

**Investment and Trading of Real Estate  
Joint Stock Company**

Consolidated financial statements

For the year ended 31 December 2019



# Investment and Trading of Real Estate Joint Stock Company

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# Investment and Trading of Real Estate Joint Stock Company

## GENERAL INFORMATION

### THE COMPANY

Investment and Trading of Real Estate Joint Stock Company ("the Company") is a shareholding company incorporated under the Law on Enterprise of Vietnam pursuant to the Business Registration Certificate No. 4103000250 issued by the Department of Planning and Investment of Ho Chi Minh City on 28 December 2000, as amended. The Company has emerged from the equitization of Investment and Trading of Real Estate Company, which was a wholly owned subsidiary of Saigon Real Estate Corporation.

The Company was listed on the Ho Chi Minh Stock Exchange with trading symbol as ITC in accordance with the Decision No. 115/QD-SGDHCM issued by the Ho Chi Minh Stock Exchange on 24 September 2009.

The current principal activities of the Company are to invest and trade real estate properties and provide related services; provide real estate brokerage, and real estate trading centre and management.

The Company's registered office is located at 18 Nguyen Binh Khiem Street, Da Kao Ward, District 1, Ho Chi Minh City, Vietnam.

### BOARD OF DIRECTORS

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

Mr. Truong Minh Thuan	Chairman
Mr. Vo Huu Hai	Member
Ms. Dang Thi Ngoc Tuyen	Member
Mr. Nguyen Manh	Member
Mr. Tran Huu Khanh	Member

### BOARD OF SUPERVISION

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

Ms. Phan Thi Hong Lien	Head of the Board of Supervision
Mr. Le Quang Son	Member
Ms. Ho Thi Luu	Member

### MANAGEMENT

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

Mr. Truong Minh Thuan	General Director
Mr. Doan Huu Chi	Deputy General Director cum Chief Accountant

### LEGAL REPRESENTATIVE

The legal representative of the Company during the year and at the date of this report is Mr. Truong Minh Thuan.

### AUDITORS

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

# Investment and Trading of Real Estate Joint Stock Company

## REPORT OF MANAGEMENT

Management of Investment and Trading of Real Estate Joint Stock Company ("the Company") is pleased to present this report and the consolidated financial statements of the Company and its subsidiary ("the Group") for 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 registered 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 has 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 ended then ended in accordance with Vietnamese Accounting Standards, Vietnamese Enterprise Accounting System and the statutory requirements relevant to preparation and presentation of consolidated financial statements.

For and on behalf of management:



Trương Minh Thuận  
General Director

30 March 2020



Reference: 60792124/21102473-HN

## **INDEPENDENT AUDITORS' REPORT**

**To: The Shareholders of Investment and Trading of Real Estate Joint Stock Company**

We have audited the accompanying consolidated financial statements of Investment and Trading of Real Estate Joint Stock Company ("the Company") and its subsidiary ("the Group") as prepared on 30 March 2020 and set out on pages 5 to 47, which comprise the consolidated balance sheet as at 31 December 2019, and the consolidated income statement and the consolidated cash flow statement for the year then ended and the notes thereto.

### ***Management's responsibility***

The Company's 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.

**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 consolidated financial statements.

**Ernst & Young Vietnam Limited**



Dương Lê Anthony  
Deputy General Director  
Audit Practicing Registration Certificate  
No. 2223-2018-004-1

Ton Thien Bao Ngoc  
Auditor  
Audit Practicing Registration Certificate  
No. 4177-2017-004-1

Ho Chi Minh City, Vietnam

30 March 2020

CONSOLIDATED BALANCE SHEET  
as at 31 December 2019

VND

Code	ASSETS	Notes	Ending balance	Beginning balance
<b>100</b>	<b>A. CURRENT ASSETS</b>		<b>2,439,193,175,674</b>	<b>3,201,586,381,972</b>
<b>110</b>	<b>I. Cash and cash equivalents</b>	<b>5</b>	<b>50,642,950,946</b>	<b>77,923,444,553</b>
111	1. Cash		50,642,950,946	20,923,444,553
112	2. Cash equivalents		-	57,000,000,000
<b>130</b>	<b>II. Current accounts receivables</b>		<b>417,019,881,631</b>	<b>267,602,010,086</b>
131	1. Short-term trade receivables	6.1	96,576,568,515	107,936,949,893
132	2. Short-term advances to suppliers	6.2	179,543,015,612	95,854,258,807
135	3. Short-term loan receivables	6.3	48,900,000,000	-
136	4. Other short-term receivables	7	96,508,023,549	72,830,887,810
137	5. Provision for doubtful short-term receivables	6.1, 7	(4,507,726,045)	(9,020,086,424)
<b>140</b>	<b>III. Inventories</b>	<b>8</b>	<b>1,947,018,110,413</b>	<b>2,834,535,322,243</b>
141	1. Inventories		1,964,128,977,114	2,853,847,987,459
149	2. Provision for obsolete inventories		(17,110,866,701)	(19,312,665,216)
<b>150</b>	<b>IV. Other current assets</b>		<b>24,512,232,684</b>	<b>21,525,605,090</b>
151	1. Short-term prepaid expenses	9	20,152,768,430	21,525,605,090
152	2. Value-added tax deductible		4,359,464,254	-



## Investment and Trading of Real Estate Joint Stock Company B01a-DN/HN

 CONSOLIDATED BALANCE SHEET (continued)  
 as at 31 December 2019

VND

Code	ASSETS	Notes	Ending balance	Beginning balance
<b>200</b>	<b>B. NON-CURRENT ASSETS</b>		<b>1,687,166,698,806</b>	<b>302,232,898,700</b>
<b>210</b>	<b>I. Long-term receivables</b>		<b>19,294,446,202</b>	<b>22,355,773,133</b>
211	1. Long-term trade receivables		-	3,168,711,449
216	2. Other long-term receivables	7	21,955,506,202	25,036,424,512
219	3. Provision for doubtful long-term receivables		(2,661,060,000)	(5,849,362,828)
<b>220</b>	<b>II. Fixed assets</b>		<b>58,987,261,822</b>	<b>60,881,046,087</b>
221	1. Tangible fixed assets	10	20,930,332,952	22,957,350,829
222	Cost		53,339,064,829	52,650,406,784
223	Accumulated depreciation		(32,408,731,877)	(29,693,055,955)
227	2. Intangible fixed assets	11	38,056,928,870	37,923,695,258
228	Cost		38,137,395,258	37,923,695,258
229	Accumulated amortisation		(80,466,388)	-
<b>230</b>	<b>III. Investment properties</b>	<b>12</b>	<b>41,805,396,359</b>	<b>44,488,479,575</b>
231	1. Cost		67,077,080,348	67,077,080,348
232	2. Accumulated depreciation		(25,271,683,989)	(22,588,600,773)
<b>240</b>	<b>IV. Long-term asset in progress</b>		<b>1,477,125,317,019</b>	-
242	1. Construction in progress	13	1,477,125,317,019	-
<b>250</b>	<b>V. Long-term investments</b>	<b>14</b>	<b>69,505,019,298</b>	<b>161,193,230,635</b>
252	1. Investments in associates		18,824,699,298	127,362,910,635
253	2. Investments in other entities		59,105,320,000	42,755,320,000
254	3. Provision for diminution in value of long-term investments		(8,925,000,000)	(8,925,000,000)
255	4. Long-term held-to-maturity investments		500,000,000	-
<b>260</b>	<b>VI. Other long-term assets</b>		<b>20,449,258,106</b>	<b>13,314,369,270</b>
261	1. Long-term prepaid expenses		1,904,558,743	96,788,656
262	2. Deferred tax assets	30.3	18,544,699,363	13,217,580,614
<b>270</b>	<b>TOTAL ASSETS</b>		<b>4,126,359,874,480</b>	<b>3,503,819,280,672</b>





## Investment and Trading of Real Estate Joint Stock Company B01a-DN/HN

 CONSOLIDATED BALANCE SHEET (continued)  
 as at 31 December 2019

VND

Code	RESOURCES	Notes	Ending balance	Beginning balance
<b>300</b>	<b>C. LIABILITIES</b>		<b>2,315,684,334,484</b>	<b>1,912,158,920,078</b>
<b>310</b>	<b>I. Current liabilities</b>		<b>1,960,043,274,353</b>	<b>998,529,402,135</b>
311	1. Short-term trade payables	16	77,637,192,689	97,058,270,145
312	2. Short-term advances from customers	17	966,647,452,757	62,100,945,272
313	3. Statutory obligations	18	33,298,742,003	24,280,473,610
314	4. Payables to employees		2,050,214,999	924,075,000
315	5. Short-term accrued expenses	19	137,726,102,714	61,799,336,104
318	6. Short-term unearned revenues		669,168,304	160,956,667
319	7. Other short-term payables	20	55,036,396,400	83,012,873,612
320	8. Short-term loans	21	666,365,042,509	656,240,186,144
321	9. Short-term provisions		12,874,102,690	12,619,591,146
322	10. Bonus and welfare fund	22	7,738,859,288	332,694,435
<b>330</b>	<b>II. Non-current liabilities</b>		<b>355,641,060,131</b>	<b>913,629,517,943</b>
332	1. Long-term advances from customers	17	160,266,641,569	727,809,362,201
336	2. Long-term unearned revenues		5,462,272,538	5,462,272,538
337	3. Other long-term liabilities	20	27,500,857,660	3,886,616,840
338	4. Long-term loans	21	160,000,000,000	174,000,000,000
342	5. Long-term provisions		2,411,288,364	2,471,266,364
<b>400</b>	<b>D. OWNERS' EQUITY</b>		<b>1,810,675,539,996</b>	<b>1,591,660,360,594</b>
<b>410</b>	<b>I. Capital</b>		<b>1,810,675,539,996</b>	<b>1,591,660,360,594</b>
411	1. Share capital	23.1	690,866,880,000	690,866,880,000
411a	- Shares with voting rights		690,866,880,000	690,866,880,000
412	2. Share premium	23.1	748,683,126,824	748,683,126,824
414	3. Other owners' capital	23.1	2,987,605,855	470,571,611
415	4. Treasury shares	23.1	(9,825,117,611)	(9,825,117,611)
418	5. Investment and development fund	23.1	70,014,060,401	63,411,110,933
421	6. Undistributed earnings	23.1	152,669,939,205	88,260,955,762
421a	- Undistributed earnings by the end of prior year		35,947,513,722	6,542,651,282
421b	- Undistributed earnings of current year		116,722,425,483	81,718,304,480
429	7. Non-controlling interests	23.5	155,279,045,322	9,792,833,075
<b>440</b>	<b>TOTAL LIABILITIES AND OWNERS' EQUITY</b>		<b>4,126,359,874,480</b>	<b>3,503,819,280,672</b>

  
 Pham Van Khanh  
 Preparer

  
 Doan Huu Chi  
 Chief Accountant


  
 Trương Minh Thuận  
 General Director


30 March 2020

CONSOLIDATED INCOME STATEMENT  
for year ended 31 December 2019

VND

Code	ITEMS	Notes	Current year	Previous year
10	1. Net revenue from sale of goods and rendering of services	24.1	451,076,374,639	621,621,062,399
11	2. Cost of goods sold and services rendered	25	(294,489,499,518)	(519,329,754,909)
20	3. Gross profit from sale of goods and rendering of services		156,586,875,121	102,291,307,490
21	4. Finance income	24.2	6,927,438,976	10,770,427,692
22	5. Finance expenses	26	(4,972,516,220)	(6,222,210,800)
23	- In which: Interest expense		(4,972,515,949)	(6,072,683,531)
24	6. Shares of loss of associates	14.1	(79,354,735)	(230,717,503)
25	7. Selling expenses	27	(7,918,963,917)	(8,168,708,844)
26	8. General and administrative expenses	27	(32,161,971,690)	(21,321,835,924)
30	9. Operating profit		118,381,507,535	77,118,262,111
31	10. Other income	28	24,854,412,697	17,459,732,431
32	11. Other expenses	28	(25,336,597,996)	(9,805,905,059)
40	12. Other (loss) profit	28	(482,185,299)	7,653,827,372
50	13. Accounting profit before tax		117,899,322,236	84,772,089,483
51	14. Current corporate income tax expense	30.1	(9,671,895,767)	(8,347,909,590)
52	15. Deferred tax income	30.1	5,327,118,749	5,995,671,328
60	16. Net profit after tax		113,554,545,218	82,419,851,221
61	17. Net profit after tax attributable to shareholders of the parent		116,722,425,483	81,718,304,480
62	18. Net (loss) profit after tax attributable to non-controlling interests	23.5	(3,167,880,265)	701,546,741
70	19. Basic earnings per share	23.4	1,700	1,073
71	20. Diluted earnings per share	23.4	1,700	1,073

  
Pham Van Khanh  
Preparer

  
Doan Huu Chi  
Chief Accountant

  
Trương Minh Thuận  
General Director

30 March 2020



CONSOLIDATED CASH FLOW STATEMENT  
for year ended 31 December 2019

VND

Code	ITEMS	Notes	Current year	Previous year
	<b>I. CASH FLOWS FROM OPERATING ACTIVITIES</b>			
01	<b>Accounting profit before tax</b>		<b>117,899,322,236</b>	<b>84,772,089,483</b>
	<i>Adjustments for:</i>			
02	Depreciation and amortisation of fixed assets and investment properties	10, 11, 12	5,479,225,526	5,433,817,544
03	(Reversal of provisions) provisions		(9,707,928,178)	2,767,925,731
05	Profits from investing activities		(6,828,552,966)	(10,513,884,281)
06	Interest expense	26	4,972,515,949	6,072,683,531
08	<b>Operating profit before changes in working capital</b>		<b>111,814,582,567</b>	<b>88,532,632,008</b>
09	(Increase) decrease in receivables		(81,697,444,546)	75,774,413,337
10	Increase in inventories		(331,642,062,416)	(14,242,827,034)
11	Increase in payables		438,726,582,490	122,929,151,169
12	Increase in prepaid expenses		(434,933,427)	(4,523,710,432)
14	Interest paid		(105,029,630,803)	(111,390,316,928)
15	Corporate income tax paid	18	(8,646,508,959)	(6,543,914,398)
17	Other cash outflows for operating activities		(1,779,450,000)	-
20	<b>Net cash flows from operating activities</b>		<b>21,311,134,906</b>	<b>150,535,427,722</b>
	<b>II. CASH FLOWS FROM INVESTING ACTIVITIES</b>			
21	Purchase and construction of fixed assets		(4,294,804,475)	(177,000,000)
23	Loans to other entities and payments for purchase bonds		(49,400,000,000)	-
25	Payments for investments in other entities other entities		(69,179,868,861)	(1,775,346,768)
26	Proceeds from sale of investments in other entities		95,849,143,238	96,581,355,000
27	Interest and dividends received		2,802,322,167	2,665,388,552
30	<b>Net cash flows (used in) from investing activities</b>		<b>(24,223,207,931)</b>	<b>97,294,396,784</b>
	<b>III. CASH FLOWS FROM FINANCING ACTIVITIES</b>			
31	Capital contribution		50,000,000,000	-
33	Drawdown of borrowings	21	643,365,042,509	470,494,553,670
34	Repayment of borrowings	21	(647,240,186,144)	(661,730,677,590)
36	Dividends paid		(70,493,276,947)	(23,936,487,019)
40	<b>Net cash flows used in financing activities</b>		<b>(24,368,420,582)</b>	<b>(215,172,610,939)</b>



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

VND

Code	ITEMS	Notes	Current year	Previous year
50	Net (decrease) increase in cash and cash equivalents		(27,280,493,607)	32,657,213,567
60	Cash and cash equivalents at the beginning of the year		77,923,444,553	45,266,230,986
70	Cash the end of the year	5	50,642,950,946	77,923,444,553



Pham Van Khanh  
Preparer



Doan Huu Chi  
Chief Accountant




Trương Minh Thuận  
General Director

30 March 2020

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

**1. CORPORATE INFORMATION**

Investment and Trading of Real Estate Joint Stock Company ("the Company") is a shareholding company incorporated under the Law on Enterprise of Vietnam pursuant to the Business Registration Certificate No. 4103000250 issued by the Department of Planning and Investment of Ho Chi Minh City on 28 December 2000, as amended. The Company has emerged from the equitization of Investment and Trading of Real Estate Company, which was a wholly owned subsidiary of Saigon Real Estate Corporation.

The Company was listed on the Ho Chi Minh Stock Exchange with trading code ITC in accordance with the Decision No. 115/QĐ-SGDHCM issued by the Ho Chi Minh Stock Exchange on 24 September 2009.

The current principal activities of the Company are to invest and trade real estate properties and provide related services; provide real estate brokerage, and real estate trading centre and management.

The Company's registered office is located at 18 Nguyen Binh Khiem Street, Da Kao Ward, District 1, Ho Chi Minh City, Vietnam.

The following three subsidiaries are consolidated into the Company's consolidated financial statements:

▶ Intresco Construction Joint Stock Company

Intresco Construction Joint Stock Company ("IC") is a shareholding company established under the Enterprise Law of Vietnam in accordance with the Business Registration Certificate No. 0310626100 issued by the Department of Planning and Investment of Ho Chi Minh City on 14 February 2011, as amended. IC's registered office is located at 20 Nguyen Binh Khiem, Da Kao Ward, District 1, Ho Chi Minh City, Vietnam. IC's current principal activities are to construct civil and industrial projects; and to invest and construct infrastructure of residential areas and construction-related services. As at 31 December 2019, the Company holds 85% ownership and voting rights in the IC (31 December 2018: 85%).

▶ Royal Tourism Hotel and Restaurant Joint Stock Company

Royal Tourism Hotel and Restaurant Joint Stock Company ("Royal") is a shareholding company established under Enterprise Law of Vietnam in accordance with the Enterprise Registration Certificate No. 0315419806 issued by Department of Planning and Investment of Ho Chi Minh City on 3 December 2018, as amended. Royal's registered office is located at 83 Ly Chinh Thang, Ward 8, District 3, Ho Chi Minh City, Vietnam. Royal's current principal activity is to provide hotel and restaurant management services and to organize tours. As at 31 December 2019, the Company holds 75% ownership and voting rights in Royal (31 December 2018: 0%).

▶ Saigon Binh Duong Joint Stock Company

Saigon Binh Duong Joint Stock Company ("SGBD") is a shareholding company established under Enterprise Law of Vietnam in accordance with the Enterprise Registration Certificate No. 3701647922 issued by Department of Planning and Investment of Binh Duong Province on 24 November 2009, as amended. SGBD's registered office is located at No. 179 Nguyen Chi Thanh, Tuong Binh Hiep Ward, Thu Dau Mot City, Binh Duong Province, Vietnam. SGBD's current principal activity is to produce and trade construction materials, trade real estate properties, and other related services.

The number of the Company and its subsidiary ("the Group") employees as at 31 December 2019 was 155 (31 December 2018: 172).



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

## **2. BASIS OF PREPARATION**

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

The consolidated financial statements of the Group, expressed in Vietnam dong ("VND"), are prepared in accordance with Vietnamese Enterprise Accounting System and Vietnamese Accounting Standard No. 27 - Financial Reporting and other 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 results of consolidated 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 Journal Voucher 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 Company and its subsidiary for year ended 31 December 2019.

Subsidiary is fully consolidated from the date of acquisition, being the date on which the Company obtains control, and continued to be consolidated until the date that such control ceases.

The financial statements of the subsidiary are prepared for the same reporting period as the parent company, using consistent accounting policies.

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

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.



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

### 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### 3.1 *Cash and cash equivalents*

Cash and cash equivalents comprise cash on hand, cash in 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 - inventory properties*

Property acquired or being constructed for sale in the ordinary course of business, rather than to be held for rental or capital appreciation, is held as inventory property and is measured at the lower of cost and net realisable value.

Cost includes:

- Freehold and leasehold rights for land;
- Amounts paid to contractors for construction; and
- Borrowing costs, planning and design costs, costs of site preparation, professional fees for legal services, property transfer taxes, construction overheads and other related costs.

Net realisable value is the estimated selling price in the ordinary course of the business, based on market prices at the reporting date and discounted for the time value of money if material, less costs to completion and the estimated costs of sale.

The cost of inventory property recognised in profit or loss on disposal is determined with reference to the specific costs incurred on the property sold and an allocation of any non-specific costs based on the relative size of the property sold.

*Provision for obsolete inventories*

An inventory provision is created for the estimated loss value of work-in-progress, and other inventories owned by the Company, based on appropriate evidence of impairment available at the balance sheet date.

Increases or 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 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 ended 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 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 fixed assets*

Intangible fixed assets are stated at cost less accumulated amortisation.

The cost of an intangible fixed asset comprises 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 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.

##### *Land use rights*

Land use rights are recorded as an intangible fixed asset on the consolidated balance sheet as the Company obtained the land use right certificate prior to 2003 according to Circular No. 45/2013/TT-BTC issued by the Ministry of Finance on 25 April 2013 guiding the management, use and depreciation of fixed assets. The costs of land use rights comprise all directly attributable costs of bringing the land to the condition available for its intended use and is not amortised given indefinite useful life.

#### 3.6 *Depreciation and amortisation*

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

Buildings and structures	13 - 25 years
Machinery and equipment	5 - 10 years
Means of transportation	7 - 10 years
Office equipment	3 - 5 years
Computer software	3 years

The useful life of the fixed assets and depreciation rate are reviewed periodically to ensure that the method and the period of the depreciation and amortisation are consistent with the expected pattern of economic benefits that will be derived from the use of fixed assets.



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*

Investment properties are stated at cost including transaction costs less accumulated depreciation and/or amortisation. Investment properties held for capital appreciation are not depreciated/amortised but subject to impairment review.

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 flow to the Group.

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

Land and buildings	25 - 50 years
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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 period for which the amounts are paid or the period in which economic benefits are generated in relation to these expenses.

#### 3.10 *Business combinations*

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.



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* (continued)

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 recognised directly in the consolidated income statement. After initial recognition, goodwill is measured at cost less any accumulated amortisation. Goodwill is amortised 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 consolidated income statement.

#### 3.11 *Assets acquisitions and business combinations*

The Group acquires subsidiaries that own assets and production activities. At the date of acquisition, the Group considers whether the acquisition represents the acquisition of a business. The Group accounts for an acquisition as a business combination where an integrated set of activities is acquired in addition to the assets.

When the acquisition of subsidiaries does not represent a business combination, it is accounted for as an acquisition of a group of assets and liabilities. The cost of the acquisition is allocated to the assets and liabilities acquired based upon their relative fair values, and no goodwill or deferred tax is recognised.

#### 3.11 *Investments*

##### *Investments in associates*

The Group's investment in its associates is accounted for using the equity method of accounting. An associate is an entity in which the Group has significant influence that are neither subsidiary nor joint venture. 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 share of post-acquisition profit (loss) of the associates is presented on face of the consolidated income statement and its share of post-acquisition movements in reserves is recognized in reserves. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. Dividends receivable from associates reduce the carrying amount of the investment.

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

##### *Investments in other entities*

Investments in other investments are stated at their acquisition costs.

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)**

**3.12 Investments (continued)**

*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 finance expenses in the consolidated income statements and deducted against the value of such investments.

*Provision for diminution in value of investments in other entities*

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

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

**3.13 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.

**3.14 Accrual for severance pay**

The severance pay to employee is accrued at the end of each reporting period 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 period 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.

**3.15 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, issue or cancellation of the Group's own equity instruments.

**3.16 Appropriation of net profit**

Net profit after tax is available for appropriation to shareholders after approval in the shareholders' meeting, and after making appropriation to reserve funds in accordance with the Company's Charter and Vietnam's 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.



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)**

**3.16 Appropriation of net profit (continued)**

*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 encouragement, 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:

*Sale of completed property*

A property is regarded as sold when the significant risks and returns have been transferred to the buyer, which is normally on unconditional exchange of contracts. For conditional exchanges, sales are recognized only when all the significant conditions are satisfied.

*Construction contract*

Where the outcome of a construction contract can be estimated reliably, revenue and costs are recognised by reference to the amount of work completed and certified by customers at the balance sheet date. Variations in contract work, claims and incentive payments are included to the extent that they have been agreed with the customers.

Where the outcome of a construction contract cannot be estimated reliably, contract revenue is recognised to the extent of contract costs incurred that it is probable will be recoverable. Contract costs are recognised as expense in the year in which they are incurred.

*Rental income*

Rental income arising from operating leases is accounted for on a straight line basis over the term of the lease.

*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.

**3.17 Taxation**

*Current income tax*

Current income tax assets and liabilities for the current and prior years 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 balance sheet date.



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 Taxation (continued)**

*Current income tax (continued)*

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 deferred 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 offset 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*

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

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 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 profit 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 profit or loss; and
- ▶ In respect of deductible temporarily differences associated with investments in subsidiaries and associates, 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 profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at each 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 balance sheet date and are recognised to the extent that it has become probable that future taxable profit 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 is realised or the liability is settled based on tax rates and tax laws that have been enacted at the 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.

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 Taxation (continued)**

*Deferred tax (continued)*

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 on the same taxable entity 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 year in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

**3.18 Earnings per share**

Basic earnings per share amounts are calculated by dividing net profit 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 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.

**3.19 Segment information**

The Group's principal activities are to invest and trade real estate properties and provide related services; provide real estate brokerage, and real estate trading centre and management. In addition, these activities are mainly taking place within Vietnam. Therefore, the Group's risks and returns are not impacted by the Group's business that the Group is operating or the locations where the Group is trading. As a result, the Group's management is of the view that there is only one segment for business and geography and therefore presentation of segmental information is not required.

**3.20 Related parties**

Parties are considered to be related parties of the group if one party has the ability 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.



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

#### 4. BUSINESS COMBINATIONS

Previously, the Company presented the investment in Saigon Binh Duong Joint Stock Company ("SGBD") as an investment in an associate because in accordance with Board of Directors Meeting Minute dated 11 August 2017, all shareholders of SGBD committed to continue to contribute their investment as indicated on BRC. Accordingly, the Company's ownership in SGBD was 37.37% and SGBD would not become a subsidiary of the Company.

In current year, in accordance with SGBD's Resolution of the Board of Directors on 22 November 2018, SGBD's shareholders continued to contribute the remaining uncontributed charter capital. According to the Company's Resolution of the Board of Directors on 27 March 2019, the Company contributed VND 80,760,856,762 in SGBD, increasing the ownership and voting rights in SGBD to 64.32% of charter capital. Accordingly, SGBD has become a subsidiary of the Company.

The Company's management assessed that the cost of acquisition represents the fair value of the project owned by SGBD. Management treated this acquisition as asset acquisition rather than as business combination since SGBD was not commercially operating and only owned project for development.

#### 5. CASH AND CASH EQUIVALENTS

	VND	
	<i>Ending balance</i>	<i>Beginning balance</i>
Cash on hand	1,268,284,737	11,168,881,728
Cash in banks	49,374,666,209	9,754,562,825
Cash equivalents	-	57,000,000,000
<b>TOTAL</b>	<b><u>50,642,950,946</u></b>	<b><u>77,923,444,553</u></b>

#### 6. TRADE RECEIVABLES, ADVANCES TO SUPPLIERS AND LOAN RECEIVABLE

##### 6.1 Trade receivables

	VND	
	<i>Ending balance</i>	<i>Beginning balance</i>
Trade receivables from customers	92,475,337,472	103,835,718,850
Customers of Long Thoi Project (*)	60,746,594,527	59,601,830,459
Customers of Terra Royal Project	16,360,880,813	-
Nam Hai Construction Co., Ltd	-	21,643,402,000
Khang Nam Real Estate Investment Joint Stock Company	-	7,864,490,403
Trade receivables from other parties	15,367,862,132	14,725,995,988
Trade receivables from a related party (Note 31)	4,101,231,043	4,101,231,043
<b>TOTAL</b>	<b><u>96,576,568,515</u></b>	<b><u>107,936,949,893</u></b>
Provision for doubtful short-term receivables	(733,384,000)	(6,292,706,424)
<b>NET</b>	<b><u>95,843,184,515</u></b>	<b><u>101,644,243,469</u></b>

(\*) Receivables arising from land lots sale contract at Long Thoi - Nha Be project were pledged to obtain the loans from commercial bank (Note 21).



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)  
as at 31 December 2019 and for the year then ended**6. TRADE RECEIVABLES, ADVANCES TO SUPPLIERS AND LOAN RECEIVABLE**  
(continued)**6.1 Trade receivables** (continued)*Details of trade receivables are as below:*

	VND	
	<i>Ending balance</i>	<i>Beginning balance</i>
Receivables from sale of land lots and apartments (*)	95,667,236,615	74,603,787,441
Receivables from rendering construction services	114,957,900	32,427,549,822
Others	794,374,000	905,612,630
<b>TOTAL</b>	<b><u>96,576,568,515</u></b>	<b><u>107,936,949,893</u></b>

(\*) Receivables from sale of land lots and apartments mainly include (i) the remaining 5% - 10% pending for the completion of the legal procedure to hand over lands and apartments to the customers or (ii) the remaining amount of the contract price. Details by project are as follows:

	VND	
	<i>Ending balance</i>	<i>Beginning balance</i>
The Stars Village, Long Thoi – Nha Be Project (i)	60,746,594,527	59,601,830,459
Terra Royal Project (ii)	20,462,111,856	-
6B Project (ii)	8,944,645,015	9,038,488,765
Phong Phu Project (i)	1,778,700,000	1,857,400,000
Thinh Vuong Building (i)	1,742,753,000	2,033,636,000
An Khang Building (i)	1,674,032,217	1,674,032,217
6B Project (i)	318,400,000	398,400,000
<b>TOTAL</b>	<b><u>95,667,236,615</u></b>	<b><u>74,603,787,441</u></b>

**6.2 Short-term advance to suppliers**

Short-term advances to suppliers represent non-interest bearing advances to sub-contractors related to the following real estate projects:

	VND	
	<i>Ending balance</i>	<i>Beginning balance</i>
Advance to third parties	133,202,617,878	63,382,298,452
Thai Duong Construction & Trading JSC	20,000,000,000	-
Saigon Vien Dong Limited Company - Lot No.7, 6B Project	12,927,603,431	12,927,603,431
Joint Venture of Hoang Trang - Huyndai Thanh Cong	10,334,500,000	-
Other suppliers	89,940,514,447	50,454,695,021
Advance to related parties (Note 31)	46,340,397,734	32,471,960,355
<b>TOTAL</b>	<b><u>179,543,015,612</u></b>	<b><u>95,854,258,807</u></b>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)  
as at 31 December 2019 and for the year then ended**6. TRADE RECEIVABLES, ADVANCE TO SUPPLIERS AND LOAN RECEIVABLE**  
(continued)**6.3 Short-term loan receivable**

<i>Borrower</i>	<i>As at 31 December 2019 VND</i>	<i>Principal repayment date</i>	<i>Interest % p.a.</i>	<i>Description of collaterals</i>
Ms. Truong Thi Minh Nguyet (Note 31)	<u>48,900,000,000</u>	31 May 2020	5.5	Unsecured

**7. OTHER RECEIVABLES**

	<i>VND</i>	
	<i>Ending balance</i>	<i>Beginning balance</i>
<b>Short-term</b>	<b>96,508,023,549</b>	<b>72,830,887,810</b>
A related party (Note 31)	56,850,000,000	43,850,000,000
Thai Duong Construction & Trading JSC	12,205,585,534	8,100,000,000
Provisional corporate income tax paid upon receiving deposits from customers	10,479,998,825	6,444,535,729
Saigon Cho Lon Investment & Real Estate Joint Stock Company	4,300,000,000	4,300,000,000
Advance to employees	3,641,569,000	2,379,741,347
May Thang Long Joint Stock Company	1,400,000,000	1,794,760,000
Others	7,630,870,190	5,961,850,734
<b>Long-term</b>	<b>21,955,506,202</b>	<b>25,036,424,512</b>
Ngoc Phuc Trading and Construction Co., Ltd	19,027,346,202	17,668,814,202
Hoang Hai Joint Stock Company – Hoc Mon, Ba Diem Project	2,661,060,000	2,661,060,000
A related party (Note 31)	-	1,592,901,607
Others	267,100,000	3,113,648,703
<b>TOTAL</b>	<b><u>118,463,529,751</u></b>	<b><u>97,867,312,322</u></b>
Provision for short-term doubtful debts	(3,774,342,045)	(2,727,380,000)
Provision for long-term doubtful debts	(2,661,060,000)	(2,718,400,249)

# Investment and Trading of Real Estate Joint Stock Company

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

## 8. INVENTORIES

Inventories represent costs incurred for the following on-going real estate and construction projects in process:

	31 December 2019		31 December 2018		VND
	Cost	Provision	Cost	Provision	
Tera Royal Project (i)	706,305,781,184	-	1,838,414,937,601	-	-
The Stars Village, Long Thoi – Nha Be Project (ii)	564,388,100,447	-	539,890,517,699	-	-
Thu Dau Mot Project	166,016,125,870	-	-	-	-
Terra Flora Project	133,640,659,253	-	80,492,563,672	-	-
6A Project	132,318,634,925	-	132,199,907,652	-	-
Long Phuoc, District 9 Project (iii)	115,977,524,233	-	116,057,729,964	-	-
Cua Lap Project - Ba Ria	48,473,112,221	-	-	-	-
Lot 6, 7 & 8 – 6B Project	37,561,184,157	-	24,126,069,065	-	-
Binh Trung Dong – District 2 Project	28,848,790,056	-	28,848,790,056	-	-
Other projects	30,599,064,768	(17,110,866,701)	93,817,471,750	(19,312,665,216)	
<b>TOTAL</b>	<b>1,964,128,977,114</b>	<b>(17,110,866,701)</b>	<b>2,853,847,987,459</b>	<b>(19,312,665,216)</b>	

(i) Land use rights of Tera Royal project, Ly Chinh Thang Street, District 3 was pledged to obtain the loan from a commercial bank (Note 21).

(ii) Land use rights of 50,400 square meters The Stars Village, Long Thoi – Nha Be project was pledged to obtain the loans from commercial banks (Note 21).

(iii) Land use rights of 136,585 square meters at Long Phuoc, District 9 project was pledged to obtain the loans from a commercial bank (Note 21).

## 9. SHORT-TERM PREPAID EXPENSES

	VND	
	Ending balance	Beginning balance
Commission expenses	19,708,925,494	21,139,034,881
Others	443,842,936	386,570,209
<b>TOTAL</b>	<b>20,152,768,430</b>	<b>21,525,605,090</b>



# Investment and Trading of Real Estate Joint Stock Company

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

## 10. TANGIBLE FIXED ASSETS

	Buildings and structures	Machinery and equipment	Means of transportation	Office equipment	VND Total
<b>Cost:</b>					
Beginning balance	28,349,789,734	16,868,610,091	5,657,467,366	1,774,539,593	52,650,406,784
Addition	-	216,954,545	-	-	216,954,545
Transfer from construction in progress	471,703,500	-	-	-	471,703,500
Ending balance	28,821,493,234	17,085,564,636	5,657,467,366	1,774,539,593	53,339,064,829
<i>In which:</i>					
Fully depreciated	4,280,813,180	5,647,970,448	3,840,210,043	1,400,394,544	15,169,388,215
<b>Accumulated depreciation:</b>					
Beginning balance	15,104,364,594	7,893,618,476	5,360,493,511	1,334,579,374	29,693,055,955
Depreciation for the year	982,413,401	1,469,713,433	190,516,368	73,032,720	2,715,675,922
Ending balance	16,086,777,995	9,363,331,909	5,551,009,879	1,407,612,094	32,408,731,877
<b>Net carrying amount:</b>					
Beginning balance	13,245,425,140	8,974,991,615	296,973,855	439,960,219	22,957,350,829
Ending balance	12,734,715,239	7,722,232,727	106,457,487	366,927,499	20,930,332,952

# Investment and Trading of Real Estate Joint Stock Company B09a-DN/HN

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

## 11. INTANGIBLE FIXED ASSETS

	VND		
	<i>Land use right (*)</i>	<i>Computer software</i>	<i>Total</i>
<b>Cost:</b>			
Beginning balance	37,923,695,258	-	37,923,695,258
Transfer from construction in progress	-	163,700,000	163,700,000
Business combination	-	50,000,000	50,000,000
Ending balance	<u>37,923,695,258</u>	<u>213,700,000</u>	<u>38,137,395,258</u>
<b>Accumulated amortisation:</b>			
Beginning balance	-	-	-
Amortisation for the year	-	80,466,388	80,466,388
Ending balance	-	<u>80,466,388</u>	<u>80,466,388</u>
<b>Net carrying amount:</b>			
Beginning balance	<u>37,923,695,258</u>	-	<u>37,923,695,258</u>
Ending balance	<u>37,923,695,258</u>	<u>133,233,612</u>	<u>38,056,928,870</u>

(\*) The land and use rights at No. 16 Nguyen Dinh Chieu Street, Da Kao Ward, District 1 and No. 20 Nguyen Binh Khiem Street, Da Kao Ward, District 1 with carrying amount of VND 26,471,477,820 and VND 11,101,600,430, respectively, were pledged to obtain the loans from commercial banks (Note 21).

## 12. INVESTMENT PROPERTIES

	VND
	<i>Land and buildings (*)</i>
<b>Cost:</b>	
Beginning and ending balances	<u>67,077,080,348</u>
<b>Accumulated depreciation:</b>	
Beginning balance	22,588,600,773
Depreciation for the year	<u>2,683,083,216</u>
Ending balance	<u>25,271,683,989</u>
<b>Net carrying amount:</b>	
Beginning balance	<u>44,488,479,575</u>
Ending balance	<u>41,805,396,359</u>

The fair value of the investment properties had not yet been formally assessed and determined as at 31 December 2019. However, given that these properties are currently leased out and income generating, it is management's assessment that these properties' market values are still higher than their carrying value at the separate balance sheet date.



# Investment and Trading of Real Estate Joint Stock Company B09a-DN/HN

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

## 12. INVESTMENT PROPERTIES (continued)

(\*) Including in the land and buildings, land use rights and associated assets of An Khang building, An Phu An Khanh Town, District 2, Ho Chi Minh City were pledged to obtain the loan from a commercial bank (Note 21).

In addition, land use rights and associated assets at No. 531 Nguyen Duy Trinh Street, Binh Trung Dong Ward, District 2 were pledged to obtain the loans from a commercial bank (Note 21).

### Revenue and expense relating to investment properties

	VND	
	Ending balance	Beginning balance
Rental income generating from leasing of investment properties	9,536,395,223	9,197,906,030
Direct operating expenses of investment properties that generated rental income during the year	<u>(3,465,075,090)</u>	<u>(3,070,539,001)</u>
<b>NET</b>	<b><u>6,071,320,133</u></b>	<b><u>6,127,367,029</u></b>

## 13. CONSTRUCTION IN PROGRESS

This amount represents the land use right and construction cost for hotel, commercial floors and basement of Terra Royal Project, Ly Chinh Thang Street, District 3, Ho Chi Minh City.

	VND	
	Ending balance	Beginning balance
Construction expenses	789,965,341,776	-
Land use rights	522,268,186,277	-
Interest expenses	<u>164,891,788,966</u>	<u>-</u>
<b>TOTAL</b>	<b><u>1,477,125,317,019</u></b>	<b><u>-</u></b>

## 14. LONG-TERM INVESTMENTS

	VND	
	Ending balance	Beginning balance
Investments in associates (Note 14.1)	18,824,699,298	127,362,910,635
Investments in other entities (Note 14.2)	59,105,320,000	42,755,320,000
Held-to-maturity investment (*)	500,000,000	-
Provision for diminution in long-term investments	<u>(8,925,000,000)</u>	<u>(8,925,000,000)</u>
<b>TOTAL</b>	<b><u>69,505,019,298</u></b>	<b><u>161,193,230,635</u></b>

(\*) This is the investment in 500 bonds issued by Vietnam Bank for Agriculture and Rural Development, which is matured on 24 September 2026 and earns interest at the rate of 8.1% per annum.

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

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

**14.1 Investments in associates**

	<u>Ending balance</u>		<u>Beginning balance</u>	
	% ownership	% voting rights	% ownership	% voting rights
Long Binh Construction - Trading - Producing Joint Stock Company ("LB")	36.36	36.36	36.36	36.36
Saigon - Binh Duong Investment Corporation ("SGBD")	-	-	64.32	37.40

Details of these investments in associates as the balance sheet date are presented as follows:

	SGBD		LB	VND Total
<b>Cost of investments:</b>				
Beginning balance	112,199,143,238	21,000,000,000	133,199,143,238	
Business combination	(112,199,143,238)	-	(112,199,143,238)	
Ending balance	-	21,000,000,000	21,000,000,000	
<b>Accumulated share in post-acquisition loss of the associates:</b>				
Beginning balance	(3,612,938,636)	(2,223,293,967)	(5,836,232,603)	
Disposal	3,740,286,636	-	3,740,286,636	
Share in post-acquisition (loss) profit of the associates	(127,348,000)	47,993,265	(79,354,735)	
Ending balance	-	(2,175,300,702)	(2,175,300,702)	
<b>Net carrying amount:</b>				
Beginning balance	108,586,204,602	18,776,706,033	127,362,910,635	
Ending balance	-	18,824,699,298	18,824,699,298	



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

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

#### 14.2 Investments in other entities

	Ending balance			Beginning balance				
	Original amount VND	Provision VND	Carrying amount VND	Original amount VND	Provision VND	Carrying amount VND	Number of shares ownership	% ownership
Gia Dinh Development Investment Corporation	34,000,000,000	(8,925,000,000)	25,075,000,000	34,000,000,000	(8,925,000,000)	25,075,000,000	2,125,000	5.31
Dai Phu Loc Project Investment Company Limited	16,350,000,000	-	16,350,000,000	-	-	-	-	-
Bac Trung Nam Housing Development Joint Stock Company	5,466,500,000	-	5,466,500,000	5,466,500,000	-	5,466,500,000	54,665	10.93
Saigon Mangden Joint Stock Company	3,100,000,000	-	3,100,000,000	3,100,000,000	-	3,100,000,000	310,000	1.61
Van Dien Fused Magnesium Phosphate Fertilizer Joint Stock Company	188,820,000	-	188,820,000	188,820,000	-	188,820,000	18,882	0.06
<b>TOTAL</b>	<b>59,105,320,000</b>	<b>(8,925,000,000)</b>	<b>50,180,320,000</b>	<b>42,755,320,000</b>	<b>(8,925,000,000)</b>	<b>33,830,320,000</b>		

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

**15. BORROWING COSTS**

	VND	
	<i>Ending balance</i>	<i>Beginning balance</i>
Capitalized in real estate projects	87,233,532,466	91,573,777,652
Interest expense (Note 26)	4,972,515,949	6,072,683,531
<b>TOTAL</b>	<b><u>92,206,048,415</u></b>	<b><u>97,646,461,183</u></b>

**16. SHORT-TERM TRADE PAYABLES**

	VND	
	<i>Ending balance</i>	<i>Beginning balance</i>
Trade payables to other parties	76,076,538,144	95,497,615,600
- <i>Nguyen Khang Electrical Technology Trading Company Limited</i>	17,227,767,917	-
- <i>Hai Hung Steel One-member Co., Ltd.</i>	4,902,436,605	22,377,719,241
- <i>Others</i>	53,946,333,622	73,119,896,359
Trade payables to a related party (Note 31)	1,560,654,545	1,560,654,545
<b>TOTAL</b>	<b><u>77,637,192,689</u></b>	<b><u>97,058,270,145</u></b>

**17. ADVANCES FROM CUSTOMERS**

Advances from customers are the amounts received in advance in respect of the sale of apartment units and land lots of the following projects:

	VND	
	<i>Ending balance</i>	<i>Beginning balance</i>
<b>Short-term</b>	<b>966,647,452,757</b>	<b>62,100,945,272</b>
Terra Royal Project	897,374,220,085	-
The Stars Village, Long Thoi - Nha Be Project	28,846,246,059	33,156,855,179
Cua Lap Project	18,500,000,000	-
Lot 6, 7 & 8 - 6B Project	8,622,136,300	14,416,436,573
Other projects	13,304,850,313	14,527,653,520
<b>Long-term</b>	<b>160,266,641,569</b>	<b>727,809,362,201</b>
6A Project	109,530,829,000	109,530,829,000
Lot 6, 7 & 8 - 6B Project	24,488,018,700	24,488,018,700
Terra Flora Project	11,251,176,000	-
Binh Trung Dong - District 2 Project	8,601,378,000	8,601,378,000
Terra Royal Project	-	575,779,496,632
Other projects	6,395,239,869	9,409,639,869
<b>TOTAL</b>	<b><u>1,126,914,094,326</u></b>	<b><u>789,910,307,473</u></b>
<i>In which:</i>		
<i>Other parties</i>	1,113,914,094,326	781,910,307,473
<i>A related party (Note 31)</i>	13,000,000,000	8,000,000,000



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)  
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**18. STATUTORY OBLIGATIONS**

	VND			
	<i>Beginning balance</i>	<i>Payable for the year</i>	<i>Payment made during the year</i>	<i>Ending balance</i>
Corporate income tax	9,051,598,203	13,707,358,863	(8,646,508,959)	14,112,448,107
Value-added tax	13,267,792,158	18,986,918,453	(15,235,072,716)	17,019,637,895
Personal income tax	470,377,840	2,629,680,217	(2,615,611,757)	484,446,300
Other taxes	1,490,705,409	638,967,584	(447,463,292)	1,682,209,701
<b>TOTAL</b>	<b><u>24,280,473,610</u></b>	<b><u>35,962,925,117</u></b>	<b><u>(26,944,656,724)</u></b>	<b><u>33,298,742,003</u></b>

**19. SHORT-TERM ACCRUED EXPENSES**

	VND	
	<i>Ending balance</i>	<i>Beginning balance</i>
Construction costs	95,257,069,125	1,811,160,418
Penalty for late payment	37,029,639,910	37,029,639,910
Interest expense	2,351,526,178	15,175,108,566
Others	3,087,867,501	7,783,427,210
<b>TOTAL</b>	<b><u>137,726,102,714</u></b>	<b><u>61,799,336,104</u></b>

**20. OTHER PAYABLES**

	VND	
	<i>Ending balance</i>	<i>Beginning balance</i>
<b>Short term</b>	<b>55,036,396,400</b>	<b>83,012,873,612</b>
Dividends payable	37,810,489,758	71,880,602,705
Maintenance fees of Terra Royal Project	5,971,809,000	-
Deposits received	3,602,656,000	4,597,000,000
Others	7,651,441,642	6,535,270,907
<b>Long-term</b>	<b>27,500,857,660</b>	<b>3,886,616,840</b>
Deposits received	27,500,857,660	3,886,616,840
<b>TOTAL</b>	<b><u>82,537,254,060</u></b>	<b><u>86,899,490,452</u></b>

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)  
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21. LOANS

	Beginning balance	Drawdown	Repayment	Reclassification	VND Ending balance
<b>Short-term</b>	<b>656,240,186,144</b>	<b>422,365,042,509</b>	<b>(647,240,186,144)</b>	<b>235,000,000,000</b>	<b>666,365,042,509</b>
Bank loans (Note 21.1)	182,494,553,670	376,015,042,509	(182,494,553,670)	-	376,015,042,509
Current portion of long-term loans (Note 21.2)	459,745,632,474	-	(459,745,632,474)	235,000,000,000	235,000,000,000
Loans from individuals (Note 21.3)	14,000,000,000	46,350,000,000	(5,000,000,000)	-	55,350,000,000
<b>Long-term</b>	<b>174,000,000,000</b>	<b>221,000,000,000</b>	<b>-</b>	<b>(235,000,000,000)</b>	<b>160,000,000,000</b>
Bank loans (Note 21.2)	174,000,000,000	221,000,000,000	-	(235,000,000,000)	160,000,000,000
<b>TOTAL</b>	<b>830,240,186,144</b>	<b>643,365,042,509</b>	<b>(647,240,186,144)</b>	<b>-</b>	<b>826,365,042,509</b>



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)  
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**21. LOANS** (continued)

**21.1 Details of short-term bank loans are as follows:**

Lenders	Ending balance	Principal repayment term	Purpose	Interest rate % p.a.	Description of collateral
<b>Ho Chi Minh City Development Joint Stock Commercial Bank</b>					
Loan Contract No.23752/19MN/HBTD dated 31 Jul 2019	200,000,000,000 VND	8 August 2020	To finance Terra Royal project	11.4	<ul style="list-style-type: none"> <li>Receivables arising from land lots sale contract at Long Thoi - Nha Be project (Note 6)</li> <li>Land use rights, associated assets and benefits arising from Terra Royal project (Note 8)</li> </ul>
<b>Joint Stock Commercial Bank for Investment and Development of Vietnam</b>					
Loan contract No. 01/2019/93512/HDTD	110,315,042,509 VND	11 September 2020	Finance for the development of its real estate projects and working capital requirements	10	<ul style="list-style-type: none"> <li>Land use rights of 10,473 square meters at Long Phuoc, District 9, Ho Chi Minh City (Note 8)</li> <li>Land use rights at An Phu Ward and Block C, An Khang apartment, street 19, An Phu Ward, District 2, Ho Chi Minh City (Note 12)</li> <li>Land use rights of 24,673 square meters at Long Thoi - Nhon Duc - Nha Be, Ho Chi Minh City (Note 8)</li> </ul>

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

### 21. LOANS (continued)

#### 21.1 Details of short-term bank loans are as follows: (continued)

Lenders	Ending balance	Principal repayment term	Purpose	Interest rate	Description of collateral
	VND			% p.a.	
<b>Lien Viet Post Joint Stock Commercial Bank</b>					
Loan Contract No. HDTD5002019292 dated 29 July 2019	40,700,000,000	28 July 2020	Finance for the development of its real estate projects and working capital requirements	9.4	Land use rights and associate assets at No. 16 Nguyen Dinh Chieu Street, Da Kao Ward, District 1, Ho Chi Minh City (Note 11)  Land use rights and associated assets of Block A and B, An Khang department, An Phu An Khanh Town, An Phu Ward, District 2, Ho Chi Minh City (Note 12)
<b>Vietnam Bank for Agriculture and Rural Development</b>					
Loan Contract No. 6220-LAV-201900754 dated 11 October 2019	25,000,000,000	29 October 2020	To finance Terra Royal project	9	Land use rights and associate assets at No. 20 Nguyen Binh Khiem Street, Da Kao Ward, District 1, Ho Chi Minh City (Note 11)  Land use rights and associated assets of 482,4 square meters at No. 531 Nguyen Duy Trinh Street, Binh Trung Dong Ward, District 2, Ho Chi Minh City (Note 12)  Land use rights of 126,112 square meters at Long Phuoc Ward, District 9, Ho Chi Minh City (Note 8)  Land use rights of 25,727 square meters at Long Thoi Ward, Nha Be District, Ho Chi Minh City (Note 8)
<b>TOTAL</b>	<b>376,015,042,509</b>				



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

**21. LOANS** (continued)

**21.2 Details of long-term bank loans are as follows:**

<i>Lenders</i>	<i>Ending balance</i>	<i>Principal repayment term</i>	<i>Purpose</i>	<i>Interest rate % p.a.</i>	<i>Description of collateral</i>
<b>Ho Chi Minh City Development Joint Stock Commercial Bank</b>					
Loan Contract No.04660/18MN/HDTDT	200,000,000,000	12 April 2020	To finance Terra Royal project	11	<ul style="list-style-type: none"> <li>Receivables arising from sale contract at Long Thoi – Nhon Duc - Nha Be project (Note 6)</li> <li>Land use rights, associated assets and benefits arising from Terra Royal project (Note 8)</li> </ul>
Loan Contract No.2235TT/15/HDTDT DH-DN/068	100,000,000,000	29 January 2021			
<b>Vietnam Bank for Agricultural and Rural Development</b>					
Loan Contract No. 6220-LAV-201800866 dated 26 October 2018	95,000,000,000	From 26 October 2020 to 26 October 2023	To finance Terra Royal project	10.5	<ul style="list-style-type: none"> <li>Land use rights and associate assets at No. 20 Nguyen Binh Khiem Street, Da Kao Ward, District 1, Ho Chi Minh City (Note 11)</li> <li>Land use rights and associated assets of 482.4 square meters at No. 531 Nguyen Duy Trinh Street, Binh Trung Dong Ward, District 2, Ho Chi Minh City (Note 12)</li> <li>Land use rights of 126,112 square meters at Long Phuoc Ward, District 9, Ho Chi Minh City (Note 9)</li> <li>Land use rights of 25,727 square meters at Long Thoi Ward, Nha Be District, Ho Chi Minh City (Notes 8)</li> </ul>
<b>TOTAL</b>	<b>395,000,000,000</b>				
<i>In which:</i>					
Current portion	235,000,000,000				
Long-term loan	160,000,000,000				

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)  
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**21. LOANS** (continued)

**21.3 Details of loans from individuals are as follows:**

Lenders	Ending balance VND	Principal repayment term	Purpose	Interest rate % p.a.	Description of collateral
<b>Ms. Le Thi Tram Anh (Note 31)</b>					
Loan contract No.1080/HTKDN/HBVV dated 10 October 2019	30,000,000,000	Payable on demand	To finance Terra Royal project	5.4	Unsecured
Loan contract dated 20 August 2018	9,000,000,000	Payable on demand	To finance Terra Royal project	5.4	Unsecured
<b>Mr. Mai Hai Son</b>					
Loan contract No. 03/HBVV dated 27 June 2019	16,350,000,000	27 June 2020	To contribute charter capital of Dai Phu Loc Project Investment Company Limited	0	Unsecured
<b>TOTAL</b>	<b>55,350,000,000</b>				



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

**22. BONUS AND WELFARE FUND**

	<i>Ending balance</i>	<i>Beginning balance</i>	<i>VND</i>
Beginning balance	332,694,435	927,369,435	
Transfer from undistributed earnings of current year	8,052,949,443	-	
Transfer from profit attributable to non- controlling interests	1,132,665,410	-	
Utilization for the year	<u>(1,779,450,000)</u>	<u>(594,675,000)</u>	
Ending balance	<u>7,738,859,288</u>	<u>332,694,435</u>	

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

### 23. OWNERS' EQUITY

#### 23.1 Increase and decrease in owners' equity

	Share capital	Share premium	Treasury shares	Investment and development fund	Other owners' capital	Undistributed earnings	Total	VND
<b>For the year ended 31 December 2018</b>								
Beginning balance	690,866,880,000	748,683,126,824	(9,825,117,611)	59,452,912,036	470,571,611	79,061,231,304	1,568,709,604,164	
Net profit for the year	-	-	-	-	-	81,718,304,480	81,718,304,480	
Dividend declared	-	-	-	-	-	(68,646,328,000)	(68,646,328,000)	
Fund appropriation	-	-	-	3,958,198,897	-	(3,080,612,223)	877,586,674	
Other decrease	-	-	-	-	-	(791,639,799)	(791,639,799)	
Ending balance	690,866,880,000	748,683,126,824	(9,825,117,611)	63,411,110,933	470,571,611	88,260,955,762	1,581,867,527,519	
<b>For the year ended 31 December 2019</b>								
Beginning balance	690,866,880,000	748,683,126,824	(9,825,117,611)	63,411,110,933	470,571,611	88,260,955,762	1,581,867,527,519	
Net profit for the year	-	-	-	-	-	116,722,425,483	116,722,425,483	
Dividend declared	-	-	-	-	-	(34,323,164,000)	(34,323,164,000)	
Fund appropriation	-	-	-	6,602,949,468	2,517,034,244	(17,172,933,155)	(8,052,949,443)	
Other decrease	-	-	-	-	-	(817,344,885)	(817,344,885)	
Ending balance	690,866,880,000	748,683,126,824	(9,825,117,611)	70,014,060,401	2,987,605,855	152,669,939,205	1,655,396,494,674	



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

### 23. OWNERS' EQUITY (continued)

#### 23.2 Capital transactions with owners and distribution of dividends and profits

	VND	
	Current year	Previous year
Contributed share capital	<u>690,866,880,000</u>	<u>690,866,880,000</u>
Dividends declared (*)	34,323,164,000	68,646,328,000
Dividends paid	68.393.276.947	23,665,863,911

(\*) The Group has declared dividend distribution from 2018 profit in cash at 5% of the par value of ordinary shares, as approved by Shareholder Meeting's Resolution dated 25 April 2019.

#### 23.3 Shares - ordinary shares

	<u>Beginning and ending balances</u>	
	Quantity	Amount
		VND
<b>Authorized shares</b>	<b>69,086,688</b>	<b>690,866,880,000</b>
<b>Issued shares</b>		
<i>Issued and paid-up shares</i>		
<i>Ordinary shares</i>	69,086,688	690,866,880,000
<b>Treasury shares</b>		
<i>Ordinary shares</i>	440,360	9,825,117,611
<b>Shares in circulation</b>		
<i>Ordinary shares</i>	68,646,328	681,041,762,389

#### 23.4 Basic and diluted earnings per share

The following table shows the income and share data used in the basic and diluted earnings per share calculations:

	Current year	Previous year
Net profit after tax (VND)	116,722,425,483	81,718,304,480
Transfer to bonus and welfare fund (*)	-	(8,052,949,443)
Net profit attributable to ordinary equity holders of the Company (VND)	<u>116,722,425,483</u>	<u>73,665,355,037</u>
Weighted average number of ordinary shares in circulation ( <i>shares</i> )	<u>68,646,328</u>	<u>68,646,328</u>
Basic earnings per share (VND/share)	1,700	1,073
Diluted earnings per share (VND/share)	1,700	1,073

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

**23.4 Basic and diluted earnings per share** (continued)

There have been no dilutive potential ordinary shares during the year and up to the date of these consolidated financial statements.

(\*) Net profit used to compute earnings per share for the year ended 31 December 2018 was restated following the actual allocation to bonus and welfare funds from 2018 retained earnings as approved in the Shareholders Meeting's Resolution dated 25 April 2019.

Net profit used to compute earnings per share for the year ended 31 December 2019 was not adjusted for distribution to bonus and welfare funds from 2019 profit as the Shareholders Meeting's Resolution is not yet available.

**23.5 Non-controlling interest**

	IC	SGBD	Royal	VND Total
<b>As at 31 December 2019</b>				
Share capital	6,000,000,000	107,040,000,000	50,000,000,000	163,040,000,000
Investment and development fund	448,140,878	-	-	448,140,878
Other owners' capital	448,140,878	-	-	448,140,878
Accumulated losses	(5,259,279,972)	(3,490,564,381)	92,607,919	(8,657,236,434)
<b>TOTAL</b>	<b>1,637,001,784</b>	<b>103,549,435,619</b>	<b>50,092,607,919</b>	<b>155,279,045,322</b>
<b>For the year ended 31 December 2019</b>				
Profit (loss) for the year	(4,923,165,881)	1,662,677,697	92,607,919	(3,167,880,265)
Transfer to bonus and welfare fund	(1,132,665,410)	-	-	(1,132,665,410)
Dividend declared	(2,100,000,000)	-	-	(2,100,000,000)
<b>TOTAL</b>	<b>(8,155,831,291)</b>	<b>1,662,677,697</b>	<b>92,607,919</b>	<b>(6,400,545,675)</b>

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

## 24. REVENUES

### 24.1 Revenue from sale of goods and rendering of services

	Current year	VND Previous year
<b>Net revenue</b>	<b><u>451,076,374,639</u></b>	<b><u>621,621,062,399</u></b>
<i>Of which:</i>		
Revenue from real estate properties	361,387,719,269	503,066,363,424
Revenue from construction contracts	75,481,274,384	104,683,943,979
Revenue from other services	14,207,380,986	13,870,754,996

### 24.2 Finance income

	Current year	VND Previous year
Interest income	6,907,907,701	2,370,380,260
Profit from disposal of investment in associate	-	8,079,213,232
Dividend income	-	320,834,200
Others	19,531,275	-
<b>TOTAL</b>	<b><u>6,927,438,976</u></b>	<b><u>10,770,427,692</u></b>

## 25. COSTS OF GOODS SOLD AND SERVICES RENDERED

	Current year	VND Previous year
Cost of real estate properties	234,339,966,016	440,738,602,031
Cost of construction services	54,127,405,123	73,462,332,331
Cost of other services rendered	6,022,128,379	5,128,820,547
<b>TOTAL</b>	<b><u>294,489,499,518</u></b>	<b><u>519,329,754,909</u></b>

## 26. FINANCE EXPENSES

	Current year	VND Previous year
Interest expense	4,972,515,949	6,072,683,531
Others	271	149,527,269
<b>TOTAL</b>	<b><u>4,972,516,220</u></b>	<b><u>6,222,210,800</u></b>



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

**27. SELLING EXPENSES AND GENERAL AND ADMINISTRATIVE EXPENSES**

	VND	
	<i>Current year</i>	<i>Previous year</i>
<b>Selling expenses</b>	<b>7,918,963,917</b>	<b>8,168,708,844</b>
Sale commission	7,875,363,917	8,153,708,844
Others	43,600,000	15,000,000
<b>General and administrative expenses</b>	<b>32,161,971,690</b>	<b>21,321,835,924</b>
Labour costs	17,419,126,467	13,561,813,371
External service fee	7,182,630,451	6,981,802,971
Depreciation ( <i>Notes 10 and 11</i> )	1,276,428,877	1,843,096,764
Provision for doubtful debt	564,033,399	(5,794,791,000)
Others	5,719,752,496	4,729,913,818
<b>TOTAL</b>	<b><u>40,080,935,607</u></b>	<b><u>29,490,544,768</u></b>

**28. OTHER INCOME AND EXPENSES**

	VND	
	<i>Current year</i>	<i>Previous year</i>
<b>Other income</b>	<b>24,854,412,697</b>	<b>17,459,732,431</b>
Reversal of project warranty provision	12,619,591,146	6,622,576,779
Proceeds from other projects written-off	4,571,555,501	-
Penalty for contract violation	3,422,840,727	8,855,140,341
Others	4,240,425,323	1,982,015,311
<b>Other expenses</b>	<b>(25,336,597,996)</b>	<b>(9,805,905,059)</b>
Tax penalties	(17,231,885,069)	(1,052,218,473)
Expenses of other projects written-off	(3,412,956,790)	-
Expenses of Dak Nong project write-off	-	(5,164,970,451)
Compensation cost of Binh Hoa Project	-	(1,155,520,000)
Others	(4,691,756,137)	(2,433,196,135)
<b>NET OTHER (LOSS) PROFIT</b>	<b><u>(482,185,299)</u></b>	<b><u>7,653,827,372</u></b>

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

**29. PRODUCTION AND OPERATING COSTS**

		VND
	<i>Current year</i>	<i>Previous year</i>
Project development cost	214,157,204,828	440,738,602,031
External service fee	61,310,035,574	80,444,135,302
Labour cost	17,419,126,467	13,561,813,371
Sales commission	7,875,363,917	8,153,708,844
Depreciation and amortisation (Notes 10, 11 and 12)	5,479,225,526	5,433,817,544
Provision (reversal of provision) for doubtful debt	564,033,399	(5,794,791,000)
Others	7,582,684,226	6,283,013,585
<b>TOTAL</b>	<b><u>314,387,673,937</u></b>	<b><u>548,820,299,677</u></b>

**30. CORPORATE INCOME TAX**

The Group has the obligation to pay corporate income tax ("CIT") at the rate of 20% of taxable profits.

The tax returns filed by the Group 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 consolidated financial statements could change at a later date upon final determination by the tax authorities.

**30.1 CIT expense**

		VND
	<i>Current year</i>	<i>Previous year</i>
Current tax expense	9,671,895,767	8,347,909,590
Deferred tax income	(5,327,118,749)	(5,995,671,328)
<b>TOTAL</b>	<b><u>4,344,777,018</u></b>	<b><u>2,352,238,262</u></b>

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

### 30. CORPORATE INCOME TAX (continued)

#### 30.1 CIT expense (continued)

Reconciliation between CIT expense and the accounting profit multiplied by CIT rate is presented below:

	VND	
	<i>Current year</i>	<i>Previous year</i>
<b>Accounting profit before tax</b>	<b><u>117,899,322,236</u></b>	<b><u>84,772,089,483</u></b>
At CIT rate applied for the Company	23,579,864,447	16,954,417,897
<i>Adjustments to increase:</i>		
Non-deductible expenses	4,374,307,209	933,028,978
Share of profits from associates	15,870,947	46,143,501
Under accrued CIT in prior year	-	17,220,707
<i>Adjustments to decrease:</i>		
Utilization of tax losses carried forward	(23,625,265,585)	(15,534,405,981)
Dividend income	-	(64,166,840)
<b>CIT expense</b>	<b><u>4,344,777,018</u></b>	<b><u>2,352,238,262</u></b>

#### 30.2 Current tax

The current CIT payable is based on taxable profit for the current year. The taxable profit 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 balance sheet date.

#### 30.3 Deferred tax

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

	VND			
	<i>consolidated balance sheet</i>		<i>consolidated income statement</i>	
	<i>Current year</i>	<i>Previous year</i>	<i>Current year</i>	<i>Previous year</i>
Internal unrealised profit	18,354,098,963	13,014,984,614	5,339,114,349	6,040,621,328
Accrual for severance pay	190,600,400	202,596,000	(11,995,600)	(44,950,000)
<b>Deferred income tax assets</b>	<b><u>18,544,699,363</u></b>	<b><u>13,217,580,614</u></b>		
<b>Net deferred tax income</b>			<b><u>5,327,118,749</u></b>	<b><u>5,995,671,328</u></b>



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

### 31. TRANSACTIONS WITH RELATED PARTIES

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

Related party	Relationship	Transaction	VND	
			Current year	Previous year
Le Thi Tram Anh	Related party	Loan drawdown	30,000,000,000	14,000,000,000
		Loan repayment	5,000,000,000	-
		Loan interest	1,106,358,904	211,265,753
Member of Board of Directors	General Director	Advance	56,850,000,000	43,850,000,000
Future Architectural Design Joint Stock Company Limited	Significant shareholder	Design service fees	7,689,405,379	-

#### Terms and conditions of transactions

The purchase of goods from related parties during the year was made on the basis of signed contracts.

Outstanding balances are unsecured, interest free and will be settled in cash. For year ended 31 December 2019, the Group has not made any provision for doubtful debts relating to amounts owed by related parties. 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.

Amount due to and due from related parties at the balance sheet date was as follows:

Related parties	Relationship	Nature of transaction	VND	
			Ending balance	Beginning balance
<b>Short-term trade receivable</b>				
Ms. Le Thi Tram Anh	Related party	Purchase land lots	<u>4,101,231,043</u>	<u>4,101,231,043</u>
<b>Short-term loan receivable</b>				
Ms. Truong Minh Nguyet	Related party	Loan	<u>48,900,000,000</u>	<u>-</u>
<b>Advance to suppliers</b>				
Future Architectures Design Joint Stock Company	Significant shareholder	Design service fee	31,041,200,134	12,572,762,755
Long Binh Joint Stock Company	Associate	Compensation for land	<u>15,299,197,600</u>	<u>19,899,197,600</u>
			<b><u>46,340,397,734</u></b>	<b><u>32,471,960,355</u></b>

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

### 31. TRANSACTIONS WITH RELATED PARTIES (continued)

Amount due to and due from related parties at the balance sheet date was as follows:  
(continued)

Related parties	Relationship	Nature of transaction	Ending balance	VND
				Beginning balance
<b>Other receivables</b>				
Member of Board of Directors	General Director	Advance	56,850,000,000	43,850,000,000
Sai Gon Binh Duong Joint Stock Company	Subsidiary	Interest income	-	1,592,901,607
			<u>56,850,000,000</u>	<u>45,442,901,607</u>

#### Short-term trade payable

Future Architectures Design Joint Stock Company	Significant shareholder	Design service fee	<u>1,560,654,545</u>	<u>1,560,654,545</u>
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#### Short-term advance from customer

Ms. Le Thi Tram Anh	Related party	Purchase apartments	<u>13,000,000,000</u>	<u>8,000,000,000</u>
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#### Short-term loan

Ms. Le Thi Tram Anh	Related party	Loan	<u>39,000,000,000</u>	<u>14,000,000,000</u>
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#### Transactions with other related parties

Remuneration to members of the Board of Directors and Management:

	VND	
	Current year	Previous year
Salaries and bonus	<u>4,327,894,000</u>	<u>3,925,066,000</u>

### 32. CAPITAL COMMITMENT AND CONTINGENT LIABILITY

#### Capital commitment related to significant investment costs

At 31 December 2019, the Group had outstanding commitments VND 567,331,495,293 (31 December 2018: VND 497,537,317,704) relating to the development cost of ongoing residential projects.

### 33. OFF BALANCE SHEET ITEMS

As at 31 December 2019, the Company had bad debts written-off relating to An Suong Project, Concrete Project, Ba Ria Vung Tau Radio and Television Broadcasting Project and others with the amount of VND 2,324,377,287, VND 1,724,448,946, VND 1,130,613,959, and VND 62,251,130 respectively.

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

**34. EVENTS AFTER THE BALANCE SHEET DATE**

There is no significant matter or circumstance that has arisen since the balance date that requires adjustments or disclosures to be made in the consolidated financial statements of the Group.



Pham Van Khanh  
Preparer



Doan Huu Chi  
Chief Accountant



Trương Minh Thuận  
General Director

30 March 2020