

# Phat Dat Real Estate Development Corp

Consolidated financial statements

For the year ended 31 December 2019



# **Phat Dat Real Estate Development Corp**

Consolidated financial statements

For the year ended 31 December 2019

---

---

---

---

# Phat Dat Real Estate Development Corp

## CONTENTS

	<i>Pages</i>
General information	1
Report of management	2
Independent auditors' report	3 - 4
Consolidated balance sheet	5 - 6
Consolidated income statement	7
Consolidated cash flow statement	8 - 9
Notes to the consolidated financial statements	10 - 38

# Phat Dat Real Estate Development Corp

## GENERAL INFORMATION

### THE COMPANY

Phat Dat Real Estate Development Corp ("the Company") is a shareholding company incorporated under the Law on Enterprise of Vietnam pursuant to the Business Registration Certificate ("BRC") No. 4103002655 issued by the Department of Planning and Investment ("DPI") of Ho Chi Minh City on 13 September 2004, as amended.

The Company's shares were listed on the Ho Chi Minh Stock Exchange ("HOSE") with code PDR in accordance with the License No. 1207/SGDHCM-NY issued by the HOSE on 9 July 2010.

The current principal activities of the Company and its subsidiaries ("the Group") are to construct and trade real estate properties; to undertake the civil and industrial projects, bridges and roads; and to provide real estate brokerage and valuation services, and real estate trading centre and management.

The Company's registered head office is located at No. 422, Dao Tri Street, Quarter 1, Phu Thuan Ward, District 7, Ho Chi Minh City, Vietnam.

### BOARD OF DIRECTORS

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

Mr Nguyen Van Dat	Chairman	
Mr Nguyen Tan Danh	Deputy Chairman	
Ms Tran Thi Huong	Deputy Chairwoman	
Mr Doan Viet Dai Tu	Member	
Mr Le Quang Phuc	Member	
Mr Khuong Van Muoi	Member	
Mr Tran Trong Gia Vinh	Member	
Mr Le Minh Dung	Member	appointed on 30 March 2019

### INTERNAL AUDIT COMMITTEE

According to the Resolution of Shareholders No. 01/DHDCD-NQ.2019 dated 30 March 2019, the Company established an Internal Audit Committee, which is part of the Board of Directors and dismissed the Board of Supervision.

Members of the Internal Audit Committee during the year and at the date of this report are:

Ms Nguyen Thi Thu Nguyet	Member	appointed on 18 June 2019
Mr Vo Hoang Tu	Member	appointed on 18 June 2019
Mr To Minh Tai	Member	appointed on 18 June 2019

### MANAGEMENT

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

Mr Nguyen Van Dat	General Director
Mr Pham Trong Hoa	Deputy General Director
Mr Bui Quang Anh Vu	Deputy General Director

### LEGAL REPRESENTATIVE

The legal representative of the Company during the year and as the date of this report is Mr Nguyen Van Dat.

### AUDITORS

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

# Phat Dat Real Estate Development Corp

## REPORT OF MANAGEMENT

Management of Phat Dat Real Estate Development Corp ("the Company") is pleased to present this report and the consolidated financial statements of the Company and its subsidiaries ("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 operation 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 in business.

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

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

### STATEMENT BY MANAGEMENT

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

For and on behalf of management:



Nguyen Van Dat  
General Director

Ho Chi Minh City, Vietnam

28 February 2020

Reference: 60822566/21094178/HN

## INDEPENDENT AUDITORS' REPORT

**To: The Shareholders of Phat Dat Real Estate Development Corp**

We have audited the consolidated financial statements of Phat Dat Real Estate Development Corp ("the Company") and its subsidiaries ("the Group") as prepared on 28 February 2020 and set out on pages 5 to 38, which comprise the consolidated balance sheet as at 31 December 2019, and the consolidated income statement and the consolidated cash flow statement for the year then ended and the notes thereto.

### *Management's responsibility*

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

### *Auditors' responsibility*

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with Vietnamese Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the Group's 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 relevant to the Group's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

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

### *Opinion*

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

### **Ernst & Young Vietnam Limited**



---

Ernest Yoong Chin Kang  
Deputy General Director  
Audit Practicing Registration Certificate  
No. 1891-2018-004-1



---

Ly Hong My  
Auditor  
Audit Practicing Registration Certificate  
No. 4175-2017-004-1

Ho Chi Minh City, Vietnam

28 February 2020

CONSOLIDATED BALANCE SHEET  
as at 31 December 2019

VND

Code	ASSETS	Notes	Ending balance	Beginning balance
<b>100</b>	<b>A. CURRENT ASSETS</b>		<b>10,354,694,188,254</b>	<b>8,050,298,505,590</b>
<b>110</b>	<b>I. Cash</b>	<b>5</b>	<b>646,334,409,446</b>	<b>189,341,108,610</b>
111	1. Cash		646,334,409,446	189,341,108,610
<b>130</b>	<b>II. Current accounts receivable</b>		<b>1,705,319,506,303</b>	<b>1,987,986,155,701</b>
131	1. Short-term trade receivables	6	795,203,585,316	877,410,270,588
132	2. Short-term advances to suppliers	7	755,175,650,677	759,480,588,629
136	3. Other short-term receivables	8	158,048,756,336	354,908,379,358
137	4. Provision for doubtful short-term receivables	6	(3,108,486,026)	(3,813,082,874)
<b>140</b>	<b>III. Inventory</b>	<b>9</b>	<b>7,994,802,959,880</b>	<b>5,865,813,659,699</b>
141	1. Inventories		7,994,802,959,880	5,865,813,659,699
<b>150</b>	<b>IV. Other current assets</b>		<b>8,237,312,625</b>	<b>7,157,581,580</b>
151	1. Short-term prepaid expenses	10	2,535,665,201	3,227,850,322
152	2. Value-added tax deductible	18	3,055,335,504	249,242,268
153	3. Tax and other receivables from the State	18	2,642,764,611	3,680,488,990
155	4. Other current assets		3,547,309	-
<b>200</b>	<b>B. NON-CURRENT ASSETS</b>		<b>3,606,685,291,937</b>	<b>3,007,127,704,904</b>
<b>210</b>	<b>I. Long-term receivables</b>		<b>1,566,429,244,555</b>	<b>1,218,785,810,900</b>
211	1. Long-term trade receivables	6	100,000,000,000	136,493,450,000
216	2. Other long-term receivables	8	1,466,429,244,555	1,082,292,360,900
<b>220</b>	<b>II. Fixed assets</b>		<b>17,573,105,541</b>	<b>10,533,573,446</b>
221	1. Tangible fixed assets	11	16,528,118,651	8,670,954,220
222	Cost		29,436,544,082	16,207,907,380
223	Accumulated depreciation		(12,908,425,431)	(7,536,953,160)
227	2. Intangible fixed assets	12	1,044,986,890	1,862,619,226
228	Cost		3,171,378,036	3,171,378,036
229	Accumulated amortisation		(2,126,391,146)	(1,308,758,810)
<b>230</b>	<b>III. Investment properties</b>	<b>13</b>	<b>75,415,499,883</b>	<b>81,803,718,760</b>
231	1. Cost		82,664,270,272	85,069,855,272
232	2. Accumulated depreciation		(7,248,770,389)	(3,266,136,512)
<b>240</b>	<b>IV. Long-term asset in progress</b>		<b>908,369,586,162</b>	<b>772,508,407,217</b>
242	1. Construction in progress	14	908,369,586,162	772,508,407,217
<b>250</b>	<b>V. Long-term investments</b>		<b>5,502,000,000</b>	-
252	1. Investment in an associate	15.1	2,692,000,000	-
255	2. Held-to-maturity investment	15.2	2,810,000,000	-
<b>260</b>	<b>VI. Other long-term assets</b>		<b>1,033,395,855,796</b>	<b>923,496,194,581</b>
261	1. Long-term prepaid expenses	10	1,033,362,960,251	923,019,095,140
262	2. Deferred tax assets	30.3	32,895,545	477,099,441
<b>270</b>	<b>TOTAL ASSETS</b>		<b>13,961,379,480,191</b>	<b>11,057,426,210,494</b>



CONSOLIDATED BALANCE SHEET (continued)  
as at 31 December 2019

VND

Code	RESOURCES	Notes	Ending balance	Beginning balance
<b>300</b>	<b>C. LIABILITIES</b>		<b>9,592,450,613,317</b>	<b>7,545,800,025,971</b>
<b>310</b>	<b>I. Current liabilities</b>		<b>3,072,749,465,963</b>	<b>791,983,019,355</b>
311	1. Short-term trade payables	16	260,918,338,771	312,970,270,795
312	2. Short-term advances from customers	17	651,149,337,644	10,173,673,983
313	3. Statutory obligations	18	178,844,784,958	106,085,585,958
314	4. Payables to employees		4,531,081,501	4,723,195,905
315	5. Short-term accrued expenses	19	145,704,680,565	78,224,554,568
319	6. Other short-term payables	20	623,410,262,001	266,522,206,379
320	7. Short-term loans	22	1,201,598,912,000	-
322	8. Bonus and welfare fund	21	6,592,068,523	13,283,531,767
<b>330</b>	<b>II. Non-current liabilities</b>		<b>6,519,701,147,354</b>	<b>6,753,817,006,616</b>
337	1. Other long-term liabilities	20	5,549,400,552,616	6,753,817,006,616
338	2. Long-term loans	22	970,300,594,738	-
<b>400</b>	<b>D. OWNERS' EQUITY</b>		<b>4,368,928,866,874</b>	<b>3,511,626,184,523</b>
<b>410</b>	<b>I. Capital</b>		<b>4,368,928,866,874</b>	<b>3,511,626,184,523</b>
411	1. Share capital	23.1	3,276,579,720,000	2,663,890,070,000
411a	- Shares with voting rights		3,276,579,720,000	2,663,890,070,000
412	2. Share premium	23.1	11,680,300,000	11,680,300,000
418	3. Investment and development fund	23.1	137,513,584,076	124,713,584,076
421	4. Undistributed earnings	23.1	871,304,238,377	645,866,230,447
421a	- Undistributed earnings by the end of prior year		4,365,082,023	4,597,533,421
421b	- Undistributed earnings of current year		866,939,156,354	641,268,697,026
429	5. Non-controlling interests	24	71,851,024,421	65,476,000,000
<b>440</b>	<b>TOTAL LIABILITIES AND OWNERS' EQUITY</b>		<b>13,961,379,480,191</b>	<b>11,057,426,210,494</b>



Vo Van Giap  
Preparer



Vu Quynh Hoa  
Chief Accountant



Nguyen Van Dat  
General Director

28 February 2020

CONSOLIDATED INCOME STATEMENT  
for the year ended 31 December 2019

VND

Code	ITEMS	Notes	Current year	Previous year
01	1. Revenue from sale of goods and rendering of services	25.1	3,410,467,569,021	2,268,746,544,025
02	2. Deductions	25.1	(10,281,555,066)	(121,037,201,884)
10	3. Net revenue from sale of goods and rendering of services	25.1	3,400,186,013,955	2,147,709,342,141
11	4. Cost of goods sold and services rendered	26	(2,082,172,994,694)	(1,466,558,349,018)
20	5. Gross profit from sale of goods and rendering of services		1,318,013,019,261	681,150,993,123
21	6. Finance income	25.2	8,191,043,675	4,553,157,729
22	7. Finance expenses		(101,578,949)	-
25	8. Selling expenses	27	(124,034,028,139)	(41,308,040,594)
26	9. General and administrative expenses	27	(93,003,741,165)	(80,054,505,689)
30	10. Operating profit		1,109,064,714,683	564,341,604,569
31	11. Other income	29	4,447,792,353	198,454,186,942
32	12. Other expenses	29	(8,201,664,074)	(4,718,208,025)
40	13. Other (loss) profit		(3,753,871,721)	193,735,978,917
50	14. Accounting profit before tax		1,105,310,842,962	758,077,583,486
51	15. Current corporate income tax expense	30.1	(230,723,252,719)	(114,724,540,728)
52	16. Deferred tax expense	30.3	(444,203,896)	(36,345,732)
60	17. Net profit after tax		874,143,386,347	643,316,697,026
61	18. Net profit after tax attributable to shareholders of the parent		874,138,744,149	643,316,697,026
62	19. Net profit after tax attributable to non-controlling interests		4,642,198	-
70	20. Basic earnings per share (VND/share)	32	2,534	1,914
71	21. Diluted earnings per share (VND/share)	32	2,534	1,914



Vo Van Giap  
Preparer



Vu Quynh Hoa  
Chief Accountant



Nguyen Van Dat  
General Director

CONSOLIDATED CASH FLOW STATEMENT  
for the year ended 31 December 2019

VND

Code	ITEMS	Notes	Current year	Previous year
	<b>I. CASH FLOWS FROM OPERATING ACTIVITIES</b>			
01	<b>Accounting profit before tax</b>		<b>1,105,310,842,962</b>	<b>758,077,583,486</b>
	<i>Adjustments for:</i>			
02	Depreciation and amortisation of fixed assets and investment properties	11, 12, 13	6,010,671,000	3,912,036,535
03	Reversal of provision		(704,596,848)	(327,975,420)
05	Profits from investing activities		(6,682,602,020)	(4,553,157,729)
08	<b>Operating profit before changes in working capital</b>		<b>1,103,934,315,094</b>	<b>757,108,486,872</b>
09	(Increase) decrease in receivables		(64,568,313,755)	933,434,560,707
10	Increase in inventories		(3,453,811,699,227)	(708,091,347,875)
11	Increase in payables		1,759,427,245,554	418,210,999,785
12	Increase in prepaid expenses		(109,651,679,990)	(902,791,656,039)
14	Interest paid		(76,813,864,626)	(70,549,175,311)
15	Corporate income tax paid		(156,800,342,826)	(83,035,315,972)
17	Other cash outflows for operating activities	21	(19,491,463,244)	(21,720,533,279)
20	<b>Net cash flows (used in) from operating activities</b>		<b>(1,017,775,803,020)</b>	<b>322,566,018,888</b>
	<b>II. CASH FLOWS FROM INVESTING ACTIVITIES</b>			
21	Purchase and construction of fixed assets		(101,269,950,297)	(9,743,614,002)
22	Proceeds from disposals of fixed assets		-	119,059,556,440
23	Loans to other entities		(2,810,000,000)	-
25	Payments for investments in other entities		(599,743,496,260)	(689,180,950,512)
26	Proceeds from sale of investments in other entities		-	347,480,000,000
27	Interest received		6,693,043,675	2,301,822,946
30	<b>Net cash flows used in investing activities</b>		<b>(697,130,402,882)</b>	<b>(230,083,185,128)</b>
	<b>III. CASH FLOWS FROM FINANCING ACTIVITIES</b>			
33	Drawdown of borrowings		2,456,471,923,000	1,056,991,706,980
34	Repayment of borrowings		(284,572,416,262)	(1,104,188,126,114)
40	<b>Net cash flows from (used in) financing activities</b>		<b>2,171,899,506,738</b>	<b>(47,196,419,134)</b>

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		456,993,300,836	45,286,414,626
60	Cash at beginning of year		189,341,108,610	144,054,693,984
70	Cash at end of year	5	646,334,409,446	189,341,108,610



Vo Van Giap  
Preparer



Vu Quynh Hoa  
Chief Accountant



Nguyen Van Dat  
General Director

28 February 2020

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

## 1. CORPORATE INFORMATION

Phat Dat Real Estate Development Corp ("the Company") is a shareholding company incorporated under the Law on Enterprise of Vietnam pursuant to the Business Registration Certificate ("BRC") No. 4103002655 issued by the Department of Planning and Investment ("DPI") of Ho Chi Minh City on 13 September 2004, as amended.

The Company's shares were listed on the Ho Chi Minh Stock Exchange ("HOSE") with code PDR in accordance with the License No. 1207/SGDHCM-NY issued by the HOSE on 9 July 2010.

The current principal activities of the Company and its subsidiaries ("the Group") are to construct and trade real estate properties; to undertake the civil and industrial projects, bridges and roads; and to provide real estate brokerage and valuation services, and real estate trading centre and management.

The Company's registered head office is located at No. 422, Dao Tri, Quarter 1, Phu Thuan Ward, District 7, Ho Chi Minh City, Vietnam.

The number of the Group's employees as at 31 December 2019 was 190 (31 December 2018: 185).

### **Corporate structure**

As at 31 December 2019, the Company has six following subsidiaries which were consolidated into the consolidated financial statements of the Group:

#### *Phat Dat Investment Limited Company ("Phat Dat Investment")*

Phat Dat Investment is a one-member limited liability company incorporated under the Law on Enterprise of Vietnam pursuant to the BRC No. 0313241765 issued by the DPI of Ho Chi Minh City on 11 May 2015, as amended. Phat Dat Investment's registered head office is located at No. 422 Dao Tri Street, Quarter 1, Phu Thuan Ward, District 7, Ho Chi Minh City, Vietnam. The principal activities of Phat Dat Investment are to trade real estate properties. As at the balance sheet date, legal procedures for the dissolution of Phat Dat Investment are in progress.

As at 31 December 2019, the Company holds a 100% equity share and voting rights in this subsidiary.

#### *Phu Hung Real Estate Investment Company Limited ("Phu Hung")*

Phu Hung is a one-member limited liability company incorporated under the Law on Enterprise of Vietnam pursuant to the BRC No. 0313558191 issued by the DPI of Ho Chi Minh City on 1 December 2015, as amended. Phu Hung's registered head office is located at No. 30, Nguyen Thi Dieu Street, District 3, Ho Chi Minh City, Vietnam. The principal activities of Phu Hung are to trade real estate properties. On 6 November 2018, the Company's Board of Directors decided to dissolve Phu Hung in accordance with Decision No. 21/2018/QD-HDQT. On 8 February 2020, the Company received the Notification of the DPI of Ho Chi Minh City indicating the completion of the process to dissolve this company.

As at 31 December 2019, the Company holds a 100% equity share and voting rights in this subsidiary.

#### *DK Phu Quoc Corporation ("DK Phu Quoc")*

DK Phu Quoc is a shareholding company incorporated under the Law on Enterprise of Vietnam pursuant to the BRC No. 1701522101 issued by the DPI of Kien Giang Province on 22 April 2011, as amended. DK Phu Quoc's registered head office is located at Group 17, C Lot, Quarter 5, Duong Dong Town, Phu Quoc District, Kien Giang Province, Vietnam. The principal activities of DK Phu Quoc are to trade real estate properties and provide construction services.

As at 31 December 2019, the Company holds a 99% equity share and voting rights in this subsidiary.

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

## 1. CORPORATE INFORMATION (continued)

### **Corporate structure** (continued)

#### *Coinin Construction Investment Infrastructure Company Limited ("Coinin")*

Coinin is a limited liability company with two or more members incorporated under the Law on Enterprise of Vietnam pursuant to the BRC No. 0313662185 issued by the DPI of Ho Chi Minh City on 25 February 2016, as amended. Coinin's registered head office is located at No. 271/16, An Duong Vuong Street, Ward 3, District 5, Ho Chi Minh City, Vietnam. The principal activities of Coinin are to trade real estate properties and provide construction services.

As at 31 December 2019, the Company holds a 80% equity share and voting rights in this subsidiary.

#### *Sai Gon - KL Real Estate Corporation ("Sai Gon - KL") (Note 4)*

Sai Gon - KL is a joint stock company incorporated under the Law on Enterprise of Vietnam pursuant to the BRC No. 13700902915 issued by the DPI of Binh Duong Province on 29 April 2008, as amended. Sai Gon - KL's registered head office is located at Land lot No. 1186 - 1187, Map sheet No. 6-2 (D2), Binh Duc Quarter, Binh Hoa Ward, Thuan An Town, Binh Duong Province, Vietnam. The principal activities of Sai Gon - KL are to trade real estate properties.

As at 31 December 2019, the Company holds a 99% equity share and voting rights in this subsidiary.

#### *Ngo May Real Estate Investment Joint Stock Company ("Ngo May")*

During the year, the Group contributed VND 127,012,460,600 to establish Ngo May, a joint stock company incorporated under the Law on Enterprise of Vietnam pursuant to the BRC No. 4101553978 issued by the DPI of Binh Dinh Province on 19 November 2019. Ngo May's registered head office is located at No. 1, Ngo May Street, Nguyen Van Cu Ward, Quy Nhon City, Binh Dinh Province, Vietnam. The principal activities of Ngo May are to trade real estate properties.

As at 31 December 2019, the Company holds a 94% equity share and voting rights in this subsidiary.

## 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 the Vietnamese Enterprise Accounting System and Vietnamese Accounting Standards issued by the Ministry of Finance as per:

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

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

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

**2. BASIS OF PREPARATION** (continued)

**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 of the Group comprise the financial statements of the Company and its subsidiaries for the year ended 31 December 2019.

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

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

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

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

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

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

**3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**3.1 Cash**

Cash comprises cash on hand and cash in banks.

**3.2 Inventories**

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:

Merchandise - cost of purchase on a weighted average basis.

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

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

#### 3.2 *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 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.

##### *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 balance sheet 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 the consolidated income statement 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.

#### 3.3 *Receivables*

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

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

#### 3.4 *Fixed assets*

Tangible fixed assets and intangible fixed assets are stated at cost less accumulated depreciation and amortisation.

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

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

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



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

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

#### 3.5 Depreciation and amortisation

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

Machinery and equipment	3 – 8 years
Means of transportation	6 – 10 years
Land use rights	49 years
Computer software	3 years

#### 3.6 Investment properties

Investment properties comprise land use rights, buildings or part of a building or both and infrastructure held to earn rentals or for capital appreciation, or both, rather than for use in the production or supply of goods or services; administration purposes or sale in the ordinary course of business.

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

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

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

Buildings and structures	25 – 45 years
--------------------------	---------------

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

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

#### 3.7 Construction in progress

Construction in progress represents fixed assets under construction and is stated at historical cost. This includes costs of construction, installation of equipment and other direct costs. Construction in progress is not depreciated until such time as the relevant assets are completed and put into operation.

#### 3.8 Borrowing costs

Borrowing costs consist of interest and other costs that the Group incurs in connection with the borrowing of funds and are recorded as expense during the year in which they are incurred, except to the extent that they are capitalised 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 capitalised as part of the cost of the respective asset.

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

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

#### 3.9 *Prepaid expenses*

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

#### 3.10 *Investments*

##### *Investment in an associate*

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

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

The share of post-acquisition profit (loss) of the associates is presented on face of the consolidated income statement and its share of post-acquisition movements in reserves is recognised in reserves. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. Dividend receivable from associates reduces the carrying amount of the investment.

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

##### *Held-to-maturity investment*

Held-to-maturity investment is stated at its acquisition cost. After initial recognition, held-to-maturity investment is measured at recoverable amount. Any impairment loss incurred is recognised as finance expenses in the consolidated income statements and deducted against the value of such investment.

##### *Provision for diminution in value of investments*

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.

#### 3.11 *Payables and accruals*

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

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

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

#### 3.12 *Earnings per share*

Basic earnings per share amount is computed by dividing net profit for the year attributable to ordinary shareholders of the Company (after adjusting for the bonus and welfare fund and BOD's remuneration) by the weighted average number of ordinary shares outstanding during the year, where applicable.

Diluted earnings per share amounts are calculated by dividing the net profit after tax attributable to ordinary shareholders of the Company (after adjusting for the bonus and welfare fund and BOD's remuneration) by the weighted average number of ordinary shares outstanding during the year plus the weighted average number of ordinary shares that would be issued on conversion of all the dilutive potential ordinary shares into ordinary shares.

#### 3.13 *Foreign currency transactions*

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

- Transactions resulting in receivables are recorded at the buying exchange rates of the commercial banks designated for collection; and
- Transactions resulting in liabilities are recorded at the selling exchange rates of the commercial banks designated for payment;

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

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

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

#### 3.14 *Appropriation of net profits*

Net profit after tax (excluding negative goodwill arising from a bargain purchase) is available for appropriation to shareholders after approval by shareholders at the annual general 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 ("BOD") 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.

##### *Dividends*

Final dividends proposed by the Company's BOD are classified as an allocation of undistributed earnings within the equity section on the consolidated balance sheet, until they have been approved by the Company's shareholders at the annual general meeting. At that time, they are recognized as a liability in the consolidated balance sheet.

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

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

#### 3.15 Revenue recognition

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

##### *Sale of apartments*

For apartments sold after completion of construction, the revenue is recognised when the significant risks and rewards of ownership of apartments have been transferred to the buyers, usually upon the handing over of apartments, or upon the expiring of the Notice of Handover, which is usually 7 days after issuance date.

##### *Sale of residential plots and related infrastructure*

Revenue is recognised when the significant risks and rewards of ownership of residential plots and related infrastructures have been transferred to the buyers, usually upon the handing over of residential plots and related infrastructures.

##### *Rental income*

Rental income receivable under operating leases is recognised on a straight-line basis over the term of the lease.

##### *Rendering of services*

Revenue is recognised upon the services had been provided and completed.

##### *Interest income*

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

#### 3.16 Taxation

##### *Current income tax*

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

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

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

##### *Deferred tax*

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

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

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

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

#### 3.16 *Taxation* (continued)

##### *Deferred tax* (continued)

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

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

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

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

#### 3.17 *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.

#### 3.18 *Segment information*

A segment is considered as an independent department of the Group which involve in the process of providing products or rendering services (business segment) or providing products or rendering services in a specific economic environment (geographical segment). These departments are responsible for risk and gain benefit separately from other departments.

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

### 4. BUSINESS COMBINATION

On 15 October 2019, the Group acquired 99% ownership interest in Sai Gon - KL at a consideration of VND 630,667,840,000. Accordingly, Sai Gon - KL became the Group's subsidiary from that date.

Management assessed that the said cost of acquisition represents the fair value of the project owned by this newly-acquired subsidiary. As a result, management accounted for this acquisition as asset acquisition rather than business combination because this subsidiary only owns real estate project and is not in commercial operation yet.

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

**5. CASH**

	VND	
	<i>Ending balance</i>	<i>Beginning balance</i>
Cash on hand	136,492,947	113,633,563
Cash in banks	<u>646,197,916,499</u>	<u>189,227,475,047</u>
<b>TOTAL</b>	<b><u>646,334,409,446</u></b>	<b><u>189,341,108,610</u></b>

**6. TRADE RECEIVABLES**

	VND	
	<i>Ending balance</i>	<i>Beginning balance</i>
<b>Short-term</b>	<b>795,203,585,316</b>	<b>877,410,270,588</b>
Receivables from other parties	695,788,611,272	766,661,526,919
- Thien Minh Real Estate Investment Corporation ("Thien Minh")	344,738,890,572	419,425,589,072
- Danh Khoi Holdings Investment Joint Stock Company ("Danh Khoi")	157,852,595,000	-
- Mr Pham Thanh Dien	31,000,000,000	71,000,000,000
- Minh Hoang Real Estate Business Joint Stock Company ("Minh Hoang")	26,602,528,970	25,135,776,394
- Toan Tam Management Service Corporation ("Toan Tam")	21,228,032,000	4,785,609,500
- Big Gain Investment Company Limited ("Big Gain")	-	13,951,350,000
- Others	114,366,564,730	232,363,201,953
Receivables from related parties (Note 31)	99,414,974,044	110,748,743,669
<b>Long-term</b>	<b>100,000,000,000</b>	<b>136,493,450,000</b>
Receivable from a related party (Note 31)	100,000,000,000	117,000,000,000
Receivable from other party	-	19,493,450,000
<b>TOTAL</b>	<b>895,203,585,316</b>	<b>1,013,903,720,588</b>
Provision for doubtful short-term receivables	<u>(3,108,486,026)</u>	<u>(3,813,082,874)</u>
<b>NET</b>	<b><u>892,095,099,290</u></b>	<b><u>1,010,090,637,714</u></b>

Movements of provision for doubtful short-term receivables are as follows:

	VND	
	<i>Current year</i>	<i>Previous year</i>
Beginning balance	3,813,082,874	4,141,058,294
Less: Reversal of provision during the year	<u>(704,596,848)</u>	<u>(327,975,420)</u>
Ending balance	<u>3,108,486,026</u>	<u>3,813,082,874</u>

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

## 7. SHORT-TERM ADVANCES TO SUPPLIERS

	VND	
	Ending balance	Beginning balance
620 Infrastructure Development and Investment Corporation	361,572,995,000	-
Land Clearance and Compensation Corporation	178,099,623,590	174,188,023,851
Duc Khai Corporation	70,228,366,367	67,051,706,000
Toan Thuan Phat Construction Trading and Service Company Limited	55,447,431,870	62,576,147,735
Advance to Ms Nguyen Thi My Duyen for capital transfer	54,000,000,000	-
Tan Hoang Real Estate Corporation	-	223,000,000,000
Tam Binh Real Estate Corporation	-	200,000,000,000
Others	35,827,233,850	32,664,711,043
<b>TOTAL</b>	<b><u>755,175,650,677</u></b>	<b><u>759,480,588,629</u></b>

## 8. OTHER RECEIVABLES

	VND	
	Ending balance	Beginning balance
<b>Short-term</b>	<b>158,048,756,336</b>	<b>354,908,379,358</b>
Receivables from other parties	67,958,293,348	274,903,770,358
- Minh Hoang (ii)	17,660,000,000	50,000,000,000
- Deposit to auction Nhon Hoi – Binh Dinh project	-	132,400,000,000
- Other deposits	6,372,484,000	6,600,000,000
- Others	43,925,809,348	85,903,770,358
Receivables from related parties (Note 31)	90,090,462,988	80,004,609,000
<b>Long-term</b>	<b>1,466,429,244,555</b>	<b>1,082,292,360,900</b>
Receivables from other parties	1,239,089,492,655	854,952,609,000
- Phu Quoc Doan Anh Duong Corporation (“Doan Anh Duong”) (i)	416,000,000,000	446,000,000,000
- Minh Hoang (ii)	361,400,000,000	361,400,000,000
- Tan Hoang Real Estate Corporation (iii)	223,000,000,000	-
- Tam Binh Real Estate Corporation (iii)	200,000,000,000	-
- Phu Quoc Economic Zone Management Board	38,548,000,000	-
- Phat Dat Quang Ngai Hotel and Resort Corporation	-	9,000,000,000
- Others	141,492,655	38,552,609,000
Receivables from related parties (Note 31)	227,339,751,900	227,339,751,900
- Truong Phat Loc Shipping Joint Stock Company (“Truong Phat Loc”) (iv)	126,400,000,000	126,400,000,000
- AKYN Service Trading Investment Joint Stock Company (former is T.A.M Service Trading Investment Joint Stock Company) (“AKYN”) (v)	100,939,751,900	100,939,751,900
<b>TOTAL</b>	<b><u>1,624,478,000,891</u></b>	<b><u>1,437,200,740,258</u></b>

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

**8. OTHER RECEIVABLES (continued)**

- (i) The ending balance represents the capital contribution in accordance with the Investment Cooperation Contract ("ICC") regarding to the development of Vung Bau Ecotourism Project located at Cua Can Commune, Phu Quoc District, Kien Giang Province and earning the shared profit according to the proportion of financial contributions but not less than the interest of 20% p.a.
- (ii) The ending balance represents remaining receivables from contributed capital and distributed profit after tax resulted from the Business Cooperation Contract ("BCC") regarding to the development of commercial floors and office-apartments of Millennium project located at No. 132, Ben Van Don Street, Ward 6, District 4, Ho Chi Minh City ("Millennium project").
- (iii) The ending balance represents capital contribution in accordance with the ICC regarding to the construction and development of the ICD Port of Transshipment project located at Long Binh Ward, District 9, Ho Chi Minh City and receiving the shared land area after the project's completion.
- (iv) The ending balance represents remaining receivable from contributed capital from ICC liquidation with Truong Phat Loc regarding to the development of Millennium project.
- (v) The ending balance represents remaining receivable from contributed capital from ICC liquidation with AKYN regarding to the development of a project located at No. 239, Cach Mang Thang Tam Street, Ward 4, District 3, Ho Chi Minh City.

**9. INVENTORIES**

	VND	
	<i>Ending balance</i>	<i>Beginning balance</i>
Real estate properties (*)	7,993,221,395,711	5,865,341,180,580
Merchandise	<u>1,581,564,169</u>	<u>472,479,119</u>
<b>TOTAL</b>	<b><u>7,994,802,959,880</u></b>	<b><u>5,865,813,659,699</u></b>

(\*) Real estate properties mainly include compensation costs, land clearance costs, construction costs, capitalised interest and other development costs incurred for the following on-going real estate projects:

	VND	
	<i>Ending balance</i>	<i>Beginning balance</i>
The EverRich 2 project (i)	3,597,766,841,597	3,593,255,243,078
Nhon Hoi – Binh Dinh project (ii)	2,791,168,413,614	-
The EverRich 3 project (i)	875,636,079,563	2,051,827,016,256
Binh Duong Commercial Center and Luxury Apartment project	596,306,128,270	-
Phan Dinh Phung Sports Center project	75,134,195,647	72,633,584,240
Bau Ca – Quang Ngai project (ii)	37,603,106,026	98,559,426,839
Others	<u>19,606,630,994</u>	<u>49,065,910,167</u>
<b>TOTAL</b>	<b><u>7,993,221,395,711</u></b>	<b><u>5,865,341,180,580</u></b>



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

**9. INVENTORIES** (continued)

- (i) The EverRich 2 and The EverRich 3 projects and all of their associated asset rights were pledged to Vietnam Prosperity Joint Stock Commercial Bank as security collateral for the loans taken by the Company's business partners.

As at the balance sheet date, the Company is in progress to fulfil the Government's requirements for transferring the remaining parts of these projects in accordance with ICCs entered with Big Gain and Dynamic Innovation Company Limited ("Dynamic") (Note 20).

- (ii) The Nhon Hoi – Binh Dinh and Bau Ca – Quang Ngai projects and all of their associated asset rights were pledged as security collateral for the loans obtained and bonds issued by the Company (Note 22).

The capitalised interest to invest, develop projects for the year ended 31 December 2019 was VND 153,908,476,307 (for the year ended 31 December 2018: VND 70,549,175,311).

**10. PREPAID EXPENSES**

	VND	
	Ending balance	Beginning balance
<b>Short-term</b>	<b>2,535,665,201</b>	<b>3,227,850,322</b>
Tools and supplies	714,438,747	143,162,230
Insurance fees	502,474,083	522,160,041
External services fees	381,151,768	1,782,577,621
Others	937,600,603	779,950,430
<b>Long-term</b>	<b>1,033,362,960,251</b>	<b>923,019,095,140</b>
The EverRich 2 project compensation cost (*)	923,823,243,655	915,331,115,914
Commission fees	100,000,000,000	-
Apartments management fees	2,910,441,003	3,382,434,585
Others	6,629,275,593	4,305,544,641
<b>TOTAL</b>	<b><u>1,035,898,625,452</u></b>	<b><u>926,246,945,462</u></b>

(\*) This is the compensation cost paid to CRE & AGI Consulting Joint Stock Company ("CRE & AGI") and Phu Hung upon liquidation of BCCs regarding to construction and business management of The EverRich 2 project so that the Company can transfer this project to Big Gain under the ICC (Note 9).

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

**11. TANGIBLE FIXED ASSETS**

			VND
	<i>Machinery and equipment</i>	<i>Means of transportation</i>	<i>Total</i>
<b>Cost</b>			
Beginning balance	3,339,587,842	12,868,319,538	16,207,907,380
New purchase	903,066,700	10,599,924,547	11,502,991,247
Ending balance	<u>4,242,654,542</u>	<u>23,468,244,085</u>	<u>27,710,898,627</u>
<i>In which:</i>			
<i>Fully depreciated</i>	2,290,743,387	3,066,637,720	5,357,381,107
<b>Accumulated depreciation</b>			
Beginning balance	(2,651,165,204)	(4,885,787,956)	(7,536,953,160)
Depreciation for the year	(651,873,299)	(2,993,953,517)	(3,645,826,816)
Ending balance	<u>(3,303,038,503)</u>	<u>(7,879,741,473)</u>	<u>(11,182,779,976)</u>
<b>Net carrying amount</b>			
Beginning balance	<u>688,422,638</u>	<u>7,982,531,582</u>	<u>8,670,954,220</u>
Ending balance	<u>939,616,039</u>	<u>15,588,502,612</u>	<u>16,528,118,651</u>

**12. INTANGIBLE FIXED ASSETS**

	VND
	<i>Computer software</i>
<b>Cost</b>	
Beginning balance and ending balance	<u>3,171,378,036</u>
<i>In which:</i>	
<i>Fully amortised</i>	718,481,036
<b>Accumulated amortisation</b>	
Beginning balance	(1,308,758,810)
Amortisation for the year	<u>(817,632,336)</u>
Ending balance	<u>(2,126,391,146)</u>
<b>Net carrying amount</b>	
Beginning balance	<u>1,862,619,226</u>
Ending balance	<u>1,044,986,890</u>

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

### 13. INVESTMENT PROPERTIES

	VND		
	<i>Land use rights</i>	<i>Building and structures</i>	<i>Total</i>
<b>Cost</b>			
Beginning balance	7,306,972,991	77,762,882,281	85,069,855,272
Increase due to acquisition of a subsidiary	5,274,354,545	1,725,645,455	7,000,000,000
Reclassify	6,475,163,022	(6,475,163,022)	-
Transfer to inventories	<u>(6,475,163,022)</u>	<u>(2,930,421,978)</u>	<u>(9,405,585,000)</u>
Ending balance	<u>12,581,327,536</u>	<u>70,082,942,736</u>	<u>82,664,270,272</u>
<b>Accumulated depreciation</b>			
Beginning balance	-	(3,266,136,512)	(3,266,136,512)
Increase due to consolidation	(786,757,894)	(1,725,645,455)	(2,512,403,349)
Depreciation for the year	-	(1,547,211,848)	(1,547,211,848)
Transfer to inventories	<u>-</u>	<u>76,981,320</u>	<u>76,981,320</u>
Ending balance	<u>(786,757,894)</u>	<u>(6,462,012,495)</u>	<u>(7,248,770,389)</u>
<b>Net carrying amount</b>			
Beginning balance	<u>7,306,972,991</u>	<u>74,496,745,769</u>	<u>81,803,718,760</u>
Ending balance	<u>11,794,569,642</u>	<u>63,620,930,241</u>	<u>75,415,499,883</u>

The fair values of the investment properties were not formally assessed and determined as at 31 December 2019. However, given the current occupancy rate of these properties and market price of surrounding land, it is management's assessment that these properties' market values are higher than their carrying value as at the balance sheet date.

### 14. CONSTRUCTION IN PROGRESS

	VND	
	<i>Ending balance</i>	<i>Beginning balance</i>
Ham Ninh Industrial Complex and Residential Village and Center projects in Ham Ninh Ward, Phu Quoc Province	398,738,837,674	398,094,823,275
The Internal Technical Infrastructure Construction Ancient project in District 9, Ho Chi Minh City	319,511,653,557	307,445,996,284
Ngo May – Binh Dinh project	126,992,204,750	-
Phu Quoc five-star Hotel & Resort	49,223,541,734	53,732,479,734
Hospital for Traumatology and Orthopaedics	7,976,940,104	7,171,734,009
Others	<u>5,926,408,343</u>	<u>6,063,373,915</u>
<b>TOTAL</b>	<u><b>908,369,586,162</b></u>	<u><b>772,508,407,217</b></u>

The capitalised interest to invest, develop the projects for the year ended 31 December 2019 was nil (for the year ended 31 December 2018: VND 818,071,265).

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

## 15. LONG-TERM INVESTMENTS

### 15.1 Investment in an associate

	<u>Ending balance</u>		<u>Beginning balance</u>	
	<i>% of ownership</i>	<i>Amount VND</i>	<i>% of ownership</i>	<i>Amount VND</i>
PDP Project Construction Investment Co., Ltd (“PDP Project”) (*)	49	<u>2,692,000,000</u>	-	<u>-</u>

(\*) PDP Project was a limited liability company with two or more members incorporated under the Law on Enterprise of Vietnam pursuant to the BRC No. 0315143682 issued by the DPI of Ho Chi Minh City on 3 July 2018. PDP Project’s registered head office is located at No. 422, Dao Tri Street, Quarter 1, Phu Thuan Ward, District 7, Ho Chi Minh City, Vietnam. The principal activities of PDP Project are to trade real estate properties. PDP Project’s current main project is Phan Dinh Phung construction project at 8 Vo Van Tan, Ward 6, District 3, Ho Chi Minh City. As at the balance sheet date, the Group has contributed of VND 2,692,000,000 over its charter capital of VND 147,000,000,000 as per BRC.

### 15.2 Held-to-maturity investment

This represents bank deposit with maturity of 24 months and earning interest at the rate of 6.38% per annum.

## 16. SHORT-TERM TRADE PAYABLES

	<i>VND</i>	
	<i>Ending balance</i>	<i>Beginning balance</i>
Phu My Hung Investment Corporation	165,122,193,621	264,925,416,441
Sai Gon Transport Construction Joint Stock Company	61,281,747,788	-
Dong Khanh Construction Company Limited	13,636,067,669	28,544,533,703
IDV Investment and Trading Joint Stock Company	6,828,799,823	-
Cotec Construction Joint Stock Company	5,837,593,182	10,837,593,182
Dat Moi Trading Service Joint Stock Company	-	5,699,012,385
Others	<u>8,211,936,688</u>	<u>2,963,715,084</u>
<b>TOTAL</b>	<b><u>260,918,338,771</u></b>	<b><u>312,970,270,795</u></b>

## 17. SHORT-TERM ADVANCES FROM CUSTOMERS

	<i>VND</i>	
	<i>Ending balance</i>	<i>Beginning balance</i>
Advances received for transfer of land lots, apartments	<u>651,149,337,644</u>	<u>10,173,673,983</u>
<i>In which:</i>		
<i>Nhon Hoi – Binh Dinh project</i>	591,765,616,622	-
<i>Other projects</i>	<u>59,383,721,022</u>	<u>10,173,673,983</u>

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

**18. STATUTORY OBLIGATIONS**

	<i>Beginning balance</i>	<i>Increase</i>	<i>Decrease</i>	<i>VND Ending balance</i>
<b>Payables</b>				
Corporate income tax	65,130,904,485	235,467,297,172	(156,800,342,826)	143,797,858,831
Personal income tax	560,934,835	24,258,213,898	(22,906,715,229)	1,912,433,504
Value-added tax	40,393,746,638	217,301,131,405	(224,560,385,420)	33,134,492,623
Land use right fees	-	799,098,354,146	(799,098,354,146)	-
Others	-	1,794,346,932	(1,794,346,932)	-
<b>TOTAL</b>	<b>106,085,585,958</b>	<b>1,277,919,343,553</b>	<b>(1,205,160,144,553)</b>	<b>178,844,784,958</b>
<b>Receivables</b>				
Corporate income tax	3,639,767,632	15,563,466,886	(16,560,469,907)	2,642,764,611
Value-added tax	249,242,268	89,963,113,083	(87,157,019,847)	3,055,335,504
Personal income tax	40,721,358	-	(40,721,358)	-
<b>TOTAL</b>	<b>3,929,731,258</b>	<b>105,526,579,969</b>	<b>(103,758,211,112)</b>	<b>5,698,100,115</b>

**19. SHORT-TERM ACCRUED EXPENSES**

	<i>Ending balance</i>	<i>VND Beginning balance</i>
Construction costs	58,475,289,099	65,969,868,741
Interest expense	78,594,435,111	7,032,367,645
Others	8,634,956,355	5,222,318,182
<b>TOTAL</b>	<b>145,704,680,565</b>	<b>78,224,554,568</b>

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

**20. OTHER PAYABLES**

	VND	
	<i>Ending balance</i>	<i>Beginning balance</i>
<b>Short-term</b>	<b>623,410,262,001</b>	<b>266,522,206,379</b>
Sai Gon – KL shares transfer (*)	528,212,980,877	-
ICCs – Nhon Hoi – Binh Dinh project (**)	73,000,000,000	-
Maintenance fund	2,412,773,984	48,866,690,401
Other deposits received	3,373,396,000	129,993,679,000
Advance received from CRE & AGI	-	80,000,000,000
Others	16,411,111,140	7,661,836,978
<b>Long-term</b>	<b>5,549,400,552,616</b>	<b>6,753,817,006,616</b>
ICCs – The EverRich 2 and The EverRich 3 projects (***)	5,547,433,656,616	6,723,817,006,616
ICCs – Nhon Hoi – Binh Dinh project (**)	-	30,000,000,000
Others	1,966,896,000	-
<b>TOTAL</b>	<b><u>6,172,810,814,617</u></b>	<b><u>7,020,339,212,995</u></b>

(\*) This is remaining payment regarding to shares transfer in Sai Gon – KL, which has deposited in the assigned account by parties and has paid to foreign individual shareholders on 10 January 2020.

(\*\*) These represent capital received from individuals to develop the Nhon Hoi – Binh Dinh project, Land area No.4 under ICCs. Accordingly, they will receive the shared actual profit after tax arising from the project but not less than the interest of 15% p.a. on their contributed capital.

(\*\*\*) On 26 December 2017, the Group has entered into 5-year ICCs with Big Gain regarding to the development of a part of The EverRich 2 project and with Dynamic regarding to the development of apartment block of The EverRich 3 project. According to these ICCs and appendixes:

- a. Big Gain/Dynamic has obligation to settle the costs incurred by the Group for the cooperated project.
- b. The parties may receive the profits from the project in accordance with the proportion of financial contributions of the parties.
- c. After the land use rights certificate of the project is granted for the Group, Big Gain/Dynamic has the option to purchase and the Group has the option to sell 99% of the Group's interest in the ICC at the price equivalent to 99% of the agreed contributed value of the Group in this ICC, plus a surplus that will be agreed upon by the parties.
- d. When the legal conditions of the project are met, the Group has the right to assign this project to another partner provided that it fully reimburses Big Gain/Dynamic the contributed amount plus interest. The amount of interest shall be agreed upon by the parties.

As at the balance sheet date, the Group received the amount of VND 4,557,365,656,616 and VND 990,068,000,000 from Big Gain and Dynamic, respectively.

**21. BONUS AND WELFARE FUND**

	VND	
	<i>Current year</i>	<i>Previous year</i>
Beginning balance	13,283,531,767	13,004,065,046
Increase	12,800,000,000	22,000,000,000
Decrease	<u>(19,491,463,244)</u>	<u>(21,720,533,279)</u>
Ending balance	<b><u>6,592,068,523</u></b>	<b><u>13,283,531,767</u></b>

# Phat Dat Real Estate Development Corp

B09-DN

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

## 22. LOANS

	Increase	Decrease	Reclassify	VND Ending balance
<b>Short-term</b>	<b>1,191,598,912,000</b>	<b>(100,000,000,000)</b>	<b>110,000,000,000</b>	<b>1,201,598,912,000</b>
Loan from bank (Note 22.1)	99,652,850,000	-	-	99,652,850,000
Bonds (Note 22.2)	1,091,946,062,000	(100,000,000,000)	110,000,000,000	1,101,946,062,000
<b>Long-term</b>	<b>1,266,371,011,000</b>	<b>(186,070,416,262)</b>	<b>(110,000,000,000)</b>	<b>970,300,594,738</b>
Loan from bank (Note 22.1)	200,000,000,000	(184,572,416,262)	-	15,427,583,738
Bonds (Note 22.2)	542,198,011,000	-	(110,000,000,000)	432,198,011,000
Loan from other party (Note 22.3)	524,173,000,000	(1,498,000,000)	-	522,675,000,000
<b>TOTAL</b>	<b>2,457,969,923,000</b>	<b>(286,070,416,262)</b>	<b>-</b>	<b>2,171,899,506,738</b>

## 22.1 Loans from bank

Details of loans from banks are as follows:

Bank	Ending balance VND	Principal repayment term	Purpose	Interest rate % p. a.	Descriptions of collateral
Vietnam Joint Stock Commercial Bank for Industry and Trade – Quang Ngai Branch	15,427,583,738	4 January 2021	To finance Bau Ca – Quang Ngai project	Interest rate of 12-month deposits + additional capital mobilization cost + 4.5	Land use rights and associated assets belongs to Bau Ca – Quang Ngai project
Joint Stock Commercial Bank for Investment and Development of Vietnam – Nha Be Branch	99,652,850,000	28 May 2020	To finance Nhon Hoi – Binh Dinh project, Land lot No. 4	11	Land use rights and associated assets belongs to Land lot No. 4, Nhon Hoi – Binh Dinh project
<b>TOTAL</b>	<b>115,080,433,738</b>				
<i>In which:</i>					
Short-term	99,652,850,000				
Long-term	15,427,583,738				

# Phat Dat Real Estate Development Corp

B09-DN

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

## 22. LOANS (continued)

### 22.2 Bonds

Details of the bonds issued at the par value to finance Nhon Hoi – Binh Dinh project are as follows:

	<i>Ending balance</i>	<i>Principal repayment term</i>	<i>Interest rate</i>	<i>Description of collateral</i>
	VND		% p.a.	
Bond 1	99,725,000,000	8 April 2020	14.45	18,000,000 PDR shares owned by shareholders
Bond 2	98,958,333,000	4 June 2020	12	8,200,000 PDR shares owned by shareholder
Bond 3	542,198,011,000	From 3 March 2020 to 3 June 2024	10.5 for the first year and interest rate of 24-month VND deposits at Military Commercial Joint Stock Bank + 3.5	Land use rights and all assets rights belongs to area No. 2, Nhon Hoi – Binh Dinh project; land use rights at Tan My, Cam An Ward, Hoi An City, Quang Nam Province
Bond 4	150,000,000,000	24 June 2020	14	13,000,000 PDR shares owned by shareholder
Bond 5	69,941,667,000	1 August 2020	13.5	5,500,000 PDR shares owned by shareholder
Bond 6	218,479,414,000	1 August 2020	9.5	Guarantee letter from Orient Commercial Joint Stock Bank - Ben Thanh Branch
Bond 7	79,760,000,000	27 September 2020	13	6,470,000 PDR shares owned by shareholder
Bond 8	166,998,315,000	29 November 2020	9.5	Guarantee letter from Orient Commercial Joint Stock Bank - Ben Thanh Branch
Bond 9	108,083,333,000	15 November 2020	13	8,500,000 PDR shares owned by shareholder
<b>TOTAL</b>	<b>1,534,144,073,000</b>			

*In which:*

Short-term

Long-term

1,101,946,062,000  
432,198,011,000

### 22.3 Loan from other party

<i>Lender</i>	<i>Ending balance</i>	<i>Principal repayment term</i>	<i>Purpose</i>	<i>Interest rate</i>	<i>Description of collateral</i>
	VND			% p.a.	
Vietnam New Urban Center LP	522,675,000,000	From 2 May 2021 to 13 May 2021	To finance Nhon Hoi – Binh Dinh project	15	28,500,000 PDR shares owned by shareholder



# Phat Dat Real Estate Development Corp

B09-DN/HN

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

## 23. OWNERS' EQUITY

### 23.1 Increase and decrease in owners' equity

	Share capital	Share premium	Investment and development fund	Undistributed earnings	Total	VND
<b>Previous year</b>						
Beginning balance	2,219,909,230,000	11,680,300,000	102,713,584,076	492,578,373,421		2,826,881,487,497
Net profit for the year	-	-	-	643,316,697,026		643,316,697,026
Transfer to bonus and welfare fund	-	-	-	(22,000,000,000)		(22,000,000,000)
Appropriation of net profit	-	-	22,000,000,000	(22,000,000,000)		-
Dividends share	443,980,840,000	-	-	(443,980,840,000)		-
BOD's allowance	-	-	-	(2,048,000,000)		(2,048,000,000)
Ending balance	<u>2,663,890,070,000</u>	<u>11,680,300,000</u>	<u>124,713,584,076</u>	<u>645,866,230,447</u>		<u>3,446,150,184,523</u>
<b>Current year</b>						
Beginning balance	2,663,890,070,000	11,680,300,000	124,713,584,076	645,866,230,447		3,446,150,184,523
Net profit for the year	-	-	-	874,138,744,149		874,138,744,149
Transfer to bonus and welfare fund	-	-	-	(12,800,000,000)		(12,800,000,000)
Appropriation of net profit	-	-	12,800,000,000	(12,800,000,000)		-
Dividends share (*)	612,689,650,000	-	-	(612,689,650,000)		-
BOD's allowance	-	-	-	(10,411,086,219)		(10,411,086,219)
Ending balance	<u>3,276,579,720,000</u>	<u>11,680,300,000</u>	<u>137,513,584,076</u>	<u>871,304,238,377</u>		<u>4,297,077,842,453</u>

(\*) On 14 May 2019, the Company completed the issuance of 61,268,965 ordinary shares to pay dividend to existing shareholders at par value of VND 10,000/share in accordance with the Resolution of Shareholders No. 01/DHDCD-NQ.2019 dated 30 March 2019 and Decision of BOD No. 06/2019/QD-HDQT dated 3 April 2019. On the same date, the Company received the 26<sup>th</sup> amended BRC issued by the DPI of Ho Chi Minh City, approving the increase in the Company's charter capital from VND 2,663,890,070,000 to VND 3,276,579,720,000.

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

### 23. OWNERS' EQUITY (continued)

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

	<i>Current year</i>	<i>Previous year</i>
	<i>VND</i>	
<b>Contributed share capital</b>		
Beginning balance	2,663,890,070,000	2,219,909,230,000
Increase during the year	612,689,650,000	443,980,840,000
Ending balance	<u>3,276,579,720,000</u>	<u>2,663,890,070,000</u>
<b>Dividends</b>		
Dividend declared	612,689,650,000	443,980,840,000
Dividend paid	612,689,650,000	443,980,840,000

#### 23.3 Shares

	<i>Quantity</i>	
	<i>Ending balance</i>	<i>Beginning balance</i>
<b>Authorized shares</b>	<b>327,657,972</b>	<b>266,389,007</b>
<b>Issued and paid-up shares</b>	<b>327,657,972</b>	<b>266,389,007</b>
<i>Ordinary shares</i>	<i>327,657,972</i>	<i>266,389,007</i>
<b>Shares in circulation</b>	<b>327,657,972</b>	<b>266,389,007</b>
<i>Ordinary shares</i>	<i>327,657,972</i>	<i>266,389,007</i>

Par value of outstanding share: 10.000 VND/share (2018: VND 10,000/share).

### 24. NON-CONTROLLING INTEREST

	<i>Current year</i>	<i>Previous year</i>
	<i>VND</i>	
Beginning balance	65,476,000,000	-
Undistributed earnings	4,642,198	-
Increase due to acquisition of a subsidiary	<u>6,370,382,223</u>	<u>65,476,000,000</u>
Ending balance	<u>71,851,024,421</u>	<u>65,476,000,000</u>

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

## 25. REVENUES

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

	VND	
	Current year	Previous year
<b>Gross revenue</b>	<b>3,410,467,569,021</b>	<b>2,268,746,544,025</b>
<i>Of which:</i>		
Sale of residential plots	3,374,904,133,792	407,213,263,593
Revenue from rendering of services	15,907,800,844	68,683,883,180
Revenue from investment properties	10,904,791,138	7,627,640,000
Sale of apartments	8,750,843,247	1,785,221,757,252
<b>Deductions:</b>	<b>(10,281,555,066)</b>	<b>(121,037,201,884)</b>
Sales returns	(10,281,555,066)	(120,895,496,884)
Sales deduction	-	(141,705,000)
<b>NET REVENUE</b>	<b><u>3,400,186,013,955</u></b>	<b><u>2,147,709,342,141</u></b>
<i>In which:</i>		
Sale of residential plots	3,374,904,133,792	407,213,263,593
Revenue from rendering of services	15,907,800,844	68,683,883,180
Revenue from investment properties	10,904,791,138	7,627,640,000
Sale of apartments	(1,530,711,819)	1,664,184,555,368
<i>In which:</i>		
Sales to other parties	3,340,913,490,389	2,084,122,006,833
Sales to related parties	59,272,523,566	63,587,335,308

### 25.2 Finance income

	VND	
	Current year	Previous year
Interest income	6,693,043,675	2,301,822,946
Foreign exchange difference gain	1,498,000,000	-
Others	-	2,251,334,783
<b>TỔNG CỘNG</b>	<b><u>8,191,043,675</u></b>	<b><u>4,553,157,729</u></b>

## 26. COST OF GOODS SOLD AND SERVICES RENDERED

	VND	
	Current year	Previous year
Cost of residential plots	2,061,653,285,342	201,937,626,291
Cost of services rendered	16,075,916,709	9,498,288,563
Cost of investment properties	4,443,792,643	1,526,394,102
Cost of apartments sold	-	1,253,596,040,062
<b>TOTAL</b>	<b><u>2,082,172,994,694</u></b>	<b><u>1,466,558,349,018</u></b>

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

## 27. SELLING EXPENSES AND GENERAL AND ADMINISTRATIVE EXPENSES

	VND	
	<i>Current year</i>	<i>Previous year</i>
<b>Selling expenses</b>	<b>124,034,028,139</b>	<b>41,308,040,594</b>
Commission expenses	100,559,689,549	17,557,807,277
Advertising expenses	16,116,188,747	18,265,951,374
Salary expenses	4,609,609,648	3,866,585,129
Others	2,748,540,195	1,617,696,814
<b>General and administrative expenses</b>	<b>93,003,741,165</b>	<b>80,054,505,689</b>
Salary expenses	56,497,776,993	55,070,243,192
External services expenses	22,292,137,062	15,386,009,825
Depreciation and amortisation expenses	3,155,726,495	1,534,758,866
Others	11,058,100,615	8,063,493,806
<b>TOTAL</b>	<b>217,037,769,304</b>	<b>121,362,546,283</b>

## 28. OPERATING COSTS

	VND	
	<i>Current year</i>	<i>Previous year</i>
Construction costs	3,438,109,455,826	455,167,782,072
Interest expense	148,375,932,092	17,035,298,112
External services expenses	138,860,979,027	51,404,826,956
Labour expenses	61,103,277,641	59,303,766,321
Depreciation and amortisation expenses (Notes 11, 12 and 13)	6,010,671,000	3,912,036,535
Others	13,917,786,141	9,119,194,140
<b>TOTAL</b>	<b>3,806,378,101,727</b>	<b>595,942,904,136</b>

## 29. OTHER INCOME AND OTHER EXPENSES

	VND	
	<i>Current year</i>	<i>Previous year</i>
<b>Other income</b>	<b>4,447,792,353</b>	<b>198,454,186,942</b>
Written-off debts	4,247,237,449	-
Profit sharing from ICC	-	190,000,000,000
Others	200,554,904	8,454,186,942
<b>Other expenses</b>	<b>8,201,664,074</b>	<b>4,718,208,025</b>
Penalty for contract violation	6,251,498,558	1,925,578,534
Penalty for tax late payment	1,191,554,725	-
Others	758,610,791	2,792,629,491
<b>OTHER (LOSS) PROFIT</b>	<b>(3,753,871,721)</b>	<b>193,735,978,917</b>

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

### 30. CORPORATE INCOME TAX

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

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

#### 30.1 CIT expenses

	VND	
	Current year	Previous year
Current CIT expense	230,723,252,719	114,724,540,728
Deferred tax expense	<u>444,203,896</u>	<u>36,345,732</u>
<b>TOTAL</b>	<b><u>231,167,456,615</u></b>	<b><u>114,760,886,460</u></b>

Reconciliation between CIT expenses and the accounting profit before tax multiplied by CIT rate is presented below:

	VND	
	Current year	Previous year
<b>Accounting profit before tax</b>	<b><u>1,105,310,842,962</u></b>	<b><u>758,077,583,486</u></b>
At CIT rate of 20%	221,062,168,592	151,615,516,697
<i>Adjustments</i>		
Non-deductible expenses	10,408,228,294	1,145,369,763
Distributed profits after tax under ICCs	-	(38,000,000,000)
Others	<u>(302,940,271)</u>	<u>-</u>
<b>CIT expenses</b>	<b><u>231,167,456,615</u></b>	<b><u>114,760,886,460</u></b>

#### 30.2 Current tax

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

#### 30.3 Deferred tax

The following is deferred tax asset recognized by the Group, and the movements thereon for the current and previous years:

	VND			
	<u>Consolidated balance sheet</u>		<u>Consolidated income statement</u>	
	Ending balance	Beginning balance	Current year	Previous year
Accrued expenses	<u>32,895,545</u>	<u>477,099,441</u>	<u>(444,203,896)</u>	<u>(36,345,732)</u>
<b>Deferred tax asset</b>	<b><u>32,895,545</u></b>	<b><u>477,099,441</u></b>		
<b>Deferred tax expense</b>			<b><u>(444,203,896)</u></b>	<b><u>(36,345,732)</u></b>

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

**31. TRANSACTIONS AND BALANCES WITH RELATED PARTIES**

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

Related party	Relationship	Transaction	VND	
			Current year	Previous year
Mr Nguyen Van Dat	General Director	Advances and collection of advances	1,095,878,080,662	140,463,500,929
		Borrowing	24,051,013,966	314,880,604,381
		Payment of borrowing	24,051,013,966	444,325,391,663
Ms Tran Thi Huong	BOD's member	Sale of land lot	29,041,638,544	-
Mr Bui Quang Anh Vu	BOD's member	Sale of land lot	29,033,813,517	-
AKYN	Related party of BOD's member	Collection of capital transfer	27,000,000,000	5,000,000,000
		Sale of office-apartments collection	3,143,000,000	-
		Rendering of services	494,870,676	465,538,265
		Payment of on behalf ICC income collection	146,080,000	132,800,000
		Payment of borrowings	-	90,000,000,000
		Payment of borrowings	-	31,520,000,000
		Sale of office-apartments	-	20,437,149,451
Ms Doan Thi Trang	Related party of BOD's member	Collection of land use rights transfer	17,648,000,000	-
		Payments on behalf	15,125,285,677	-
		Transfer of real estate property	-	42,774,404,040
Truong Phat Loc	Related party of BOD's member	Borrowing and payment borrowing	11,500,000,000	-
		ICC distributed profit collection	5,000,000,000	45,000,000,000
		Office rental	983,676,577	108,000,000
		Rendering of services	228,072,728	267,781,817
PDP Project	Associate	Capital contribution	2,692,000,000	-
BDSC Management Consulting Corporation	Related party of BOD's member	Consulting services	2,043,500,000	1.581.250.000
Dien Gia Khang Real Estate Company Limited	Associate	Collection of capital contribution	-	176.000.000.000
Dien Gia Khanh Real Estate Development Company Limited	Associate	Collection of capital contribution	-	75.000.000.000

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

**31. TRANSACTIONS AND BALANCES WITH RELATED PARTIES (continued)**

Remuneration to members of the BOD and Management for the current and previous years was as follows:

		<i>VND</i>
	<i>Current year</i>	<i>Previous year</i>
<i>BOD</i>		
Allowance and bonus	10,411,086,219	2,048,000,000
<i>Management</i>		
Salaries and bonus	<u>4,980,000,000</u>	<u>10,539,570,769</u>
<b>TOTAL</b>	<b><u>15,391,086,219</u></b>	<b><u>12,587,570,769</u></b>

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

<i>Related party</i>	<i>Relationship</i>	<i>Transaction</i>	<i>VND</i>	
			<i>Ending balance</i>	<i>Beginning balance</i>
<b>Short-term trade receivables</b>				
AKYN	Related party of BOD's member	Capital transfer	45,000,000,000	55,000,000,000
		Sale of apartments	18,832,357,744	22,089,172,092
Ms Doan Thi Trang	Related party of BOD's member	Real estate property transfer	15,000,000,000	32,648,000,000
Mr Bui Quang Anh Vu	BOD's member	Sale of residential plots	10,306,377,900	-
Ms Tran Thi Huong	BOD's member	Sale of residential plots	10,276,238,400	-
Truong Phat Loc	Related party of BOD's member	Office rental	-	1,011,571,577
			<b><u>99,414,974,044</u></b>	<b><u>110,748,743,669</u></b>
<b>Long-term trade receivable</b>				
AKYN	Related party of BOD's member	Capital transfer	<u>100,000,000,000</u>	<u>117,000,000,000</u>
<b>Other short-term receivables</b>				
Truong Phat Loc	Related party of BOD's member	ICC interest income	75,000,000,000	80,000,000,000
Ms Doan Thi Trang	Related party of BOD's member	Payments on behalf	15,090,462,988	-
PDP Project	Associate	Advances	-	4,609,000
			<b><u>90,090,462,988</u></b>	<b><u>80,004,609,000</u></b>
<b>Other long-term receivables</b>				
Truong Phat Loc	Related party of BOD's member	Capital contribution under ICC	126,400,000,000	126,400,000,000
AKYN	Related party of BOD's member	Capital contribution under ICC	<u>100,939,751,900</u>	<u>100,939,751,900</u>
			<b><u>227,339,751,900</u></b>	<b><u>227,339,751,900</u></b>

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

### 32. EARNINGS PER SHARE

The Group uses following data to calculate the basic and diluted earnings per share:

	<i>Current year</i>	<i>Previous year (adjusted)</i>
Profit after tax attributable to ordinary shareholders of the Company	874,138,744,149	643,316,697,026
Less: BOD's allowance (*)	(8,741,387,441)	(3,216,583,485)
Bonus and welfare fund (*)	<u>(34,965,549,766)</u>	<u>(12,866,333,941)</u>
Net profit after tax attributable to ordinary shareholders of the Company (VND)	830,431,806,942	627,233,779,600
Weighted average number of ordinary shares for the year (shares) (**)	<u>327,657,972</u>	<u>327,657,972</u>
<b>Basic earnings per share (VND/share)</b>	<b><u>2,534</u></b>	<b><u>1,914</u></b>
<b>Diluted earnings per share (VND/share)</b>	<b><u>2,534</u></b>	<b><u>1,914</u></b>

(\*) Profit used to compute earnings per share Previous year have been restated to the amounts reported in the consolidated financial statements for previous year to reflect the actual appropriation of bonus and welfare fund and BOD's allowance and bonus from undistributed net income of 2018 in accordance with the Resolution of Shareholders at annual general meeting dated 30 March 2019.

Profit used to compute earnings per share for the year ended 31 December 2019 was adjusted for the provisional appropriation of bonus and welfare fund and BOD's allowance from undistributed net income of 2019 following the plan as approved by Shareholders at annual general meeting dated 30 March 2019.

(\*\*) The weighted average number of ordinary shares Previous year has been retrospectively adjusted for the dividend shares issued on 14 May 2019.

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

### 33. INVESTMENT COMMITMENTS

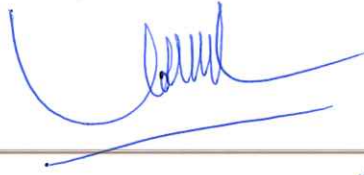
	<i>VND</i>	
	<i>Ending balance</i>	<i>Beginning balance</i>
Project construction commitments	742,528,101,725	97,067,244,677
Capital contribution commitments	228,308,000,000	171,000,000,000
<i>PDP Project</i>	144,308,000,000	147,000,000,000
<i>Doan Anh Duong</i>	<u>84,000,000,000</u>	<u>24,000,000,000</u>
<b>TOTAL</b>	<b><u>970,836,101,725</u></b>	<b><u>268,067,244,677</u></b>



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

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


There has been no significant event occurring after the balance sheet date which would require adjustments or disclosures to be made in the financial statements of the Group.



Vo Van Giap  
Preparer



Vu Quynh Hoa  
Chief Accountant



Nguyen Van Dat  
General Director

28 February 2020