

577 Investment Corporation

Consolidated financial statements

For the year ended 31 December 2019

577 Investment Corporation

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577 Investment Corporation

GENERAL INFORMATION

THE COMPANY

577 Investment Corporation (“the Company”) is a shareholding company incorporated under the Law on Enterprise of Vietnam pursuant to the Business Registration Certificate (“BRC”) No. 4103003556 issued by the Department of Planning and Investment of Ho Chi Minh City on 4 July 2005, and as amended.

The Company’s shares were officially listed on the Ho Chi Minh City Stock Exchange (“HOSE”) on 20 November 2008 with the stock code as NBB.

The principal activities as of the Company are to develop and trade real estate properties, to provide transportation and civil construction services, to invest infrastructure, to exploit and process mineral.

The Company’s registered head office is located at Carina Plaza Tower, 1648 Vo Van Kiet, Ward 16, District 8, Ho Chi Minh City, Viet Nam and 4 dependent accounting branches are as below:

- Binh Thuan Branch, registered at 47 Tran Hung Dao, Phu Thuy Ward, Phan Thiet City, Binh Thuan Province, Viet Nam.
- Tay Nam Branch, registered at C7 Shopping mall, Ba Trieu Street, Ward 3, Bac Lieu City, Bac Lieu Province, Viet Nam.
- Mien Bac Branch, registered at Group 1, Block 6, Bai Chay Ward, Ha Long City, Quang Ninh Province, Viet Nam.
- Quang Ngai Branch, registered at Truong Tho Dong Residential Group, Truong Quang Trong Ward, Quang Ngai City, Quang Ngai Province, Viet Nam.

BOARD OF DIRECTORS

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

Mr Doan Tuong Trieu	Chairman	
Mr Mai Thanh Truc	Member	
Mr Hoang Huu Tuong	Member	resigned on 28 August 2019
Mr Nguyen Phi Thuong	Member	
Mr Hoang Thanh Tung	Member	
Mr Luu Hai Ca	Member	

BOARD OF SUPERVISION

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

Ms Nguyen Quynh Huong	Head
Mr Vo Hoang Chuong	Member
Mr Nguyen Van Tung	Member

577 Investment Corporation

GENERAL INFORMATION (continued)

MANAGEMENT

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

Mr Luu Hai ca	General Director	assigned on 29 th May 2019
	Acting Chief Project Officer	resigned on 29 th May 2019
Mr Mai Thanh Truc	Deputy General Director	assigned on 29 th May 2019
	Chief Finance Officer	resigned on 29 th May 2019
Mr Doan Tuong Trieu	Chief Executive Officer	resigned on 29 th May 2019

LEGAL REPRESENTATIVE

The legal representative of the Company during the year and at the date of this report are:

Mr Luu Hai Ca	from 29 th May 2019
Mr Doan Tuong Trieu	to 28 th May 2019

AUDITORS

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

577 Investment Corporation

REPORT OF MANAGEMENT

Management of 577 Investment Corporation (“the Company”) is pleased to present its report and the consolidated financial statements of the Company and its subsidiaries (collectively referred to as “the Group”) for the year ended 31 December 2019.

MANAGEMENT’S RESPONSIBILITY IN RESPECT OF THE CONSOLIDATED FINANCIAL STATEMENTS

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

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

Management is responsible for ensuring that proper accounting records are kept which disclose, with reasonable accuracy at any time, the consolidated financial position of the Group and to ensure that the accounting records comply with the applied accounting system. It is also responsible for safeguarding the assets of the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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

STATEMENT BY MANAGEMENT

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

For and on behalf of management:



Luu Hai Ca
General Director

Ho Chi Minh City, Viet Nam

12 March 2020

Reference: 61283494/21095053-HN

INDEPENDENT AUDITORS' REPORT

To: The Shareholders of 577 Investment Corporation

We have audited the accompanying consolidated financial statements of 577 Investment Joint Stock Company ("the Company") and its subsidiaries (collectively referred to as "the Group"), as prepared on 12 March 2020 and set out on pages 6 to 48, which comprise the consolidated balance sheet as at 31 December 2019, 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 system 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 auditors consider internal control system 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 system. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

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

Emphasis of matters

We draw attention to *Note 35* to the consolidated financial statements. On 23 March 2018, the Carina Plaza apartment building located at 1648 Vo Van Kiet Street, Ward 16, District 8, Ho Chi Minh City; which was developed by Hung Thanh Construction - Trading - Service - Production Co., Ltd (“Hung Thanh Company”), a subsidiary in which the Company holds 95% of voting rights, and is managed and operated by a third party in accordance with the operation and management services agreement dated 15 December 2016; experienced a serious fire causing loss of lives and property damages. The fire was objectively caused by the electrical problems of motorbikes in accordance with Notice No. 1732/TB-PC44-D3 from Ho Chi Minh City Police Investigation Department dated 9 July 2018 in relation to the result of inspections. Legal obligations and compensation for damages related to the incident has been investigated and verified by authorized investigative agencies.

In addition, as presented in *Note 9* to the consolidated financial statements, Hung Thanh Company, financed by the Company, had made the advance payments amounting to VND 103,933,950,348 for compensatory damages and for tackling the consequences of the fire, which is currently being recognized as other short-term receivables. As at the date of the consolidated financial statements, the Group’s management have not yet recorded any expenses and provisions related to this incident as the ultimate outcome has not yet presently been determined awaiting for the official conclusions from the authorized investigative agencies.

Our opinion is not modified in respect to these matters.

Ernst & Young Vietnam Limited



Le Vu Truong
Deputy General Director
Audit Practicing Registration Certificate
No: 1588-2018-004-1

Nguyen Quoc Hoang
Auditor
Audit Practicing Registration Certificate
No: 2787-2016-004-1

Ho Chi Minh City, Vietnam

12 March 2020

CONSOLIDATED BALANCE SHEET
as at 31 December 2019

VND

Code	ASSETS	Notes	Ending balance	Beginning balance
100	A. CURRENT ASSETS		5,243,791,044,716	4,692,608,054,768
110	I. Cash and cash equivalents	5	139,476,989,035	130,598,980,236
111	1. Cash		109,926,696,808	110,798,126,950
112	2. Cash equivalents		29,550,292,227	19,800,853,286
130	II. Current accounts receivable		1,021,331,093,938	1,371,623,496,149
131	1. Short-term trade receivables	6	344,225,490,133	506,166,459,102
132	2. Short-term advances to suppliers	7	402,055,985,182	546,274,119,637
135	3. Short-term loan receivables	8	9,500,000,000	-
136	4. Other short-term receivables	9	266,259,430,109	319,892,728,896
137	5. Provision for doubtful short-term receivables	6	(709,811,486)	(709,811,486)
140	III. Inventory	10	4,038,053,904,763	3,133,410,175,319
141	1. Inventories		4,038,053,904,763	3,133,410,175,319
150	IV. Other current assets		44,929,056,980	56,975,403,064
151	1. Short-term prepaid expenses	16	651,476,488	250,835,582
152	2. Value-added tax deductible	19	43,765,249,894	56,724,567,482
153	3. Tax and other receivables from the State	19	512,330,598	-
200	B. NON-CURRENT ASSETS		426,385,659,666	426,058,871,678
210	I. Long-term receivables		63,860,744,954	163,916,413,229
216	1. Other long-term receivables	9	63,860,744,954	163,916,413,229
220	II. Fixed assets		180,892,534,729	81,809,363,824
221	1. Tangible fixed assets	12	176,876,429,983	77,793,259,078
222	Cost		205,494,987,356	101,863,920,464
223	Accumulated depreciation		(28,618,557,373)	(24,070,661,386)
227	2. Intangible assets		4,016,104,746	4,016,104,746
228	Cost		4,016,104,746	4,016,104,746
229	Accumulated amortization		-	-
230	III. Investment properties	13	57,285,122,131	59,739,615,727
231	1. Cost		67,786,031,001	67,786,031,001
232	2. Accumulated depreciation		(10,500,908,870)	(8,046,415,274)
240	IV. Long-term asset in progress	14	3,875,266,717	1,338,588,717
242	1. Construction in progress		3,875,266,717	1,338,588,717
250	V. Long-term investments	15	11,939,135,190	11,939,135,190
252	1. Investments in associates		11,939,135,190	11,939,135,190
253	2. Investment in other entities		2,000,000,000	2,000,000,000
254	3. Provision for long-term investments		(2,000,000,000)	(2,000,000,000)
260	VI. Other long-term assets		108,532,855,945	107,315,754,991
261	1. Long-term prepaid expenses	16	107,429,335,945	106,513,194,991
262	2. Deferred tax assets	32.4	1,103,520,000	802,560,000
270	TOTAL ASSETS		5,670,176,704,382	5,118,666,926,446

CONSOLIDATED BALANCE SHEET (continued)
as at 31 December 2019

VND

Code	RESOURCES	Notes	Ending balance	Beginning balance
300	C. LIABILITIES		3,507,841,743,923	3,048,021,473,740
310	I. Current liabilities		3,154,559,326,261	2,437,700,976,322
311	1. Short-term trade payables	17	177,528,569,012	140,489,745,162
312	2. Short-term advances from customers	18	1,360,800,528,643	41,088,356,492
313	3. Statutory obligations	19	94,412,503,264	46,908,746,583
314	4. Payables to employees		3,081,620,550	1,491,476,007
315	5. Short-term accrued expenses	20	125,110,420,886	162,119,577,060
319	6. Other short-term payables	21	1,263,667,611,402	1,785,506,924,452
320	7. Short-term loans	23	114,943,911,978	242,316,887,454
322	8. Bonus and welfare fund	22	15,014,160,526	17,779,263,112
330	II. Non-current liabilities		353,282,417,662	610,320,497,418
337	1. Other long-term liabilities	21	181,450,681,729	462,222,703,176
338	2. Long-term loans	23	161,831,735,933	85,597,794,242
339	3. Convertible bonds	24	-	52,500,000,000
342	4. Long-term provisions		10,000,000,000	10,000,000,000
400	D. OWNERS' EQUITY		2,162,334,960,459	2,070,645,452,706
410	I. Capital		2,162,334,960,459	2,070,645,452,706
411	1. Share capital	25.1	1,004,756,560,000	975,715,740,000
411a	- Shares with voting rights		1,004,756,560,000	975,715,740,000
412	2. Share premium	25.1	479,559,579,732	459,600,399,732
415	3. Treasury shares	25.1	(139,163,566,214)	(6,891,019,437)
418	4. Investment and development fund	25.1	131,477,728,497	131,477,728,497
421	5. Undistributed earnings	25.1	677,689,286,904	355,410,457,541
421a	- Undistributed earnings by the end of prior year		330,476,996,223	202,504,459,278
421b	- Undistributed earnings of current year		347,212,290,681	152,905,998,263
429	6. Non-controlling interests	26	8,015,371,540	155,332,146,373
440	TOTAL LIABILITIES AND OWNERS' EQUITY		5,670,176,704,382	5,118,666,926,446



Nguyen Van Minh
Preparer



Truong Hai Dang Khoa
Chief Accountant



Luu Hai Ca
General Director

12 March 2020

CONSOLIDATED INCOME STATEMENT
for year ended 31 December 2019

VND

Code	ITEMS	Notes	Current year	Previous year
10	1. Net revenue from sale of goods and rendering of services	27.1	330,584,936,687	1,139,374,006,328
11	2. Cost of goods sold and services rendered	28	(250,971,214,676)	(872,094,277,461)
20	3. Gross profit from sale of goods and rendering of services		79,613,722,011	267,279,728,867
21	4. Finance income	27.2	123,295,126,586	508,121,260
22	5. Finance expenses	29	(81,155,694)	(37,243,506,235)
23	<i>In which: Interest expense</i>		<i>(81,155,694)</i>	<i>(33,742,893,042)</i>
25	6. Selling expenses	30	(3,536,124,415)	(37,791,577,390)
26	7. General and administrative expenses	30	(32,637,861,620)	(19,834,962,843)
30	8. Operating profit		166,653,706,868	172,917,803,659
31	9. Other income	31	274,870,528,245	24,762,830,637
32	10. Other expenses	31	(8,875,932,384)	(2,331,302,035)
40	11. Other profit	31	265,994,595,861	22,431,528,602
50	12. Accounting profit before tax		432,648,302,729	195,349,332,261
51	13. Current corporate income tax expense	32.1	(86,038,637,269)	(41,121,388,384)
52	14. Deferred tax income	32.1	300,960,000	235,142,791
60	15. Net profit after tax		346,910,625,460	154,463,086,668
61	16. Net profit after tax attributable to shareholders of the parent		347,212,290,681	152,905,998,263
62	17. Net profit after tax attributable to non-controlling interests		(301,665,221)	1,557,088,405
70	18. Basic earnings per share	25.4	3,472	1,491
71	19. Diluted earnings per share	25.4	3,472	1,448



Nguyen Van Minh
Preparer



Truong Hai Dang Khoa
Chief Accountant



Luu Hai Ca
General Director

12 March 2020

CONSOLIDATED CASH FLOW STATEMENT
for the year ended 31 December 2019

VND

Code	ITEMS	Notes	Current year	Previous year
	I. CASH FLOWS FROM OPERATING ACTIVITIES			
01	Accounting profit before tax		432,648,302,729	195,349,332,261
	<i>Adjustments for:</i>			
02	Depreciation and amortisation		7,298,862,150	9,673,699,303
05	Profits from investing activities		(123,567,853,858)	(1,314,463,284)
06	Interest expenses	29	81,155,694	33,742,893,042
08	Operating profit before changes in working capital		316,460,466,715	237,451,461,322
09	Decrease (increase) in receivables		94,851,354,748	(418,963,130,048)
10	(Increase) decrease in inventories		(904,643,729,444)	149,848,656,217
11	Increase in payables		843,945,935,403	317,131,274,516
12	(Increase) decrease in prepaid expenses		(1,316,781,860)	24,233,865,896
14	Interest paid		(59,653,962,738)	(54,715,266,299)
15	Corporate income tax paid		(41,159,778,339)	(4,954,043,840)
17	Other cash outflows from operating activities		(11,296,254,251)	(10,924,970,288)
20	Net cash flows from operating activities		237,187,250,234	239,107,847,476
	II. CASH FLOWS FROM INVESTING ACTIVITIES			
21	Purchase of fixed assets and other long-term assets		(106,464,217,459)	(289,349,091)
22	Proceeds from disposals of fixed assets		300,000,000	6,050,000,000
23	Loan to another entity		(19,000,000,000)	-
24	Collections from borrowers		9,500,000,000	4,307,416,666
25	Payment for investment in another entity		(430,000,000,000)	-
26	Proceeds from sale of investment in another entity		500,294,500,000	6,720,000,000
27	Interest received		417,056,586	508,121,260
30	Net cash flows (used in) from investing activities		(44,952,660,873)	17,296,188,835
	III. CASH FLOWS FROM FINANCING ACTIVITIES			
32	Capital redemption		(132,217,546,777)	-
33	Drawdown of borrowings	23	242,515,031,231	43,597,794,242
34	Repayment of borrowings	23	(293,654,065,016)	(414,672,000,000)
36	Dividends paid	25.2	-	(869,466,600)
40	Net cash flows used in financing activities		(183,356,580,562)	(371,943,672,358)

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

VND

Code	ITEMS	Notes	Current year	Previous year
50	Net increase (decrease) in cash and cash equivalents for the year		8,878,008,799	(115,539,636,047)
60	Cash and cash equivalents at beginning of year		130,598,980,236	246,138,616,283
70	Cash and cash equivalents at year of end	5	139,476,989,035	130,598,980,236



Nguyen Van Minh
Preparer



Truong Hai Dang Khoa
Chief Accountant



Luu Hai Ca
General Director

12 March 2020

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

1. CORPORATE INFORMATION

577 Investment Corporation (“the Company”) is a shareholding company incorporated under the Law on Enterprise of Vietnam pursuant to the Business Registration Certificate (“BRC”) No. 4103003556 issued by the Department of Planning and Investment (“DPI”) of Ho Chi Minh City on 4 July 2005, and as amended.

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- Mien Bac Branch, registered at Group 1, Block 6, Bai Chay Ward, Ha Long City, Quang Ninh Province, Viet Nam.
- Quang Ngai Branch, registered at Truong Tho Dong Residential Group, Truong Quang Trong Ward, Quang Ngai City, Quang Ngai Province, Viet Nam.

The number of Group’s employees as at 31 December 2019 was 126 (31 December 2018: 107).

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

1. **CORPORATE INFORMATION** (continued)

Corporate structure

As at 31 December 2019, the Company's corporate structure includes two direct subsidiaries, in which:

<i>Name</i>	<i>Location</i>	<i>Percentage of ownership</i>		<i>Principal activities</i>
		<i>Ending balance</i>	<i>Beginning balance</i>	
Hung Thanh Construction - Trading - Service - Production Co., Ltd. ("Hung Thanh")	3 rd Floor, Block B, Carina PLaza, 1648 Vo Van Kiet, Ward 16, District 8, Ho Chi Minh City, Vietnam	95%	95%	Investing, managing industrial construction works and civil works; road projects, house and real estate trading
Huong Tra Company Limited ("Huong Tra")	Truong Tho Dong Residential Group, Truong Quang Trong Ward, Quang Ngai City, Quang Ngai Province, Vietnam	99%	99%	Trading materials, installation equipment in the construction; trading in gasoline and related products and exploiting rock, sand, soil, land, kaolin

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
as at 31 December 2019 and for year 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 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 financial position and results of operations and cash flows in accordance with accounting principles and practices generally accepted in countries other than Vietnam.

2.2 *Applied accounting documentation system*

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

2.3 *Fiscal year*

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

2.4 *Accounting currency*

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

2.5 *Basis of consolidation*

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

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

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

All intra-company balances, income and expenses and unrealised gains or losses 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.

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

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

3.1 *Cash and cash equivalents*

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

3.2 *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 and decreases to the provision balance are recorded as general and administrative expenses in the consolidated income statement.

3.3 *Inventories*

Inventory property

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.

Other inventories

Other inventories are stated at the lower of cost incurred in bringing each product to its present location and condition, and net realisable value. Net realisable value represents the estimated selling price in the ordinary course of business less the estimated costs to complete and the estimated costs necessary to make the sale.

The perpetual method is used to record inventories, which are valued as follows:

- | | | |
|------------------------------------|---|---|
| Raw materials, tools and supplies | - | cost of purchase on a weighted average basis. |
| Finished goods and work-in process | - | cost of direct materials and labour plus attributable manufacturing overheads based on the normal operating capacity on a weighted average basis. |

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.3 *Inventories* (continued)

Provision for obsolete inventories

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

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

3.4 *Tangible fixed assets*

Tangible fixed assets are stated at cost less accumulated depreciation.

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

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

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

3.5 *Intangible fixed assets*

Intangible fixed assets are stated at cost less accumulated amortisation.

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

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

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

Land use rights

Land use rights are recorded as intangible fixed assets when the Group has the indefinite land use right certificates 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 ("Circular 45"). The costs of land use rights comprise all directly attributable costs of bringing the land to the condition available for use.

3.6 *Depreciation and amortization*

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

Buildings and structures	5 - 25 years
Machinery and equipment	4 - 10 years
Means of transportation	6 - 8 years
Office equipment	3 years
Other assets	3 - 16 years

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.7 *Investment properties*

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

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

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

Shopping mall	30 years
Swimming pool and tennis court	10 - 30 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 year of retirement or disposal.

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 period 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 assets.

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.

The following types of expenses are recorded as long-term prepaid expense and are amortised or recorded in compatibility with revenue to the consolidated income statement:

- ▶ Tools and consumables with large value issued into production and can be used for more than one year;
- ▶ Show flat; and
- ▶ Brokerage commission expense.

3.10 *Business combinations and goodwill*

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

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.10 *Business combinations and goodwill* (continued)

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

When the acquisition of a subsidiary is not recognized as a business combination, it is treated as an asset acquisition transaction rather than a business combination. Accordingly, the purchasing price will be allocated to identifiable assets and liabilities based on their relative fair value at the purchasing date. Therefore, no goodwill arise from this transaction.

3.11 *Investments*

Investments in associates

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

Under the equity method, the investment is carried in the consolidated balance sheet at cost plus post acquisition changes in the Group's share of net assets of the associates. Goodwill arising on acquisition of the associates is included in the carrying amount of the investment and is amortized over 10-year period. The consolidated income statement reflects the share of the post-acquisition results of operation of the associates.

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 recognised in reserves. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. Dividend/profit sharing receivable from associates reduces the carrying amount of the investment.

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

Investments in other entities

Investments in other entities are stated at their acquisition costs.

Provision for diminution in investments in 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 expense in the consolidated income statement.

3.12 *Payables and accruals*

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

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.13 *Convertible bond*

Bonds that are convertible by the holder into a fixed number of ordinary shares of the entity are separated into financial liability (a contractual arrangement to deliver cash or another financial assets) and equity instrument (a call option granting the holder the right, for a specified period of time) based on the terms of the contract.

On issuance of the convertible bond, the fair value of the liability component is determined by discounting the future payment (including principal and interest) to present value at the market rate for an equivalent non-convertible bond less issuance cost. This amount is classified as a financial liability measured at amortised cost (net of transaction costs) until it is extinguished on conversion or redemption.

The remainder of the proceeds is allocated to the conversion option that is recognised and included in shareholders' equity. The carrying amount of the conversion option is not re-measured in subsequent years.

Transaction costs are allocated during the lifetime of the bond following straight line basis. At initial recognition, issuance costs are deducted from the liability component of the bond.

3.14 *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.

3.15 *Appropriation of net profits*

Net profit after tax (excluding negative goodwill arising from a bargain purchase) is available for appropriation to investors/shareholders after approval in the shareholder's meeting, and after making appropriation to reserve funds in accordance with the Group'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 in-depth investments.

Bonus and welfare fund

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

3.16 *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 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.

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.17 Revenue recognition

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

Revenue from sales of town house and apartment

For completed town house and apartments sold by the Group, revenue and cost are recognised when the significant risks and rewards of ownership of houses and apartments have passed to the buyer.

Revenue from sales of land lots and related infrastructure

Income from sales of land lots in which infrastructure has been built is defined as the total received amount when land lots and related infrastructure were transferred to customer.

Sale of goods

Revenue is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer, usually upon the delivery of the goods.

Rental income

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

Rendering of services

Revenue from rendering of services is recognized when the services have been rendered and completed.

Interest income

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

Dividends

Revenue is recognised when the Group's right to receive the payment is established.

Income from transferring the right to participate in Project

Income from transferring the right to participate in Project is defined as the received amount from transferring the right to participate in Project to customer. The income is recognised into other income on the consolidated income statement when the customer has right to participate in the Company's Project and the Company do not have obligation to refund this amount in any circumstances according to Transfer Contract.

3.18 Taxation

Current income tax

Current income tax assets and liabilities for the current and prior periods 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 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 set off 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 2019 and for year then ended

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.18 *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, except where the deferred tax liability arises from the initial recognition of an asset or liability in a transaction which at the time of the related transaction affects neither the accounting profit nor taxable profit or loss.

Deferred tax assets are recognised for all deductible temporary differences, carried forward unused tax credit and unused tax losses, to the extent that it is probable that taxable profit will be available against which deductible temporary differences, carried forward unused tax credit and unused tax losses can be utilised, except where the deferred tax asset in respect of deductible temporary difference which arises from the initial recognition of an asset or liability which at the time of the related transaction, affects neither the accounting profit nor taxable profit or loss.

The carrying amount of deferred income 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 income tax asset to be utilised. Previously unrecognised deferred income 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 income tax assets and liabilities are measured at the tax rates that are expected to apply in the period when the asset 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 Group to offset current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority on:

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

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 the family of any such individual.

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.20 Segment information

A segment is a component determined separately by the Group which is engaged in providing products or related services (business segment) or providing products or services in a particular economic environment (geographical segment), that is subject to risks and returns that are different from those of other segments.

The Group's principal activities are to trade in real estate, construction and other activities. These activities are mainly taking place within Vietnam. Therefore, the Group's management is of the view that the Group has only one geographic area as Vietnam. Accordingly, the Group presents segmented information by business segment and segmented information by geographical segment will not be presented.

4. DISPOSAL OF INTEREST IN SUBSIDIARY

During the year, the Group has disposed 51% of its interest ownership in Saigon Riverfront Limited Liability Company ("SGR") for partners, with the total amount of VND 342,200,000,000 in accordance with the Stock Transfer Agreement No. 01/NBB-VT/2019, 02/NBB-LNDH and 02/HDCN-2019. Accordingly, SGR has been no longer the Group's subsidiary and the Group recorded an income from this transfer amounting to VND 122,878,070,000 (Note 27.2) in the consolidated income statement.

5. CASH AND CASH EQUIVALENTS

	VND	
	<i>Ending balance</i>	<i>Beginning balance</i>
Cash on hand	2,218,308,654	15,851,488,016
Cash in banks	107,708,388,154	94,946,638,934
Cash equivalents (i)	<u>29,550,292,227</u>	<u>19,800,853,286</u>
TOTAL	<u>139,476,989,035</u>	<u>130,598,980,236</u>

(i) This is term deposits at Saigon Thuong tin Commercial Joint Stock Bank – Phan Xich Branch with the original maturities of one (1) months and earn interest at the rate of 4.3% p.a.

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

6. SHORT-TERM TRADE RECEIVABLES

	VND	
	Ending balance	Beginning balance
Tan Kien Complex Area Project – Binh Chanh District NBB Garden IV	221,617,727,000	357,617,727,000
<i>In which:</i>		
<i>Gia Linh Real Estate Corporation</i>	77,403,482,500	127,403,482,500
<i>Dang Duong Real Estate Development Corporation</i>	43,255,720,000	78,255,720,000
<i>Hung Vuong Real Estate Management and Development Corporation</i>	36,507,742,500	87,507,742,500
<i>Individuals</i>	64,450,782,000	64,450,782,000
The City Gate Towers Apartment Project	98,354,789,544	107,290,723,740
Seafood Hill Villas Project – Quang Ninh Province	10,482,906,371	-
Son Tinh Residential Project – Quang Ngai Province	7,600,000,000	7,462,750,000
Residential Project, Ward 2, Bac Lieu City	-	28,588,878,000
Others	6,170,067,218	5,206,380,362
TOTAL	344,225,490,133	506,166,459,102
Provision for doubtful short-term receivables	(709,811,486)	(709,811,486)
NET	343,515,678,647	505,456,647,616

7. SHORT-TERM ADVANCES TO SUPPLIERS

	VND	
	Ending balance	Beginning balance
Arch Real Estate Service Joint Stock Company	196,497,045,050	105,485,081,886
E&C Construction Joint Stock Company	78,096,224,840	54,814,784,967
Nam Tinh Mechanical Electrical Refrigeration Corporation	25,103,388,307	94,407,260
Ai Nghia Construction One Limited Company	22,103,082,769	21,820,738,523
Dien Thien Khang Produce - Commercial - Service - Construction Limited Company	17,710,438,126	16,570,104,183
Land Development Center of De - Lagi Resort Project	15,745,157,413	15,745,157,413
592 Trading & Construction Joint Stock Company	8,959,109,773	-
Ho Chi Minh City Infrastructure Investment Joint Stock Company (“CII”)	-	299,980,000,000
Others	37,841,538,904	31,763,845,405
TOTAL	402,055,985,182	546,274,119,637
<i>In which:</i>		
<i>Third parties</i>	402,055,985,182	246,294,119,637
<i>Related parties (Note 33)</i>	-	299,980,000,000

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

8. SHORT-TERM LOAN RECEIVABLE

	<i>Ending balance</i> (VND)	<i>Maturity date</i>	<i>Interest rate</i> %/year	<i>Collateral</i>
592 Construction and Trading Investment Joint Stock Company	<u>9,500,000,000</u>	20 December 2020	10.5	Unsecured

9. OTHER RECEIVABLES

	VND	
	<i>Ending balance</i>	<i>Beginning balance</i>
Short-term		
Advance receivables for fire damages in Carina Apartment (<i>Note 35</i>)	103,933,950,348	77,855,271,704
Arch Real Estate Service Joint Stock Company	38,188,351,642	206,188,351,642
Advance for compensation (<i>i</i>)	32,300,000,000	-
Hifill Holding Company (<i>ii</i>)	15,648,060,434	15,648,060,434
Mr. Le Van Hoa (<i>iii</i>)	14,363,519,750	-
SaigonRiverfront Investment Joint Stock Company (formerly as Saigon Riverfront Limited Liability Company)	12,991,822,400	-
Others	<u>48,833,725,535</u>	<u>20,201,045,116</u>
	<u>266,259,430,109</u>	<u>319,892,728,896</u>
Long-term		
Deposits	48,860,744,954	48,848,765,003
Hifill Holding Company (<i>ii</i>)	15,000,000,000	15,000,000,000
Ho Chi Minh City Infrastructure Investment Joint Stock Company ("CI")	-	100,067,648,226
	<u>63,860,744,954</u>	<u>163,916,413,229</u>
TOTAL	<u>330,120,175,063</u>	<u>483,809,142,125</u>
<i>In which:</i>		
<i>Third parties</i>	328,420,175,063	381,741,493,899
<i>Related parties (Note 33)</i>	1,700,000,000	102,067,648,226

- (i) The balance represented advance for land compensation of expand road of NBB Garden II and NBB III Apartment Project.
- (ii) The balance represented loans granted to Hifill Holding Company which was paid annually with maturity on 31 December 2021.
- (iii) Ending balances represented advances for an investment cooperation amount to Mr Le Van Hoa of the Diamond Riverside Apartment Project of the Company (*Note 21*).

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

10. INVENTORIES

	VND	
	<i>Ending balance</i>	<i>Beginning balance</i>
Real estate in progress (i)	4,038,053,904,763	3,133,302,535,203
Raw materials	-	107,640,116
TOTAL	<u>4,038,053,904,763</u>	<u>3,133,410,175,319</u>

(i) Real estate in progress includes investment and development costs of the following projects:

	VND	
	<i>Ending balance</i>	<i>Beginning balance</i>
Diamond Riverside Apartment Project (*)	1,508,370,306,763	600,796,286,131
NBB Garden II Apartment Project	710,634,295,947	710,306,096,038
NBB Garden III Apartment Project	699,994,258,067	671,324,714,382
Son Tinh Residential Project - Quang Ngai Province (*)	581,370,213,723	421,094,807,834
Seafood Hill Villas Project - Quang Ninh Province	290,774,076,020	371,655,335,696
De - Lagi Resort Project	161,472,278,641	129,618,528,272
The City Gate Towers Apartment Project	51,094,617,148	124,964,656,846
Ha Long Farm Ecological Urban Area Project	27,996,328,839	27,996,328,839
Residential Project, Ward 2, Bac Lieu City	5,142,984,159	4,957,468,983
Ruby Island Project - Quang Ngai Province	1,204,545,456	1,204,545,455
Thu Thiem New Urban Area Project	-	69,383,766,727
TOTAL	<u>4,038,053,904,763</u>	<u>3,133,302,535,203</u>

(*) These are projects that the Group has signed BCC with others as disclosed in Note 21.

11. CAPITALIZED BORROWING COSTS

During the year, the Group capitalized borrowing costs amounting to VND 28,308,216,005 (previous year: VND 34,869,468,354) into the cost of projects.

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

12. TANGIBLE FIXED ASSETS

	VND					
	<i>Buildings and structures</i>	<i>Machinery and equipment</i>	<i>Means of transportation</i>	<i>Office equipment</i>	<i>Others</i>	<i>Total</i>
Cost:						
Beginning balance	79,860,833,881	6,855,230,507	11,026,959,060	1,649,344,455	2,471,552,561	101,863,920,464
Transfer from construction in progress	95,098,393,334	-	-	-	-	95,098,393,334
New purchase	-	233,692,727	8,261,136,125	334,317,273	-	8,829,146,125
Disposal	-	-	(296,472,567)	-	-	(296,472,567)
Ending balance	<u>174,959,227,215</u>	<u>7,088,923,234</u>	<u>18,991,622,618</u>	<u>1,983,661,728</u>	<u>2,471,552,561</u>	<u>205,494,987,356</u>
<i>In which:</i>						
<i>Fully depreciated</i>	-	966,913,712	3,055,722,857	150,725,000	93,179,519	4,266,541,088
Accumulated depreciation:						
Beginning balance	(11,451,628,306)	(2,853,209,442)	(8,116,376,770)	(664,669,384)	(984,777,484)	(24,070,661,386)
Depreciation for the year	(1,914,211,324)	(786,818,210)	(1,507,421,653)	(250,575,400)	(385,341,967)	(4,844,368,554)
Disposal	-	-	296,472,567	-	-	296,472,567
Ending balance	<u>(13,365,839,630)</u>	<u>(3,640,027,652)</u>	<u>(9,327,325,856)</u>	<u>(915,244,784)</u>	<u>(1,370,119,451)</u>	<u>(28,618,557,373)</u>
Net carrying amount:						
Beginning balance	<u>68,409,205,575</u>	<u>4,002,021,065</u>	<u>2,910,582,290</u>	<u>984,675,071</u>	<u>1,486,775,077</u>	<u>77,793,259,078</u>
Ending balance	<u>161,593,387,585</u>	<u>3,448,895,582</u>	<u>9,664,296,762</u>	<u>1,068,416,944</u>	<u>1,101,433,110</u>	<u>176,876,429,983</u>

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

13. INVESTMENT PROPERTIES

			VND
	<i>Swimming pool and tennis court</i>	<i>Shopping mall of Carina Apartment</i>	<i>Total</i>
Cost:			
Beginning and ending balances	<u>11,334,257,682</u>	<u>56,451,773,319</u>	<u>67,786,031,001</u>
Accumulated amortization:			
Beginning balance	(2,285,267,760)	(5,761,147,514)	(8,046,415,274)
Amortization for the year	<u>(572,767,824)</u>	<u>(1,881,725,772)</u>	<u>(2,454,493,596)</u>
Ending balance	<u>(2,858,035,584)</u>	<u>(7,642,873,286)</u>	<u>(10,500,908,870)</u>
Net carrying amount:			
Beginning balance	<u>9,048,989,922</u>	<u>50,690,625,805</u>	<u>59,739,615,727</u>
Ending balance	<u>8,476,222,098</u>	<u>48,808,900,033</u>	<u>57,285,122,131</u>

Additional disclosure on:

The rental income and operating expenses information relating to investment properties is presented as follows:

	VND	
	<i>Current year</i>	<i>Previous year</i>
Rental income from investment properties	7,951,805,440	3,413,890,910
Direct operating expenses of investment properties that generated rental income during the year	(2,454,493,596)	(2,454,493,596)

The fair value of the investment properties was not formally assessed and determined as at 31 December 2019. However, it is management's assessment that these properties' market value is higher than its carrying value as at the balance sheet date.

14. CONSTRUCTION IN PROGRESS

	VND	
	<i>Ending balance</i>	<i>Beginning balance</i>
Others	<u>3,875,266,717</u>	<u>1,338,588,717</u>

15. LONG-TERM INVESTMENTS

	VND	
	<i>Ending balance</i>	<i>Beginning balance</i>
Investments in associates (Note 15.1)	11,939,135,190	11,939,135,190
Investments in other entities (Note 15.2)	<u>2,000,000,000</u>	<u>2,000,000,000</u>
TOTAL	13,939,135,190	13,939,135,190
Provision for long-term investments	<u>(2,000,000,000)</u>	<u>(2,000,000,000)</u>
NET	<u>11,939,135,190</u>	<u>11,939,135,190</u>

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

15. LONG-TERM INVESTMENTS (continued)

15.1 Investments in associates

Name	Business activity	Status of operation	Ending balance		Beginning balance	
			Ownership	Carrying value	Ownership	Carrying value
			%	(VND)	%	(VND)
Tam Phu Investment and Construction Co., Ltd.	Real estate	Operating	49	4,574,978,308	49	4,574,978,308
Quang Ngai Mineral Investment Joint Stock Company	Mining	Operating	49	7,364,156,882	49	7,364,156,882
TOTAL				<u>11,939,135,190</u>		<u>11,939,135,190</u>

Details of investments in associates as at 31 December 2019 are presented as follows:

	VND		
	<i>Tam Phu Investment and Construction Co., Ltd.</i>	<i>Quang Ngai Mineral Investment Joint Stock Company</i>	<i>Total</i>
Cost of investment:			
Beginning balance and ending balance	<u>4,579,636,245</u>	<u>7,364,156,882</u>	<u>11,943,793,127</u>
Accumulated share in post-acquisition profit of the associates:			
Beginning balance and ending balance	<u>(4,657,937)</u>	<u>-</u>	<u>(4,657,937)</u>
Net carrying amount:			
Beginning balance and ending balance	<u>4,574,978,308</u>	<u>7,364,156,882</u>	<u>11,939,135,190</u>

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

15. LONG-TERM INVESTMENTS (continued)

15.2 Investments in other entities

Name	Business activity	VND	
		Ending balance	Beginning balance
Hifill Holding Company	Car supplies	2,000,000,000	2,000,000,000
Provision for long-term investments		<u>(2,000,000,000)</u>	<u>(2,000,000,000)</u>
NET		<u><u>-</u></u>	<u><u>-</u></u>

16. PREPAID EXPENSES

	VND	
	Ending balance	Beginning balance
Short-term	651,476,488	250,835,582
Tools and equipment in use	651,476,488	250,835,582
Long-term	107,429,335,945	106,513,194,991
Brokerage commission and show flat (*)	106,330,493,834	104,025,111,120
Others	<u>1,098,842,111</u>	<u>2,488,083,871</u>
TOTAL	<u><u>108,080,812,433</u></u>	<u><u>106,764,030,573</u></u>

(*) The balances mainly represented brokerage commission fee and show flat of the Diamond Riverside Apartment Project and NBB Garden III Apartment Project.

17. SHORT-TERM TRADE PAYABLES

	VND	
	Ending balance	Beginning balance
Saigon Construction Joint Stock Company	80,011,767,766	78,068,207,718
Kone Vietnam Limited Liability Company	19,820,583,900	-
Tan Hung Thinh Co., Ltd	19,126,793,915	14,652,013,876
Quyet Thang Trading Services and Import - Export Company Limited	10,283,545,102	5,083,497,906
Hung Phuc Investment Joint Stock Company	9,177,595,000	-
PIDI Vietnam Electricity Consultant and Construction Corporation	8,568,009,179	3,429,474,952
Nam Thinh Mechanical Joint Stock Company	7,861,361,735	8,400,790,860
Others	<u>22,678,912,415</u>	<u>30,855,759,850</u>
TOTAL	<u><u>177,528,569,012</u></u>	<u><u>140,489,745,162</u></u>
<i>In which:</i>		
Third parties	172,272,312,856	140,489,745,162
Related parties (Note 33)	5,256,256,156	-

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

18. SHORT-TERM ADVANCES FROM CUSTOMERS

This amount represented progress advances from individual customers to purchase apartments and land lots.

	VND	
	<i>Ending balance</i>	<i>Beginning balance</i>
Diamond Riverside Residential Project	1,324,158,968,244	-
Son Tinh Residential Project – Quang Ngai Province	33,018,929,168	36,608,761,261
Residential Project, Ward 2, Bac Lieu City	3,022,631,231	3,022,631,231
The City Gate Towers Apartment Project	600,000,000	1,456,964,000
TOTAL	<u>1,360,800,528,643</u>	<u>41,088,356,492</u>

19. STATUTORY OBLIGATIONS

	VND			
	<i>Beginning balance</i>	<i>Increase in the year</i>	<i>Decrease in the year</i>	<i>Ending balance</i>
Receivables				
Value added tax deductible	56,724,567,482	51,592,353,790	(64,551,671,378)	43,765,249,894
Corporate income tax	-	669,701,735	(157,371,137)	512,330,598
	<u>56,724,567,482</u>	<u>52,262,055,525</u>	<u>(64,709,042,515)</u>	<u>44,277,580,492</u>
Payables				
Corporate income tax	32,005,728,559	86,038,637,269	(41,159,778,339)	76,884,587,489
Value added tax	12,483,073,908	6,536,097,804	(13,786,542,367)	5,232,629,345
Personal income tax	2,345,068,148	11,082,929,565	(2,166,833,117)	11,261,164,596
Other taxes	74,875,968	1,937,582,342	(978,336,476)	1,034,121,834
TOTAL	<u>46,908,746,583</u>	<u>105,595,246,980</u>	<u>(58,091,490,299)</u>	<u>94,412,503,264</u>

20. SHORT-TERM ACCRUED EXPENSES

	VND	
	<i>Ending balance</i>	<i>Beginning balance</i>
Land use fees for The City Gate Towers Apartment Project	120,000,000,000	120,000,000,000
Construction fee	3,593,389,211	-
Interest expenses	1,517,031,675	31,958,127,060
Brokerage commission fee	-	10,161,450,000
TOTAL	<u>125,110,420,886</u>	<u>162,119,577,060</u>
<i>In which:</i>		
<i>Third parties</i>	125,110,420,886	141,593,558,412
<i>Related parties (Note 33)</i>	-	20,526,018,648

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

21. OTHER PAYABLES

	VND	
	<i>Ending balance</i>	<i>Beginning balance</i>
Short-term		
Deposits from customers	1,192,559,485,029	1,240,425,742,190
<i>In which:</i>		
<i>NBB Garden III Apartment Project</i>	<i>486,099,768,550</i>	<i>319,521,014,280</i>
<i>Diamond Riverside Apartment Project</i>	<i>337,381,772,352</i>	<i>636,949,204,910</i>
<i>Seafood Hill Villas Project - Quang Ninh Province</i>	<i>159,694,504,127</i>	<i>188,955,523,000</i>
<i>NBB Garden II Apartment Project</i>	<i>120,000,000,000</i>	<i>80,000,000,000</i>
<i>Son Tinh Residential Project - Quang Ngai Province</i>	<i>74,383,440,000</i>	-
<i>The School Project at NBB Garden III Apartment Project and Diamond Riverside Apartment Project</i>	<i>15,000,000,000</i>	<i>15,000,000,000</i>
Mr. Pham Van Dau	26,042,828,700	49,042,828,700
Thanh Gia Real Estate Limited Company	19,126,187,941	39,826,187,941
Truong Phuc Hai Investment and Construction Limited Liability Company	15,200,000,000	-
Capital transfer for Saigon Riverfront Investment Joint Stock Company (formerly as Saigon Riverfrony Limited Liability Company)	-	430,000,000,000
Others	10,739,109,732	26,212,165,621
	<u>1,263,667,611,402</u>	<u>1,785,506,924,452</u>
Long-term		
Investment cooperation capital contribution payable (*)	142,512,254,949	410,718,121,288
Payable to maintainance fund of Apartment Building Project (**)	28,396,991,167	44,816,037,887
Long-term deposits	7,638,931,000	6,688,544,001
Others	2,902,504,613	-
	<u>181,450,681,729</u>	<u>462,222,703,176</u>
TOTAL	<u>1,445,118,293,131</u>	<u>2,247,729,627,628</u>
<i>In which:</i>		
<i>Other parties</i>	<i>1,364,697,810,482</i>	<i>1,428,201,880,997</i>
<i>Related parties (Note 33)</i>	<i>80,420,482,649</i>	<i>819,527,746,631</i>

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

21. OTHER PAYABLES (continued)

(*) Details of capital payables from investment cooperation contracts are as follow:

<i>Name of project</i>	VND	
	<i>Ending balance</i>	<i>Beginning balance</i>
Cooperation with CII - The Diamond Riverside Apartment Project (i)	39,106,803,042	260,487,200,000
Cooperation with CII – Son Tinh Residential Project - Quang Ngai Province (ii)	38,203,273,972	-
Cooperation with Billion Ways Investment Limited Company (iii)	30,234,917,935	29,734,917,935
Cooperation with Pearl City – Son Tinh Residential Project - Quang Ngai Province (iv)	26,500,000,000	-
Cooperation with Mr. Le Van Hoa - The Diamond Riverside Apartment Project (v)	8,467,260,000	8,467,260,000
Cooperation with CII - De - Lagi Resort Project	-	112,028,743,353
TOTAL	142,512,254,949	410,718,121,288

- (i) The Group cooperated with CII under business cooperation contract to build The Diamond Riverside Apartment Project located at Ward 16, District 8, Ho Chi Minh City. Capital contributed by the Group and CII is 20% and 80%, respectively. After the construction is completed and products are sold, profits will be distributed among the parties based on each party's contributed capital. In addition, under the Capital Transfer Agreement dated 29 June 2010, the Group committed to advance a minimum annual after-tax profit of the project to CII based on the amount of capital contributed.
- (ii) The Group cooperated with CII under investment cooperation contract No. 02/2019/HDHTKD dated 26 September 2019 to build Son Tinh – Quang Ngai Residential Area Project located at Truong Quang Trong Ward, Tinh An Dong Commune, Quang Ngai City, Quang Ngai Province. After the construction is completed and products are sold, profits will be distributed among the parties based on each party's contributed capital.
- (iii) The Group cooperated with Billion Ways Investment Limited Company under the Investment Cooperation Contract No. 20/2018-HDHTDT dated 22 June 2018 to build the Office Block of City Gate Towers Project. Capital contributed by the Group and Billion Ways Investment Limited Company is 5% and 95%, respectively, which excluding land used fee and interest borrowing cost.
- (iv) The Group cooperated with Pearl City under investment cooperation contract No. 02/2019/HD-PC dated 28 September 2019 to build Son Tinh – Quang Ngai Residential Area Project located at Truong Quang Trong Ward, Tinh An Dong Commune, Quang Ngai City, Quang Ngai Province. After the construction is completed and products are sold, profits will be distributed among the parties based on each party's contributed capital.

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

21. OTHER PAYABLES (continued)

(*) Details of capital payables from investment cooperation contracts are as follow:
(continued)

(v) The Group cooperated with Mr. Le Van Hoa under investment cooperation contract No. 01/HD dated 29 October 2015 to cooperate to invest in an area of land planned to construct school inside the Diamond Riverside Apartment Project located at Ward 16, District 8, Ho Chi Minh City, now converted to a part of residential land with an area of 5,200 m². Capital contributed by the Company and Mr. Le Van Hoa is 80% and 20%, respectively, for the cost of land, other expenses contributed by each party of 50%. After the construction is completed, products will be distributed equally to each party.

(**) Ending balance represented Maintenance fund for The City Gate which was held on behalf by the Group in banks.

22. BONUS AND WELFARE FUND

	<i>VND</i>	
	<i>Current year</i>	<i>Previous year</i>
Beginning balance	17,779,263,112	24,208,561,092
Fund appropriation during the year	8,531,151,665	4,495,672,308
Utilization of fund	<u>(11,296,254,251)</u>	<u>(10,924,970,288)</u>
Ending balance	<u>15,014,160,526</u>	<u>17,779,263,112</u>

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

23. LOANS

	<i>Beginning balance</i>	<i>Drawdown</i>	<i>Repayment</i>	<i>Reclassified to current portion of long-term loans</i>	<i>Ending balance</i>
					VND
Short-term loan					
Short-term loan	155,029,681,696	7,739,383,320	(162,769,065,016)	-	-
Current portion of long-term loans (Note 23.1)	7,115,205,758	-	(50,713,000,000)	158,541,706,220	114,943,911,978
Current portion of long-term bonds (Note 23.2)	80,172,000,000	-	(80,172,000,000)	-	-
	<u>242,316,887,454</u>	<u>7,739,383,320</u>	<u>(293,654,065,016)</u>	<u>158,541,706,220</u>	<u>114,943,911,978</u>
Long-term loan					
Loans from banks (Note 23.1)	<u>85,597,794,242</u>	<u>234,775,647,911</u>	<u>-</u>	<u>(158,541,706,220)</u>	<u>161,831,735,933</u>
TOTAL	<u>327,914,681,696</u>	<u>242,515,031,231</u>	<u>(293,654,065,016)</u>	<u>-</u>	<u>276,775,647,911</u>
<i>In which:</i>					
Loans from other parties	247,742,681,696				276,775,647,911
Loans from related parties (Note 33)	80,172,000,000				-

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

23. LOANS (continued)

23.1 Long-term loans from banks

<i>Bank</i>	<i>Ending balance</i> VND	<i>Principal and interest repayment term</i>	<i>Interest rate</i> (%/year)	<i>Purposes</i>	<i>Description of collateral</i>
Tien Phong Commercial Joint Stock Bank	234,775,647,911	23 April 2020 – 23 January 2023	10.0%	To finance for Highrise Apartment Diamond Riverside Project	Asset use right arising from Diamond Riverside project
Asia Commercial Joint Stock Bank	42,000,000,000	30 December 2022	10.5%	To finance for NBB Garden II and NBB Garden III Apartment Project	Land use rights, ownership of houses and properties associated with Land No. CT 61951 issued by Ho Chi Minh City Department of Natural Resources and Environmental dated 18 April 2017 with a value of VND 54,082,000,000
TOTAL	<u>276,775,647,911</u>				
<i>In which:</i>					
<i>Current portion</i>	114,943,911,978				
<i>Long-term loan</i>	161,831,735,933				

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

23. LOANS (continued)

23.2 Bond issued

	VND	
	Ending balance	Beginning balance
Bond issued to Creed Investments VN-1 Ltd (i)	-	80,172,000,000
<i>In which:</i>		
Current portion	-	80,172,000,000

- (i) The Group's corporate bonds with total value of VND 600,000,000,000, issued on 9 September 2014, will be paid in full once at or before the maturity date depend on the cash collection progress of The City Gate Towers Project located on Vo Van Kiet Street, Ward 16, District 8, Ho Chi Minh City. These are non-convertible and secured bonds with par value of VND 100,000. These bonds have term of three (3) years from 9 September 2014 with fixed interest rate of 10% per annum. The purpose of these bonds is to finance The City Gate Towers Project. Collaterals are the Group's capital contribution in Hung Thanh and its receivables.

24. CONVERTIBLE BONDS

	31 December 2019			31 December 2018		
	Amount	Interest	Maturity	Amount	Interest	Maturity
	VND	%/year	year	VND	%/year	year
Bonds holders						
Kallang Limited	-	-	-	52,500,000,000	8	5
<i>In which:</i>						
Bonds issued to related parties (Note 33)	-			52,500,000,000		

The Group's convertible corporate bonds with total value of VND 210,000,000,000 issued on 9 September 2015. These are unsecured convertible bonds with par value of VND 1,000,000 with purpose to supplement the working capital of the Group's real estate projects. These corporate bonds have 5 years term with fixed interest rate of 8% per annum. Bonds interests is paid every six months. Bonds holders have the right to convert bonds to common shares at any time every six months since the date of issuance. Conversion price is VND 22,500 per share with possible adjustment terms in case the bonds are diluted. Accordingly, the Group has liability to refund to bonds holders by 6.67% of bond's value when consolidated revenue and consolidated profit after tax of the Group for the year ended 31 December 2015 were lower than VND 400,000,000,000 and VND 100,000,000,000, respectively, at the moment converting bonds to shares. According to the Management's assessment, nominal interest rate of convertible bonds is equivalent to market interest rate, therefore, no discount or premium has been recognized.

As at 26 February 2019, the Company completely issued 2,904,082 ordinary shares with par value of VND 10,000 in order to convert bonds amounting to VND 52,500,000,000 with conversion price of VND 18,078 per share according to Resolution of the General Meeting of Shareholders dated 11/NQ-DHDCD dated 26 February 2019. Accordingly, the Company's registered share capital increased from 975,715,740,000 VND to 1,004,756,560,000 and approved by the Ho Chi Minh City Department of Planning and Investment in accordance with the thirteenth amended Business Registration Certificate dated 8 May 2019 (Note 25).

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

25. OWNERS' EQUITY

25.1 Increase and decrease in owners' equity

						VND
	Share capital	Share premium	Treasury shares	Investment and development fund	Undistributed earnings	Total
Previous year						
Beginning balance	975,715,740,000	459,600,399,732	(6,891,019,437)	131,477,728,497	208,558,908,576	1,768,461,757,368
Appropriation of bonus and welfare funds	-	-	-	-	(4,459,449,298)	(4,459,449,298)
Remuneration of Board of Directors	-	-	-	-	(1,595,000,000)	(1,595,000,000)
Net profit for the year	-	-	-	-	152,905,998,263	152,905,998,263
Ending balance	<u>975,715,740,000</u>	<u>459,600,399,732</u>	<u>(6,891,019,437)</u>	<u>131,477,728,497</u>	<u>355,410,457,541</u>	<u>1,915,313,306,333</u>
Current year						
Beginning balance	975,715,740,000	459,600,399,732	(6,891,019,437)	131,477,728,497	355,410,457,541	1,915,313,306,333
Increase in capital (Note 24)	29,040,820,000	23,459,180,000	-	-	-	52,500,000,000
Buy treasury share (*)	-	-	(132,272,546,777)	-	-	(132,272,546,777)
Net profit for the year	-	-	-	-	347,212,290,681	347,212,290,681
Appropriation of bonus and welfare funds	-	-	-	-	(8,531,151,665)	(8,531,151,665)
Remuneration of Board of Directors	-	-	-	-	(1,500,000,000)	(1,500,000,000)
Others	-	(3,500,000,000)	-	-	(14,902,309,653)	(18,402,309,653)
Ending balance	<u>1,004,756,560,000</u>	<u>479,559,579,732</u>	<u>(139,163,566,214)</u>	<u>131,477,728,497</u>	<u>677,689,286,904</u>	<u>2,154,319,588,919</u>

(*) According to the Resolution of the Board of Directors No. 7/NQ-HĐQT dated 10 January 2019, it approved the plan to repurchase treasury shares with the expected number of repurchases of 9,757,150 shares corresponding to a rate of 10% of the total number of shares issued by the Group at market price but not exceeding VND 22,000 VND/ share. On 26 April 2019, the Group completed the purchase of 7,015,000 treasury share with par value of VND 10,000 per share at total amount of VND 132,217,546,777 corresponding to the average trading price of VND 18,820 per share.

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

25. OWNERS' EQUITY (continued)

25.2 Capital transactions with owners and distribution of dividends, profits

	VND	
	Ending balance	Beginning balance
Contributed capital		
Beginning balance	975,715,740,000	975,715,740,000
Increase	29,040,820,000	-
Ending balance	<u>1,004,756,560,000</u>	<u>975,715,740,000</u>
<i>Dividends paid</i>	-	869,466,600

25.3 Shares

	Ending balance		Beginning balance	
	Number of shares		Number of shares	
Issued shares	100,475,656		97,571,574	
Issued and paid-up shares				
Ordinary shares	100,475,656		97,571,574	
Repurchased shares (treasury shares)				
Ordinary shares	(7,154,400)		(139,400)	
Shares in circulation				
Ordinary shares	93,321,256		97,432,174	

25.4 Earnings per share

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

	Current year	Previous year
Net profit after tax attributable to ordinary equity holders (VND)	347,212,290,681	152,905,998,263
Distributions of profit (VND) (i)	<u>(17,360,614,534)</u>	<u>(7,645,299,913)</u>
Net profit attributable to ordinary equity holders adjusted for the effect of dilution (VND)	<u>329,851,676,147</u>	<u>145,260,698,350</u>
Weighted average number of ordinary shares for basic earnings per share	95,010,025	97,432,174
Effect of dilution due to convertible bonds	<u>-</u>	<u>2,904,082</u>
Weighted average number of ordinary shares (excluding treasury shares) adjusted for the effect of dilution	<u>95,010,025</u>	<u>100,336,256</u>
Earnings per share (VND)		
<i>Basic earnings per share</i>	3,472	1,491
<i>Diluted earnings per share</i>	3,472	1,448

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

25. OWNERS' EQUITY (continued)

25.4 Earnings per share (continued)

- (i) Profit used to compute earnings per share for the year ended 31 December 2018 was restated to reflect the actual allocation to bonus and welfare fund from 2018 undistributed earnings following the Resolution of Annual General Meeting dated 24 April 2019.

Profit used to compute earnings per share for the year ended 31 December 2019 was adjusted reflect the actual allocation to bonus and welfare fund from 2019 undistributed earnings following the Resolution of Annual General Meeting dated 24 April 2019.

26. NON-CONTROLLING INTEREST

	VND	
	Current year	Previous year
Beginning balance	155,332,146,373	155,314,179,536
Profit for the year	(257,372,633)	1,557,088,405
Fund appropriation during the year	(44,292,588)	(36,223,012)
Disposal of a subsidiary during the year	(147,015,109,612)	(1,502,898,556)
Ending balance	<u>8,015,371,540</u>	<u>155,332,146,373</u>

27. REVENUES

27.1 Revenue from sale of goods and rendering of services

	VND	
	Current year	Previous year
Sales of land lots and land with related infrastructures	294,628,322,187	625,723,341,389
Sales of goods and rendering of services	35,956,614,500	21,929,278,163
Sales of apartments	-	491,721,386,776
TOTAL	<u>330,584,936,687</u>	<u>1,139,374,006,328</u>

27.2 Finance income

	VND	
	Current year	Previous year
Gain from disposal of subsidiary (Note 4)	122,878,070,000	-
Interest from bank deposit and loans	417,056,586	508,121,260
TOTAL	<u>123,295,126,586</u>	<u>508,121,260</u>

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

28. COST OF GOODS SOLD AND SERVICES RENDERED

	VND	
	<i>Current year</i>	<i>Previous year</i>
Cost of land lots and land with related infrastructures sold	215,775,502,136	429,150,664,519
Cost of goods sold and service rendered	35,195,712,540	29,267,411,470
Cost of apartments sold	-	413,676,201,472
TOTAL	<u>250,971,214,676</u>	<u>872,094,277,461</u>

29. FINANCE EXPENSES

	VND	
	<i>Current year</i>	<i>Previous year</i>
Interest expenses	81,155,694	33,742,893,042
Loss from disposal of a subsidiary	-	3,500,613,193
TOTAL	<u>81,155,694</u>	<u>37,243,506,235</u>

30. SELLING EXPENSES AND GENERAL AND ADMINISTRATIVE EXPENSES

	VND	
	<i>Current year</i>	<i>Previous year</i>
Selling expenses		
Expenses for external services	3,536,124,415	100,169,393
Brokerage commission fee	-	33,753,414,649
Expenses for show flat	-	3,932,288,348
Others	-	5,705,000
	<u>3,536,124,415</u>	<u>37,791,577,390</u>
General and administrative expenses		
Labour costs	18,115,625,236	9,148,482,880
Expenses for external services	7,649,844,708	3,725,766,081
Depreciation expenses	3,745,232,911	-
Goodwill allocation	-	3,956,262,599
Others	3,127,158,765	3,004,451,283
	<u>32,637,861,620</u>	<u>19,834,962,843</u>
TOTAL	<u>36,173,986,035</u>	<u>57,626,540,233</u>

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

31. OTHER INCOME AND EXPENSES

	VND	
	<i>Current year</i>	<i>Previous year</i>
Other income		
Gain from transfer investment project right (*)	255,000,000,000	-
Compensation and penalty received	18,930,584,565	20,028,639,316
Gains from disposal of fixed assets	272,727,272	4,306,955,217
Others	667,216,408	427,236,104
	<u>274,870,528,245</u>	<u>24,762,830,637</u>
Other expenses		
Penalty Paid	(7,548,255,681)	(545,332,602)
Others	(1,327,676,703)	(1,785,969,433)
	<u>(8,875,932,384)</u>	<u>(2,331,302,035)</u>
NET OTHER PROFIT	<u>265,994,595,861</u>	<u>22,431,528,602</u>

(*) On 20 June 2019, the Group and Pearl City Investment Joint Stock Company (“Pearl City”) signed a contract of transfer of right to participate in Investment project No.01/2019/HĐ-PC. Accordingly, the Group will transfer to Pearl City 30% the right to participate in investment project of Son Tinh – Quang Ngai Residential Area in Truong Quang Trong Ward and Tinh An Dong Commune, Quang Ngai City, Quang Ngai Province with the value of VND 255,000,000,000. The Company has no obligation to refund this amount under any circumstances under the above contract. As at balance sheet date, the Company fully received this receivable.

32. CORPORATE INCOME TAX

The statutory corporate income tax (“CIT”) rate applicable to the Company and subsidiaries is 20% of taxable profits.

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

32.1 CIT expense

	VND	
	<i>Current year</i>	<i>Previous year</i>
Current tax expense	86,038,637,269	41,121,388,384
Deferred tax income	(300,960,000)	(235,142,791)
TOTAL	<u>85,737,677,269</u>	<u>40,886,245,593</u>

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

32. CORPORATE INCOME TAX (continued)

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

	<i>Current year</i>			<i>VND</i>
	<i>Real estate activity</i>	<i>Other activities</i>	<i>Total</i>	<i>Previous year</i>
Accounting profit before tax	59,089,481,592	373,558,821,137	432,648,302,729	195,349,332,261
At CIT rate of 20%	11,817,896,318	74,711,764,227	86,529,660,545	39,069,866,452
Adjustments:				
Non-deductible expenses	17,714,548	1,658,463,653	1,676,178,201	358,358,170
Utilisation of tax loss carried forward	-	(2,071,994,033)	(2,071,994,033)	-
Income from disposal of a subsidiary	-	-	-	1,341,860,944
Loss in year	-	1,085,849,935	1,085,849,935	-
Unrealized profit in consolidated financial statements	(980,417,379)	(501,600,000)	(1,482,017,379)	(1,515,247,985)
Unrecognized deferred tax of tax loss carried forward	-	-	-	1,595,072,793
Others	-	-	-	36,335,219
CIT expense	10,855,193,487	74,882,483,782	85,737,677,269	40,886,245,593

32.2 Current tax

The current CIT payable is based on taxable profit for the current year. The taxable profit of the Company and its subsidiaries 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 Company and its subsidiaries' liability for current tax is calculated using tax rates that have been enacted by the balance sheet date.

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

32. CORPORATE INCOME TAX (continued)

32.3 Tax losses carried forward

The Company and its subsidiaries are entitled to carry tax loss forward to offset against taxable profits arising within five years subsequent to the year in which the loss was incurred. As at the balance sheet date, the Company and its subsidiaries had aggregated accumulated tax losses of VND 5,453,681,002 (31 December 2018: VND 29,931,331) available for offset against future taxable profits. Details are as follows:

VND					
Originating year	Can be utilized up to	Tax loss amount (*)	Utilized up to 31 December 2019	Forfeited	Unutilized at 31 December 2019
2016	2021	5,002,915,474	(4,994,029,677)	-	8,885,797
2017	2022	15,545,534	-	-	15,545,534
2018	2023	10,359,970,166	(10,359,970,166)	-	-
2019	2024	5,429,249,671	-	-	5,429,249,671
TOTAL		20,807,680,845	(15,353,999,843)	-	5,453,681,002

(*) Estimated tax loss as per the Company and its subsidiaries' corporate income tax declarations above have not been audited by the local tax authorities as at the date of this consolidated financial statements.

Deferred tax assets have not been recognized in respect of tax losses carried forward due to uncertainty of future taxable profits.

32.4 Deferred tax

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

	Consolidated balance sheet		Consolidated income statement	
	Ending balance	Beginning balance	Current year	Previous year
Deferred tax assets				
Unrealised profit	1,103,520,000	802,560,000	300,960,000	(1,573,948,497)
Deferred tax liabilities				
Provision for investments in subsidiaries at consolidated level	-	-	-	1,809,091,288
	1,103,520,000	802,560,000		
Net deferred tax credit to consolidated income statement			300,960,000	235,142,791

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

33. TRANSACTIONS WITH RELATED PARTIES

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

			<i>VND</i>	
<i>Related parties</i>	<i>Relationship</i>	<i>Transactions</i>	<i>Current year</i>	<i>Previous year</i>
Ho Chi Minh City Infrastructure Investment Joint Stock Company	Parent Company	Capital transferred for Diamond Riverside Project	260,487,200,000	-
		Refund cost of capital for Diamond Riverside Project	71,000,000,000	-
		Interest expense for Diamond Riverside Project	36,772,188,774	-
		Capital transferred for De-Lagi Resort Project	119,028,743,353	-
		Capital received for Son Tinh Project	86,000,000,000	-
		Interests expenses for De-Lagi Resort Project	28,514,462,950	-
		Capital received for De-Lagi Resort Project	7,000,000,000	10,000,000,000
Creed Investments VN-1 Ltd.	Major shareholder	Repayment of bonds	80,172,000,000	185,000,000,000
		Bond interests	20,526,018,648	26,277,517,272
Kallang Limited	Major shareholder	Transfer convertible bonds to share	49,000,000,000	-
		Bonds interests	13,566,020,054	5,513,441,564
		Refund	11,267,600,000	-
Quang Ngai Mineral Investment Joint Stock Company	Associate	Lending	-	100,000,000

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

33. TRANSACTIONS WITH RELATED PARTIES (continued)

Amounts due to and due from related parties as at consolidated balance sheet dates were as follows:

<i>Related parties</i>	<i>Relationship</i>	<i>Transactions</i>	<i>Ending balance</i>	<i>VND Beginning balance</i>
Other short-term receivable				
Tri Viet Steel Company Limited	Common key personnel	Receipt from disposal of a subsidiary	1,700,000,000	2,000,000,000
Other long-term receivable				
Ho Chi Minh City Infrastructure Investment Joint Stock Company	Parent Company	Advances for profits of the Diamond Riverside Apartment Project	-	100,067,648,226
Other short-term payables				
Quang Ngai Mineral Investment Joint Stock Company	Associate	Supporting for operating activities	3,110,405,635	3,110,405,635
Ho Chi Minh City Infrastructure Investment Joint Stock Company	Parent Company	Subsidiary acquisition	-	430,000,000,000
Kallang Limited	Major shareholder	Payables due to non - conversion of preference shares to common shares	-	13,901,397,643
			<u>3,110,405,635</u>	<u>447,011,803,278</u>
Other long-term payables				
Ho Chi Minh City Infrastructure Investment Joint Stock Company	Parent Company	Capital contribution for the Diamond Riverside Apartment Project	39,106,803,042	260,487,200,000
		Capital contribution for Son Tinh Project	38,203,273,972	-
		Capital contribution for De - Lagi Resort Project	-	112,028,743,353
			<u>77,310,077,014</u>	<u>372,515,943,353</u>
			<u>80,420,482,649</u>	<u>819,527,746,631</u>

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

33. TRANSACTIONS WITH RELATED PARTIES (continued)

Amounts due to and due from related parties as at consolidated balance sheet dates were as follows: (continued)

<i>Related party</i>	<i>Relationship</i>	<i>Nature of transaction</i>	<i>VND</i>	
			<i>Ending balance</i>	<i>Beginning balance</i>
Short-term trade payables				
CII E&C Infrastructure Construction Joint Stock Company	Affiliate	Construction service	4,600,588,025	-
NBB Quang Ngai Limited Liability Company	Affiliate	Construction service	655,668,131	-
TOTAL			<u>5,256,256,156</u>	<u>-</u>
Short-term advances to suppliers				
Ho Chi Minh City Infrastructure Investment Joint Stock Company	Parent Company	Advance for purchasing asset	<u>-</u>	<u>299,980,000,000</u>
Short-term accrued expense				
Creed Investments VN-1 Ltd.	Major shareholder	Bonds interests	<u>-</u>	<u>20,526,018,648</u>
Bonds				
Creed Investments VN-1 Ltd.	Major shareholder	Ordinary bonds	<u>-</u>	<u>80,172,000,000</u>
Convertible bonds				
Kallang Limited	Major shareholder	Convertible bonds	<u>-</u>	<u>52,500,000,000</u>
Transactions with other related parties				
Remuneration to members of the Board of Directors, Board of Supervision and Management as follows:				
			<i>Current year</i>	<i>Previous year</i>
Salaries, bonus and other benefits			<u>5,037,500,000</u>	<u>3,797,500,000</u>

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

34. SEGMENT INFORMATION

The following tables present revenue and profit and certain assets and liability information regarding the Group's business segment:

	<i>Real estate</i>	<i>Others</i>	<i>Elimination</i>	<i>VND</i> <i>Total</i>
As at 31 December 2019 and for year then ended				
Revenue				
<i>Sales to external customers</i>	294,628,322,187	39,904,034,616	(3,947,420,116)	330,584,936,687
Results				
<i>Segment result</i>	78,852,820,051	(2,701,764,820)	3,462,666,780	79,613,722,011
<i>(-) Unallocated expense</i>				(36,173,986,035)
<i>Finance income</i>				123,295,126,586
<i>Finance expense</i>				(81,155,694)
<i>Other profit</i>				265,994,595,861
Profit before tax				432,648,302,729
<i>(-) CIT expense</i>				(86,038,637,269)
<i>(+) Deferred CIT income</i>				300,960,000
Profit after tax				346,910,625,460
<i>Non-controlling interest</i>				(301,665,221)
Net profit after tax				347,212,290,681
As at 31 December 2019				
Assets and liabilities				
<i>Segment assets</i>	5,571,439,345,181	4,100,683,266	(121,033,901,758)	5,454,506,126,689
<i>Unallocated assets</i>				215,670,577,693
Total assets				5,670,176,704,382
<i>Segment liabilities</i>	3,516,652,975,341	141,232,000	(131,460,747,758)	3,385,333,459,583
<i>Unallocated liabilities</i>				122,508,284,340
Total liabilities				3,507,841,743,923

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

34. SEGMENT INFORMATION (continued)

The following tables present revenue and profit and certain assets and liability information regarding the Group's business segment (continued):

	<i>Real estate</i>	<i>Others</i>	<i>Elimination</i>	<i>VND</i> <i>Total</i>
As at 31 December 2018 and for year then ended				
Revenue				
<i>Sales to external customers</i>	1,117,444,728,165	25,754,634,209	(3,825,356,046)	1,139,374,006,328
Results				
<i>Segment result</i>	274,617,862,174	(3,512,777,261)	(3,825,356,046)	267,279,728,867
<i>(-) Unallocated expense</i>				(57,626,540,233)
<i>Finance income</i>				508,121,260
<i>Finance expense</i>				(37,243,506,235)
<i>Other gains</i>				22,431,528,602
Profit before tax				195,349,332,261
<i>(-) CIT expense</i>				(41,121,388,384)
<i>(-) Deferred CIT expense</i>				235,142,791
Profit after tax				154,463,086,668
<i>Non-controlling interest</i>				(1,557,088,405)
Net profit after tax				152,905,998,263
As at 31 December 2018				
Assets and liabilities				
<i>Segment assets</i>	4,545,746,055,400	312,804,056,259	(46,430,462,382)	4,812,119,649,277
<i>Unallocated assets</i>				306,547,277,169
Total assets				5,118,666,926,446
<i>Segment liabilities</i>	3,080,274,975,124	11,436,664,400	(119,869,651,486)	2,971,841,988,038
<i>Unallocated liabilities</i>				76,179,485,702
Total liabilities				3,048,021,473,740

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

35. CONTINGENT LIABILITY

On 23 March 2018, the Carina Plaza apartment building located at 1648 Vo Van Kiet Street, Ward 16, District 8, Ho Chi Minh City; which was developed by Hung Thanh Construction - Trading - Service - Production Co., Ltd (“Hung Thanh Limited Company”), a subsidiary in which the Company holds 95% of voting rights, and is managed and operated by a third party in accordance with the operation and management services agreement dated 15 December 2016; experienced a serious fire causing loss of lives and property damages. The fire was objectively caused by the electrical problems of motorbikes in accordance with Notice No. 1732/TB-PC44-D3 from Ho Chi Minh City Police Investigation Department dated 9 July 2018 in relation to the result of inspections. Legal obligations and compensation for damages related to the incident has been investigated and verified by authorized investigative agencies.

In addition, as presented in *Note 9* to the consolidated financial statements, Hung Thanh Company, financed by the Company, had made the advance payments amounting to VND 103,933,950,348 for compensatory damages and for tackling the consequences of the fire, which is currently being recognized as other short-term receivables. As at the date of the consolidated financial statements, the Group’s management have not yet recorded any expenses and provisions related to this incident as the ultimate outcome has not yet presently been determined awaiting for the official conclusions from the authorized investigative agencies.

36. EVENTS AFTER THE BALANCE SHEET DATE

There is no significant events occurring after the balance sheet date which would require adjustments or disclosures to be made in the consolidated financial statements.



Nguyen Van Minh
Preparer



Truong Hai Dang Khoa
Chief Accountant



Luu Hai Ca
General Director

12 March 2020