

# KinhBac City Development Holding Corporation

Consolidated financial statements

31 December 2018



# KinhBac City Development Holding Corporation

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# KinhBac City Development Holding Corporation

## GENERAL INFORMATION

### THE COMPANY

KinhBac City Development Holding Corporation ("the Company") is a shareholding company incorporated under the Law on Enterprise of Vietnam pursuant to the Business Registration Certificate No. 2103000012 issued by the Department of Planning and Investment of Bac Ninh Province on 27 March 2002, and the subsequent amendments, with the latest being the 15th amendment No. 2300233993 issued by the Department of Planning and Investment of Bac Ninh Province on 30 January 2015.

The Company has the following subsidiaries:

- ▶ Saigon - Bacgiang Industrial Park Corporation;
- ▶ Sai Gon - Hai Phong Industrial Park Corporation;
- ▶ Northwest Saigon City Development Corporation;
- ▶ Kinh Bac Office and Factory Business One Member Company Limited;
- ▶ NGD Investment One member Limited Company;
- ▶ Trang Cat One Member Urban Development Limited Company; and
- ▶ Kinh Bac – Da Nang Investment One Member Company Limited.

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

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

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

### BOARD OF DIRECTORS

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

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

### BOARD OF SUPERVISION

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

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

# KinhBac City Development Holding Corporation

## GENERAL INFORMATION (continued)

### MANAGEMENT

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

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

### LEGAL REPRESENTATIVE

The legal representative of the Company during the year and at the date of this report is Mr Dang Thanh Tam. In accordance with the Authorization Letter No. 2311/2012/KBC/UQ dated 23 November 2012, Ms Nguyen Thi Thu Huong has been authorized by Mr Dang Thanh Tam to sign the accompanying consolidated financial statements for the year ended 31 December 2018.

### AUDITORS

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

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# KinhBac City Development Holding Corporation

## REPORT OF MANAGEMENT

Management of KinhBac City Development Holding Corporation ("the Company") is pleased to present this report and the consolidated financial statements of the Company and its subsidiaries (collectively referred to as "the Group") for the year ended 31 December 2018.

### 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 2018 and of the consolidated results of its operations and its consolidated cash flows for the year then ended in accordance with Vietnamese Accounting Standards, Vietnam Enterprise Accounting System and the statutory requirements relevant to the preparation and presentation of the consolidated financial statements.

For and on behalf of management:



Nguyen Thi Thu Huong  
General Director

Bac Ninh, Vietnam

29 March 2019

Reference: 60774739/ 20160678-HN

## INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying consolidated financial statements of KinhBac City Development Holding Corporation ("the Company") and its subsidiaries (collectively referred to as the "Group") as prepared on 29 March 2019 and set out on pages 6 to 58, which comprise the consolidated balance sheet as at 31 December 2018, and the consolidated income statement and the consolidated cash flow statement for the year then ended and the notes thereto.

### *Management's responsibility*

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

### *Auditors' responsibility*

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with Vietnamese Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Group's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

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



### **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 2018, 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.



Le Thi Tuyet Mai  
Deputy General Director  
Audit Practising Registration  
Certificate No. 1575-2018-004-1



Nguyen Thu Hang  
Auditor  
Audit Practising Registration  
Certificate No. 3342-2015-004-1

Hanoi, Vietnam

2 April 2019

CONSOLIDATED BALANCE SHEET  
as at 31 December 2018

Currency: VND

Code	ASSETS	Notes	Ending balance	Beginning balance
<b>100</b>	<b>A. CURRENT ASSETS</b>		<b>14,862,290,720,411</b>	<b>13,730,010,630,802</b>
<b>110</b>	<b>I. Cash and cash equivalents</b>	<b>4</b>	<b>224,080,823,490</b>	<b>504,567,507,480</b>
111	1. Cash		219,037,572,851	234,137,769,121
112	2. Cash equivalents		5,043,250,639	270,429,738,359
<b>120</b>	<b>II. Short-term investments</b>		<b>2,955,261,620</b>	<b>1,007,697,020</b>
121	1. Held-for-trading securities	5	7,490,461,369	7,490,461,369
122	2. Provision for held-for-trading securities		(6,535,199,749)	(6,482,764,349)
123	3. Held-to-maturity investments	5	2,000,000,000	-
<b>130</b>	<b>III. Current accounts receivable</b>		<b>5,842,379,074,106</b>	<b>4,744,140,601,375</b>
131	1. Short-term trade receivables	6	1,767,072,395,482	1,216,364,937,991
132	2. Short-term advances to suppliers	7	2,081,854,507,943	1,810,839,396,239
135	3. Short-term loan receivables	8	180,662,930,631	52,339,773,629
136	4. Other short-term receivables	9	1,820,123,220,700	1,671,930,474,166
137	5. Provision for doubtful short-term receivables	6, 8	(7,333,980,650)	(7,333,980,650)
<b>140</b>	<b>IV. Inventories</b>	<b>11</b>	<b>8,592,831,569,175</b>	<b>8,322,624,798,504</b>
141	1. Inventories		8,592,831,569,175	8,322,624,798,504
<b>150</b>	<b>V. Other current assets</b>		<b>200,043,992,020</b>	<b>157,670,026,423</b>
151	1. Short-term prepaid expenses	10	58,851,780,787	39,442,270,665
152	2. Value-added tax deductible	18	54,195,425,437	56,801,107,366
153	3. Tax and other receivables from the State	18	86,996,785,796	61,426,648,392

CONSOLIDATED BALANCE SHEET (continued)  
as at 31 December 2018

Currency: VND

Code	ASSETS	Notes	Ending balance	Beginning balance
<b>200</b>	<b>B. NON-CURRENT ASSETS</b>		<b>2,047,441,497,367</b>	<b>2,049,756,907,468</b>
<b>210</b>	<b>I. Long-term receivables</b>		<b>600,969,000,000</b>	<b>724,507,193,963</b>
211	1. Long-term trade receivables	6	-	26,434,546,048
215	2. Long-term loan receivables	8	700,000,000	26,900,000,000
216	3. Other long-term receivables	9	600,269,000,000	671,172,647,915
<b>220</b>	<b>II. Fixed assets</b>		<b>157,072,716,796</b>	<b>118,085,134,469</b>
221	1. Tangible fixed assets	13	156,823,493,258	118,085,134,469
222	Cost		353,091,930,379	287,795,293,614
223	Accumulated depreciation		(196,268,437,121)	(169,710,159,145)
227	2. Intangible fixed assets		249,223,538	-
228	Cost		327,975,500	72,075,500
229	Accumulated amortisation		(78,751,962)	(72,075,500)
<b>230</b>	<b>III. Investment properties</b>	<b>14</b>	<b>134,161,149,871</b>	<b>134,884,233,798</b>
231	1. Cost		173,618,450,871	161,449,401,105
232	2. Accumulated depreciation		(39,457,301,000)	(26,565,167,307)
<b>240</b>	<b>IV. Long-term assets in progress</b>		<b>194,108,847,448</b>	<b>151,323,290,812</b>
242	1. Construction in progress	15	194,108,847,448	151,323,290,812
<b>250</b>	<b>V. Long-term investments</b>	<b>16</b>	<b>947,733,067,355</b>	<b>911,874,770,412</b>
252	1. Investments in associates, jointly controlled entities	16.1	516,941,269,318	503,087,714,088
253	2. Investment in other entities	16.2	448,500,200,000	448,500,200,000
254	3. Provision for long-term investments	16.2	(17,708,401,963)	(39,713,143,676)
<b>260</b>	<b>VI. Other long-term assets</b>		<b>13,396,715,897</b>	<b>9,082,284,014</b>
261	1. Long-term prepaid expenses	10	13,396,715,897	9,082,284,014
<b>270</b>	<b>TOTAL ASSETS</b>		<b>16,909,732,217,778</b>	<b>15,779,767,538,270</b>



CONSOLIDATED BALANCE SHEET (continued)  
as at 31 December 2018

Currency: VND

Code	RESOURCES	Notes	Ending balance	Beginning balance
<b>300</b>	<b>C. LIABILITIES</b>		<b>7,072,374,423,221</b>	<b>6,741,660,188,971</b>
<b>310</b>	<b>I. Current liabilities</b>		<b>3,932,877,663,286</b>	<b>3,325,884,769,036</b>
311	1. Short-term trade payables	17.1	226,117,852,340	134,340,522,730
312	2. Short-term advances from customers	17.2	447,181,815,119	404,146,075,644
313	3. Statutory obligations	18	301,989,007,085	197,504,951,643
314	4. Payables to employees		17,270,450	17,270,449
315	5. Short-term accrued expenses	19	1,244,817,157,545	1,086,709,290,552
318	6. Short-term unearned revenues		2,908,239,931	-
319	7. Other short-term payables	20	498,434,960,926	364,314,630,142
320	8. Short-term loans	21	1,204,306,000,581	1,131,768,768,567
322	9. Bonus and welfare fund		7,105,359,309	7,083,259,309
<b>330</b>	<b>II. Non-current liabilities</b>		<b>3,139,496,759,935</b>	<b>3,415,775,419,935</b>
333	1. Long-term accrued expenses	19	1,051,174,838,754	1,031,951,584,113
336	2. Long-term unearned revenue		4,919,362,408	5,046,986,732
337	3. Other long-term liabilities	20	135,158,057,007	167,632,540,891
338	4. Long-term loans	21	1,282,864,916,172	1,590,658,068,976
341	5. Deferred tax liabilities	29.3	664,427,617,632	619,534,271,261
342	6. Long-term provisions		951,967,962	951,967,962



CONSOLIDATED BALANCE SHEET (continued)  
as at 31 December 2018

Currency: VND

Code	RESOURCES	Notes	Ending balance	Beginning balance
<b>400</b>	<b>D. OWNERS' EQUITY</b>		<b>9,837,357,794,557</b>	<b>9,038,107,349,299</b>
<b>410</b>	<b>I. Capital</b>		<b>9,837,357,794,557</b>	<b>9,038,107,349,299</b>
411	1. Share capital	22.1	4,757,111,670,000	4,757,111,670,000
411a	- Shares with voting rights		4,697,601,890,000	4,697,601,890,000
411b	- Treasury shares		59,509,780,000	59,509,780,000
412	2. Share premium	22.1	989,064,430,000	989,064,430,000
415	3. Treasury shares	22.1	(364,466,650,000)	(364,466,650,000)
418	4. Investment and development fund	22.1	2,223,693,823	2,223,693,823
421	5. Undistributed earnings	22.1	3,650,661,947,305	2,904,506,892,048
421a	- Undistributed earnings by the end of prior years		2,904,506,892,048	2,319,984,494,101
421b	- Undistributed earnings of current year		746,155,055,257	584,522,397,947
429	6. Non-controlling interests	23	802,762,703,429	749,667,313,428
<b>440</b>	<b>TOTAL LIABILITIES AND OWNERS' EQUITY</b>		<b>16,909,732,217,778</b>	<b>15,779,767,538,270</b>





Luu Phuong Mai  
Preparer

Pham Phuc Hieu  
Deputy General Director and  
Chief Accountant

Nguyen Thi Thu Huong  
General Director


Bac Ninh, Vietnam

29 March 2019

CONSOLIDATED INCOME STATEMENT  
for the year ended 31 December 2018


Currency: VND

Code	ITEMS	Notes	Current year	Previous year
01	1. Revenue from sale of goods and rendering of services	24.1	2,491,178,878,521	1,260,198,518,971
02	2. Deductions	24.1	-	-
10	3. Net revenue from sale of goods and rendering of services	24.1	2,491,178,878,521	1,260,198,518,971
11	4. Cost of goods sold and services rendered	25	(1,022,343,984,750)	(610,528,435,391)
20	5. Gross profit from sale of goods and rendering of services		1,468,834,893,771	649,670,083,580
21	6. Finance income	24.2	91,568,246,480	431,362,490,060
22	7. Finance expenses	26	(193,894,216,853)	(109,457,617,841)
23	In which: Interest expenses		(200,751,707,293)	(106,963,449,754)
24	8. Shares of profit of associates, joint-ventures	16.1	13,853,555,230	18,736,345,748
25	9. Selling expenses	27	(142,014,567,928)	(22,123,288,484)
26	10. General and administrative expenses	27	(164,858,434,955)	(154,757,631,162)
30	11. Operating profit		1,073,489,475,745	813,430,381,901
31	12. Other income		3,372,202,651	3,361,365,539
32	13. Other expenses		(29,634,276,464)	(5,251,813,758)
40	14. Other loss		(26,262,073,813)	(1,890,448,219)
50	15. Accounting profit before tax		1,047,227,401,932	811,539,933,682
51	16. Current corporate income tax expense	29.1	(193,422,721,494)	(177,234,691,188)
52	17. Deferred tax expense	29.3	(44,898,206,944)	(15,528,079,679)
60	18. Net profit after tax		808,906,473,494	618,777,162,815
61	19. Net profit after tax attributable to shareholders of the parent		746,155,055,257	584,522,397,947
62	20. Net profit after tax attributable to non-controlling interests		62,751,418,237	34,254,764,868
70	21. Basic earnings per share	31	1,588	1,244
71	22. Diluted earnings per share	31	1,588	1,244

  
Luu Phuong Mai  
Preparer

Bac Ninh, Vietnam

29 March 2019

  
Pham Phuc Hieu  
Deputy General Director and  
Chief Accountant

  
Nguyen Thi Thu Huong  
General Director





CONSOLIDATED CASH FLOW STATEMENT  
for the year ended 31 December 2018

Currency: VND

Code	ITEMS	Notes	Current year	Previous year
	<b>I. CASH FLOWS FROM OPERATING ACTIVITIES</b>			
01	<b>Profit before tax</b>		<b>1,047,227,401,932</b>	<b>811,539,933,682</b>
	Adjustments for:			
02	Depreciation and amortisation of fixed assets and investment properties and amortisation of intangible fixed assets	13, 14	39,457,088,131	39,803,508,880
03	Provisions		(21,952,306,313)	226,832,209
04	Foreign exchange losses arisen from revaluation of monetary accounts denominated in foreign currency		-	1,610,155
05	Profits from investing activities		(91,546,563,432)	(431,772,792,808)
06	Interest expenses	26	200,751,707,293	106,963,449,754
08	<b>Operating profit before changes in working capital</b>		<b>1,173,937,327,611</b>	<b>526,762,541,872</b>
09	Increase in receivables		(949,635,634,140)	(428,899,747,843)
10	(Increase)/decrease in inventories		(270,206,770,671)	32,641,792,756
11	Increase in payables (other than interest, corporate income tax)		605,558,766,081	208,428,305,059
12	Increase in prepaid expenses		(18,183,942,004)	(41,830,276,810)
14	Interest paid		(207,096,211,688)	(86,731,541,215)
15	Corporate income tax paid	18	(204,735,338,191)	(149,651,288,625)
16	Other cash inflows from operating activities		22,100,000	-
20	<b>Net cash flows from operating activities</b>		<b>129,660,296,998</b>	<b>60,719,785,194</b>
	<b>II. CASH FLOWS FROM INVESTING ACTIVITIES</b>			
21	Purchase and construction of fixed assets and other long-term assets		(62,074,851,215)	(94,145,215,209)
22	Proceeds from disposals of fixed assets and other long-term assets		-	1,080,000,000
23	Loans to other entities and payments for purchase of debt instruments of other entities		(119,186,943,534)	(606,782,533,777)
24	Collections from borrowers and proceeds from sale of debt instruments of other entities		10,302,500,883	17,350,811,579
26	Proceeds from sale of investments in other entities		6,780,000,000	52,250,000,000
27	Interest and dividends received		9,372,322,513	7,077,246,731
30	<b>Net cash flows used in investing activities</b>		<b>(154,806,971,353)</b>	<b>(623,169,690,676)</b>

CONSOLIDATED CASH FLOW STATEMENT (continued)  
for the year ended 31 December 2018

Currency: VND

Code	ITEMS	Notes	Current year	Previous year
	<b>III. CASH FLOWS FROM FINANCING ACTIVITIES</b>			
33	Drawdown of borrowings		911,900,329,277	1,692,479,652,750
34	Repayment of borrowings		(1,157,584,310,677)	(914,297,437,623)
36	Dividend paid		(9,656,028,235)	(6,250,000,000)
40	<b>Net cash flows (used in)/from financing activities</b>		<b>(255,340,009,635)</b>	<b>771,932,215,127</b>
50	<b>Net (decrease)/increase in cash for the year</b>		<b>(280,486,683,990)</b>	<b>209,482,309,645</b>
60	<b>Cash and cash equivalents at the beginning of the year</b>		<b>504,567,507,480</b>	<b>295,085,197,835</b>
70	<b>Cash and cash equivalents at ending of the year</b>	<b>4</b>	<b>224,080,823,490</b>	<b>504,567,507,480</b>



Luu Phuong Mai  
Preparer



Pham Phuc Hieu  
Deputy General Director and  
Chief Accountant



Nguyen Thi Thu Huong  
General Director

Bac Ninh, Vietnam

29 March 2019



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
as at 31 December 2018 and for the year then ended

## 1. CORPORATE INFORMATION

Kinh Bac City Development Holding Corporation ("the Company") is a shareholding company incorporated under the Law on Enterprise of Vietnam pursuant to the Business Registration Certificate No. 2103000012 issued by the Department of Planning and Investment of Bac Ninh province on 27 March 2002 and the subsequent amendments, with the latest being the 15<sup>th</sup> amendment No. 2300233993 issued by the Department of Planning and Investment of Bac Ninh Province on 30 January 2015.

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

Business cycle of the company starts from the acquisition of investment license, land clearance, infrastructure construction of Industrial Parks and urban areas until the time of completion and hand-over to customers, thus the business cycle of the Company may extend over 12 months. Ordinary business cycle for other business activities is 12 months.

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

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

The total number of employees as at 31 December 2018 is 473 (31 December 2017: 478).

### Corporate structure

At 31 December 2018, the Company has the following 7 subsidiaries (31 December 2017: 6 subsidiaries):

No.	Company's name	Voting right (%)	Equity interest (%)	Head office	Main activities
1	Saigon - Bacgiang Industrial Park JSC	80.8	77.93	Quang Chau Industrial Park, Quang Chau Commune, Viet Yen District, Bac Giang Province	Investment, building and trading real estates
2	Saigon - Hai Phong Industrial Park JSC	86.54	86.54	Trang Due Industrial Park, Le Loi Commune, An Duong District, Hai Phong City	Investment, building and trading real estates
3	Northwest Saigon City Development JSC	74.3	72.44	Tram Bom, National Road No. 22, Tan Phu Trung Commune, Cu Chi District, Ho Chi Minh City	Investment, building and trading real estates
4	Trang Cat One Member Urban Development Company Limited	100	100	Bai Trieu Area, Trang Cat Commune, Hai An District, in Dinh Vu - Cat Hai Economical Zone, Hai Phong City	Investment, building and trading real estates
5	NGD Investment One Member Limited Company	100	100	No. 100, An Trach Street, Quoc Tu Giam Ward, Dong Da District, Hanoi	Investment, building and trading real estates
6	Kinh Bac Office and Factory Business One Member Company Limited	100	100	Lot B7, Que Vo Industrial Park, Phuong Lieu Commune, Que Vo District, Bac Ninh Province	Investment, building and trading real estates
7	Kinh Bac - Da Nang Investment One Member Company Limited	100	100	61A Nguyen Van Cu, Hoa Hiep Bac Ward, Lien Chieu District, Da Nang City	Investment, building and trading real estates

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)  
as at 31 December 2018 and for the 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/QĐ-BTC dated 31 December 2001 on the Issuance and Promulgation of Four Vietnamese Accounting Standards (Series 1);
- ▶ Decision No. 165/2002/QĐ-BTC dated 31 December 2002 on the Issuance and Promulgation of Six Vietnamese Accounting Standards (Series 2);
- ▶ Decision No. 234/2003/QĐ-BTC dated 30 December 2003 on the Issuance and Promulgation of Six Vietnamese Accounting Standards (Series 3);
- ▶ Decision No. 12/2005/QĐ-BTC dated 15 February 2005 on the Issuance and Promulgation of Six Vietnamese Accounting Standards (Series 4); and
- ▶ Decision No. 100/2005/QĐ-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 for the year ended 31 December 2018.

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

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

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



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)  
as at 31 December 2018 and for the year then ended

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

**2.5 Basis of consolidation (continued)**

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

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

**3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**3.1 Cash and cash equivalents**

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

**3.2 Inventories**

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

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

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

*Provision for obsolete inventories*

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

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

**3.3 Receivables**

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)  
as at 31 December 2018 and for the year then ended

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

#### 3.4 *Tangible fixed assets*

Tangible fixed assets are stated at cost less accumulated depreciation.

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

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

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

#### 3.5 *Intangible assets*

Intangible assets are stated at cost less accumulated amortisation.

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

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

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

#### 3.6 *Depreciation and amortisation*

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

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

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

#### 3.7 *Investment properties*

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

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



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)  
as at 31 December 2018 and for the year then ended

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

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

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

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

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

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

#### 3.8 *Borrowing costs*

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

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

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

#### 3.9 *Prepaid expenses*

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

The following types of expenses are recorded as long-term prepaid expense and are amortised to the consolidated income statement are amortized from 1 to 3 years.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)  
as at 31 December 2018 and for the year then ended

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

#### **3.10 Business combinations and goodwill**

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

Goodwill acquired in a business combination is initially measured at cost being the excess of the cost the business combination over the Group's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities. If the cost of a business combination is less than the fair value of the net assets of the subsidiary acquired, the difference is recognized directly in the consolidated income statement. After initial recognition, goodwill is measured at cost less any accumulated amortization. Goodwill is amortized over 10-year period on a straight-line basis.

#### **3.11 Investments**

##### *Investments in associates*

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

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

The 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 received or 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-for-trading securities and investments in other entities*

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



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)  
as at 31 December 2018 and for the year then ended

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

#### **3.11 Investments**

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

Provision is made for any diminution in value of the held-for-trading securities and investments in capital of other entities at the balance sheet date in accordance with the guidance under Circular No. 228/2009/TT-BTC dated 7 December 2009 and Circular No. 89/2013/TT-BTC dated 28 June 2013 issued by the Ministry of Finance. Increases and decreases to the provision balance are recorded as finance expense in the consolidated income statement.

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

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

#### **3.12 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 are capitalized as part of the cost of the respective asset.

#### **3.13 Payables and accruals**

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

#### **3.14 Accrual for severance pay**

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)  
as at 31 December 2018 and for the year then ended

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

#### 3.15 Foreign currency transactions

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

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

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

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

All foreign exchange differences incurred during the year and arisen from the translation of monetary accounts denominated in foreign currency at year-end are taken to the consolidated income statement.

#### 3.16 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.

#### 3.17 Appropriation of net profits

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

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

##### *Investment and development fund*

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

##### *Bonus and welfare fund*

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



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)  
as at 31 December 2018 and for the year then ended

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

#### 3.18 Revenue recognition

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

##### *Long-term lease of land and infrastructure*

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

##### *Long-term lease of infrastructure*

Revenue is recognised when the Group has passed the significant risks and rewards associated with the infrastructure to the buyer and revenue can be separately measured on the the land with infrastructure sublease in principle agreement.

##### *Sale of factories*

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

##### *Lease of factories*

Revenue under operating lease contract is recognised to the consolidated income statement on a straight-line basis over the lease term.

##### *Rendering of services*

Revenue is recognised when service has been provided to the customer, and is determined by the net value after deducting discounts, value-added tax, and other deductions.

##### *Gains from securities trading and capital transfer*

Income is determined by the difference between the selling price and cost of the securities. Income is recorded on the contract date, which is when the contract becomes effective.

##### *Revenue from project transfer*

Revenue is recognised when the significant risks and rewards of ownership of the project have passed to the buyer, usually upon the delivery of the project, and recovery over project transfer can be reasonably ensured.

##### *Interest*

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

##### *Dividends*

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)  
as at 31 December 2018 and for the year then ended

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

#### 3.19 Cost of leased land and infrastructure

Cost of leased land and infrastructure includes all direct costs that are attributable to the development of land and infrastructure or costs allocated on a reasonable basis to such activities including:

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

#### 3.20 Taxation

##### *Current income tax*

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

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

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

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

##### *Deferred tax*

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

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



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)  
as at 31 December 2018 and for the year then ended

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

#### 3.20 *Taxation* (continued)

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

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

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

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

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

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

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

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

#### 3.21 *Earnings per share*

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)  
as at 31 December 2018 and for the year then ended

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

#### 3.22 Segment information

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

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

#### 3.23 Related parties

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

### 4. CASH AND CASH EQUIVALENTS

	Currency: VND	
	Ending balance	Beginning balance
Cash on hand	13,110,049,337	8,862,747,344
Cash at banks	205,927,523,514	225,275,021,777
Cash equivalents (*)	5,043,250,639	270,429,738,359
<b>TOTAL</b>	<b>224,080,823,490</b>	<b>504,567,507,480</b>

(\*) Cash equivalents at 31 December 2018 mainly include short-term deposits in VND at commercial banks which earn interest from 4.3% to 5.2% per annum and have maturity terms from 1 month to 3 months (2017: from 4.3% to 5.2% per annum).

### 5. SHORT-TERM INVESTMENTS

	Currency: VND					
	Ending balance			Beginning balance		
	Cost	Fair value	Provision	Cost	Fair value	Provision
Held-for-trading securities:						
Shares (*)	7,490,461,369	1,007,697,020	(6,535,199,749)	7,490,461,369	1,007,697,020	(6,482,764,349)
Held-to-maturity investment (**)	2,000,000,000	2,000,000,000	-	-	-	-
<b>TOTAL</b>	<b>9,490,461,369</b>	<b>3,007,697,020</b>	<b>(6,535,199,749)</b>	<b>7,490,461,369</b>	<b>1,007,697,020</b>	<b>(6,482,764,349)</b>

(\*) At 31 December 2018, the Company holds 312,177 shares of Tan Tao Investment and Industrial Joint Stock Company.

(\*\*) The held-to-maturity investment at 31 December 2018 presents deposit at Vietinbank which earn interest 6% per annum and will be matured on 29 June 2019.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)  
as at 31 December 2018 and for the year then ended

## 6. TRADE RECEIVABLES

### 6.1 Trade receivables

	Ending balance	Currency: VND Beginning balance
<b>Short-term</b>		
- Goertek Vina Co., Ltd. (i)	581,350,024,989	-
- KCT Engineering Ltd (iii)	218,749,608,000	218,749,608,000
- Kinh Bac Service JSC (ii)	182,586,139,245	357,556,483,637
- Golden Star Vietnam Investment Co., Ltd. (iv)	120,269,112,727	-
- Tay Ninh Infrastructure Development JSC (v)	161,444,065,000	-
- Sai Gon Investment JSC (vi)	104,130,000,000	104,130,000,000
- Other customers (vii)	398,543,445,521	535,928,846,354
<b>TOTAL</b>	<b>1,767,072,395,482</b>	<b>1,216,364,937,991</b>
<b>Long-term</b>		
Trade receivables from customers		
- Kinh Bac Service JSC (viii)	-	26,434,546,048
<b>TOTAL</b>	<b>-</b>	<b>26,434,546,048</b>
Provision for doubtful debts	6,833,980,650	6,833,980,650
<i>In which:</i>		
<i>Short-term</i>	6,833,980,650	6,833,980,650
(i) These are the receivables from Goertek Vina Co., Ltd related to revenue from short-term lease of land and sale of factories in Que Vo II Industrial Zone;		
(ii) These are the short-term receivables from Kinh Bac Service JSC relating to revenue from sale of factories in Quang Chau Industrial Park.		
(iii) This is the receivable from KCT Engineering Co., Ltd related to the transfer of investment project about technological infrastructure of employees' house in Que Vo II Industrial Zone according to Transfer contract No.HĐCN - KBC/2016 dated 8 April 2016. As of 31 December 2018, the Company received the VND 196 billion deposit from this project as described in Note 17.2;		
(iv) This is the receivable relating revenue from lease of infrastructure in Quang Chau Industrial Zone project to Golden Star Vietnam Co., Ltd;		
(v) This is the receivable from Tay Ninh Infrastructure Development Co., Ltd related to short-term lease of land and infrastructure in Trang Due Industrial Zone according to contract no 103/HĐTĐ&CSHT-TD/2018 dated 24 December 2018;		
(vi) This is the receivable from Saigon Investment JSC related to the transfer of land at Phuc Ninh Urban Area Project;		
(vii) These are receivables from other customers for short-term lease of land and infrastructure at the industrial parks of the Group; and		
(viii) This is the receivable from Kinh Bac Service relating to revenue from long-term lease of land and transfer of assets on land in Que Vo II Industrial Zone according to contract No. 199/BGNX-QVMR/2015 and 199/HĐTLĐ-QVMR/2015 dated 10 December 2015.		

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)  
as at 31 December 2018 and for the year then ended

## 6. TRADE RECEIVABLES (continued)

### 6.2 Provision for trade receivables

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

	Currency: VND	
	Current year	Previous year
Beginning balance	7,333,980,650	7,335,037,650
Reversal of provision for doubtful debts	-	(1,057,000)
Ending balance	<b>7,333,980,650</b>	<b>7,333,980,650</b>
<i>In which:</i>		
Provision for short-term receivables	6,833,980,650	6,833,980,650
Provision for loan receivables	500,000,000	500,000,000

## 7. ADVANCES TO SUPPLIERS

	Currency: VND	
	Ending balance	Beginning balance
- Kinh Bac Investment and Consulting JSC (i)	1,343,475,990,105	1,254,819,076,322
- Kinh Bac Service JSC (i)	554,274,094,604	379,659,618,664
- Land Development Center and Industrial Group of Viet Yen District (ii)	128,142,971,992	128,142,971,992
- Land Clearance and Compensation Committee of Cu Chi District (iii)	30,652,661,421	24,460,088,998
- Other advance to suppliers	25,308,789,821	23,757,640,263
<b>TOTAL</b>	<b>2,081,854,507,943</b>	<b>1,810,839,396,239</b>

- (i) This is the advance to Kinh Bac Investment and Consulting JSC and Kinh Bac Service JSC for the site clearance and compensation and for construction works of certain on-going projects of the Group;
- (ii) This is advance to Land Development Center and Industrial Group of Viet Yen District for land clearance of Saigon - Bacgiang Industrial Park JSC's on-going project; and
- (iii) This is advance to Land Clearance and Compensation Committee of Cu Chi District for land clearance of Tan Phu Trung project.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)  
as at 31 December 2018 and for the year then ended

## 8. OTHER LOAN RECEIVABLES

	Currency: VND	
	Ending balance	Beginning balance
<b>Short-term</b>		
- Kinh Bac Investment and Consulting JSC (i)	134,100,000,000	30,294,156,000
- Kinh Bac Service JSC (ii)	31,386,943,534	8,424,422,198
- Saigon Tourism JSC	500,000,000	500,000,000
- Vien Dong Real Estate and Property JSC	300,000,000	300,000,000
- Saigon - Tay Ninh Industrial Park JSC	300,000,000	300,000,000
- Other loan receivables	2,583,300,000	583,300,001
Other loan receivables from related parties (Note 30)	11,492,687,097	11,937,895,430
<b>TOTAL</b>	<b>180,662,930,631</b>	<b>52,339,773,629</b>
<b>Long-term</b>		
- Kinh Bac Service JSC	-	16,200,000,000
- Kinh Bac Investment and Consulting JSC	-	10,000,000,000
- Construction Project Management Unit of Bac Ninh City (Bac Ninh City People's Committee)	700,000,000	700,000,000
<b>TOTAL</b>	<b>700,000,000</b>	<b>26,900,000,000</b>
Provision for other loan receivables	500,000,000	500,000,000
<i>In which:</i>		
<i>Short-term</i>	500,000,000	500,000,000
(i) This is unsecured loan with interest ranging from 10.5% to 12% per annum, which will be dued in March and November 2019.		
(ii) These are unsecured loans from Kinh Bac Service JSC with interest ranging from 8% to 10.5% per annum, will be due on 23 January 2019 and 31 December 2019.		

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

Currency: VND

	Ending balance		Beginning balance	
	Cost	Provision	Cost	Provision
<b>Short-term</b>				
Kinh Bac Service JSC (i)	638,720,513,305	-	565,437,813,547	-
Saigon Investment JSC (ii)	583,000,000,000	-	583,000,000,000	-
Advance to PVCombank for investment acquisition	216,840,284,000	-	211,840,284,000	-
Other receivables from related parties (Note 30)	201,519,033,299	-	55,646,525,842	-
Kum-Ba JSC (iii)	43,577,296,000	-	163,577,296,000	-
Advance to employees Bac Ninh People's Committee (iv)	56,588,207,482	-	42,534,859,875	-
Deposit (v)	19,440,000,000	-	19,440,000,000	-
Other receivables	12,851,128,404	-	12,851,128,404	-
	47,586,758,210	-	17,602,566,498	-
<b>TOTAL</b>	<b>1,820,123,220,700</b>	<b>-</b>	<b>1,671,930,474,166</b>	<b>-</b>
<b>Long-term</b>				
Vien Dong Real Estate and Property JSC (vi)	600,000,000,000	-	600,000,000,000	-
Kinh Bac Services JSC (vii)	-	-	70,903,647,915	-
Other long-term receivables	269,000,000	-	269,000,000	-
<b>TOTAL</b>	<b>600,269,000,000</b>	<b>-</b>	<b>671,172,647,915</b>	<b>-</b>

- (i) These mainly comprise the receivable and interest on deferred payment relating to the transfer of 48.3 million shares of Saigon - Binh Dinh Energy JSC to Kinh Bac Service JSC according to the Contract dated 22 June 2015 and 15 December 2015 and interest from loan receivable described in Note 8. Beside, it also comprises the interest on deferred payment for long-term lease of land and sale of factories for Kinh Bac Service JSC which will be due on 31 December 2019. Original receivable balances of these contracts have been fully recovered in 2018;
- (ii) This is the amount transferred to Saigon Investment JSC relating to the purchase of shares in Le Minh Xuan 2 Industrial Park Investment JSC. At 31 December 2018, the share transfer procedures have not been completed;
- (iii) This is the receivable from Kum-Ba JSC relating to the transfer of shares of Lang Ha Investment JSC of VND 43.6 billion;
- (iv) According to the minutes of interdisciplinary meeting between the Finance Department of Bac Ninh Province, the Department of Planning and Investment of Bac Ninh Province, the Department of Natural Resources and Environment of Bac Ninh Province, the Management Board of Industrial Zones and the Company dated 14 August 2007 and the Decision on support of investment capital for enterprises No. 1951/QĐ-UBND dated 31 December 2007, the People's Committee of Bac Ninh Province is committed to supporting on land rental rates for Que Vo Industrial Park project. Accordingly, the capital support applicable to the Company is VND 19.44 billion which will be used for the construction of waste water treatment plant at Que Vo Industrial park;



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

- (v) This is the deposit to Hanoi Agriculture Investment and Development One Member Co., Ltd. in accordance with Contract No.128/2010/HĐ-HTKD dated 29 June 2010 to co-operate to develop a complex of trade center, offices, luxury houses, ecotourism, villas, garden houses, apartment units at Minh Khai Commune, Tu Liem District, Ha Noi;
- (vi) This is the investment in the project of Commercial Center, Office, Hotel and Apartment - Vien Dong Meridian in Danang City in accordance with the business co-operation contract on 18 July 2017; and
- (vii) This represents the interest on deferred payment for long-term lease of land and sale of factories to Kinh Bac Service JSC and was reclassified to short-term other receivables as at 31 December 2018.

#### 10. PREPAID EXPENSES

	Currency: VND	
	Ending balance	Beginning balance
<b>Short-term</b>		
Real estate promotion fee in Phuc Ninh Urban	58,820,557,347	39,380,270,665
Other short-term prepaid expenses	31,223,440	62,000,000
<b>TOTAL</b>	<b>58,851,780,787</b>	<b>39,442,270,665</b>
<b>Long-term</b>		
Car rental expenses	3,223,484,849	-
Legal consulting expenses	5,540,000,000	4,300,000,000
Tools and equipment	4,633,231,047	4,782,284,014
<b>TOTAL</b>	<b>13,396,715,896</b>	<b>9,082,284,014</b>

#### 11. INVENTORIES

	Currency: VND			
	Ending balance		Beginning balance	
	Cost	Provision	Cost	Provision
Trang Cat Industrial and Residential Park (i)	3,505,529,857,431	-	3,475,130,804,472	-
Tan Phu Trung Industrial Park (ii)	2,377,277,112,343	-	2,458,594,519,135	-
Phuc Ninh Urban Area	859,600,850,430	-	810,973,261,789	-
Quang Chau Industrial Park and Urban area	685,721,457,549	-	580,352,753,443	-
Nam Son - Hap Linh Industrial Park	359,201,707,741	-	289,689,535,257	-
Que Vo II Industrial Park	120,435,014,799	-	287,319,068,733	-
Trang Due Industrial Park - stage 2	130,182,980,040	-	214,387,670,113	-
Trang Due Industrial Park	476,157,929,228	-	140,383,990,833	-
Que Vo I Industrial Park	57,860,916,072	-	48,533,883,603	-
Trang Due Industrial Park - stage 1(iii)	7,255,853,913	-	3,692,426,705	-
Other projects	13,607,889,629	-	13,566,884,421	-
<b>TOTAL</b>	<b>8,592,831,569,175</b>	<b>-</b>	<b>8,322,624,798,504</b>	<b>-</b>



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)  
as at 31 December 2018 and for the year then ended

#### 11. INVENTORIES (continued)

Inventories of the Group as at 31 December 2018 comprise compensation costs and infrastructure development costs, capitalized borrowing costs and allocated overheads incurred for the development of Que Vo I Industrial Park, Que Vo II Industrial Park, Phuc Ninh Urban Area, Nam Son - Hap Linh Industrial Park, Tan Phu Trung Industrial Park, Quang Chau Industrial Park and urban area Trang Due Industrial Park, Trang Cat Urban and Service Zone, and other projects of the Group which are developed for sale. Most of the Group's inventories are used as collaterals for long-term loans as disclosed in Note 20.

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

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

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

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)  
as at 31 December 2018 and for the year then ended

**11. INVENTORIES** (continued)

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

**12. CAPITALIZED BORROWING COSTS**

During the year, the Group capitalized borrowing costs amounting to VND 70 billion (2017: VND 102 billion). These costs relate to borrowings taken to finance the construction of Que Vo II Industrial Park, Nam Son Hap Linh Industrial Park, Phuc Ninh Urban area, Quang Chau Industrial Park, Tan Phu Trung Industrial Park, Trang Due Industrial Park and other development projects of the Group.



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## 13. TANGIBLE FIXED ASSETS

Currency: VND

	Buildings and structures (including land development and infrastructure cost)	Machinery and equipment	Means of transportation	Office equipment	Others	Total
<b>Cost:</b>						
Beginning balance	189,619,095,785	35,295,497,000	51,821,932,131	9,882,659,608	1,176,109,090	287,795,293,614
- Newly purchased	698,382,727	295,657,909	14,751,563,637	4,199,090,909	-	19,944,695,182
- Transfer from construction in progress	45,351,941,583	-	-	-	-	45,351,941,583
Ending balance	235,669,420,095	35,591,154,909	66,573,495,768	14,081,750,517	1,176,109,090	353,091,930,379
<i>In which:</i>						
Fully depreciated	11,207,167,638	3,869,703,715	10,531,181,251	3,667,329,181	825,381,818	30,100,763,603
<b>Accumulated depreciation:</b>						
Beginning balance	113,282,630,046	23,372,826,786	26,190,453,118	5,853,265,104	1,010,984,091	169,710,159,145
- Depreciation for the year	16,176,570,828	3,268,520,256	5,529,007,569	1,501,679,324	82,499,999	26,558,277,976
Ending balance	129,459,200,874	26,641,347,042	31,719,460,687	7,354,944,428	1,093,484,090	196,268,437,121
<b>Net carrying amount:</b>						
Beginning balance	76,336,465,739	11,922,670,214	25,631,479,013	4,029,394,504	165,124,999	118,085,134,469
Ending balance	106,210,219,221	8,949,807,867	34,854,035,081	6,726,806,089	82,625,000	156,823,493,258

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)  
as at 31 December 2018 and for the year then ended

#### 14. INVESTMENT PROPERTIES

Currency: VND

*Factories (including  
land development and  
infrastructure cost)*

##### Cost:

Beginning balance	161,449,401,105
- Increase (*)	17,110,713,446
- Decrease	(4,941,663,680)
Ending balance	<u>173,618,450,871</u>

##### Depreciation:

Beginning balance	26,565,167,307
- Depreciation for the year	12,892,133,693
Ending balance	<u>39,457,301,000</u>

##### Net carrying amount

Beginning balance	<u>134,884,233,798</u>
Ending balance	<u>134,161,149,871</u>

(\*) During the year, the Group put into operation the factories in Industrial Parks of Group under operating lease.

Investment properties comprise factories at Que Vo Industrial Park, which are held for operating lease and used as collateral for long-term loans at Vietnam Joint Stock Commercial Bank for Industry and Trade - Que Vo Branch, as presented in Note 19.1.

As at 31 December 2018, the Group has not determined the fair value of these investment properties because there is no available market for these properties.

#### 15. CONSTRUCTION IN PROGRESS

Currency: VND

	<i>Ending balance</i>	<i>Beginning balance</i>
Hanoi Diplomat Area (i)	106,555,116,818	106,555,116,818
Factories at Quang Chau Industrial Park	47,139,529,090	3,063,959,727
Factories at Trang Due Industrial Park	29,540,283,635	25,717,940,000
Que Vo I Industrial Park	4,516,537,647	4,516,537,647
Bac Giang Thermal Power Plant	3,116,503,893	3,116,503,893
Que Vo II Industrial Park	-	7,566,256,363
Other construction in progress	3,240,876,365	786,976,364
<b>TOTAL</b>	<b><u>194,108,847,448</u></b>	<b><u>151,323,290,812</u></b>

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



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)  
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## 16. LONG-TERM INVESTMENTS

Currency: VND			
	Note	Ending balance	Beginning balance
Investment in associates	16.1	516,941,269,318	503,087,714,088
Other long-term investments	16.2	448,500,200,000	448,500,200,000
Provision for long-term investments		(17,708,401,963)	(39,713,143,676)
<b>TOTAL</b>		<b>947,733,067,355</b>	<b>911,874,770,412</b>

### 16.1 Investment in associates

Currency: VND						
Note	% of voting right	Ending balance		Beginning balance		
		Number of shares	Amount VND	Number of shares	Amount VND	
Saigon Telecommunication & Technologies JSC	(i)	21.48%	15,896,923	224,861,575,161	15,896,923	208,569,550,710
Saigon - Hue Investment JSC	(ii)	28.14%	9,849,000	203,850,278,194	9,849,000	205,979,454,816
Saigon High-tech Park Infrastructure Development Investment JSC	(iii)	27.44%	8,233,083	82,436,515,135	8,233,083	82,446,974,530
Scanviwood JSC	(iv)	34%	1,077,528	5,792,900,828	1,077,528	6,091,734,032
<b>TOTAL</b>			<b>516,941,269,318</b>			<b>503,087,714,088</b>

#### (i) Saigon Telecommunication & Technologies JSC

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

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

#### (ii) Saigon - Hue Investment JSC

Saigon - Hue Investment JSC was established pursuant to the Business Registration Certificate No. 3103000255 issued by the Department of Planning and Investment of Thua Thien-Hue province on 9 October 2007 and the third amended Business Registration Certificate No. 3300512389 on 30 May 2016 with a registered charter capital of VND 350 billion. Its principal activities include investment, construction and trading on infrastructure inside and outside industrial zone, residential areas, resettlement area, housing for worker; industrial and civil construction works, transport and power projects up to 35kV.

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

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

**16.1 Investment in associates** (continued)

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

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

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

*(iv) Scanviwood Joint Stock Company*

Scanviwood Joint Stock Company was established pursuant to the Business Registration Certificate No. 411031000006 by the Department of Planning and Investment of Ho Chi Minh City on 10 June 2015 with a registered capital of VND 31.69 million. Its principal activities include manufacturing of household products for export.

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



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

**16.1 Investment in associates** (continued)

Investments in associates as at 31 December 2018 are as below:

	Saigon Telecommunication & Technologies JSC	Saigon - Hue Investment JSC	Saigon High-tech Park Infrastructure Development Investment JSC	Scanviwood JSC	Total
<b>Cost of investment:</b>					
Beginning balance	423,492,661,074	210,627,000,000	82,330,830,000	7,204,600,000	723,655,091,074
Ending balance	423,492,661,074	210,627,000,000	82,330,830,000	7,204,600,000	723,655,091,074
<b>Accumulated share in post-acquisition profit/(loss) of the associates</b>					
Beginning balance	(54,695,383,979)	(4,647,545,184)	116,144,530	(1,112,865,967)	(60,339,550,600)
- Share in post-acquisition profit/(loss) of the associates for the year	16,292,024,452	(2,129,176,622)	(10,459,395)	(298,833,205)	13,853,555,230
Ending balance	(38,403,359,527)	(6,776,721,806)	105,685,135	(1,411,699,172)	(46,486,095,370)
<b>Amortization goodwill:</b>					
Beginning balance	160,227,726,386	-	-	-	160,227,726,386
Ending balance	160,227,726,386	-	-	-	160,227,726,386
<b>Net carrying amount:</b>					
Beginning balance	208,569,550,709	205,979,454,816	82,446,974,530	6,091,734,033	503,087,714,088
Ending balance	224,861,575,161	203,850,278,196	82,436,515,135	5,792,900,828	516,941,269,318

Currency: VND

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

**16.2 Other long-term investments**

Currency: VND

	Ending balance			Beginning balance		
	% of voting right	Number of shares	Book value(*)	% of voting right	Number of shares	Book value
Saigon - Quy Nhon Mineral JSC	5.75	6,900,000	339,000,000,000	5.75	6,900,000	339,000,000,000
Saigon - Da Nang Investment JSC	19.5	3,900,000	39,000,000,000	19.5	3,900,000	39,000,000,000
VTC - Saigontel Media JSC	19.19	3,070,020	30,700,200,000	19.19	3,070,020	30,700,200,000
Saigon - Binh Phuoc Industrial Park JSC	10.56	190,000	19,000,000,000	10.56	190,000	19,000,000,000
Saigon - Nhon Hoi Industrial Park JSC	10	100,000	10,000,000,000	10	100,000	10,000,000,000
Saigon - Ham Tan Tourism JSC	1.63	70,000	7,000,000,000	1.63	70,000	7,000,000,000
Saigon - Binh Thuan Power Plant Investment and Development JSC	0.35	350,000	3,500,000,000	0.35	350,000	3,500,000,000
Saigon - Long An Industrial Park JSC	0.15	30,000	300,000,000	0.15	30,000	300,000,000
<b>TOTAL</b>			<b>448,500,200,000</b>			<b>448,500,200,000</b>
Provision for other long-term investments			(17,708,401,963)			(39,713,143,676)
<b>NET CARRYING VALUE</b>			<b>430,791,798,037</b>			<b>408,787,056,324</b>

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



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## 17. TRADE PAYABLES AND ADVANCES FROM CUSTOMERS

### 17.1 Short-term trade payables

			Currency: VND	
	Ending balance		Beginning balance	
	Amount	Amount payable	Amount	Amount payable
Trade payables to suppliers				
- Kumba JSC	24,197,260,274	24,197,260,274	-	-
- Kinh Bac Service JSC	22,197,890,000	22,197,890,000	-	-
- Cong Thanh Technological Enviroment Co., Ltd	13,896,411,000	13,896,411,000	-	-
- Hai Phat Real Estate JSC.	13,523,326,473	13,523,326,473	16,026,197,325	16,026,197,325
- Bao Nam Trading Import and Export JSC	12,406,252,400	12,406,252,400	10,338,561,300	10,338,561,300
- Mai Tuan Anh Trasportation Trading Co., Ltd	11,618,947,600	11,618,947,600	-	-
- Trung Tien Transportation and Construction JSC	7,635,524,264	7,635,524,264	14,076,270,800	14,076,270,800
- BlueScope Buildings Vietnam Co., Ltd	7,335,599,999	7,335,599,999	-	-
- Truong Phat investment JSC	5,494,106,040	5,494,106,040	2,661,011,300	2,661,011,300
- Other suppliers	107,812,534,290	107,812,534,290	91,226,162,005	91,226,162,005
Payable to related parties	-	-	12,320,000	12,320,000
<b>TOTAL</b>	<b>226,117,852,340</b>	<b>226,117,852,340</b>	<b>134,340,522,730</b>	<b>134,340,522,730</b>

### 17.2 Short-term advances from customers

	Currency: VND	
	Ending balance	Beginning balance
Deposit for purchase of houses and land use rights at Phuc Ninh Urban Project (*)	196,232,491,700	205,376,972,150
Prepayment for land rental at Tan Phu Trung Industrial Park	96,449,599,019	91,007,311,296
Prepayment for land rental at Trang Due Industrial Park	61,624,603,637	27,709,635,065
Deposit for purchase of houses and land use rights at Quang Chau Urban Project	57,394,622,400	57,394,622,400
Other advances from customers	35,480,498,363	22,657,534,733
<b>TOTAL</b>	<b>447,181,815,119</b>	<b>404,146,075,644</b>

(\*) Mainly included deposit related to the transfer of the infrastructure investment project for staffs and workers in Que Vo Industrial Park in accordance with the Transfer Contract No. HDCN-KBC/2016 on 8 April 2016.

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## 18. STATUTORY OBLIGATIONS

	Beginning balance	Increase for the year	Payment/off-set in the year	Ending balance
Currency: VND				
<b>Payables</b>				
Value added tax	2,340,322,286	145,915,138,481	(77,309,285,539)	87,518,096,545
Corporate income tax (Note 29)	165,769,315,287	187,480,949,673	(159,256,561,368)	194,021,522,426
Personal income tax	559,592,751	7,960,155,674	(7,875,531,282)	640,413,536
Other taxes (*)	28,835,721,319	19,845,374,994	(28,844,302,900)	19,808,974,578
<b>TOTAL</b>	<b>197,504,951,643</b>	<b>361,201,618,822</b>	<b>(273,285,681,089)</b>	<b>301,989,007,085</b>
<b>Receivables</b>				
Corporate income tax	61,426,648,392	45,473,916,250	(19,921,713,898)	86,978,850,743
Value added tax deductible	56,801,107,366	46,800,267,308	(49,405,949,236)	54,195,425,437
Other taxes	-	116,638,500	(98,703,447)	17,935,053
<b>TOTAL</b>	<b>118,227,755,758</b>	<b>92,390,822,058</b>	<b>(69,426,366,581)</b>	<b>141,192,211,233</b>

(\*) Included in statutory obligations is the accrual for land lease of Northwest Saigon City Development Corporation ("SCD") for Tan Phu Trung Industrial Park Project with amount of VND 6 billion. SCD is currently in the process of working with the government authorities to determine the land rental obligations to the State (Note 31).



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)  
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**19. ACCRUED EXPENSES**

	Currency: VND	
	Ending balance	Beginning balance
<b>Short-term</b>		
Accrued future development cost for recognised sales	986,494,828,986	950,289,709,665
- Quang Chau Industrial Park	368,404,589,673	319,608,594,077
- Tan Phu Trung Industrial Park	337,790,756,801	305,396,936,512
- Trang Due Industrial Park	164,904,179,437	203,580,987,291
- Que Vo II Industrial Park	60,747,027,250	72,415,465,059
- Que Vo I Industrial Park	54,648,275,825	49,287,726,726
Accrued interest expenses	166,715,419,803	120,181,315,132
Accrued interest expenses to related parties (Note 30)	775,082,727	640,285,731
Brokerage expenses	78,364,021,440	-
Other accrued expenses	11,467,804,589	15,597,980,024
<b>TOTAL</b>	<b>1,244,817,157,545</b>	<b>1,086,709,290,552</b>
<b>Long-term</b>		
Accrued interest expenses (*)	1,051,174,838,754	1,031,951,584,113
<b>TOTAL</b>	<b>1,051,174,838,754</b>	<b>1,031,951,584,113</b>

(\*) This mainly pertains to bond interest expenses payable to PVCombank. PVCombank has issued an amendment to revise the payment terms for the bond principal and the bond interest. Accordingly, these bond interests will be due in 2020 (Note 21.2).

**20. OTHER PAYABLES**

	Currency: VND	
	Ending balance	Beginning balance
<b>Short-term</b>		
Deposit for purchase of houses and land use rights at Phuc Ninh Urban Project	444,102,553,400	323,904,532,910
Kinh Bac Service JSC	11,948,989,816	10,108,298,365
Other payables	42,383,417,710	25,301,798,867
<b>TOTAL</b>	<b>498,434,960,926</b>	<b>364,314,630,142</b>
<b>Long-term</b>		
Cholimex Mechatronics Informatics JSC (i)	55,500,000,000	55,500,000,000
Other deposits (ii)	65,065,727,944	105,681,960,855
Other payables	14,592,329,063	6,450,580,036
<b>TOTAL</b>	<b>135,158,057,007</b>	<b>167,632,540,891</b>

(i) In 2014, the Company received VND 55.5 billion from Cholimex Mechatronics Informatics JSC for the development of Phuc Ninh Urban Project in accordance with the Business Cooperation Agreement No. 1004/HĐHTKD-KBC/2014 dated 10 April 2014; and

(ii) These mainly pertain to deposits from land rental contracts at industrial park projects of the Group.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)  
as at 31 December 2018 and for the year then ended

## 21. LOANS

	Beginning balance		Movement during the year		Ending balance	
	Balance	Payable amount	Increase	Decrease	Balance	Payable amount
<b>Short-term</b>						
Loans from others (*)	25,935,378,567	25,935,378,567	-	-	25,935,378,567	25,935,378,567
Current portion of long term loans (Note 21.1 and 21.2)	993,502,560,000	993,502,560,000	740,980,678,000	(718,443,445,986)	1,016,039,792,014	1,016,039,792,014
Loans from related parties (Note 30)	112,330,830,000	112,330,830,000	40,000,000,000	-	152,330,830,000	152,330,830,000
Loan from others	-	-	10,000,000,000	-	10,000,000,000	10,000,000,000
<b>TOTAL</b>	<b>1,131,768,768,567</b>	<b>1,131,768,768,567</b>	<b>790,980,678,000</b>	<b>(718,443,445,986)</b>	<b>1,204,306,000,581</b>	<b>1,204,306,000,581</b>
<b>Long-term</b>						
Loans from banks (Note 21.1)	548,136,511,458	548,136,511,458	261,900,329,277	(389,290,470,015)	420,746,370,720	420,746,370,720
Bonds (Note 21.2)	1,042,521,557,518	1,042,521,557,518	1,113,428,060,610	(1,293,831,072,676)	862,118,545,452	862,118,545,452
<b>TOTAL</b>	<b>1,590,658,068,976</b>	<b>1,590,658,068,976</b>	<b>1,375,328,389,887</b>	<b>(1,683,121,542,691)</b>	<b>1,282,864,916,172</b>	<b>1,282,864,916,172</b>

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



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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)  
as at 31 December 2018 and for the year then ended

## 21. LOANS (continued)

### 21.1 Long-term loans from bank

As at 31 December 2018, details of long-term loans from bank are as follows:

<i>Banks</i>	<i>Ending balance</i>	<i>Interest rate</i>	<i>Principal and interest payment term</i>	<i>Description of collateral</i>	<i>Currency: VND</i>
Vietnam Joint Stock Commercial Bank for Industry and Trade – Bac Ninh Branch	20,127,100,800	10.5%/year	Principal is paid every 6 months. Interest is paid every 3 months from 19 September 2018	All assets formed in the future including land rights and assets in land of Phuc Ninh Area in 22 ha.	
Vietnam Joint Stock Commercial Bank for Industry and Trade - Que Vo Industrial Park Branch	129,720,424,512	10.5%/year	Principal repayment on 6 February 2020. Interest payment on last 25 <sup>th</sup> per quarter	Infrastructure at Trang Due II Industrial, with the estimated value of 1000 BVND.	
Vietnam Joint Stock Commercial Bank for Industry and Trade - Que Vo Industrial Park Branch	129,763,706,335	10.5%/year	Principal repayment on 29 November 2022, interest payment on the last 25 <sup>th</sup> each quarter	All the assets formed in the future of the 100 hecta project in Phase 1 of Nam Son - Hap Linh Industrial park; along with the properties rights arising from the economic contracts for trading of infrastructure, land and other attached properties of 100 hecta stage 1 in Nam Son – Hap Linh Industrial Zone.	
Vietnam Joint Stock Commercial Bank for Industry and Trade - Que Vo Industrial Park Branch	103,895,511,873	10.5%/year	Principal repayment on 16 November 2022. Principal is paid every 6 months. Interest is paid quarterly, started from 25 August 2017	All assets formed from the investment costs that the Company has invested and will invest in the future in 83.8 hecta of Que Vo II Industrial Park.	
Vietnam Joint Stock Commercial Bank for Industry and Trade - Que Vo Industrial Park Branch	37,239,627,200	10.5%/year	Principal is paid every 6 months, started from 25 July 2016, interest payment on 25th per quarter from 26 March 2018.	All assets attached with the land which will be formed from the investment and construction project of Office building, warehouses lot M, N, T at Que Vo II Industrial Park.	

## TOTAL

**420,746,370,720**

*In which:*

*Current portion of long-term loans*  
*Long-term loans*

179,720,424,512  
291,025,945,208

21. **LOANS** (continued)

As at 31 December 2018, bonds issued by the Group are as follows:

Bond	Type of bond	Number of bonds	Par value VND	Amount (VND)	Interest rate per annum	Duration	Collaterals
KBC Bond 004	Corporate Bonds issued for PVCbank	1,000,000	100,000	100,000,000,000	9.7%	31 October 2019	Inventories of Trang Cat Urban and Service Zone Project.
KBCbond01-2017	Corporate bond issued to Joint Stock Commercial Bank for Investment and Development of VietNam - Sai Gon Northern Branch	380	1,000,000,000	380,000,000,000	10.18%	21 November 2022	Land use rights and all assets attached with land lot at Hung Vuong, Hai Chau 1 Ward, Hai Chau District, Da Nang City, which are owned by Vien Dong Real Estate and Property JSC.
KBCbond2-2017	Corporate bond issued to Counterparties	2,000,000	100,000	200,000,000,000	10.5%	26 January 2019	KBCbond2-2017, KBCbond3-2017, KBCbond4-2017
KBCbond3-2017	Corporate bond issued to Counterparties	1,500,000	100,000	150,000,000,000	10.5%	16 February 2019	and KBC Bond2017 are mortgaged by shares of Saigon - Hai Phong Industrial Park JSC.
KBCbond4-2017	Corporate bond issued to Counterparties	2,000,000	100,000	200,000,000,000	10.5%	22 May 2019	Saigon - Hai Phong Industrial Park JSC.
KBC Bond2018 -01	Corporate bond issued to Counterparties	2,000,000	100,000	200,000,000,000	10.5%	5 May 2020	KBCbond2018-01 is mortgaged by shares of Saigon - Hai Phong Industrial Park JSC.
KBC Bond2018 -02	Corporate bond issued to Counterparties	4,000,000	100,000	400,000,000,000	10.5%	14 May 2020	KBCbond2018-02 is mortgaged by shares of Saigon - Hai Phong Industrial Park JSC.
Bond issuance expense:				(17,881,454,548)			
TOTAL				1,612,118,545,452			
In which:							
Bonds due in the next year				750,000,000,000			
Long-term bonds				880,000,000,000			
Bond issuance expense of long-term bonds				(17,881,454,548)			



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## 22. OWNERS' EQUITY

### 22.1 Increase and decrease in owners' equity

Currency: VND

	Contributed charter capital	Share premium	Treasury shares	Investment and development fund	Undistributed earnings	Non-controlling interest	Total
<b>Previous year</b>							
Beginning balance	4,757,111,670,000	989,064,430,000	(364,466,650,000)	2,223,693,823	2,318,834,981,859	918,321,858,802	8,621,089,984,484
- Net profit for the year	-	-	-	-	584,522,397,947	34,254,764,868	618,777,162,815
- Dividend paid	-	-	-	-	-	(6,250,000,000)	(6,250,000,000)
- Other increase/(decrease)	-	-	-	-	1,149,512,242	(196,659,310,242)	(195,509,798,000)
Ending balance	4,757,111,670,000	989,064,430,000	(364,466,650,000)	2,223,693,823	2,904,506,892,048	749,667,313,428	9,038,107,349,299
<b>Current year</b>							
Beginning balance	4,757,111,670,000	989,064,430,000	(364,466,650,000)	2,223,693,823	2,904,506,892,048	749,667,313,428	9,038,107,349,299
- Net profit for the year	-	-	-	-	746,155,055,257	62,751,418,237	808,906,473,494
- Dividend paid (*)	-	-	-	-	-	(9,656,028,236)	(9,656,028,236)
Ending balance	4,757,111,670,000	989,064,430,000	(364,466,650,000)	2,223,693,823	3,650,661,947,305	802,762,703,429	9,837,357,794,557

(\*) This presents the amount of dividend payment to State Financial Investment Company of Ho Chi Minh City at Northwest Saigon Urban Development JSC according to Annual General Meeting of Shareholders Resolution No. 163/NQ-ĐHCĐ2018-SCD on 18 May 2018.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)  
as at 31 December 2018 and for the year then ended

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

**22.2 Shares**

Currency: VND

	Ending balance			Beginning balance		
	Total	Ordinary shares	Preference shares	Total	Ordinary shares	Preference shares
Contributed by shareholders	4,757,111,670,000	4,757,111,670,000	-	4,757,111,670,000	4,757,111,670,000	-
Share premium	989,064,430,000	989,064,430,000	-	989,064,430,000	989,064,430,000	-
Treasury share	(364,466,650,000)	(364,466,650,000)	-	(364,466,650,000)	(364,466,650,000)	-
<b>TOTAL</b>	<b>5,381,709,450,000</b>	<b>5,381,709,450,000</b>	<b>-</b>	<b>5,381,709,450,000</b>	<b>5,381,709,450,000</b>	<b>-</b>

**22.3 Capital transactions with owners and distribution of dividends, profits**

Currency: VND

	Current year	Previous year
<b>Contributed capital</b>		
Beginning balance	4,757,111,670,000	4,757,111,670,000
Increase	-	-
Decrease	-	-
Ending balance	<u>4,757,111,670,000</u>	<u>4,757,111,670,000</u>
Dividends/profit declared	-	-

**22.4 Shares**

	Shares	
	Ending balance	Beginning balance
<b>Issued shares</b>	<b>475,711,167</b>	<b>475,711,167</b>
<b>Issued and paid-up shares</b>	<b>475,711,167</b>	<b>475,711,167</b>
Ordinary shares	475,711,167	475,711,167
Preferred shares	-	-
<b>Treasury shares</b>	<b>5,950,978</b>	<b>5,950,978</b>
Ordinary shares	5,950,978	5,950,978
Preferred shares	-	-
<b>Shares in circulation</b>	<b>469,760,189</b>	<b>469,760,189</b>
Ordinary shares	469,760,189	469,760,189
Preference shares	-	-

Par value of outstanding share: VND 10,000/share (2017: VND 10,000/share).

**23. NON-CONTROLLING INTEREST**

Currency: VND

	Current year	Previous year
Beginning balance	749,667,313,428	918,321,858,802
Profit attributable to non-controlling interest	62,751,418,237	34,254,764,868
Dividend paid	(9,656,028,236)	(6,250,000,000)
Other deductions (Notes 22.1)	-	(196,659,310,242)
<b>Ending balance</b>	<b>802,762,703,429</b>	<b>749,667,313,428</b>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)  
as at 31 December 2018 and for the year then ended

## 24. REVENUES

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

	Currency: VND	
	Current year	Previous year
<b>Gross revenue</b>	<b>2,491,178,878,521</b>	<b>1,260,198,518,971</b>
In which:		
Revenue from long-term lease of land and infrastructures (*)	2,018,386,888,972	716,656,729,312
Sales of factories	178,832,038,000	137,075,312,000
Revenue from providing clean water, electricity, services and processing wasted water	163,821,817,906	137,036,076,729
Revenue from real estate transfer	93,173,385,733	232,840,459,947
Revenue from lease of warehouses, factories and offices	36,964,747,910	36,589,940,983
<b>Net revenue</b>	<b>2,491,178,878,521</b>	<b>1,260,198,518,971</b>
Of which:		
Sales to others	2,491,178,878,521	1,260,198,518,971
Sales to related parties	-	-

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

	Currency: VND	
	Revenues are recognized in full at the hand-over date	Revenues are amortized over the lease term
Revenues	2,491,178,878,521	523,231,189,393
Of which:		
Revenues from lease of land and infrastructures	2,018,386,888,972	50,020,590,823
Cost of goods sold and services rendered	(1,022,343,984,750)	(244,941,844,682)
Gross profit of goods sold and services rendered	1,468,834,893,771	278,289,344,711
Profit before tax	1,047,227,401,932	(143,318,147,128)
Current corporate income tax expenses	(193,422,721,494)	-
Deferred tax expenses/(income)	(44,898,206,944)	142,935,519,860
Net profit after tax	808,906,473,494	(382,627,268)



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)  
as at 31 December 2018 and for the year then ended

**24. REVENUES (continued)**

**24.2 Finance income**

	Currency: VND	
	Current year	Previous year
Interest income from outstanding receivables from share transfer contract (*)	42,522,515,002	42,688,325,414
Interest income from deposits and lending	35,967,334,496	14,936,217,480
Interest income on outstanding receivables from long-term lease of land and sale of factories (**)	13,055,192,456	60,860,496,773
Foreign exchange gains	21,683,048	8,679,917
Interest income from transfer financial investment	-	312,179,674,586
Others	1,521,478	689,095,890
<b>TOTAL</b>	<b>91,568,246,480</b>	<b>431,362,490,060</b>

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

(\*\*) This pertains mainly to interest income on receivables from Kinh Bac Service JSC under the contracts for long-term lease of land and sale of factories.

**25. COST OF GOODS SOLD AND SERVICES RENDERED**

	Currency: VND	
	Current year	Previous year
Cost of long-term leased land and infrastructures	795,075,873,614	373,867,340,039
Cost of factories sold	78,438,375,894	70,601,286,338
Cost of real estate transfer	45,116,512,748	78,229,906,429
Cost of leased warehouses, factories and offices	12,048,779,501	17,624,609,266
Others	91,664,442,993	70,205,293,319
<b>TOTAL</b>	<b>1,022,343,984,750</b>	<b>610,528,435,391</b>

**26. FINANCE EXPENSES**

	Currency: VND	
	Current year	Previous year
<b>Finance expenses</b>		
Interest expenses	200,751,707,293	106,963,449,754
(Reversal)/provision for long-term investments	(21,952,306,313)	227,889,210
Bond issuance consulting expense	13,998,360,610	-
Others	1,096,455,263	2,266,278,877
<b>TOTAL</b>	<b>193,894,216,853</b>	<b>109,457,617,841</b>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)  
as at 31 December 2018 and for the year then ended

## 27. SELLING EXPENSES AND GENERAL AND ADMINISTRATIVE EXPENSES

	Currency: VND	
	Current year	Previous year
<b>Selling expenses</b>		
Consultation and brokerage expenses	128,510,332,025	15,803,977,774
Labour costs	2,122,288,000	1,963,650,756
Others	11,381,947,903	4,355,659,954
<b>TOTAL</b>	<b>142,014,567,928</b>	<b>22,123,288,484</b>
<b>Administrative expenses</b>		
Depreciation	7,917,389,196	6,725,795,892
Labour costs	85,992,134,624	77,554,077,099
External services	41,893,836,671	48,005,685,580
Others	29,055,074,464	22,472,072,591
<b>TOTAL</b>	<b>164,858,434,955</b>	<b>154,757,631,162</b>

## 28. PRODUCTION AND OPERATING COSTS

	Currency: VND	
	Current year	Previous year
Land, infrastructure, building development and services rendering expenses	1,335,985,966,363	482,183,851,952
Labour costs	87,341,482,424	80,310,998,855
Depreciation of fixed assets	39,457,088,131	39,803,508,880
Expenses for external services	170,250,105,352	58,877,340,479
Other expenses	45,306,503,122	126,233,654,873
<b>TOTAL</b>	<b>1,678,341,145,392</b>	<b>787,409,355,039</b>



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)  
as at 31 December 2018 and for the year then ended

## 29. CORPORATE INCOME TAX

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

- ▶ For the operating activities at Que Vo I Industrial Park, the Company is obliged to pay CIT with an applicable rate of 10% for the first 15 years of operation and of 20% for the following years. The Company is entitled to an exemption from CIT for 4 years from 2005 to 2008, and a 50% reduction of the applicable CIT rate for the following 9 years until 2017. The statutory CIT rate applicable for the year ended 31 December 2018 is 20%.
- ▶ For the operating activities at the Que Vo II Industrial Park, the Company is obliged to pay CIT with an applicable rate of 10% for the first 15 years of operation and of 20% for the following years. The Company is entitled to an exemption from CIT for 3 years from 2008 to 2010, and a 50% reduction of the applicable CIT rate for the following 7 years from 2011 to 2017. The statutory CIT rate applicable for the year ended 31 December 2018 is 20%.
- ▶ For the operating activities at Quang Chau Industrial Park, Saigon - Bacgiang Industrial Park JSC is obliged to pay CIT with an applicable rate of 10% for the first 15 years of operation and of 20% for the following years. The subsidiary is entitled to an exemption from CIT for 4 years from 2008 to 2011, and a 50% reduction of the applicable CIT rate for the following 9 years. The statutory CIT rate applicable for the year 2018 is 10% with a 50% reduction.
- ▶ For the operating activities at Trang Due Industrial Park - phase 1, Saigon - Hai Phong Industrial Park JSC is obliged to pay CIT with an applicable rate of 10% for the first 15 years of operation and of 20% for the following years. The subsidiary is entitled to an exemption from CIT for 4 years from 2009 to 2012, and a 50% reduction of the applicable CIT rate for the following 9 years. The statutory CIT rate applicable for the year 2018 is 10% with a 50% reduction.
- ▶ For the operating activities at Trang Due Industrial Park - phase 2, Sai Gon - Hai Phong Industrial Park JSC is obliged to pay CIT with an applicable rate of 10% for the first 15 years of operation. The subsidiary is entitled to an exemption from CIT for 4 years from 2015 to 2018, and a 50% reduction of the applicable CIT rate for the following 9 years up to 2027. The statutory CIT rate applicable for financial year 2018 is 0%.
- ▶ For operating activities at Tan Phu Trung Industrial Park, Northwest Saigon City Development JSC is obliged to pay CIT with an applicable rate of 10% for the first 15 years of operation and of 20% for the following years. The subsidiary is entitled to an exemption from CIT for 4 years from 2007 to 2010, and a 50% reduction of the applicable CIT rate for the following 9 years. The statutory CIT rate applicable for the year 2018 is 10% with a 50% reduction.
- ▶ For operating activities at Trang Cat Urban and Service Zone, Trang Cat One Member Urban Development Limited Company Company is obliged to pay CIT with an applicable rate of 10% for the first 15 years of operation and of 20% for the following years. The subsidiary is entitled to an exemption from CIT for 4 years from 2012 to 2016, and a 50% reduction of the applicable CIT rate for the following 9 years. The statutory CIT rate applicable for the year 2018 is 10% with a 50% reduction.

The tax returns filed by 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.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)  
as at 31 December 2018 and for the year then ended**29. CORPORATE INCOME TAX (continued)****29.1 CIT expenses**

	Currency: VND	
	Current year	Previous year
Current CIT expenses	193,422,721,494	177,234,691,188
Deferred CIT expenses	44,898,206,944	15,528,079,679
<b>TOTAL</b>	<b>238,320,928,438</b>	<b>192,762,770,867</b>

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

	Currency: VND	
	Current year	Previous year
<b>Profit before tax</b>	<b>1,047,227,401,932</b>	<b>811,539,933,682</b>
CIT expense at rate applicable to companies in the Group	225,309,325,536	187,244,402,386
<i>In which:</i>		
Preferential tax rate of land rental activities	6,074,514,467	6,761,642,744
20% tax rate for other activities	219,234,811,069	180,482,759,642
<i>Adjustments to increase</i>		
Adjustment for increasing CIT from 2015 to 2017 and according to tax finalization minute for the year ended 2017	10,950,515,743	4,870,333,520
Taxable income for land lease activities from previous periods	1,124,029,083	3,530,478,897
Loan interest more than 20% of EBITDA	3,126,688,371	-
Other increase	13,863,553	1,872,919
<i>Adjustments to decrease</i>		
Taxable income relating reversal of provision for long-term investment in previous year	(2,191,920,515)	-
Other decrease	(11,573,333)	-
Loss carried forward	-	(2,884,316,854)
<b>CIT expense</b>	<b>238,320,928,438</b>	<b>192,762,770,867</b>

**29.2 Current CIT**

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)  
as at 31 December 2018 and for the year then ended

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

**29.3 Deferred CIT**

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

	<i>Consolidated balance sheet</i>		<i>Consolidated income statement</i>	
	<i>Ending balance</i>	<i>Beginning balance</i>	<i>Currency: VND</i>	
			<i>Current year</i>	<i>Previous year</i>
<b>Deferred tax liabilities</b>				
Deferred tax liabilities arising from fair value adjustment on business combination date at Northwest Saigon City Development JSC	203,154,284,559	218,356,275,478	(15,197,130,346)	(12,910,050,808)
Deferred tax liabilities arising from fair value adjustment on business combination date at Sai Gon - Hai Phong Industrial Park JSC	457,334,951	457,334,951	-	-
Deferred tax liabilities arising from allocation of CIT over the leased term	460,815,998,122	400,720,660,832	60,095,337,290	28,438,130,487
	<b>664,427,617,632</b>	<b>619,534,271,261</b>		
<b>Net deferred tax debit to consolidated income statement</b>			<b>44,898,206,944</b>	<b>15,528,079,679</b>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)  
as at 31 December 2018 and for the year then ended

## 29. CORPORATE INCOME TAX (continued)

### 29.4 Unrecognised deferred tax assets

#### Tax losses carried forward

The Group is entitled to carry the tax loss forward to offset with the taxable profit arising within 5 years subsequent to the year in which the loss was incurred. As at 31 December 2018, the Company has accumulated losses which are available for offset against future taxable profits. Details are as follows:

Currency: VND

Originating year	Can be utilized up to		Tax loss amount	Utilized up to 31 December 2018	Forfeited	Unutilized at 31 December 2018
2012	2017	(i)	290,447,513,954	(270,950,141,002)	(19,497,372,952)	-
2013	2018	(i)	114,297,270,724	(44,106,959,987)	(70,190,310,737)	-
2014	2019	(i)	89,268,404,637	(7,353,480,794)	(79,913,253,003)	2,001,670,840
2015	2020	(i)	71,200,307,244	-	(68,847,932,661)	2,352,374,583
2016	2021	(i)	3,008,882,395	-	-	3,008,882,395
2017	2022	(i)	4,433,878,613	-	-	4,433,878,613
2018	2023	(i)	5,476,455,673	-	-	5,476,455,673
<b>TOTAL</b>			<b>578,132,713,240</b>	<b>(322,410,581,783)</b>	<b>(238,448,869,353)</b>	<b>17,273,262,104</b>

(i) These are estimated tax losses as per the Company and its subsidiaries' corporate income tax declarations which have not been audited by the local tax authorities as of the date of these consolidated financial statements.

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

## 30. TRANSACTIONS WITH RELATED PARTIES

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

No	Related party	Relationship
1	Saigon High-tech Park Infrastructure Development Investment Joint Stock Company	Associate
2	Saigon Telecommunication & Technologies Corporation	Associate
3	Saigon - Hue Investment JSC	Associate
4	Scanviwood Joint Stock Company	Associate
5	Saigon - Da Nang Investment JSC	Common Investor
6	Mr Dang Thanh Tam	Chairman
7	Ms Nguyen Thi Thu Huong	General Director
8	Ms Nguyen My Ngoc	Deputy General Director
9	Mr Phan Anh Dung	Deputy General Director



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)  
as at 31 December 2018 and for the year then ended

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

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

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

Outstanding balances at 31 December 2018 are unsecured, interest free and will be settled in cash. For the year, the Group has not made any provision for doubtful debts relating to amounts owed by related parties (at 31 December 2017: 0). This assessment is undertaken each financial year through the examination of the financial position of the related party and the market in which the related party operates.

Significant transactions between the Group and its related parties during the year are as follows:

<i>Currency: VND</i>				
<i>Related party</i>	<i>Relationship</i>	<i>Transactions</i>	<i>Current year</i>	<i>Previous year</i>
Mr Dang Thanh Tam	Chairman	Advance	325,015,331,311	103,084,236,422
		Advance clearance	180,353,681,000	81,402,828,189

As at 31 December 2018, amount due to and from related parties of the Group are as follows:

<i>Currency: VND</i>				
<i>Relationship</i>	<i>Relationship</i>	<i>Transactions</i>	<i>Current year</i>	<i>Previous year</i>
<b><i>Short-term loan receivables (Note 8)</i></b>				
Saigon Telecommunication & Technologies Corporation - Bac Ninh Branch	Associate	Short-term loans receivables	11,492,687,097	11,537,895,430
Saigon - Hue Investment JSC	Associate	Short-term loans receivables	-	400,000,000
			<b>11,492,687,097</b>	<b>11,937,895,430</b>
<b><i>Other short-term receivables (Note 9)</i></b>				
Mr Dang Thanh Tam	Chairman	Advance	195,814,309,000	51,152,658,689
Ms Nguyen Thi Thu Huong	General Director	Advance	3,489,211,820	3,489,211,820
Saigon Telecommunication & Technologies Corporation - Bac Ninh Branch	Associate	Deposit	1,932,065,479	684,708,333
Ms Nguyen My Ngoc	Deputy General Director	Advance	173,447,000	173,447,000
Mr Phan Anh Dung	Deputy General Director	Advance	110,000,000	110,000,000
Saigon - Hue Investment JSC	Associate	Other receivables	-	36,500,000
			<b>201,519,033,299</b>	<b>55,646,525,842</b>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)  
as at 31 December 2018 and for the year then ended**30. TRANSACTIONS WITH RELATED PARTIES (continued)**

As at 31 December 2018, amount due to and from related parties of the Group are as follow:  
(continued)

			Currency: VND	
Related party	Relationship	Transactions	Current year	Previous year
<b>Accrued expenses (Note 19)</b>				
Saigon High-tech Park Associate Infrastructure Development Investment Joint Stock Company		Interest payable	775,082,727	640,285,731
			<b>775,082,727</b>	<b>640,285,731</b>
<b>Short-term loans (Note 21)</b>				
Saigon High-tech Park Associate Infrastructure Development Investment Joint Stock Company (*)		Short-term loans	112,330,830,000	112,330,830,000
Saigon - Da Nang Investment JSC	Associate	Short-term loans	40,000,000,000	40,000,000,000
			<b>152,330,830,000</b>	<b>152,330,830,000</b>

(\*) This is the short-term loan from Saigon High-tech Park Infrastructure Development Investment Joint Stock Company which bears interest rate at 0.01% per month and will be matured on 30 June 2019.

**Transactions with other related parties**

Remuneration to members of the Board of Directors:

		Currency: VND	
		Current year	Previous year
General Director		5,557,099,000	5,309,437,000
Deputy General Directors and Chief Accountant		4,369,724,000	4,254,291,000
		<b>9,926,823,000</b>	<b>9,563,728,000</b>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)  
as at 31 December 2018 and for the year then ended

**31. EARNINGS PER SHARE**

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

	Currency: VND	
	Current year	Previous year
<b>Net profit after tax attributable to ordinary equity holders for basic earnings</b>	<b>746,155,055,257</b>	<b>584,522,397,947</b>
<i>Effect of dilution:</i>		
Interest on convertible bonds	-	-
<b>Net profit after tax attributable to ordinary equity holders adjusted for the effect of dilution</b>	<b>746,155,055,257</b>	<b>584,522,397,947</b>
<b>Weighted average number of ordinary shares (excluding treasury shares) for basic earnings per share</b>	<b>469,760,189</b>	<b>469,760,190</b>
<i>Effect of dilution:</i>		
Convertible preference shares	-	-
<b>Weighted average number of ordinary shares (excluding treasury shares) adjusted for the effect of dilution</b>	<b>469,760,189</b>	<b>469,760,190</b>
Basic earnings per share	1,588	1,244
Diluted earnings per share	1,588	1,244

There is no ordinary shares transaction or preference share transaction since 31 December 2018 until the date of this consolidated financial statements.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)  
as at 31 December 2018 and for the year then ended

## 32. COMMITMENTS AND CONTINGENCIES

### 32.1 Commitments relating to real estate investment projects

*Commitments relating to the State:*

- (i) According to Decision No. 1526/QD-CT dated 17 December 2003 and Decision No. 971/QD-UBND dated 15 July 2009 by the Bac Ninh Provincial People's Committee regarding the assignment of land to the Company for the development of Phuc Ninh New Urban Area Project, Bac Ninh Town, Bac Ninh Province, the Company has an obligation to pay land use fees and other charges for the residential land area, commercial and public areas within the Phuc Ninh Residential Area. Accordingly, the Company was handed over with 49.53 ha of land in 2010, completed the land marking for 47.2 ha of land in 2013 with the Bac Ninh Provincial People's Committee and settled the land use fees of VND 175,735,431,000 in accordance with the Decision No. 2229/QD-CT dated 23 December 2004 by the Bac Ninh Provincial People's Committee which approved the land use fee (phase 1) and the notice of payment of land use fee by the Tax Department of Bac Ninh Province. As at 31 December 2018, the Company is in the process of finalizing the land use fee settlement to the Bac Ninh Provincial People's Committee for the above assigned land.
- (ii) From 2003 to 2014, the Company signed a number of land lease agreements with the Bac Ninh Provincial People's Committee for the land area at Que Vo I Industrial Park and the Extended Que Vo, which is 2,268,388.8 m<sup>2</sup> and 1,652,779 m<sup>2</sup>, respectively. According to the Official Letter No. 323/BTC-QLCS dated 12 January 2015 by the Ministry of Finance, the investment project on construction and operation of infrastructure of Que Vo Industrial Park is entitled to land rental exemption in 11 years from the date the project is completed and put into operation. As at 31 December 2018, the Company is still in the process of finalizing land use payments with the Bac Ninh Provincial People's Committee for the above-mentioned land areas under the Land Law No. 45/2013/QH2013 dated 1 July 2014 by the National Assembly and Decree 135/2016 / ND-CP dated 9 September 2016 by the Government with effect from 15 November 2016 and relevant regulations on collection land use right fees.
- (iii) On 10 June 2015, the Company signed a Land Rental Contract with Bac Ninh Provincial People's Committee for 766,858.9 m<sup>2</sup> land area assigned at Nam Son Hap Linh Industrial Park. As at 31 December 2018, the Company is still in the process of finalizing with the authorities to determine land rental obligations.
- (iv) On 20 March 2013, the Department of Finance of Ho Chi Minh City sent a notice to Northwest Saigon City Development JSC ("SCD") advising the land rental rate at Tan Phu Trung Industrial Park of VND 5,940 per square metre for 2011 and 2012. However, according to Decision No. 2093/QD-BTC dated 23 November 2011 and Circular No. 16/2013/TT-BTC on removal of difficulties for enterprises, land rental rate from 2011 to 2014 would not exceed two times of that applicable for 2010. Therefore, SCD currently accrues the land rental fee payable in Tan Phu Trung Industrial Park for 2011, 2012 and 2013 with the amount of VND 2,359,623,014 based on the land rental rate of VND500/m<sup>2</sup>, equivalent to two times of 2010 land rental fee which was approved by the Ho Chi Minh City People's Committee under the Land Lease Contract No. 2516/HD-TNMT-QHSDD on 5 April 2007. At the same time, SCD sent a letter to the Ho Chi Minh City People's Committee to request for a reduction in land rental rate which should not exceed two times of that applicable for 2010 pursuant to the above regulations. As at 31 December 2018, SCD is still in the process of finalising the land rental rate for the above leased land area with the Ho Chi Minh City People's Committee.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)  
as at 31 December 2018 and for the year then ended

## 32. COMMITMENTS AND CONTINGENCIES (continued)

### 32.1 Commitments relating to real estate investment projects (continued)

*Commitments relating to the State (continued):*

- (v) From 2011 to 2014, Saigon - Haiphong Industrial Park JSC ("SHP") signed land lease agreements with the People's Committee of Hai Phong City for the land area at Trang Due Industrial Park with a total land area of 1,541,648.7 m<sup>2</sup>. Details of these land lease contracts include: Contract No. 04/HĐTD dated 17 January 2011 (for 1,363,473.2 m<sup>2</sup> land area), Contract No.179/HĐTD dated 31 December 2013 (for 84,871.8 m<sup>2</sup> land area) and Contract No.13/HĐTD dated 17 February 2014 (for 93,303.7 m<sup>2</sup> land area). On 12 December 2014, the Department of Taxation of Haiphong City issued Decision No. 4274 /QĐ-CT on land rent exemption for Saigon-Hai Phong Industrial Park JSC. Accordingly, SHP is exempted from land tax until September 2017, December 2023 and November 2057 for the Land Lease Contracts No. 04, No.13 and No.179, respectively. However, according to Investment Certificate No.02221000009 issued by the Hai Phong Economic Zone Management Board on 29 November 2013, SHP is exempted from land rental for the above land area. Therefore, SHP is in the process of working with the relevant government agencies to clarify the inconsistency in the above legal documents.
- (vi) From 2008 to 2010, Saigon - Bac Giang Industrial Park JSC ("SBG") signed land lease agreements with the People's Committee of Bac Giang Province for a total land area of 3,900,015 m<sup>2</sup> at Quang Chau Industrial Park. As at 31 December 2018, SBG is still in the process of working with the authority to determine the land rental obligations applicable to SBG. According to the second Investment Certificate dated 12 September 2014, Quang Chau Industrial Park is entitled to land rental exemption for 11 years from the date the project is completed and put into operations according to Official Letter No. 5403 / BTC-QLNS dated 23 April 2015 of the Department of Agricultural Product Management.

*Capital expenditure commitments*

As at 31 December 2018, the Company and its subsidiaries have contracts related to the construction and development of Que Vo I Industrial Park, Que Vo II Industrial Park, Nam Son Hap Linh Industrial Park, Phuc Ninh urban area, Quang Chau urban area, Trang Due Industrial Park and Trang Cat urban area with total value of approximately VND 608 billion.

### 32.2 Guarantee and security

The Group has the following contingent liabilities related to guarantees as at 31 December 2018:

*Guarantee under the mortgage contract with PVCombank:*

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)  
as at 31 December 2018 and for the year then ended

### 32. COMMITMENTS AND CONTINGENCIES (continued)

#### 32.3 Disputes

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

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



### 33. EVENTS AFTER THE BALANCE SHEET DATE

In accordance with the Resolution No. 0901/2019/KBC/NQ-HDQT dated 9 January 2019, the Company increased its contributed capital into Trang Cat Urban Development One Member Co., Ltd from VND 1,500,000,000,000 to VND 4,130,000,000,000 by transferring its outstanding receivable balance of VND 2,630,000,000,000 into contributed capital.

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

Luu Phuong Mai  
Preparer

Pham Phuc Hieu  
Deputy General Director and  
Chief Accountant

Nguyen Thi Thu Huong  
General Director

29 March 2019