

AN CUONG WOOD-WORKING JOINT STOCK COMPANY

CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2020

AN CUONG WOOD-WORKING JOINT STOCK COMPANY

CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2020

TABLE OF CONTENTS	PAGE
Corporate information	1
Statement by the Chairman	2
Independent auditor's report	3
Consolidated balance sheet (Form B 01 – DN/HN)	5
Consolidated income statement (Form B 02 – DN/HN)	7
Consolidated cash flow statement (Form B 03 – DN/HN)	8
Notes to the consolidated financial statements (Form B 09 – DN/HN)	9

## AN CUONG WOOD-WORKING JOINT STOCK COMPANY

### CORPORATE INFORMATION

#### Enterprise Registration Certificate

No. 3700748131 dated 20 September 2006.

The initial Enterprise Registration Certificate No. 3700748131 dated 20 September 2006 and its subsequent amendments were issued by the Department of Planning and Investment of Binh Duong with the latest amendment No. 3700748131 dated 28 December 2020.

#### Board of Directors

Mr. Le Duc Nghia	Chairman
Mr. Nguyen Minh Tuan	Member
Mr. Masao Kamibayashiyama	Member
Mr. Jess Rueloekke	Member (appointed from 12.11.2020)
Mr. Tran Luong Thanh Tung	Member (appointed from 12.11.2020)
Ms. Dang Pham Minh Loan	Member (resigned from 12.11.2020)
Mr. Le Thanh Phong	Member (appointed from 3.6.2020)
Ms. Nguyen Thi Dieu Phuong	Independent member (appointed from 3.6.2020)
Ms. Tran Thi Mong Thu	Member (resigned from 3.6.2020)
Mr. Tran Bao Minh	Independent member (resigned from 3.6.2020)

#### Board of Management

Mr. Le Thanh Phong	Deputy General Director
Ms. Vo Thi Ngoc Anh	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
------------------	----------

#### Registered office

Land plot 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 RESPONSIBILITY OF THE CHAIRMAN OF THE COMPANY IN RESPECT OF THE CONSOLIDATED FINANCIAL STATEMENTS

The Chairman of An Cuong Wood-Working Joint Stock Company (“the Company”) is responsible for preparing the consolidated financial statements of the Company and its subsidiaries (together, “the Group”) which gives a true and fair view of the consolidated financial position of the Group as at 31 December 2020 and the results of its consolidated operations and consolidated cash flows for the year then ended. In preparing these consolidated financial statements, the Chairman is required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent; and
- prepare the consolidated financial statements on a going concern basis unless it is inappropriate to presume that the Group will continue in business.

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

The Chairman has authorized the member of the Board of Directors of the Company to approve and sign the consolidated financial statements for the year ended 31 December 2020 as per Power of Attorney dated 31 December 2020.

### APPROVAL OF THE CONSOLIDATED FINANCIAL STATEMENTS

I hereby approve the accompanying consolidated financial statements as set out on pages 5 to 42 which gives a true and fair view of the consolidated financial position of the Group as at 31 December 2020 and of the results of its consolidated operations and consolidated cash flows for the year then ended in accordance with Vietnamese Accounting Standards, the Vietnamese Corporate Accounting System and applicable regulations on preparation and presentation of consolidated financial statements.

\_\_\_\_\_  
Tran Luong Thanh Tung  
Member of the Board of Directors

Binh Duong, SR Vietnam  
26 March 2021





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

We have audited the accompanying consolidated financial statement of An Cuong Wood-Working Joint Stock Company ("the Company") and its subsidiaries (together "the Group") which were prepared on 31 December 2020 and approved by the Chairman on 26 March 2021. The consolidated financial statements comprise the consolidated balance sheet as at 31 December 2020, the consolidated income statement, the consolidated cash flow statement for the year then ended, and explanatory notes to the consolidated financial statements including significant accounting policies, as set out on pages 9 to 42.

### **The Chairman's Responsibility**

The Chairman of the Company is responsible for the preparation and the true and fair presentation of these consolidated financial statements in accordance with Vietnamese Accounting Standards, the Vietnamese Corporate Accounting System and applicable regulations on the preparation and presentation of consolidated financial statements and for such internal control which the Chairman determines necessary to enable the preparation and fair presentation of consolidated financial statements that is free from material misstatement, whether due to fraud or error.

### **Auditor's Responsibility**

Our responsibility is to express an opinion on the consolidated financial statements based on our audit. We conducted our audit in accordance with Vietnamese Standards on Auditing. Those standards require that we comply with ethical standards and requirements and plan and perform the audit in order to obtain reasonable assurance as to whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including an assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Group's preparation and true and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Chairman, as well as evaluating the overall presentation of the consolidated 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 consolidated financial statements presents fairly, in all material respects, the consolidated financial position of the Group as at 31 December 2020, its consolidated financial performance and consolidated cash flows for the year then ended in accordance with Vietnamese Accounting Standards, the Vietnamese Corporate Accounting System and applicable regulations on the preparation and presentation of consolidated financial statements.

### **Other Matters**

The independent auditor's report is prepared in Vietnamese and English. Should there be any conflict between the Vietnamese and English copies, the Vietnamese copy shall take precedence.

### **For and on behalf of PwC (Vietnam) Limited**



\_\_\_\_\_  
Quach Thanh Chau  
Audit Practising Licence No:  
0875-2018-006-1  
Authorised signatory

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

Report reference number: HCM10154  
Ho Chi Minh City, 26 March 2021



## CONSOLIDATED BALANCE SHEET

Code	ASSETS	Note	As at 31 December	
			2020 VND	2019 VND
<b>100</b>	<b>CURRENT ASSETS</b>		<b>3,588,399,748,702</b>	<b>3,105,046,589,189</b>
<b>110</b>	<b>Cash and cash equivalents</b>	<b>3</b>	<b>53,239,217,833</b>	<b>65,461,661,002</b>
111	Cash		53,239,217,833	54,061,661,002
112	Cash equivalents		-	11,400,000,000
<b>120</b>	<b>Short-term investment</b>		<b>1,680,045,044,955</b>	<b>961,245,044,955</b>
123	Investments held to maturity	4(a)	1,680,045,044,955	961,245,044,955
<b>130</b>	<b>Short-term receivables</b>		<b>689,453,876,852</b>	<b>687,239,888,913</b>
131	Short-term trade accounts receivable	5	607,079,449,113	613,349,471,702
132	Short-term prepayments to suppliers	6	32,794,536,220	35,152,427,479
136	Other short-term receivables	7	60,123,992,957	47,130,636,434
137	Provision for doubtful debts – short term	8	(10,661,866,893)	(10,738,472,958)
139	Shortage of assets awaiting resolution		117,765,455	2,345,826,256
<b>140</b>	<b>Inventories</b>	<b>9</b>	<b>1,132,964,681,719</b>	<b>1,319,951,979,677</b>
141	Inventories		1,151,953,993,414	1,333,953,241,919
149	Provision for decline in value of inventories		(18,989,311,695)	(14,001,262,242)
<b>150</b>	<b>Other current assets</b>		<b>32,696,927,343</b>	<b>71,148,014,642</b>
151	Short-term prepaid expenses	10(a)	23,747,113,791	26,980,575,520
152	Value Added Tax (VAT) to be reclaimed		7,965,797,220	38,021,291,916
153	Tax and other taxes receivable from the State	15(a)	984,016,332	6,146,147,206
<b>200</b>	<b>NON-CURRENT ASSETS</b>		<b>864,717,863,998</b>	<b>1,074,399,678,909</b>
<b>210</b>	<b>Long-term receivable</b>		<b>5,728,730,600</b>	<b>2,157,927,000</b>
216	Other long-term receivables		5,728,730,600	2,157,927,000
<b>220</b>	<b>Fixed assets</b>		<b>635,138,407,774</b>	<b>727,923,936,361</b>
221	Tangible fixed assets	11(a)	615,103,068,586	707,928,769,570
222	Historical cost		1,009,655,377,117	992,164,123,312
223	Accumulated depreciation		(394,552,308,531)	(284,235,353,742)
227	Intangible fixed assets	11(b)	20,035,339,188	19,995,166,791
228	Historical cost		31,684,967,346	28,070,583,941
229	Accumulated amortisation		(11,649,628,158)	(8,075,417,150)
<b>240</b>	<b>Long-term asset in progress</b>		<b>2,660,445,161</b>	<b>1,284,804,836</b>
242	Construction in progress	12	2,660,445,161	1,284,804,836
<b>250</b>	<b>Long-term investment</b>		<b>-</b>	<b>83,000,000,000</b>
255	Investments held to maturity	4(b)	-	83,000,000,000
<b>260</b>	<b>Other long-term assets</b>		<b>221,190,280,463</b>	<b>260,033,010,712</b>
261	Long-term prepaid expenses	10(b)	212,227,664,545	253,407,953,245
262	Deferred income tax assets	20	8,962,615,918	6,625,057,467
<b>270</b>	<b>TOTAL ASSETS</b>		<b>4,453,117,612,700</b>	<b>4,179,446,268,098</b>

The notes on pages 9 to 42 are an integral part of these consolidated financial statements.

**CONSOLIDATED BALANCE SHEET**  
 (continued)

Code	RESOURCES	Note	As at 31 December	
			2020 VND	2019 VND
<b>300</b>	<b>LIABILITIES</b>		<b>936,426,104,376</b>	<b>808,737,916,632</b>
<b>310</b>	<b>Current liabilities</b>		<b>929,831,152,397</b>	<b>806,390,976,632</b>
311	Short-term trade accounts payable	13	245,477,558,884	254,254,945,820
312	Short-term advances from customers	14	232,947,885,577	173,032,530,318
313	Tax and other payables to the State	15(b)	44,095,993,433	42,428,084,222
314	Payables to employees	16	72,324,084,358	79,913,812,627
315	Short-term accrued expenses	17	24,256,358,433	32,978,212,314
318	Short-term unearned revenue	2.18	1,130,344,632	-
319	Other short-term payables		1,524,645,739	1,357,671,310
320	Short-term borrowings	18	307,899,246,071	221,431,332,215
322	Bonus and welfare funds		175,035,270	994,387,806
<b>330</b>	<b>Long-term liabilities</b>		<b>6,594,951,979</b>	<b>2,346,940,000</b>
336	Long-term unearned revenue	2.18	4,144,596,979	-
342	Provision for long-term liability	19	2,450,355,000	2,346,940,000
<b>400</b>	<b>OWNERS' EQUITY</b>		<b>3,516,691,508,324</b>	<b>3,370,708,351,466</b>
<b>410</b>	<b>Capital and reserves</b>		<b>3,516,691,508,324</b>	<b>3,370,708,351,466</b>
411	Owners' capital	21, 22	876,568,440,000	859,380,830,000
411a	- Ordinary shares with voting rights		876,568,440,000	859,380,830,000
412	Share premium	22	1,408,471,865,056	1,408,471,865,056
415	Treasury shares	22	(20,046,000,000)	(16,000,000)
418	Investment and development funds	22	36,590,318,871	22,829,452,785
421	Undistributed earnings	22	1,215,106,884,397	1,080,042,203,625
421a	- Undistributed post-tax profits of previous years		880,369,288,195	748,345,670,136
421b	- Post-tax profit of the current year		334,737,596,202	331,696,533,489
<b>440</b>	<b>TOTAL RESOURCES</b>		<b>4,453,117,612,700</b>	<b>4,179,446,268,098</b>

\_\_\_\_\_  
 Nguyen Tan Trong  
 Preparer

\_\_\_\_\_  
 Thieu Thi Ngoc Diem  
 Chief Accountant

\_\_\_\_\_  
 Tran Luong Thanh Tung  
 Member of the Board of Directors  
 26 March 2021

The notes on pages 9 to 42 are an integral part of these consolidated financial statements.



## CONSOLIDATED INCOME STATEMENT

Code	Note	Year ended 31 December	
		2020 VND	2019 VND
01	Revenue from sales of goods and rendering of services	3,781,468,964,050	4,457,609,188,854
02	Less deductions	(27,863,918,614)	(23,039,436,446)
10	Net revenue from sales of goods and rendering of services	26 3,753,605,045,436	4,434,569,752,408
11	Cost of goods sold and services rendered	27 (2,735,642,853,637)	(3,332,465,646,913)
20	Gross profit from sales of goods and rendering of services	1,017,962,191,799	1,102,104,105,495
21	Financial income	28 109,690,865,720	79,346,595,304
22	Financial expenses	(18,526,863,293)	(19,718,789,117)
23	- Including: Interest expense	(12,839,105,796)	(16,821,133,204)
25	Selling expenses	29 (442,795,174,301)	(482,912,415,593)
26	General and administration expenses	30 (107,320,377,926)	(129,303,687,159)
30	Net operating profit	559,010,641,999	549,515,808,930
31	Other income	9,547,504,870	9,510,230,330
32	Other expenses	(6,878,665,829)	(4,553,975,187)
40	Net other income	2,668,839,041	4,956,255,143
50	Net accounting profit before tax	561,679,481,040	554,472,064,073
51	Business income tax (BIT) - current	31 (72,039,104,089)	(74,424,646,643)
52	BIT - deferred	31 2,337,558,451	6,334,785,459
60	Net profit after tax	491,977,935,402	486,382,202,889
61	Attributable to: Profit after tax of the Company	491,977,935,402	486,382,202,889
70	Basic earnings per share	24(a) 5,633	5,389
71	Diluted earnings per share	24(b) 5,633	5,389

\_\_\_\_\_  
 Nguyen Tan Trong  
 Preparer

\_\_\_\_\_  
 Thieu Thi Ngoc Diem  
 Chief Accountant

\_\_\_\_\_  
 Tran Luong Thanh Tung  
 Member of the Board of Directors  
 26 March 2021

The notes on pages 9 to 42 are an integral part of these consolidated financial statements.

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

Code	Note	Year ended 31 December	
		2020 VND	2019 VND
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
01		<b>561,679,481,040</b>	<b>554,472,064,073</b>
	Net accounting profit before tax		
	Adjustments for:		
02	Depreciation and amortisation	114,379,203,711	108,856,569,672
03	Provisions	5,014,858,388	22,220,936,921
04	Unrealised foreign exchange losses/(gains)	524,272,349	(455,784,356)
05	Profits from investing activities	(97,436,509,577)	(66,262,750,671)
06	Interest expense	12,839,105,796	16,821,133,204
08	<b>Operating profit before changes in working capital</b>	<b>597,000,411,707</b>	<b>635,652,168,843</b>
09	Decrease/(increase) in receivables	50,359,338,089	(72,373,763,194)
10	Decrease in inventories	181,999,248,505	54,703,532,140
11	Increase/(decrease) in payables	25,744,381,994	(79,380,887,211)
12	Decrease/(increase) in prepaid expenses	44,413,750,429	(9,096,677,484)
14	Interest paid	(12,839,105,796)	(16,821,133,204)
15	BIT paid	(55,848,532,895)	(92,161,661,998)
17	Other payments on operating activities	(28,969,062,680)	(36,918,199,000)
20	<b>Net cash inflows from operating activities</b>	<b>801,860,429,353</b>	<b>383,603,378,892</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
21	Purchases of fixed assets and other long-term assets	(23,169,159,495)	(91,848,792,307)
22	Proceeds from disposals of fixed assets	37,272,727	3,127,248,413
23	Investment held to maturity	(961,000,000,000)	(2,157,745,044,955)
24	Collection of investment held to maturity	325,200,000,000	1,593,000,000,000
27	Interest received	75,788,620,996	46,365,014,349
30	<b>Net cash outflows from investing activities</b>	<b>(583,143,265,772)</b>	<b>(607,101,574,500)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
31	Proceeds from issue of shares	17,187,610,000	638,683,278,456
32	Payments for share repurchases	(20,030,000,000)	-
33	Proceeds from short-term borrowings	1,259,088,063,936	936,722,867,921
34	Repayments of short-term borrowings	(1,172,129,254,438)	(1,043,746,208,537)
36	Dividends paid	(315,002,678,400)	(274,996,745,600)
40	<b>Net cash (outflows)/inflows from financing activities</b>	<b>(230,886,258,902)</b>	<b>256,663,192,240</b>
50	<b>Net (decrease)/increase in cash</b>	<b>(12,169,095,321)</b>	<b>33,164,996,632</b>
60	<b>Cash and cash equivalents at beginning of year</b>	<b>65,461,661,002</b>	<b>32,331,088,573</b>
61	Effect of foreign exchange differences	(53,347,848)	(34,424,203)
70	<b>Cash and cash equivalents at end of year</b>	<b>53,239,217,833</b>	<b>65,461,661,002</b>

Nguyen Tan Trong  
Preparer

Thieu Thi Ngoc Diem  
Chief Accountant

Tran Luong Thanh Tung  
Member of the Board of Directors  
26 March 2021

The notes on pages 9 to 42 are an integral part of these consolidated financial statements.



**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2020**

**1 GENERAL INFORMATION OF THE GROUP**

An Cuong Wood-Working Joint Stock Company (“the Company”) was established in SR Vietnam pursuant to the initial Enterprise Registration Certificate No.3700748131 dated 20 September 2006 issued by the Department of Planning and Development of Binh Duong Province. The latest amendment was dated 28 December 2020.

The owners of the Company include NC Vietnam Investment Company Limited, Whitlam Holding Pte. Ltd., Sumitomo Forestry (Singapore) Ltd. and other shareholders. Details of capital contributions are presented in Note 21.

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.

The normal business cycle of the Company and its subsidiaries (together “the Group”) is within 12 months.

As at 31 December 2020 and 31 December 2019, the Group had two direct subsidiaries and one indirect subsidiary, as follows:

Name	Location	Principal activity	31.12.2020		31.12.2019	
			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 Company Limited	Binh Duong Province	Manufacture and trade wooden products	100	100	100	100
AConcept Vietnam Company Limited (*)	Ho Chi Minh City	Wholesale and retail of interior and interior decoration	100	100	100	100

(\*) Indirect subsidiary, is subsidiary of Malloca Vietnam Company Limited.

As at 31 December 2020, the Group had 3,033 employees (as at 31 December 2019: 3,642 employees).

**2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES****2.1 Basis of preparation of consolidated financial statements**

The consolidated financial statements have been prepared in accordance with Vietnamese Accounting Standards, the Vietnamese Corporate Accounting System and applicable regulations on preparation and presentation of consolidated financial statements. The consolidated financial statements have been prepared under the historical cost convention except for investments in associates and joint ventures, and business combination as presented in Note 2.5.

The accompanying consolidated financial statements are not intended to present the consolidated financial position and results of consolidated operations and consolidated cash flows in accordance with accounting principles and practices generally accepted in countries and jurisdictions other than Vietnam. The accounting principles and practices utilised in Vietnam may differ from those generally accepted in countries and jurisdictions other than Vietnam.

The consolidated financial statements in the Vietnamese language are the official statutory consolidated financial statements of the Group. The consolidated financial statements in the English language have been translated from the Vietnamese version.

**2.2 Fiscal year**

The Group's fiscal year is from 1 January to 31 December.

**2.3 Currency**

The consolidated financial statements are measured and presented in Vietnamese Dong ("VND"). The Group determines its accounting currency based on the currency which is mainly used in sales of goods and rendering of services, which has a significant impact on selling prices of goods and services, which is normally used for list selling prices and receive payments; which is mainly used in purchases of goods or services, which has a significant impact on cost of labor, material and other production or operating costs and normally used as payment of those costs.

Additionally, the Group also uses these currencies to raise financial resources (such as via issuance of shares or bonds) and/or regularly collect these currencies from business operation and savings.

**2.4 Exchange rates**

Transactions arising in foreign currencies are translated at exchange rates ruling at the transaction dates. Foreign exchange differences arising from these transactions are recognised in the consolidated income statement.

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



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

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

The purchase method of accounting is used to account for the acquisition of subsidiaries by the Group. The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any non-controlling interest. The excess of the cost of acquisition over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill. If the cost of acquisition is less than the fair value of the net assets of the subsidiary acquired, the difference is recognised directly in the consolidated income statement.

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

In a multi-phase acquisition, when determining goodwill or bargain purchase, the consideration is the sum of the total consideration on the date of acquiring control and previous considerations remeasured to fair value on the date of control acquisition.

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

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

**2.6 Cash and cash equivalents**

Cash and cash equivalents comprise cash on hand, cash in bank, cash in transit and other short-term investments with an original maturity of three months or less.

**2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)****2.7 Receivables**

Receivables represent trade receivables from customers arising from sales of goods and rendering of services or non-trade receivables from others and are stated at cost. Provision for doubtful debts is made for each outstanding amount based on the expected loss that may arise. Bad debts are written off when identified.

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

**2.8 Inventories**

Inventories are stated at the lower of cost and net realisable value. Cost is determined by the weighted average method and includes all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition. In the case of manufactured products, cost includes all direct expenditure and production overheads based on normal levels of operating activity. Net realisable value is the estimated selling price in the normal course of business, less the estimated costs of completion and selling expenses.

The Group applies the perpetual system for inventories.

Provision is made, where necessary, for obsolete, slow-moving and defective inventory items. The difference between the provision of this period and the provision of the previous period are recognised as an increase or decrease of cost of goods sold in the year.

**2.9 Investments held-to-maturity**

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

Investments held-to-maturity include term deposits for interest earning. Those investments are accounted for at cost. Subsequently, the Chairman reviews all outstanding investments 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 period are recorded as an increase or decrease in financial expenses. A reversal, if any, is made only to the extent the investment is restored to its original cost.



**2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)****2.10 Fixed assets***Tangible and intangible fixed assets*

Fixed assets are stated at historical cost less accumulated depreciation or amortisation. Historical cost includes any expenditure that is directly attributable to the acquisition of the fixed assets bringing them to their suitable conditions for their intended use. Expenditure incurred subsequently which has resulted in an increase in the future economic benefits expected to be obtained from the use of fixed assets, can be capitalised as an additional historical cost. Otherwise, they are charged to the income statement when incurred.

*Depreciation 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% - 33%
Others	6% - 50%
Land use rights	3%
Software	13% - 50%

*Disposals*

Gains or losses on disposals are determined by comparing net disposal proceeds with the carrying amount of the fixed assets and are recognised as income or expense in the consolidated income statement.

*Construction in progress*

Construction in progress represents the cost of asset in the course of construction for production, rental or administrative purposes, or for purposes not yet determined, including construction costs; costs of tools and equipments; project management expenditures; construction consulting expenditures; and capitalised borrowing costs for qualifying assets in accordance with the Group's accounting policy. Depreciation of these assets, on the same basis as other fixed assets, commences when the assets are ready for their intended use.

**2.11 Leased assets**

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

**2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)****2.12 Prepaid expenses**

Prepaid expenses include short-term and long-term prepayments on the consolidated 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 using the straight line basis over estimated useful lives.

Additionally, prepayments for land rental contracts, which are in effective after 2003, are also recorded as prepaid expenses in accordance with the guidance of Circular 45/2013/TT-BTC dated 25 April 2013 issued by Ministry of Finance and allocated using the straight-line method from 40 to 50 years in accordance with such land use right certificates.

**2.13 Payables**

Classifications of payables are based on their nature as follows:

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

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

**2.14 Borrowings**

Short-term borrowings include borrowings from banks.

Borrowings are classified into long-term and short-term borrowings on the consolidated balance sheet based on remaining period from the consolidated 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 Group determines the amount of borrowing costs eligible for capitalisation by applying a capitalisation rate to the weighted average expenditure on that assets. The capitalisation rate is the weighted average of the interest rates applicable to the Group's borrowings that are outstanding during the year, other than borrowings made specifically for the purpose of obtaining a qualifying asset. Other borrowing costs are recognised in the consolidated income statement when incurred.

**2.15 Accrued expenses**

Accrued expenses include liabilities for goods and services received in the year but not yet paid for due to pending invoice or insufficient records and documents. Accrued expenses are recorded as expenses in the reporting period.



**2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)****2.16 Provisions**

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation and the amount has been reliably estimated. Provision is not recognised for future operating losses.

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

**2.17 Provision for severance allowances**

In accordance with Vietnamese labour laws, employees of the Group who have worked regularly for full 12 months or longer, are entitled to a severance allowance. The working period used for the calculation of severance allowance is the year during which the employee actually works for the Group less the year during which the employee participates the unemployment insurance scheme in accordance with the labour regulations and the working period for which the employee has received severance allowance from the Group.

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

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

**2.18 Unearned revenue**

Unearned revenue includes short-term and long-term unearned revenues on the consolidated balance sheet. These unearned revenues recognised the amounts paid in advance for renting the factory roof of a subsidiary to install and operate the solar panels, the support system and the solar rooftop projects with 20 years starting from September 2020. The Group records unearned revenue for the future obligations that the Group has to fulfil during the first five years of the rental contracts. Unearned revenue recognised as revenue in the consolidated income statement to the extent that recognition criteria have been met.

**2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)****2.19 Owners' capital**

Owners' capital of the Shareholders is recorded according to the actual amount contributed and is recorded according to par value of the share.

Share premium is the difference between the par value and the issue price of shares and the difference between the repurchase price and re-issuing price of treasury shares.

Treasury shares are shares issued by the Company and bought-back by itself, but these are not cancelled and may be re-issued subsequently in accordance with the Law on securities.

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

**2.20 Appropriation of profit**

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

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

The Group'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 set aside for the purpose of pecuniary rewarding and encouragement, common benefits and improvement of employees' benefits.

**(b) Investment and development fund**

Development and investment fund is appropriated from profit after tax and approved by Shareholders in the General Meeting of Shareholders. This fund is set aside for the use in expansion of its operation or in-depth investments.



**2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)****2.21 Revenue recognition****(a) Revenue from sales of goods**

Revenue from the sale of goods is recognised in the consolidated income statement when all five (5) following conditions are satisfied:

- The Group has transferred to the buyer the significant risks and rewards of ownership of the goods;
- The Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- The amount of revenue can be measured reliably;
- It is probable that the economic benefits associated with the transaction will flow to the Group; and
- The costs incurred or to be incurred in respect of the transaction can be measured reliably.

No revenue is recognised if there are significant uncertainties regarding recovery of the consideration due or the possible return of goods.

Revenue is recognised in accordance with the “substance over form” principle and allocated to each sales obligation. In case where the Group gives promotional goods to customers associated with the purchase, the Group allocates the total consideration received between goods sold and promotional goods. The cost of promotional goods is recognised as cost of sales in the consolidated income statement.

**(b) Revenue from rendering of services**

Revenue from rendering of services is recognised in the consolidated income statement when the services are rendered, by reference to completion of the specific transaction assessed on the basis of the actual service provided as a proportion of the total services to be provided. Revenue from rendering of services is only recognised when all four (4) following conditions are satisfied:

- The amount of revenue can be measured reliably;
- It is probable that the economic benefits associated with the transaction will flow to the Group;
- The percentage of completion of the transaction at the consolidated balance sheet date can be measured reliably; and
- The costs incurred for the transaction and the costs to complete the transaction can be measured reliably.

**(c) Interest income**

Interest income is recognised on an earned basis.

**2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)****2.22 Sales deductions**

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

Sales deductions for sales of products, goods or rendering services which are sold in the year but are incurred after the consolidated balance sheet date but before the issuance of the consolidated financial statements are recorded as deduction of revenue of the year.

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

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

**2.24 Financial expenses**

Financial expenses are expenses incurred in the year for financial activities including expenses of lending and borrowing; losses incurred when selling foreign currencies; losses from foreign exchange differences' and payment discounts.

**2.25 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.

**2.26 General and administration expenses**

General and administration expenses represent expenses for administrative purposes which mainly include salary expenses of administrative staffs; social insurance, medical insurance, labour union fees, unemployment insurance of administrative staff, expenses of office materials, tools and supplies, depreciation of fixed assets used for administration, land rental, licence tax, provision for bad debts, outside services and other expenses.

**2.27 Current and deferred income tax**

Income taxes include all income taxes which are based on taxable profits including profits generated from production and trading activities in other countries with which the Socialist Republic of Vietnam has not signed any double taxation agreement. Income tax expense comprises current tax expense and deferred tax expense.

Current income tax is the amount of income taxes payable or recoverable in respect of the current year taxable profits at the current period 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 period, directly in equity.



**2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)****2.27 Current and deferred income tax (continued)**

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. Deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of occurrence affects neither the accounting nor the taxable profit or loss. Deferred income tax is determined at the tax rates that are expected to apply to the financial period when the asset is realised or the liability is settled, based on tax rates that have been enacted or substantively enacted by the consolidated balance sheet date.

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

**2.28 Related parties**

Enterprises and individuals that directly, or indirectly through one or more intermediaries, control, or are controlled by, or are under common control with the Group, including holding companies, subsidiaries and fellow subsidiaries are related parties of the Group. Associates and individuals owning, directly or indirectly, an interest in the voting power of the Group that gives them significant influence over the Group, key management personnel, including the Board of Directors and the Management and close members of the family of these individuals and companies associated with these individuals also constitute related parties.

In considering the related party relationship, the Group considers the substance of the relationship not merely the legal form.

**2.29 Segment reporting**

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

Segment reporting is prepared and presented in accordance with accounting policies applied to the preparation and presentation of the Group's consolidated financial statements in order to help users of financial statements understand and evaluate the Group's operations in a comprehensive way.

**2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)****2.30 Accounting estimates**

The preparation of the consolidated financial statements in conformity with Vietnamese Accounting Standards, the Vietnamese Corporate Accounting system and applicable regulations on preparation and presentation of consolidated financial statements requires the Chairman to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosures of contingent assets and liabilities at the date of consolidated financial statements and the reported amounts of revenues and expenses during the financial period. Although these estimates are based on the Chairman's best knowledge of current events and actions, actual results may differ from those estimates.

The areas involving significant estimates and assumptions are as follows:

- Estimated useful life of fixed assets (Note 11);
- Estimation of provisions (Note 8, 9, 19); and
- Accrued expenses (Note 17).

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

**3 CASH AND CASH EQUIVALENTS**

	<b>2020</b> <b>VND</b>	<b>2019</b> <b>VND</b>
Cash on hand	654,260,729	705,876,302
Cash in bank	52,574,595,104	53,349,111,700
Cash in transit	10,362,000	6,673,000
Cash equivalents (*)	-	11,400,000,000
	<u>53,239,217,833</u>	<u>65,461,661,002</u>

(\*) Cash equivalents as at 31 December 2019 were term deposits with an original maturity of three months or less, earned interest at the average rate from 0.5% to 5.0% per annum. As at 31 December 2020, there were no cash equivalents.



**4 INVESTMENTS HELD-TO-MATURITY**

	2020		2019	
	Cost VND	Book value VND	Cost VND	Book value VND
i. Short-term				
Term deposits	1,680,045,044,955	1,680,045,044,955	961,245,044,955	961,245,044,955
ii. Long-term				
Term deposits	-	-	83,000,000,000	83,000,000,000

**(i) Short-term**

Short-term investments held-to-maturity are term deposits at commercial banks with original maturities of more than 3 months but less than 1 year and earn interest at the interest rate of 5% - 8% per annum (2019: 7.4% - 8.5% per annum).

**(ii) Long-term**

Long-term investments held-to-maturity as at 31 December 2019 are commercial bank deposits with the remaining maturity of more than 12 months from the reporting date and earn interest at the rate of 7.4% per annum. As at 31 December 2020, there were no long-term investments held-to-maturity.

**5 SHORT-TERM TRADE ACCOUNTS RECEIVABLE**

	2020 VND	2019 VND
Third parties	598,983,226,808	606,130,783,060
Related parties (Note 33(b))	8,096,222,305	7,218,688,642
	<u>607,079,449,113</u>	<u>613,349,471,702</u>

As at 31 December 2020 and 31 December 2019, the balances of short-term trade accounts receivable which were past due amounting to VND17,796,269,711 and VND21,425,821,370 respectively as presented in Note 8.

As at 31 December 2020 and 31 December 2019, there was no third party customer who had a balance accounting for 10% or more of the total balance of short-term trade accounts receivable.

**6 SHORT-TERM PREPAYMENT TO SUPPLIERS**

	<b>2020</b> <b>VND</b>	<b>2019</b> <b>VND</b>
Third parties	<u>32,794,536,220</u>	<u>35,152,427,479</u>

As at 31 December 2020 and 31 December 2019, there was no third party supplier who had a balance accounting for 10% or more of the total balance of short-term prepayments to suppliers.

**7 OTHER SHORT-TERM RECEIVABLES**

	<b>2020</b> <b>VND</b>	<b>2019</b> <b>VND</b>
Deposits	6,194,564,385	10,970,440,563
Interest income	53,241,618,056	31,552,585,571
Advances to employees	439,540,246	1,156,576,615
Others	248,270,270	3,451,033,685
	<u>60,123,992,957</u>	<u>47,130,636,434</u>



AN CUONG WOOD-WORKING JOINT STOCK COMPANY

Form B 09 – DN/HN

8 DOUBTFUL DEBTS

	2020			2019				
	Cost VND	Recoverable amount VND	Provision VND	Overdue period	Cost VND	Recoverable amount VND	Provision VND	Overdue period
Receivables that were past due								
An Gia Hung Investment Construction Joint Stock Company	5,362,064,567	2,708,234,393	2,653,830,174	Over 1 year	2,144,622,095	5,874,660	2,138,747,435	Over 3 years
Hung Long Phat Investment And Construction Joint Stock Company	2,129,404,220	638,821,266	1,490,582,954	Over 1 year	2,639,637,591	791,891,277	1,847,746,314	Over 2 years
China Construction (S.E.A) Corporation Ltd.	1,661,386,057	618,415,817	1,042,970,240	Over 2 years	7,200,866,896	5,534,867,991	1,665,998,905	Over 6 months
Others	8,643,414,867	3,168,931,342	5,474,483,525	Over 6 months	2,251,016,309	1,125,508,154	1,125,508,155	Over 1 year
	<u>17,796,269,711</u>	<u>7,134,402,818</u>	<u>10,661,866,893</u>		<u>2,129,404,220</u>	<u>1,064,702,110</u>	<u>1,064,702,110</u>	Over 1 year
					<u>5,060,274,259</u>	<u>2,164,504,220</u>	<u>2,895,770,039</u>	Over 6 months
					<u>21,425,821,370</u>	<u>10,687,348,412</u>	<u>10,738,472,958</u>	
Receivables that were past due								
Sai Gon Shipyard Company Limited								
Hickory Group Pty Ltd.								
An Gia Hung Investment Construction Joint Stock Company								
China Construction (S.E.A) Corporation Ltd.								
Hung Long Phat Investment And Construction Joint Stock Company								
Others								

## 9 INVENTORIES

	2020		2019	
	Cost VND	Provision VND	Cost VND	Provision VND
Goods in transit	50,536,645,615	-	50,762,029,157	-
Raw materials	500,751,379,034	(6,974,081,401)	564,291,742,718	(4,315,851,625)
Work in progress	216,922,334,759	(5,525,851,024)	325,733,406,850	(6,469,857,987)
Finished goods	199,291,673,583	(4,937,545,427)	202,806,315,414	(2,364,132,196)
Merchandise	184,451,960,423	(1,551,833,843)	190,359,747,780	(851,420,434)
	<u>1,151,953,993,414</u>	<u>(18,989,311,695)</u>	<u>1,333,953,241,919</u>	<u>(14,001,262,242)</u>

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

	2020 VND	2019 VND
Beginning of year	14,001,262,242	1,854,615,268
Increase (Note 27)	4,988,049,453	12,146,646,974
End of year	<u>18,989,311,695</u>	<u>14,001,262,242</u>

## 10 PREPAID EXPENSES

## (a) Short-term

	2020 VND	2019 VND
Insurance	1,293,796,844	3,094,452,751
Tools and supplies	8,207,112,029	11,673,392,477
Rental	957,502,730	1,127,940,300
Advertising	2,405,203,675	1,226,080,750
Showroom and samples	3,832,770,290	4,443,765,734
Others	7,050,728,223	5,414,943,508
	<u>23,747,113,791</u>	<u>26,980,575,520</u>



## 10 PREPAID EXPENSES (continued)

## (b) Long-term

	2020 VND	2019 VND
Land rental (*)	171,341,842,639	176,064,637,171
Office and factory renovation	15,520,822,379	29,472,821,234
Tools and supplies	18,361,008,555	35,825,376,513
Rental	2,094,153,325	2,140,263,123
Others	4,909,837,647	9,904,855,204
	<u>212,227,664,545</u>	<u>253,407,953,245</u>

(\*) Land use right of land plots No.681, No.750, No.441 and No.820 located in Binh Duong Province have been pledged for short-term borrowings with bank (Note 18).

Movement of long-term prepayment during the year is as follows:

	2020 VND	2019 VND
Beginning of year	253,407,953,245	235,291,687,635
Increase	12,794,013,440	90,309,006,250
Allocation	(53,974,302,140)	(72,192,740,640)
End of year	<u>212,227,664,545</u>	<u>253,407,953,245</u>

AN CUONG WOOD-WORKING JOINT STOCK COMPANY

Form B 09 – DN/HN

11 FIXED ASSETS

(a) Tangible fixed assets

	Plant and buildings VND	Machinery VND	Motor vehicles VND	Office equipment VND	Others VND	Total VND
<b>Historical cost</b>						
As at 1 January 2020	338,141,019,857	505,504,986,532	109,249,547,988	13,797,407,723	25,471,161,212	992,164,123,312
New purchases	2,398,682,000	7,487,676,449	8,171,349,901	-	-	18,057,708,350
Disposals	-	(340,000,000)	(226,454,545)	-	-	(566,454,545)
As at 31 December 2020	340,539,701,857	512,652,662,981	117,194,443,344	13,797,407,723	25,471,161,212	1,009,655,377,117
<b>Accumulated depreciation</b>						
As at 1 January 2020	77,669,201,779	140,499,113,601	40,811,953,109	6,506,673,082	18,748,412,171	284,235,353,742
Charge for the year	33,184,696,178	59,361,211,529	13,533,954,867	2,839,468,039	1,885,662,090	110,804,992,703
Disposals	-	(293,411,684)	(194,626,230)	-	-	(488,037,914)
As at 31 December 2020	110,853,897,957	199,566,913,446	54,151,281,746	9,346,141,121	20,634,074,261	394,552,308,531
<b>Net book value</b>						
As at 1 January 2020	260,471,818,078	365,005,872,931	68,437,594,879	7,290,734,641	6,722,749,041	707,928,769,570
As at 31 December 2020	229,685,803,900	313,085,749,535	63,043,161,598	4,451,266,602	4,837,086,951	615,103,068,586

Historical cost of tangible fixed assets fully depreciated but still in use as at 31 December 2020 was VND31.2 billion (as at 31 December 2019: VND17.6 billion).

As at 31 December 2020 tangible fixed assets with a carrying value of VND182 billion (as at 31 December 2019: VND268 billion) were pledged with banks as security for short-term borrowings granted to the Group (Note 18).



## 11 FIXED ASSETS (continued)

## (b) Intangible fixed assets

	Land use rights VND	Software VND	Total VND
<b>Historical cost</b>			
As at 1 January 2020	8,090,909,091	19,979,674,850	<b>28,070,583,941</b>
New purchases	-	3,614,383,405	<b>3,614,383,405</b>
As at 31 December 2020	<u>8,090,909,091</u>	<u>23,594,058,255</u>	<u><b>31,684,967,346</b></u>
<b>Accumulated amortisation</b>			
As at 1 January 2020	1,178,001,631	6,897,415,519	<b>8,075,417,150</b>
Charge for the year	221,804,517	3,352,406,491	<b>3,574,211,008</b>
As at 31 December 2020	<u>1,399,806,148</u>	<u>10,249,822,010</u>	<u><b>11,649,628,158</b></u>
<b>Net book value</b>			
As at 1 January 2020	<u>6,912,907,460</u>	<u>13,082,259,331</u>	<u><b>19,995,166,791</b></u>
As at 31 December 2020	<u><u>6,691,102,943</u></u>	<u><u>13,344,236,245</u></u>	<u><u><b>20,035,339,188</b></u></u>

Historical cost of intangible fixed assets fully amortised but still in use as at 31 December 2020 was VND299 million (as at 31 December 2019: VND299 million).

As at 31 December 2020 intangible fixed assets with a carrying value of VND6.7 billion (as at 31 December 2019: VND7 billion) were pledged with banks as security for short-term borrowings granted to the Group (Note 18).

## 12 CONSTRUCTION IN PROGRESS

	2020 VND	2019 VND
Office renovation	508,363,719	828,306,006
Machinery and equipment	2,152,081,442	456,498,830
	<u>2,660,445,161</u>	<u>1,284,804,836</u>

**12 CONSTRUCTION IN PROGRESS (continued)**

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

	2020 VND	2019 VND
Beginning of year	1,284,804,836	23,117,271,830
Purchase	1,497,067,740	15,140,737,651
Transferred to tangible fixed assets	-	(31,893,493,477)
Transferred to prepaid expenses	-	(5,047,711,168)
Others	(121,427,415)	(32,000,000)
End of year	<u>2,660,445,161</u>	<u>1,284,804,836</u>

**13 SHORT-TERM TRADE ACCOUNTS PAYABLE**

	2020 VND	2019 VND
Third parties		
Vina Eco Board Company Limited	32,536,089,429	32,944,922,661
Others	212,941,469,455	221,310,023,159
	<u>245,477,558,884</u>	<u>254,254,945,820</u>

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

**14 SHORT-TERM ADVANCES FROM CUSTOMERS**

	2020 VND	2019 VND
Third parties	<u>232,947,885,577</u>	<u>173,032,530,318</u>

As at 31 December 2020 and 31 December 2019, there was no third party customer who had a balance accounting for 10% or more of the total balance of short-term advances from customers.



AN CUONG WOOD-WORKING JOINT STOCK COMPANY

Form B 09 – DN/HN

15 TAX AND OTHER RECEIVABLES FROM/PAYABLES TO THE STATE

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

	As at 1.1.2020 VND	Receivable during the year VND	Collected during the year VND	As at 31.12.2020 VND
<b>a) Receivables</b>				
Import tax to be reclaimed	6,140,791,710	748,256,004	(6,147,291,550)	741,756,164
VAT on importation	-	4,541,475,630	(4,308,802,183)	232,673,447
Personal income tax	-	6,908,973	-	6,908,973
Others	5,355,496	-	(2,677,748)	2,677,748
	<u>6,146,147,206</u>	<u>5,296,640,607</u>	<u>(10,458,771,481)</u>	<u>984,016,332</u>
<b>b) Payables</b>				
Value added tax	20,206,436,326	163,773,414,836	(174,289,392,847)	9,690,458,315
Business income tax	13,233,901,707	72,039,104,089	(55,848,532,895)	29,424,472,901
Personal income tax	8,973,747,937	16,392,550,331	(20,399,234,303)	4,967,063,965
Import tax	13,998,252	26,504,902,772	(26,504,902,772)	13,998,252
Others	-	1,052,841,115	(1,052,841,115)	-
	<u>42,428,084,222</u>	<u>279,762,813,143</u>	<u>(278,094,903,932)</u>	<u>44,095,993,433</u>

**16 PAYABLES TO EMPLOYEES**

Payables to employees as at 31 December 2020 represent salary of December and accrued 13<sup>th</sup> month salary payable to employees.

**17 SHORT-TERM ACCRUED EXPENSES**

	<b>2020</b> <b>VND</b>	<b>2019</b> <b>VND</b>
Staff costs	15,424,930,560	27,068,505,446
Marketing	48,000,000	432,689,000
Others	8,783,427,873	5,477,017,868
	<u>24,256,358,433</u>	<u>32,978,212,314</u>



AN CUONG WOOD-WORKING JOINT STOCK COMPANY

Form B 09 – DN/HN

18 SHORT-TERM BORROWINGS

	As at 1.1.2020 VND	Increase VND	Decrease VND	Revaluation VND	As at 31.12.2020 VND
Bank loans (*)	221,431,332,215	1,259,088,063,936	(1,172,129,254,438)	(490,895,642)	307,899,246,071

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

	Currency	As at 31.12.2020 VND	Term Months	Due date	Interest (% per annum)	Collateral
Joint Stock Commercial Bank for Foreign Trade of Vietnam ("Vietcombank")	VND	47,935,930,467	4	4.5.2021	4.4	Bank deposit Contract No. 926/2019/362 dated 8 July 2019 at VietinBank - Branch No.8 with the value of VND122 billion, Contract No. 926/2019/13156 dated 28 August 2019 at VietinBank - Branch No.8 with the value of VND40 billion.
Shinhan Bank Vietnam Limited ("Shinhan Bank")	USD VND	76,221,712,207 63,594,059,393	4 6	4.5.2021 9.4.2021	2.1 3.99	Term deposit account owned by the Company with amount VND50 billion.
Vietnam Technological and Commercial Joint Stock Bank Vietnam Joint Stock Commercial Bank for Industry and Trade ("Vietinbank")	USD VND	23,120,088,608 35,683,782,264	6 3	25.8.2021 16.3.2021	2.35 4.4	Machineries and inventories
Vietnam Maritime Commercial Joint Stock Bank ("Maritime Bank")	VND	37,217,933,511	3	16.3.2021	4.8	Subrogation of the Company, land use rights and assets belonged to land plots No. 441 and No. 820 located in Binh Duong, machineries and equipment.
	USD VND	13,693,567,961 10,432,171,660	3 3	25.3.2021 22.3.2021	2.35 4.4	Land use right and assets belonged to land plot No. 750 located in Binh Duong
		<u>307,899,246,071</u>				

**19 PROVISION FOR LONG-TERM LIABILITIES**

The balances represent provision for severance allowances which are determined based on the method disclosed in Note 2.17.

**20 DEFERRED TAX ASSETS**

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes relate to the same taxation authority. The offset amounts were as follows:

	2020 VND	2019 VND
Deferred tax assets:		
Deferred tax assets to be recovered after more than 12 months	490,071,000	469,388,000
Deferred tax assets to be recovered within 12 months	8,472,544,918	6,155,669,467
	<u>8,962,615,918</u>	<u>6,625,057,467</u>

The movement in the deferred income tax assets, taking into consideration the offsetting of balances within the same tax jurisdiction, were as follows:

	2020 VND	2019 VND
Beginning of year	6,625,057,467	290,272,008
Income statement credit (Note 31)	2,337,558,451	6,334,785,459
End of year	<u>8,962,615,918</u>	<u>6,625,057,467</u>

Details of deferred tax assets:

	2020 VND	2019 VND
Deductible temporary differences	<u>8,962,615,918</u>	<u>6,625,057,467</u>

The Group uses tax rate of 20% for determining deferred tax assets. Deferred tax assets mainly arise from deductible temporary differences relating to accrued expenses, and provisions.

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.



**21 OWNERS' CAPITAL****(a) Number of shares**

	2020	2019
Number of shares registered	87,656,844	85,938,083
Number of shares issued	87,656,844	85,938,083
Number of shares repurchased	(294,600)	(1,600)
Number of existing shares in circulation	87,362,244	85,936,483

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

	2020		2019	
	Ordinary shares	%	Ordinary shares	%
NC Viet Nam Investment Company Limited	43,861,200	50.04	43,861,200	51.04
Whitlam Holding Pte. Ltd.	15,834,000	18.06	15,834,000	18.42
Sumimoto Forestry (Singapore) Ltd.	17,187,922	19.61	17,187,922	20.00
Others	10,773,722	12.29	9,054,961	10.54
	87,656,844	100	85,938,083	100

**(c) Movement of share capital**

	Number of shares	Ordinary shares VND
As at 1 January 2019	80,316,069	803,160,690,000
New shares issued	5,622,014	56,220,140,000
As at 31 December 2019	85,938,083	859,380,830,000
New shares issued (Note 22)	1,718,761	17,187,610,000
As at 31 December 2020	87,656,844	876,568,440,000

Par value per share: VND10,000.

AN CUONG WOOD-WORKING JOINT STOCK COMPANY

Form B 09 – DN/HN

22 MOVEMENTS IN OWNERS' EQUITY

	Owners' capital VND	Share premium VND	Treasury shares VND	Development and investment fund VND	Undistributed earnings VND	Total VND
As at 1 January 2019	803,160,690,000	826,008,726,600	(16,000,000)	7,673,760,702	913,071,925,225	2,549,899,102,527
Capital increased during the year	56,220,140,000	582,463,138,456	-	-	-	638,683,278,456
Dividends paid (Note 23)	-	-	-	-	(274,996,745,600)	(274,996,745,600)
Net profit for the year	-	-	-	-	486,382,202,889	486,382,202,889
Appropriation to the investment and development fund	-	-	-	15,155,692,083	(15,155,692,083)	-
Appropriation to the bonus and welfare fund	-	-	-	-	(25,259,486,806)	(25,259,486,806)
Other	-	-	-	-	(4,000,000,000)	(4,000,000,000)
As at 31 December 2019	859,380,830,000	1,408,471,865,056	(16,000,000)	22,829,452,785	1,080,042,203,625	3,370,708,351,466
Capital increased during the year (i)	17,187,610,000	-	-	-	-	17,187,610,000
Dividends paid (iii) (Note 23)	-	-	-	-	(315,002,678,400)	(315,002,678,400)
Net profit for the year	-	-	-	-	491,977,935,402	491,977,935,402
Appropriation to the investment and development fund (ii)	-	-	-	14,591,466,086	(14,591,466,086)	-
Appropriation to the bonus and welfare fund (ii)	-	-	-	-	(24,319,110,144)	(24,319,110,144)
Treasury shares (iv)	-	-	(20,030,000,000)	-	-	(20,030,000,000)
Other	-	-	-	(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	1,215,106,884,397	3,516,691,508,324



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

- (i) Pursuant to the Resolution of the General Meeting of Shareholders No.118/2019/NQ-GAC on 10 May 2019, the Company issued 1,718,761 ordinary shares under the Company's Employee Selection Program ("ESOP") in March 2020 to increase the Company's charter capital to VND 876,568,440,000. The issuance of this common stock has been approved by the State Securities Commission in accordance with Official Letter No. 1397/UBCK-QLCB dated March 6, 2020. New charter capital has been updated in the latest Enterprise registration certificate on 28 December 2020.
- (ii) Pursuant to the Resolution of the Annual General Meeting of Shareholders No. 04/2020/NQ-GAC dated 3 June 2020, the General Meeting of Shareholders approved the appropriation of development 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 2019.
- (iii) Pursuant to the Resolution of the Annual General Meetings of Shareholders No. 04-2020/NQ-GAC dated 3 June 2020 and the Resolution of the Extraordinary General Meetings of Shareholders No. 12-2020/NQ-GAC, the Shareholders approved to pay the second dividend of 2019 and the first dividend of 2020 by cash at the rate of 18% at par value of share for each payment. The time implementing these Resolutions was in quarter 3 and quarter 4 of 2020.
- (iv) Pursuant to Resolution of the Board of Directors No. 08-2020/NQ-GAC dated 23 September 2020, the Company repurchased 285,000 shares issued to previous shareholders to stabilise share price and maximise benefits of shareholders and the Company. In addition, pursuant to Report on the results of repurchases of treasury shares No. 02-2020/BC-GAC dated 19 August 2020, the Company also repurchased 8,000 shares from its retired employees. The average repurchase price of above shares was VND68,362 per share.

**23 DIVIDENDS**

	2020 VND	2019 VND
Beginning of year	-	-
Dividends payable during the year (Note 22)	315,002,678,400	274,996,745,600
Dividends paid in cash (Note 22)	(315,002,678,400)	(274,996,745,600)
End of year	-	-

**24 EARNINGS PER SHARE****(a) Basic earnings per share**

Basic earnings per share is calculated by dividing the net profit attributable to Shareholders after deducting the bonus and welfare funds by the weighted average number of ordinary shares outstanding during the year, excluding ordinary shares repurchased by the Company and held as treasury shares. The details were as follows:

	For the year ended	
	31.12.2020	31.12.2019 (**)
Net profit attributable to Shareholders (VND)	491,977,935,402	486,382,202,889
Less amount allocated to bonus and welfare funds (VND) (Note 22) (*)	-	(24,319,110,144)
	<u>491,977,935,402</u>	<u>462,063,092,745</u>
Weighted average number of ordinary shares in issue (shares)	<u>87,345,614</u>	<u>85,736,247</u>
Basic earnings per share (VND)	<u>5,633</u>	<u>5,389</u>

(\*) For the year ended as at 31 December 2020, the Group has not finalised the plan for bonus and welfare funds appropriation from undistributed earnings of 2020.

(\*\*) Basic earnings per share of the year 2019 were recalculated as per Circular 200/2014/TT-BTC dated 20 December 2014 issued by the Ministry of Finance as follows:

	For the year ended 31.12.2019		
	As previously reported	Adjustments	As restated
Net profit attributable to Shareholders (VND)	486,382,202,889	(24,319,110,144)	462,063,092,745
Weighted average number of ordinary shares in issue (shares)	<u>85,736,247</u>	-	<u>85,736,247</u>
Basic earnings per share (VND)	<u>5,673</u>		<u>5,389</u>

**(b) Diluted earnings per share**

Diluted earnings per share is calculated by dividing the net profit attributable to shareholders, which already subtracted the bonus and welfare funds, by the weighted average number of ordinary shares outstanding during the year and the ordinary shares expected to be issued.

The Group has no any ordinary shares that have a dilutive effect during the year and until the date of these consolidated financial statements. Therefore, the diluted earnings per share shall be equal to the basic earnings per share.



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

As at 31 December 2020, included in cash are balances held in foreign currencies of US\$195,569 and EUR1,818 (as at 31 December 2019: US\$229,590 and EUR123,650).

**(b) Operating lease assets**

The future minimum lease payments under non-cancellable operating assets leases are presented in Note 34.

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

	2020 VND	2019 VND
<b>Revenue</b>		
Revenue from sales of merchandises and finished goods	3,772,530,601,503	4,441,793,810,177
Revenue from rendering of services	8,938,362,547	15,815,378,677
	<u>3,781,468,964,050</u>	<u>4,457,609,188,854</u>
<b>Sales deductions</b>		
Sales allowances	(24,104,100)	(123,439,500)
Sales returns	(18,749,169,949)	(14,913,322,753)
Trade discounts	(9,090,644,565)	(8,002,674,193)
	<u>(27,863,918,614)</u>	<u>(23,039,436,446)</u>
<b>Net revenue from sales of goods and rendering of services</b>		
Net revenue from sales of merchandises and finished goods	3,744,666,682,889	4,418,754,373,731
Net revenue from rendering of services	8,938,362,547	15,815,378,677
	<u>3,753,605,045,436</u>	<u>4,434,569,752,408</u>

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

	2020 VND	2019 VND
Cost of merchandises and finished goods	2,724,717,935,440	3,307,233,291,906
Cost of services rendered	5,936,868,744	13,085,708,033
Provision for decline in value of inventories (Note 9)	4,988,049,453	12,146,646,974
	<u>2,735,642,853,637</u>	<u>3,332,465,646,913</u>

**28 FINANCIAL INCOME**

	<b>2020</b> <b>VND</b>	<b>2019</b> <b>VND</b>
Interest income	97,477,653,481	70,216,013,101
Realised foreign exchange gains	12,213,212,239	8,674,797,847
Gain from foreign currency translation at year-end	-	455,784,356
	<u>109,690,865,720</u>	<u>79,346,595,304</u>

**29 SELLING EXPENSES**

	<b>2020</b> <b>VND</b>	<b>2019</b> <b>VND</b>
Staff costs	178,443,302,411	194,883,594,864
Transportation	57,317,286,922	78,420,966,953
Marketing and advertising	70,859,611,844	76,681,915,243
Rental	29,661,686,635	25,079,957,329
Depreciation and amortisation	15,212,480,356	14,897,289,017
Tools and supplies	12,650,173,152	13,356,184,017
Repair and maintenance	19,455,801,780	19,696,523,148
Others	59,194,831,201	59,895,985,022
	<u>442,795,174,301</u>	<u>482,912,415,593</u>

**30 GENERAL AND ADMINISTRATION EXPENSES**

	<b>2020</b> <b>VND</b>	<b>2019</b> <b>VND</b>
Staff costs	62,513,171,153	67,130,303,146
Tools and supplies	1,865,337,228	3,730,404,198
Professional fees	2,597,415,990	3,291,117,619
Depreciation and amortisation	4,694,199,261	5,639,704,375
Provision for doubtful debts	2,062,141,370	7,727,349,947
Others	33,588,112,924	41,784,807,874
	<u>107,320,377,926</u>	<u>129,303,687,159</u>



**31 BIT**

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

	<b>2020</b> <b>VND</b>	<b>2019</b> <b>VND</b>
Net accounting profit before tax	561,679,481,040	554,472,064,073
Tax calculated at a rate of 20%	112,335,896,208	110,894,412,815
Effect of:		
Expenses not deductible for tax purposes	10,773,645,136	15,463,186,250
Utilisation of tax losses for which no deferred income tax asset was recognised	-	(3,670,441,393)
Under-provision in previous years	90,957,784	128,391,789
Tax exemption	(53,498,953,490)	(54,725,688,277)
BIT charge (*)	<u>69,701,545,638</u>	<u>68,089,861,184</u>
Charged/(credited) to income statement:		
BIT – current	72,039,104,089	74,424,646,643
BIT – deferred (Note 20)	(2,337,558,451)	(6,334,785,459)
	<u>69,701,545,638</u>	<u>68,089,861,184</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.

**32 COST OF OPERATION BY FACTOR**

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

	<b>2020</b> <b>VND</b>	<b>2019</b> <b>VND</b>
Raw materials	2,432,423,682,361	2,910,151,703,024
Outside services	258,932,020,173	316,747,836,432
Tools and supplies	87,663,951,214	111,007,413,871
Transportation	55,352,468,868	78,170,306,668
Depreciation and amortisation	114,379,203,711	108,856,569,672
Staff costs	565,605,808,259	690,497,315,809
Others	145,915,506,213	191,546,339,399
	<u>3,660,272,640,799</u>	<u>4,406,977,484,875</u>



## 33 RELATED PARTY DISCLOSURES (continued)

## (a) Related party transactions (continued)

*iii) Compensation of key management*

	2020 VND	2019 VND
Gross salaries and other benefits	<u>24,195,548,846</u>	<u>25,589,147,388</u>

In which:

	2020 VND
--	-------------

**Remuneration of the Board of Directors**

No.	Name	Title	
1.	Mr. Le Duc Nghia	Chairman	-
2.	Mr. Nguyen Minh Tuan	Member	-
3.	Ms. Dang Pham Minh Loan	Member	-
4.	Mr. Jess Rueloekke	Member	-
5.	Ms. Tran Thi Mong Thu	Member	-
6.	Mr. Le Thanh Phong	Member	-
7.	Mr. Tran Luong Thanh Tung	Member	-
8.	Mr. Masao Kamibayashiyama	Member	-
9.	Mr. Tran Bao Minh	Member	-
10.	Ms. Nguyen Thi Dieu Phuong	Member	-

**Remuneration of the Board of Supervision**

No.	Name	Title	
1.	Ms. Tran Thi Ngoc Tue	Head	-
2.	Ms. Tran Thi Kim Anh	Member	-
3.	Ms. Mai Thi Phuong Thao	Member	-

**Gross salaries and other benefits of the Board of Management and other managers**

No.	Name	Title	
1.	Mr. Le Duc Nghia	General Director	2,925,000,000
2.	Mr. Le Thanh Phong	Deputy General Director	2,320,395,000
3.	Ms. Vo Thi Ngoc Anh	Deputy General Director	2,324,600,000
4.	Ms. Nguyen Thi Hao	Deputy General Director	2,090,400,000
5.	Ms. Nguyen Thi Kim Thoa	Deputy General Director	1,985,400,000
6.	Ms. Nguyen Thi Duyen	Deputy General Director	2,350,400,000
7.	Mr. Ngo Tan Tri	Deputy General Director	2,151,600,000
8.	Ms. Thieu Thi Ngoc Diem	Chief Accountant	2,004,000,000
9.	Ms. Tran Thi Ngoc Tue	Head of Board of Supervision	1,031,553,846
10.	Mr. Tran Luong Thanh Tung	In charge of information disclosure	1,541,600,000
11.	Mr. Masao Kamibayashiyama	Market Development Director	3,470,600,000
			<u>24,195,548,846</u>



## 33 RELATED PARTY DISCLOSURES (continued)

## (b) Year end balances with related parties

	2020 VND	2019 VND
<b>Short-term trade accounts receivable (Note 5)</b>		
Trung Hieu Plywood Company Limited	8,096,222,305	7,218,688,642

## 34 OPERATING LEASE COMMITMENTS

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

	2020 VND	2019 VND
Within one year	40,957,753,038	33,220,460,141
Between one and five years	74,978,876,918	72,609,968,641
Over five years	28,824,283,077	30,317,377,874
Total minimum payments	144,760,913,033	136,147,806,656

## 35 SEGMENT REPORTING

*Geographical segments*

The Group has performed all manufacturing and trading and services in Vietnam only. Therefore, the Group does not present the Geography segments.

*Business activity segments*

Manufacturing and trading wooden household, industrial wooden items, artificial boards, interior decoration, kitchen equipment, and other wooden related products are the main activities to earn revenue and gain profit for the Group, whereas, other incomes account for a small proportion in total revenue of the Group, therefore, the Chairman of the Group assumed that the Group is in one business activity segment, only.

The consolidated financial statements were approved by the Chairman on 26 March 2021.



\_\_\_\_\_  
Nguyen Tan Trong  
Preparer

\_\_\_\_\_  
Thieu Thi Ngoc Diem  
Chief Accountant

\_\_\_\_\_  
Tran Luong Thanh Tung  
Member of the Board of Directors