

Investment and Trading of Real Estate Joint Stock Company

Consolidated financial statements

For the year ended 31 December 2020



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 No.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. Nguyen Manh | Chairman | appointed on 11 June 2020 |
| Mr. Truong Minh Thuan | Chairman | resigned on 11 June 2020 |
| | Vice Chairman | appointed on 11 June 2020 |
| Mr. Vo Huu Hai | Member | |
| Ms. Dang Thi Ngoc Tuyen | Member | |
| Mr. Nguyen Manh | Member | |
| Mr. Tran Huu Khanh | Member | |
| Ms. Nguyen Kim Hau | Member | appointed on 30 June 2020 |

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 2020.

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 2020 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

29 March 2021

Reference: 60792124/21894663-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 29 March 2021 and set out on pages 5 to 47, which comprise the consolidated balance sheet as at 31 December 2020, 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 2020, 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



Duong Le 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

29 March 2021

CONSOLIDATED BALANCE SHEET
as at 31 December 2020

VND

| Code | ASSETS | Notes | Ending balance | Beginning balance |
|------------|--|----------|--------------------------|--------------------------|
| 100 | A. CURRENT ASSETS | | 2,383,434,661,020 | 2,439,193,175,674 |
| 110 | I. Cash | 4 | 42,738,999,726 | 50,642,950,946 |
| 111 | 1. Cash | | 42,738,999,726 | 50,642,950,946 |
| 130 | II. Current accounts receivables | | 488,838,269,137 | 417,019,881,631 |
| 131 | 1. Short-term trade receivables | 5 | 119,374,257,165 | 96,576,568,515 |
| 132 | 2. Short-term advances to suppliers | 6 | 223,098,384,626 | 179,543,015,612 |
| 135 | 3. Short-term loan receivable | 7 | 46,400,000,000 | 48,900,000,000 |
| 136 | 4. Other short-term receivables | 8 | 100,763,353,391 | 96,508,023,549 |
| 137 | 5. Provision for doubtful short-term receivables | 5, 8 | (797,726,045) | (4,507,726,045) |
| 140 | III. Inventories | 9 | 1,837,833,975,936 | 1,947,018,110,413 |
| 141 | 1. Inventories | | 1,853,185,322,637 | 1,964,128,977,114 |
| 149 | 2. Provision for obsolete inventories | | (15,351,346,701) | (17,110,866,701) |
| 150 | IV. Other current assets | | 14,023,416,221 | 24,512,232,684 |
| 151 | 1. Short-term prepaid expenses | 10 | 8,615,253,640 | 20,152,768,430 |
| 152 | 2. Value-added tax deductible | | 5,408,162,581 | 4,359,464,254 |

CONSOLIDATED BALANCE SHEET (continued)
as at 31 December 2020

VND

| Code | ASSETS | Notes | Ending balance | Beginning balance |
|------------|---|-----------|--------------------------|--------------------------|
| 200 | B. NON-CURRENT ASSETS | | 2,028,756,986,792 | 1,687,166,698,806 |
| 210 | I. Long-term receivables | | 14,027,346,202 | 19,294,446,202 |
| 216 | 1. Other long-term receivables | 8 | 16,688,406,202 | 21,955,506,202 |
| 219 | 2. Provision for doubtful long-term receivables | 8 | (2,661,060,000) | (2,661,060,000) |
| 220 | II. Fixed assets | | 1,127,859,479,111 | 58,987,261,822 |
| 221 | 1. Tangible fixed assets | 11 | 653,848,516,142 | 20,930,332,952 |
| 222 | Cost | | 694,992,370,296 | 53,339,064,829 |
| 223 | Accumulated depreciation | | (41,143,854,154) | (32,408,731,877) |
| 227 | 2. Intangible fixed assets | 12 | 474,010,962,969 | 38,056,928,870 |
| 228 | Cost | | 475,916,753,410 | 38,137,395,258 |
| 229 | Accumulated amortisation | | (1,905,790,441) | (80,466,388) |
| 230 | III. Investment properties | 13 | 772,431,944,056 | 41,805,396,359 |
| 231 | 1. Cost | | 815,742,177,126 | 67,077,080,348 |
| 232 | 2. Accumulated depreciation | | (43,310,233,070) | (25,271,683,989) |
| 240 | IV. Long-term asset in progress | | 3,243,590,594 | 1,477,125,317,019 |
| 242 | 1. Construction in progress | 14 | 3,243,590,594 | 1,477,125,317,019 |
| 250 | V. Long-term investments | 15 | 68,773,924,625 | 69,505,019,298 |
| 252 | 1. Investment in an associate | | 18,282,424,625 | 18,824,699,298 |
| 253 | 2. Investment in other entities | | 58,916,500,000 | 59,105,320,000 |
| 254 | 3. Provision for diminution in value of long-term investments | | (8,925,000,000) | (8,925,000,000) |
| 255 | 4. Held-to-maturity investment | | 500,000,000 | 500,000,000 |
| 260 | VI. Other long-term assets | | 42,420,702,204 | 20,449,258,106 |
| 261 | 1. Long-term prepaid expenses | 10 | 21,306,328,644 | 1,904,558,743 |
| 262 | 2. Deferred tax assets | 31.3 | 21,114,373,560 | 18,544,699,363 |
| 270 | TOTAL ASSETS | | 4,412,191,647,812 | 4,126,359,874,480 |

CONSOLIDATED BALANCE SHEET (continued)
as at 31 December 2020

VND

| Code | RESOURCES | Notes | Ending balance | Beginning balance |
|------------|---|-------|--------------------------|--------------------------|
| 300 | C. LIABILITIES | | 2,468,812,767,449 | 2,315,684,334,484 |
| 310 | I. Current liabilities | | 1,999,010,945,318 | 1,960,043,274,353 |
| 311 | 1. Short-term trade payables | 17 | 118,596,835,583 | 77,637,192,689 |
| 312 | 2. Short-term advances from customers | 18 | 603,605,182,687 | 966,647,452,757 |
| 313 | 3. Statutory obligations | 19 | 67,899,988,019 | 33,298,742,003 |
| 314 | 4. Payables to employees | | 5,750,585,234 | 2,050,214,999 |
| 315 | 5. Short-term accrued expenses | 20 | 364,327,675,478 | 137,726,102,714 |
| 318 | 6. Short-term unearned revenues | | 130,550,303 | 669,168,304 |
| 319 | 7. Other short-term payables | 21 | 286,029,889,246 | 55,036,396,400 |
| 320 | 8. Short-term loans | 22 | 542,910,949,602 | 666,365,042,509 |
| 321 | 9. Short-term provisions | | 1,457,262,968 | 12,874,102,690 |
| 322 | 10. Bonus and welfare fund | 23 | 8,302,026,198 | 7,738,859,288 |
| 330 | II. Non-current liabilities | | 469,801,822,131 | 355,641,060,131 |
| 332 | 1. Long-term advances from customers | 18 | 149,015,465,569 | 160,266,641,569 |
| 336 | 2. Long-term unearned revenues | | 5,462,272,538 | 5,462,272,538 |
| 337 | 3. Other long-term liabilities | 21 | 27,467,375,660 | 27,500,857,660 |
| 338 | 4. Long-term loans | 22 | 285,423,047,000 | 160,000,000,000 |
| 342 | 5. Long-term provisions | | 2,433,661,364 | 2,411,288,364 |
| 400 | D. OWNERS' EQUITY | | 1,943,378,880,363 | 1,810,675,539,996 |
| 410 | I. Capital | | 1,943,378,880,363 | 1,810,675,539,996 |
| 411 | 1. Share capital | 24.1 | 797,262,940,000 | 690,866,880,000 |
| 411a | - Shares with voting rights | | 797,262,940,000 | 690,866,880,000 |
| 412 | 2. Share premium | 24.1 | 748,683,126,824 | 748,683,126,824 |
| 414 | 3. Other owners' capital | 24.1 | 2,987,605,855 | 2,987,605,855 |
| 415 | 4. Treasury shares | 24.1 | (9,825,117,611) | (9,825,117,611) |
| 418 | 5. Investment and development fund | 24.1 | 75,506,408,855 | 70,014,060,401 |
| 421 | 6. Undistributed earnings | 24.1 | 178,776,930,662 | 152,669,939,205 |
| 421a | - Undistributed earnings by the end of prior year | | 37,319,420,245 | 35,947,513,722 |
| 421b | - Undistributed earnings of current year | | 141,457,510,417 | 116,722,425,483 |
| 429 | 7. Non-controlling interests | 24.5 | 149,986,985,778 | 155,279,045,322 |
| 440 | TOTAL LIABILITIES AND OWNERS' EQUITY | | 4,412,191,647,812 | 4,126,359,874,480 |


Pham Van Khanh
Preparer


Doan Huu Chi
Chief Accountant


Trương Minh Thuận
General Director



29 March 2021

CONSOLIDATED INCOME STATEMENT
for year ended 31 December 2020

VND

| Code | ITEMS | Notes | Current year | Previous year |
|------|---|--------|-------------------|-------------------|
| 01 | 1. Revenue from sale of goods and rendering of services | 25.1 | 925,847,655,485 | 451,076,374,639 |
| 02 | 2. Deductions | | (4,314,570,952) | - |
| 10 | 3. Net revenue from sale of goods and rendering of services | 25.1 | 921,533,084,533 | 451,076,374,639 |
| 11 | 4. Cost of goods sold and services rendered | 26, 30 | (622,193,721,740) | (294,489,499,518) |
| 20 | 5. Gross profit from sale of goods and rendering of services | | 299,339,362,793 | 156,586,875,121 |
| 21 | 6. Finance income | 25.2 | 2,702,019,238 | 6,927,438,976 |
| 22 | 7. Finance expenses | 27 | (30,733,928,138) | (4,972,516,220) |
| 23 | - In which: Interest expense | | (30,731,038,758) | (4,972,515,949) |
| 24 | 8. Shares of loss of associates | 15.1 | (142,274,673) | (79,354,735) |
| 25 | 9. Selling expenses | 28, 30 | (16,840,573,165) | (7,918,963,917) |
| 26 | 10. General and administrative expenses | 28, 30 | (39,279,769,857) | (32,161,971,690) |
| 30 | 11. Operating profit | | 215,044,836,198 | 118,381,507,535 |
| 31 | 12. Other income | 29 | 16,838,719,831 | 24,854,412,697 |
| 32 | 13. Other expenses | 29 | (52,136,942,195) | (25,336,597,996) |
| 40 | 14. Other loss | 29 | (35,298,222,364) | (482,185,299) |
| 50 | 15. Accounting profit before tax | | 179,746,613,834 | 117,899,322,236 |
| 51 | 16. Current corporate income tax expense | 31.1 | (46,150,837,158) | (9,671,895,767) |
| 52 | 17. Deferred tax income | 31.3 | 2,569,674,197 | 5,327,118,749 |
| 60 | 18. Net profit after tax | | 136,165,450,873 | 113,554,545,218 |
| 61 | 19. Net profit after tax attributable to shareholders of the parent | | 141,457,510,417 | 116,722,425,483 |
| 62 | 20. Net loss after tax attributable to non-controlling interests | 24.5 | (5,292,059,544) | (3,167,880,265) |
| 70 | 21. Basic earnings per share | 24.4 | 1,774 | 1,435 |
| 71 | 22. Diluted earnings per share | 24.4 | 1,774 | 1,435 |

Pham Van Khanh
Preparer

Doan Huu Chi
Chief Accountant



Truong Minh Thuan
General Director

29 March 2021

CONSOLIDATED CASH FLOW STATEMENT
for year ended 31 December 2020

VND

| Code | ITEMS | Notes | Current year | Previous year |
|------|---|------------|-------------------------|-------------------------|
| | I. CASH FLOWS FROM OPERATING ACTIVITIES | | | |
| 01 | Accounting profit before tax | | 179,746,613,834 | 117,899,322,236 |
| | <i>Adjustments for:</i> | | | |
| 02 | Depreciation and amortisation of fixed assets and investment properties | 11, 12, 13 | 28,598,995,411 | 5,479,225,526 |
| 03 | Reversal of provisions | | (16,863,986,722) | (9,707,928,178) |
| 05 | Profits from investing activities | | (2,446,120,238) | (6,828,552,966) |
| 06 | Interest expenses | 27 | 30,731,038,758 | 4,972,515,949 |
| 08 | Operating profit before changes in working capital | | 219,766,541,043 | 111,814,582,567 |
| 09 | Increase in receivables | | (66,389,985,833) | (81,697,444,546) |
| 10 | Increase (decrease) in inventories | | 225,961,714,392 | (331,642,062,416) |
| 11 | Increase in payables | | (211,564,805,844) | 438,726,582,490 |
| 12 | Increase in prepaid expenses | | (7,864,255,111) | (434,933,427) |
| 14 | Interest paid | | (53,799,243,342) | (105,029,630,803) |
| 15 | Corporate income tax paid | | (14,806,321,840) | (8,646,508,959) |
| 17 | Other cash outflows for operating activities | 23 | (1,771,281,600) | (1,779,450,000) |
| 20 | Net cash flows from operating activities | | 89,532,361,865 | 21,311,134,906 |
| | II. CASH FLOWS FROM INVESTING ACTIVITIES | | | |
| 21 | Purchase and construction of fixed assets | | (70,879,921,439) | (4,294,804,475) |
| 23 | Loans to other entities | | - | (49,400,000,000) |
| 24 | Collection from borrowers | | 2,500,000,000 | - |
| 25 | Payments for investments in other entities | | - | (69,179,868,861) |
| 26 | Proceeds from sale of investments in other entities | | 188,820,000 | 95,849,143,238 |
| 27 | Interest and dividends received | | 2,988,394,911 | 2,802,322,167 |
| 30 | Net cash flows used in investing activities | | (65,202,706,528) | (24,223,207,931) |
| | III. CASH FLOWS FROM FINANCING ACTIVITIES | | | |
| 31 | Capital contribution | | - | 50,000,000,000 |
| 33 | Drawdown of borrowings | 22 | 386,201,916,881 | 643,365,042,509 |
| 34 | Repayment of borrowings | 22 | (384,232,962,788) | (647,240,186,144) |
| 36 | Dividends paid | 24.2 | (34,202,560,650) | (70,493,276,947) |
| 40 | Net cash flows used in financing activities | | (32,233,606,557) | (24,368,420,582) |

CONSOLIDATED CASH FLOW STATEMENT (continued)
for year ended 31 December 2020

VND

| Code | ITEMS | Notes | Current year | Previous year |
|------|-----------------------------------|-------|-----------------|------------------|
| 50 | Net decrease in cash | | (7,903,951,220) | (27,280,493,607) |
| 60 | Cash at the beginning of the year | | 50,642,950,946 | 77,923,444,553 |
| 70 | Cash at the end of the year | 4 | 42,738,999,726 | 50,642,950,946 |



Pham Van Khanh
Preparer



Doan Huu Chi
Chief Accountant



Trương Minh Thuận
General Director

29 March 2021

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
as at 31 December 2020 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/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 No. 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 2020, the Company holds 85% ownership and voting rights in the IC (31 December 2019: 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 2020, the Company holds 75% ownership and voting rights in Royal (31 December 2019: 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. As at 31 December 2020, the Company holds 64.32% ownership and voting rights in SGBD (31 December 2019: 64.32%).

The number of the Company and its subsidiary ("the Group") employees as at 31 December 2020 was 358 (31 December 2019: 155).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
as at 31 December 2020 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 2020.

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 2020 and for the year ended then ended

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

3.1 Cash

Cash comprises cash on hand and cash in banks.

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.

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
as at 31 December 2020 and for the year then ended

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.5 *Intangible assets*

Intangible assets are stated at cost less accumulated amortisation.

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

Land use rights

Land use rights are recorded as an intangible asset on the consolidated balance sheet as the Company obtained the land use right certificate 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 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.

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 |
|--------------------|---------------|

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
as at 31 December 2020 and for the year then ended

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.7 *Investment properties* (continued)

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 *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.

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.

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
as at 31 December 2020 and for the year then ended

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.10 Investments (continued)

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.

3.11 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.

3.12 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.

3.13 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.

3.14 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.

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
as at 31 December 2020 and for the year then ended

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.15 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 revenue

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.

Rendering of services

Revenue from rendering of services is recognised upon the completion of services rendered.

Interest

Income 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.

3.16 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.

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
as at 31 December 2020 and for the year then ended

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.16 *Taxation* (continued)

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.

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.

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.

Deferred tax assets and liabilities are offset when there is a legally enforceable right for the Company to off-set 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 Company 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.

3.17 *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.

3.18 *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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
as at 31 December 2020 and for the year then ended

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.19 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 their families.

4. CASH

| | VND | |
|---------------|------------------------------|------------------------------|
| | <i>Ending balance</i> | <i>Beginning balance</i> |
| Cash on hand | 707,693,331 | 1,268,284,737 |
| Cash in banks | 42,031,306,395 | 49,374,666,209 |
| TOTAL | <u>42,738,999,726</u> | <u>50,642,950,946</u> |

5. SHORT-TERM TRADE RECEIVABLES

| | VND | |
|--|-------------------------------|------------------------------|
| | <i>Ending balance</i> | <i>Beginning balance</i> |
| Trade receivables from customers | 115,273,026,122 | 92,475,337,472 |
| <i>Customers of Long Thoi Project (*)</i> | 59,730,631,277 | 60,746,594,527 |
| <i>Customers of Terra Royal Project</i> | 34,248,020,462 | 16,360,880,813 |
| <i>Customers of 6B Project</i> | 9,112,538,015 | 9,268,045,015 |
| <i>Nam Hai Construction Co., Ltd</i> | 7,319,414,000 | - |
| <i>Trade receivables from other parties</i> | 4,862,422,368 | 6,099,817,117 |
| Trade receivables from a related party (Note 32) | 4,101,231,043 | 4,101,231,043 |
| TOTAL | <u>119,374,257,165</u> | <u>96,576,568,515</u> |
| Provision for doubtful short-term receivables | (733,384,000) | (733,384,000) |
| NET | <u>118,640,873,165</u> | <u>95,843,184,515</u> |

(*) Receivables arising from land lots sale contract at Long Thoi - Nha Be project were pledged to obtain the loans from commercial bank (Note 22).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
as at 31 December 2020 and for the year then ended**5. SHORT-TERM 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 (*) | 108,064,877,371 | 95,667,236,615 |
| Receivables from rendering construction services | 7,456,840,500 | 114,957,900 |
| Receivables from rental services | 3,119,155,294 | - |
| Others | 733,384,000 | 794,374,000 |
| TOTAL | <u>119,374,257,165</u> | <u>96,576,568,515</u> |

(*) 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) | 59,730,631,277 | 60,746,594,527 |
| Terra Royal Project (i) | 34,248,020,462 | 20,462,111,856 |
| 6B Project (ii) | 8,850,238,015 | 8,944,645,015 |
| 6B Project (i) | 262,300,000 | 318,400,000 |
| Phong Phu Project (i) | 1,687,660,000 | 1,778,700,000 |
| Thin Vuong Building (i) | 1,742,753,000 | 1,742,753,000 |
| An Khang Building (i) | 1,543,274,617 | 1,674,032,217 |
| TOTAL | <u>108,064,877,371</u> | <u>95,667,236,615</u> |

6. SHORT-TERM ADVANCES 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 | 176,191,531,540 | 133,501,815,478 |
| <i>RGB (Macau) Limited</i> | 34,204,282,958 | - |
| <i>Interblock Asia Pacific Pty., Limited</i> | 30,331,861,863 | - |
| <i>Khang Phat Construction JSC</i> | 19,378,630,000 | 9,680,630,000 |
| <i>Saigon Vien Dong Limited Company</i> | 12,927,603,431 | 12,927,603,431 |
| <i>Hoang Trang Electric Co., Ltd.</i> | 10,334,500,000 | 10,334,500,000 |
| <i>Other suppliers</i> | 69,014,653,288 | 100,559,082,047 |
| Advance to related parties (Note 32) | 46,906,853,086 | 46,041,200,134 |
| TOTAL | <u>223,098,384,626</u> | <u>179,543,015,612</u> |

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
as at 31 December 2020 and for the year then ended

7. SHORT-TERM LOAN RECEIVABLE

| <i>Borrower</i> | <i>Ending balance</i> VND | <i>Principal repayment date</i> | <i>Interest</i> % p.a. | <i>VND</i> |
|--|------------------------------|-------------------------------------|---------------------------|---------------------------------------|
| | | | | <i>Description of collaterals</i> |
| Ms. Truong Thi Minh Nguyet (<i>Note 32</i>) | <u>46,400,000,000</u> | 31 May 2021 | 4 | Unsecured |

8. OTHER RECEIVABLES

| | <i>Ending balance</i> | <i>Beginning balance</i> |
|---|-------------------------------|-------------------------------|
| Short-term | 100,763,353,391 | 96,508,023,549 |
| Related parties (<i>Note 32</i>) | 62,107,030,140 | 56,850,000,000 |
| Thai Duong Construction & Trading JSC | 12,205,585,534 | 12,205,585,534 |
| Advance to employees | 11,449,038,000 | 3,641,569,000 |
| Provisional corporate income tax paid upon receiving deposits from customers | 6,043,458,394 | 10,479,998,825 |
| Others | 8,958,241,323 | 13,330,870,190 |
| Long-term | 16,688,406,202 | 21,955,506,202 |
| Ngoc Phuc Trading and Construction Co., Ltd | 14,027,346,202 | 19,027,346,202 |
| Hoang Hai Joint Stock Company – Hoc Mon, Ba Diem Project | 2,661,060,000 | 2,661,060,000 |
| Others | - | 267,100,000 |
| TOTAL | <u>117,451,759,593</u> | <u>118,463,529,751</u> |
| Provision for short-term doubtful debts | (64,342,045) | (3,774,342,045) |
| Provision for long-term doubtful debts | (2,661,060,000) | (2,661,060,000) |

Investment and Trading of Real Estate Joint Stock Company

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
as at 31 December 2020 and for the year ended then ended

9. INVENTORIES

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

| | Ending balance | | Beginning balance | | VND |
|---|--------------------------|-------------------------|--------------------------|-------------------------|-----|
| | Cost | Provision | Cost | Provision | |
| The Stars Village, Long Thoi - Nha Be Project (i) | 530,799,613,894 | - | 564,388,100,447 | - | |
| Sabinco Residential Commercial and Service Project ("Sabinco Project") (ii) | 408,977,488,809 | - | 166,016,125,870 | - | |
| Terra Royal Project (iii) | 332,211,055,022 | - | 706,305,781,184 | - | |
| Terra Flora Project | 182,605,157,055 | - | 133,640,659,253 | - | |
| 6A Project | 132,318,634,924 | - | 132,318,634,925 | - | |
| Long Phuoc, Thu Duc District Project (iv) | 116,114,797,661 | - | 115,977,524,233 | - | |
| Lot 5, 6, 7 & 8 - 6B Project | 54,350,043,979 | - | 37,561,184,157 | - | |
| Cua Lap Project - Ba Ria | 34,989,201,673 | - | 48,473,112,221 | - | |
| Binh Trung Dong - Thu Duc District Project | 28,848,790,056 | - | 28,848,790,056 | - | |
| Other projects | 31,970,539,564 | (15,351,346,701) | 30,599,064,768 | (17,110,866,701) | |
| TOTAL | 1,853,185,322,637 | (15,351,346,701) | 1,964,128,977,114 | (17,110,866,701) | |

(i) Land use rights of 50,400 square meters at The Stars Village, Long Thoi - Nha Be project was pledged to obtain the loans from commercial banks (Note 22).

(ii) Land use rights and the associated assets from the Sabinco Project, Tuong Binh Hiep Ward, Thu Dau Mot City, Binh Duong Province was pledged to obtain the loans from a commercial bank (Note 22).

(iii) Land use rights of Tera Royal project, Ly Chinh Thang Street, District 3 was pledged to obtain the loan from a commercial bank (Note 22).

(iv) Land use rights of 136,585 square meters at Long Phuoc Project, Thu Duc District project was pledged to obtain the loans from a commercial bank (Note 22).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
as at 31 December 2020 and for the year ended then ended

10. PREPAID EXPENSES

| | <i>Ending balance</i> | <i>VND Beginning balance</i> |
|---------------------|------------------------------|----------------------------------|
| Short-term | 8,615,253,640 | 20,152,768,430 |
| Commission expenses | 7,365,495,600 | 19,708,925,494 |
| Others | 1,249,758,040 | 443,842,936 |
| Long-term | 21,306,328,644 | 1,904,558,743 |
| Tools and supplies | 15,923,891,963 | - |
| Decoration expenses | 5,276,988,242 | - |
| Others | 105,448,439 | 1,904,558,743 |
| TOTAL | <u>29,921,582,284</u> | <u>22,057,327,173</u> |

Investment and Trading of Real Estate Joint Stock Company

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
as at 31 December 2020 and for the year ended then ended

11. TANGIBLE FIXED ASSETS

| | Buildings and structures | Machinery and equipment | Means of transportation | Office equipment | VND Total |
|---|-----------------------------|----------------------------|----------------------------|---------------------|-----------------|
| Cost: | | | | | |
| Beginning balance | 28,821,493,234 | 17,085,564,636 | 5,657,467,366 | 1,774,539,593 | 53,339,064,829 |
| New purchase | 146,754,228 | 8,052,099,370 | - | 3,403,200,538 | 11,602,054,136 |
| Transfer from construction in progress | 609,255,155,039 | 17,435,063,717 | - | 3,361,032,575 | 630,051,251,331 |
| Ending balance | 638,223,402,501 | 42,572,727,723 | 5,657,467,366 | 8,538,772,706 | 694,992,370,296 |
| <i>In which:</i> | | | | | |
| Fully depreciated | 4,280,813,180 | 5,647,970,448 | 5,657,467,366 | 1,400,394,544 | 16,986,645,538 |
| Accumulated depreciation: | | | | | |
| Beginning balance | 16,086,777,995 | 9,363,331,909 | 5,551,009,879 | 1,407,612,094 | 32,408,731,877 |
| Depreciation for the year | 5,821,153,199 | 2,367,880,751 | 106,457,487 | 439,630,840 | 8,735,122,277 |
| Ending balance | 21,907,931,194 | 11,731,212,660 | 5,657,467,366 | 1,847,242,934 | 41,143,854,154 |
| Net carrying amount: | | | | | |
| Beginning balance | 12,734,715,239 | 7,722,232,727 | 106,457,487 | 366,927,499 | 20,930,332,952 |
| Ending balance | 616,315,471,307 | 30,841,515,063 | - | 6,691,529,772 | 653,848,516,142 |

Assets and the operation benefits arising from the La Vela Saigon Hotel of the Terra Royal Project, Ho Chi Minh City, were pledged to obtain the loans from a commercial bank (Note 22).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
as at 31 December 2020 and for the year ended then ended

12. INTANGIBLE FIXED ASSETS

| | VND | | |
|----------------------------------|----------------------------|--------------------------|------------------------|
| | <i>Land use rights (*)</i> | <i>Computer software</i> | <i>Total</i> |
| Cost: | | | |
| Beginning balance | 37,923,695,258 | 213,700,000 | 38,137,395,258 |
| Increase | 437,287,378,152 | 491,980,000 | 437,779,358,152 |
| Ending balance | <u>475,211,073,410</u> | <u>705,680,000</u> | <u>475,916,753,410</u> |
| Accumulated amortisation: | | | |
| Beginning balance | - | 80,466,388 | 80,466,388 |
| Amortisation for the year | 1,764,726,459 | 60,597,594 | 1,825,324,053 |
| Ending balance | <u>1,764,726,459</u> | <u>141,063,982</u> | <u>1,905,790,441</u> |
| Net carrying amount: | | | |
| Beginning balance | <u>37,923,695,258</u> | <u>133,233,612</u> | <u>38,056,928,870</u> |
| Ending balance | <u>473,446,346,951</u> | <u>564,616,018</u> | <u>474,010,962,969</u> |

(*) The land use rights at No. 106, Ly Chinh Thang Street, District 3, Ho Chi Minh City; No. 16 Nguyen Dinh Chieu Street, Da Kao Ward, District 1, Ho Chi Minh City and No. 20 Nguyen Binh Khiem Street, Da Kao Ward, District 1, Ho Chi Minh City with carrying amount of VND 205,435,476,570; VND 26,471,477,820 and VND 11,101,600,430, respectively, were pledged to obtain the loans from commercial banks (Note 22).

Land use rights of the La Vela Saigon Hotel of the Terra Royal Project, Ho Chi Minh City, were pledged to obtain the loans from a commercial bank (Note 22).

13. INVESTMENT PROPERTIES

| | VND |
|--|-------------------------------|
| | <i>Land and buildings (*)</i> |
| Cost: | |
| Beginning balance | 67,077,080,348 |
| Transfer from construction in progress | 748,665,096,778 |
| Ending balance | <u>815,742,177,126</u> |
| Accumulated depreciation: | |
| Beginning balance | 25,271,683,989 |
| Depreciation for the year | 18,038,549,081 |
| Ending balance | <u>43,310,233,070</u> |
| Net carrying amount: | |
| Beginning balance | <u>41,805,396,359</u> |
| Ending balance | <u>772,431,944,056</u> |

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
as at 31 December 2020 and for the year ended then ended

13. INVESTMENT PROPERTIES (continued)

The fair value of the investment properties had not yet been formally assessed and determined as at 31 December 2020. However, given that these properties are currently leased out and generating income, it is management's assessment that these properties' market values are still higher than their carrying value at the consolidated balance sheet date.

(*) Including in the land and buildings, land use rights and associated assets of An Khang ground, An Phu An Khanh Town, An Phu Ward, Thu Duc District, Ho Chi Minh City were pledged to obtain the loan from a commercial bank (Note 22).

Land use rights and associated assets of 482.4 square meters at No. 531 Nguyen Duy Trinh Street, Binh Trung Dong Ward, Thu Duc District, Ho Chi Minh City were pledged to obtain the loans from a commercial bank (Note 22).

Land use rights, future assets and the operation benefits arising from the commercial areas of the Terra Royal Project, Ho Chi Minh City, were pledged to obtain the loans from a commercial bank (Note 22).

Revenue and expense relating to investment properties

| | Ending balance | Beginning balance |
|---|-----------------------------|-----------------------------|
| Rental income generating from leasing of investment properties (Note 25.1) | 27,801,701,185 | 9,536,395,223 |
| Direct operating expenses of investment properties that generated rental income during the year | <u>(18,038,549,081)</u> | <u>(3,465,075,090)</u> |
| NET | <u>9,763,152,104</u> | <u>6,071,320,133</u> |

14. CONSTRUCTION IN PROGRESS

| | Ending balance | Beginning balance |
|---|-----------------------------|---------------------------------|
| Electronic gaming machines waiting for installation | 3,243,590,594 | - |
| Terra Royal project | | |
| Construction expenses | - | 789,965,341,776 |
| Land use rights | - | 522,268,186,277 |
| Interest expenses | - | 164,891,788,966 |
| TOTAL | <u>3,243,590,594</u> | <u>1,477,125,317,019</u> |

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
as at 31 December 2020 and for the year ended then ended

15. LONG-TERM INVESTMENTS

| | VND | |
|---|------------------------------|------------------------------|
| | <i>Ending balance</i> | <i>Beginning balance</i> |
| Investment in an associate (Note 15.1) | 18,282,424,625 | 18,824,699,298 |
| Investment in other entities (Note 15.2) | 58,916,500,000 | 59,105,320,000 |
| Held-to-maturity investment (*) | 500,000,000 | 500,000,000 |
| Provision for diminution in long-term investments (Note 15.2) | <u>(8,925,000,000)</u> | <u>(8,925,000,000)</u> |
| TOTAL | <u>68,773,924,625</u> | <u>69,505,019,298</u> |

(*) 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.

15.1 Investment in an associate

| | <u>Ending and beginning balances</u> | |
|---|--------------------------------------|------------------------|
| | <i>% ownership</i> | <i>% voting rights</i> |
| Long Binh Construction - Trading - Producing Joint Stock Company ("LB") | <u>36.36</u> | <u>36.36</u> |

Details of investment in an associate are presented as follows:

| | VND |
|---|------------------------|
| | LB |
| Cost of investment: | |
| Beginning and ending balances | <u>21,000,000,000</u> |
| Accumulated share in post-acquisition loss of the associate: | |
| Beginning balance | (2,175,300,702) |
| Shares of loss from an associate | (142,274,673) |
| Dividend declared | <u>(400,000,000)</u> |
| Ending balance | <u>(2,717,575,375)</u> |
| Net carrying amount: | |
| Beginning balance | <u>18,824,699,298</u> |
| Ending balance | <u>18,282,424,625</u> |

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
as at 31 December 2020 and for the year ended then ended

15. LONG-TERM INVESTMENTS (continued)

15.2 Investment 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 Dai Phu Loc | 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 |
| Project Investment Company Limited Bac Trung Nam Housing | 16,350,000,000 | - | 16,350,000,000 | 16,350,000,000 | - | 16,350,000,000 | - | 5.00 |
| Development Joint Stock Company Saigon Mangden | 5,466,500,000 | - | 5,466,500,000 | 5,466,500,000 | - | 5,466,500,000 | 54,665 | 10.93 |
| Joint Stock Company Van Dien Fused Magnesium Phosphate Fertilizer Joint Stock Company | 3,100,000,000 | - | 3,100,000,000 | 3,100,000,000 | - | 3,100,000,000 | 310,000 | 1.61 |
| TOTAL | 58,916,500,000 | (8,925,000,000) | 49,991,500,000 | 59,105,320,000 | (8,925,000,000) | 50,180,320,000 | 18,882 | 0.06 |

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
as at 31 December 2020 and for the year ended then ended

16. BORROWING COSTS

| | VND | |
|-------------------------------------|------------------------------|------------------------------|
| | Ending balance | Beginning balance |
| Capitalized in real estate projects | 44,228,059,709 | 87,233,532,466 |
| Interest expense (Note 27) | 30,731,038,758 | 4,972,515,949 |
| TOTAL | <u>74,959,098,467</u> | <u>92,206,048,415</u> |

17. SHORT-TERM TRADE PAYABLES

| | VND | |
|---|-------------------------------|------------------------------|
| | Ending balance | Beginning balance |
| Trade payables to other parties | 117,036,181,038 | 76,076,538,144 |
| <i>Phu Phu Suong Trading and Services Company Limited</i> | 15,673,597,840 | 5,605,483,010 |
| <i>Nguyen Khang Electrical Technology Trading Company Limited</i> | 15,078,506,665 | 17,227,767,917 |
| <i>Phu Phu Bao Trading and Services Company Limited</i> | 10,926,455,574 | 4,829,244,754 |
| <i>Others</i> | 75,357,620,959 | 48,414,042,463 |
| Trade payables to a related party (Note 32) | 1,560,654,545 | 1,560,654,545 |
| TOTAL | <u>118,596,835,583</u> | <u>77,637,192,689</u> |

18. 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 | |
|---|-------------------------------|---------------------------------|
| | Ending balance | Beginning balance |
| Short-term | 603,605,182,687 | 966,647,452,757 |
| Terra Royal Project | 536,334,791,293 | 897,374,220,085 |
| The Stars Village, Long Thoi - Nha Be Project | 21,605,674,657 | 28,846,246,059 |
| Lot 6, 7 & 8 - 6B Project | 17,696,668,400 | 8,622,136,300 |
| Terra Flora Project | 13,967,782,728 | - |
| Cua Lap Project | - | 18,500,000,000 |
| Other projects | 14,000,265,609 | 13,304,850,313 |
| Long-term | 149,015,465,569 | 160,266,641,569 |
| 6A Project | 109,530,829,000 | 109,530,829,000 |
| Lot 6, 7 & 8 - 6B Project | 24,488,018,700 | 24,488,018,700 |
| Binh Trung Dong - District 2 Project | 8,601,378,000 | 8,601,378,000 |
| Terra Flora Project | - | 11,251,176,000 |
| Other projects | 6,395,239,869 | 6,395,239,869 |
| TOTAL | <u>752,620,648,256</u> | <u>1,126,914,094,326</u> |
| <i>In which:</i> | | |
| <i>Other parties</i> | 672,457,648,256 | 1,113,914,094,326 |
| <i>Related parties (Note 32)</i> | 80,163,000,000 | 13,000,000,000 |

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
as at 31 December 2020 and for the year ended then ended

19. STATUTORY OBLIGATIONS

| | <i>Beginning balance</i> | <i>Increase</i> | <i>Decrease</i> | <i>VND Ending balance</i> |
|-------------------------|------------------------------|------------------------------|--------------------------------|-----------------------------------|
| Corporate income tax | 14,112,448,107 | 46,150,837,158 | (19,282,424,530) | 40,980,860,735 |
| Value-added tax | 17,019,637,895 | 44,562,836,731 | (37,704,111,700) | 23,878,362,926 |
| Personal income tax | 940,778,211 | 2,349,281,063 | (2,091,343,899) | 1,198,715,375 |
| Other taxes | 1,225,877,790 | 4,342,975,921 | (3,726,804,728) | 1,842,048,983 |
| TOTAL | <u>33,298,742,003</u> | <u>97,405,930,873</u> | <u>(62,804,684,857)</u> | <u>67,899,988,019</u> |

20. SHORT-TERM ACCRUED EXPENSES

| | <i>Ending balance</i> | <i>VND Beginning balance</i> |
|---|-------------------------------|----------------------------------|
| Cost to complete of Terra Royal Project | 301,980,115,542 | 95,257,069,125 |
| Penalty for late payment | 37,029,639,910 | 37,029,639,910 |
| Interest expense | 23,421,460,070 | 2,351,526,178 |
| Others | 1,896,459,956 | 3,087,867,501 |
| TOTAL | <u>364,327,675,478</u> | <u>137,726,102,714</u> |

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
as at 31 December 2020 and for the year ended then ended

21. OTHER PAYABLES

| | VND | |
|--|-------------------------------|------------------------------|
| | <i>Ending balance</i> | <i>Beginning balance</i> |
| Short term | 286,029,889,246 | 55,036,396,400 |
| Deposit for business cooperation contracts (*) | 127,220,500,000 | - |
| Deposits for land sale of Sabinco Project (**) | 117,595,661,000 | - |
| Maintenance fees of Terra Royal Project | 26,145,415,000 | 5,971,809,000 |
| Other deposits | 5,113,788,000 | 3,602,656,000 |
| Dividends payable | 3,607,929,108 | 37,810,489,758 |
| Others | 6,346,596,138 | 7,651,441,642 |
| Long-term | 27,467,375,660 | 27,500,857,660 |
| Deposits received for leasing contract | 27,467,375,660 | 27,500,857,660 |
| TOTAL | <u>313,497,264,906</u> | <u>82,537,254,060</u> |

(*) This amount represents deposit received for Business Cooperation Contract dated 30 November 2019 with Charlieone Vietnam Company Limited ("Charlieone") of VND 127,220,500,000 to co-develop and operate the electronic gaming area for foreigners in La Vela Saigon Hotel. Profit after tax from the operation this area will be distributed to the Company and Charlieone at the ratio of 25% and 75%, respectively, with the distribution to the Company not lower than USD 40,000 per month.

(**) Including in deposits for land sales of Sabinco Project, there is a deposit received from Cho Lon Real Estate Joint Stock Company ("Cho Lon") of VND 98,270,861,000 in accordance with the Deposit contract No. 04/HDDC/SGBD dated 27 July 2020 for the purchase of 46 land lots of Sabinco Project. As Cho Lon has option not to execute the purchase and receive back the deposit with interest at the rate of 13% p.a., the Group has prudently accrued interest expenses on this deposit.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
as at 31 December 2020 and for the year ended then ended

22. LOANS

| | Beginning balance | Drawdown | Repayment | Reclassification | Ending balance |
|--|------------------------|------------------------|--------------------------|--------------------------|------------------------|
| | | | | | VND |
| Short-term | 666,365,042,509 | 120,778,869,881 | (384,232,962,788) | 140,000,000,000 | 542,910,949,602 |
| Bank loans (Note 22.1) | 376,015,042,509 | 109,778,869,881 | (239,415,042,509) | - | 246,378,869,881 |
| Current portion of long-term loans (Note 22.2) | 235,000,000,000 | - | (142,017,920,279) | 140,000,000,000 | 232,982,079,721 |
| Loans from individuals (Note 22.3) | 55,350,000,000 | 7,500,000,000 | (2,800,000,000) | - | 60,050,000,000 |
| Loans from related party (Note 22.4 and 32) | - | 3,500,000,000 | - | - | 3,500,000,000 |
| Long-term | 160,000,000,000 | 265,423,047,000 | - | (140,000,000,000) | 285,423,047,000 |
| Bank loans (Note 22.2) | 160,000,000,000 | 265,423,047,000 | - | (140,000,000,000) | 285,423,047,000 |
| TOTAL | 826,365,042,509 | 386,201,916,881 | (384,232,962,788) | - | 828,333,996,602 |

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
as at 31 December 2020 and for the year ended then ended

22. LOANS (continued)

22.1 Details of short-term bank loans are as follows:

| Lenders | Ending balance | Principal repayment term | Purpose | Interest rate % p.a. | Description of collateral |
|--|---------------------|---|---|----------------------|--|
| Ho Chi Minh City Development Joint Stock Commercial Bank | | | | | |
| Loan Contract No.23752/19MN/HĐTD dated 31 Jul 2019 | 100,000,000,000 VND | 8 August 2021 | To finance Terra Royal project | 11.4 | <ul style="list-style-type: none"> Receivables arising from land lots sale contract at Long Thoi - Nha Be project (Note 5) Land use rights and associate assets at No. 106 Ly Chinh Thang Street, District 3, Ho Chi Minh City (Note 12) Land use rights, associated assets and benefits arising from Terra Royal project (Note 9, 12 and 13) |
| Joint Stock Commercial Bank for Investment and Development of Vietnam | | | | | |
| Loan Contract No. 01/2019/93512/HĐTD | 65,488,869,881 | From 18 November 2021 to 29 November 2021 | To finance real estate projects and working capital | 10 | <ul style="list-style-type: none"> Land use rights of 10,473 square meters at Long Phuoc, Thu Duc District, Ho Chi Minh City (Note 9) Land and buildings, land use rights and associated assets at An Khang ground, An Phu An Khanh Town, Thu Duc City, Ho Chi Minh (Note 13) Land use rights of 24,673 square meters at Long Thoi - Nhon Duc - Nha Be, Ho Chi Minh City (Note 9) |
| Loan Contract No. 02/2020/11884944/HĐTD | 10,000,000,000 VND | 22 September 2021 | To finance working capital | 8.5 | <ul style="list-style-type: none"> Real estate at No. 213 and No. 215, 9A Street, Trung Son Residential area, Hamlet 4B, Binh Hung Commune, Binh Chanh District, Ho Chi Minh City (Assets owned by the General Director to guarantee the Company's loans) Real estate at No. 76 Le Van Sy, Ward 11, Phu Nhuan District, Ho Chi Minh City (Assets owned by the General Director to guarantee the Company's loans) |

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
as at 31 December 2020 and for the year ended then ended

21. LOANS (continued)

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

| Lenders | Ending balance | Principal repayment term | Purpose | Interest rate % p.a. | Description of collateral |
|---|------------------------|--|--|-------------------------|---|
| | VND | | | | |
| Lien Viet Post Joint Stock Commercial Bank | | | | | |
| Loan Contract No. HDTD5002019292 dated 29 July 2019 | 50,890,000,000 | From 24 August 2021 to 10 September 2021 | To finance real estate projects and working capital | 9.4 | <ul style="list-style-type: none"> Land use rights and associate assets at No. 16 Nguyen Dinh Chieu Street, Da Kao Ward, District 1, Ho Chi Minh City (Note 12) Land use rights and associated assets of Block A and B, An Khang department, An Phu An Khanh Town, An Phu Ward, Thu Duc District, Ho Chi Minh City (Notes 13) |
| Vietnam Bank for Agriculture and Rural Development | | | | | |
| Loan Contract No. 6220-LAV-201900754 dated 11 October 2019 | 20,000,000,000 | 26 October 2021 | To finance Terra Royal project | 9 | <ul style="list-style-type: none"> Land use rights and associate assets at No. 20 Nguyen Binh Khiem Street, Da Kao Ward, District 1, Ho Chi Minh City (Note 12) Land use rights and associated assets of 482,4 square meters at No. 531 Nguyen Duy Trinh Street, Binh Trung Dong Ward, Thu Duc District, Ho Chi Minh City (Note 13) Land use rights of 126,112 square meters at Long Phuoc Ward, Thu Duc District, Ho Chi Minh City (Note 9) Land use rights of 25,727 square meters at Long Thoi Ward, Nha Be District, Ho Chi Minh City (Notes 9) |
| TOTAL | 246,378,869,881 | | | | |

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
as at 31 December 2020 and for the year ended then ended

22. LOANS (continued)

22.2 Details of long-term bank loans are as follows:

| Lenders | Ending balance VND | Principal repayment term | Purpose | Interest rate % p.a. | Description of collateral |
|--|-----------------------|---|--------------------------------------|----------------------------|--|
| Ho Chi Minh City Development Joint Stock Commercial Bank | | | | | |
| Loan Contract No. 15893/20MN/HDTD | 225,423,047,000 | From 24 January 2022 to 24 July 2023 | To finance Sabinco project | 12 | <ul style="list-style-type: none"> 19,296,000 shares of Saigon Binh Duong Joint Stock Company of Investment and Trading of Real Estate Joint Stock Company Land use rights, associated assets and benefits arising from Sabinco Project |
| Loan Contract No. 1555/19MN/HDTD | 88,100,000,000 | 30 March 2021 | To finance Terra Royal project | 11 | <ul style="list-style-type: none"> Receivables arising from sale contract at Long Thoi - Nhon Duc - Nha Be project (Note 5) |
| Loan Contract No. 04660/18MIN/HDTD | 69,882,079,721 | 12 April 2021 | | | <ul style="list-style-type: none"> Land use rights, associated assets and benefits arising from Terra Royal project (Note 9, 12 and 13) <ul style="list-style-type: none"> Land use rights and associate assets at No. 106, Ly Chinh Thang Street, District 3, Ho Chi Minh City (Note 12) |
| Vietnam Bank for Agricultural and Rural Development | | | | | |
| Loan Contract No. 6220-LAV-201800866 dated 26 October 2018 | 95,000,000,000 | 26 October 2021 | To finance Terra Royal project | 10.5 | <ul style="list-style-type: none"> Land use rights and associate assets at No. 20, Nguyen Binh Khiem Street, Da Kao Ward, District 1, Ho Chi Minh City (Note 12) Land use rights and associated assets of 482,4 square meters at No. 531, Nguyen Duy Trinh Street, Binh Trung Dong Ward, Thu Duc District, Ho Chi Minh City (Note 13) Land use rights of 126,112 square meters at Long Phuoc Ward, Thu Duc District, Ho Chi Minh City (Note 9) Land use rights of 25,727 square meters at Long Thoi Ward, Nha Be District, Ho Chi Minh City (Note 9) |

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

22.2 Details of long-term bank loans are as follows: (continued)

| Lenders | Ending balance | Principal repayment term | Purpose | Interest rate | Description of collateral |
|--|----------------|--------------------------|----------------------------|---------------|--|
| | VND | | | % p.a. | |
| Joint Stock Commercial Bank for Investment and Development of Vietnam | | | | | |
| Loan Contract No. 01/2020/11884944/HDTD | 40,000,000,000 | 22 September 2022 | To finance working capital | 10 | <ul style="list-style-type: none"> Real estate at No. 213 and No. 215, 9A Street, Trung Son Residential area, Hamlet 4B, Binh Hung commune, Binh Chanh District, Ho Chi Minh City (Assets owned by the General Director to guarantee the Company's loans) Real estate at No. 76 Le Van Sy, Ward 11, Phu Nhuan District, Ho Chi Minh City (Assets owned by the General Director to guarantee the Company's loans) |

TOTAL

518,405,126,721

In which:

Current portion

232,982,079,721

Long-term loan

285,423,047,000

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
as at 31 December 2020 and for the year ended then ended

22. LOANS (continued)

22.3 Details of loans from individuals are as follows:

| Lenders | Ending balance VND | Principal repayment term | Purpose | Interest rate % p.a. | Description of collateral |
|--|-----------------------|-----------------------------|--|----------------------------|---------------------------|
| Ms. Le Thi Tram Anh (Note 32) | | | | | |
| Loan contract No.1080/ĐTKDN/HĐVV dated 10 October 2019 | 32,500,000,000 | 30 June 2021 | To finance Terra Royal project | 5.4 | Unsecured |
| Loan contract dated 20 August 2018 | 11,200,000,000 | 30 June 2021 | To finance Terra Royal project | 5.4 | Unsecured |
| Mr. Mai Hai Son | | | | | |
| Loan contract No. 03/HĐVV dated 27 June 2019 | 16,350,000,000 | 30 June 2021 | To invest in Dai Phu Loc Project Investment Company Limited | 0 | Unsecured |
| TOTAL | 60,050,000,000 | | | | |

22.4 Details of loan from a related party are as follows:

| Lenders | Ending balance VND | Principal repayment term | Purpose | Interest rate % p.a. | Description of collateral |
|--|-----------------------|-----------------------------|-------------------------|----------------------------|---------------------------|
| Future Architectures Design Joint Stock Company (Note 32) | | | | | |
| Loan contract No. 1 | 3,500,000,000 | 17 March 2021 | Finance working capital | 5.4 | Unsecured |

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
as at 31 December 2020 and for the year ended then ended

23. BONUS AND WELFARE FUND

| | <i>Current year</i> | <i>Previous year</i> |
|--|------------------------|------------------------|
| | | <i>VND</i> |
| Beginning balance | 7,738,859,288 | 332,694,435 |
| Transfer from undistributed earnings of current year | 2,334,448,510 | 8,052,949,443 |
| Transfer from profit attributable to non- controlling interests | - | 1,132,665,410 |
| Utilization for the year | <u>(1,771,281,600)</u> | <u>(1,779,450,000)</u> |
| Ending balance | <u>8,302,026,198</u> | <u>7,738,859,288</u> |

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
as at 31 December 2020 and for the year ended then ended

24. OWNERS' EQUITY

24.1 Increase and decrease in owners' equity

| | Share capital | Share premium | Treasury shares | Investment and development fund | Other owners' capital | Undistributed earnings | Total |
|--|-----------------|-----------------|-----------------|---------------------------------|-----------------------|------------------------|-------------------|
| For the year ended 31 December 2019 | | | | | | | |
| 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 |

For the year ended 31 December 2020

| | | | | | | | |
|-------------------------|-----------------|-----------------|-----------------|----------------|---------------|-------------------|-------------------|
| Beginning 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 |
| Share issuance (*) | 106,396,060,000 | - | - | - | - | (106,396,060,000) | - |
| Net profit for the year | - | - | - | - | - | 141,457,510,417 | 141,457,510,417 |
| Fund appropriation | - | - | - | 5,492,348,454 | - | (7,826,796,964) | (2,334,448,510) |
| Other decrease | - | - | - | - | - | (1,127,661,996) | (1,127,661,996) |
| Ending balance | 797,262,940,000 | 748,683,126,824 | (9,825,117,611) | 75,506,408,855 | 2,987,605,855 | 178,776,930,662 | 1,793,391,894,585 |

(*) In accordance with the Annual General Meeting Resolution No. 01/NQ-ĐHĐCĐ dated 25 April 2019 and the Board of Director's Resolution No. 06/QĐ-HĐQT dated 9 March 2020, the Group issued 3,432,115 shares to pay the second part of dividend of 2018 to its existing shareholders. In accordance with the Board of Director's Resolution No. 15/QĐ-HĐQT dated 16 October 2020, the Group issued 7,207,844 shares to pay the first part of dividend of 2019 to its existing shareholders.

Accordingly, the Group's registered share capital was increased from VND 690,866,880,000 to VND 797,262,940,000, as approved in the 13th amended ERC No. 4103000250 issued by the Department of Planning and Investment of Ho Chi Minh City on 21 December 2020.

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as at 31 December 2020 and for the year ended then ended

24. OWNERS' EQUITY (continued)

24.2 Capital transactions with owners and distribution of dividends and profits

| | VND | |
|---------------------------|------------------------|------------------------|
| | Current year | Previous year |
| Contributed share capital | 690,866,880,000 | 690,866,880,000 |
| Share issuance | <u>106,396,060,000</u> | <u>-</u> |
| Ending balance | <u>797,262,940,000</u> | <u>690,866,880,000</u> |
| Dividends declared | 106,396,060,000 | 34,323,164,000 |
| Dividends paid | 34,202,560,650 | 68,393,276,947 |

24.3 Shares - ordinary shares

| | <u>Ending balance</u> | | <u>Beginning balance</u> | |
|----------------------------------|-----------------------|-----------------|--------------------------|-----------------|
| | Quantity | Amount VND | Quantity | Amount VND |
| Authorized shares | 79,726,294 | 797,262,940,000 | 69,086,688 | 690,866,880,000 |
| Issued shares | | | | |
| <i>Issued and paid-up shares</i> | | | | |
| <i>Ordinary shares</i> | 79,726,294 | 797,262,940,000 | 69,086,688 | 690,866,880,000 |
| Treasury shares | | | | |
| <i>Ordinary shares</i> | 440,360 | 9,825,117,611 | 440,360 | 9,825,117,611 |
| Shares in circulation | | | | |
| <i>Ordinary shares</i> | 79,285,934 | 787,437,822,389 | 68,646,328 | 681,041,762,389 |

The par value of each outstanding share is VND 10,000. The holders of the ordinary shares are entitled to receive dividends as and when declared by the Group. Each ordinary share carries one vote per share without restriction.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
as at 31 December 2020 and for the year ended then ended

24. OWNERS' EQUITY (continued)

24.4 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:

| | <i>Current year</i> | <i>Previous year (Adjusted)</i> |
|---|---------------------|-------------------------------------|
| Net profit after tax (VND) | 141,457,510,417 | 116,722,425,483 |
| Transfer to bonus and welfare fund (*) | - | (2,334,448,510) |
| Net profit attributable to ordinary equity holders of the Company (VND) | 141,457,510,417 | 114,387,976,973 |
| Weighted average number of ordinary shares in circulation (shares) | 79,726,294 | 79,726,294 |
| Basic earnings per share (VND/share) | 1,774 | 1,435 |
| Diluted earnings per share (VND/share) | 1,774 | 1,435 |

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 2019 was restated following the actual allocation to bonus and welfare funds from 2019 retained earnings as approved in the Shareholders Meeting's Resolution dated 30 June 2020.

Net profit used to compute earnings per share for the year ended 31 December 2020 was not adjusted for distribution to bonus and welfare funds from 2020 profit as the Shareholders Meeting's Resolution is not yet available.

24.5 Non-controlling interests

| | <i>Non-controlling interests in subsidiaries</i> | | | <i>VND</i> |
|--|--|------------------------|-----------------------|------------------------|
| | <i>IC</i> | <i>SGBD</i> | <i>Royal</i> | <i>Total</i> |
| As at 31 December 2020 | | | | |
| 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 | (5,006,047,056) | (5,611,467,174) | (3,331,781,748) | (13,949,295,978) |
| TOTAL | 1,890,234,700 | 101,428,532,826 | 46,668,218,252 | 149,986,985,778 |
| For the year ended 31 December 2020 | | | | |
| Profit (loss) for the year | 253,192,457 | (2,120,902,794) | (3,424,349,207) | (5,292,059,544) |

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
as at 31 December 2020 and for the year then ended

25. REVENUE

25.1 Revenue from sale of goods and rendering of services

| | VND | |
|---|-------------------------------|-------------------------------|
| | Current year | Previous year |
| Gross revenue | <u>925,847,655,485</u> | <u>451,076,374,639</u> |
| <i>Of which:</i> | | |
| <i>Sale of real estate properties</i> | 729,344,642,677 | 361,387,719,269 |
| <i>Revenue from construction contracts</i> | 124,980,822,848 | 75,481,274,384 |
| <i>Revenue from hospitality services</i> | 32,179,307,161 | - |
| <i>Revenue from rental services</i> | 32,116,272,137 | 9,536,395,223 |
| <i>Revenue from other services</i> | 7,226,610,662 | 4,670,985,763 |
| Less | (4,314,570,952) | - |
| Sales allowance | <u>(4,314,570,952)</u> | <u>-</u> |
| Net revenue | <u>921,533,084,533</u> | <u>451,076,374,639</u> |
| <i>Of which:</i> | | |
| <i>Sale of real estate properties</i> | 729,344,642,677 | 361,387,719,269 |
| <i>Revenue from construction contracts</i> | 124,980,822,848 | 75,481,274,384 |
| <i>Revenue from hospitality services</i> | 32,179,307,161 | - |
| <i>Revenue from rental services (Note 13)</i> | 27,801,701,185 | 9,536,395,223 |
| <i>Revenue from other services</i> | 7,226,610,662 | 4,670,985,763 |

25.2 Finance income

| | VND | |
|-----------------|-----------------------------|-----------------------------|
| | Current year | Previous year |
| Interest income | 2,588,394,911 | 6,907,907,701 |
| Others | <u>113,624,327</u> | <u>19,531,275</u> |
| TOTAL | <u>2,702,019,238</u> | <u>6,927,438,976</u> |

26. COSTS OF GOODS SOLD AND SERVICES RENDERED

| | VND | |
|--------------------------------|-------------------------------|-------------------------------|
| | Current year | Previous year |
| Cost of real estate properties | 452,034,993,295 | 234,339,966,016 |
| Cost of construction services | 94,483,111,534 | 54,127,405,123 |
| Cost of hospitality services | 40,310,470,452 | - |
| Cost of rental services | 29,464,600,462 | 3,465,075,090 |
| Cost of other services | <u>5,900,545,997</u> | <u>2,557,053,289</u> |
| TOTAL | <u>622,193,721,740</u> | <u>294,489,499,518</u> |

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
as at 31 December 2020 and for the year then ended**27. FINANCE EXPENSES**

| | VND | |
|------------------|------------------------------|-----------------------------|
| | <i>Current year</i> | <i>Previous year</i> |
| Interest expense | 30,731,038,758 | 4,972,515,949 |
| Others | <u>2,889,380</u> | <u>271</u> |
| TOTAL | <u>30,733,928,138</u> | <u>4,972,516,220</u> |

28. SELLING EXPENSES AND GENERAL AND ADMINISTRATIVE EXPENSES

| | VND | |
|--|------------------------------|------------------------------|
| | <i>Current year</i> | <i>Previous year</i> |
| Selling expenses | 16,840,573,165 | 7,918,963,917 |
| Sale commission | 15,374,898,753 | 7,875,363,917 |
| Others | 1,465,674,412 | 43,600,000 |
| General and administrative expenses | 39,279,769,857 | 32,161,971,690 |
| Labour costs | 23,662,275,618 | 17,419,126,467 |
| External service fee | 12,461,632,195 | 7,182,630,451 |
| Depreciation expense | 1,493,834,988 | 1,276,428,877 |
| (Reversal of) provision doubtful debt | (3,710,000,000) | 564,033,399 |
| Others | <u>5,372,027,056</u> | <u>5,719,752,496</u> |
| TOTAL | <u>56,120,343,022</u> | <u>40,080,935,607</u> |

29. OTHER INCOME AND EXPENSES

| | VND | |
|--|--------------------------------|-----------------------------|
| | <i>Current year</i> | <i>Previous year</i> |
| Other income | 16,838,719,831 | 24,854,412,697 |
| Proceeds from written-off of payable | 13,032,919,681 | 4,571,555,501 |
| Penalty for contract violation | 2,161,232,850 | 3,422,840,727 |
| Reversal of project warranty provision | 1,611,886,026 | 12,619,591,146 |
| Others | 32,681,274 | 4,240,425,323 |
| Other expenses | (52,136,942,195) | (25,336,597,996) |
| Tax penalties | (37,464,837,366) | (17,231,885,069) |
| Expenses of utilities at projects | (12,524,015,092) | - |
| Expenses of written-off of payable | - | (3,412,956,790) |
| Others | <u>(2,148,089,737)</u> | <u>(4,691,756,137)</u> |
| NET OTHER LOSS | <u>(35,298,222,364)</u> | <u>(482,185,299)</u> |

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
as at 31 December 2020 and for the year then ended

30. PRODUCTION AND OPERATING COSTS

| | VND | |
|--|-------------------------------|-------------------------------|
| | <i>Current year</i> | <i>Previous year</i> |
| Project development costs | 452,034,993,295 | 214,157,204,828 |
| External service fee | 125,927,400,162 | 61,310,035,574 |
| Labour costs | 30,692,872,325 | 17,419,126,467 |
| Depreciation and amortisation (Notes 11, 12 and 13) | 28,598,995,411 | 5,479,225,526 |
| Sales commission | 15,374,898,753 | 7,875,363,917 |
| Others | 25,684,904,816 | 8,146,717,625 |
| TOTAL | <u>678,314,064,762</u> | <u>314,387,673,937</u> |

31. 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.

31.1 CIT expense

| | VND | |
|---|------------------------------|-----------------------------|
| | <i>Current year</i> | <i>Previous year</i> |
| Current tax expense | 44,643,658,349 | 9,671,895,767 |
| Adjustment for under accrual of tax from prior years | 1,507,178,809 | - |
| Deferred tax income | <u>(2,569,674,197)</u> | <u>(5,327,118,749)</u> |
| TOTAL | <u>43,581,162,961</u> | <u>4,344,777,018</u> |

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

| | VND | |
|--|-------------------------------|-------------------------------|
| | <i>Current year</i> | <i>Previous year</i> |
| Accounting profit before tax | <u>179,746,613,834</u> | <u>117,899,322,236</u> |
| At CIT rate applied for the Company | 34,044,693,743 | 23,579,864,447 |
| <i>Adjustments:</i> | | |
| Non-deductible expenses | 4,823,497,357 | 4,546,634,936 |
| Share of profits from associates | 28,454,935 | 15,870,947 |
| Adjustment for under accrual of tax from prior years | 1,507,178,809 | - |
| Unrecognised deferred tax asset on tax losses carried forward | 2,987,769,666 | (23,625,265,585) |
| Others | <u>189,568,451</u> | <u>(172,327,727)</u> |
| CIT expense | <u>43,581,162,961</u> | <u>4,344,777,018</u> |

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
as at 31 December 2020 and for the year then ended

31. CORPORATE INCOME TAX (continued)

31.2 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.

31.3 Deferred tax

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

| | VND | | | |
|---------------------------------------|---------------------------------------|------------------------------|--|-----------------------------|
| | <i>Consolidated balance sheet</i> | | <i>Consolidated income statement</i> | |
| | <i>Ending balance</i> | <i>Beginning balance</i> | <i>Current year</i> | <i>Previous year</i> |
| Unrealised profit | 20,919,298,560 | 18,354,098,963 | 2,565,199,597 | 5,339,114,349 |
| Accrual for severance pay | 195,075,000 | 190,600,400 | 4,474,600 | (11,995,600) |
| Deferred income tax assets | <u>21,114,373,560</u> | <u>18,544,699,363</u> | | |
| Net deferred tax income | | | <u>2,569,674,197</u> | <u>5,327,118,749</u> |

32. TRANSACTIONS WITH RELATED PARTIES

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

| <i>Related party</i> | <i>Relationship</i> | <i>Transaction</i> | VND | |
|---|-------------------------|------------------------------------|---------------------|----------------------|
| | | | <i>Current year</i> | <i>Previous year</i> |
| Ms. Le Thi Tram Anh | Related party | Advance for purchase of apartments | 48,978,000,000 | 9,000,000,000 |
| | | Loan drawdown | 7,500,000,000 | 30,000,000,000 |
| | | Loan repayment | 2,800,000,000 | 5,000,000,000 |
| | | Loan interest | 2,266,476,162 | 1,106,358,904 |
| | | | | |
| Mr. Truong Minh Dat | Related party | Advance for purchase of apartments | 18,185,000,000 | - |
| Member of Board of Directors | General Director | Advance | 2,200,000,000 | 56,850,000,000 |
| Future Architectural Design Joint Stock Company Limited | Significant shareholder | Design service fees | - | 7,689,405,379 |

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
as at 31 December 2020 and for the year then ended

32. TRANSACTIONS WITH RELATED PARTIES (continued)

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

| <i>Related parties</i> | <i>Relationship</i> | <i>Nature of transaction</i> | <i>Ending balance</i> | <i>VND Beginning balance</i> |
|---|-------------------------|------------------------------|------------------------------|----------------------------------|
| Short-term trade receivable | | | | |
| Ms. Le Thi Tram Anh | Related party | Purchase land lots | <u>4,101,231,043</u> | <u>4,101,231,043</u> |
| Short-term loan receivable | | | | |
| Ms. Truong Minh Nguyet | Related party | Loan | <u>46,400,000,000</u> | <u>48,900,000,000</u> |
| Short-term advance to suppliers | | | | |
| Future Architectures Design Joint Stock Company | Significant shareholder | Design service fee | 35,906,853,086 | 31,041,200,134 |
| Long Binh Joint Stock Company | Associate | Compensation for land | <u>11,000,000,000</u> | <u>15,000,000,000</u> |
| | | | <u>46,906,853,086</u> | <u>46,041,200,134</u> |
| Other short-term receivables | | | | |
| Member of Board of Directors | General Director | Advance | 59,050,000,000 | 56,850,000,000 |
| Ms. Truong Minh Nguyet | Related party | Interest income | <u>3,057,030,140</u> | - |
| | | | <u>62,107,030,140</u> | <u>56,850,000,000</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> |
| Advance from customers | | | | |
| Ms. Le Thi Tram Anh | Related party | Purchase apartments | 61,978,000,000 | 13,000,000,000 |
| Mr. Truong Minh Dat | Related party | Purchase apartments | <u>18,185,000,000</u> | - |
| | | | <u>80,163,000,000</u> | <u>13,000,000,000</u> |
| Short-term loan | | | | |
| Ms. Le Thi Tram Anh | Related party | Loan | 43,700,000,000 | 39,000,000,000 |
| Future Architectures Design Joint Stock Company | Significant shareholder | Loan | 3,500,000,000 | - |
| | | | <u>47,200,000,000</u> | <u>39,000,000,000</u> |
| Short-term accrued expenses | | | | |
| Ms. Le Thi Tram Anh | Related party | Interest expense | <u>1,063,822,670</u> | <u>1,316,416,438</u> |

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
as at 31 December 2020 and for the year then ended

32. TRANSACTIONS WITH RELATED PARTIES (continued)

Remuneration to members of the Board of Directors and the General Director are as follows:

| | VND | |
|--------------------------------|-----------------------------|-----------------------------|
| | Current year | Previous year |
| Mr. Truong Minh Thuan | 1,154,342,000 | 1,225,025,000 |
| Mr. Nguyen Manh | 192,000,000 | 144,000,000 |
| Saigon Real estate Corporation | 290,078,291 | - |
| Ms. Dang Thi Ngoc Tuyen | 144,000,000 | 144,000,000 |
| Mr. Tran Huu Khanh | 144,000,000 | 144,000,000 |
| Ms. Nguyen Kim Hau | 72,000,000 | - |
| TOTAL | <u>1,996,420,291</u> | <u>1,657,025,000</u> |

33. CAPITAL COMMITMENT AND CONTINGENT LIABILITY

Capital commitment related to significant investment costs

At 31 December 2020, the Company had outstanding commitments of VND 487,683,119,447 (31 December 2019: VND 567,331,495,293) relating to the development of ongoing residential projects.

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



Truong Minh Thuan
General Director