

# **KinhBac City Development Holding Corporation**

Consolidated financial statements

For the year ended 31 December 2019

# KinhBac City Development Holding Corporation

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# KinhBac City Development Holding Corporation

## GENERAL INFORMATION

### THE COMPANY

KinhBac City Development Holding Corporation ("the Company") is a shareholding company incorporated under the Law on Enterprise of Vietnam pursuant to the Enterprise Registration No. 2103000012 issued by the Department of Planning and Investment of Bac Ninh province on 27 March 2002, and the subsequent amendments, with the latest is the 16<sup>th</sup> amendment No. 2300233993 being granted by the Department of Planning and Investment of Bac Ninh Province on 25 June 2019.

The current principal activities of the Company during the year are to invest, construct and trade infrastructure inside and outside the industrial parks; leasing out and selling the factories constructed by the Company in the industrial parks, residential - urban areas, financial investment; and other activities in accordance with the Enterprise Registration Certificate.

The Company's head office is located at Lot B7, Que Vo Industrial Park, Phuong Lieu Commune, Que Vo District, Bac Ninh Province, Vietnam; and its Ho Chi Minh branch is located at No. 20 Phung Khac Khoan, Da Kao Ward, No. 1 District, Ho Chi Minh City, Viet Nam.

The Company's shares are listed in the Ho Chi Minh City Stock Exchange in accordance with Decision No. 153/QD-SGDHCM issued by the Ho Chi Minh City Stock Exchange on 7 December 2009.

### BOARD OF DIRECTORS

Members of the Board of Directors during the year and at the date of this report are:

Mr Dang Thanh Tam	Chairman
Ms Nguyen Thi Thu Huong	Member
Mr Huynh Phat	Member
Mr Pham Phuc Hieu	Member
Mr Nguyen Vinh Tho	Member

### BOARD OF SUPERVISION

Members of the Board of Supervision during the year and at the date of this report are:

Ms Nguyen Bich Ngoc	Head of Board
Ms The Thi Minh Hong	Member
Mr Tran Tien Thanh	Member

# KinhBac City Development Holding Corporation

GENERAL INFORMATION (continued)

## MANAGEMENT

Members of Management during the year and at the date of this report are:

Ms Nguyen Thi Thu Huong	General Director
Mr Phan Anh Dung	Deputy General Director
Mr Pham Phuc Hieu	Deputy General Director and Chief Accountant
Ms Nguyen My Ngoc	Deputy General Director

## LEGAL REPRESENTATIVE

The legal representative of the Company during the year and at the date of this report is Mr Dang Thanh Tam. In accordance with the Authorization Letter No. 2311/2012/KBC/UQ dated 23 November 2012, Ms Nguyen Thi Thu Huong has been authorized by Mr Dang Thanh Tam to sign the accompanying consolidated financial statements for the year ended 31 December 2019.

## AUDITORS

The auditor of the Company is Ernst & Young Vietnam Limited.

# KinhBac City Development Holding Corporation

## REPORT OF MANAGEMENT

Management of KinhBac City Development Holding Corporation (“the Company”) is pleased to present this report and the consolidated financial statements of the Company and its subsidiaries (collectively referred to as “the Group”) for the year ended 31 December 2019.

### MANAGEMENT’S RESPONSIBILITY IN RESPECT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Management is responsible for the consolidated financial statements of each financial year which give a true and fair view of the consolidated financial position of the Group and of the consolidated results of its operations and its consolidated cash flows for the year. In preparing those consolidated financial statements, management is required to:

- ▶ select suitable accounting policies and then apply them consistently;
- ▶ make judgements and estimates that are reasonable and prudent;
- ▶ state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the consolidated financial statements; and
- ▶ prepare the consolidated financial statements on the going concern basis unless it is inappropriate to presume that the Group will continue its business.

Management 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 to ensure that the accounting records comply with the applied accounting system. It is also responsible for safeguarding the assets of the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Management confirmed that it has complied with the above requirements in preparing the accompanying consolidated financial statements.

### STATEMENT BY MANAGEMENT

Management does hereby state that, in its opinion, the accompanying consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2019 and of the consolidated results of its operations and its consolidated cash flows for the year then ended in accordance with Vietnamese Accounting Standards, Vietnam Enterprise Accounting System and the statutory requirements relevant to the preparation and presentation of the consolidated financial statements.

For and on behalf of management:

A red circular stamp of Kinh Bac City Development Holding Corporation. The text inside the stamp reads: "CÔNG TY PHÁT TRIỂN ĐÔ THỊ KINH BẮC CTCE" and "BAC NINH". A blue ink signature is written over the stamp.

Nguyen Thi Thu Huong  
General Director

Bac Ninh, Vietnam

30 March 2020

Reference: 60774739/21041563 - HN

## INDEPENDENT AUDITORS' REPORT

**To: The Shareholders of KinhBac City Development Holding Corporation**

We have audited the accompanying consolidated financial statements of KinhBac City Development Holding Corporation ("the Company") and its subsidiaries (collectively referred to as the "Group") as prepared on 30 March 2019 and set out on pages 6 to 60, which comprise the consolidated balance sheet as at 31 December 2019, and the consolidated income statement and consolidated cash flow statement for the year then ended and the notes thereto.

### *Management's responsibility*

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with Vietnamese Accounting Standards, Vietnamese Enterprise Accounting System and the statutory requirements relevant to the preparation and presentation of the consolidated financial statements, and for such internal control as management determines is necessary to enable the preparation and presentation of the consolidated financial statements that are free from material misstatement, whether due to fraud or error.

### *Auditors' responsibility*

Our responsibility is to express an opinion on these 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 requirements and plan and perform the audit to obtain reasonable assurance about 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 auditors' judgment, including the 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 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 management, 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.

11/2019 7 2 2 1/2/19

**Opinion**

In our opinion, the consolidated financial statements give a true and fair view, in all material respects, of the consolidated financial position of the Group as at 31 December 2019, and of the consolidated results of its operations and its consolidated cash flows for the year then ended in accordance with Vietnamese Accounting Standards, Vietnamese Enterprise Accounting System and the statutory requirements relevant to the preparation and presentation of the consolidated financial statements.

**Ernst & Young Vietnam Limited**



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Bùi Anh Tuấn  
Deputy General Director  
Audit Practising Registration  
Certificate No. 1067-2018-004-1



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Nguyen Thu Hang  
Auditor  
Audit Practising Registration  
Certificate No. 3342-2020-004-1

Hanoi, Vietnam

30 March 2020

CONSOLIDATED BALANCE SHEET  
as at 31 December 2019

Currency: VND

Code	ASSETS	Notes	Ending balance	Beginning balance
<b>100</b>	<b>A. CURRENT ASSETS</b>		<b>13,912,174,569,312</b>	<b>14,862,290,720,411</b>
<b>110</b>	<b>I. Cash and cash equivalents</b>	<b>4</b>	<b>652,005,005,791</b>	<b>224,080,823,490</b>
111	1. Cash		550,470,450,445	219,037,572,851
112	2. Cash equivalents		101,534,555,346	5,043,250,639
<b>120</b>	<b>II. Short-term investments</b>		<b>2,874,095,600</b>	<b>2,955,261,620</b>
121	1. Held-for-trading securities	5	7,490,461,369	7,490,461,369
122	2. Provision for held-for-trading securities	5	(6,616,365,769)	(6,535,199,749)
123	3. Held-to-maturity investments	5	2,000,000,000	2,000,000,000
<b>130</b>	<b>III. Current accounts receivable</b>		<b>5,493,191,454,059</b>	<b>5,842,379,074,106</b>
131	1. Short-term trade receivables	6.1	1,353,873,386,238	1,767,072,395,482
132	2. Short-term advances to suppliers	6.2	2,442,883,530,085	2,081,854,507,943
135	3. Short-term loan receivables	7	391,712,488,097	180,662,930,631
136	4. Other short-term receivables	8	1,312,056,030,289	1,820,123,220,700
137	5. Provision for doubtful short-term receivables	6.3	(7,333,980,650)	(7,333,980,650)
<b>140</b>	<b>IV. Inventories</b>	<b>9</b>	<b>7,547,758,770,653</b>	<b>8,592,831,569,175</b>
141	1. Inventories		7,547,758,770,653	8,592,831,569,175
<b>150</b>	<b>V. Other current assets</b>		<b>216,345,243,209</b>	<b>200,043,992,020</b>
151	1. Short-term prepaid expenses	10	77,403,089,347	58,851,780,787
152	2. Value-added tax deductible	16	136,394,905,445	54,195,425,437
153	3. Tax and other receivables from the State	16	2,547,248,417	86,996,785,796

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CONSOLIDATED BALANCE SHEET (continued)  
as at 31 December 2019

Currency: VND

Code	ASSETS	Notes	Ending balance	Beginning balance
<b>200</b>	<b>B. NON-CURRENT ASSETS</b>		<b>2,520,815,233,389</b>	<b>2,047,441,497,367</b>
<b>210</b>	<b>I. Long-term receivables</b>		<b>127,852,712,252</b>	<b>600,969,000,000</b>
215	1. Long-term loan receivables	7	1,000,000,000	700,000,000
216	2. Other long-term receivables	8	126,852,712,252	600,269,000,000
<b>220</b>	<b>II. Fixed assets</b>		<b>253,726,902,238</b>	<b>157,072,716,796</b>
221	1. Tangible fixed assets	11	253,543,017,869	156,823,493,258
222	Cost		485,477,345,872	353,091,930,379
223	Accumulated depreciation		(231,934,328,003)	(196,268,437,121)
227	2. Intangible fixed assets		183,884,369	249,223,538
228	Cost		365,975,500	327,975,500
229	Accumulated amortisation		(182,091,131)	(78,751,962)
<b>230</b>	<b>III. Investment properties</b>	<b>12</b>	<b>432,718,621,923</b>	<b>134,161,149,871</b>
231	1. Cost		476,439,458,160	173,618,450,871
232	2. Accumulated depreciation		(43,720,836,237)	(39,457,301,000)
<b>240</b>	<b>IV. Long-term assets in progress</b>		<b>822,034,811,714</b>	<b>194,108,847,448</b>
242	1. Construction in progress	13	822,034,811,714	194,108,847,448
<b>250</b>	<b>V. Long-term investments</b>	<b>14</b>	<b>861,080,542,019</b>	<b>947,733,067,355</b>
252	1. Investments in associates, jointly controlled entities	14.1	434,925,286,015	516,941,269,318
253	2. Investment in other entities	14.2	448,500,200,000	448,500,200,000
254	3. Provision for long-term investments	14.2	(22,344,943,996)	(17,708,401,963)
<b>260</b>	<b>VI. Other long-term assets</b>		<b>23,401,643,243</b>	<b>13,396,715,897</b>
261	1. Long-term prepaid expenses	10	23,401,643,243	13,396,715,897
<b>270</b>	<b>TOTAL ASSETS</b>		<b>16,432,989,802,701</b>	<b>16,909,732,217,778</b>

CONSOLIDATED BALANCE SHEET (continued)  
as at 31 December 2019

Currency: VND

Code	RESOURCES	Notes	Ending balance	Beginning balance
<b>300</b>	<b>C. LIABILITIES</b>		<b>6,051,858,701,629</b>	<b>7,072,374,423,221</b>
<b>310</b>	<b>I. Current liabilities</b>		<b>4,067,458,297,616</b>	<b>3,932,877,663,286</b>
311	1. Short-term trade payables	15.1	370,592,050,524	226,117,852,340
312	2. Short-term advances from customers	15.2	414,280,990,286	447,181,815,119
313	3. Statutory obligations	16	129,306,628,591	301,989,007,085
314	4. Payables to employees		215,919,868	17,270,450
315	5. Short-term accrued expenses	17	1,634,889,249,478	1,244,817,157,545
318	6. Short-term unearned revenues		4,718,340,907	2,908,239,931
319	7. Other short-term payables	18	702,391,584,903	498,434,960,926
320	8. Short-term loans	19	804,035,305,750	1,204,306,000,581
322	9. Bonus and welfare fund		7,028,227,309	7,105,359,309
<b>330</b>	<b>II. Non-current liabilities</b>		<b>1,984,400,404,013</b>	<b>3,139,496,759,935</b>
333	1. Long-term accrued expenses	17	909,879,723	1,051,174,838,754
336	2. Long-term unearned revenue		4,791,738,286	4,919,362,408
337	3. Other long-term liabilities	18	35,126,202,093	135,158,057,007
338	4. Long-term loans	19	1,121,897,918,268	1,282,864,916,172
341	5. Deferred tax liabilities	27.3	820,722,697,681	664,427,617,632
342	6. Long-term provisions		951,967,962	951,967,962

CONSOLIDATED BALANCE SHEET (continued)  
as at 31 December 2019

Currency: VND

Code	RESOURCES	Notes	Ending balance	Beginning balance
<b>400</b>	<b>D. OWNERS' EQUITY</b>		<b>10,381,131,101,072</b>	<b>9,837,357,794,557</b>
<b>410</b>	<b>I. Capital</b>		<b>10,381,131,101,072</b>	<b>9,837,357,794,557</b>
411	1. Share capital	20.1	4,757,111,670,000	4,757,111,670,000
411a	- Shares with voting rights		4,697,601,890,000	4,697,601,890,000
	- Treasury shares		59,509,780,000	59,509,780,000
412	2. Share premium	20.1	989,064,430,000	989,064,430,000
415	3. Treasury shares	20.1	(364,466,650,000)	(364,466,650,000)
418	4. Investment and development fund	20.1	2,223,693,823	2,223,693,823
421	5. Undistributed earnings	20.1	4,099,263,633,258	3,650,661,947,305
421a	- Undistributed earnings by the end of prior years		3,180,901,758,305	2,904,506,892,048
421b	- Undistributed earnings of current year		918,361,874,953	746,155,055,257
429	6. Non-controlling interests	21	897,934,323,991	802,762,703,429
<b>440</b>	<b>TOTAL LIABILITIES AND OWNERS' EQUITY</b>		<b>16,432,989,802,701</b>	<b>16,909,732,217,778</b>

  
 Luu Phuong Mai  
 Preparer

  
 Pham Phuc Hieu  
 Deputy General Director and  
 Chief Accountant

  
 Nguyen Thi Thu Huong  
 General Director




Bac Ninh, Vietnam


30 March 2020

CONSOLIDATED INCOME STATEMENT  
for the year ended 31 December 2019

Currency: VND

Code	ITEMS	Notes	Current year	Previous year
01	1. Revenue from sale of goods and rendering of services	22.1	3,209,906,030,157	2,491,178,878,521
02	2. Deductions	22.1	-	-
10	3. Net revenue from sale of goods and rendering of services	22.1	3,209,906,030,157	2,491,178,878,521
11	4. Cost of goods sold and services rendered	23	(1,363,156,822,246)	(1,022,343,984,750)
20	5. Gross profit from sale of goods and rendering of services		1,846,749,207,911	1,468,834,893,771
21	6. Finance income	22.2	79,931,901,053	91,568,246,480
22	7. Finance expenses	24	(222,620,542,221)	(193,894,216,853)
23	<i>In which: Interest expenses</i>		<i>(195,685,878,594)</i>	<i>(200,751,707,293)</i>
24	8. Shares of profit of associates, joint-ventures	14.1	420,531,832	13,853,555,230
25	9. Selling expenses	25	(141,910,414,455)	(142,014,567,928)
26	10. General and administrative expenses	25	(171,879,898,648)	(164,858,434,955)
30	11. Operating profit		1,390,690,785,472	1,073,489,475,745
31	12. Other income		8,431,503,757	3,372,202,651
32	13. Other expenses		(34,947,379,751)	(29,634,276,464)
40	14. Other loss		(26,515,875,994)	(26,262,073,813)
50	15. Accounting profit before tax		1,364,174,909,478	1,047,227,401,932
51	16. Current corporate income tax expenses	27.1	(167,120,965,198)	(193,422,721,494)
52	17. Deferred tax expenses	27.3	(156,295,080,051)	(44,898,206,944)
60	18. Net profit after tax		1,040,758,864,229	808,906,473,494
61	19. Net profit after tax attributable to shareholders of the parent		918,361,874,953	746,155,055,257
62	20. Net profit after tax attributable to non-controlling interests		122,396,989,276	62,751,418,237
70	21. Basic earnings per share	29	1,955	1,588
71	22. Diluted earnings per share	29	1,955	1,588

  
Luu Phuong Mai  
Preparer

  
Pham Phuc Hieu  
Deputy General Director and  
Chief Accountant

  
Nguyen Thi Thu Huong  
General Director

Bac Ninh, Vietnam

30 March 2020

CONSOLIDATED CASH FLOW STATEMENT  
for the year ended 31 December 2019

Currency: VND

Code	ITEMS	Notes	Current year	Previous year
	<b>I. CASH FLOWS FROM OPERATING ACTIVITIES</b>			
01	<b>Profit before tax</b>		<b>1,364,174,909,478</b>	<b>1,047,227,401,932</b>
	Adjustments for:			
02	Depreciation of fixed assets and investment properties and amortisation of intangible fixed assets	11,12	53,169,260,174	39,457,088,131
03	Provisions/(reversal of provisions)		4,717,708,053	(21,952,306,313)
05	Profits from investing activities		(79,048,576,222)	(91,546,563,432)
06	Interest expenses	24	195,685,878,594	200,751,707,293
08	<b>Operating profit before changes in working capital</b>		<b>1,538,699,180,077</b>	<b>1,173,937,327,611</b>
09	Decrease/(increase) in receivables		91,951,948,997	(949,635,634,140)
10	Decrease/(increase) in inventories		1,045,072,798,522	(270,206,770,671)
11	(Decrease)/increase in payables (other than interest, corporate income tax)		(646,068,358,097)	605,558,766,081
12	Increase in prepaid expenses		(28,556,235,907)	(18,183,942,004)
14	Interest paid		(281,891,887,623)	(207,096,211,688)
15	Corporate income tax paid	16	(179,982,853,335)	(204,735,338,191)
16	Other cash inflows from operating activities		-	22,100,000
17	Other cash outflows from operating activities		(77,132,000)	-
20	<b>Net cash flows from operating activities</b>		<b>1,539,147,460,634</b>	<b>129,660,296,998</b>
	<b>II. CASH FLOWS FROM INVESTING ACTIVITIES</b>			
21	Purchase and construction of fixed assets and other long-term assets		(275,109,496,555)	(62,074,851,215)
23	Loans to other entities and payments for purchase of debt instruments of other entities		(272,736,501,000)	(119,186,943,534)
24	Collections from borrowers and proceeds from sale of debt instruments of other entities		61,386,943,534	10,302,500,883
26	Proceeds from sale of investments in other entities		374,174,889,081	6,780,000,000
27	Interest and dividends received		37,623,194,668	9,372,322,513
30	<b>Net cash flows used in investing activities</b>		<b>(74,660,970,272)</b>	<b>(154,806,971,353)</b>

CONSOLIDATED CASH FLOW STATEMENT (continued)  
for the year ended 31 December 2019

Currency: VND

Code	ITEMS	Notes	Current year	Previous year
	<b>III. CASH FLOWS FROM FINANCING ACTIVITIES</b>			
33	Drawdown of borrowings		1,139,988,384,144	911,900,329,277
34	Repayment of borrowings		(1,721,560,467,364)	(1,157,584,310,677)
36	Dividend paid	20.3	(454,990,224,841)	(9,656,028,235)
40	<b>Net cash flows used in financing activities</b>		<b>(1,036,562,308,061)</b>	<b>(255,340,009,635)</b>
50	<b>Net increase/(decrease) in cash for the year</b>		<b>427,924,182,301</b>	<b>(280,486,683,990)</b>
60	Cash and cash equivalents at beginning of year		224,080,823,490	504,567,507,480
70	Cash and cash equivalents at ending of year	4	652,005,005,791	224,080,823,490



Luu Phuong Mai  
Preparer



Pham Phuc Hieu  
Deputy General Director and  
Chief Accountant



Nguyen Thi Thu Huong  
General Director

Bac Ninh, Vietnam

30 March 2020

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
as at 31 December 2019 and for the year then ended

## 1. CORPORATE INFORMATION

KinhBac City Development Holding Corporation ("the Company") is a shareholding company incorporated under the Law on Enterprise of Vietnam pursuant to the Enterprise Registration No. 2103000012 issued by the Department of Planning and Investment of Bac Ninh province on 27 March 2002, and the subsequent amendments, with the latest is the 16<sup>th</sup> amendment No. 2300233993 being granted by the Department of Planning and Investment of Bac Ninh Province on 25 June 2019.

The current principal activities of the Company during the year are to invest, construct and trade infrastructure inside and outside the industrial parks; leasing out and selling the factories constructed by the Company in the industrial parks, residential - urban areas, financial investment; and other activities in accordance with the Enterprise Registration Certificate.

The business cycle of the Company starts from the acquisition of investment license, land clearance, infrastructure construction of industrial parks and urban areas until the time of completion and land is handed over to customers. As a result, the business cycle of the Company may extend over 12 months. Ordinary business cycle for other business activities is 12 months.

The Company's head office is located at Lot B7, Que Vo Industrial Park, Phuong Lieu Commune, Que Vo District, Bac Ninh Province, Vietnam; and its Ho Chi Minh branch is located at No. 20 Phung Khac Khoan, Da Kao Ward, No. 1 District, Ho Chi Minh City, Viet Nam.

The Company's shares were listed on the Ho Chi Minh City Stock Exchange in accordance with Decision No. 153/QD-SGDHCM issued by the Ho Chi Minh City Stock Exchange on 7 December 2009.

The total number of employees as at 31 December 2019 is 500 (31 December 2018: 473).

### **Corporate structure**

At 31 December 2019, the Company has the following 11 subsidiaries (31 December 2018: 6 subsidiaries):

No.	Company's name	Voting right (%) (*)	Equity interest (%)	Head office	Main activities
1	Saigon – Bac Giang Industrial Park Corporation	92.5	88.06	Quang Chau Industrial Park, Quang Chau Commune, Viet Yen District, Bac Giang Province	Investment, building and trading real estates
2	Saigon - Hai Phong Industrial Park JSC	86.54	86.54	Trang Due Industrial Park, Le Loi Commune, An Duong District, Hai Phong City	Investment, building and trading real estates
3	Northwest Saigon City Development JSC	74.3	72.44	Tram Bom, National Road No. 22, Tan Phu Trung Commune, Cu Chi District, Ho Chi Minh City	Investment, building and trading real estates
4	Trang Cat One Member Urban Development Company Limited	100	100	Bai Trieu Area, Trang Cat Commune, Hai An District, in Dinh Vu - Cat Hai Economical Zone, Hai Phong City	Investment, building and trading real estates
5	NGD Investment One Member Limited Company	100	100	No. 100, An Trach Street, Quoc Tu Giam Ward, Dong Da District, Hanoi	Investment, building and trading real estates

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
as at 31 December 2019 and for the year then ended

1. CORPORATE INFORMATION (continued)

*Corporate structure (continued)*

At 31 December 2019, the Company has 11 subsidiaries (2018: 7 subsidiaries): (continued)

<i>No.</i>	<i>Company's name</i>	<i>Voting right (%) (*)</i>	<i>Interest right (%)</i>	<i>Head office</i>	<i>Main activities</i>
6	Kinh Bac Office and Factory Business One Member Company Limited	100	100	Lot B7, Que Vo Industrial Park, Phuong Lieu Commune, Que Vo District, Bac Ninh Province	Investment, building and trading real estates
7	Kinh Bac – Da Nang Investment One Member Company Limited	100	100	61A Nguyen Van Cu, Hoa Hiep Bac Ward, Lien Chieu District, Da Nang City	Investment, building and trading real estates
8	Tien Duong Development Holding Joint Stock Company (i)	51	51	No. 100 An Trach Street, Quoc Tu Giam Ward, Dong Da District, Ha Noi city	Investment, building and trading real estates
9	Tan Phu Trung – Long An Industrial Park Co., Ltd (ii)	100	72.44	88 Tran Phong Sac, No. 4 Ward, Tan An City, Long An Province, Vietnam	Architectural activities and other related technical consultants
10	Bac Giang – Long An Industrial Park Co., Ltd (iii)	100	88.06	489E/Road 824, Zone 5, Duc Hoa Ward, Duc Hoa District, Long An Province	Architectural activities and other related technical consultants
11	Tan Tap Industrial Infrastructure Development Company Limited (iv)	100	86.54	531E, Zone 5, Duc Hoa ward, Duc Hoa District, Long An Province	Architectural activities and other related technical consultants

(\*) The voting right is also the total ownership rate of the Company and its subsidiaries in these subsidiaries.

(i) This subsidiary was incorporated under the Law on Enterprise of Vietnam pursuant to the Business Registration Certificate No. 0108647177 issued by the Department of Planning and Investment of Hanoi on 13 March 2019;

(ii) This subsidiary was incorporated under the Law on Enterprise of Vietnam pursuant to the Business Registration Certificate No. 1101916111 issued by Department of Planning and Investment of Long An province on 26 April 2019. This subsidiary is held indirectly by the Company through Northwest Saigon City Development Corporation;

(iii) This subsidiary was incorporated under the Law on Enterprise of Vietnam pursuant to the Business Registration Certificate No. 1101916513 issued by Department of Planning and Investment of Long An province on 6 May 2019. This subsidiary is held indirectly by the Company through Saigon – Bac Giang Industrial Park Corporation;

(iv) This subsidiary was incorporated the Law on Enterprise of Vietnam pursuant to the Business Registration Certificate No. 1101916545 issued by Department of Planning and Investment of Long An province on 6 May 2019. This subsidiary is held indirectly by the Company through Saigon - Hai Phong Industrial Park Corporation.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)  
as at 31 December 2019 and for the year then ended

## **2. BASIS OF PREPARATION**

### **2.1 Accounting standards and system**

The consolidated financial statements of the Group, which are expressed in Vietnam dong ("VND") are prepared in accordance with Vietnamese Enterprise Accounting System and Vietnamese Accounting Standards issued by the Ministry of Finance as per:

- ▶ Decision No. 149/2001/QD-BTC dated 31 December 2001 on the Issuance and Promulgation of Four Vietnamese Accounting Standards (Series 1);
- ▶ Decision No. 165/2002/QD-BTC dated 31 December 2002 on the Issuance and Promulgation of Six Vietnamese Accounting Standards (Series 2);
- ▶ Decision No. 234/2003/QD-BTC dated 30 December 2003 on the Issuance and Promulgation of Six Vietnamese Accounting Standards (Series 3);
- ▶ Decision No. 12/2005/QD-BTC dated 15 February 2005 on the Issuance and Promulgation of Six Vietnamese Accounting Standards (Series 4); and
- ▶ Decision No. 100/2005/QD-BTC dated 28 December 2005 on the Issuance and Promulgation of Four Vietnamese Accounting Standards (Series 5).

Accordingly, the accompanying consolidated financial statements, including their utilisation are not designed for those who are not informed about Vietnam's accounting principles, procedures and practices and furthermore are not intended to present the consolidated financial position and consolidated results of operations and consolidated cash flows in accordance with accounting principles and practices generally accepted in countries other than Vietnam.

### **2.2 Applied accounting documentation system**

The Group's applied accounting documentation system is the General Journal system.

### **2.3 Fiscal year**

The Group's fiscal year applicable for the preparation of its consolidated financial statements starts on 1 January and ends on 31 December.

### **2.4 Accounting currency**

The consolidated financial statements are prepared in VND which is also the Group's accounting currency.

### **2.5 Basis of consolidation**

The consolidated financial statements comprise the financial statements of the parent company and its subsidiaries for the year ended 31 December 2019.

Subsidiaries are fully consolidated from the date of acquisition, being the date on which the Group obtains control, and continued to be consolidated until the date that such control ceases.

The financial statements of the Company and its subsidiaries are prepared for the same reporting year as the parent company, using consistent accounting policies.

All intra-company balances, income and expenses and unrealised gains or losses resulting from intra-company transactions are eliminated in full.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)  
as at 31 December 2019 and for the year then ended

## 2. BASIS OF PREPARATION (continued)

### 2.5 *Basis of consolidation* (continued)

Non-controlling interests represent the portion of profit or loss and net assets not held by the Group and are presented separately in the consolidated income statement and within equity in the consolidated balance sheet, separately from parent shareholders' equity.

Impact of change in the ownership interest of a subsidiary, without a loss of control, is recorded in undistributed earnings.

## 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### 3.1 *Cash and cash equivalents*

Cash and cash equivalents comprise cash on hand, cash at banks and short-term, highly liquid investments with an original maturity of less than three months that are readily convertible into known amounts of cash and that are subject to an insignificant risk of change in value.

### 3.2 *Inventories*

Industrial and urban real estate properties which have been developed for sale in the normal course of operations of the Group, not held for lease or capital appreciation, are recorded as inventory at the lower of cost incurred in bringing each product to its present location and condition, and net realisable value.

The cost of real estate properties for sale comprises expenses on land compensation, site restoration, construction of road and drainage system, factories and other infrastructure costs, construction costs, capitalized borrowing cost, consultancy cost, design cost, etc. and other related costs.

Net realisable value represents the estimated selling price in the ordinary course of business less the estimated costs to complete and the estimated costs necessary to make the sale.

#### *Provision for obsolete inventories*

An inventory provision is created for the estimated loss arising due to the impairment of value (through diminution, damage, obsolescence, etc.) of raw materials, finished goods, and other inventories owned by the Group, based on appropriate evidence of impairment available at the consolidated balance sheet date.

Increases and decreases to the provision balance are recorded into the cost of goods sold account in the consolidated income statement.

### 3.3 *Receivables*

Receivables are presented in the consolidated financial statements at the carrying amounts due from customers and other debtors, after provision for doubtful debts.

The provision for doubtful debts represents amounts of outstanding receivables at the consolidated balance sheet date which are doubtful of being recovered. Increases or decreases to the provision balance are recorded as general and administrative expense in the consolidated income statement.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)  
as at 31 December 2019 and for the year then ended

### 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

#### 3.4 *Tangible fixed assets*

Tangible fixed assets are stated at cost less accumulated depreciation.

The cost of a tangible fixed asset comprises of its purchase price and any directly attributable costs of bringing the tangible fixed asset to working condition for its intended use.

Expenditures for additions, improvements and renewals are added to the carrying amount of the assets and expenditures for maintenance and repairs are charged to the consolidated income statement as incurred.

When tangible fixed assets are sold or retired, any gain or loss resulting from their disposal (the difference between the net disposal proceeds and the carrying amount) is included in the consolidated income statement.

#### 3.5 *Intangible assets*

Intangible assets are stated at cost less accumulated amortisation.

The cost of an intangible asset comprises of its purchase price and any directly attributable costs of preparing the intangible fixed asset for its intended use.

Expenditures for additions, improvements are added to the carrying amount of the assets and other expenditures are charged to the consolidated income statement as incurred.

When intangible assets are sold or retired, any gain or loss resulting from their disposal (the difference between the net disposal proceeds and the carrying amount) is included in the consolidated income statement.

#### 3.6 *Depreciation and amortisation*

Depreciation of tangible fixed assets and amortisation of intangible assets are calculated on a straight-line basis over the estimated useful life of each asset as follows:

Buildings and structures (including land and infrastructure development cost)	8 - 25 years
Machinery and equipment	4 - 10 years
Means of transportation	6 - 10 years
Office equipment	3 - 5 years
Softwares	3 - 5 years

Periodically, the estimated useful life for fixed asset and its depreciation/amortization rate is reviewed to ensure that the depreciation method and period are consistent with the expected economic benefits to be utilised from the use of fixed asset.

#### 3.7 *Investment properties*

Investment properties are stated at cost including transaction costs less accumulated depreciation.

Subsequent expenditure relating to an investment property that has already been recognized is added to the net book value of the investment property when it is probable that future economic benefits, in excess of the originally assessed standard of performance of the existing investment property, will follow to the Group.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)  
as at 31 December 2019 and for the year then ended

### 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

#### 3.7 *Investment properties* (continued)

Depreciation and amortisation of investment properties are calculated on a straight-line basis over the estimated useful life of each asset as follows:

Factories	10 years
Land and infrastructure development cost	40 - 45 years

Investment properties are derecognised when either they have been disposed of or when the investment properties are permanently withdrawn from use and no future economic benefit is expected from its disposal. The difference between the net disposal proceeds and the carrying amount of the assets is recognised in the consolidated income statement in the period of retirement or disposal.

Transfers are made to investment properties when, and only when, there is a change in use, evidenced by ending of owner-occupation, commencement of an operating lease to another party or ending of construction or development. Transfers are made from investment properties when, and only when, there is change in use, evidenced by commencement of owner-occupation or commencement of development with a view to sale. The transfer from investment property to owner-occupied property or inventories does not change the cost or the carrying value of the property for subsequent accounting at the date of change in use.

#### 3.8 *Borrowing costs*

Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

Borrowing costs are recorded as expense during the year in which they are incurred, except to the extent that they are capitalized as explained in the following paragraph.

Borrowing costs that are directly attributable to the acquisition, construction or production of an asset that necessarily take a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of the respective asset.

#### 3.9 *Prepaid expenses*

Prepaid expenses are reported as short-term or long-term prepaid expenses on the consolidated balance sheet and amortised over the year for which the amounts are paid or the year in which economic benefits are generated in relation to these expenses.

Expenses are recorded as long-term prepaid expense and are amortised to the consolidated income statement are amortized from 1 to 3 years.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)  
as at 31 December 2019 and for the year then ended

### 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

#### 3.10 *Business combinations and goodwill*

Business combinations are accounted for using the purchase method. The cost of a business combination is measured as the fair value of assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange plus any costs directly attributable to the business combination. Identifiable assets and liabilities and contingent liabilities assumed in a business combination are measured initially at fair values at the date of business combination.

Goodwill acquired in a business combination is initially measured at cost being the excess of the cost the business combination over the Group's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities. If the cost of a business combination is less than the fair value of the net assets of the subsidiary acquired, the difference is recognized directly in the consolidated income statement. After initial recognition, goodwill is measured at cost less any accumulated amortization. Goodwill is amortized over 10-year period on a straight-line basis. The parent company conducts the periodical review for impairment of goodwill of investment in subsidiaries. If there are indicators of impairment loss incurred is higher than the yearly allocated amount of goodwill on the straight-line basis, the higher amount will be recorded in the full-year consolidated income statement.

#### 3.11 *Investments*

##### *Investments in associates*

The Group's investment in its associate is accounted for using the equity method of accounting. An associate is an entity in which the Group has significant influence that is neither subsidiaries nor joint ventures. The Group generally deems they have significant influence if they have over 20% of the voting rights.

Under the equity method, the investment is carried in the consolidated balance sheet at cost plus post acquisition changes in the Group's share of net assets of the associates. Goodwill arising on acquisition of the associate is included in the carrying amount of the investment. Goodwill is not amortised and subject to annual review for impairment. The consolidated income statement reflects the share of the post-acquisition results of operation of the associate.

The financial statements of the associates are prepared for the same reporting period and use the same accounting policies as the Group. Where necessary, adjustments are made to bring the accounting policies in line with those of the Group.

##### *Held-for-trading securities and investments in other entities*

Held-for-trading securities and investments in other entities are stated at their acquisition costs.

##### *Provision for diminution in value of held-for-trading securities and other investments*

Provision of the investment is made when there are reliable evidences of the diminution in value of those investments at the consolidated balance sheet date.

Increases or decreases to the provision balance are recorded as finance expenses in the consolidated income statement.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)  
as at 31 December 2019 and for the year then ended

### 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

#### 3.11 *Investments*

##### *Held-to-maturity investments*

Held-to-maturity investments are stated at their acquisition costs. After initial recognition, held-to-maturity investments are measured at recoverable amount. Any impairment loss incurred is recognised as expense in the consolidated financial statements and deducted against the value of such investments.

#### 3.12 *Payables and accruals*

Payables and accruals are recognised for amounts to be paid in the future for goods and services received, whether or not billed to the Group.

#### 3.13 *Accrual for severance pay*

The severance pay to employee is accrued at the end of each reporting year for all employees who have been in service for more than 12 months up to the balance sheet date at the rate of one-half of the average monthly salary for each year of service up to 31 December 2008 in accordance with the Labour Code and related implementing guidance. The average monthly salary used in this calculation is revised at the end of each reporting year following the average monthly salary of the 6-month period up to the reporting date. Increases or decreases to the accrued amount other than actual payment to employee will be taken to the consolidated income statement.

This accrued severance pay is used to settle the termination allowance to be paid to employee upon termination of their labour contract following Article 48 of the Labour Code.

#### 3.14 *Foreign currency transactions*

Transactions in currencies other than the Group's reporting currency (VND) are recorded at the actual transaction exchange rates at transaction dates which are determined as follows:

- ▶ Transaction resulting in receivables are recorded at the buying exchange rates of the commercial banks designated for collection;
- ▶ Transactions resulting in liabilities are recorded at the selling exchange rates of the commercial banks designated for payment;
- ▶ Capital contributions are recorded at the buying exchange rates of the commercial banks designated for capital contribution; and
- ▶ Payments for assets or expenses without liabilities initially being recognised is recorded at the buying exchange rates of the commercial banks that process these payments.

At the end of the year, monetary balances denominated in foreign currencies are translated at the actual transaction exchange rates at the consolidated balance sheet dates which are determined as follows:

- ▶ Monetary assets are translated at buying exchange rate of the commercial bank where the Group conducts transactions regularly; and
- ▶ Monetary liabilities are translated at selling exchange rate of the commercial bank where the Group conducts transactions regularly.

All foreign exchange differences incurred are taken to the consolidated income statement.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)  
as at 31 December 2019 and for the year then ended

### 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

#### 3.15 Treasury shares

Own equity instruments which are reacquired (treasury shares) are recognised at cost and deducted from equity. No gain or loss is recognised in profit or loss upon purchase, sale, re-issue or cancellation of the Group's own equity instruments.

#### 3.16 Appropriation of net profits

Net profit after tax (excluding negative goodwill arising from a bargain purchase) is available for appropriation to investors after approval by the Board of Management, and after approval by the appropriate level of authority, and after making appropriation to reserve funds in accordance with the Company's Charter and Vietnamese regulatory requirements.

The Group maintains the following reserve funds which are appropriated from the Group's net profit as proposed by the Board of Directors and subject to approval by shareholders at the annual general meeting:

▶ *Investment and development fund*

This fund is set aside for use in the Group's expansion of its operation or of in-depth investment.

▶ *Bonus and welfare fund*

This fund is set aside for the purpose of pecuniary rewarding and encouraging, common benefits and improvement of the employees' benefits, and presented as a liability on the consolidated balance sheet.

#### 3.17 Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received or receivable, excluding trade discount, rebate and sales return. The following specific recognition criteria must also be met before revenue is recognised:

*Long-term lease of land and infrastructure*

Revenue is recognised when the Group has transferred significant risks and rewards associated with the land to the buyer and revenue can be reliably measured.

*Sale of factories*

Revenue is recognised when the Group has transferred significant risks and rewards associated with the factories to the buyer and revenue can be reliably measured.

*Lease of factories*

Revenue under operating lease of factories is recognised in the consolidated income statement on a straight-line basis over the lease term.

*Rendering of services*

Revenue is recognised when services have been provided to the customers and are determined by the net value after deducting discounts, value-added tax, and other deductions.

*Income from transfer of investment and trading of securities*

Income from transfer of investment and trading of securities is determined by the difference between the sale proceeds and cost of the securities and/or investment held by the Company. Income is recorded on the contract date, which is when the contract becomes effective.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)  
as at 31 December 2019 and for the year then ended

### 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

#### 3.17 Revenue recognition (continued)

##### *Revenue from project transfer*

Revenue is recognised when significant risks and rewards associated with ownership of the project have been transferred to the buyer, usually upon the hand-over of the project, and recovery over sale proceeds can be reasonably ensured.

##### *Revenue from sale of real estate properties*

Revenue is recognised when significant risks and rewards associated with ownership of the real estate properties have been transferred to the buyer.

##### *Interest*

Revenue is recognised as the interest accrues (taking into account the effective yield on the asset) unless collectability is in doubt.

##### *Dividends*

Income is recognised when the Group's entitlement as an investor to receive the dividend is established.

#### 3.18 Cost of long-term lease of land and infrastructure

Cost of sale related to long term lease of land and infrastructure includes all direct costs that are attributable to the development of land and infrastructure and other overhead costs allocated on a reasonable basis to such activities including:

- ▶ All costs incurred for land and land development activities;
- ▶ All costs incurred for construction and construction related activities; and
- ▶ Mandatory and overheads associated to development activities that would be incurred on existing and future land and infrastructure of the project such as general infrastructure, mandatory land reserve for public facilities, etc.

#### 3.19 Taxation

##### *Current income tax*

Current income tax assets and liabilities for the current and prior year are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted as at the consolidated balance sheet date.

Current income tax is charged or credited to the consolidated income statement, except when it relates to items recognised directly to equity, in which case the current income tax is also dealt with in equity.

Current income tax assets and liabilities are offset when there is a legally enforceable right for the Group to off-set current tax assets against current tax liabilities and when the Group intends to settle its current tax assets and liabilities on a net basis.

Deferred tax is provided using the liability method on temporary differences at the consolidated balance sheet date between the tax base of assets and liabilities and their carrying amount for financial reporting purposes.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)  
as at 31 December 2019 and for the year then ended

### 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

#### 3.19 Taxation (continued)

##### *Deferred tax*

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- ▶ where the deferred tax liability arises from the initial recognition of an asset or liability in a transaction which at the time of the related transaction affects neither the accounting profit nor taxable profit or loss; and
- ▶ in respect of taxable temporarily differences associated with investments in subsidiaries and associates, and interests in joint ventures where timing of the reversal of the temporary difference can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, carried forward unused tax credit and unused tax losses, to the extent that it is probable that taxable income will be available against which deductible temporary differences, carried forward unused tax credit and unused tax losses can be utilised, except:

- ▶ where the deferred tax asset in respect of deductible temporary difference which arises from the initial recognition of an asset or liability which at the time of the related transaction, affects neither the accounting profit nor taxable income or loss; and
- ▶ in respect of deductible temporarily differences associated with investments in subsidiaries, associates, and interests in joint ventures, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable income will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at each consolidated balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Previously unrecognised deferred tax assets are re assessed at each consolidated balance sheet date and are recognised to the extent that it has become probable that future taxable income will allow the deferred tax assets to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset realised or the liability is settled based on tax rates and tax laws that have been enacted at the consolidated balance sheet date.

Deferred tax is charged or credited to the consolidated income statement, except when it relates to items recognised directly to equity, in which case the deferred tax is also dealt with in the equity account.

Deferred tax assets and liabilities are offset when there is a legally enforceable right for the Group to offset current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority on:

- ▶ either the same taxable entity; or
- ▶ when the Group intends either settle current tax liabilities and assets on a net basis or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)  
as at 31 December 2019 and for the year then ended

**3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**3.20 Earnings per share**

Basic earnings per share amounts are calculated by dividing net profit/(loss) after tax for the year attributable to ordinary shareholders of the Group (after adjusting for the bonus and welfare fund) by the weighted average number of ordinary shares outstanding during the year.

Diluted earnings per share amounts are calculated by dividing the net profit/(loss) after tax attributable to ordinary equity holders of the Group (after adjusting for interest on the convertible preference shares) by the weighted average number of ordinary shares outstanding during the year plus the weighted average number of ordinary shares that would be issued on conversion of all the dilutive potential ordinary shares into ordinary shares.

**3.21 Segment information**

A segment is a component which can be separately identified in which the Group takes part in providing the sale of relevant goods or services (segment divided by business operation activities), or providing the sale of goods or services within a particular economic environment (segment divided by geographic regions), each of which is subject to risks and returns that are different from those of other segments.

Real estate trading activities in Vietnam territory is the major activity to generate the revenue and profit for the Group. Thus, the Group's management assesses that the Group operates in only one business segment which is real estate business and in one geographic region which is Vietnam.

**3.22 Related parties**

Parties are considered to be related parties of the Group if one party has the ability, by direct or indirect ways, to control the other party or exercise significant influence over the other party in making financial and operating decisions, or when the Group and other party are under common control or under common significant influence. Related parties can be enterprise or individual, including close members of the family of any such individual.

**4. CASH AND CASH EQUIVALENTS**

	<i>Currency: VND</i>	
	<i>Ending balance</i>	<i>Beginning balance</i>
Cash on hand	10,339,830,889	13,110,049,337
Cash at banks	540,130,619,556	205,927,523,514
Cash equivalents (*)	101,534,555,346	5,043,250,639
<b>TOTAL</b>	<b><u>652,005,005,791</u></b>	<b><u>224,080,823,490</u></b>

(\*) Cash equivalents at 31 December 2019 mainly include short-term deposits in VND at banks which earn interest ranging from 4.3% to 5.2% per annum and have maturity term from 1 month to 3 months (2018: ranging from 4.3% to 5.2% per annum).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)  
as at 31 December 2019 and for the year then ended

## 5. SHORT-TERM INVESTMENTS

Currency: VND

	Ending balance			Beginning balance		
	Cost	Fair value	Provision	Cost	Fair value	Provision
Held-for-trading securities: Shares (*)	7,490,461,369	874,095,600	(6,616,365,769)	7,490,461,369	955,261,620	(6,535,199,749)
Held-to-maturity investment (**)	2,000,000,000	2,000,000,000	-	2,000,000,000	2,000,000,000	-
<b>TOTAL</b>	<b>9,490,461,369</b>	<b>2,874,095,600</b>	<b>(6,616,365,769)</b>	<b>9,490,461,369</b>	<b>2,955,261,620</b>	<b>(6,535,199,749)</b>

(\*) As at 31 December 2019, the Company holds 312,177 shares of Tan Tao Investment and Industrial Joint Stock Company.

(\*\*) Held-to-maturity investment at 31 December 2019 represents deposits at Vietnam Joint Stock Commercial Bank for Industry and Trade which earn interest at 6% per annum and will mature on 29 June 2020.

## 6. TRADE RECEIVABLES AND ADVANCES TO SUPPLIERS

### 6.1 Short-term trade receivables

Currency: VND

	Ending balance	Beginning balance
<b>Short-term</b>		
- An Duong Urban Development Investment JSC (i)	339,890,912,453	-
- Kinh Bac Service JSC (ii)	182,291,134,480	182,586,139,245
- Saigon BW JSC (iii)	108,926,558,674	-
- Saigon Investment JSC (iv)	104,130,000,000	104,130,000,000
- Fuyu Precision Component Co., Ltd. (v)	99,229,820,992	-
- Golden Star Vietnam Investment Co., Ltd. (v)	71,034,658,182	120,269,112,727
- Goertek Vina Co., Ltd. (v)	232,671,979	581,350,024,989
- Other customers (v)	448,137,629,478	778,737,118,521
<b>TOTAL</b>	<b>1,353,873,386,238</b>	<b>1,767,072,395,482</b>
Provision for doubtful debts	6,833,980,650	6,833,980,650

(i) This is the receivable related to the transfer of a part of the "Trang Due Service, Trading Urban area and workers housing project";

(ii) These are short-term receivables related to the sale of factories in Quang Chau Industrial Park;

(iii) This is the receivable related to long-term lease of land in Tan Phu Trung Industrial Park;

(iv) This is the receivable related to the transfer of land at Phuc Ninh Urban Area Project;

(v) These are receivables from other customers for long-term lease of land and infrastructure, for sale of real estate properties and utility charges (clean water, waste water treatment supply...) at the industrial parks of the Group.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)  
as at 31 December 2019 and for the year then ended

## 6. TRADE RECEIVABLES AND ADVANCES TO SUPPLIERS (continued)

### 6.2 Short-term advances to suppliers

	<i>Currency: VND</i>	
	<i>Ending balance</i>	<i>Beginning balance</i>
- Kinh Bac Investment and Consulting JSC (i)	1,701,303,643,620	1,343,475,990,105
- Kinh Bac Services JSC (i)	558,746,344,640	554,274,094,604
- Land and Industrial zone Development Center of Viet Yen District (ii)	128,592,971,992	128,142,971,992
- Land Clearance and Compensation Committee of Cu Chi District (iii)	26,640,576,584	30,652,661,421
- Other advance to suppliers	27,599,993,249	25,308,789,821
<b>TOTAL</b>	<b><u>2,442,883,530,085</u></b>	<b><u>2,081,854,507,943</u></b>

- (i) This is the advance for the site clearance and compensation and construction works of certain on-going projects of the Group;
- (ii) This is the advance to land and industrial zone development center of Viet Yen District for land clearance of Saigon - Bacgiang Industrial Park JSC's on-going projects; and
- (iii) This is the advance to land clearance and compensation committee of Cu Chi District related to clearance and compensation for Tan Phu Trung project of Northwest Saigon City Development JSC.

### 6.3 Provision for trade receivables

Details of movements of provision for trade receivables are as follows:

	<i>Currency: VND</i>	
	<i>Current year</i>	<i>Previous year</i>
Beginning balance	7,333,980,650	7,333,980,650
Reversal in the year	-	-
Ending balance	<b><u>7,333,980,650</u></b>	<b><u>7,333,980,650</u></b>
<i>In which:</i>		
Provision for short-term receivables	6,833,980,650	6,833,980,650
Provision for loan receivables	500,000,000	500,000,000

### 6.4 Bad debts

	<i>Currency: VND</i>			
	<u><i>Ending balance</i></u>		<u><i>Beginning balance</i></u>	
	<i>Cost</i>	<i>Recoverable amount</i>	<i>Cost</i>	<i>Recoverable amount</i>
Short-term trade receivables	6,833,980,650	-	6,833,980,650	-
<i>Viet Nhat JSC</i>	6,833,980,650	-	6,833,980,650	-
Other loan receivables	500,000,000	-	500,000,000	-
<i>Saigon Tour Corporation (STC)</i>	500,000,000	-	500,000,000	-
<b>TOTAL</b>	<b><u>7,333,980,650</u></b>	<b><u>-</u></b>	<b><u>7,333,980,650</u></b>	<b><u>-</u></b>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)  
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## 7. OTHER LOAN RECEIVABLES

	<i>Currency: VND</i>	
	<i>Ending balance</i>	<i>Beginning balance</i>
<b>Short-term</b>		
- Kinh Bac Investment and Consulting JSC (i)	184,100,000,000	134,100,000,000
- Vien Dong Real Estate and Property JSC (ii)	50,000,000,000	300,000,000
- Saigon Lam Dong Tourism and Investment JSC (iii)	12,000,000,000	-
- Saigon Tourism JSC	500,000,000	500,000,000
- Kinh Bac Services JSC	-	31,386,943,534
- Saigon - Tay Ninh Industrial Park JSC	-	300,000,000
- Other loan receivables	7,883,300,000	2,583,300,000
Other loan receivables from related parties (Note 28)	<u>137,229,188,097</u>	<u>11,492,687,097</u>
<b>TOTAL</b>	<b><u>391,712,488,097</u></b>	<b><u>180,662,930,631</u></b>
<b>Long-term</b>		
- Construction Project Management Unit of Bac Ninh City (People Committee of Bac Ninh)	700,000,000	700,000,000
- Saigon - Tay Ninh Industrial Park JSC	<u>300,000,000</u>	<u>-</u>
<b>TOTAL</b>	<b><u>1,000,000,000</u></b>	<b><u>700,000,000</u></b>

- (i) These are loan receivables with interest ranging from 10.5% to 12% per annum and will be due in March and November 2020;
- (ii) These are loan receivables with interest at 8% per annum, will be due on 17 April 2020; and
- (iii) These are interest free loan receivables, will be due on 26 Jul 2020.

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## 8. OTHER RECEIVABLES

Currency: VND

	Ending balance		Beginning balance	
	Cost	Provision	Cost	Provision
<b>Short-term</b>				
Saigon Investment JSC (i)	583,000,000,000	-	583,000,000,000	-
Kinh Bac Services JSC (ii)	233,506,720,919	-	638,720,513,305	-
Advance to PVCombank for investment acquisition	223,040,284,000	-	216,840,284,000	-
Kum-Ba JSC (iii)	43,577,296,000	-	43,577,296,000	-
Advance to employees	61,497,488,727	-	56,588,207,482	-
Kinh Bac Investment and Consulting JSC	26,066,843,836	-	-	-
Receivables from People Committee of Bac Ninh relating to land rental subsidy (iv)	19,440,000,000	-	19,440,000,000	-
Deposit receivables (v)	12,851,128,404	-	12,851,128,404	-
Other receivables	67,319,793,213	-	47,586,758,210	-
Other receivables from related parties (Note 30)	41,756,475,190	-	201,519,033,299	-
<b>TOTAL</b>	<b>1,312,056,030,289</b>	<b>-</b>	<b>1,820,123,220,700</b>	<b>-</b>
<b>Long-term</b>				
Kinh Bac Services JSC (vi)	126,035,136,906	-	-	-
Vien Dong Real Estate and Property JSC (vii)	500,000,000	-	600,000,000,000	-
Other long-term receivables	317,575,346	-	269,000,000	-
<b>TOTAL</b>	<b>126,852,712,252</b>	<b>-</b>	<b>600,269,000,000</b>	<b>-</b>

- (i) This is the advance to Saigon Investment JSC related to the purchase of shares in Le Minh Xuan 2 Industrial Park Investment JSC. As at 31 December 2019, the share transfer procedures have not been completed;
- (ii) This is the receivable related to the transfer of 48.3 million shares in Saigon-Binh Dinh Energy JSC to Kinh Bac Services JSC in accordance with the contracts dated 22 June 2015 and 15 December 2015;
- (iii) This is the receivable from Kum-Ba JSC related to the transfer of shares of Lang Ha Investment JSC;
- (iv) In accordance with the minutes of interdisciplinary meeting between the Finance Department of Bac Ninh Province, the Department of Planning and Investment of Bac Ninh Province, the Department of Natural Resources and Environment of Bac Ninh Province, the Management Board of Industrial Parks and KinhBac City Development Corporation dated 14 August 2007 and the Decision on support of investment capital for enterprises No. 1951/QD-UBND dated 31 December 2007, the People's Committee of Bac Ninh Province is committed to support land rental for Que Vo Industrial Park project. Accordingly, the subsidy available to the Company is VND 19.44 billion which will be used for the construction of waste water treatment plant at Que Vo Industrial Park;

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)  
as at 31 December 2019 and for the year then ended

**8. OTHER RECEIVABLES** (continued)

- (v) This is the deposit to Hanoi Agriculture Investment and Development One Member Co., Ltd. in accordance with Contract No.128/2010/HĐ-HTKD dated 29 June 2010 to co-operate to develop a mixed-use real estate project comprising of commercial center, offices, luxury houses, ecotourism, villas, garden houses, apartment units at Minh Khai Commune, Tu Liem District, Ha Noi;
- (vi) This is the receivable on late payment interest at the rate of 8% per annum related to the transfer of 48.3 million shares in Saigon-Binh Dinh Energy JSC to Kinh Bac Services JSC in accordance with the contracts dated 22 June 2015; and
- (vii) In 2019, Kinh Bac – Da Nang Investment One Member Co., Ltd, the Company's subsidiary, signed a contract related to transfer of land use right at 84 Hung Vuong street, Da Nang city with Vien Dong Vietnam Real Estate and Property JSC ("Vien Dong JSC"). Accordingly, the subsidiary has signed a tri-partite agreement with the Company and Vien Dong JSC to offset the land transfer amount with the Company's capital contribution in business co-operation contract with Vien Dong JSC, with an amount of VND 599.5 billion.

**9. INVENTORIES**

*Currency: VND*

	<i>Ending balance</i>		<i>Beginning balance</i>	
	<i>Cost</i>	<i>Provision</i>	<i>Cost</i>	<i>Provision</i>
Trang Cat Industrial and Residential Park (i)	3,508,914,491,576	-	3,505,529,857,431	-
Tan Phu Trung Industrial Park (ii)	1,657,888,780,919	-	2,377,277,112,343	-
Phuc Ninh Urban Area	985,923,800,098	-	859,600,850,430	-
Trang Due Service, Trading Urban area and Workers Housing project	538,467,763,233	-	476,157,929,228	-
Nam Son - Hap Linh Industrial Park	457,741,605,095	-	359,201,707,741	-
Quang Chau Industrial Park and Urban area	342,779,745,623	-	685,721,457,549	-
Trang Due Industrial Park - stage 2	16,160,870,321	-	130,182,980,040	-
Trang Due Industrial Park - stage 1(iii)	12,165,328,852	-	7,255,853,913	-
Trang Due Industrial Park - stage 3	2,016,023,459	-	-	-
Que Vo II Industrial Park	1,640,142,933	-	120,435,014,799	-
Que Vo I Industrial Park	-	-	57,860,916,072	-
Merchandise for marketing activities	10,913,011,266	-	316,235,334	-
Other projects	13,147,207,278	-	13,291,654,295	-
<b>TOTAL</b>	<b>7,547,758,770,653</b>	<b>-</b>	<b>8,592,831,569,175</b>	<b>-</b>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)  
as at 31 December 2019 and for the year then ended

## 9. INVENTORIES (continued)

Inventories of the Group as at 31 December 2019 comprise land compensation and infrastructure development costs, capitalized borrowing costs and other overheads which incurred for the development of industrial parks and other real estate projects which are developed for sale. Majority of the Group's inventories are used as collaterals for long-term loans as disclosed in Note 19.

- (i) In accordance with Decision No. 1548/QĐ-UBND dated 17 September 2010, the People's Committee of Hai Phong City approved the detailed planning 1/2000 of the Trang Cat Urban and Service Zone Project ("Trang Cat Project") with the approved development area of 584.91 hectares, and the Company as the investor of the Project. Consequently, the Company established Trang Cat Urban Development One-Member Limited Company ("Trang Cat LLC") to directly manage, develop and complete this project. On 8 October 2012, the Hai Phong People's Committee issued Decision No. 1679/QĐ-UBND to assign the land to Trang Cat Company for the development of Trang Cat Urban and Services Zone project in Trang Cat, Hai An District, with the total assigned land area of 581.93 ha.

Also relating to Trang Cat Project, in accordance with the Asset Pledge Agreement to guarantee for obligations of third party No. 0202/2013/HDTC-DN dated 22 February 2013 between Trang Cat Company and Western Commercial Joint Stock Bank ("Western Bank"), which has since been merged with Vietnam Public Joint Stock Commercial Bank ("PVCombank"), Trang Cat LLC has agreed to mortgage the following assets:

- ▶ Trang Cat Project;
- ▶ Property rights and economic benefits arising from the Decision on Land Assignment and the relevant documents, investment associated with the land use right in Trang Cat Project;
- ▶ All the asset rights, benefit rights arising from Trang Cat Project; and
- ▶ All the assets which will be formed in the future under Trang Cat Project.

to PVComBank to secure the obligations of the Group and other affiliates. In particular, the guaranteed obligations comprise:

- ▶ obligations of Saigon - Binh Thuan Power Plant Investment and Development JSC ("Saigon - Binh Thuan Company") arising from the acquisition of an investment portfolio from PVCombank according to the transfer agreement dated 1 August 2012 between the Bank and Saigon - Binh Thuan Company;
- ▶ loans, trust investment and bonds due by the Company and its subsidiaries, associates (including the Saigon Telecommunication & Technologies Corporation - SGT) to PVCombank with a total value of VND 2,429 billion; and
- ▶ loans, trust investment and bonds due by other companies (including Saigon Construction JSC, Saigon Investment JSC, Saigon - Cantho Industrial Park Corporation, SGI Fund Management JSC, Saigon Construction JSC, NAVI Securities JSC and Asian Securities JSC) to PVComBank with a total value of VND 1,095 billion.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)  
as at 31 December 2019 and for the year then ended

**9. INVENTORIES** (continued)

- (ii) Work in progress in Tan Phu Trung Industrial Park includes the fair value of the land area which have been cleared and granted with land assignment decision of Tan Phu Trung Industrial and Residential Park as developed by Northwest Saigon City Development Corporation, which have been revalued at the date the Group acquired and assumed control over this subsidiary.
- (iii) Work in progress in Trang Due Industrial Park - phase 1 includes the fair value of the land area which have been cleared and granted with land assignment decision of Trang Due Industrial Park as developed by Saigon - Hai Phong Industrial Park JSC, which have been revalued at the date the Group acquired and assumed control over this subsidiary.

During the year, the Group capitalized borrowing costs amounting to VND 23.4 billion (2018: VND 70 billion). These costs relate to borrowings taken to finance the construction of industrial parks and other real estate projects of the Group.

**10. PREPAID EXPENSES**

	<i>Currency: VND</i>	
	<i>Ending balance</i>	<i>Beginning balance</i>
<b>Short-term</b>		
Brokerage fees of un-completed real-estate transfer contracts	65,533,928,277	58,820,557,347
Other prepaid expenses	11,869,161,070	31,223,440
<b>TOTAL</b>	<b><u>77,403,089,347</u></b>	<b><u>58,851,780,787</u></b>
<b>Long-term</b>		
Infrastructure repair costs	10,253,332,425	-
Legal consulting expenses	7,770,000,000	5,540,000,000
Other expenses	5,378,310,818	7,856,715,896
<b>TOTAL</b>	<b><u>23,401,643,243</u></b>	<b><u>13,396,715,896</u></b>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)  
as at 31 December 2019 and for the year then ended

## 11. TANGIBLE FIXED ASSETS

Currency: VND

	<i>Buildings and structures (including cost of land development and infrastructure)</i>	<i>Machinery and equipment</i>	<i>Means of transportation</i>	<i>Office equipment</i>	<i>Others</i>	<i>Total</i>
<b>Cost:</b>						
Beginning balance	235,669,420,095	35,591,154,909	66,573,495,768	14,081,750,517	1,176,109,090	353,091,930,379
- Newly purchased	89,830,528,982	28,529,396,784	1,741,809,091	12,283,680,636	-	132,385,415,493
Ending balance	325,499,949,077	64,120,551,693	68,315,304,859	26,365,431,153	1,176,109,090	485,477,345,872
<i>In which:</i>						
Fully depreciated	31,873,974,926	5,534,459,665	15,477,140,786	6,337,540,580	1,141,609,090	60,364,725,047
<b>Accumulated depreciation:</b>						
Beginning balance	129,459,200,874	26,641,347,042	31,719,460,687	7,354,944,428	1,093,484,090	196,268,437,121
- Depreciation for the year	22,853,950,157	4,044,749,370	6,596,182,440	2,122,883,915	48,125,000	35,665,890,882
Ending balance	152,313,151,031	30,686,096,412	38,315,643,127	9,477,828,343	1,141,609,090	231,934,328,003
<b>Net carrying amount:</b>						
Beginning balance	106,210,219,221	8,949,807,867	34,854,035,081	6,726,806,089	82,625,000	156,823,493,258
Ending balance	173,186,798,046	33,434,455,281	29,999,661,732	16,887,602,810	34,500,000	253,543,017,869

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)  
as at 31 December 2019 and for the year then ended

## 12. INVESTMENT PROPERTIES

	<i>Currency: VND</i>
	<i>Factories (including costs of land development and infrastructure)</i>
<b>Cost:</b>	
Beginning balance	173,618,450,871
- Increase during the year	360,083,342,425
- Decrease during the year	<u>(57,262,335,136)</u>
Ending balance	<u>476,439,458,160</u>
<b>Depreciation:</b>	
Beginning balance	39,457,301,000
- Increase during the year	17,400,030,123
- Decrease for the year	<u>(13,136,494,886)</u>
Ending balance	<u>43,720,836,237</u>
<b>Net carrying amount</b>	
Beginning balance	<u>134,161,149,871</u>
Ending balance	<u>432,718,621,923</u>

Investment properties comprise factories at industrial parks, which are held for operating leases.

As at 31 December 2019, the Group has not been able to determine the fair value of these investment properties because there is no active market for these properties.

## 13. CONSTRUCTION IN PROGRESS

	<i>Currency: VND</i>	
	<i>Ending balance</i>	<i>Beginning balance</i>
Project at 84A Hung Vuong street, Da Nang city (i)	698,395,630,720	-
Hanoi Diplomat Area (i)	106,555,116,818	106,555,116,818
Que Vo I Industrial Park	5,504,432,192	4,516,537,647
Bac Giang Thermal Power Plant	3,116,503,893	3,116,503,893
Factories at Quang Chau Industrial Park	-	47,139,529,090
Factories at Trang Due Industrial Park	-	29,540,283,635
Other construction in progress	8,463,128,091	3,240,876,365
<b>TOTAL</b>	<b><u>822,034,811,714</u></b>	<b><u>194,108,847,448</u></b>

(i) This mainly comprises of land use right at 84A Hung Vuong, Hai Chau 1 ward, Hai Chau district, Da Nang city with total land area of 11,170,600 m<sup>2</sup>, which has been transferred under the land use right transfer contract signed between Vien Dong Real Estate and Property JSC and Kinh Bac – Da Nang Investment One Member Co., Ltd.

(ii) Under the contract for transfer of infrastructure works No. 2592/2009/HANCORP-KBC dated 5 October 2009, Hanoi Construction Corporation transferred the existing infrastructure works to the Company for the development of a real estate project, comprising offices, representative offices for international agencies, at Hanoi Diplomatic Area.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)  
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**14. LONG-TERM INVESTMENTS**

		<i>Currency: VND</i>	
	<i>Note</i>	<i>Ending balance</i>	<i>Beginning balance</i>
Investment in associates	14.1	434,925,286,015	516,941,269,318
Other long-term investments	14.2	448,500,200,000	448,500,200,000
Provision for long-term investments		<u>(22,344,943,996)</u>	<u>(17,708,401,963)</u>
<b>TOTAL</b>		<b><u>861,080,542,019</u></b>	<b><u>947,733,067,355</u></b>

**14.1 Investment in associates**

		<i>Currency: VND</i>					
		<u><i>Ending balance</i></u>			<u><i>Beginning balance</i></u>		
	<i>Note</i>	<i>% of voting right</i>	<i>Number of shares</i>	<i>Amount VND</i>	<i>% of voting right</i>	<i>Number of shares</i>	<i>Amount VND</i>
Saigon Telecommunication & Technologies JSC	(i)	21.48%	15,896,923	226,820,001,888	21.48%	15,896,923	224,861,575,161
Saigon - Hue Investment JSC	(ii)	28.14%	9,849,000	202,611,216,505	28.14%	9,849,000	203,850,278,194
Saigon High-tech Park Infrastructure Development Investment JSC	(iii)	-	-	-	27.44%	8,233,083	82,436,515,135
Scanviwood JSC	(iv)	34%	1,077,528	<u>5,494,067,622</u>	34%	1,077,528	<u>5,792,900,828</u>
<b>TOTAL</b>				<b><u>434,925,286,015</u></b>			<b><u>516,941,269,318</u></b>

*(i) Saigon Telecommunication & Technologies JSC*

Saigon Telecommunication & Technologies JSC was established pursuant to the Business Registration Certificate No. 4103000992 issued by the Department of Planning and Investment of Ho Chi Minh City on 14 May 2002 and the amended subsequent licenses, with the latest is the 13th amended Business Registration Certificate being granted on 11 August 2014, with a registered charter capital of VND 740 billion. Its principal activities include trading computers, electronic equipment, materials, telecommunication and post equipment; trading and installation of transmission equipment, connection, security equipment for communication; information technology consulting; designing and installation of computer system; constructing industrial park, residential area, traffic, bridge and road, irrigation.

Its registered office is at 46 Quang Trung Software Park, Tan Chanh Hiep Ward, District 12, Ho Chi Minh City.

*(ii) Saigon - Hue Investment JSC*

Saigon - Hue Investment JSC was established pursuant to the Business Registration Certificate No. 3103000255 issued by the Department of Planning and Investment of Thua Thien-Hue province on 9 October 2007 and the first amended Business Registration Certificate No. 3300512389 on 16 February 2012 with a registered charter capital of VND 350 billion. Its principal activities include investment, construction and trading on infrastructure inside and outside industrial zone, residential areas, resettlement area, housing for worker; industrial and civil construction works, transport and power projects up to 35kV.

Its registered office is at No.15, Nguyen Hue Street, Hue City, Vietnam.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)  
as at 31 December 2019 and for the year then ended

**14. LONG-TERM INVESTMENT** (continued)

**14.1 Investment in associates** (continued)

*(iii) Saigon High-tech Park Infrastructure Development Investment Joint Stock Company*

Saigon High-tech Park Infrastructure Development Investment Joint Stock Company was established pursuant to the Business Registration Certificate No. 4103006017 issued by the Department of Planning and Investment of Ho Chi Minh City on 31 January 2007 and the first amended Business Registration Certificate dated 2 July 2009 with a registered charter capital of VND 300 billion. Its principal activities include infrastructure investment and development; leasing and selling offices, trading centres and apartment buildings; consignment and trading agent; civil and industrial construction; development of road and drainage system; investment, management and construction consulting; brokerage; providing custom declaration services; restaurant, hotel, resort, travel businesses.

Its registered office is at 6-1, Ree Building, 364 Cong Hoa Street, Ward 13, Tan Binh District, Ho Chi Minh City, Vietnam.

In 2019, the Company completed the divestment in this company.

*(iv) Scanviwood Joint Stock Company*

Scanviwood Joint Stock Company was established pursuant to the Business Registration Certificate No. 0301213033 by the Department of Planning and Investment of Ho Chi Minh City on 10 June 2015 with a registered capital of VND 31.69 million. Its principal activities include manufacturing of household products for export.

Its registered office is at 565 An Duong Vuong Street, An Lac Ward, Binh Thanh District, Ho Chi Minh City, Vietnam.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)  
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**14. LONG-TERM INVESTMENT** (continued)

**14.1 Investment in associates** (continued)

Investments in associates as at 31 December 2019 are as below:

	Saigon Telecommunication & Technologies JSC	Saigon - Hue Investment JSC	Saigon High-tech Park Infrastructure Development Investment JSC	Scanviwood JSC	Total
<b>Cost of investment:</b>					
Beginning balance	423,492,661,074	210,627,000,000	82,330,830,000	7,204,600,000	723,655,091,074
Decrease	-	-	(82,330,830,000)	-	(82,330,830,000)
Ending balance	423,492,661,074	210,627,000,000	-	7,204,600,000	641,324,261,074
<b>Accumulated share in post-acquisition profit/(loss) of the associates</b>					
Beginning balance	(38,403,359,527)	(6,776,721,806)	105,685,135	(1,411,699,172)	(46,486,095,370)
- Share in post-acquisition profit/(loss) of the associates for the year	1,958,426,727	(1,239,061,689)	-	(298,833,206)	420,531,832
- Loss from disposal of the associate	-	-	(105,685,135)	-	(105,685,135)
Ending balance	(36,444,932,800)	(8,015,783,495)	-	(1,710,532,378)	(46,171,248,673)
<b>Accumulated amortization of goodwill:</b>					
Beginning balance	160,227,726,386	-	-	-	160,227,726,386
Ending balance	160,227,726,386	-	-	-	160,227,726,386
<b>Net carrying amount:</b>					
Beginning balance	224,861,575,161	203,850,278,196	82,436,515,135	5,792,900,828	516,941,269,318
Ending balance	226,820,001,888	202,611,216,505	-	5,494,067,622	434,925,286,015

Currency: VND

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)  
as at 31 December 2019 and for the year then ended

#### 14. LONG-TERM INVESTMENT (continued)

##### 14.2 Other long-term investments

Currency: VND

	Ending balance			Beginning balance		
	% of voting right	Number of shares	Cost (*)	% of voting right	Number of shares	Cost
Saigon - Quy Nhon Mineral JSC	5.75	6,900,000	339,000,000,000	5.75	6,900,000	339,000,000,000
Saigon - Da Nang Investment JSC	19.5	3,900,000	39,000,000,000	19.5	3,900,000	39,000,000,000
VTC - Saigontel Media JSC	19.19	3,070,020	30,700,200,000	19.19	3,070,020	30,700,200,000
Saigon - Binh Phuoc Industrial Park JSC	10.56	190,000	19,000,000,000	10.56	190,000	19,000,000,000
Saigon - Nhon Hoi Industrial Park JSC	10	100,000	10,000,000,000	10	100,000	10,000,000,000
Saigon - Ham Tan Tourism JSC	1.63	70,000	7,000,000,000	1.63	70,000	7,000,000,000
Saigon - Binh Thuan Power Plant Investment and Development JSC	0.35	350,000	3,500,000,000	0.35	350,000	3,500,000,000
Saigon - Long An Industrial Park JSC	0.15	30,000	300,000,000	0.15	30,000	300,000,000
<b>TOTAL</b>			<b>448,500,200,000</b>			<b>448,500,200,000</b>
Provision for other long-term investments			(22,344,943,996)			(17,708,401,963)
<b>NET CARRYING VALUE</b>			<b>426,155,256,004</b>			<b>430,791,798,037</b>

(\*) The Company has not been able to collect necessary information to evaluate the fair value of the shares held in these companies because the shares of these companies have not been listed on the stock exchange.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)  
as at 31 December 2019 and for the year then ended

## 15. TRADE PAYABLES AND ADVANCES FROM CUSTOMERS

### 15.1 Short-term trade payables

	Currency: VND			
	Ending balance		Beginning balance	
	Amount	Amount payable	Amount	Amount payable
Trade payables to suppliers				
- Kumba JSC	24,197,260,274	24,197,260,274	24,197,260,274	24,197,260,274
- Truong Phat investment JSC	20,188,189,332	20,188,189,332	5,494,106,040	5,494,106,040
- Mai Tuan Anh Trading and Transportation Co., Ltd	18,857,306,900	18,857,306,900	11,618,947,600	11,618,947,600
- Cong Thanh Technological Environment Co., Ltd	16,005,014,945	16,005,014,945	13,896,411,000	13,896,411,000
- Hai Phat Real Estate JSC.	13,019,970,115	13,019,970,115	13,523,326,473	13,523,326,473
- Kinh Bac Services JSC	-	-	22,197,890,000	22,197,890,000
- BlueScope Buildings Vietnam Co., Ltd	-	-	7,335,599,999	7,335,599,999
- Other suppliers	278,324,308,958	278,324,308,958	127,854,310,954	127,854,310,954
<b>TOTAL</b>	<b>370,592,050,524</b>	<b>370,592,050,524</b>	<b>226,117,852,340</b>	<b>226,117,852,340</b>

### 15.2 Short-term advances from customers

	Currency: VND	
	Ending balance	Beginning balance
Advances for long-term leases of land at Tan Phu Trung Industrial Park	200,347,165,104	96,449,599,019
Deposits for purchase of houses and land use rights at Quang Chau Urban Project	75,331,990,080	57,394,622,400
Advances for long-term leases of land at Trang Due Industrial Park and Urban Project	20,944,482,236	61,624,603,637
Deposits for purchase of houses and land use rights at Trang Due Service, Trading Urban area and Workers housing project	74,428,093,405	-
Deposits for purchase of houses and land use rights in low-income housing projects	-	196,232,491,700
Other advances from customers	43,229,259,461	35,480,498,363
<b>TOTAL</b>	<b>414,280,990,286</b>	<b>447,181,815,119</b>



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)  
as at 31 December 2019 and for the year then ended

**16. STATUTORY OBLIGATIONS**

	Beginning balance	Increase for the year	Payment/off-set in the year	Ending balance	Currency: VND
<b>Payables</b>					
Value added tax	87,518,096,545	102,721,703,173	(168,258,416,997)	21,981,382,721	
Corporate income tax (Note 27)	194,021,522,426	172,267,830,794	(266,961,704,079)	99,327,649,141	
Personal income tax	640,413,536	23,802,519,906	(22,223,911,364)	2,219,022,078	
Other taxes	19,808,974,578	2,474,426,482	(16,504,826,409)	5,778,574,651	
<b>TOTAL</b>	<b>301,989,007,085</b>	<b>301,266,480,355</b>	<b>(473,948,858,849)</b>	<b>129,306,628,591</b>	
<b>Receivables</b>					
Corporate income tax	86,978,850,743	-	(86,978,850,743)	-	
Value added tax deductible	54,195,425,437	181,431,313,607	(99,231,833,599)	136,394,905,445	
Other taxes	17,935,053	3,280,758,788	(751,445,424)	2,547,248,417	
<b>TOTAL</b>	<b>141,192,211,233</b>	<b>184,712,072,395</b>	<b>(186,962,129,766)</b>	<b>138,942,153,862</b>	

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)  
as at 31 December 2019 and for the year then ended

## 17. ACCRUED EXPENSES

	<i>Currency: VND</i>	
	<i>Ending balance</i>	<i>Beginning balance</i>
<b>Short-term</b>		
Accrued future development costs for recognised sales	481,392,813,069	986,494,828,986
- Quang Chau Industrial Park	196,930,164,600	368,404,589,673
- Tan Phu Trung Industrial Park	128,150,308,354	337,790,756,801
- Trang Due Industrial Park	49,817,566,787	164,904,179,437
- Que Vo II Industrial Park	19,250,743,371	60,747,027,250
- Que Vo I Industrial Park	56,504,290,047	54,648,275,825
- Phuc Ninh Urban Area	4,116,772,240	-
- Trang Due Urban Area	26,622,967,670	-
Accrued interest expenses (*)	1,113,638,659,265	163,987,988,834
External services	34,499,564,263	78,364,021,440
Other accrued expenses	4,124,879,548	15,195,235,558
Accrued interest expenses to related parties (Note 28)	1,233,333,333	775,082,727
<b>TOTAL</b>	<b><u>1,634,889,249,478</u></b>	<b><u>1,244,817,157,545</u></b>
<b>Long-term</b>		
Accrued interest expenses to related parties (Note 28)	909,879,723	1,051,174,838,754
<b>TOTAL</b>	<b><u>909,879,723</u></b>	<b><u>1,051,174,838,754</u></b>

(\*) This amount mainly includes the bond coupons payable to PVCombank. PVCombank has issued an amendment to revise the payment terms for the bond principal and the bond interest. Accordingly, these bond interests will be due on 31 December 2020 (Note 19.2).

## 18. OTHER PAYABLES

	<i>Currency: VND</i>	
	<i>Ending balance</i>	<i>Beginning balance</i>
<b>Short-term</b>		
Deposit for land transfer agreement at Phuc Ninh Urban Area (i)	439,934,046,609	444,102,553,400
Other deposits (ii)	111,063,031,650	-
Tay Ninh Industrial Infrastructure Development Corporation	45,500,000,000	-
Dividends	41,995,332,873	-
Kinh Bac Services JSC	14,710,026,993	11,948,989,816
Infrastructure maintainance fee	20,120,313,022	-
Other payables	29,068,833,756	42,383,417,710
<b>TOTAL</b>	<b><u>702,391,584,903</u></b>	<b><u>498,434,960,926</u></b>
<b>Long-term</b>		
Cholimex Mechatronics Informatics JSC	-	55,500,000,000
Other deposits (ii)	28,774,099,409	65,065,727,944
Other payabels	6,352,102,684	14,592,329,063
<b>TOTAL</b>	<b><u>35,126,202,093</u></b>	<b><u>135,158,057,007</u></b>

- (i) This is deposit to the Company for land transfer agreement at Phuc Ninh Urban Area;  
(ii) These mainly pertain to deposits from long-term lease of land and infrastructure at industrial parks of the Group.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)  
as at 31 December 2019 and for the year then ended

## 19. LOANS

Currency: VND

	Beginning balance		Movement during the year		Ending balance	
	Balance	Payable amount	Increase	Decrease	Balance	Payable amount
<b>Short-term</b>						
Current portion of long-term loans and bonds (Note 19.1 and 19.2)	1,016,039,792,014	1,016,039,792,014	870,935,305,750	(1,190,939,792,014)	696,035,305,750	696,035,305,750
Short-term loans from related parties (Note 28)	152,330,830,000	152,330,830,000	100,000,000,000	(144,330,830,000)	108,000,000,000	108,000,000,000
Loan from others	35,935,378,567	35,935,378,567	60,000,000,000	(95,935,378,567)	-	-
<b>TOTAL</b>	<b>1,204,306,000,581</b>	<b>1,204,306,000,581</b>	<b>1,030,935,305,750</b>	<b>(1,431,206,000,581)</b>	<b>804,035,305,750</b>	<b>804,035,305,750</b>
<b>Long-term</b>						
Long-term loans from banks (Note 19.1)	420,746,370,720	420,746,370,720	242,579,434,704	(403,225,151,100)	260,100,654,324	260,100,654,324
Bonds (Note 19.2)	862,118,545,452	862,118,545,452	768,850,229,027	(825,106,889,102)	805,861,885,377	805,861,885,377
Long-term loans from related parties (Note 28)	-	-	30,000,000,000	-	30,000,000,000	30,000,000,000
Loan from others (*)	-	-	25,935,378,567	-	25,935,378,567	25,935,378,567
<b>TOTAL</b>	<b>1,282,864,916,172</b>	<b>1,282,864,916,172</b>	<b>1,067,365,042,298</b>	<b>(1,228,332,040,202)</b>	<b>1,121,897,918,268</b>	<b>1,121,897,918,268</b>

(\*) These include unsecured, interest free loans from Saigon Investment JSC and Kinh Bac Services JSC.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)  
as at 31 December 2019 and for the year then ended

**19. LOANS** (continued)

**19.1 Long-term loans from bank**

As at 31 December 2019, details of long-term loans from bank are as follows:

<i>Banks</i>	<i>Ending balance</i>	<i>Interest rate</i>	<i>Principal and interest payment term</i>	<i>Description of collateral</i>
Vietnam Joint Stock Commercial Bank for Industry and Trade - Bac Ninh branch	86,935,305,750	10.5% per annum	Principal is repayable every 6 months, started from 1 December 2018. Interest is payable every 3 months, started from 19 September 2018	All the assets formed in the future include the land use right and assets attached with the land of 22 hecta in Phuc Ninh Urban Area.
Vietnam Joint Stock Commercial Bank for Industry and Trade - Que Vo Industrial Park branch	39,700,314,144	10.5% per annum	Principal repayment on 6 February 2020. Interest payment on the last 25th per quarter	The valuation of the salable land area not yet leased under the valuation report No. 217.07/2019/BBĐGL prepared on 10 October 2019 is VND 84,866,000,000.
	219,534,936,090	10.5% per annum	Principal repayment on 29 November 2022. Interest payment on last 25th day per quarter	All the assets formed in the future of the 100 hecta project in Phase 1 of Nam Son - Hap Linh Industrial park; along with the property rights arising from the economic contracts for trading of infrastructure, land and other attached properties of 100 hecta land area of stage 1 in Nam Son – Hap Linh Industrial Park.
	52,865,404,090	10.5% per annum	Principal repayment on 16 November 2022. Principal is repayable every 6 months. Interest is payable every 3 months, started from 25 August 2017	All assets formed from 83.8 hecta land area infrastructure development of Que Vo II Industrial Park.

**TOTAL**

**399,035,960,074**

*In which:*

*Current portion of long-term loans* 138,935,305,750  
*Long-term loans* 260,100,654,324

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)  
as at 31 December 2019 and for the year then ended

**19. LOANS** (continued)

**19.2 Bonds**

As at 31 December 2019, bonds issued by the Group are as follows:

Bond	Type of bond	Number of bonds	Par value VND	Amount (VND)	Interest rate per annum	Duration	Collaterals
KBCbond1-2017	Corporate bond issued to Joint Stock Commercial Bank for Investment and Development of Vietnam - Sai Gon North Branch	280	1,000,000,000	280,000,000,000	10.33%	21 November 2022	Shares of Kinh Bac – Da Nang Investment One Member Company Limited
KBC Bond2018 -02	Corporate bond	4,000,000	100,000	400,000,000,000	10.60%	14 May 2020	Shares of Saigon - Hai Phong Industrial Park JSC
KBCbond2019-01	Corporate bond	571,000	100,000	57,100,000,000	10%	29 January 2020	1,309,000 ordinary shares of Saigon – Bac Giang Industrial Park JSC held by the Company and 726,000 shares of Saigon – Bac Giang Industrial Park JSC held by Saigon - Hai Phong Industrial Park JSC
KBCBond2019-02	Corporate bond	2,000,000	100,000	200,000,000,000	10.50%	15 April 2021	26,000,000 shares of KBC 700,000 shares of Saigon - Hai Phong Industrial Park JSC
KBC Bond 2019 -03	Corporate bond	2,000,000	100,000	200,000,000,000	10.50%	5 January 2021	800,000 shares of Saigon - Hai Phong Industrial Park JSC
KBCbond2019-05	Corporate bond	2,000,000	100,000	200,000,000,000	10.50%	28 June 2021	420,000 ordinary shares of Saigon - Hai Phong Industrial Park JSC
KBCBond2019-06	Corporate bond	477,000	100,000	47,700,000,000	10.80%	6 June 2021	
Bond issue costs:				(21,838,114,623)			
<b>TOTAL</b>		<b>11,048,280</b>		<b>1,362,961,885,377</b>			
In which:							
Bonds due in the next year				557,100,000,000			
Long-term bonds				827,700,000,000			
Bond issue costs of long-term bonds				(21,838,114,623)			

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)  
as at 31 December 2019 and for the year then ended

## 20. OWNERS' EQUITY

### 20.1 Increase and decrease in owners' equity

	Contributed charter capital	Share premium	Treasury shares	Investment and development fund	Undistributed earnings	Non-controlling interest	Total
<b>Previous year</b>							
Beginning balance	4,757,111,670,000	989,064,430,000	(364,466,650,000)	2,223,693,823	2,904,506,892,048	749,667,313,428	9,038,107,349,299
- Net profit for the year	-	-	-	-	746,155,055,257	62,751,418,237	808,906,473,494
- Dividend declared	-	-	-	-	-	(9,656,028,236)	(9,656,028,236)
Ending balance	4,757,111,670,000	989,064,430,000	(364,466,650,000)	2,223,693,823	3,650,661,947,305	802,762,703,429	9,837,357,794,557
<b>Current year</b>							
Beginning balance	4,757,111,670,000	989,064,430,000	(364,466,650,000)	2,223,693,823	3,650,661,947,305	802,762,703,429	9,837,357,794,557
- Net profit for the year	-	-	-	-	918,361,874,953	122,396,989,276	1,040,758,864,229
- Dividend declared (*)	-	-	-	-	(469,760,189,000)	(27,225,368,714)	(496,985,557,714)
Ending balance	4,757,111,670,000	989,064,430,000	(364,466,650,000)	2,223,693,823	4,099,263,633,258	897,934,323,991	10,381,131,101,072

(\*) Dividend is declared in accordance with the Resolution of the Annual General Meeting of Shareholders No. 2706/2019/KBC/NQ-HDQT dated 27 June 2019 and No. 2809/2019/NQ-HDQT dated 28 September 2019.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)  
as at 31 December 2019 and for the year then ended

## 20. OWNERS' EQUITY (continued)

### 20.2 Shares

Currency: VND

	31 December 2019			31 December 2018		
	Total	Ordinary shares	Preference shares	Total	Ordinary shares	Preference shares
Contribution by shareholders	4,757,111,670,000	4,757,111,670,000	-	4,757,111,670,000	4,757,111,670,000	-
Share premium	989,064,430,000	989,064,430,000	-	989,064,430,000	989,064,430,000	-
Treasury shares	(364,466,650,000)	(364,466,650,000)	-	(364,466,650,000)	(364,466,650,000)	-
<b>TOTAL</b>	<b>5,381,709,450,000</b>	<b>5,381,709,450,000</b>	<b>-</b>	<b>5,381,709,450,000</b>	<b>5,381,709,450,000</b>	<b>-</b>

### 20.3 Dividend

Currency: VND

	Current year	Previous year
<b>Dividends declared during the year</b>		
Dividends for 2018	469,760,189,000	-
<b>Dividends paid during the year</b>		
Dividends for 2018	444,314,856,050	-

### 20.4 Capital transactions with owners and distribution of dividends, profits

Currency: VND

	Current year	Previous year
<b>Contributed capital</b>		
Beginning balance	4,757,111,670,000	4,757,111,670,000
Increase	-	-
Decrease	-	-
Ending balance	<u>4,757,111,670,000</u>	<u>4,757,111,670,000</u>
Dividends paid	444,314,856,050	-

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)  
as at 31 December 2019 and for the year then ended

**20. OWNERS' EQUITY** (continued)

**20.5 Shares**

	31 December 2019		31 December 2018	
	Shares	Par value (VND)	Shares	Par value (VND)
<b>Issued shares</b>	<b>475,711,167</b>	<b>4,757,111,670,000</b>	<b>475,711,167</b>	<b>4,757,111,670,000</b>
<b>Issued and paid-up shares</b>	<b>475,711,167</b>	<b>4,757,111,670,000</b>	<b>475,711,167</b>	<b>4,757,111,670,000</b>
Ordinary shares	475,711,167	4,757,111,670,000	475,711,167	4,757,111,670,000
Preference shares	-	-	-	-
<b>Treasury shares</b>	<b>5,950,978</b>	<b>59,509,780,000</b>	<b>5,950,978</b>	<b>59,509,780,000</b>
Ordinary shares	5,950,978	59,509,780,000	5,950,978	59,509,780,000
Preference shares	-	-	-	-
<b>Shares in circulation</b>	<b>469,760,189</b>	<b>4,697,601,890,000</b>	<b>469,760,189</b>	<b>4,697,601,890,000</b>
Ordinary shares	469,760,189	4,697,601,890,000	469,760,189	4,697,601,890,000
Preference shares	-	-	-	-

Par value of outstanding share: VND 10,000/share (2018: VND 10,000/share).

**21. NON-CONTROLLING INTEREST**

	Currency: VND	
	Current year	Previous year
Beginning balance	802,762,703,429	749,667,313,428
Profit attributable to non-controlling interest	122,396,989,276	62,751,418,237
Dividend paid	(27,225,368,714)	(9,656,028,236)
<b>Ending balance</b>	<b>897,934,323,991</b>	<b>802,762,703,429</b>



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)  
as at 31 December 2019 and for the year then ended

## 22. REVENUES

### 22.1 Revenue from sales of goods and rendering of services

	Currency: VND	
	Current year	Previous year
<b>Gross revenue</b>	<b>3,209,906,030,157</b>	<b>2,491,178,878,521</b>
In which:		
Revenue from long-term leases of land and infrastructures (*)	2,288,394,189,661	2,018,386,888,972
Revenue from real estate transfer (**)	540,253,510,716	93,173,385,733
Revenue from supplying of clean water, electricity, services charge, waste water treatment supply	223,982,408,442	163,821,817,906
Sales of factories	100,193,929,680	178,832,038,000
Revenue from operating leases of warehouses, factories and offices	48,170,136,496	36,964,747,910
Other revenues	8,911,855,162	-
<b>Net revenue</b>	<b>3,209,906,030,157</b>	<b>2,491,178,878,521</b>
Of which:		
Sales to others	3,209,906,030,157	2,491,178,878,521
Sales to related parties	-	-

(\*) During the year, the Group recorded revenues from long-term leases of land with infrastructure in the industrial parks in the consolidated income statement when the land is handed-over to the customers, which is based on the assessment that significant risks and rewards associated with ownership of the land have been transferred to the buyers. If revenue from the leases of land with infrastructure is allocated over the lease term, the impacts to revenue, cost of goods sold and services rendered; and profit before and after corporate income tax of the Group are as follows:

	Currency: VND	
	Revenues are recognized in full at the hand-over date	Revenues are amortized over the lease term
Revenues from goods and rendering services	3,209,906,030,157	1,039,732,968,782
Of which:		
Revenue from long-term lease of land and infrastructures	2,288,394,189,661	55,227,977,806
Cost of goods sold and services rendered	(1,363,156,822,246)	(329,594,452,515)
<b>Gross profit from sale of goods and rendering of services</b>	<b>1,846,749,207,911</b>	<b>710,138,516,267</b>

(\*\*) Revenue from real estate transfer mainly comes from the transfer of a part of the "Trang Due Service, Trading Urban area and Workers housing project". This project has been approved by the People's Committee of Hai Phong city in accordance with the Decision No. 1016/ QD-UBND dated 18 May 2015 on the approval of the investment and construction in Trang Due Service, Trading Urban area and Workers housing project (with total area of 42.08 ha) and was granted with the Investment Certificate No. 4767463173 dated 20 October 2015 by Department of Planning and Investment of Hai Phong city to Saigon - Hai Phong Industrial Park JSC. Accordingly, the Company is the primary investor responsible for the development of technical infrastructure, social infrastructure works including: leveling, creating construction ground, internal road system, surface drainage, drainage and wastewater treatment system ... and the secondary investor will be responsible for the development of social infrastructure works including: multi-purpose public works (markets, cultural houses ...), preschools, kindergartens, primary schools, clinics ... and other structures.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)  
as at 31 December 2019 and for the year then ended

## 22. REVENUES (continued)

### 22.1 Revenue from sales of goods and rendering of services (continued)

Also, in the above Decision, the People's Committee of Hai Phong City has allowed that the primary investor, after completion of the construction of technical infrastructure systems of the whole project area, to transfer to the secondary investor for development of the social infrastructure works and other structure works. On 30 December 2019, the Company signed the transfer contract No. 01/TMDV/SHP-AD with a secondary investor, An Duong Urban Development Investment JSC, to transfer a part of the Project, equivalent with a land area of 24,845 m<sup>2</sup>, with the total contract value (including VAT) of VND 489 billion.

### 22.2 Finance income

	<i>Currency: VND</i>	
	<i>Current year</i>	<i>Previous year</i>
Interest income from outstanding receivables from share transfer contract (*)	40,824,296,490	42,522,515,002
Interest income from term deposits and loan receivables	38,187,803,257	35,967,334,496
Foreign exchange gains	883,324,831	21,683,048
Others	36,476,475	13,056,713,934
<b>TOTAL</b>	<b><u>79,931,901,053</u></b>	<b><u>91,568,246,480</u></b>

(\*) This pertains mainly to interest income on receivables from Kinh Bac Services JSC under the contract to transfer the shares in Saigon - Binh Dinh Energy JSC.

## 23. COST OF GOODS SOLD AND SERVICES RENDERED

	<i>Currency: VND</i>	
	<i>Current year</i>	<i>Previous year</i>
Cost of long-term leases of land and infrastructures	1,074,791,528,600	795,075,873,614
Cost of factories sold	34,702,809,895	78,438,375,894
Cost of warehouses, factories and offices for operating lease	13,180,171,869	12,048,779,501
Cost of real estate transferred	113,273,436,721	45,116,512,748
Others	127,208,875,161	91,664,442,993
<b>TOTAL</b>	<b><u>1,363,156,822,246</u></b>	<b><u>1,022,343,984,750</u></b>

## 24. FINANCE EXPENSES

	<i>Currency: VND</i>	
	<i>Current year</i>	<i>Previous year</i>
Interest expenses	195,685,878,594	200,751,707,293
Provision/(reversal of provision) for long-term investments	4,636,542,033	(21,952,306,313)
Others	22,298,121,594	15,094,815,873
<b>TOTAL</b>	<b><u>222,620,542,221</u></b>	<b><u>193,894,216,853</u></b>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)  
as at 31 December 2019 and for the year then ended

**25. SELLING EXPENSES AND GENERAL AND ADMINISTRATIVE EXPENSES**

	<i>Currency: VND</i>	
	<i>Current year</i>	<i>Previous year</i>
<b>Selling expenses</b>		
Consultation and brokerage expenses	127,603,646,911	128,510,332,025
Labour costs	3,317,314,000	2,122,288,000
Others	10,989,453,544	11,381,947,903
<b>TOTAL</b>	<b><u>141,910,414,455</u></b>	<b><u>142,014,567,928</u></b>
<b>Administrative expenses</b>		
Depreciation	9,334,100,773	7,917,389,196
Labour costs	98,901,264,299	85,992,134,624
External services	39,492,549,654	41,893,836,671
Others	24,151,983,922	29,055,074,464
<b>TOTAL</b>	<b><u>171,879,898,648</u></b>	<b><u>164,858,434,955</u></b>

**26. PRODUCTION AND OPERATING COSTS**

	<i>Currency: VND</i>	
	<i>Current year</i>	<i>Previous year</i>
Land, infrastructure, factories development and services rendering expenses	759,936,040,083	1,335,985,966,363
Labour costs	104,230,642,486	87,341,482,424
Depreciation of fixed assets	53,169,260,174	39,457,088,131
Expenses for external services	202,560,197,246	170,250,105,352
Other expenses	40,337,448,064	45,306,503,122
<b>TOTAL</b>	<b><u>1,160,233,588,053</u></b>	<b><u>1,678,341,145,392</u></b>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)  
as at 31 December 2019 and for the year then ended

## 27. CORPORATE INCOME TAX

The corporate income tax ("CIT") rate applicable to the Company and its subsidiaries is 20% of taxable income except for the following:

- ▶ For the industrial park development activities at Quang Chau Industrial Park, Saigon - Bacgiang Industrial Park JSC is obliged to pay CIT at the rate of 10% for the first 15 years of operations and of 20% for the following years. The subsidiary is entitled to an exemption from CIT for 4 years from 2008 to 2011, and a 50% reduction of the applicable CIT rate for the following 9 years. The statutory CIT rate applicable for the year ended 31 December 2019 is 10% with a 50% reduction.
- ▶ For the industrial park development activities at Trang Due Industrial Park - phase 1, Saigon - Hai Phong Industrial Park JSC is obliged to pay CIT at the rate of 10% for the first 15 years of operations and of 20% for the following years. The subsidiary is entitled to an exemption from CIT for 4 years from 2009 to 2012, and a 50% reduction of the applicable CIT rate for the following 9 years. The statutory CIT rate applicable for the year ended 31 December 2019 is 10% with a 50% reduction.
- ▶ For the industrial park development activities at Trang Due Industrial Park - phase 2, Sai Gon - Hai Phong Industrial Park JSC is obliged to pay CIT at the rate of 10% for the first 15 years of operations. The subsidiary is entitled to an exemption from CIT for 4 years from 2015 to 2018, and a 50% reduction of the applicable CIT rate for the following 9 years up to 2027. The statutory CIT rate applicable for the year ended 31 December 2019 is 10%.
- ▶ For the industrial park development activities at Tan Phu Trung Industrial Park, Northwest Saigon City Development JSC is obliged to pay CIT at the rate of 10% for the first 15 years of operations and of 20% for the following years. The subsidiary is entitled to an exemption from CIT for 4 years from 2007 to 2010, and a 50% reduction of the applicable CIT rate for the following 9 years. The statutory CIT rate applicable for the year ended 31 December 2019 is 10% with a 50% reduction.
- ▶ For the industrial park development activities at Trang Cat Urban and Service Zone, Trang Cat One Member Urban Development Limited Company is obliged to pay CIT at the rate of 10% for the first 15 years of operations and of 20% for the following years. The subsidiary is entitled to an exemption from CIT for 4 years from 2012 to 2015, and a 50% reduction of the applicable CIT rate for the following 9 years. The statutory CIT rate applicable for the year ended 31 December 2019 is 10% with a 50% reduction.

The tax returns filed by the Company and its subsidiaries are subject to examination by the tax authorities. As the application of tax laws and regulations is susceptible to varying interpretations, the amounts reported in the financial statements could change at a later date upon final determination by the tax authorities.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)  
as at 31 December 2019 and for the year then ended

**27. CORPORATE INCOME TAX (continued)**

**27.1 CIT expenses**

	<i>Currency: VND</i>	
	<i>Current year</i>	<i>Previous year</i>
Current CIT expenses	167,120,965,198	193,422,721,494
Deferred CIT expenses	156,295,080,051	44,898,206,944
<b>TOTAL</b>	<b><u>323,416,045,249</u></b>	<b><u>238,320,928,438</u></b>

The reconciliation between the profit before tax and taxable income is presented below:

	<i>Currency: VND</i>	
	<i>Current year</i>	<i>Previous year</i>
<b>Profit before tax</b>	<b>1,364,174,909,478</b>	<b>1,047,227,401,932</b>
CIT expenses at rate applicable to companies in the Group	266,883,143,152	224,185,296,453
<i>In which:</i>		
Preferential tax rate applied to long-term leases of land	7,965,934,020	6,074,514,467
20% tax rate for other activities	258,917,209,132	218,110,781,986
<i>Adjustments to increase</i>		
Adjustment for increasing CIT from 2015 to 2017 and according to tax finalization minute for the year 2017	-	10,950,515,743
Non-deductive expenses	23,735,358,453	-
Loan interest exceeding 20% of EBITDA according to Decree 20/2017/ND-CP	27,451,244,982	3,126,688,371
Losses from other activities which are not allowed to be offset against profits from real estate business activities	5,346,298,662	13,863,553
<i>Adjustments to decrease</i>		
Taxable income subjected to CIT in previous years relating to reversal of provision for long-term investments	-	(2,191,920,515)
Other decreases	-	(11,573,333)
<b>CIT expenses</b>	<b><u>323,416,045,249</u></b>	<b><u>238,320,928,438</u></b>

**27.2 Current CIT**

The current CIT payable is based on taxable income for the current year. The taxable income of the Group for the year differs from the profit as reported in the consolidated income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are not taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted by the consolidated balance sheet date.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)  
as at 31 December 2019 and for the year then ended

**27. CORPORATE INCOME TAX (continued)**

**27.3 Deferred tax**

The followings are the deferred tax liabilities recognized by the Group, and the movements thereon, during the current and previous year:

	<i>Currency: VND</i>			
	<u>Consolidated balance sheet</u>		<u>Consolidated income statement</u>	
	<i>Ending balance</i>	<i>Beginning balance</i>	<i>Current year</i>	<i>Previous year</i>
<b>Deferred tax liabilities</b>				
Deferred tax liabilities arising from fair value adjustment on acquisition date at Northwest Saigon City Development Corporation	178,311,780,394	203,154,284,559	(24,842,504,165)	(15,197,130,346)
Deferred tax liabilities arising from fair value adjustment on acquisition date at Sai Gon - Hai Phong Industrial Park	457,334,950	457,334,951	-	-
Deferred tax liabilities arising from allocation of CIT over the lease term	641,953,582,337	460,815,998,122	181,137,584,216	60,095,337,290
	<b><u>820,722,697,681</u></b>	<b><u>664,427,617,632</u></b>		
<b>Net deferred tax debit to consolidated income statement</b>			<b><u>156,295,080,051</u></b>	<b><u>44,898,206,944</u></b>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)  
as at 31 December 2019 and for the year then ended

## 27. CORPORATE INCOME TAX (continued)

### 27.4 Unrecognised deferred tax assets

#### Tax losses carried forward

The Group is entitled to carry the tax loss forward to offset with the taxable profit arising within 5 years subsequent to the year in which the loss was incurred. As at 31 December 2019, the Company and its subsidiaries have accumulated tax losses of VND 49,652,835,849 (31 December 2018: VND 17,273,262,104) available for offset against future taxable income. Details are as follows:

Currency: VND

Originating year	Can be utilized up to		Tax loss amount	Utilized up to 31 December 2019	Forfeited	Unutilized at 31 December 2019
2014	2019	(i)	89,268,404,637	(7,353,480,794)	(79,913,253,003)	2,001,670,840
2015	2020	(i)	71,200,307,244	-	(68,847,932,661)	2,352,374,583
2016	2021	(i)	3,008,882,395	-	-	3,008,882,395
2017	2022	(i)	4,433,878,613	-	-	4,433,878,613
2018	2023	(i)	5,476,455,673	-	-	5,476,455,673
2019	2024	(ii)	32,379,573,745	-	-	32,379,573,745
<b>TOTAL</b>			<b>205,767,502,307</b>	<b>(7,353,480,794)</b>	<b>(148,761,185,664)</b>	<b>49,652,835,849</b>

- (i) These are estimated tax losses of the Company's branch which has been audited by the local tax authorities, and estimated tax losses of Trang Cat One Member Development Company Limited which have not been audited by the local tax authorities as of the date of these consolidated financial statements.
- (ii) These are estimated tax losses as per the Company's branch and Trang Cat One Member Development Company Limited's corporate income tax declarations which have not been audited by the local tax authorities as of the date of these consolidated financial statements.

No deferred tax assets were recognised in respect of the above accumulated losses because future taxable profit cannot be ascertained at this stage.

## 28. TRANSACTIONS WITH RELATED PARTIES

List of related parties which had transactions and/or receivable/payable balances during the year with the Group:

No.	Related party	Relationship
1	Saigon High-tech Park Infrastructure Development Investment Joint Stock Company	Associate
2	Saigon Telecommunication & Technologies Corporation	Associate
3	Saigon - Hue Investment JSC	Associate
4	Scanviwood Joint Stock Company	Associate
5	Saigon - Da Nang Investment JSC	Affiliate
6	Saigon- Nhon Hoi Infrastructure JSC	Associate
7	Saigontel Real Estate JSC	Others
8	Vinatex Tan Tao Investment JSC	Others
9	Mr. Dang Thanh Tam	Chairman
10	Ms. Nguyen Thi Thu Huong	General Director
11	Mr. Phan Anh Dung	Deputy General Director
12	Ms. Nguyen My Ngoc	Deputy General Director

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)  
as at 31 December 2019 and for the year then ended

## 28. TRANSACTIONS WITH RELATED PARTIES (continued)

Significant transactions with related parties during the year were as follows:

Related party	Relationship	Transactions	Currency: VND	
			Current year	Previous year
Mr. Dang Thanh Tam	Chairman	Advance	3,934,912,000	325,015,331,311
		Advance reimbursement	206,849,221,000	180,353,681,000
Saigon- DaNang Infrastructure Park JSC	Other	Lending	50,000,000,000	-
		Drawdown of borrowing	-	40,000,000,000
		Payment of loan principal	32,000,000,000	-
Vinatex Tan Tao Investment JSC	Other	Drawdown of borrowing	100,000,000,000	-
		Interest expenses	1,233,333,333	-
Saigontel Real Estate JSC	Other	Short-tem lending	55,000,000,000	-
Saigon - Nhon Hoi Industrial Park Joint Stock Company	Associate	Lending	15,736,501,000	-
Saigon Telecommunication & Technologies Corporation	Associate	Lending	5,000,000,000	-
Saigon High-tech Park Infrastructure Development Investment Joint Stock Company	Other	Offsetting between investment and loan principal	82,330,830,000	-

### *Terms and conditions of transactions with related parties*

The sales, and purchases, of goods to/from related parties are made on contractual basis.

Outstanding balances at 31 December 2019 are unsecured, interest free and will be settled in cash. For the fiscal year ended 31 December 2019, the Group has not made any provision for doubtful debts relating to amounts owed by related parties (31 December 2018: 0). This assessment is undertaken each financial year through the examination of the financial position of the related party and the market in which the related party operates.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)  
as at 31 December 2019 and for the year then ended

**28. TRANSACTIONS WITH RELATED PARTIES (continued)**

As at the balance sheet dates, amount due to and from related parties of the Group are as follows:

			<i>Currency: VND</i>	
<i>Relationship</i>	<i>Relationship</i>	<i>Transactions</i>	<i>Current year</i>	<i>Previous year</i>
<b>Short-term loan receivables (Note 7)</b>				
Saigontel Real Estate JSC (*)	Other	Short-term loans receivables	55,000,000,000	-
Saigon Telecommunication & Technologies Corporation - Bac Ninh Branch	Associate	Short-term loans receivables	16,492,687,097	11,492,687,097
Saigon- DaNang Infrastructure Park JSC	Other	Short-term loans receivables	50,000,000,000	-
Saigon- Nhon Hoi Infrastructure Park JSC	Associate	Short-term loans receivables	15,736,501,000	-
			<b>137,229,188,097</b>	<b>11,492,687,097</b>
(*) This is loan receivables with interest rate from 10 to 11% per annum, unsecured and will be due on 16 May 2020 and 4 September 2020.				
<b>Other short-term receivables (Note 8)</b>				
Mr. Dang Thanh Tam	Chairman	Advances	-	195,814,309,000
Ms. Nguyen Thi Thu Huong	General Director	Advances	-	3,489,211,820
Saigon Telecommunication & Technologies Corporation - Bac Ninh Branch	Associate	Deposit	41,583,028,290	1,932,065,479
Ms. Nguyen My Ngoc	Deputy General Director	Advances	173,446,900	173,447,000
Mr. Phan Anh Dung	Deputy General Director	Advances	-	110,000,000
			<b>41,756,475,190</b>	<b>201,519,033,299</b>
<b>Short-term accrued expenses (Note 17)</b>				
Saigon High-tech Park Infrastructure Development Investment Joint Stock Company	Other	Interest payable	-	775,082,727
Vinatex Tan Tao Investment JSC	Other	Interest payable	1,233,333,333	-
			<b>1,233,333,333</b>	<b>775,082,727</b>
<b>Long-term accrued expense (Note 17)</b>				
Saigon High-tech Park Infrastructure Development Investment Joint Stock Company	Other	Interest payable	909,879,723	-
			<b>909,879,723</b>	<b>-</b>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)  
as at 31 December 2019 and for the year then ended

## 28. TRANSACTIONS WITH RELATED PARTIES (continued)

As at 31 December 2019, amount due to and from related parties of the Group are as follow:  
(continued)

Related party	Relationship	Transactions	Currency: VND	
			Current year	Previous year
<b>Short-term loans (Note 19)</b>				
Saigon High-tech Park Infrastructure Development Investment Joint Stock Company	Other	Short-term loans	-	112,330,830,000
Saigon - Da Nang Investment JSC (**)	Affiliate	Short-term loans	8,000,000,000	40,000,000,000
Vinatex Tan Tao Investment JSC (***)	Associate	Short-term loans	100,000,000,000	-
			<b>108,000,000,000</b>	<b>152,330,830,000</b>
<b>Long-term loans (Note 19)</b>				
Saigon High-tech Park Infrastructure Development Investment Joint Stock Company (*)	Other	Long-term loans	30,000,000,000	-
			<b>30,000,000,000</b>	<b>-</b>

(\*) This is the unsecured loan which bears interest at 10.5% per month and will be matured on 31 December 2022;

(\*\*) This is the short-term, unsecured loan which bears interest at 15% per annum and will be matured on 26 February 2020; and

(\*\*\*) This is the short-term, unsecured loan which bears interest at 12% per annum and will be matured on 26 February 2020.

### Transactions with other related parties

Remuneration to General Director, Deputy General Directors and Chief Accountant:

	Currency: VND	
	Current year	Previous year
General Director	6,525,499,000	5,557,099,000
Deputy General Directors and Chief Accountant	5,080,124,000	4,369,724,000
	<b>11,605,623,000</b>	<b>9,926,823,000</b>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)  
as at 31 December 2019 and for the year then ended

## 29. EARNINGS PER SHARE

The following reflects the income and share data used in the basic and diluted earnings per share computations:

	<i>Currency: VND</i>	
	<i>Current year</i>	<i>Previous year</i>
<b>Net profit after tax attributable to ordinary equity holders for basic earnings</b>	<b>918,361,874,953</b>	<b>746,155,055,257</b>
<i>Effect of dilution:</i>		
Interest on convertible bonds	-	-
<b>Net profit after tax attributable to ordinary equity holders adjusted for the effect of dilution</b>	<b>918,361,874,953</b>	<b>746,155,055,257</b>
<b>Weighted average number of ordinary shares (excluding treasury shares) for basic earnings per share</b>	<b>469,760,189</b>	<b>469,760,189</b>
<i>Effect of dilution:</i>		
Convertible preference shares	-	-
<b>Weighted average number of ordinary shares (excluding treasury shares) adjusted for the effect of dilution</b>	<b>469,760,189</b>	<b>469,760,189</b>
Basic earnings per share	1,955	1,588
Diluted earnings per share	1,955	1,588

There is no ordinary shares transaction or potential ordinary share transaction since 31 December 2019 until the date of these consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)  
as at 31 December 2019 and for the year then ended

### 30. COMMITMENTS AND CONTINGENCIES

#### 30.1 Commitments relating to real estate investment projects

*Commitments relating to the State:*

- (i) According to Decision No. 1526/QĐ-CT dated 17 December 2003 and Decision No. 971/QĐ-UBND dated 15 July 2009 by Bac Ninh Provincial People's Committee regarding the assignment of land to the Company for the development of Phuc Ninh New Urban Area Project, Bac Ninh Town, Bac Ninh Province, the Company has an obligation to pay land use fees and other charges for the residential land area, commercial and public areas in the Phuc Ninh Residential Area. Accordingly, the Company was handed over 49.53 ha of land in 2010, completed the land marking for 47.2 ha of land in 2013 with Bac Ninh Provincial People's Committee and paid the land use fees of VND 175,735,431,000 in accordance with the Decision No. 2229/QĐ-CT dated 23 December 2004 by Bac Ninh Provincial People's Committee on the land use fee (phase 1) and the notices of payment of land use fee by the Tax Department of Bac Ninh Province. As at 31 December 2019, the Company is in the process of finalizing the land use fee with Bac Ninh Provincial People's Committee for the above assigned land.
- (ii) From 2003 to 2014, the Company signed a number of land rental contracts with Bac Ninh Provincial People's Committee for the land area at Que Vo I Industrial Park and Que Vo II Industrial Park, which is 2,268,388.8 m<sup>2</sup> (up to 2052) and 1,652,779 m<sup>2</sup> (up to 2057), respectively. According to the Official Letter No. 323/BTC-QLCS dated 12 January 2015 by the Ministry of Finance, the investment project on construction and operation of infrastructure of Que Vo Industrial Park is entitled to land rental exemption in 11 years from the date of project completion and put into operations. As at 31 December 2019, the Company is still in the process of finalizing land use payments with Bac Ninh Provincial People's Committee for the above-mentioned land areas under the Land Law No. 45/2013/QH2013 dated 1 July 2014 by the National Assembly and Decree 135/2016/ND-CP dated 9 September 2016 by the Government with effect from 15 November 2016 and relevant regulations on collection of land use right and rental fees.
- (iii) On 10 June 2015, the Company signed a Land Rental Contract with Bac Ninh Provincial People's Committee for 766,858.9 m<sup>2</sup> land area assigned at Nam Son Hap Linh Industrial Park. As at 31 December 2019, the Company is still in the process of finalizing with the authorities to determine land rental obligations.
- (iv) On 20 March 2013, the Department of Finance of Ho Chi Minh City sent a notice to Northwest Saigon City Development JSC ("SCD") advising the land rental rate at Tan Phu Trung Industrial Park of VND 5,940 per square meter for 2011 and 2012. However, according to Decision No. 2093/QĐ-BTC dated 23 November 2011 and Circular No. 16/2013/TT-BTC on removal of difficulties for enterprises, land rental rate from 2011 to 2014 would not exceed two times of that applicable for 2010. Therefore, SCD currently accrues the land rental fee payable in Tan Phu Trung Industrial Park for 2011, 2012 and 2013 with the amount of VND 2,359,623,014 based on the land rental rate of VND 500/m<sup>2</sup>, equivalent to two times of 2010 land rental fee which was approved by Ho Chi Minh City People's Committee under the land lease contract No. 2516/HD-TNMT-QHSDD on 5 April 2007. At the same time, SCD sent a letter to the Ho Chi Minh City People's Committee to request for a reduction in land rental rate which should not exceed two times of that applicable for 2010 pursuant to the above regulations. On 5 October 2017, Ho Chi Minh city Tax department issued Notice No. 9726/CT-KTTĐ on land rental for the change in land use purpose in Tan Phu Trung Industrial Park, Cu Chi District. According to which, the land rental fee of 12 tenants from 1 January 2016 to 16 December 2054 is VND 10,158,341,700; and late payment penalty has been calculated to 30 June 2017 is VND 12,219,236,070. The Company has paid such land rental fee and late payment penalty in 2018 in accordance with above notice.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)  
as at 31 December 2019 and for the year then ended

**30. COMMITMENTS AND CONTINGENCIES** (continued)

**30.1 Commitments relating to real estate investment projects** (continued)

*Commitments relating to the State* (continued):

- (v) From 2011 to 2014, Saigon - Haiphong Industrial Park Corporation ("SHP") signed land lease agreements with the People's Committee of Hai Phong City for the land area at Trang Due Industrial Park with a total land area of 1,541,648.7 m<sup>2</sup>. Details of these land lease contracts include: Contract No. 04/HĐTD dated 17 January 2011 (for 1,363,473.2 m<sup>2</sup> land area and up to 2057), Contract No.179/HĐTD dated 31 December 2013 (for 84,871.8 m<sup>2</sup> land area and up to 2057) and Contract No.13 / HĐTD dated 17 February 2014 (for 93,303.7 m<sup>2</sup> land area and up to 2057). On 12 December 2014, the General Department of Taxation of Haiphong City issued Decision No. 4274 / QĐ-CT on land rent exemption for Saigon-Hai Phong Industrial Park Corporation. Accordingly, SHP is exempted from land tax until September 2017, December 2023 and November 2057 for the Land Lease Contracts No. 04, No.13 and No.179, respectively. However, according to Investment Certificate No.02221000009 issued by the Hai Phong Economic Zone Management Board on 29 November 2013, SHP is exempted from land rental for the above land area. Therefore, SHP is in the process of working with the relevant government agencies to clarify the inconsistency in the above legal documents.
- (vi) From 2008 to 2010, Saigon - Bac Giang Industrial Park Corporation ("SBG") signed land lease agreements with the People's Committee of Bac Giang Province for a total land area of 3,900,015.2 m<sup>2</sup> at Quang Chau Industrial Park (until 2056). According to the 2<sup>nd</sup> Investment Certificate dated 12 September 2014, Quang Chau Industrial Park is entitled to land rental fee exemption for 6 years during the development of the Industrial Park and another 7 years from the completion date of the project and put into operations. As at 31 December 2019, SBG is still in the process of finalizing with the authorities to determine land rental obligations.

*Capital expenditure commitments*

As at 31 December 2019, the Company and its subsidiaries have entered into a number of contracts related to the construction and development of Que Vo I Industrial Park, Que Vo II Industrial Park, Phuc Ninh urban area, Quang Chau urban area, Trang Due Industrial Park, Tan Phu Trung Industrial Park and Trang Cat urban area with total outstanding contractual commitment amounts to approximately VND 990 billion.

**30.2 Guarantee and security**

The Group has the following contingent liabilities related to guarantees as at 31 December 2019:

*Guarantee under the mortgage contract with PVCombank:*

As disclosed in Note 9, Trang Cat One Member Urban Development Limited Company ("Trang Cat LLC") signed mortgage contract No. 0202/2013/HDTC-DN dated 22 February 2013 with PVcomBank to guarantee for payment obligations of third parties. Accordingly, Trang Cat LLC has agreed to pledge part of its assets related to the Trang Cat Urban and Service Zone Project ("the Project") to guarantee for the loans, trust investment, corporate bonds and other contractual obligations of the Group, its subsidiaries, associates and other companies.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)  
as at 31 December 2019 and for the year then ended

### 30. COMMITMENTS AND CONTINGENCIES (continued)

#### 30.3 Disputes

##### *Disputes with VTC Wireless Telecommunications Corporation*

Under the Business Cooperation Agreement dated 12 February 2008 between the VTC Wireless Telecommunications Company ("VTC") and Saigon Telecommunication & Technologies Corporation and the Business Registration Certificate No. 0103025781 dated 11 July 2008, the registered charter capital of VTC - Saigontel Media Company is VND 160 billion, in which the Company's ownership interest is 19.2%. The Company has then transferred VND 30,700,200,000 (19.2% of charter capital) to Huu Nghi Communication JSC (the company authorized by VTC) on 10 March 2008 for VTC Wireless Telecommunications Company to purchase assets for VTC - Saigontel Media Corporation. However, the Company has alleged that VTC has not completed the purchase of assets for VTC - Saigontel Media Company as committed. Therefore, the Company is currently in the process of working with VTC to recover this investment. The Group's management has assessed that this investment will be recovered from VTC; and therefore, no provision has been made for the investment in VTC - Saigontel Media Company.

### 31. EVENTS AFTER THE BALANCE SHEET DATE

In accordance with the Resolution No. 1501/2020KBC/NQ-HDQT dated 15 January 2020, the Company will acquire the entire equity capital of Tan Hoang Minh Hotel Service Trading Co., Ltd. in Hoa Sen Hotel Development Co., Ltd., thereby owning 100% equity capital in this company.

There is no other matter or circumstance that has arisen since the balance sheet date that requires adjustment or disclosure in the consolidated financial statements of the Group.

		
_____ Luu Phuong Mai Preparer	_____ Pham Phuc Hieu Deputy General Director and Chief Accountant	_____ Nguyen Thi Thu Huong General Director

Bac Ninh, Viet Nam

30 March 2020