

AN CUONG WOOD - WORKING JOINT STOCK COMPANY

SEPARATE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020



AN CUONG WOOD-WORKING JOINT STOCK COMPANY

**SEPARATE 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
Separate balance sheet (Form B 01 – DN)	5
Separate income statement (Form B 02 – DN)	7
Separate cash flow statement (Form B 03 – DN)	8
Notes to the separate financial statements (Form B 09 – DN)	9

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 SEPARATE FINANCIAL STATEMENTS

The Chairman 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 2020, and the separate results of its operations and separate cash flows for the year then ended. In preparing these separate 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 separate financial statement on a going concern basis unless it is inappropriate to presume that the Company 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 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 Chairman 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.

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

APPROVAL OF THE SEPARATE FINANCIAL STATEMENTS

I hereby approve the accompanying separate financial statements as set out on pages 5 to 42 which gives a true and fair view of the separate financial position of the Company as at 31 December 2020 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 2020 in order to obtain full information of the consolidated financial position and results of consolidated operations and consolidated cash flows of the Group.

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 separate financial statements of An Cuong Wood-Working Joint Stock Company ("the Company") which were prepared on 31 December 2020 and approved by the Chairman on 26 March 2021. The separate financial statements comprise the separate balance sheet as at 31 December 2020, 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 42.

The Chairman's Responsibility

The Chairman 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 Chairman 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 Chairman, 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 2020, 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 versions, the Vietnamese version 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: HCM10155
Ho Chi Minh City, 26 March 2021

SEPARATE BALANCE SHEET

Code	ASSETS	Note	As at 31 December	
			2020 VND	2019 VND
100	CURRENT ASSETS		2,311,012,936,304	2,227,069,004,725
110	Cash	3	24,600,396,591	21,222,758,654
111	Cash		24,600,396,591	21,222,758,654
120	Short-term investment		1,353,645,044,955	961,245,044,955
123	Investments held to maturity	4(a)	1,353,645,044,955	961,245,044,955
130	Short-term receivables		349,926,513,865	472,362,772,345
131	Short-term trade accounts receivable	5	295,934,226,100	416,005,264,809
132	Short-term prepayments to suppliers	6	13,164,884,848	21,280,084,617
136	Other short-term receivables	7	48,435,725,768	44,517,909,138
137	Provision for doubtful debts – short-term	8	(7,618,588,983)	(9,577,841,659)
139	Shortage of assets awaiting resolution		10,266,132	137,355,440
140	Inventories	9	568,306,370,967	751,609,492,185
141	Inventories		584,656,543,667	761,937,720,020
149	Provision for decline in value of inventories		(16,350,172,700)	(10,328,227,835)
150	Other current assets		14,534,609,926	20,628,936,586
151	Short-term prepaid expenses	10(a)	13,256,572,352	16,597,832,989
152	Value Added Tax ("VAT") to be reclaimed		971,281,744	812,232,597
153	Tax and other taxes receivables from the State	15(a)	306,755,830	3,218,871,000
200	NON-CURRENT ASSETS		1,284,426,319,478	1,427,745,099,329
210	Long-term receivable		3,570,803,600	-
216	Other long-term receivables		3,570,803,600	-
220	Fixed assets		259,624,802,871	298,105,336,569
221	Tangible fixed assets	11(a)	239,589,463,683	278,110,169,778
222	Historical cost		470,842,786,805	465,431,074,245
223	Accumulated depreciation		(231,253,323,122)	(187,320,904,467)
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)
240	Long-term asset in progress		2,660,373,746	1,163,306,006
242	Construction in progress	12	2,660,373,746	1,163,306,006
250	Long-term investment		916,600,000,000	999,600,000,000
251	Investments in subsidiaries	4(b)	916,600,000,000	916,600,000,000
255	Investments held to maturity	4(a)	-	83,000,000,000
260	Other long-term assets		101,970,339,261	128,876,456,754
261	Long-term prepaid expenses	10(b)	97,364,398,195	125,206,972,761
262	Deferred income tax assets	20	4,605,941,066	3,669,483,993
270	TOTAL ASSETS		3,595,439,255,782	3,654,814,104,054

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

SEPARATE BALANCE SHEET
(continued)

Code	RESOURCES	Note	As at 31 December	
			2020 VND	2019 VND
300	LIABILITIES		589,497,115,350	638,140,396,305
310	Current liabilities		587,046,760,350	635,793,456,305
311	Short-term trade accounts payable	13	217,813,372,804	230,834,095,935
312	Short-term advances from customers	14	107,450,262,008	89,291,098,394
313	Tax and other payables to the State	15(b)	35,836,768,240	29,591,515,119
314	Payables to employees	16	54,505,544,629	60,541,268,211
315	Short-term accrued expenses	17	12,229,357,736	20,385,583,664
319	Other short-term payables		329,115,763	408,227,746
320	Short-term borrowings	18	158,760,612,438	203,824,187,968
322	Bonus and welfare funds		121,726,732	917,479,268
330	Long-term liability		2,450,355,000	2,346,940,000
342	Provision for long-term liabilities	19	2,450,355,000	2,346,940,000
400	OWNERS' EQUITY		3,005,942,140,432	3,016,673,707,749
410	Capital and reserves		3,005,942,140,432	3,016,673,707,749
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 fund	22	36,590,318,871	22,829,452,785
421	Undistributed earnings	22	704,357,516,505	726,007,559,908
421a	- Undistributed post-tax profits of previous years		526,334,644,478	677,835,981,193
421b	- Post-tax profit of the current year		178,022,872,027	48,171,578,715
440	TOTAL RESOURCES		3,595,439,255,782	3,654,814,104,054

 Nguyen Thi Hong Lan
 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 separate financial statements.

SEPARATE INCOME STATEMENT

Code		Note	Year ended 31 December	
			2020 VND	2019 VND
01	Revenue from sales of goods and rendering of services		2,428,012,379,939	3,418,189,384,186
02	Less deductions		(6,321,525,820)	(8,682,321,013)
10	Net revenue from sales of goods and rendering of services	25	2,421,690,854,119	3,409,507,063,173
11	Cost of goods and services rendered	26	(1,918,245,404,823)	(2,829,792,744,441)
20	Gross profit from sales of goods and rendering of services		503,445,449,296	579,714,318,732
21	Financial income	27	233,738,466,599	113,047,728,212
22	Financial expenses		(14,088,146,486)	(16,384,455,356)
23	- Including: Interest expense		(9,784,981,206)	(14,565,320,886)
25	Selling expenses	28	(275,501,245,057)	(338,703,382,634)
26	General and administration expenses	29	(56,672,477,257)	(81,540,185,077)
30	Net operating profit		390,922,047,095	256,134,023,877
31	Other income		7,769,040,728	8,378,847,731
32	Other expenses		(5,886,065,228)	(5,400,247,641)
40	Net other income		1,882,975,500	2,978,600,090
50	Net accounting profit before tax		392,805,022,595	259,112,623,967
51	Business income tax ("BIT") - current	30	(58,478,268,441)	(59,634,587,837)
52	BIT - deferred	30	936,457,073	3,379,211,985
60	Net profit after tax		335,263,211,227	202,857,248,115



 Nguyen Thi Hong Lan
 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 separate financial statements.

SEPARATE CASH FLOW STATEMENT
(Indirect method)

Code	Note	Year ended 31 December	
		2020 VND	2019 VND
CASH FLOWS FROM OPERATING ACTIVITIES			
01		392,805,022,595	259,112,623,967
	Net accounting profit before tax		
	Adjustments for:		
02	Depreciation and amortisation	52,246,768,895	53,554,355,857
03	Provisions	4,166,107,189	18,466,571,064
04	Unrealised foreign exchange losses/(gains)	777,039,136	(203,681,102)
05	Profits from investing activities	(225,755,943,417)	(103,541,988,912)
06	Interest expense	9,784,981,206	14,565,320,886
08	Operating profit before changes in working capital	234,023,975,604	241,953,201,760
09	Decrease in receivables	133,582,327,076	102,361,145,998
10	Decrease in inventories	177,281,176,353	395,841,252,103
11	Decrease in payables	(21,934,215,349)	(116,901,956,636)
12	Decrease/(increase) in prepaid expenses	31,183,835,203	(1,767,804,932)
14	Interest paid	(9,784,981,206)	(14,565,320,886)
15	BIT paid	(39,399,109,720)	(78,658,917,816)
17	Other payments on operating activities	(28,945,462,680)	(36,896,199,000)
20	Net cash inflows from operating activities	476,007,545,281	491,365,400,591
CASH FLOWS FROM INVESTING ACTIVITIES			
21	Purchases of fixed assets and other long-term assets	(18,161,288,043)	(38,023,637,167)
22	Proceeds from disposals of fixed assets	3,132,727,272	18,115,636,364
23	Lending and investments held to maturity	(616,400,000,000)	(2,184,745,044,955)
24	Collection of lending and investments held to maturity	307,000,000,000	1,634,500,000,000
25	Investments in other entities	-	(236,000,000,000)
27	Interest received from lendings, deposits and dividends	214,671,066,441	83,573,474,808
30	Net cash outflows from investing activities	(109,757,494,330)	(722,579,570,950)
CASH FLOWS FROM FINANCING ACTIVITIES			
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	866,228,790,430	758,924,763,951
34	Repayments of short-term borrowings	(911,210,731,708)	(882,058,348,854)
36	Dividends paid	(315,002,678,400)	(274,996,745,600)
40	Net cash (outflows)/inflows from financing activities	(362,827,009,678)	240,552,947,953
50	Net increase in cash	3,423,041,273	9,338,777,594
60	Cash at beginning of year	21,222,758,654	11,916,458,195
61	Effect of foreign exchange differences	(45,403,336)	(32,477,135)
70	Cash at end of year	24,600,396,591	21,222,758,654

 Nguyen Thi Hong Lan
 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 separate financial statements.

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

1 GENERAL INFORMATION

An Cuong Wood - Working Joint Stock Company (“the Company”) was joint stock company and established in SR Vietnam pursuant to the initial Enterprise Registration Certificate No.3700748131 dated 20 September 2006 which was issued by the Department of Planning and Development of Binh Duong. The latest amendment 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 individual 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 is within 12 months.

As at 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	31.12.2020		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 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

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

As at 31 December 2020, the Company had 1951 employees (as at 31 December 2019: 2,297 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 2020 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"). 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 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 ruling 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(s) where the Company regularly trades. Foreign currencies deposited in bank(s) at the separate balance sheet date are translated at the buying exchange rate of the commercial bank(s) 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 period from the separate balance sheet date to the maturity date.

2.7 Inventories

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

The Company applies the perpetual 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 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. Those investments are initially accounted for at cost. Subsequently, the Chairman 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 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.

(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 Chairman reviews all outstanding investments to determine the amount of provision to recognise at the year end.

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 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, such expenditure is charged to the income statement when incurred.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**2.9 Fixed assets (continued)***Tangible and intangible fixed assets (continued)**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.

Construction in progress

Construction in progress represents the cost of assets in the course of construction for production, rental or administrative purposes, or for purposes not yet determined, which are recorded at cost and are comprised of such necessary costs to 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 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**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 period from the separate balance sheet date to the maturity date.

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 period.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**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 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 accounting fiscal period 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 period used for the calculation of severance allowance is the year during which the employee actually works for the Company less the year during which the employee participates in the unemployment insurance scheme in accordance with the labour regulations and the working period for which the employee has received severance allowance from the Company.

The severance allowance is accrued at the end of the reporting period on the basis that each employee is entitled to half of an average monthly salary for each working period. 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 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 Company's results profit after BIT at the reporting date.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**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 the Company's profit after BIT 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

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) following conditions are satisfied:

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

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

Revenue is recognised in accordance with the "substance over form" principle and allocated to each sales obligation. If/In cases where the Company gives promotional goods to customers associated with their purchases, the Company allocates the total considerations received between goods sold and promotional goods. The cost of promotional goods is recognised as cost of sales in the separate income statement.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**2.19 Revenue recognition (continued)****(b) Revenue from rendering of services**

Revenue from rendering of services is recognised in the separate income statement when the services are rendered, by reference to completion of the specific transaction assessed on the basis of the actual service provided as a proportion of the total services to be provided. Revenue from the rendering of services is only recognised when the 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 Company;
- The percentage of completion of the transaction at the separate balance sheet date can be measured reliably; and
- The costs incurred for the transaction and the costs to complete the transaction can be measured reliably.

(c) Interest income

Interest income is recognised on an earned basis.

(d) Dividend income

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

2.20 Sales deductions

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

Sales 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 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**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 for administrative purposes which mainly include salary expenses of administrative staff; 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.

2.25 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.

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 period 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 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**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 members of the Company's Board of Directors and Board of Management 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.

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

2.28 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 Chairman 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 period.

The areas involving significant estimates and assumptions are as follows:

- Useful life of fixed assets (Note 11);
- 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 Company and that are believed to be reasonable under the circumstances.

3 CASH

	2020 VND	2019 VND
Cash on hand	426,485,628	334,707,689
Cash in bank	24,173,910,963	20,888,050,965
	<u>24,600,396,591</u>	<u>21,222,758,654</u>

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

	2020		2019	
	Cost VND	Book value VND	Cost VND	Book value VND
i. Short-term				
- Term deposits	1,353,645,044,955	1,353,645,044,955	961,245,044,955	961,245,044,955
ii. Long-term				
- Term deposits	-	-	83,000,000,000	83,000,000,000

- (i) Short-term investments held-to-maturity represent 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% - 8% per annum (2019: 7.4% - 8.5% per annum).
- (ii) 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.

(b) Investments in subsidiaries (Note 32(b))

	2020		2019	
	Cost VND	Provision VND	Cost VND	Provision VND
Malloca Vietnam Company Limited	120,000,000,000	-	120,000,000,000	-
An Cuong Wood - Working Manufacturing Company Limited	796,600,000,000	-	796,600,000,000	-
	<u>916,600,000,000</u>	<u>-</u>	<u>916,600,000,000</u>	<u>-</u>

As at 31 December 2020 and 31 December 2019, the Company did not have any information about the fair value of these investments since these subsidiaries' shares are not publicly listed yet.

AN CUONG WOOD-WORKING JOINT STOCK COMPANY

Form B 09 – DN

5 SHORT-TERM TRADE ACCOUNTS RECEIVABLE

	2020 VND	2019 VND
Third parties		
Ai Linh Trading and Export Import Joint Stock Company	30,887,655,293	39,221,544,977
Others	219,493,463,792	266,936,217,735
Related parties (Note 32(b))	45,553,107,015	109,847,502,097
	<u>295,934,226,100</u>	<u>416,005,264,809</u>

As at 31 December 2020 and 31 December 2019, the balances of short-term trade accounts receivable which were past due amounting to VND12,687,321,672 and VND20,030,395,747 respectively as presented in Note 8.

6 SHORT-TERM PREPAYMENTS TO SUPPLIERS

	2020 VND	2019 VND
Hplus Commercial Construction and Furniture Joint Stock Company	-	2,436,959,425
Others	13,164,884,848	18,843,125,192
	<u>13,164,884,848</u>	<u>21,280,084,617</u>

7 OTHER SHORT-TERM RECEIVABLES

	2020 VND	2019 VND
Deposits	5,835,250,458	9,762,126,636
Interest income	42,402,720,381	31,552,585,571
Advance to employees	197,754,929	795,039,324
Others	-	2,408,157,607
	<u>48,435,725,768</u>	<u>44,517,909,138</u>

AN CUONG WOOD-WORKING JOINT STOCK COMPANY

Form B 09 – DN

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	4,263,310,403	2,131,655,200	2,131,655,203	Over 1 year		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 2 year		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 year		5,534,867,991	1,665,998,905	Over 6 months
	Others	4,633,220,992	1,679,840,406	2,953,380,586	Over 6 months		1,125,508,154	1,125,508,155	Over 1 year
		<u>12,687,321,672</u>	<u>5,068,732,689</u>	<u>7,618,588,983</u>			<u>1,064,702,110</u>	<u>1,064,702,110</u>	Over 1 year
							<u>1,929,709,896</u>	<u>1,735,138,740</u>	Over 6 months
							<u>20,030,395,747</u>	<u>9,577,841,659</u>	
	Receivables that were past due								
	Sai Gon Shipyard Company Limited	2,144,622,095							
	Hickory Group Pty Ltd.	2,639,637,591							
	An Gia Hung Investment Construction Joint Stock Company	7,200,866,896							
	China Construction (S.E.A) Corporation Ltd.	2,251,016,309							
	Hung Long Phat Investment And Construction Joint Stock Company	2,129,404,220							
	Others	3,664,848,636							
		<u>20,030,395,747</u>	<u>10,452,554,088</u>	<u>9,577,841,659</u>					

9 INVENTORIES

	2020		2019	
	Cost VND	Provision VND	Cost VND	Provision VND
Goods in transit	26,452,064,111	-	36,840,867,388	-
Raw materials	319,619,881,725	(6,737,223,586)	391,118,884,648	(2,540,012,854)
Work in progress	87,165,652,902	(3,910,810,774)	179,138,405,413	(5,411,819,125)
Finished goods	119,769,998,832	(4,413,452,567)	126,726,018,560	(1,676,263,739)
Merchandise	31,648,946,097	(1,288,685,773)	28,113,544,011	(700,132,117)
	<u>584,656,543,667</u>	<u>(16,350,172,700)</u>	<u>761,937,720,020</u>	<u>(10,328,227,835)</u>

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

	2020 VND	2019 VND
Beginning of year	10,328,227,835	1,810,806,049
Increase (Note 26)	6,021,944,865	8,517,421,786
End of year	<u>16,350,172,700</u>	<u>10,328,227,835</u>

10 PREPAID EXPENSES

(a) Short-term

	2020 VND	2019 VND
Insurance	162,180,046	2,034,214,108
Tools and supplies	5,217,901,345	5,277,685,469
Rental	479,635,830	458,305,300
Advertising	106,480,455	864,067,697
Showroom and samples	3,832,770,290	4,443,765,734
Others	3,457,604,386	3,519,794,681
	<u>13,256,572,352</u>	<u>16,597,832,989</u>

10 PREPAID EXPENSES (continued)

(b) Long-term

	2020 VND	2019 VND
Land rental (*)	68,060,329,207	69,880,598,769
Tools and supplies	8,094,930,497	14,795,798,739
Rental	2,094,153,325	2,140,263,123
Office and factory renovation	15,297,885,459	29,080,740,264
Others	3,817,099,707	9,309,571,866
	<u>97,364,398,195</u>	<u>125,206,972,761</u>

(*) As at 31 December 2020, land use rights of land plots No.681, No.750 and No.441 located in Binh Duong province with the carrying amount of VND68 billion (as at 31 December 2019: VND70 billion) have been pledged for short-term borrowings with bank (Note 18).

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

	2020 VND	2019 VND
Beginning of year	125,206,972,761	115,578,640,547
Increase	6,186,704,786	40,837,700,439
Allocation	(34,029,279,352)	(31,209,368,225)
End of year	<u>97,364,398,195</u>	<u>125,206,972,761</u>

AN CUONG WOOD-WORKING JOINT STOCK COMPANY

Form B 09 – DN

11 FIXED ASSETS

(a) Tangible fixed assets

	Plant and buildings VND	Machinery VND	Motor vehicles VND	Office equipment VND	Others VND	Total VND
Historical cost						
As at 1 January 2020	155,923,581,040	214,307,621,099	66,979,947,805	3,887,225,089	24,332,699,212	465,431,074,245
New purchases	1,769,432,000	3,998,662,170	7,281,742,728	-	-	13,049,836,898
Disposals	-	(4,015,487,975)	(3,622,636,363)	-	-	(7,638,124,338)
As at 31 December 2020	157,693,013,040	214,290,795,294	70,639,054,170	3,887,225,089	24,332,699,212	470,842,786,805
Accumulated depreciation						
As at 1 January 2020	49,097,500,884	87,414,940,715	30,875,853,996	1,781,087,409	18,151,521,463	187,320,904,467
Charge for the year	14,547,272,346	23,690,516,150	8,053,371,558	705,376,243	1,676,021,590	48,672,557,887
Disposals	-	(2,972,295,829)	(1,767,843,403)	-	-	(4,740,139,232)
As at 31 December 2020	63,644,773,230	108,133,161,036	37,161,382,151	2,486,463,652	19,827,543,053	231,253,323,122
Net book value						
As at 1 January 2020	106,826,080,156	126,892,680,384	36,104,093,809	2,106,137,680	6,181,177,749	278,110,169,778
As at 31 December 2020	94,048,239,810	106,157,634,258	33,477,672,019	1,400,761,437	4,505,156,159	239,589,463,683

Historical cost of tangible fixed assets fully depreciated but still in use as at 31 December 2020 was VND26.5 billion (as at 31 December 2019: VND13.4 billion).

As at 31 December 2020 tangible fixed assets with carrying value of VND60 billion (as at 31 December 2019: VND68 billion) were pledged with banks as security for short-term borrowings granted to the Company (Note 18).

11 FIXED ASSETS (continued)

(b) Intangible fixed assets

	Land use rights VND	Software VND	Total VND
Historical cost			
As at 1 January 2020	8,090,909,091	19,979,674,850	28,070,583,941
New purchases	-	3,614,383,405	3,614,383,405
As at 31 December 2020	<u>8,090,909,091</u>	<u>23,594,058,255</u>	<u>31,684,967,346</u>
Accumulated amortisation			
As at 1 January 2020	1,178,001,631	6,897,415,519	8,075,417,150
Charge for the year	221,804,517	3,352,406,491	3,574,211,008
As at 31 December 2020	<u>1,399,806,148</u>	<u>10,249,822,010</u>	<u>11,649,628,158</u>
Net book value			
As at 1 January 2020	<u>6,912,907,460</u>	<u>13,082,259,331</u>	<u>19,995,166,791</u>
As at 31 December 2020	<u><u>6,691,102,943</u></u>	<u><u>13,344,236,245</u></u>	<u><u>20,035,339,188</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 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 Company (Note 18).

12 CONSTRUCTION IN PROGRESS

	2020 VND	2019 VND
Office renovation	508,363,719	828,306,006
Machinery and equipment	2,152,010,027	335,000,000
	<u>2,660,373,746</u>	<u>1,163,306,006</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	1,163,306,006	7,085,156,661
Addition	1,497,067,740	-
Transfers to tangible fixed assets	-	(842,139,487)
Transfers to prepaid expenses	-	(5,047,711,168)
Others	-	(32,000,000)
	<u>2,660,373,746</u>	<u>1,163,306,006</u>

13 SHORT-TERM TRADE ACCOUNTS PAYABLE

	2020 VND	2019 VND
Third parties		
Vina Eco Board Limited	17,173,526,919	16,594,123,183
Others	107,358,676,303	122,469,873,854
Related parties (Note 32(b))	93,281,169,582	91,770,098,898
	<u>217,813,372,804</u>	<u>230,834,095,935</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
Conglom Inc	18,115,355,301	5,305,300,752
Unique Furniture Inc	12,154,094,414	2,336,465,801
Vinhomes Joint Stock Company	-	12,782,537,735
Thanh Do Investment Development and Construction Joint Stock Company	-	9,815,572,250
Others	77,180,812,293	59,051,221,856
	<u>107,450,262,008</u>	<u>89,291,098,394</u>

AN CUONG WOOD-WORKING JOINT STOCK COMPANY

Form B 09 – DN

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 1.1.2020 VND	Receivable during the year VND	Collected during the year VND	As at 31.12.2020 VND
a) Receivables				
Import tax to be reclaimed	3,213,515,504	249,254,601	(3,158,692,023)	304,078,082
Others	5,355,496	-	(2,677,748)	2,677,748
	<u>3,218,871,000</u>	<u>249,254,601</u>	<u>(3,161,369,771)</u>	<u>306,755,830</u>
b) Payables				
Value added tax	16,783,885,051	104,772,385,869	(114,367,284,007)	7,188,986,913
Business income tax	5,211,840,318	58,478,268,441	(39,399,109,720)	24,290,999,039
Import tax	-	14,722,741,584	(14,722,741,584)	-
Personal income tax	7,595,789,750	14,140,270,205	(17,379,277,667)	4,356,782,288
Others	-	332,238,832	(332,238,832)	-
	<u>29,591,515,119</u>	<u>192,445,904,931</u>	<u>(186,200,651,810)</u>	<u>35,836,768,240</u>

16 PAYABLES TO EMPLOYEES

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

17 SHORT-TERM ACCRUED EXPENSES

	2020 VND	2019 VND
Staff costs	5,990,078,851	15,938,485,930
Marketing expenses	48,000,000	432,689,000
Others	6,191,278,885	4,014,408,734
	<u>12,229,357,736</u>	<u>20,385,583,664</u>

AN CUONG WOOD-WORKING JOINT STOCK COMPANY

Form B 09 – DN

18 SHORT-TERM BORROWINGS

	As at 1.1.2020 VND	Drawdown VND	Repayments VND	Revaluation VND	As at 31.12.2020 VND
Bank loans (*)	203,824,187,968	866,228,790,430	(911,210,731,708)	(81,634,252)	158,760,612,438

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

	Currency	As at 31.12.2020 VND	Term Months	Expiry Date	Interest (% per annum)	Collateral
Joint Stock Commercial Bank for Foreign Trade of Vietnam ("Vietcombank")	VND	47,935,930,467	4	4 May 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.
Vietnam Technological and Commercial Joint Stock Bank Vietnam Joint Stock Commercial Bank for Industry and Trade ("Vietinbank")	USD	76,221,712,207	4	4 May 2021	2.1%	Inventories and machineries.
	VND	17,034,535,413	3	15 March 2021	4.4%	
	VND	11,184,195,869	3	14 March 2021	4.8%	Subrogation of the Company; land use rights and assets belonged to land plot No. 441 located in Binh Duong, machineries and equipment.
	USD	6,384,238,482	3	18 March 2021	2.35%	
		<u>158,760,612,438</u>				

19 PROVISION FOR LONG-TERM LIABILITIES

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

20 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:

	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	4,115,870,066	3,200,095,993
	<u>4,605,941,066</u>	<u>3,669,483,993</u>

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

	2020 VND	2019 VND
Beginning of year	3,669,483,993	290,272,008
Income statement credit (Note 30)	936,457,073	3,379,211,985
End of year	<u>4,605,941,066</u>	<u>3,669,483,993</u>

Details of deferred tax assets

	2020 VND	2019 VND
Deductible temporary differences	<u>4,605,941,066</u>	<u>3,669,483,993</u>

The Company 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 ordinary 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 Vietnam Investment Company Limited	43,861,200	50.04	43,861,200	51.04
Withlam Holding Pte. Ltd.	15,834,000	18.06	15,834,000	18.42
Sumitomo Forestry (Singapore) Ltd.	17,187,922	19.61	17,187,922	20.00
Others	10,773,722	12.29	9,054,961	10.54
	<u>87,656,844</u>	<u>100</u>	<u>85,938,083</u>	<u>100</u>

(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	<u>87,656,844</u>	<u>876,568,440,000</u>

Par value per share: VND10,000.

AN CUONG WOOD-WORKING JOINT STOCK COMPANY

Form B 09 – DN

22 MOVEMENTS IN OWNERS' EQUITY

	Owners' capital VND	Share premium VND	Treasury shares VND	Investment and development funds 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	842,562,236,282	2,479,389,413,584
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	-	-	-	-	202,857,248,115	202,857,248,115
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	726,007,559,908	3,016,673,707,749
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	-	-	-	-	335,263,211,227	335,263,211,227
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	704,357,516,505	3,005,942,140,432

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 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 the 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 by cash (Note 22)	(315,002,678,400)	(274,996,745,600)
End of year	-	-

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

Included in cash were balances held in foreign currencies of US\$192,313 and EUR1,618 (as at 31 December 2019: US\$227,524 and EUR123,350).

(b) Operating lease assets

The future minimum lease payments under non-cancellable operating assets leases are presented in Note 33.

25 NET REVENUE OF SALES OF GOODS AND RENDERING OF SERVICES

	2020 VND	2019 VND
Revenue		
Revenue from sales of finished goods	2,352,425,283,621	3,376,600,014,884
Revenue from rendering of services	75,587,096,318	41,589,369,302
	<u>2,428,012,379,939</u>	<u>3,418,189,384,186</u>
Sales deductions		
Trade discounts	(2,942,824,793)	(3,077,062,871)
Sales returns	(3,354,596,927)	(5,481,818,642)
Sales allowances	(24,104,100)	(123,439,500)
	<u>(6,321,525,820)</u>	<u>(8,682,321,013)</u>
Net revenue from sales of goods and rendering of services		
Net revenue from sales of finished goods	2,346,103,757,801	3,367,917,693,871
Net revenue from rendering of services	75,587,096,318	41,589,369,302
	<u>2,421,690,854,119</u>	<u>3,409,507,063,173</u>

26 COST OF GOODS SOLD AND SERVICES RENDERED

	2020 VND	2019 VND
Cost of finished goods sold	1,848,346,135,378	2,783,697,340,186
Cost of services rendered	63,877,324,580	37,577,982,469
Provision for decline in value of inventories (Note 9)	6,021,944,865	8,517,421,786
	<u>1,918,245,404,823</u>	<u>2,829,792,744,441</u>

AN CUONG WOOD-WORKING JOINT STOCK COMPANY

Form B 09 – DN

27 FINANCIAL INCOME

	2020 VND	2019 VND
Dividend received (Note 32(a)(vii))	140,000,000,000	36,000,000,000
Interest income	85,521,201,251	70,045,223,943
Interest income from short-term lending (Note (32)(a)(v))	-	1,450,027,399
Realised foreign exchange gains	8,217,265,348	5,348,795,768
Net gain from foreign currency translation at year-end	-	203,681,102
	<u>233,738,466,599</u>	<u>113,047,728,212</u>

28 SELLING EXPENSES

	2020 VND	2019 VND
Staff costs	100,472,456,797	129,747,550,724
Transportation	41,687,889,252	54,553,650,136
Marketing and advertising	47,197,297,209	59,377,304,774
Rental	16,773,513,363	13,616,324,144
Tools and supplies	7,204,132,463	8,596,602,996
Depreciation and amortisation	10,227,389,692	10,187,963,980
Repair and maintenance	18,096,276,624	18,014,162,077
Others	33,842,289,657	44,609,823,803
	<u>275,501,245,057</u>	<u>338,703,382,634</u>

29 GENERAL AND ADMINISTRATION EXPENSES

	2020 VND	2019 VND
Staff costs	32,507,336,116	39,416,797,494
Professional fees	1,055,071,148	2,294,753,417
Depreciation and amortisation	1,615,914,038	1,702,073,307
Tools and supplies	955,207,929	1,626,263,080
Provision for doubtful debts	179,494,759	7,602,209,278
Others	20,359,453,267	28,898,088,501
	<u>56,672,477,257</u>	<u>81,540,185,077</u>

30 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:

	2020 VND	2019 VND
Net accounting profit before tax	392,805,022,595	259,112,623,967
Tax calculated at a rate of 20%	78,561,004,519	51,822,524,793
Effect of:		
Income not subject to tax	(28,000,000,000)	(7,200,000,000)
Expenses not deductible for tax purposes	6,980,806,849	11,532,606,110
Under-provision in previous years	-	100,244,949
BIT charge (*)	<u>57,541,811,368</u>	<u>56,255,375,852</u>
Charged/(credited) to income statement:		
BIT – current	58,478,268,441	59,634,587,837
BIT – deferred (Note 20)	(936,457,073)	(3,379,211,985)
	<u>57,541,811,368</u>	<u>56,255,375,852</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.

31 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:

	2020 VND	2019 VND
Raw materials	1,172,879,712,052	1,455,525,607,061
Staff costs	341,250,882,398	483,955,356,405
Outside services	120,680,665,070	189,685,230,462
Tools and supplies	47,516,457,398	68,791,369,727
Transportation	42,454,009,555	57,282,166,689
Depreciation and amortisation	52,246,768,895	53,554,355,857
Others	82,731,554,217	124,731,766,891
	<u>1,859,760,049,585</u>	<u>2,433,525,853,092</u>

32 RELATED PARTY DISCLOSURES

As at 31 December 2020, the Company had balances and/or transactions with the related parties:

Entity	Relationship
Malloca Vietnam Limited Company	Subsidiary of the Company
An Cuong Wood - Working Limited Company	Subsidiary of the Company
AConcept Vietnam Limited Company	Indirect subsidiary of the Company
NC Vietnam Investment 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

(a) Related party transactions

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

	2020 VND	2019 VND
<i>i) Sales of goods</i>		
Trung Hieu Plywood Company Limited	52,411,632,592	82,377,738,637
Malloca Vietnam Company Limited	36,377,818,420	53,238,256,288
AConcept Vietnam Company Limited	24,654,088,137	30,266,911,020
An Cuong Wood-Working Manufacturing Company Limited	240,892,608,306	413,968,225,530
	<u>354,336,147,455</u>	<u>579,851,131,475</u>
<i>ii) Purchases of goods</i>		
Malloca Vietnam Company Limited	11,011,947,875	21,651,625,304
AConcept Vietnam Company Limited	1,586,928,062	1,984,088,019
An Cuong Wood-Working Manufacturing Company Limited	326,361,014,182	486,998,646,578
	<u>338,959,890,119</u>	<u>510,634,359,901</u>
<i>iii) Sales of fixed assets</i>		
An Cuong Wood-Working Manufacturing Company Limited	<u>3,095,545,454</u>	<u>15,011,000,000</u>

32 RELATED PARTY DISCLOSURES (continued)

(a) Related party transactions (continued)

	2020 VND	2019 VND
iv) Financing activities		
Investments		
Malloca Vietnam Company Limited	-	60,000,000,000
An Cuong Wood - Working Manufacturing Company Limited	-	200,000,000,000
	<u>-</u>	<u>260,000,000,000</u>
Short-term lendings		
Lendings to An Cuong Wood - Working Manufacturing Company Limited	-	27,000,000,000
Collections of lendings to Malloca Vietnam Company Limited	-	4,000,000,000
Collections of lendings to An Cuong Wood - Working Manufacturing Company Limited	-	41,000,000,000
	<u>-</u>	<u>72,000,000,000</u>
v) Interest income from short-term lendings (Note 27)		
Malloca Vietnam Company Limited	-	735,452,058
An Cuong Wood - Working Manufacturing Company Limited	-	714,575,341
	<u>-</u>	<u>1,450,027,399</u>
vi) Dividend paid to		
NC Vietnam Investment Company Limited	157,900,320,000	140,355,840,000
Sumitomo Forestry (Singapore) Ltd.	61,876,519,200	55,001,350,400
Whitlam Holding Pte. Ltd.	57,002,400,000	50,668,800,000
	<u>276,779,239,200</u>	<u>246,026,000,400</u>
vii) Profits received from (Note 27)		
Malloca Vietnam Company Limited	40,000,000,000	36,000,000,000
An Cuong Wood - Working Manufacturing Company Limited	100,000,000,000	-
	<u>140,000,000,000</u>	<u>36,000,000,000</u>

32 RELATED PARTY DISCLOSURES (continued)

(a) Related party transactions (continued)

viii) Compensation of key management

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

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>

32 RELATED PARTY DISCLOSURES (continued)

(b) Year end balances with related parties

	2020 VND	2019 VND
Short-term trade accounts receivable (Note 5)		
Malloca Vietnam Company Limited	3,621,575,962	120,609,500
Trung Hieu Plywood Company Limited	6,570,930,383	6,128,605,142
AConcept Vietnam Company Limited	1,530,503,662	10,461,065,795
An Cuong Wood - Working Manufacturing Company Limited	33,830,097,008	93,137,221,660
	<u>45,553,107,015</u>	<u>109,847,502,097</u>
Investments in subsidiaries (Note 4(b))		
Malloca Vietnam Company Limited	120,000,000,000	120,000,000,000
An Cuong Wood - Working Manufacturing Company Limited	796,600,000,000	796,600,000,000
	<u>916,600,000,000</u>	<u>916,600,000,000</u>
Short-term trade accounts payable (Note 13)		
AConcept Vietnam Company Limited	1,209,453,507	-
Malloca Vietnam Company Limited	8,490,914,163	227,580,643
An Cuong Wood - Working Manufacturing Company Limited	83,580,801,912	91,542,518,255
	<u>93,281,169,582</u>	<u>91,770,098,898</u>

33 COMMITMENTS

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

	2020 VND	2019 VND
Within one year	23,712,919,638	19,897,864,893
Between one and five years	48,923,640,131	39,056,196,761
Over five years	19,089,594,946	15,131,096,354
Total minimum payments	<u>91,726,154,715</u>	<u>74,085,158,008</u>

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

 Nguyen Thi Hong Lan
 Preparer



 Thieu Thi Ngoc Diem
 Chief Accountant



 Tran Luong Thanh Tung
 Member of the Board of Directors