675,419,271                | 3,897,223,789                |
| As at 31 December 2021                              | <u>1,621,610,666</u>        | <u>13,925,241,281</u>        | <u>15,546,851,947</u>        |
| <b>Net book value</b>                               |                             |                              |                              |
| As at 1 January 2021                                | <u>6,691,102,943</u>        | <u>13,344,236,245</u>        | <u>20,035,339,188</u>        |
| As at 31 December 2021                              | <u><u>6,469,298,425</u></u> | <u><u>10,132,416,974</u></u> | <u><u>16,601,715,399</u></u> |

Historical cost of intangible fixed assets fully amortised but still in use as at 31 December 2021 was VND499 million (as at 31 December 2020: VND299 million).

As at 31 December 2021, intangible fixed assets with carrying value of VND6.5 billion (as at 31 December 2020: VND6.7 billion) were pledged with banks as security for short-term borrowings granted to the Company (Note 19).

## 12 CONSTRUCTIONS IN PROGRESS

|                         | 2021<br>VND        | 2020<br>VND          |
|-------------------------|--------------------|----------------------|
| Office renovation       | 289,317,394        | 508,363,719          |
| Machinery and equipment | 388,577,562        | 2,152,010,027        |
|                         | <u>677,894,956</u> | <u>2,660,373,746</u> |

**12 CONSTRUCTIONS IN PROGRESS (continued)**

Movements of the construction in progress during the year were as follows:

|  | 2021<br>VND        | 2020<br>VND          |
|--|--------------------|----------------------|
| Beginning of year                                      | 2,660,373,746      | 1,163,306,006        |
| Increase during the year                               | 2,551,113,802      | 1,497,067,740        |
| Transferred to tangible fixed assets<br>(Note 11(a))   | (4,069,992,592)    | -                    |
| Transferred to intangible fixed assets<br>(Note 11(b)) | (463,600,000)      | -                    |
| End of year  | <u>677,894,956</u> | <u>2,660,373,746</u> |

**13 SHORT-TERM TRADE ACCOUNTS PAYABLES**

|                              | 2021<br>VND            | 2020<br>VND            |
|------------------------------|------------------------|------------------------|
| Third parties                |                        |                        |
| Vina Eco Board Limited       | 23,658,944,848         | 17,173,526,919         |
| Others                       | 115,889,234,809        | 107,358,676,303        |
| Related parties (Note 34(b)) | 57,017,521,792         | 93,281,169,582         |
|                              | <u>196,565,701,449</u> | <u>217,813,372,804</u> |

As at 31 December 2021 and 31 December 2020, there was no balance of short-term trade accounts payable that was past due.

**14 SHORT-TERM ADVANCES FROM CUSTOMERS**

|   | 2021<br>VND            | 2020<br>VND            |
|---|------------------------|------------------------|
| Third parties   |                        |                        |
| Conglom Inc.  | 12,006,895,400         | 18,115,355,301         |
| Ricons Group Construction Investment<br>Joint Stock Company | 24,530,439,280         | -                      |
| Others  | 92,794,552,163         | 89,334,906,707         |
|   | <u>129,331,886,843</u> | <u>107,450,262,008</u> |



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15 TAX AND OTHER RECEIVABLES FROM/PAYABLES TO THE STATE

Movements in tax and other receivable from/payables to the State during the year were as follows:

|                            | As at<br>1.1.2021<br>VND | Receivable during<br>the year<br>VND | Received during<br>the year<br>VND | As at<br>31.12.2021<br>VND |
|----------------------------|--------------------------|--------------------------------------|------------------------------------|----------------------------|
| <b>a) Receivables</b>      |                          |                                      |                                    |                            |
| Import tax to be reclaimed | 304,078,082              | 104,112,366                          | (301,527,769)                      | 106,662,679                |
| Others                     | 2,677,748                | 1,140,380,085                        | (1,090,652,468)                    | 52,405,365                 |
|                            | <u>306,755,830</u>       | <u>1,244,492,451</u>                 | <u>(1,392,180,237)</u>             | <u>159,068,044</u>         |
|                            |                          |                                      |                                    |                            |
| <b>b) Payables</b>         |                          |                                      |                                    |                            |
| VAT                        | 7,188,986,913            | 61,815,953,569                       | (65,896,227,038)                   | 3,108,713,444              |
| BIT                        | 24,290,999,039           | 55,891,630,041                       | (66,882,324,729)                   | 13,300,304,351             |
| Personal income tax        | 4,356,782,288            | 9,449,788,523                        | (11,906,876,371)                   | 1,899,694,440              |
| Import tax                 | -                        | 7,749,974,801                        | (7,749,974,801)                    | -                          |
| Others                     | -                        | 267,361,074                          | (267,361,074)                      | -                          |
|                            | <u>35,836,768,240</u>    | <u>135,174,708,008</u>               | <u>(152,702,764,013)</u>           | <u>18,308,712,235</u>      |

**16 PAYABLES TO EMPLOYEES**

Payables to employees represent the salary of December and accrued 13th month salary payable to employees.

**17 SHORT-TERM ACCRUED EXPENSES**

|                    | 2021<br>VND           | 2020<br>VND           |
|--------------------|-----------------------|-----------------------|
| Bonus to employees | 10,288,271,589        | 5,990,078,851         |
| Advertising        | 340,536,028           | 48,000,000            |
| Others             | 2,202,437,624         | 6,191,278,885         |
|                    | <u>12,831,245,241</u> | <u>12,229,357,736</u> |

**18 OTHER SHORT-TERM PAYABLES**

|                  | 2021<br>VND           | 2020<br>VND        |
|------------------|-----------------------|--------------------|
| Social insurance | 9,782,939,000         | -                  |
| Other            | 466,489,696           | 329,115,763        |
|                  | <u>10,249,428,696</u> | <u>329,115,763</u> |



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19 SHORT-TERM BORROWINGS

|                         | As at<br>1.1.2021<br>VND | Increase<br>VND          | Decrease<br>VND            | Revaluation<br>VND | As at<br>31.12.2021<br>VND |
|-------------------------|--------------------------|--------------------------|----------------------------|--------------------|----------------------------|
| Bank loans (*)          | 158,760,612,438          | 1,649,935,050,777        | (1,499,890,824,060)        | 233,111,381        | 309,037,950,536            |
| Related party (Note 34) | -                        | 102,000,000,000          | (102,000,000,000)          | -                  | -                          |
|                         | <u>158,760,612,438</u>   | <u>1,751,935,050,777</u> | <u>(1,601,890,824,060)</u> | <u>233,111,381</u> | <u>309,037,950,536</u>     |

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

|   | Currency | As at 31.12.2021<br>VND | Term<br>Months | Expiry<br>Date | Interest<br>(% per<br>annum) | Collateral  |
|---|----------|-------------------------|----------------|----------------|------------------------------|---|
| Joint Stock Commercial Bank<br>Foreign Trade of Vietnam<br>("Vietcombank")      | VND      | 209,277,035,032         | 6              | 30.06.2022     | 4.4                          | Bank deposit Contract at VietinBank<br>with the value of VND122 billion, and<br>the value of VND40 billion.   |
|   | USD      | 22,871,436,388          | 6              | 17.06.2022     | 2.1                          |   |
| Vietnam Joint Stock<br>Commercial Bank for Industry<br>and Trade ("Vietinbank") | VND      | 5,706,003,829           | 4              | 30.04.2022     | 4.5 - 4.6                    | Subrogation of the Company; land use<br>rights and assets belonged to land lots<br>No. 441 and 681 located in Binh<br>Duong Province, machineries and<br>equipment. |
|   | USD      | 71,183,475,287          | 3              | 30.04.2022     | 2.35                         |   |
|   |          | <u>309,037,950,536</u>  |                |                |                              |   |

**20 BONUS AND WELFARE FUNDS**

Movements of bonus and welfare fund during the year are as follows:

|                    | 2021<br>VND        | 2020<br>VND        |
|--------------------|--------------------|--------------------|
| Beginning of year  | 121,726,732        | 917,479,268        |
| Increase (Note 24) | 61,472,674,044     | 24,319,110,144     |
| Decrease           | (61,240,077,344)   | (25,114,862,680)   |
| End of year        | <u>354,323,432</u> | <u>121,726,732</u> |

**21 PROVISION FOR LONG-TERM LIABILITIES**

The balances represent provision for severance allowances which are determined based on the method disclosed in Note 2.16 and provision for dismantling cost.

**22 DEFERRED INCOME TAX**

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 details were as follows:

|   | 2021<br>VND          | 2020<br>VND          |
|---|----------------------|----------------------|
| Deferred tax assets:  |                      |                      |
| Deferred tax assets to be recovered after more than 12 months | 906,680,750          | 490,071,000          |
| Deferred tax assets to be recovered within 12 months          | 4,188,839,816        | 4,115,870,066        |
|   | <u>5,095,520,566</u> | <u>4,605,941,066</u> |

The gross movement in deferred income tax, without taking into consideration the offsetting of balances within the same tax jurisdiction, is as follows:

|  | 2021<br>VND          | 2020<br>VND          |
|--|----------------------|----------------------|
| Beginning of year                          | 4,605,941,066        | 3,669,483,993        |
| Separate income statement credit (Note 32) | 489,579,500          | 936,457,073          |
| End of year                                | <u>5,095,520,566</u> | <u>4,605,941,066</u> |



**22 DEFERRED INCOME TAX (continued)**

Details of deferred tax assets

|                                  | 2021<br>VND   | 2020<br>VND   |
|----------------------------------|---------------|---------------|
| Deductible temporary differences | 5,095,520,566 | 4,605,941,066 |

Deferred tax assets mainly arise from deductible temporary differences relating to accrued expenses, and provisions. The Company uses 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              | 87,650,344 | 87,656,844 |
| Number of shares issued                  | 87,650,344 | 87,656,844 |
| Number of shares repurchased             | (9,600)    | (294,600)  |
| Number of existing shares in circulation | 87,640,744 | 87,362,244 |

**(b) Details of owners' shareholding**

|                                    | 31.12.2021         |               | 31.12.2020         |               |
|------------------------------------|--------------------|---------------|--------------------|---------------|
|                                    | Ordinary<br>shares | %             | Ordinary<br>shares | %             |
| NC Viet Nam Investment Ltd.        | 43,861,200         | 50.04         | 43,861,200         | 50.04         |
| Sumimoto Forestry (Singapore) Ltd. | 17,187,922         | 19.61         | 17,187,922         | 19.61         |
| Whitlam Holding Pte. Ltd.          | 15,834,000         | 18.06         | 15,834,000         | 18.06         |
| Others                             | 10,767,222         | 12.29         | 10,773,722         | 12.29         |
|                                    | <u>87,650,344</u>  | <u>100.00</u> | <u>87,656,844</u>  | <u>100.00</u> |

## 23 OWNERS' CAPITAL (continued)

## (c) Movement of share capital

|  | Number of<br>shares | Ordinary<br>shares<br>VND | Treasury<br>shares | Total<br>VND     |
|--|---------------------|---------------------------|--------------------|------------------|
| As at 1 January 2020                     | 85,936,483          | 859,380,830,000           | (16,000,000)       | 859,364,830,000  |
| New shares issued<br>(Note 24)           | 1,718,761           | 17,187,610,000            | -                  | 17,187,610,000   |
| Repurchased treasury<br>shares (Note 24) | (293,000)           |                           | (20,030,000,000)   | (20,030,000,000) |
| As at 31 December 2020                   | 87,362,244          | 876,568,440,000           | (20,046,000,000)   | 856,522,440,000  |
| Repurchased treasury<br>shares (Note 24) | (6,500)             | -                         | (65,000,000)       | (65,000,000)     |
| Cancel treasury shares<br>(Note 24)      | -                   | (65,000,000)              | 65,000,000         | -                |
| Sold treasury shares                     | 285,000             | -                         | 19,392,769,853     | 19,392,769,853   |
| As at 31 December 2021                   | 87,640,744          | 876,503,440,000           | (653,230,147)      | 875,850,209,853  |

Par value per share: VND10,000.

The Company do not have preference shares.



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24 MOVEMENTS IN OWNERS' EQUITY

|   | Owners' capital<br>VND | Share premium<br>VND | Treasury shares<br>VND | Development and investment fund<br>VND | Undistributed earnings<br>VND | Total<br>VND      |
|---|------------------------|----------------------|------------------------|--|-------------------------------|-------------------|
| As at 1 January 2020                                      | 859,380,830,000        | 1,408,471,865,056    | (16,000,000)           | 22,829,452,785                         | 726,007,559,908               | 3,016,673,707,749 |
| Capital increased during the year                         | 17,187,610,000         | -                    | -                      | -                                      | -                             | 17,187,610,000    |
| Dividends paid  | -                      | -                    | -                      | -                                      | (315,002,678,400)             | (315,002,678,400) |
| Net profit for the year                                   | -                      | -                    | -                      | -                                      | 335,263,211,227               | 335,263,211,227   |
| Appropriation to the investment and development fund      | -                      | -                    | -                      | 14,591,466,086                         | (14,591,466,086)              | -                 |
| Appropriation to the bonus and welfare fund               | -                      | -                    | -                      | -                                      | (24,319,110,144)              | (24,319,110,144)  |
| Repurchases treasury shares                               | -                      | -                    | (20,030,000,000)       | -                                      | -                             | (20,030,000,000)  |
| Others  | -                      | -                    | -                      | (830,600,000)                          | (3,000,000,000)               | (3,830,600,000)   |
| As at 31 December 2020                                    | 876,568,440,000        | 1,408,471,865,056    | (20,046,000,000)       | 36,590,318,871                         | 704,357,516,505               | 3,005,942,140,432 |
| Net profit for the year                                   | -                      | -                    | -                      | -                                      | 458,616,379,319               | 458,616,379,319   |
| Dividends paid (Note 25) (i)                              | -                      | -                    | -                      | -                                      | (104,826,892,800)             | (104,826,892,800) |
| Appropriation to the investment and development fund (ii) | -                      | -                    | -                      | 21,883,604,426                         | (21,883,604,426)              | -                 |
| Appropriation to the bonus and welfare fund (ii)          | -                      | -                    | -                      | -                                      | (36,472,674,044)              | (36,472,674,044)  |
| Appropriation to the Charity fund (Note 18) (ii)          | -                      | -                    | -                      | -                                      | (5,000,000,000)               | (5,000,000,000)   |
| Transfer to bonus and welfare fund (v)                    | -                      | -                    | -                      | (25,000,000,000)                       | -                             | (25,000,000,000)  |
| Repurchases treasury shares (iii)                         | -                      | -                    | (65,000,000)           | -                                      | -                             | (65,000,000)      |
| Cancelled treasury shares (iii)                           | (65,000,000)           | -                    | 65,000,000             | -                                      | -                             | -                 |
| Sold treasury shares (iv)                                 | -                      | 10,832,823,647       | 19,392,769,853         | -                                      | -                             | 30,225,593,500    |
| Others  | -                      | -                    | -                      | (12,076,464,358)                       | -                             | (12,076,464,358)  |
| As at 31 December 2021                                    | 876,503,440,000        | 1,419,304,688,703    | (653,230,147)          | 21,397,458,939                         | 994,790,724,554               | 3,311,343,082,049 |

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

- (i) Pursuant to the Resolution of the Annual General Meetings of Shareholders No. 07/2021/NQ-GAC dated 20 May 2021, the General Meeting of Shareholders approved the second dividend payment of 2020 in cash at the rate of 12% at par value of share for each payment.
- (ii) Pursuant to the Resolution of the Annual General Meeting of Shareholders No. 07/2021/NQ-GAC dated 20 May 2021 and the Resolution of the 2021 extraordinary General Meeting of Shareholders No.12-2021/NQ-GAC dated 22 November 2021, the General Meeting of Shareholders approved the appropriation of charity funds amounting to VND5,000,000,000 from profit after tax, appropriation of development and investment fund at the rate of 3% and appropriation of bonus and welfare fund at the rate of 5% on profit after tax in accordance with the audited consolidated financial statements of the Group as at 31 December 2020 and reviewed consolidated financial statements of the Group as at 30 June 2021.
- (iii) Pursuant to the Decision No. 154-2021/QĐ-GAC dated 13 January 2021, the Company repurchased 6,500 shares from the employees of the Company, at the price of VND10,000 per share. According to Resolution of the Annual General Meetings of Shareholders No. 07A/2021/NQ-GAC dated 20 May 2021, the General Meeting of Shareholders approved to reduce VND65,000,000 charter capital corresponding to 6,500 shares that were bought back from employees.
- (iv) In 2021, the Company sold 285,000 treasury shares bought back in 2020 to the market in accordance with the Decision of the Board of Directors No. 96-2021/QĐ-GAC dated 14 September 2021.
- (v) In 2021, the Board of Directors approved the transfer of the development and investment fund to the bonus and welfare fund to pay for expenses relating to the COVID-19 prevention, in accordance with the Resolution of the 2021 extraordinary General Meeting of Shareholders No.12-2021/NQ-GAC dated 22 November 2021.

**25 DIVIDENDS**

|                    | 2021<br>VND        | 2020<br>VND        |
|--------------------|--------------------|--------------------|
| Beginning of year  | 121,726,732        | 917,479,268        |
| Increase (Note 24) | 61,472,674,044     | 24,319,110,144     |
| Decrease           | (61,240,077,344)   | (25,114,862,680)   |
| End of year        | <u>354,323,432</u> | <u>121,726,732</u> |



**26 OFF BALANCE SHEET ITEMS****(a) Foreign currencies**

Included in cash were balances held in foreign currencies of US\$39,772 and EUR9,069 (as at 31 December 2020: US\$192,313 and EUR1,618).

**(b) Operating lease assets**

The future minimum lease payments under non-cancellable operating assets leases are presented in Note 35.

**27 NET REVENUE OF SALES OF GOODS AND RENDERING OF SERVICES**

|  | 2021<br>VND              | 2020<br>VND              |
|--|--------------------------|--------------------------|
| <b>Revenue</b>   |                          |                          |
| Revenue from sales of goods                                      | 1,985,805,280,718        | 2,352,425,283,621        |
| Revenue from rendering of services                               | 59,191,539,604           | 75,587,096,318           |
|  | <u>2,044,996,820,322</u> | <u>2,428,012,379,939</u> |
| <b>Sales deductions</b>  |                          |                          |
| Sales returns  | (2,412,869,465)          | (2,942,824,793)          |
| Trade discounts  | (3,179,887,723)          | (3,354,596,927)          |
| Sales allowances   | (103,140,000)            | (24,104,100)             |
|  | <u>(5,695,897,188)</u>   | <u>(6,321,525,820)</u>   |
| <b>Net revenue from sales of goods and rendering of services</b> |                          |                          |
| Net revenue from sales of finished goods                         | 1,980,109,383,530        | 2,346,103,757,801        |
| Net revenue from rendering of services                           | 59,191,539,604           | 75,587,096,318           |
|  | <u>2,039,300,923,134</u> | <u>2,421,690,854,119</u> |

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

|  | 2021<br>VND              | 2020<br>VND              |
|--|--------------------------|--------------------------|
| Cost of finished goods sold                            | 1,554,022,394,214        | 1,848,346,135,378        |
| Cost of services rendered                              | 39,223,268,576           | 63,877,324,580           |
| Provision for decline in value of inventories (Note 9) | 4,594,026,380            | 6,021,944,865            |
| Provision for dismantling cost                         | 2,000,000,000            | -                        |
|  | <u>1,599,839,689,170</u> | <u>1,918,245,404,823</u> |

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## 29 FINANCIAL INCOME

|   | 2021<br>VND            | 2020<br>VND            |
|---|------------------------|------------------------|
| Profit distributed (Note 34)              | 267,174,056,264        | 140,000,000,000        |
| Interest income from bank deposits        | 86,305,354,001         | 85,521,201,251         |
| Interest income from deposits (Note 7(b)) | 31,733,706,294         | -                      |
| Realised foreign exchange gains           | 9,027,930,711          | 8,217,265,348          |
|   | <u>394,241,047,270</u> | <u>233,738,466,599</u> |

## 30 SELLING EXPENSES

|                               | 2021<br>VND            | 2020<br>VND            |
|-------------------------------|------------------------|------------------------|
| Staff costs                   | 94,828,797,051         | 100,472,456,797        |
| Marketing and advertising     | 41,062,900,880         | 47,197,297,209         |
| Transportation                | 34,763,843,242         | 41,687,889,252         |
| Rental                        | 19,169,243,143         | 16,773,513,363         |
| Repair and maintenances       | 19,196,095,297         | 18,096,276,624         |
| Depreciation and amortisation | 9,641,739,399          | 10,227,389,692         |
| Tools and supplies            | 7,502,768,820          | 7,204,132,463          |
| Others                        | 25,678,258,974         | 33,842,289,657         |
|                               | <u>251,843,646,806</u> | <u>275,501,245,057</u> |

## 31 GENERAL AND ADMINISTRATION EXPENSES

|                               | 2021<br>VND           | 2020<br>VND           |
|-------------------------------|-----------------------|-----------------------|
| Staff costs                   | 30,309,296,965        | 32,507,336,116        |
| Provision for doubtful debts  | 7,674,400,753         | 179,494,759           |
| Depreciation and amortisation | 2,331,297,694         | 1,615,914,038         |
| Professional fees             | 1,693,388,008         | 1,055,071,148         |
| Tools and supplies            | 1,127,547,763         | 955,207,929           |
| Others                        | 13,709,945,988        | 20,359,453,267        |
|                               | <u>56,845,877,171</u> | <u>56,672,477,257</u> |



**32 BIT**

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

|   | 2021<br>VND           | 2020<br>VND           |
|---|-----------------------|-----------------------|
| Net accounting profit before tax                    | 514,018,429,860       | 392,805,022,595       |
| Tax calculated at a rate of 20%                     | 102,803,685,972       | 78,561,004,519        |
| Effect of:  |                       |                       |
| Expenses not deductible for tax purposes            | 6,033,175,822         | 6,980,806,849         |
| Income not subject to tax                           | (53,434,811,253)      | (28,000,000,000)      |
| BIT (*)   | <u>55,402,050,541</u> | <u>57,541,811,368</u> |
| Charged/(credited) to separate<br>income statement: |                       |                       |
| BIT – current                                       | 55,891,630,041        | 58,478,268,441        |
| BIT – deferred (Note 22)                            | (489,579,500)         | (936,457,073)         |
|   | <u>55,402,050,541</u> | <u>57,541,811,368</u> |

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

**33 COST OF OPERATION BY FACTOR**

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

|                               | 2021<br>VND              | 2020<br>VND              |
|-------------------------------|--------------------------|--------------------------|
| Raw materials                 | 1,164,479,256,717        | 1,172,879,712,052        |
| Staff costs                   | 333,234,253,953          | 341,250,882,398          |
| Outside services              | 100,610,117,890          | 120,680,665,070          |
| Depreciation and amortisation | 52,320,596,142           | 52,246,768,895           |
| Tools and supplies            | 47,942,086,165           | 47,516,457,398           |
| Transportation                | 35,226,023,149           | 42,454,009,555           |
| Others                        | 87,170,303,342           | 82,731,554,217           |
|                               | <u>1,820,982,637,358</u> | <u>1,859,760,049,585</u> |

**34 RELATED PARTY DISCLOSURES**

As at 31 December 2021 and the year then ended, the Company had balances and/or transactions with the related parties:

| <b>Related parties</b>                              | <b>Relationship</b>                    |
|---|--|
| Malloca Vietnam Company Limited                     | Subsidiary                             |
| An Cuong Wood-Working Manufacturing Company Limited | Subsidiary                             |
| AConcept Vietnam Company Limited                    | Subsidiary                             |
| NC Vietnam Investment Company Limited               | Controlling shareholder                |
| Whitlam Holding Pte. Ltd.                           | Major shareholder                      |
| Sumitomo Forestry (Singapore) Ltd.                  | Major shareholder                      |
| Trung Hieu Plywood Company Limited                  | Controlled by Chairman's family member |
| Le Duc Nghia  | Chairman                               |
| Vo Thi Ngoc Anh                                     | General Director                       |
| Nguyen Thi Kim Thao                                 | Deputy General Director                |

**(a) Related party transactions**

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

|   | 2021<br>VND            | 2020<br>VND            |
|---|------------------------|------------------------|
| <b><i>i) Sales of goods and rendering of services</i></b> |                        |                        |
| Trung Hieu Plywood Company Limited                        | 40,996,038,723         | 52,411,632,592         |
| Malloca Vietnam Company Limited                           | 31,773,687,025         | 36,377,818,420         |
| AConcept Vietnam Company Limited                          | 31,640,501,569         | 24,654,088,137         |
| An Cuong Wood-Working Manufacturing Company Limited       | 122,844,771,581        | 240,892,608,306        |
|   | <u>227,254,998,898</u> | <u>354,336,147,455</u> |
| <b><i>ii) Purchases of goods and services</i></b>         |                        |                        |
| Malloca Vietnam Company Limited                           | 10,493,093,000         | 11,011,947,875         |
| AConcept Vietnam Company Limited                          | 1,174,694,337          | 1,586,928,062          |
| An Cuong Wood-Working Manufacturing Company Limited       | 259,172,429,706        | 326,361,014,182        |
|   | <u>270,840,217,043</u> | <u>338,959,890,119</u> |
| <b><i>iii) Sales of fixed assets</i></b>                  |                        |                        |
| An Cuong Wood-Working Manufacturing Company Limited       | <u>-</u>               | <u>3,095,545,454</u>   |



## 34 RELATED PARTY DISCLOSURES (continued)

## (a) Related party transactions (continued)

|  | 2021<br>VND     | 2020<br>VND     |
|--|-----------------|-----------------|
| <i>iv) Borrowing drawdown (Note 19)</i>                |                 |                 |
| Le Duc Nghia   | 102,000,000,000 | -               |
| <i>v) Repayment of borrowings (Note 19)</i>            |                 |                 |
| Le Duc Nghia   | 102,000,000,000 | -               |
| <i>vi) Interest expense</i>                            |                 |                 |
| Le Duc Nghia   | 425,654,794     | -               |
| <i>vii) Dividend paid during the year</i>              |                 |                 |
| NC Vietnam Investment Ltd.                             | 52,633,440,000  | 157,900,320,000 |
| Sumitomo Forestry (Singapore) Ltd                      | 20,625,506,400  | 61,876,519,200  |
| Withlam Holding Pte Ltd.                               | 19,000,800,000  | 57,002,400,000  |
| <i>viii) Dividend received from (Note 29)</i>          |                 |                 |
| An Cuong Wood-Working Manufacturing<br>Company Limited | 242,174,056,264 | 40,000,000,000  |
| Malloca Vietnam Company Limited                        | 25,000,000,000  | 100,000,000,000 |
|  | 267,174,056,264 | 140,000,000,000 |
| <i>ix) Compensation of key management</i>              |                 |                 |
| Gross salaries and other benefits                      | 20,808,075,386  | 24,195,548,846  |
| In which:  |                 |                 |
| General Director                                       | 1,928,426,154   | 2,925,000,000   |
| Other management                                       | 18,879,649,232  | 21,270,548,846  |

## 34 RELATED PARTY DISCLOSURES (continued)

## (a) Related party transactions (continued)

|   | 2021<br>VND           | 2020<br>VND |
|---|-----------------------|-------------|
| <i>x) Lendings and collection of lendings</i> |                       |             |
| Nguyen Thi Kim Thoa                           | 5,450,000,000         | -           |
| Vo Thi Ngoc Anh                               | 5,340,000,000         | -           |
|   | <u>10,790,000,000</u> | <u>-</u>    |

## (b) Year end balances with related parties

|  | 2021<br>VND            | 2020<br>VND            |
|--|------------------------|------------------------|
| <i>Short-term trade accounts receivable (Note 5)</i>     |                        |                        |
| Trung Hieu Plywood Company Limited                       | 7,069,840,460          | 6,570,930,383          |
| Malloca Vietnam Company Limited                          | 13,742,624,691         | 3,621,575,962          |
| AConcept Vietnam Company Limited                         | 8,928,343,457          | 1,530,503,662          |
| An Cuong Wood-Working Manufacturing<br>Company Limited   | 45,556,855,955         | 33,830,097,008         |
|  | <u>75,297,664,563</u>  | <u>45,553,107,015</u>  |
| <i>Short-term prepayments to suppliers (Note 6)</i>      |                        |                        |
| Malloca Vietnam Company Limited                          | 13,979,302,000         | -                      |
| <i>Investments in subsidiaries (Note 4(b))</i>           |                        |                        |
| Malloca Vietnam Company Limited                          | 120,000,000,000        | 120,000,000,000        |
| An Cuong Wood - Working Manufacturing<br>Company Limited | 796,600,000,000        | 796,600,000,000        |
|  | <u>916,600,000,000</u> | <u>916,600,000,000</u> |
| <i>Short-term trade accounts payable (Note 13)</i>       |                        |                        |
| Malloca Vietnam Company Limited                          | 979,513,700            | 1,209,453,507          |
| AConcept Vietnam Company Limited                         | 1,330,507,051          | 8,490,914,163          |
| An Cuong Wood-Working Manufacturing<br>Company Limited   | 54,707,501,041         | 83,580,801,912         |
|  | <u>57,017,521,792</u>  | <u>93,281,169,582</u>  |

**35 COMMITMENTS**

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

|                            | 2021<br>VND           | 2020<br>VND           |
|----------------------------|-----------------------|-----------------------|
| Within one year            | 21,791,932,695        | 23,712,919,638        |
| Between one and five years | 41,691,411,273        | 48,923,640,131        |
| Over five years            | 15,124,795,779        | 19,089,594,946        |
| Total minimum payments     | <u>78,608,139,747</u> | <u>91,726,154,715</u> |

**35 SUBSEQUENT EVENT AFTER THE BALANCE SHEET DATE**

According to the Resolution of the Extraordinary General Meeting of Shareholders No. 12-2021/BBH-GAC dated 22 November 2021 and the Notice No. 07-2022/TB-GAC dated 18 February 2022 by An Cuong Wood-Working Joint Stock Company, the Company announced that it would offer 4,382,037 shares at par value of VND 10,000/share to its existing shareholders from 21 March 2022 to 15 April 2022 in accordance with the method of exercising the rights at the date of finalising the list of shareholders. This offering of shares to existing shareholders has been approved by the State Securities Commission pursuant to the Certificate of Public Offering Registration No. 21/GCN-UBCK dated 14 February 2022. Accordingly, the Company is expected to increase its charter capital by VND 43,820,370,000 from the offering of the above shares.

The separate financial statements were approved by the Board of Management on 18 March 2022.



Nguyen Thi Hong Lan  
Preparer



Thieu Thi Ngoc Diem  
Chief Accountant



Vu Thi Ngoc Anh  
General Director