

Date: xx/xx/2017

To: xxx Company

Company research report

(Unlisted company English comprehensive version •
Vietnam accounting standard)

VIETNAM SAMPLE REPORT JOINT STOCK COMPANY

Viet Economic Research & Advisory Corp.

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1. COMPANY PROFILE

Company name	VIETNAM SAMPLE REPORT JOINT STOCK COMPANY
Native name	CONG TY CO PHAN VIETNAM SAMPLE REPORT
Registration address	1234 Lang Ha Street, Dong Da District, Hanoi, Vietnam
Operation address	1234 Lang Ha Street, Dong Da District, Hanoi, Vietnam
TEL	84-4.1234-5678
FAX	84-4.1234-5677
Email	info@abc.com.vn
Website	www.abc.com.vn
Established date	31/03/1999
Listed year	unlisted
Tax code	0123456789
Tax code issued date	05/03/2000
Business Registration No.	0123456789
Legal form	Joint Stock Company
Status of business	Normal
Main business lines	Manufacturing, trading and installation aluminum - glass window and door
Authorized capital	VND 4,500,000,000,000- (Registered Capital) VND 4,000,000,000,000- (Contributed Capital 31/12/2016)
Total employees	About 900 persons (DD/MM/YYYY)

2. HISTORY OF REGISTRATION

History of registration

No.	Amendment	Granted date																
1	Change of company’s name Previous name: XXXXXXXXXXXXXXXX Current name: XXXXXXXXXXXXXXXX	DD/MM/YYYY																
2	Registered Charter Capital increased Previous Registered Capital: VND XXXXXXXXXXXX- Current Registered Capital: VND XXXXXXXXXXXX-	DD/MM/YYYY																
3	Changed of Business Registration No. Previous Business Registration No.: XXXXXXXXXXXX Current Business Registration No.: XXXXXXXXXXXX	DD/MM/YYYY																
4	Change of shareholders Previous shareholders <table><tr><th>Name</th><th>Percentage (%)</th></tr><tr><td>Vietnam Sample Corporation</td><td>65.00%</td></tr><tr><td>Mr. Do Cao Bao</td><td>19.00%</td></tr><tr><td>Mr. Nguyen Lam Phuong</td><td>16.00%</td></tr></table> Current shareholders <table><tr><th>Name</th><th>Percentage (%)</th></tr><tr><td>Vietnam Sample Corporation</td><td>65.25%</td></tr><tr><td>Mr. Do Cao Bao</td><td>18.75%</td></tr><tr><td>Mr. Nguyen Lam Phuong</td><td>16.00%</td></tr></table>	Name	Percentage (%)	Vietnam Sample Corporation	65.00%	Mr. Do Cao Bao	19.00%	Mr. Nguyen Lam Phuong	16.00%	Name	Percentage (%)	Vietnam Sample Corporation	65.25%	Mr. Do Cao Bao	18.75%	Mr. Nguyen Lam Phuong	16.00%	DD/MM/YYYY
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Location

- Type of location: owned
- Area: 15,000 m2

3. PRODUCTS & SERVICES - RELATED INFORMATION

Trading conditions

- Purchasing and procurement situation
 - + Domestic: 100%
 - + Principal items: Materials for production
- Sales
 - + Domestic: about 10%
 - + Major products: aluminum – glass window and door
 - + International: about 90% (Asian countries, European countries, Russia, Australia, and America)
 - + Major products: aluminum – glass window and door

Payment Method

- Domestic: cash, bank transfer
- Overseas: letter of credit, remittances

4. BANKS/ BORROWING SITUATIONS

Names	Location	Outstanding Amount Unit: Mil.VND	Date
Viet Nam Joint Stock Commercial Bank For Industry And Trade (Vietinbank), *** Branch	34 ***** Street, Hoan Kiem District, Hanoi Vietnam Tel: 84-4.1234-5678	Short term: 4,754	DD/MM/2017

5. INDUSTRY REVIEW

- **Some characteristics of Furniture Industry in Vietnam**

Vietnam's furniture market can be divided into two main segments: the common and the high-end segments. The common furniture is products of carpenter's shop or of local small enterprises, while the high-end furniture is imported products or of well-known manufacturers. The industry also can be divided into some sectors: wood furniture, metal furniture, plastic furniture and rattan furniture. Wooden furniture is major sector in this industry, followed by fittings and architectural hardware, while rattan furniture and plastic furniture take up only a few. The industry has posted impressive growth in recent years to become an important export earner and world-class location for setting up furniture factories. According to the General Statistics Office of Vietnam (GSO), wood and timber products exports reached USD3.4 billion in the first 9 months of 2012. The total export volume was expected to reach more than USD4.5 billion in 2012.

The biggest furniture markets concentrate in the two economic centers Hanoi and Ho Chi Minh City as well as in another cities and provinces such as Hai Phong, Da Nang, Binh Duong, etc. According to Vietnam Trade Promotion Agency, the US topped 20 countries and territories with its volume of wood and timber products imported from Vietnam worth USD1.3 billion, followed by China (USD547 million), Japan (USD 498 million), South Korea (USD159 million) and the UK (USD135 million) in the first nine months of 2012.

- **About window and door sector**

Window and door manufacturing and trading sector is playing important role in construction and furniture industry. They are indispensable component of a house as well as decorations for the house. Vietnam's businesses are now manufacturing and trading many different types of window and door from wood, plastic, aluminum or glass. Most of Vietnam's enterprises in this sector are small and medium sizes. Some local manufacturing and trading companies in window and door sector are Eurowindow, Hanowindow, Smartdoor, Van Xuan Stap., Jsc, Dong A Plastic Group Joint Stock Company, World Door Joint Stock Company, etc.

- **Competition among rival firms is high:**

The Vietnam's furniture industry is considered to have a low level of concentration because the industry is highly fragmented and diverse with industry participants vary from large domestic and foreign companies to small enterprises. According to Vietnam Trade Promotion Agency, Vietnam now has nearly 6,500 timber and forestry processing enterprises with a total of more than 400,000 employees. Some local famous brands nationwide are Hoang Anh Gia Lai, Hoa Phat, Xuan Hoa, Nha Dep, Nha Xinh, My A, Savimex, etc. Some foreign invested enterprises are operating in Vietnam such as Cerubo Co., Ltd, Global Furniture Solutions Vietnam Co., Ltd, International Furniture Corporation, Rochdale Spears Co., Ltd, Light Furniture and Interior Joint Stock Company, Scanviwood Co., Ltd, etc.

- **Prospective growth opportunities**

*** Good potential for growth of Furniture Industry in Vietnam:**

Vietnam is a booming market. Vietnam has a population of more than 89 million people in which a very high percentage of young people. Therefore, Vietnam market is considerably large and demand for furniture products is quite high. Moreover, Vietnam has a large and affordable workforce. It is an advantage for furniture manufacturers because this industry requires a large workforce. The infrastructure of production are being concerned and improved day by day giving more good condition for working environment. Moreover, the Government's policies on promoting to speed up production and export give more advantages to the furniture manufacturers, specially exporting companies. The Government is providing furniture processing businesses with preferential loans, also assists in product promotion campaigns, seeking new markets for domestic furniture products.

For furniture fittings and architectural hardware, Vietnam is potential market for both trading and manufacturing companies in this field because the demand of furniture fittings is very high. Vietnam has a lot of companies producing furniture products. Those manufacturing businesses need fittings for production, especially fittings for high-end products.

*** Market restraints that dampen the prospect of growth.**

The furniture industry will be more affected by the general outlook of the world economy. World and domestic economy will face many difficulties in 2013. Another challenge of Vietnam's furniture industry is the shortage of material. Vietnam now is importing most of high-quality wood, fittings and

other materials for production from foreign countries such as Europe, North America. In addition, focusing on lower costs, the country has progressed much as an OEM producer. Many of local enterprises produce according to customer provided designs and specifications. With no emphasis on designs, the industry has little design expertise. Moreover, Vietnamese furniture is facing with the competition from imported products. Wood furniture imported from Italy, Singapore, Malaysia and Taiwan is currently popular in Vietnam due to the quality, value, and variety of products. For fittings and architectural hardware sector, the main threat comes from products of China suppliers with variety of products and prices.

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6. BOARD OF MANAGEMENT AND SHARE HOLDERS

Board of management (DD/MM/YYYY)

Name	Position	Born	Education	Nationality
Mr. Do Cao Bao	General Director	1957	Bachelor	Vietnamese
Mr. Nguyen Lam Phuong	Deputy General Director	1963	Bachelor	Vietnamese
Mr. Do Son Giang	Chief Accountant	1981	Bachelor	Vietnamese

Major shareholders (DD/MM/YYYY)

Shareholders	Nationality	Percentage of ordinary shares
Vietnam Sample Corporation	Vietnamese	65.25%
Mr. Do Cao Bao	Vietnamese	18.75%
Mr. Nguyen Lam Phuong	Vietnamese	16.00%

7. SUBSIDIARY/ BRANCH (DD/MM/YYYY)

Branch/ Factory	Address
Branch	Hanoi, Vietnam
Factory (Area : ****m2)	Hanoi, Vietnam
Sales office	Hanoi, Vietnam
Showroom	Hanoi, Vietnam
Subsidiary	Address
Vietnam Sample Report of Banking & Financing Services Co.,Ltd	Hanoi, Vietnam
Related company	Address
Vietnam Sample Report of Telecom & Public Co.,Ltd	Hanoi, Vietnam

8. BALANCE SHEET

(Unit: Million VND)

	2014	2015	2016
Current asset	2,234,704.0	2,536,108.0	4,063,360.0
Cash and cash equivalents	799,395.0	969,774.0	729,282.0
Short term investment	8,202.0	1,800.0	375,000.0
Trade receivables	517,681.0	567,473.0	681,137.0
Trade prepayment	57,944.0	92,770.0	128,189.0
Other receivables	90,285.0	100,035.0	811,540.0
Provision for bad debts	-134,528.0	-228,350.0	-17,685.0
Inventories	856,935.0	962,627.0	1,214,095.0
Other assets	38,790.0	69,979.0	141,802.0
Non - current assets	3,156,064.0	3,112,533.0	2,512,737.0
Trade receivables	20,807.0	34,280.0	15,877.0
Other receivables	749,281.0	686,223.0	824.0
Property, plant and equipment	753,707.0	696,401.0	881,500.0
Property investment	37,314.0	36,704.0	44,164.0
Long-term financial investments	1,532,826.0	1,605,226.0	1,517,863.0
Other long - term assets	62,129.0	53,699.0	52,509.0
Total assets	5,390,768.0	5,648,641.0	6,576,097.0

	2014	2015	2016
Liability	133,449.0	141,775.0	244,828.0
Current liability	131,404.0	114,755.0	207,805.0
Short-term borrowings	4,530.0	6,580.0	5,721.0
Trade payables	27,129.0	40,051.0	52,557.0
Advances from customers	27,231.0	8,131.0	15,342.0
Other payables	72,514.0	59,993.0	134,185.0
Non-current liability	2,045.0	27,020.0	37,023.0
Trade	450.0	703.0	916.0
Other payables	365.0	24,217.0	33,567.0
Long - term loans and debts	1,230.0	2,100.0	2,540.0
Equity	5,257,319.0	5,506,866.0	6,331,269.0
Owner's equity	5,192,317.0	5,439,526.0	6,262,360.0
Contributed equity	4,000,000.0	4,000,000.0	4,000,000.0
Capital surplus	389,066.0	473,216.0	857,990.0
Other owners Equity	12,600.0	65,301.0	43,222.0
Revaluation differences	45,031.0	24,465.0	34,722.0
Business development funds	23,790.0	32,145.0	24,782.0
Financial reserved funds	43,900.0	56,700.0	63,400.0
Other fund belong to owner's equity	577,229.0	722,430.0	953,293.0
Retained earnings	50,892.0	14,951.0	234,226.0
Restructure funds	49,809.0	50,318.0	50,725.0
Budgets sources	65,002.0	67,340.0	68,909.0
Minitory Interest	0.0	0.0	0.0
Total liability and Equity	5,390,768.0	5,648,641.0	6,576,097.0

9. INCOME STATEMENT

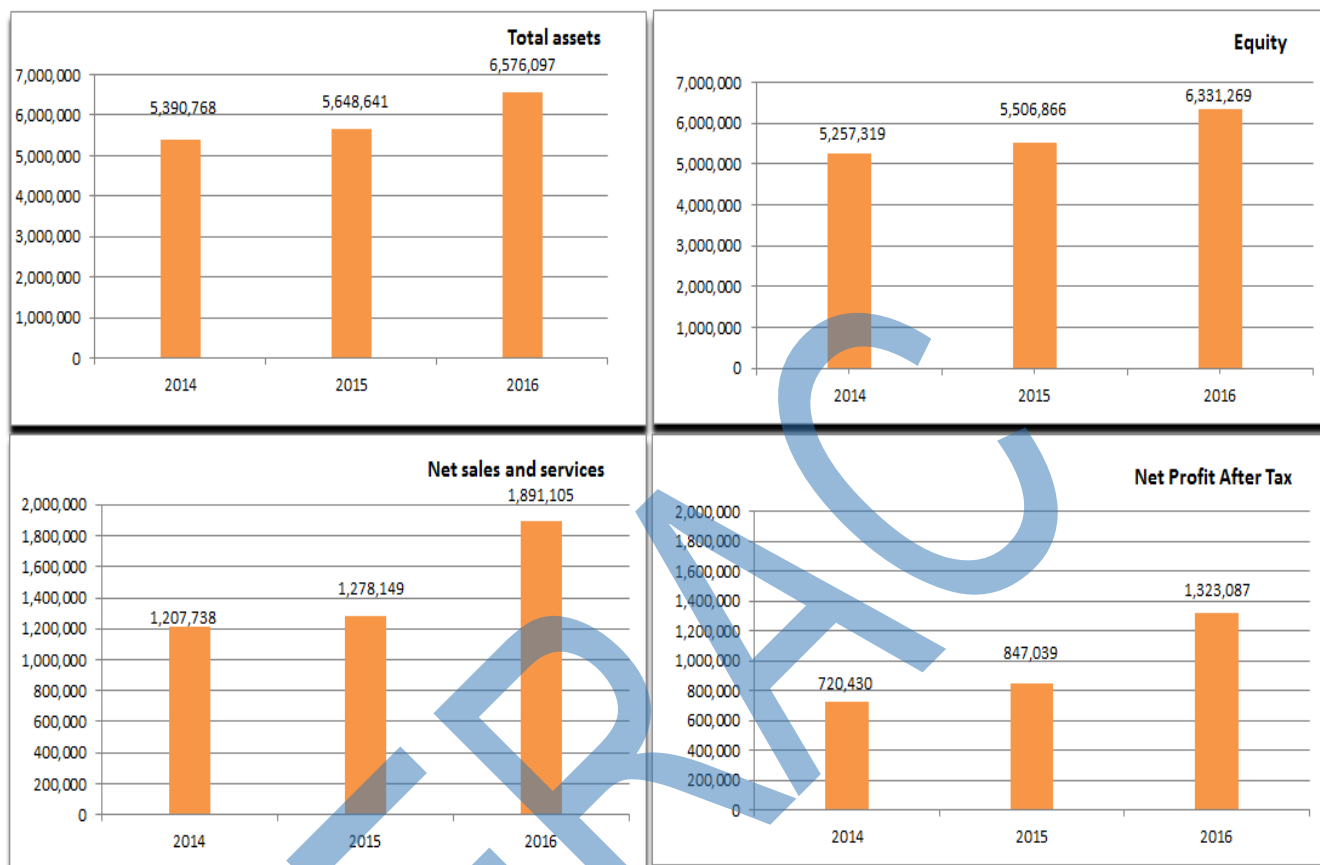
(Unit: Million VND)

	2014	2015	2016
Net sales and services	1,207,738.0	1,278,149.0	1,891,105.0
Cost of goods sold	1,200,223.0	1,210,624.0	1,684,231.0
Gross Profit	7,515.0	67,525.0	206,874.0
Financial income	997,129.0	1,139,494.0	1,431,196.0
Financial costs	40,922.0	67,344.0	1,558.0
Include : Interest expense	221.0	386.0	297.0
Selling expenses	56,922.0	84,814.0	137,457.0
General and Administrative Expenses	166,989.0	204,029.0	137,405.0
Net operating profit	739,811.0	850,832.0	1,361,650.0
Extraordinary income	10,501.0	30,942.0	5,468.0
Extraordinary expenses	20,022.0	24,718.0	33,615.0
Net Profit Before Tax	730,290.0	857,056.0	1,333,503.0
Income tax	9,860.0	10,017.0	10,416.0
Income tax adjustment	0.0	0.0	0.0
Net Profit After Tax	720,430.0	847,039.0	1,323,087.0

10. FINANCIAL INDICATORS

	Ratios	Formula Overview	2014	2015	2016
Profitability ratios	Gross Profit Margin	Gross Profit / Net Sales	0.62%	5.28%	10.94%
	Operating Profit Margin	Operating Profit / Net Sales	61.26%	66.57%	72.00%
	Profit Before Tax Margin	Profit Before Tax/ Net Sales	60.47%	67.05%	70.51%
	Operating Return on Asset	Operating Profit / Asset	13.72%	15.06%	20.71%
	Sales growth	Current net sales/ Previous net sales -1	N/A	5.83%	47.96%
Activity ratios	Asset Turnover	Net Sales/ Asset	0.22	0.23	0.29
	Inventory Turnover Period (monthly)	Inventory / Monthly Sales	8.51	9.04	7.70
	Receivable Turnover Period (monthly)	Receivable/ Monthly Sales	5.14	5.33	4.32
	Payable Turnover Period (monthly)	Payable /Monthly Sales	0.27	0.38	0.33
	Cash Conversion Cycle (monthly)	Monthly Inventory+ Monthly Receivables – Monthly Payables	13.38	13.99	11.69
	Fixed Asset Turnover (monthly)	Fixed Asset/ Monthly Sales	7.49	6.54	5.59
Financial Leverage Ratios	Equity To Asset Ratio	Equity / Total Asset	97.52%	97.49%	96.28%
	Current Ratio	Liquid Asset / Liquid Debt	1700.64%	2210.02%	1955.37%
	Fixed Asset To Equity Ratio	Fixed Asset / Equity	14.34%	12.65%	13.92%
	Borrowings To Sales (monthly)	Borrowings / Monthly Sales	5.72%	8.15%	5.24%
	Interest Coverage Ratio (times)	Operating Income / Interest expenses	3347.56	2204.23	4584.68

11. FINANCIAL CHARTS (Unit: Million VND)



12. CREDIT RISK EVALUATION

Credit rating is a combination of financial information and non-financial information. These factors include:

Financial information	Non-financial information
Financial status	Principals
Payments	Management
Accumulated profitability	Scale of operations
Growth of revenue	Years in business

CREDIT RATING & RISK ANALYSIS

Year	Credit rating	Description
2014	AA	The company has VERY STRONG capacity to meet its financial commitments but carries a higher risk than AAA companies
2015	A	The company has STRONG capacity to meet its financial commitments, but has less stability than higher rated companies
2016	A	The company has STRONG capacity to meet its financial commitments, but has less stability than higher rated companies

APPENDIX

VIETNAM CREDIT RATING CRITERIAS

Rating	Summary	Description
AAA	Highest	The company has EXCEPTIONAL STRONG capacity for timely payment of all its financial commitments.
AA	Very high	The company has VERY STRONG capacity to meet its financial commitments but carries a higher risk than AAA companies.
A	High	The company has STRONG capacity to meet its financial commitments, but has less stability than higher rated companies
BBB	Good	The company has ADEQUATE capacity to meet financial commitments but has less stability than higher rated companies.
BB	Above Average	The company is expected to be VULNERABLE TO ADVERSE changes in circumstances and economic conditions.
B	Average	The company's stability is expected to be IMPAIRED by adverse changes in circumstances and economic conditions.
CCC	Below Average	The company's capacity for meeting financial commitments is SOLELY RELIANT UPON favorable conditions
CC	Poor	The company manages to operate but posing HIGH default risk.
C	Very Poor	The company is posing VERY HIGH default risk.
D	Default	The company is DEFAULTED

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