

KinhBac City Development Holding Corporation

Separate financial statements

For the year ended 31 December 2018



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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 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

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

KinhBac City Development Holding Corporation

GENERAL INFORMATION (continued)

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 separate financial statements for the year ended 31 December 2018.

AUDITORS

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

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 separate financial statements of the Company for the year ended 31 December 2018.

MANAGEMENT'S RESPONSIBILITY IN RESPECT OF THE SEPARATE FINANCIAL STATEMENTS

Management is responsible for the separate financial statements of each financial year which give a true and fair view of the separate financial position of the Company and of the separate results of its operations and its cash flows for the year. In preparing those separate 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 separate financial statements; and
- ▶ prepare the separate financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue its business.

Management is responsible for ensuring that proper accounting records are kept which disclose, with reasonable accuracy at any time, the separate financial position of the Company and to ensure that the accounting records comply with the applied accounting system. It is also responsible for safeguarding the assets of the Company 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 separate financial statements.

STATEMENT BY MANAGEMENT

Management does hereby state that, in its opinion, the accompanying separate financial statements give a true and fair view of the separate financial position of the Company as at 31 December 2018 and of the separate results of its operations and its separate 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 separate financial statements.

KinhBac City Development Holding Corporation has the subsidiaries as disclosed in the financial statements. The Company prepared these separate financial statements to meet the prevailing requirements in relation to disclosure of information, specifically the Circular No. 155/2015/TT-BTC on disclosure of information on the securities market. In addition, as required by these regulations, the Company has also prepared the consolidated financial statements of the Company and its subsidiaries for the year ended 31 December 2018 on 29 March 2019.

Users of the separate financial statements should read them together with the said consolidated financial statements in order to obtain full information on the consolidated financial position, consolidated results of operations and consolidated cash flows of the Company and its subsidiaries.

For and on behalf of management:



Nguyễn Thị Thu Hương
General Director

Bac Ninh, Vietnam

29 March 2019

Reference: 60774739/20160678

INDEPENDENT AUDITORS' REPORT

To: The Shareholders of KinhBac City Development Holding Corporation

We have audited the accompanying separate financial statements of KinhBac City Development Holding Corporation ("the Company") as prepared on 29 March 2019 and set out on pages 6 to 49, which comprise the separate balance sheet as at 31 December 2018, and the separate income statement and the separate 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 separate financial statements in accordance with Vietnamese Accounting Standards, Vietnamese Enterprise Accounting System and the statutory requirements relevant to the preparation and presentation of the separate financial statements, and for such internal control as management determines is necessary to enable the preparation and presentation of the separate 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 separate 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 separate financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the separate financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the separate financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the separate 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 Company'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 separate 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 separate financial statements give a true and fair view, in all material respects, of the separate financial position of the Company as at 31 December 2018, and of the results of its separate operations and its separate 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 the presentation of separate financial statements.

Emphasis of matter

We draw attention to Note 2.1 of the separate financial statements. The Company prepared the consolidated financial statements of the Company and its subsidiaries for the year ended 31 December 2018 in accordance with Vietnamese Accounting Standards, Vietnamese Enterprise Accounting System and the statutory requirements relevant to the preparation and presentation of consolidated financial statements. We have audited these consolidated financial statements and our auditors' report dated 2 April 2019 expressed an unmodified opinion.

Our opinion is not modified in respect of this matter.

Ernst & Young Vietnam Limited




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

SEPARATE BALANCE SHEET
as at 31 December 2018

Currency: VND

Code	ASSETS	Notes	Ending balance	Beginning balance
100	A. CURRENT ASSETS		4,534,173,949,692	3,797,304,294,711
110	I. Cash and cash equivalents	4	115,915,328,929	199,497,701,139
111	1. Cash		115,915,328,929	187,031,133,731
112	2. Cash equivalents		-	12,466,567,408
120	II. Short-term investments	5	955,261,620	1,007,697,020
121	1. Held-for-trading securities		7,490,461,369	7,490,461,369
122	2. Provision for held-for-trading securities		(6,535,199,749)	(6,482,764,349)
130	III. Current accounts receivable		2,948,180,323,667	2,107,737,214,929
131	1. Short-term trade receivables	6.1	1,071,566,210,692	566,602,921,844
132	2. Short-term advances to suppliers	6.2	929,961,584,362	665,070,811,114
135	3. Short-term loan receivables	7	34,086,943,534	9,224,422,198
136	4. Other short-term receivables	8	919,899,565,729	874,173,040,423
137	5. Provision for doubtful short-term receivables	6.3	(7,333,980,650)	(7,333,980,650)
140	IV. Inventories	9	1,410,245,696,320	1,449,662,956,660
141	1. Inventories		1,410,245,696,320	1,449,662,956,660
150	V. Other current assets		58,877,339,156	39,398,724,963
151	1. Short-term prepaid expenses	10	58,851,780,787	39,380,270,665
152	2. Value-added tax deductible		25,558,369	18,454,298

SEPARATE BALANCE SHEET (continued)
as at 31 December 2018

Currency: VND


Code	ASSETS	Note s	Ending balance	Beginning balance
200	B. NON-CURRENT ASSETS		7,669,194,409,873	7,033,862,039,634
210	I. Long-term receivables		3,805,320,816,284	3,213,714,345,983
211	1. Long-term trade receivables	6.1	-	26,434,546,048
215	2. Long-term loan receivables	7	1,901,832,633,533	1,972,512,038,078
216	3. Other long-term receivables	8	1,903,488,182,751	1,214,767,761,857
220	II. Fixed assets		121,656,937,560	85,006,944,846
221	1. Tangible fixed assets	11	121,656,937,560	85,006,944,846
222	Cost		240,277,809,776	186,626,386,375
223	Accumulated depreciation		(118,620,872,216)	(101,619,441,529)
227	2. Intangible fixed assets		-	-
228	Cost		36,958,000	36,958,000
229	Accumulated amortisation		(36,958,000)	(36,958,000)
230	III. Investment properties	13	70,977,073,092	61,406,340,710
231	1. Cost		85,523,500,278	68,431,657,532
232	2. Accumulated amortisation		(14,546,427,186)	(7,025,316,822)
240	IV. Long-term assets in progress	12	12,229,034,723	17,341,391,085
242	1. Construction in progress		12,229,034,723	17,341,391,085
250	V. Long-term investments	14	3,658,305,154,187	3,655,726,412,374
251	1. Investment in subsidiaries		2,859,806,314,000	2,858,566,314,000
252	2. Investments in jointly controlled entities and associates		723,655,091,074	723,655,091,074
253	3. Investment in other entities		448,500,200,000	448,500,200,000
254	4. Provision for long-term investments		(373,656,450,887)	(374,995,192,700)
260	VI. Other long-term assets		705,394,027	666,604,636
261	1. Long-term prepaid expenses	10	705,394,027	666,604,636
270	TOTAL ASSETS		12,203,368,359,565	10,831,166,334,345

SEPARATE BALANCE SHEET (continued)
as at 31 December 2018

Currency: VND

Code	ASSETS	Notes	Ending balance	Beginning balance
300	C. LIABILITIES		4,758,982,383,393	3,931,198,842,127
310	I. Current liabilities		2,187,563,815,223	1,876,766,257,285
311	1. Short-term trade payables	15.1	91,128,324,973	55,803,092,288
312	2. Short-term advances from customers	15.2	219,398,339,281	226,431,260,573
313	3. Statutory obligations	16	197,594,677,834	116,500,702,288
315	4. Short-term accrued expenses	17	236,523,990,580	194,537,319,254
318	5. Short-term unearned revenues		2,908,239,932	-
319	6. Other short-term payables	18	453,729,869,956	325,790,716,834
320	7. Short-term loans	19	981,956,993,334	953,379,786,715
322	8. Bonus and welfare fund		4,323,379,333	4,323,379,333
330	II. Non-current liabilities		2,571,418,568,170	2,054,432,584,842
333	1. Long-term accrued expenses	17	811,326,390,271	777,902,785,752
337	2. Other long-term liabilities	18	63,025,083,268	61,950,580,036
338	3. Long-term loans	19	1,658,816,896,350	1,175,496,779,774
341	4. Deferred tax liabilities	27.3	37,298,230,319	38,130,471,318
342	5. Long-term provisions		951,967,962	951,967,962
400	D. OWNERS' EQUITY		7,444,385,976,172	6,899,967,492,218
410	I. Capital	20	7,444,385,976,172	6,899,967,492,218
411	1. Share capital		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		988,533,430,000	988,533,430,000
415	3. Treasury shares		(364,466,650,000)	(364,466,650,000)
418	4. Investment and development fund		2,223,693,823	2,223,693,823
421	5. Undistributed earnings		2,060,983,832,349	1,516,565,348,395
421a	- Undistributed earnings up to end of prior year		1,516,565,348,395	948,385,931,572
421b	- Undistributed earnings of current year		544,418,483,954	568,179,416,823
440	TOTAL LIABILITIES AND OWNERS' EQUITY		12,203,368,359,565	10,831,166,334,345


Luu Phuong Mai
Preparer


Pham Phuc Hieu
Deputy General Director and
Chief Accountant


Nguyen Thi Thu Huong
General Director




29 March 2019

SEPARATE 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	21.1	1,349,160,029,553	429,727,330,058
02	2. Deductions	21.1	-	-
10	3. Net revenue from sale of goods and rendering of services	21.1	1,349,160,029,553	429,727,330,058
11	4. Cost of goods sold and services rendered	22	(441,200,247,482)	(131,522,272,564)
20	5. Gross profit from sale of goods and rendering of services		907,959,782,071	298,205,057,494
21	6. Finance income	21.2	250,953,944,080	611,093,544,426
22	7. Finance expenses	23	(218,665,180,804)	(100,248,789,650)
23	In which: Interest expenses		(205,096,743,650)	(126,307,447,149)
25	8. Selling expenses	24	(135,451,108,766)	(9,658,537,621)
26	9. General and administrative expenses	24	(87,169,530,070)	(83,271,267,892)
30	10. Operating profit		717,627,906,511	716,120,006,757
31	11. Other income	25	1,440,043,026	630,266,600
32	12. Other expenses	25	(26,666,350,841)	(2,993,758,900)
40	13. Other loss	25	(25,226,307,815)	(2,363,492,300)
50	14. Accounting profit before tax		692,401,598,696	713,756,514,457
51	15. Current corporate income tax expenses	27.1	(148,815,355,741)	(145,785,157,886)
52	16. Deferred tax income	27.3	832,240,999	208,060,252
60	17. Net profit after tax		544,418,483,954	568,179,416,823


Luu Phuong Mai
Preparer


Pham Phuc Hieu
Deputy General Director and
Chief Accountant


Nguyen Thi Thu Huong
General Director



29 March 2019

SEPARATE CASH FLOW STATEMENT
for the year ended 31 December 2018

Currency: VND

Code	ITEMS	Notes	Current year	Previous year
	I. CASH FLOWS FROM OPERATING ACTIVITIES			
01	Profit before tax		692,401,598,696	713,756,514,457
	<i>Adjustments for:</i>			
02	Depreciation of fixed assets and investment properties	11, 13	24,522,541,051	21,174,321,139
03	Reversal of provisions		(1,286,306,413)	(26,797,936,890)
05	Profits from investing activities		(250,953,944,080)	(611,714,749,315)
06	Interest expenses	23	205,096,743,650	126,307,447,149
08	Operating profit before changes in working capital		669,780,632,904	222,725,596,540
09	Increase in receivables		(1,245,883,568,735)	(217,067,054,921)
10	Decrease/(increase) in inventories		44,529,616,702	(45,659,374,592)
11	Increase in payables (other than interest, corporate income tax)		296,358,314,747	134,399,976,519
12	Increase in prepaid expenses		(19,510,299,513)	(37,691,081,810)
14	Interest paid		(184,717,830,373)	(53,878,870,831)
15	Corporate income tax paid	16	(150,041,395,759)	(115,122,278,380)
20	Net cash flows used in operating activities		(589,484,530,027)	(112,293,087,475)
	II. CASH FLOWS FROM INVESTING ACTIVITIES			
21	Purchase and construction of fixed assets and other long-term assets		(24,530,727,854)	(26,596,043,150)
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		(27,065,022,219)	(682,854,625,419)
24	Collections from borrowers and proceeds from sale of debt instruments of other entities		72,881,905,428	176,659,819,487
25	Payments for investments in other entities		(1,240,000,000)	(1,359,168,000,000)
26	Proceeds from sale of investments in other entities		6,780,000,000	1,407,118,000,000
27	Interest and dividends received		12,183,946,496	952,383,636
30	Net cash flows from/(used in) investing activities		39,010,101,851	(482,808,465,446)

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

Currency: VND

Code	ITEMS	Notes	Current year	Previous year
	III. CASH FLOWS FROM FINANCING ACTIVITIES			
33	Drawdown of borrowings		1,367,572,733,967	1,686,033,118,250
34	Repayment of borrowings		(900,680,678,001)	(925,737,905,486)
40	Net cash flows from financing activities		466,892,055,966	760,295,212,764
50	Net (decrease)/increase in cash for the year		(83,582,372,210)	165,193,659,843
60	Cash and cash equivalents at the beginning of the year		199,497,701,139	34,304,041,296
61	Impact of exchange rate fluctuation		-	-
70	Cash and cash equivalents at the end of the year	4	115,915,328,929	199,497,701,139

Luu Phuong Mai
Preparer

Pham Phuc Hieu
Deputy General Director and
Chief Accountant

Nguyen Thi Thu Huong
General Director

29 March 2019

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

1. CORPORATE INFORMATION

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 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 188 (31 December 2017: 180).

Corporate structure

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

No	Company's name	Voting right (%)	Interest right (%)	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 Urban Development One Member 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 Company Limited	100	100	No. 100 An Trach Street, Quoc Tu Giam Ward, Dong Da District, Ha Noi city	Investment, building and trading real estates

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

1. CORPORATE INFORMATION (continued)

Corporate structure (continued)

At 31 December 2018, The Company has 7 subsidiaries (2017: 6 subsidiaries): (continued)

No	Company's name	Voting right (%)	Interest right (%)	Head office	Main activities
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

2. BASIS OF PREPARATION

2.1 Purpose of preparation the separate financial statements

KinhBac City Development Holding Corporation has the subsidiaries as disclosed in Note 1 and Note 14. The Company prepared these separate financial statements to meet the prevailing requirements in relation to disclosure of information, specifically the Circular No. 155/2015/TT-BTC on disclosure of information on the securities market. In addition, as required by these regulations, the Company has also prepared the consolidated financial statements of the Company and its subsidiaries for the year ended 31 December 2018 ("consolidated financial statements") on 29 March 2019.

Users of the separate financial statements should read them together with the said consolidated financial statements in order to obtain full information on the consolidated financial position, consolidated results of operations and consolidated cash flows of the Company and its subsidiaries.

2.2 Accounting standards and system

The separate financial statements of the Company expressed in Vietnamese dong ("VND"), are prepared in accordance with the Vietnamese Enterprise Accounting System and Vietnamese Accounting Standards issued by the Ministry of Finance as per:

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

Accordingly, the accompanying separate 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.

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

2. BASIS OF PREPARATION (continued)

2.3 Applied accounting documentation system

The Company's applied accounting documentation system is the General Journal system.

2.4 Fiscal year

The Company's fiscal year applicable for the preparation of its separate financial statements starts on 1 January and ends on 31 December.

2.5 Accounting currency

The separate financial statements are prepared in VND which is also the Company's accounting currency.

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

Provision for obsolete inventories

An inventories 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 Company, based on appropriate evidence of impairment available at the separate balance sheet date.

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

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.3 Receivables

Receivables are presented in the separate 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 separate 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 separate income statement.

3.4 Tangible fixed assets

Tangible fixed assets are stated at cost less accumulated depreciation.

The cost of a tangible fixed asset comprises 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 separate 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 separate income statement.

3.5 Intangible fixed assets

Intangible fixed assets are stated at cost less accumulated amortisation.

The cost of an intangible fixed asset comprises 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 separate income statement as incurred. When intangible fixed assets are sold or retired any gain or loss resulting from their disposal (the difference between the net disposal proceeds and the carrying amount) is included in the separate income statement.

3.6 Depreciation and amortisation

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

Buildings and structures (including land and infrastructure development cost)	8 - 25 years
Machinery and equipment	4 - 8 years
Means of transportation	6 - 10 years
Office equipment	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 and/or amortisation.

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 Company.

NOTES TO THE SEPARATE 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 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 separate 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 *Prepaid expenses*

Prepaid expenses are reported as short-term or long-term prepaid expenses on the separate balance sheet and amortised over the period for which the amounts are paid or the period in which economic benefits are generated in relation to these expenses (from 1 to 3 years).

3.9 *Investments*

Investment in subsidiaries

Investments in subsidiaries over which the Company has control are carried at cost.

Distributions from accumulated profits of the subsidiaries arising subsequent to the date of acquisition are recognised in the separate income statement. Other distributions are considered a recovery of investment and are deducted to the cost of the investment.

Investment in associates

Investments in associates over which the Company has significant influence are accounted for under the cost method of accounting.

Distributions from the accumulated net profits of the associates arising subsequent to the date of acquisition by the Company are recognized as income in the separate income statement. Distributions from sources other than from such profits are considered a recovery of investment and are deducted to the cost of the investment.

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 SEPARATE FINANCIAL STATEMENTS (continued)
as at 31 December 2018 and for the year then ended

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.9 Investments (continued)

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 separate balance sheet date in accordance with the guidance under Circular 228/2009/TT-BTC dated 7 December 2009 and amended Circular 89/2013/TT-BTC dated 26 June 2013 and Circular 200/2014/TT-BTC dated 22 December 2014 by the Ministry of Finance. Increases or decreases to the provision balance are recorded as finance expense in the separate income statement and deducted to the cost of the investment.

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 separate financial statements and deducted against the value of such investments.

3.10 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.

3.11 Payable and accrual

Payable and accrual are recognised for amount to be paid in the future for goods and services received, whether or not billed to the Company.

3.12 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, the Law on Social Insurance and related implementing guidance. The average monthly salary used in this calculation will be revised at the end of each reporting period following the average monthly salary of the 6-month period up to the reporting date. Increase or decrease to the accrued amount other than actual payment to employee will be taken to the separate 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 SEPARATE FINANCIAL STATEMENTS (continued)
as at 31 December 2018 and for the year then ended

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.13 Foreign currency transactions

Transactions in currencies other than the Company'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; 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 exchange rates at the balance sheet dates which are determined as follows:

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

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

3.14 Treasury shares

Own equity instruments which are reacquired (treasury shares) are recognised at cost and deducted from equity. No gain or loss is recognised in profit or loss upon purchase, sale, issue or cancellation of the Company's own equity instruments.

3.15 Appropriation of net profits

Net profit after tax (excluding negative goodwill arising from a bargain purchase) is available for appropriation to shareholders in the annual general meeting, and after making appropriation to reserve funds in accordance with the Company's Charter and Vietnamese's regulatory requirements.

The Company maintains the following reserve funds which are appropriated from the Company'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 Company's expansion of its operation or of in-depth investments.

Bonus and welfare fund

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

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.16 Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company 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 Company has passed significant risks and rewards associated with the land to the buyer and revenue can be reliably measured.

Sale of factories

Revenue is recognised when the Company 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 separate 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 Company's entitlement as an investor to receive the dividend is established.

3.17 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

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.17 Cost of land and infrastructure (continued)

- ▶ 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.

3.18 Taxation

Current income tax

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities based on the tax rates and tax laws that are enacted as at the interim separate balance sheet date.

Current income tax is charged or credited to the interim separate 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 Company to offset current tax assets against current tax liabilities and when the Company 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 interim separate balance sheet date between the tax base of assets and liabilities and their carrying amount for interim separate financial reporting purposes.

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

- ▶ where the deferred tax liability arises from the initial recognition of an asset or liability in a transaction which at the time of the related transaction affects neither the accounting profit nor taxable profit or loss; and
- ▶ in respect of taxable temporarily differences associated with investments in subsidiaries and associates, 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.

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

- ▶ where the deferred tax asset in respect of deductible temporary difference which arises from the initial recognition of an asset or liability which at the time of the related transaction, affects neither the accounting profit nor taxable profit or loss; and
- ▶ in respect of deductible temporarily differences associated with investments in subsidiaries, 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 profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at each interim separate 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 interim separate balance sheet date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax assets to be recovered.

NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)
as at 31 December 2018 and for the year then ended**3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)****3.18 Taxation (continued)***Deferred tax (continued)*

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

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

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

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

3.19 Segment information

A segment is a component which can be separately identified in which the Company 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 Company. Thus, the Company's management assesses that the Company operates in only one business segment which is a real estate business segment and in one critical geographic region which is Vietnam.

3.20 Related parties

A party is considered a related party of the Company if one party has the ability, directly or indirectly, to control the other party or otherwise, have significantly influence over the other party in making financial and operating decisions, or when the Company and the other party are jointly controlled or have significant influence in common. Related parties may be companies or individuals, including close family members of individuals are considered to be related.

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

4. CASH AND CASH EQUIVALENTS

	Currency: VND	
	Ending balance	Beginning balance
Cash on hand	10,583,165,613	7,244,852,857
Cash at banks	105,332,163,316	179,786,280,874
Cash equivalents	-	12,466,567,408
TOTAL	115,915,328,929	199,497,701,139

5. SHORT-TERM INVESTMENTS

	Currency: VND					
	Ending balance			Beginning balance		
	Cost	Fair value	Provision	Cost	Fair value	Provision
Held-for-trading securities:						
Share (*)	7,490,461,369	955,261,620	(6,535,199,749)	7,490,461,369	1,007,697,020	(6,482,764,349)
TOTAL	7,490,461,369	955,261,620	(6,535,199,749)	7,490,461,369	1,007,697,020	(6,482,764,349)

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

6. TRADE RECEIVABLES AND ADVANCES TO SUPPLIERS

6.1 Trade receivables

	Currency: VND	
	Ending balance	Beginning balance
Short-term		
Goertek Vina Co., Ltd. (*)	581,350,024,989	-
KCT Engineering Corporation (**)	218,749,608,000	218,749,608,000
Sai Gon Investment JSC (***)	104,130,000,000	104,130,000,000
Receivables for buying house at Phuc Ninh Urban Area	40,965,249,991	12,010,774,000
Goldsun Printing and Packing JSC	4,453,381,555	-
Trade receivables from related parties (Note 28)	180,000,000	180,000,000
Hanwha Techwin Security Viet Nam Co. Ltd	44,580,564	5,922,720,000
Kinh Bac Service JSC (****)	-	171,453,774,208
Phuc Son Technology One Member Company Limited	-	22,517,550,000
Other customers (*****)	121,693,365,593	31,638,495,636
TOTAL	1,071,566,210,692	566,602,921,844
Provision for doubtful receivables	6,833,980,650	6,833,980,650
Long-term		
Kinh Bac Service JSC (****)	-	26,434,546,048
TOTAL	-	26,434,546,048

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

6. TRADE RECEIVABLES AND ADVANCES TO SUPPLIERS (continued)

6.1 Trade receivables (continued)

- (*) 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;
- (**) 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 196 billion deposits of this project as described in Note 15.2;
- (***) This is the receivable from Saigon Investment JSC related to the transfer of land at Phuc Ninh Urban Area Project .
- (****) These are the receivables from Kinh Bac Service JSC related to revenue from lease of land and from sale of factories in Que Vo II Industrial Zone according to contract no 199/BGNX-QVMR/2015 and 199/HDTLD-QVMR/2015 dated 10 December 2015, which was paid fully during the year.
- (*****) These are receivables from other customers for short-term lease of land and infrastructure at the industrial parks of the Group .

6.2 Advances to suppliers

	Currency: VND	
	Ending balance	Beginning balance
Short-term		
Kinh Bac Investment and Consulting JSC (i)	592,321,598,894	502,889,784,794
Kinh Bac Service JSC (i)	326,971,824,604	152,357,348,664
FECON JSC	6,040,796,700	-
Cong Thanh Technology Environment Co., Ltd	-	5,832,000,000
Other advance to suppliers	4,627,364,164	3,991,677,656
TOTAL	929,961,584,362	665,070,811,114

- (i) The Company advanced to Kinh Bac Investment and Consulting JSC and Kinh Bac Service JSC for the site clearance compensation and for construction works of certain on-going projects of the Company.

6.3 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	7,333,980,650	7,333,980,650
In which:		
Provision for short-term receivables	6,833,980,650	6,833,980,650
Provision for loan receivables	500,000,000	500,000,000

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

7. OTHER LOAN RECEIVABLES

Currency: VND		
	Ending balance	Beginning balance
Short-term		
Kinh Bac Service JSC (*)	31,386,943,534	8,424,422,198
Saigon - Tay Ninh Industrial Park JSC	300,000,000	300,000,000
Saigon Tourism JSC	500,000,000	500,000,000
Receivables from related parties (Note 28)	1,900,000,000	-
TOTAL	34,086,943,534	9,224,422,198
Provision for loan receivables	(500,000,000)	(500,000,000)
Long-term		
Receivables from related parties (Note 28)	1,901,132,633,533	1,955,612,038,078
Kinh Bac Service JSC (*)	-	16,200,000,000
Construction Project Management Unit of Bac Ninh City (Bac Ninh People's Committee)	700,000,000	700,000,000
TOTAL	1,901,832,633,533	1,972,512,038,078

(*) 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.

8. OTHER RECEIVABLES

Currency: VND				
	Ending balance		Beginning balance	
	Cost	Provision	Cost	Provision
Short-term				
Kinh Bac Service JSC (i)	638,720,513,305	-	565,437,813,547	-
Advance to PVCombank for investment acquisition	216,840,284,000	-	211,840,284,000	-
Receivables from Bac Ninh's People Committee for land rental support (ii)	19,440,000,000	-	19,440,000,000	-
Deposit receivable (iii)	12,851,128,404	-	12,851,128,404	-
Receivable from related parties (Note 28)	3,953,017,848	-	44,422,361,509	-
Receivable from Van Duong Commune People's Committee	3,327,780,000	-	3,327,780,000	-
Other short-term receivables	24,766,842,172	-	16,853,672,963	-
TOTAL	919,899,565,729	-	874,173,040,423	-

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

8. OTHER RECEIVABLES (continued)

	Currency: VND			
	Ending balance		Beginning balance	
	Cost	Provision	Cost	Provision
Long-term				
Receivable from related parties (Note 28)	1,303,428,182,751	-	543,804,113,942	-
Vien Dong Real Estate and Property JSC (iv)	600,000,000,000	-	600,000,000,000	-
Kinh Bac Service JSC (v)	-	-	70,903,647,915	-
Other long-term receivables	60,000,000	-	60,000,000	-
TOTAL	1,903,488,182,751	-	1,214,767,761,857	-

- (i) These mainly comprise the receivable and 8% per annum 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. Besides, 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) (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;
- (iii) This is the deposit to Hanoi Agriculture Investment and Development One Member Co., Ltd. in accordance with Contract No.128/2010/HD-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;
- (iv) 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
- (v) 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.

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

9. INVENTORIES

	Currency: VND			
	Ending balance		Beginning balance	
	Cost	Provision	Cost	Provision
Phuc Ninh Urban Area	859,600,850,430	-	810,973,261,789	-
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	-
Que Vo I Industrial Park	57,860,916,072	-	48,533,883,603	-
Other projects	13,147,207,278	-	13,147,207,278	-
TOTAL	1,410,245,696,320	-	1,449,662,956,660	-

Inventories of the Company as at 31 December 2018 comprise land clearance and land compensation costs, infrastructure development cost, capitalized borrowing costs and allocated overhead 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 and other projects of the Company which are developed for sale. Most of the Company's inventories are used as collaterals for loans as disclosed in Note 19.

In current year, the Company capitalized from loan interest about VND 19.63 billion (2017: VND 19.26 billion). These loan interest expenses related to loan of construction investment development in Que Vo II Industrial Zone, Nam Son Hap Linh Industrial Zone and Phuc Ninh Urban Area.

10. PREPAID EXPENSES

	Currency: VND	
	Ending balance	Beginning balance
Short-term		
Real estate promotion fee in Phuc Ninh Urban Area	58,820,557,347	39,380,270,665
Other short-term prepaid expenses	31,223,440	-
TOTAL	58,851,780,787	39,380,270,665
Long-term		
Tools and equipment	705,394,027	666,604,636
TOTAL	705,394,027	666,604,636

KinhBac City Development Holding Corporation

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

11. TANGIBLE FIXED ASSETS

Currency: VND

	Buildings and structures (including land development and infrastructure)	Machinery and equipment	Transportations	Office equipment	Others	Total
Cost:						
Beginning balance	141,676,130,165	5,436,752,307	32,371,970,893	6,353,151,192	788,381,818	186,626,386,375
Newly purchased	267,300,000	99,090,909	3,774,000,000	4,159,090,909	-	8,299,481,818
Transfer from construction in progress	45,351,941,583	-	-	-	-	45,351,941,583
Ending balance	187,295,371,748	5,535,843,216	36,145,970,893	10,512,242,101	788,381,818	240,277,809,776
<i>In which:</i>						
Fully depreciation	10,813,102,952	2,548,434,078	6,985,329,004	3,375,462,514	788,381,818	24,510,710,366
Accumulated depreciation:						
Beginning balance	75,432,078,013	4,495,531,114	15,674,447,772	5,229,002,812	788,381,818	101,619,441,529
Depreciation for the year	12,111,070,350	499,250,654	3,360,472,166	1,030,637,517	-	17,001,430,687
Ending balance	87,543,148,363	4,994,781,768	19,034,919,938	6,259,640,329	788,381,818	118,620,872,216
Net carrying amount:						
Beginning balance	66,244,052,152	941,221,193	16,697,523,121	1,124,148,380	-	85,006,944,846
Ending balance	99,752,223,385	541,061,448	17,111,050,955	4,252,601,772	-	121,656,937,560

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

12. CONSTRUCTION IN PROGRESS

	<i>Currency: VND</i>	
	<i>Ending balance</i>	<i>Beginning balance</i>
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
Hanoi Diplomatic Area	1,355,116,818	1,355,116,818
Other construction in progress	3,240,876,365	786,976,364
TOTAL	12,229,034,723	17,341,391,085

13. INVESTMENT PROPERTIES

	<i>Currency: VND</i>
	<i>Factories (including land development and infrastructure cost)</i>
Cost:	
Beginning balance	68,431,657,532
- Increases during the year (*)	17,091,842,746
Ending balance	85,523,500,278
Accumulated depreciation and amortisation:	
Beginning balance	7,025,316,822
- Increases during the year	7,521,110,364
Ending balance	14,546,427,186
Net carrying amount:	
Beginning balance	61,406,340,710
Ending balance	70,977,073,092

(*) During the year, the Company put into operation the factories in Industrial Parks of the Company 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 Company has not determined the fair value of these investment properties because there is no available market for these properties.

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

14. LONG-TERM INVESTMENTS

		Currency: VND	
	Notes	Ending balance	Beginning balance
Investments in subsidiaries	14.1	2,859,806,314,000	2,858,566,314,000
Investments in associates	14.2	723,655,091,074	723,655,091,074
Other long-term investments	14.3	448,500,200,000	448,500,200,000
Provision for long-term investments		(373,656,450,887)	(374,995,192,700)
TOTAL		3,658,305,154,187	3,655,726,412,374

14.1 Investments in subsidiaries

	Ending balance			Beginning balance		
	% of voting rights	No. of shares	Net book value (VND)	% of voting rights	No. of shares	Net book value (VND)
Trang Cat Urban Development One Member Company Limited	100%	150,000,000	1,500,000,000,000	100%	150,000,000	1,500,000,000,000
Northwest Saigon city Development JSC	74.30%	30,259,574	662,066,314,000	74.30%	30,259,574	662,066,314,000
Saigon - Hai Phong Industrial Park JSC	86.54%	3,600,000	468,000,000,000	86.54%	3,600,000	468,000,000,000
Saigon - Bacgiang Industrial Park JSC	80.80%	1,309,000	119,000,000,000	80.80%	1,309,000	119,000,000,000
NGD Investment One Member Company Limited (ii)	100%	-	105,300,000,000	100%	-	105,200,000,000
Kinh Bac Office and Factory Business One Member Company Limited (iii)	100%	-	5,440,000,000	100%	-	4,300,000,000
TOTAL			2,859,806,314,000			2,858,566,314,000
Provision for impairment of investment in subsidiaries			-			-
NET VALUE			2,859,806,314,000			2,858,566,314,000

Detailed information on subsidiaries as at 31 December 2018 is presented in Note 1.

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

14. LONG-TERM INVESTMENTS (continued)

14.2 Investments in associates

	Note	% of voting right	Ending balance		Beginning balance	
			No. of shares	Net book value (VND)	No. of shares	Net book value (VND)
Saigon Telecommunication & Technologies JSC (i)	(i)	21.48%	15,896,923	423,492,661,074	15,896,923	423,492,661,074
Saigon - Hue Investment JSC (ii)	(ii)	28.14%	9,849,000	210,627,000,000	9,849,000	210,627,000,000
Saigon High-tech Park Infrastructure Development Investment JSC (iii)	(iii)	27.44%	8,233,083	82,330,830,000	8,233,083	82,330,830,000
Scanviwood JSC (iv)	(iv)	34%	1,077,528	7,204,600,000	1,077,528	7,204,600,000
TOTAL				723,655,091,074		723,655,091,074
Provision for impairment of investment in associates				(355,948,048,924)		(335,282,049,024)
NET VALUE				367,707,042,150		388,373,042,050

(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 Lot 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 SEPARATE FINANCIAL STATEMENTS (continued)
as at 31 December 2018 and for the year then ended

14. LONG-TERM INVESTMENTS (continued)

14.2 Investments 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 subsequent 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 office, trading centre 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, 13 Ward, 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 billion. 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.

14.3 Other long-term investments

Currency: VND

	Ending balance			Beginning balance		
	% of voting right	No. of shares	Book value (*)	% of voting right	No. 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	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
TOTAL			448,500,200,000			448,500,200,000
Provision for other long-term investments			(17,708,401,963)			(39,713,143,676)
NET VALUE			430,791,798,037			408,787,056,324

(*) 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.

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

15. TRADE PAYABLES AND ADVANCES FROM CUSTOMERS

15.1 Short-term trade payables

Currency: VND

	Ending balance		Beginning balance	
	Amount	Amount payable	Amount	Amount payable
Cong Thanh Technological Environment 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
Trung Tien Transportation and Constructinon JSC	7,635,524,264	7,635,524,264	14,076,270,800	14,076,270,800
Thien Phu Trading & Construction Investment JSC	7,496,662,200	7,496,662,200	1,443,126,300	1,443,126,300
Trong Cuong Limited Company	5,692,832,511	5,692,832,511	2,925,733,791	2,925,733,791
Truong Phat Investment JSC	5,494,106,040	5,494,106,040	2,661,011,300	2,661,011,300
Hoa Quy Bac Ninh JSC	2,501,118,000	2,501,118,000	2,130,486,000	2,130,486,000
Other suppliers	34,888,344,485	34,888,344,485	16,540,266,772	16,540,266,772
TOTAL	91,128,324,973	91,128,324,973	55,803,092,288	55,803,092,288

15.2 Short-term advances from customers

Currency: VND

	Ending balance	Beginning balance
Deposit for purchase of houses and land use rights at Urban area and low-income housing projects (*)	196,232,491,700	205,376,972,150
Nano Tech Limited Company	-	6,996,220,000
Tops Limited Company	-	6,729,972,480
Yuzhan Packaging Technology Litimited Company	-	3,454,486,728
Golden Star Vietnam Investment Limited Company	1,193,969,074	1,193,969,074
Truong Phat Investment JSC	16,157,662,594	798,915,111
Other advances from customers	5,814,215,913	1,880,725,030
TOTAL	219,398,339,281	226,431,260,573

(*) Mainly include 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.

16. STATUTORY OBLIGATIONS

Currency: VND

	Beginning balance	Increase/off-set for the year	Payment made in the year	Ending balance
Corporate income tax	115,166,364,182	162,795,297,818	(150,041,395,759)	127,920,266,241
Value added tax	749,847,146	69,643,867,250	(1,300,000,000)	69,093,714,396
Personal income tax	237,172,052	4,628,357,741	(4,628,125,238)	237,404,555
Other taxes	347,318,908	26,591,333,286	(26,595,359,552)	343,292,642
TOTAL	116,500,702,288	263,658,856,095	(182,564,880,549)	197,594,677,834

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

17. ACCRUED EXPENSES

	Currency: VND	
	Ending balance	Beginning balance
Short-term		
Accrued future development cost for recognised sales	115,395,303,075	121,703,191,785
- Que Vo II Industrial Zone	60,747,027,250	72,415,465,059
- Que Vo I Industrial Zone	54,648,275,825	49,287,726,726
Accrued interest expenses	37,659,054,738	35,831,245,379
Accrued expenses to related parties (Note 28)	3,059,532,326	32,892,601,526
Other accrued expenses	80,410,100,441	4,110,280,564
TOTAL	236,523,990,580	194,537,319,254
Long-term		
Accrued interest expenses (*)	805,567,717,259	777,902,785,752
Accrued expenses to related parties (Note 28)	5,758,673,012	-
TOTAL	811,326,390,271	777,902,785,752

(*) 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 19.2).

18. OTHER PAYABLES

	Currency: VND	
	Ending balance	Beginning balance
Short-term		
Deposit for contract obligation execution at Phuc Ninh Urban Area (i)	444,102,553,400	315,683,005,739
Other payables to related parties (Note 28)	858,000,000	-
Other payables	8,769,316,556	10,107,711,095
TOTAL	453,729,869,956	325,790,716,834
Long-term		
Cholimex Mechatronics Informatics JSC (ii)	55,500,000,000	55,500,000,000
Yuzhan deposit for factory lease	-	3,410,273,328
Other deposits	7,525,083,268	3,040,306,708
TOTAL	63,025,083,268	61,950,580,036

(i) This is the deposit of customer to the Company for purchasing land at Phuc Ninh Urban Area;

(ii) 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/HDHTKD-KBC/2014 dated 10 April 2014.

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

19. LOANS

	Beginning balance		Số phát sinh trong năm		Ending balance	
	Balance	Payable amount	Increase	Decrease	Balance	Payable amount
Short-term						
Current portion of long-term loans	810,000,000,000	810,000,000,000	600,980,678,000		804,000,000,000	804,000,000,000
Short-term loans from related parties (Note 28)	143,379,786,715	143,379,786,715	34,577,206,619	-	177,956,993,334	177,956,993,334
TOTAL	953,379,786,715	953,379,786,715	635,557,884,619	606,980,678,000	981,956,993,334	981,956,993,334
Long-term						
Long-term loans from bank (Note 19.1)	165,106,294,932	165,106,294,932	261,900,329,277	135,980,678,001	291,025,946,208	291,025,946,208
Bonds (Note 19.2)	1,010,390,484,842	1,010,390,484,842	1,113,428,060,610	1,261,700,000,000	862,118,545,452	862,118,545,452
Loans from related parties (Note 28)	-	-	505,672,404,690	-	505,672,404,690	505,672,404,690
TOTAL	1,175,496,779,774	1,175,496,779,774	1,881,000,794,577	1,397,680,678,001	1,658,816,896,350	1,658,816,896,350

Currency: VND

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

19. LOANS (continued)

19.1 Loans from bank

Details of loans from bank are as follows:

Banks	Interest	Principal and interest repayment term	Ending balance	Description of collateral
Currency: VND				
Vietnam Joint Stock Commercial Bank for Industry and Trade - Que Vo Branch	10.5% per annum	Principal is paid every 6 months started from 1 December 2018. Interest is paid every 3 months from 19 September 2018	40,127,100,800	All assets formed in the future including land rights and assets in land of Phuc Ninh Area in 22 ha.
	10.5% per annum	Principal repayment on 29 November 2022; interest is paid every 3 months	131,763,706,335	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.
	10.5% per annum	Principal repayment on 16 November 2022. Interest is paid on 25 th per quarter.	135,895,511,873	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 Zone.
	10.5% per annum	Principal is paid every 6 months from 25 July 2016. Interest is paid on 25 th per quarter.	37,239,627,200	All assets attached with the land which will be formed from the investment and construction project of office building, warehouses of lot M, N, T at Que Vo II Industrial Zone.
TOTAL			345,025,946,208	
In which:				
-	Current portion of long-term loan		54,000,000,000	
-	Long-term loan		291,025,946,208	

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

19. LOANS (continued)

19.2 Bonds

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

Bond	Type of bond	Number of bonds	Par value VND	Amount (VND)	Interest rate per annum	Duration	Description of collateral
KBC Bond 004	Corporate bond issued to Pvcmbank	1,000,000	100,000	100,000,000,000	9.7%	31 October 2019	Inventories of Trang Cat Urban and Service Zone Project.
KBCbond1 -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 and KBC Bond2017 are mortgaged by shares of Saigon - Hai Phong Industria Park JSC.
KBCbond3 -2017	Corporate bond issued to Counterparties	1,500,000	100,000	150,000,000,000	10.5%	16 February 2019	
KBCbond4 -2017	Corporate bond issued to Counterparties	2,000,000	100,000	200,000,000,000	10.5%	22 May 2019	
KBCbond 2018-01	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.
KBCbond 2018-02	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 12 months				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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NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)
as at 31 December 2018 and for the year then ended

20. OWNERS' EQUITY

20.1 Increase and decrease in owners' equity

	Contributed charter capital	Share premium	Treasury shares	Investment and development fund	Undistributed earnings	Total
Currency: VND						
Previous year:						
Beginning balance	4,757,111,670,000	988,533,430,000	(364,466,650,000)	2,223,693,823	948,385,931,572	6,331,783,075,395
Net profit for the year	-	-	-	-	568,179,416,823	568,179,416,823
Ending balance	<u>4,757,111,670,000</u>	<u>988,533,430,000</u>	<u>(364,466,650,000)</u>	<u>2,223,693,823</u>	<u>1,516,565,348,395</u>	<u>6,899,967,492,218</u>
Current year:						
Beginning balance	4,757,111,670,000	988,533,430,000	(364,466,650,000)	2,223,693,823	1,516,565,348,395	6,899,967,492,218
Net profit for the year	-	-	-	-	544,418,483,954	544,418,483,954
Ending balance	<u>4,757,111,670,000</u>	<u>988,533,430,000</u>	<u>(364,466,650,000)</u>	<u>2,223,693,823</u>	<u>2,060,983,832,349</u>	<u>7,444,385,976,172</u>

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

20. OWNERS' EQUITY (continued)

20.2 Contributed charter capital

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	988,533,430,000	988,533,430,000	-	988,533,430,000	988,533,430,000	-
Treasury shares	(364,466,650,000)	(364,466,650,000)	-	(364,466,650,000)	(364,466,650,000)	-
TOTAL	5,381,178,450,000	5,381,178,450,000	-	5,381,178,450,000	5,381,178,450,000	-

20.3 Capital transactions with owners and distribution of dividends, profits

Currency: VND

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

20.4 Shares

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

Par value of outstanding share: VND10,000/share (2017: VND 10,000/share).

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

21. REVENUES

21.1 Revenue from sales of goods and rendering of services

	Currency: VND	
	Current year	Previous year
Gross revenue	1,349,160,029,553	429,727,330,058
<i>Of which:</i>		
Revenue from long-term lease of land and infrastructures	976,029,790,670	97,108,255,555
Sales of factories	178,832,038,000	-
Revenue from real estate transfer	93,173,385,733	232,840,459,947
Revenue from supply of clean water, electricity, management service, waste water treatment supply	85,637,416,199	86,074,085,828
Revenue from lease of factories, warehouses and offices	15,487,398,951	13,704,528,728
Net revenue	1,349,160,029,553	429,727,330,058

21.2 Finance income

	Currency: VND	
	Current year	Previous year
Interest income from deposits and lending (i)	195,376,236,622	195,365,047,653
Interest income from outstanding receivables from share transfer contract (ii)	42,522,515,002	42,688,325,414
Interest income on outstanding receivables from long-term lease of land and sale of factories (iii)	13,055,192,456	18,172,171,359
Gains from transfer of financial investments	-	354,868,000,000
TOTAL	250,953,944,080	611,093,544,426

- (i) This pertains mainly to interest income under Loan contract No.0207/2012/HDV-TCC dated 2 July 2012 and Notification dated 2 January 2016 about the interest rate since 2016 between Trang Cat Urban Development One Member Limited Company and the Company, with interest rate of 9,6% per annum.
- (ii) This pertains mainly to interest income on receivables from Kinh Bac Service JSC under the share transfer contract of Saigon - Binh Dinh Energy JSC.
- (iii) 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.

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

22. COST OF GOODS SOLD AND SERVICES RENDERED

	Currency: VND	
	Current year	Previous year
Cost of long-term leased land and infrastructures	272,741,448,079	12,621,099,199
Cost of buying factories	77,595,021,709	-
Cost of real estate transfer	45,116,512,748	78,229,906,429
Cost of services rendered	38,226,154,582	33,645,950,114
Cost of leased warehouses, factories and offices	7,521,110,364	7,025,316,822
TOTAL	441,200,247,482	131,522,272,564

23. FINANCE EXPENSES

	Currency: VND	
	Current year	Previous year
Loan interest	205,096,743,650	126,307,447,149
Reversal of provision for long-term investments	(1,288,306,413)	(26,796,879,890)
Other financial expenses	14,856,743,567	738,222,391
TOTAL	218,665,180,804	100,248,789,650

24. SELLINGS EXPENSES AND GENERAL AND ADMINISTRATIVE EXPENSES

	Currency: VND	
	Current year	Previous year
General and administrative expenses		
Labour costs	37,573,875,873	32,132,759,048
Depreciation	5,151,877,260	3,903,053,668
External expenses	30,139,543,852	39,607,901,435
Others	14,304,233,085	7,627,553,741
TOTAL	87,169,530,070	83,271,267,892
Selling expenses		
Legal consultation and brokerage expenses	125,413,599,774	7,694,886,865
Labour cost	2,122,288,000	1,963,650,756
Others	7,915,220,992	-
TOTAL	135,451,108,766	9,658,537,621

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

25. OTHER INCOME AND OTHER EXPENSES

	Currency: VND	
	Current year	Previous year
Other income		
Penalty received	1,220,000,000	-
Gains from disposal of assets	-	418,982,667
Others	220,043,026	211,283,933
	1,440,043,026	630,266,600
Other expenses		
Penalty paid	26,533,945,594	1,911,952,600
Others	132,405,247	1,081,806,300
	26,666,350,841	2,993,758,900
NET OTHER LOSS	(25,226,307,815)	(2,363,492,300)

26. PRODUCTION AND OPERATING COSTS

	Currency: VND	
	Current year	Previous year
Land, infrastructures, buildings development and services rendering expenses	379,764,136,351	90,851,005,628
Labour costs	42,344,350,873	35,908,533,811
Depreciation of fixed assets	24,522,541,051	21,174,321,139
Expenses for external services	155,553,143,626	44,044,501,513
Other expenses	22,219,454,077	32,473,715,986
TOTAL	624,403,625,978	224,452,078,077

27. CORPORATE INCOME TAX

The corporate income tax ("CIT") rate applicable to the Company 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 operations 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 Que Vo II Industrial Park, the Company is obliged to pay CIT with an applicable rate of 10% for the first 15 years of operations 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 leasing factories in industrial zone, the Company is obliged to pay corporate income tax at the rate of 15% for the first 12 years of operation and of 20% for the following years. The Company is entitled to an exemption from CIT for the 3 years from 2005 to 2007, and a 50% reduction of the applicable CIT rate for the following 7 years from 2008 to 2014. The statutory CIT rate applicable for the year ended 31 December 2018 is 20%.

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

27. CORPORATE INCOME TAX (continued)

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

27.1 CIT expense

	Currency: VND	
	Current year	Previous year
Current CIT expenses	148,815,355,741	145,785,157,886
Deferred tax income	(832,240,999)	(208,060,252)
TOTAL	147,983,114,742	145,577,097,634

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

	Currency: VND	
	Current year	Previous year
Accounting profit before tax	692,401,598,696	713,756,514,457
Tax at applicable CIT rate 20%	138,480,319,739	142,751,302,891
<i>Adjustments for:</i>		
Increasing adjustment according to tax finalization minutes till the end of 2017 and adjusted branch losses	8,565,736,926	2,825,794,743
Loan interest more than 20% EBITDA	3,126,688,371	-
Other increase	13,863,554	-
Taxable income from previous year	(2,191,920,515)	-
Other decrease	(11,573,333)	-
CIT expense	147,983,114,742	145,577,097,634

27.2 Current CIT

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

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

27. CORPORATE INCOME TAX (continued)

27.3 Deferred tax

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

Currency: VND

	Separate balance sheet		Separate income statement	
	Ending balance	Beginning balance	Current year	Previous year
Deferred tax liabilities				
Deferred tax liabilities arising from allocation of CIT over the lease term of Que Vo II	37,298,230,319	38,130,471,318	832,240,999	208,060,252
	37,298,230,319	38,130,471,318		
Net deferred tax credit to the separate income statement			832,240,999	208,060,252

27.4 Unrecognized deferred tax assets

Tax losses carried forward

The Company 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

Origin ating year	Can be utilized up to		Tax loss amount	Utilized up to 31 December 2018	Forfeited	Unutilized at 31 December 2018
2012	2017	(i)	216,260,159,914	(216,260,159,914)	-	-
2013	2018	(i)	57,504,657,460	(44,124,963,229)	(13,379,694,231)	-
2014	2019	(i)	18,003,240	-	-	18,003,240
2015	2020	(i)	40,779,832	-	-	40,779,832
2016	2021	(i)	7,252,824	-	-	7,252,824
2017	2022	(i)	9,364,593	-	-	9,364,593
2018	2023	(i)	69,317,775	-	-	69,317,775
TỔNG CỘNG			273,909,535,638	(260,385,123,143)	(13,379,694,231)	144,718,264

- (i) Estimated tax loss as per Company's corporate income tax declarations which have not been audited by the local tax authorities as of the date of these separate financial statements.

No deferred tax assets were recognised in respect of the remaining accumulated losses due to can not estimate future taxable income at this time

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

28. TRANSACTIONS WITH RELATED PARTIES

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

No.	Related party	Relationship
1	Saigon - Bacgiang Industrial Park Corporation	Subsidiary
2	Saigon - Hai Phong Industrial Park Corporation	Subsidiary
3	Trang Cat Urban Development One Member Limited Company	Subsidiary
4	Saigon High-tech Park Infrastructure Development Investment Joint Stock Company	Associate
5	Saigon Telecommunication & Technologies Corporation	Associate
6	Saigon - Hue Investment Joint Stock Company	Associate
7	Scanviwood Joint Stock Company	Associate
8	Saigon - Da Nang Investment Joint Stock Company	Common investor
9	Mr Dang Thanh Tam	Chairman
10	Ms Nguyen Thi Thu Huong	General Director
11	Mr Phan Anh Dung	Deputy General Director

Terms and conditions of transactions with related parties

The purchase and rendering of services from/to 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 ended 31 December 2018, the Company has not made any provision for doubtful debts relating to amounts owed by related parties (As 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 Company and its related parties in the year are as follows:

				Currency: VND	
Related party	Relationship	Description	Current year	Previous year	
Saigon - Hai Phong Industrial Park Corporation	Subsidiary	Loan from related party	200,000,000,000	6,100,000,000	
		Cash transfer regarding business cooperation contract	200,000,000,000	-	
		Payment of loan principal	-	309,284,744,746	
		Payment of interest expense	-	715,255,232	
		Interest to be added in principal	34,577,206,619	20,537,925,144	
		Accrued interest	6,180,025,354	17,468,217,036	
Saigon - Bacgiang Industrial Park Corporation	Subsidiary	Long-term loan	305,672,404,690	-	
		Collection of loan principal	62,579,404,545	111,592,687,097	
		Loan to related party	10,000,000,000	30,000,000,000	
		Loan interest receivables	5,224,643,742	5,823,547,023	
		Cash transfer regarding business cooperation contract	381,000,000,000	-	
Trang Cat One Member Urban Development Company Limited	Subsidiary	Receivable of bond interest	184,972,827,888	182,680,138,847	
Mr Dang Thanh Tam	Chairman	Advance	139,530,531,311	93,990,136,422	
		Advance clearance	180,353,681,000	81,402,828,189	
		Payment of loan principal	-	39,085,219,811	

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

28. TRANSACTIONS WITH RELATED PARTIES (continued)

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

Currency: VND

Related party	Relationship	Description	Current year	Previous year
Short-term receivables (Note 6.1)				
Mr. Phan Anh Dung	Deputy General Director	Receivable from real estate transfer	180,000,000	180,000,000
			180,000,000	180,000,000
Short-term loan receivables (Note 7)				
Trang Cat One Member Urban Development Company Limited	Subsidiary	Loan receivable	1,900,000,000	-
			1,900,000,000	-
Long-term loan receivables (Note 7)				
Trang Cat One Member Urban Development Company Limited (*)	Subsidiary	Loan receivable	1,901,132,633,533	1,903,032,633,533
Saigon - Bacgiang Industrial Park Corporation	Subsidiary	Loan receivable	-	52,579,404,545
			1,901,132,633,533	1,955,612,038,078

(*) On 2 July 2015, the Company signed Appendix no 0207/2015/KBC-TCC/PL3 with Trang Cat One Member Urban Development Company Limited about modifying the original value of suffering interest loans, accordingly, the actual principal balance and the loan interest rate of each 6-month period shall be notified in writing by Trang Cat Urban Development One Member Limited Company. Loan interest for the fiscal year ended 31 December 2018 is 9.6% per annum. The loan will be due on 2 July 2021.

NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)
as at 31 December 2018 and for the year then ended**28. TRANSACTIONS WITH RELATED PARTIES (continued)**

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

Currency: VND

<i>Related party</i>	<i>Relationship</i>	<i>Description</i>	<i>Ending balance</i>	<i>Beginning balance</i>
Other short-term receivables (Note 8)				
Ms Nguyen Thi Thu Huong	General Director	Advance	3,489,211,820	3,489,211,820
Trang Cat One Member Development Company Limited	Subsidiary	Receivable from interest income	353,806,028	-
Mr Phan Anh Dung	Deputy General Director	Advance	110,000,000	110,000,000
Mr Dang Thanh Tam	Chairman	Advance	-	40,823,149,689
			3,953,017,848	44,422,361,509
Other long-term receivables (Note 8)				
Trang Cat One Member Development Company Limited (i)	Subsidiary	Loan interest, other construction in progress	722,428,182,751	537,980,566,919
Saigon - Bac Giang Industrial Park Corporation	Subsidiary	Receivables from business cooperation contract	381,000,000,000	5,823,547,023
Saigon - Hai Phong Industrial Park JSC	Subsidiary	Receivables from business cooperation contract	200,000,000,000	-
			1,303,428,182,751	543,804,113,942
Short-term accrued expenses (Note 17)				
Saigon - Hai Phong Industrial Park JSC	Subsidiary	Short-term loan interest payable	2,284,449,599	32,252,315,795
Saigon High-tech Park Infrastructure Development Investment Joint Stock Company	Associate	Short-term loan interest payable	775,082,727	640,285,731
			3,059,532,326	32,892,601,526
Long-term accrued expenses (Note 17)				
Saigon - Hai Phong Industrial Park JSC	Subsidiary	Long-term loan interest payable	1,570,684,931	-
Saigon - Bac Giang Industrial Park Corporation	Subsidiary	Long-term loan interest payable	4,187,988,081	-
			5,758,673,012	-

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

28. TRANSACTIONS WITH RELATED PARTIES (continued)

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

			Currency: VND	
Related party	Relationship	Description	Ending balance	Beginning balance
Short-term loans (Note 19)				
Saigon - Hai Phong Industrial Park JSC	Subsidiary	Short-term loan	65,626,163,334	24,948,956,715
		Current-portion of long-term loan	-	6,100,000,000
Saigon High-tech Park Infrastructure Development Investment Joint Stock Company	Subsidiary	Short-term loan	112,330,830,000	112,330,830,000
			177,956,993,334	143,379,786,715
Long-term loans (Note 19)				
Saigon - Bac Giang Industrial Park Corporation	Subsidiary	Long-term loan	305,672,404,690	-
Saigon - Hai Phong Industrial Park JSC	Subsidiary	Long-term loan	200,000,000,000	-
			505,672,404,690	-
Other payables (Note 18)				
Saigon - Bac Giang Industrial Park Corporation	Subsidiary	Other receivables	858,000,000	-
			858,000,000	-

Transactions with other related parties

Remuneration to members 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
	9,926,823,000	9,563,728,000

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

29. COMMITMENTS AND CONTINGENCIES

29.1 Commitments relating to real estate investment projects

Commitments to the State

- (i) According to Decision No. 1526/QĐ-CT dated 17 December 2003 and Decision No. 971/QĐ-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, commercial and public areas within the new Phuc Ninh urban area. Accordingly, the Company was handed over with 49,53 hectare of land in 2010, completed the land marking for 47,2 hectare 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/QĐ-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 m² and 1,652,779 m², 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/QH12 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) As at 10 June 2015, the Company signed land lease agreement with the Bac Ninh Provincial People's Committee for the land area of 766,858.9 m² assigned at Nam Son - Hap Linh Industrial Park. As at 31 December 2018, the Company is still in the process of working with the authority to determine land lease obligation.

Capital expenditure commitments

As at 31 December 2018, the Company entered into contractual agreements relating to the construction and development of the Que Vo I Industrial Park, Que Vo II Industrial Park, Nam Son Hap Linh Industrial Park and Phuc Ninh Residential area with total value of approximately VND 503 billion.

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

29. COMMITMENTS AND CONTINGENCIES (continued)

29.2 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.



30. EVENTS AFTER THE BALANCE SHEET DATE

In accordance with the Resolution No. 0901/2019/KBC/NQ-HĐQT 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