



FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED 31 DECEMBER 2019

HEAD OFFICE OF
TU LIEM URBAN DEVELOPMENT
JOINT STOCK COMPANY

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REPORT OF THE MANAGEMENT BOARD

The Management Board of Tu Liem Urban Development Joint Stock Company (hereinafter called “the Company”) presents this report together with the financial statements for the fiscal year ended 31 December 2019 of Head Office - Tu Liem Urban Development Joint Stock Company (hereinafter called “the Head office”).

Business highlights

Tu Liem Urban Development Joint Stock Company (which used to be Housing Construction Investment and Trading Joint Stock Company) was incorporated in accordance with the Decision No. 3755/QĐ-UB dated 16 June 2004 of Hanoi People Committee regarding the transformation of a state-owned company which was Housing Construction Investment and Trading Joint Stock Company into a joint stock company. The Company operates in accordance with the Business Registration Certificate No. 0103004940 dated 20 July 2004 granted by Hanoi Authority for Planning and Investment.

During the operation course, the Company has been 13 times granted with the amended Business Registration Certificates due to the changes in charter capital, production and business operations and address of head office of the Company. The 13rd amended Business Registration Certificate dated 20 July 2017 regards the change in website of the Company.

Head office

- Address : Floor 2A, NO9B1 Building, Dich Vong New Urban Area, Dich Vong Ward, Cau Giay District, Hanoi City
- Tel. : 0243 22214124
- Fax : 0243 22214134

The Company's main operations include:

- Providing service of real estate trading floor.
- Providing services of leasing warehouses, yards and offices;
- Trading real estate;
- Leveling ground, executing construction foundation;

Board of Management and Executive officers

The members of the Board of Management and the Management Board of the Company during the year and as of the date of this report include:

The Board of Management

Full name	Position	Appointing date/Re-appointing date/Resigning date
Mr. Nguyen Van Kha	Chairman	Re-appointed on 24 April 2019
Mr. Dinh Quang Chien	Vice Chairman	Re-appointed on 24 April 2019
Mr. Vu Gia Cuong	Member	Re-appointed on 20 April 2019
Mr. Nguyen Hong Khiem	Member	Re-appointed on 20 April 2019
Mr. Le Minh Tuan	Member	Appointed on 20 April 2019
Mr. Tran Quang Hien	Independent Member	Appointed on 20 April 2019
Mr. Nguyen Van Ninh	Member	Resigned on 20 April 2019
Mr. Nguyen Do Chau	Member	Resigned on 20 April 2019

TU LIEM URBAN DEVELOPMENT JOINT STOCK COMPANY**HEAD OFFICE****REPORT OF THE MANAGEMENT BOARD (cont.)*****The Internal Audit Subcommittee***

Full name	Position	Appointing date/ Resigning date
Mr. Tran Quang Hien	Manager	Appointed on 24 April 2019
Mr. Nguyen Do Chau	Manager	Resigned on 24 April 2019
Mr. Dinh Quang Chien	Vice Manager	Appointed on 21 April 2018
Mr. Do Huy Khai	Member in charge	Appointed on 21 April 2018
Ms. Nguyen Thi Dieu Linh	Member	Appointed on 21 April 2018
Mr. Nguyen Lam Giang	Member	Appointed on 21 April 2018
Mr. Nguyen Hai Long	Member	Appointed on 21 April 2018

The Management Board

Full name	Position	Appointing date/Re-appointing date
Mr. Vu Gia Cuong	General Director	Re-appointed on 24 April 2019
Mr. Nguyen Van Ninh	Deputy General Director	Appointed on 30 March 2009
Mr. Nguyen Huu Lap	Deputy General Director	Appointed on 30 March 2009
Mr. Le Minh Tuan	Deputy General Director	Appointed on 17 February 2014
Mr. Nguyen Hong Khiem	Deputy General Director	Appointed on 17 February 2014
Mr. Tran Trong Nghia	Deputy General Director	Appointed on 27 July 2016

Legal representative

The legal representative of the Company during the year and as of the date of this report is Mr. Nguyen Van Kha – Board Chairman (re-appointed on 24 April 2019).

Auditor

A&C Auditing and Consulting Co., Ltd. has been appointed to perform the audit on the financial statements for the fiscal year ended 31 December 2019 of the Company.

Responsibilities of the Management Board

The Management Board is responsible for the preparation of the financial statements to give a true and fair view on the financial position, the business results and the cash flows of the Head Office during the year. In order to prepare these financial statements, the Management Board must:

- select appropriate accounting policies and apply them consistently;
- make judgments and estimates reasonably and prudently;
- point out whether the accounting standards applied to the Head Office have been complied or not and all material errors in comparison with these standards have been presented and explained in the financial statements;
- prepare the financial statements on the basis of the going-concern assumption, except for the cases that the going-concern assumption is considered inappropriate.
- design and implement effectively the internal control system in order to ensure that the preparation and presentation of the financial statements are free from material misstatements due to frauds or errors.

The Management Board hereby ensures that all the accounting books have been fully recorded and can fairly reflect the financial position of the Head Office at any time, and that all the accounting books have been prepared in compliance with the applicable Accounting System. The Management Board is also responsible for managing the Head Office's assets and consequently has taken appropriate measures to prevent and detect frauds and other irregularities.

The Management Board hereby ensures that all the requirements above have been followed when the financial statements are prepared.

TU LIEM URBAN DEVELOPMENT JOINT STOCK COMPANY

HEAD OFFICE

REPORT OF THE MANAGEMENT BOARD (cont.)

Approval to the financial statements

The Management Board hereby approves the accompanying financial statements, which give a true and fair view of the financial position as of 31 December 2019, the financial performance and the cash flows for the fiscal year then ended of the Head Office in conformity with Vietnamese Accounting Standards and System and other legal regulations related to the preparation and presentation of financial statements.

For and on behalf of the Management Board,

Legal representative 





Nguyen Van Kha

18 March 2020

Head Office : 02 Truong Son St., Tan Binh Dist., Ho Chi Minh City, Vietnam
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No. 2.0175/20/TC-AC

INDEPENDENT AUDITOR'S REPORT

**THE SHAREHOLDERS, THE BOARD OF MANAGEMENT AND THE MANAGEMENT BOARD
TU LIEM URBAN DEVELOPMENT JOINT STOCK COMPANY**

We have audited the accompanying financial statements of Head Office - Tu Liem Urban Development Joint Stock Company (hereinafter called “the Head Office”), which were prepared on 18 March 2020, from page 7 to page 32, including the balance sheet as of 31 December 2019, the income statement, the cash flow statement for the fiscal then year and the notes to the financial statements.

The Management Board's Responsibility

The Company's Management Board is responsible for the preparation, true and fair presentation of the financial statements of the Head Office in accordance with Vietnamese accounting standards and system and the legal regulations related to the preparation and presentation of financial statements and responsible for such internal control as the Management Board determines is necessary to enable the preparation and presentation of the financial statements to be free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the preparation and true and fair presentation of the 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 the Management Board, as well as evaluating the overall presentation of the financial statements.

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

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Auditor's Opinion

In our opinion, the financial statements give a true and fair view, in all material respects, of the financial position of the Head Office as of 31 December 2019, its financial performance and its cash flows for the fiscal year then ended in accordance with Vietnamese accounting standards and system and the legal regulations related to the preparation and presentation of financial statements.

A&C Auditing and Consulting Co., Ltd.**Branch in Hanoi****Nguyen Hoang Duc – Director***Audit Practice Registration Certificate:
No. 0368-2018-008-1***Tran Kim Anh – Auditor***Audit Practice Registration Certificate:
No. 1907-2018-008-1***Hanoi, 18 March 2020**

TU LIEM URBAN DEVELOPMENT JOINT STOCK COMPANY - HEAD OFFICE

Address: Floor 2A NO9B1 Building, Dich Vong New Urban Area, Dich Vong Ward, Cau Giay District, Hanoi City

FINANCIAL STATEMENTS

For the fiscal year ended 31 December 2019

BALANCE SHEET

As of 31 December 2019

Unit: VND

ASSETS	Code	Note	Ending balance	Beginning balance
A - CURRENT ASSETS	100		1,417,519,255,840	1,274,836,977,207
I. Cash and cash equivalents	110	V.1	115,583,298,561	166,038,258,402
1. Cash	111		35,583,298,561	66,038,258,402
2. Cash equivalents	112		80,000,000,000	100,000,000,000
II. Short-term financial investments	120		-	30,415,673,425
1. Trading securities	121		-	-
2. Provisions for devaluation of trading securities	122		-	-
3. Investments held to maturity date	123		-	30,415,673,425
III. Short-term accounts receivable	130		740,718,694,396	403,807,573,507
1. Receivable from customers	131	V.3	14,320,139,606	16,230,633,372
2. Short-term prepayments to suppliers	132	V.4	16,713,189,002	20,431,188,833
3. Short-term inter-company receivable	133	V.5	477,497,030,410	268,084,654,406
4. Receivable according to the progress of construction contracts	134		-	-
5. Receivable on short-term loans	135		-	-
6. Other receivable	136	V.6	232,188,335,378	99,061,096,896
7. Provision for short-term bad debts	137		-	-
8. Deficient assets to be treated	139		-	-
IV. Inventories	140		561,157,851,244	674,575,471,873
1. Inventories	141	V.7	561,157,851,244	674,575,471,873
2. Provisions for devaluation of inventories	149		-	-
V. Other current assets	150		59,411,639	-
1. Short-term prepaid expenses	151		59,411,639	-
2. VAT deductible	152		-	-
3. Taxes and accounts receivable from the State	153		-	-
4. Transaction of repurchasing the Government's bonds	154		-	-
5. Other current assets	155		-	-

TU LIEM URBAN DEVELOPMENT JOINT STOCK COMPANY - HEAD OFFICE

Address: Floor 2A NO9B1 Building, Dich Vong New Urban Area, Dich Vong Ward, Cau Giay District, Hanoi City

FINANCIAL STATEMENTS

For the fiscal year ended 31 December 2019

Balance sheet (cont.)

ASSETS	Code	Note	Ending balance	Beginning balance
B - LONG-TERM ASSETS	200		133,828,397,037	105,695,143,927
I. Long-term accounts receivable	210		-	-
1. Long-term accounts receivable from customers	211		-	-
2. Long-term prepayments to suppliers	212		-	-
3. Working capital in affiliates	213		-	-
4. Long-term inter-company receivable	214		-	-
5. Receivable on long-term loans	215		-	-
6. Other long-term receivable	216		-	-
7. Provision for long-term bad debts	219		-	-
II. Fixed assets	220		29,803,150,530	31,561,087,426
1. Tangible assets	221	V.8	29,475,682,530	31,561,087,426
<i>Historical costs</i>	222		56,663,963,534	61,003,453,656
<i>Accumulated depreciation</i>	223		(27,188,281,004)	(29,442,366,230)
2. Financial leasehold assets	224		-	-
<i>Historical costs</i>	225		-	-
<i>Accumulated depreciation</i>	226		-	-
3. Intangible assets	227		327,468,000	-
<i>Historical costs</i>	228		327,468,000	-
<i>Accumulated depreciation</i>	229		-	-
III. Investment property	230		-	-
<i>Historical costs</i>	231		-	-
<i>Accumulated depreciation</i>	232		-	-
IV. Long-term assets in progress	240		71,658,056,501	71,602,956,501
1. Long-term operating expenses in progress	241	V.9	71,658,056,501	71,602,956,501
2. Construction in progress	242		-	-
V. Long-term financial investments	250	V.2	31,752,300,000	2,531,100,000
1. Investments in subsidiaries	251		-	-
2. Investments in associates and joint ventures	252		-	-
3. Investments, capital contribution in other entities	253	V.2b	26,004,980,980	26,004,980,980
4. Provision for long-term financial investments	254		(24,252,680,980)	(23,473,880,980)
5. Investments held to maturity date	255	V.2a	30,000,000,000	-
VI. Other long-term assets	260		614,890,006	-
1. Long-term prepaid expenses	261		614,890,006	-
2. Deferred income tax assets	262		-	-
3. Long-term equipment, materials, spare parts	263		-	-
4. Other long-term assets	268		-	-
TOTAL ASSETS	270		1,551,347,652,877	1,380,532,121,134

TU LIEM URBAN DEVELOPMENT JOINT STOCK COMPANY - HEAD OFFICE

Address: Floor 2A NO9B1 Building, Dich Vong New Urban Area, Dich Vong Ward, Cau Giay District, Hanoi City

FINANCIAL STATEMENTS

For the fiscal year ended 31 December 2019

Balance sheet (cont.)

CAPITAL SOURCES	Code	Note	Ending balance	Beginning balance
C - LIABILITIES	300		483,152,877,295	466,020,776,309
I. Current liabilities	310		472,292,644,295	413,870,543,309
1. Short-term payable to suppliers	311	V.10	12,051,251,920	549,398,400
2. Short-term prepayments from customers	312	V.11	36,096,642,738	24,814,242,738
3. Taxes and other obligations to the State Budget	313	V.12	38,495,987,842	10,366,718,738
4. Payable to employees	314		3,476,458,366	2,247,711,305
5. Short-term accrued expenses	315		7,210,286,830	4,151,437,103
6. Short-term inter-company payable	316		-	-
7. Payable according to the progress of construction contracts	317		-	-
8. Short-term unrealized revenue	318		-	-
9. Other payable	319	V.13a	199,080,178,754	184,260,654,364
10. Short-term loans and financial lease debts	320	V.14a	168,007,234,095	177,862,762,441
11. Provision for current liabilities	321		-	-
12. Bonus and welfare funds	322	V.15	7,874,603,750	9,617,618,220
13. Price stabilization fund	323		-	-
14. Transaction of repurchasing the Government's bonds	324		-	-
II. Long-term liabilities	330		10,860,233,000	52,150,233,000
1. Long-term accounts payable to suppliers	331		-	-
2. Long-term prepayments from customers	332		-	-
3. Long-term accrued expenses	333		-	-
4. Inter-company payable on working capital	334		-	-
5. Long-term inter-company payable	335		-	-
6. Long-term unrealized revenue	336		-	-
7. Other long-term payable	337	V.13b	10,860,233,000	10,860,233,000
8. Long-term loans and financial lease debts	338	V.14b	-	41,290,000,000
9. Transferable bonds	339		-	-
10. Preferred shares	340		-	-
11. Deferred income tax payable	341		-	-
12. Provision for long-term liabilities	342		-	-
13. Scientific and technological development fund	343		-	-

TU LIEM URBAN DEVELOPMENT JOINT STOCK COMPANY - HEAD OFFICE

Address: Floor 2A NO9B1 Building, Dich Vong New Urban Area, Dich Vong Ward, Cau Giay District, Hanoi City

FINANCIAL STATEMENTS

For the fiscal year ended 31 December 2019

Balance sheet (cont.)

CAPITAL SOURCES	Code	Note	Ending balance	Beginning balance
D - OWNER'S EQUITY	400		1,068,194,775,582	914,511,344,825
I. Owner's equity	410	V.16	1,068,194,775,582	914,511,344,825
1. Owner's contribution capital	411		636,000,000,000	636,000,000,000
- Common shares with voting right	411a		636,000,000,000	636,000,000,000
- Preferred shares	411b		-	-
2. Share premiums	412		8,994,035,440	8,994,035,440
3. Option on converting shares	413		-	-
4. Owner's other capital	414		-	-
5. Treasury stocks	415		(139,616,197,028)	(139,616,197,028)
6. Differences on asset revaluation	416		-	-
7. Foreign exchange rate differences	417		-	-
8. Business promotion fund	418		84,280,000,000	84,280,000,000
9. Business reorganization support fund	419		-	-
10. Other funds	420		-	-
11. Retained profit after tax	421		478,536,937,170	324,853,506,413
- Retained profit after tax accumulated to the end of the previous period	421a		305,717,710,641	324,853,506,413
- Retained profit after tax of the current period	421b		172,819,226,529	-
12. Capital sources for construction	422		-	-
13. Interest of con-controlling shareholders	429		-	-
II. Other sources and funds	430		-	-
1. Sources of expenditure	431		-	-
2. Fund to form fixed assets	432		-	-
TOTAL CAPITAL SOURCES	440		1,551,347,652,877	1,380,532,121,134

Prepared on 18 March 2020

Prepared by

Chief Accountant

Legal representative



Nguyen Kim Hue



Do Huy Khai




Nguyen Van Kha

TU LIEM URBAN DEVELOPMENT JOINT STOCK COMPANY - HEAD OFFICE

Address: Floor 2A NO9B1 Building, Dich Vong New Urban Area, Dich Vong Ward, Cau Giay District, Hanoi City

FINANCIAL STATEMENTS

For the fiscal year ended 31 December 2019

INCOME STATEMENT

For the fiscal year ended 31 December 2019

Unit: VND

ITEMS	Code	Note	Current year	Previous year
1. Sales	01	VL.1	518,180,619,324	95,723,343,223
2. Deductions	02		-	-
3. Net sales	10		518,180,619,324	95,723,343,223
4. Costs of goods sold	11	VL.2	220,028,777,203	48,058,759,584
5. Gross profit	20		298,151,842,121	47,664,583,639
6. Financial income	21	VL.3	3,256,233,761	3,047,098,873
7. Financial expenses	22	VL.4	778,800,000	5,440,039,799
In which: Loan interest expenses	23		-	519,844,204
8. Selling expenses	25	VL.5	3,403,076,309	494,682,000
9. Administrative overheads	26	VL.6	14,950,620,339	15,226,948,205
10. Net operating profit	30		282,275,579,234	29,550,012,508
11. Other income	31	VL.7	827,341,143	392,727
12. Other expenses	32	VL.8	17,151,785,268	1,797,970,694
13. Other profit	40		(16,324,444,125)	(1,797,577,967)
14. Profit before tax	50		265,951,135,109	27,752,434,541
15. Current corporate income tax	51	V.13	57,053,888,470	6,010,526,801
16. Deferred corporate income tax	52		-	-
17. Profit after tax	60		<u>208,897,246,639</u>	<u>21,741,907,740</u>
18. Basic earnings per share	70	VI.9		
19. Declined interest per share	71	VI.9		

Prepared on 18 March 2020

Prepared by

Chief Accountant

Legal representative



Nguyen Kim Hue



Do Huy Khai




Nguyen Van Kha

TU LIEM URBAN DEVELOPMENT JOINT STOCK COMPANY - HEAD OFFICE

Address: Floor 2A NO9B1 Building, Dich Vong New Urban Area, Dich Vong Ward, Cau Giay District, Hanoi City

FINANCIAL STATEMENTS

For the fiscal year ended 31 December 2019

CASH FLOW STATEMENT

(Under indirect method)

For the fiscal year ended 31 December 2019

Unit: VND

ITEMS	Code	Note	Current year	Previous year
I. Cash flows from operating activities				
1. Profit before tax	01		369,968,590,935	27,752,434,541
2. Adjustments				
- Depreciation of fixed assets and investment property	02	V.8	2,573,160,953	2,495,887,337
- Provisions	03	VI.4	778,800,000	(587,804,405)
- Gain/ loss from exchange rate differences due to revaluation of monetary items in foreign currencies	04		-	-
- Gain/ loss from investing activities	05	VI.3	1,385,111,701	2,596,095,760
- Loan interest expenses	06	VI.4	-	519,844,204
- Others	07		-	-
3. Operating profit before changes of working capital	08		374,705,663,589	32,776,457,437
- Increase/ decrease of accounts receivable	09		(337,453,046,200)	(120,101,141,256)
- Increase/ decrease of inventories	10		113,362,520,629	70,014,258,469
- Increase/ decrease of accounts payable	11		66,905,106,007	81,969,345,342
- Increase/ decrease of prepaid expenses	12		(674,301,645)	(7,235,992,866)
- Increase/ decrease of trading securities	13		-	-
- Loan interests already paid	14		-	(24,121,285,080)
- Corporate income tax already paid	15	V.13	(52,653,980,183)	(26,575,729,047)
- Other gains	16		-	-
- Other disbursements	17	V.15	(6,843,014,470)	(5,888,179,798)
Net cash flows from operating activities	20		157,348,947,727	837,733,201
II. Cash flows from investing activities				
1. Purchases and construction of fixed assets and other long-term assets	21		(5,303,890,273)	(303,569,030)
2. Gains from disposal and liquidation of fixed assets and other long-term assets	22		-	-
3. Loans given and purchases of debt instruments of other entities	23		(30,000,000,000)	(50,100,000,000)
4. Recovery of loan given and disposals of debt instruments of other entities	24		30,415,673,425	20,000,000,000
5. Investments in other entities	25		-	-
6. Withdrawals of investments in other entities	26		-	4,482,272,608
7. Receipts of loans given, dividends and profit shared	27		3,645,479,826	3,153,377,027
Net cash flows from investing activities	30		(1,242,737,022)	(22,767,919,395)

TU LIEM URBAN DEVELOPMENT JOINT STOCK COMPANY - HEAD OFFICE

Address: Floor 2A NO9B1 Building, Dich Vong New Urban Area, Dich Vong Ward, Cau Giay District, Hanoi City

FINANCIAL STATEMENTS

For the fiscal year ended 31 December 2019

Cash flow statement (cont.)

ITEMS	Code	Note	Current year	Previous year
III. Cash flows from financial activities				
1. Gains from stock issuance and capital contributions from shareholders	31		-	-
2. Repayments of capital contributions to owners and re-purchase of stocks already issued	32		-	-
3. Receipts from loans	33	V.14	168,007,234,095	146,187,396,900
4. Payment of loan principal	34	V.14	(219,152,762,441)	(57,174,694,680)
5. Payment of financial lease debts	35		-	-
6. Dividends and profit shared to the owners	36		(155,415,642,200)	
Net cash flows from financial activities	40		(206,561,170,546)	89,012,702,220
Net cash flows during the year	50		(50,454,959,841)	67,082,516,026
Beginning cash and cash equivalents	60	V.1	166,038,258,402	98,955,742,376
Effects of fluctuations in foreign exchange rates	61		-	-
Ending cash and cash equivalents	70	V.1	115,583,298,561	166,038,258,402

Prepared on 18 March 2020

Prepared by

Chief Accountant

Legal representative



Nguyen Kim Hue



Do Huy Khai




Nguyen Van Kha

TU LIEM URBAN DEVELOPMENT JOINT STOCK COMPANY – HEAD OFFICE

Address: Floor 2A, NO9B1 Building, Dich Vong New Urban Area, Dich Vong Ward, Cau Giay District, Hanoi City

FINANCIAL STATEMENTS

For the fiscal year ended 31 December 2019

NOTES TO THE FINANCIAL STATEMENTS

For the fiscal year ended 31 December 2019

I. OPERATION FEATURES

1. Investment form

Tu Liem Urban Development Joint Stock Company (hereinafter called “the Company”) is a joint stock company.

2. Operating field

The Head Office’s operating fields (hereinafter called “the Head Office”) include construction and installation, trading real estate.

3. Main operations

The Head Office’s main operations include: Building urban infrastructure; Trading housing; Trading real estate; Trading services of apartment blocks.

4. Ordinary course of business

The Head Office’s ordinary course of business does not exceed 12 months.

5. Structure of the Company

Affiliates with no legal status dependently recording

Name	Address
Tu Liem Urban Development JSC. – Construction and Installation Enterprise No. 1	Floor 2, NO9B1 Building, Dich Vong New Urban Area, Dich Vong Ward, Cau Giay District, Hanoi City
Tu Liem Urban Development JSC. – PMU of Dich Vong Project	Floor 2A, NO9B1 Building, Dich Vong New Urban Area, Dich Vong Ward, Cau Giay District, Hanoi City
Branch of Tu Liem Urban Development JSC. – Ha Long Branch	No. 29+31, Road 25/4, Hong Gai Ward, Ha Long City, Quang Ninh Province, Vietnam

6. Statement on comparison of information in financial statements

The corresponding figures in the previous year can be compared with those in the current year.

7. Personnel

As of the balance sheet date, the Head Office had 59 employees (at the beginning of the year, the Head Office had 65 employees).

II. FISCAL YEAR AND STANDARD CURRENCY UNIT USED IN ACCOUNTING

1. Fiscal year

The fiscal year of the Head Office is from 1 January to 31 December annually.

2. Standard currency unit

The standard currency unit used in accounting is Vietnam Dong (VND) as most of transactions are primarily made in VND.

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Notes to the financial statements (cont.)

III. ACCOUNTING STANDARDS AND SYSTEM APPLIED

1. Accounting system

The Head Office has applied the Vietnamese Accounting Standards and System issued together with the Circular No. 200/2014/TT-BTC dated 22 December 2014 and the Circulars giving guidance on the implementation of accounting standards of the Ministry of Finance in the preparation and presentation of the financial statements.

2. Statement on the compliance with the accounting standards and system

The Management Board ensures to follow all the requirements of the Vietnamese Accounting Standards and System issued together with the Circular No. 200/2014/TT-BTC dated 22 December 2014 as well as other Circulars giving guidance on the implementation of accounting standards of the Ministry of Finance in the preparation and presentation of these financial statements.

IV. ACCOUNTING STANDARDS AND SYSTEM APPLIED

1. Accounting convention

All the financial statements are prepared on the basis of accrued accounting (except for information related to cash flows).

2. Cash and cash equivalents

Cash includes cash on hand and demand deposits in bank. Cash equivalents include short-term investments of which the due dates cannot exceed 3 months from the dates of investment and the convertibility into cash is easy, and which do not have risks in the conversion into cash as of the reporting date.

3. Financial investments

Investments held to maturity date

Investments are classified as investments held to maturity date that the Head Office intends and is able to hold to maturity. Investments held to maturity date of the Head Office include termed deposits and bonds.

Investments held to maturity date are initially recognized at historical costs including purchasing price and costs related to purchasing transaction of investments. After initial recognition, these investments are recorded at recoverable value. Interest from these investments held to maturity dates after acquisition date is recognized in the income statement on the basis of estimated receipt. Interests arising prior to the Head Office's acquisition of investments held to maturity date are recorded as a decrease in the costs at the acquisition time.

When there are reliable evidences proving that a part or whole of the investment may be unrecoverable and the losses can be measured reliably, the losses are recognized as financial expenses during the year while the investment value is derecognized.

Investments in equity instruments of other entities

Investments in equity instruments of other entities include such investments in equity instruments that do not enable the Company to have the control, joint control or significant influence on the investees.

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Investments in equity instruments of other entities are initially recognized at original costs, including the cost of purchase or capital contribution plus other directly attributable investment activities. Dividends and profits arising in the years prior to the purchase of investments are recorded as a decrease in value of such investments. Dividends and profit arising in the periods after the purchase of investments are recorded into the revenue. Dividends received by shares are followed by the increasing number of shares but not recognized with the value of shares received.

Provision for impairment of investments in equity instruments of other entities is made as follows:

- For investments in listed shares or fair value of investments reliably measured, provision is made on the basis of the market value of shares.
- For investments of which the fair value cannot be measured at the time of reporting, provision is made on the basis of the losses suffered by the investees, at the rate equal to the difference between the actual capital invested by the parties in the entities and the actual owner's equity as of the balance sheet date multiplying (x) by the Company' ownership rate of actual charter capital contributed by the Company in those entities.

Increases, decreases in provision for impairment of investments in equity instruments of other entities which need appropriating as of the balance sheet date are recognized into financial expenses.

4. Accounts receivable

Accounts receivable are presented in accordance with book values less provisions for bad debts.

The classification of accounts receivable into receivables from customers and other receivables is done as follows:

- Accounts receivable from customers reflect commercial receivables generating from purchase-sale transactions between the Head Office and buyers which are independent units against the Head Office.
- Inter-company receivables reflect receivables of the affiliates which have no legal status and cannot do the accounts recording independently.
- Other accounts receivable reflect non-commercial or non-trading accounts receivable, unrelated to purchase-sale transactions.

Provision for bad debts is made for each bad debt after being offset with payable liabilities (if any). The appropriation rate is based on the overdue debt age of debts or the estimated loss. Details are as follows:

- As for overdue debts:
 - 30% of the value for debts overdue from over 6 months to under 1 year.
 - 50% of the value for debts overdue from 1 year to under 2 years.
 - 70% of the value for debts overdue from 2 years to under 3 years.
 - 100% of the value for debts overdue from 3 years and over.
- As for doubtful debts: provision is made basing on the estimated loss.

Increases, decreases of balance of provision for bad debts which need appropriating as of the balance sheet date are recorded into administrative overheads.

5. Inventories

Inventories are recorded in accordance with the lower value between the historical costs and the net realizable values.

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Costs of inventories are determined as follows:

- For materials, merchandises: They comprise costs of purchases and other directly relevant costs incurred in bringing the inventories to their present location and conditions.
- For work-in-process: They comprise costs of main materials, labor and other direct costs.

Ex warehouse prices are determined in accordance with the weighted average method and recorded in line with the perpetual recording method.

Net realizable values are the estimated selling prices of inventories in an ordinary course of business less the estimated expenses on product completion and other necessary expenses on product consumption.

Provision for devaluation of inventories is recognized when their historical costs are higher than their net realizable values. Increases, decreases in balances of provision for devaluation of inventories which need appropriating as of the balance sheet date are recognized into costs of goods sold.

6. Tangible fixed assets

Tangible fixed assets are determined by their historical costs less accumulated depreciation. Historical costs of tangible fixed assets include all the expenses of the Head Office to have these fixed assets as of the dates they are ready to be put into use. Other expenses incurred subsequent to the initial recognition are included in historical costs of fixed assets only if they certainly bring more economic benefits in the future thanks to the use of these assets. Those which do not meet the above conditions will be recorded into expenses during the year.

When a tangible fixed asset is sold or disposed, its historical cost and accumulated depreciation are written off, then any gain/loss arisen is posted into income or expenses during the year.

Tangible fixed assets are depreciated in accordance with the straight-line method over their estimated useful lives. The depreciation years of tangible fixed assets are as follows:

<u>Fixed assets</u>	<u>Years</u>
Buildings and structures	5 – 25
Machinery and equipment	3 – 5
Vehicles	6
Office equipment	3

7. Business cooperation contracts

Jointly controlled operations

The Head Office includes business cooperation contracts under the form of jointly controlled operations in the financial statements with the following contents:

- The assets that the Head Office controls.
- The liabilities that the Head Office incurs.
- The share of the income that it earns from the sale of goods and services by the joint venture.
- The expenses that the Head Office incurs.

8. Liabilities payable and accrued expenses

Liabilities payable and accrued expenses are recognized for the amount payable in the future related to goods and services already received. Accrued expenses are recognized based on reasonable estimates on the amount payable.

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The classification of accounts payable into payables to suppliers, accrued expenses and other payables is done as follows:

- Payables to suppliers reflect trade payables occurred from purchase-sale transaction of goods, services, assets and the suppliers are independent units against the Head Office.
- Accrued expenses reflect payables for goods and services already received from suppliers or provided to customers but for which the payment has not been made due to lack of invoices or accounting documents and payables for employees on leave pay, appropriated operating costs.
- Other payables reflect non-trade payables or payables unrelated to purchase-sale transactions, provision of goods and services.

Liabilities payable and accrued expenses are classified into short-term and long-term ones on the combined balance sheet based on the remaining terms as of the balance sheet date.

9. Owner's equity

Owner's contribution capital

Owner's contribution capital is recognized in line with the amount actually contributed by the shareholders.

Share premiums

Share premiums are recorded in accordance with the difference between issuance price and face value of shares in the first issuance, additional issuance or the difference between reissuance price and book value of treasury stocks and the equity component of convertible bonds upon maturity. Direct expenses related to the additional issuance of shares and reissuance of treasury stocks are recorded to decrease share premiums.

Treasury stocks

When re-purchasing shares issued by the Company, the amount payable including the expenses related to the transaction is recorded as treasury stocks and are recorded as a decrease in owner's equity. When re-issuing, the differences between re-issuance price and book value of treasury stocks are recognized into item of share premiums.

10. Profit distribution

Profit after corporate income tax is distributed to the shareholders after appropriation of funds in accordance with the Company's Charter as well as legal regulations and being approved by the General Meeting of Shareholders.

The profit distribution to the shareholders considers non-monetary items in retained profit after tax which can have impacts on cash flows and possibility of profit payment such as gains from revaluation of assets for capital contribution, revaluation of monetary items, financial instruments and other non-monetary items.

Dividends are recognized as liabilities payable upon the approval by the General Meeting of Shareholders.

11. Recognition of sales and income

Sales of real estate

Sales of real estates that invested by the Head Office shall be recognized when all of the following conditions are satisfied:

- Real estates are fully completed and handed over to buyers, and the Head Office transfers most of risks and benefits associated with the ownership of real estate to buyers.

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- The Head Office no longer holds management right of real estates as the real estate owner or control right on real estates.
- Sales are determined reliably.
- The Head Office has received or will receive economic benefits from transaction of selling real estates.
- Costs related to the transaction of selling real estates can be determined.

In case the customer has the right to complete the interior of the real estate and the Head Office completes the interiors according to the designs, models as requested by customer under a separate contract on interior completion, revenues are recognized upon the completion and handover of the main construction works to customers.

Sales from real estates sold in form of land plots

Sales of real estates sold in form of land plots under irrevocable contracts shall be recognized when all of the following conditions are satisfied:

- The Head Office has transferred most of risks and benefits incidents to the ownership of the land use right to the buyer.
- The amount of sales can be measured reliably.
- The costs incurred or to be incurred in respect of the transaction can be measured reliably.
- The Head Office received or shall probably receive the economic benefits associated with the transaction.

Sales of providing services

Sales of providing services are recognized when all of the following conditions are satisfied:

- Sales are determined reliably. When contracts define that buyers are entitled to return services purchased under specific conditions, sales are recognized only when such specific conditions no longer exist and buyers are not entitled to return services provided.
- The Head Office has received or will receive economic benefits from the transaction of providing services.
- Volume of work completion as of reporting date can be determined.
- Costs incurred for the transaction and costs to complete the transaction of providing services can be determined.

In case the service is carried out in many accounting periods, sales are recognized during the period based on the result of completed work as of the balance sheet date.

Sales of leasing operating assets

Sales of leasing operating assets are recorded in accordance with the straight-line method during the leasing period. Unrealized rental for many periods is allocated into sales in line with the leasing period.

Interests

Interests are recorded based on the term and the interest rates applied for each period.

12. Borrowing costs

Borrowing costs include loan interest and other costs directly related to borrowings.

Borrowing costs are recognized into expenses when arising. In case borrowing costs directly relate to construction investment or producing assets in progress which need a long time enough (over 12 months) to be put into use for intended purposes or to be sold, they are included in value of those assets. For a loan particularly serving construction of fixed assets, investment properties, loan interest is capitalized even though construction duration is less than 12 months. Income incurred from temporary investment in loans is recorded reduce to historical costs of related assets.

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In the event that general borrowings are partly used for the acquisition, construction or production of an asset in progress, the costs eligible for capitalization will be determined by applying the capitalization rate to average accumulated expenditure on construction or production of that asset. The capitalization rate is computed at the weighted average interest rate of the borrowings not yet paid during the period, except for particular borrowings serving the purpose of obtaining a specific asset.

13. Costs

Costs are amounts reducing economic benefits, recorded at the time the transaction arises or shall be likely to arise in the future regardless of spending money or not.

Costs and revenues set up by it must be recognized simultaneously on the principle of conformity. In case, conformity principle may conflict with precautionary principle in accounting, costs are recognized based on the nature and regulations of accounting standards to reflect transactions honestly and reasonably.

14. Corporate income tax

Corporate income tax of the Head Office only includes current income tax which is the tax amount computed based on the taxable income. Taxable income is different from accounting profit due to the adjustments of temporary differences between tax and accounting figures as well as those of non-taxable or non-deductible income and expenses, losses transferred.

15. Related parties

A party is considered a related party in case one party is able to control the other or to cause considerable effects on the financial decisions as well as the operations of the other. A party is also considered a related party in case of together being controlled or affected significantly.

In the consideration of relations among related parties, the nature of relations is paid more attention than the legal form.

16. Segment reporting

A business segment is a distinguishable component that is engaged in providing an individual product or service or a group of related products or services and that is subject to risks and returns that are different from those of other business segments.

A geographical segment is a distinguishable component that is engaged in providing products or services within a particular economic environment and that is subject to risks and returns that are different from those of components operating in other economic environments.

Segment information is prepared and presented in line with the accounting policies applied for preparation and presentation of the Head Office's financial statements.

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V. ADDITIONAL INFORMATION ON THE ITEMS OF THE BALANCE SHEET**1. Cash and cash equivalents**

	Ending balance	Beginning balance
Cash on hand	6,113,676,994	5,977,287,348
Demand deposits in banks	29,469,621,567	60,060,971,054
Cash equivalents (Under-3-month termed deposits in bank)	80,000,000,000	100,000,000,000
Total	115,583,298,561	166,038,258,402

2. Financial investments

The Company's financial investments include investments held to maturity date and capital contribution in other entities. Information on the Company's financial investments is as follows:

2a. Investments held to maturity date

This is the investment in bonds of Vietinbank with the number of 3,000 bonds, the face value of VND 10,000,000/bond, the term of 7 years (from 2019 to 2026), the interest rate applied to each interest calculating period is the average interest rate of individual savings in VND, paid later, the term of 12 months plus 1%/year.

2b. Capital contribution in other entities

This is the investment in Bach Dang TMC Construction Investment JSC. As of the balance sheet date, the Company owned 649,000 shares accounting for 14.11% of capital of Bach Dang TMC Construction Investment JSC.

Fair value

The Company has not determined fair value of investments as there has not been any detailed guidance on determination of fair value.

Provision for capital contribution in other entities

Situation of fluctuations in provision for capital contribution in other entities is as follows:

	Current year	Previous year
Beginning balance	23,473,880,980	24,061,685,385
Additional appropriation of provision	778,800,000	
Refund of provision		(587,804,405)
Ending balance	24,252,680,980	23,473,880,980

3. Short-term receivable from customers

	Ending balance	Beginning balance
<i>Receivable from other customers</i>	<i>14,320,139,606</i>	<i>16,230,633,372</i>
Lideco 2 JSC.		94,800,000
House buyers of the Project of New Urban Area of Northern 32 Highway	11,727,284,243	15,631,526,943
Others	2,592,855,363	504,306,429
Total	14,320,139,606	16,230,633,372

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4. Short-term prepayments to suppliers

	Ending balance	Beginning balance
<i>Prepayments to other suppliers</i>	16,713,189,002	20,431,188,833
Western Hanoi Water JSC.	5,567,603,293	5,500,000,000
Engineering Construction and Investment No. 656 Co., Ltd.	6,970,440,000	3,300,000,000
Others	4,175,145,709	11,631,188,833
Total	16,713,189,002	20,431,188,833

5. Short-term inter-company receivable

	Ending balance	Beginning balance
Tu Liem Urban Development JSC. – Dich Vong PMU	2,264,555,952	2,701,799,696
Tu Liem Urban Development JSC. – Ha Long Branch	475,232,474,458	265,382,854,710
Total	477,497,030,410	268,084,654,406

6. Other short-term receivable

	Ending balance	Beginning balance
<i>Receivable from related parties</i>	176,988,100,000	78,790,144,000
Mr. Le Minh Tuan – Advance		10,800,000,000
Mr. Tran Trong Nghia – Advance for implementing the project of Bai Muoi Area of 23ha, Cao Thang – Ha Lam Ward, Ha Long City	122,838,100,000	67,990,144,000
Mr. Tran Trong Nghia – Advance for implementing the project of Nui Ham Urban Area, Hong Ha – Ha Tu Ward, Ha Long City	54,150,000,000	
<i>Receivable from other organizations and individuals</i>	55,200,235,378	20,270,952,896
1% CIT in accordance with the receipt progress of real estate transfer	416,276,976	320,005,020
VAT in accordance with the receipt progress of real estate transfer	3,534,874,111	2,312,852,481
Ha Do Group - JSC – Receivable on expenses for implementing Dich Vong Project	8,643,493,477	9,554,112,477
Advance	40,105,500,000	2,434,500,000
Estimated receipt of interest	87,178,082	629,103,393
Others	2,412,912,732	5,020,379,525
Total	232,188,335,378	99,061,096,896

7. Inventories

	Ending balance	Beginning balance
Materials and supplies	5,530,711,589	10,145,708,022
Real estate goods ⁽ⁱ⁾	16,402,380,790	18,360,635,187
Work in progress ⁽ⁱⁱ⁾	539,224,758,865	646,069,128,664
Total	561,157,851,244	674,575,471,873

⁽ⁱ⁾ In which, real estate goods include:

	Ending balance	Beginning balance
N09B2 Building	4,389,900,624	6,348,155,021
N04B1 Building	12,012,480,166	12,012,480,166

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(ii) In which, work in progress includes:

	Ending balance	Beginning balance
Dich Vong Project	97,764,629,691	88,385,542,586
Project of New Urban Area of Northern 32 Highway	441,515,229,174	557,683,586,078

Expenses for work in progress under the Project of New Urban Area of Northern 32 Highway, of which the book value as of 31 December 2019 was VND 441,515,229,174 (the beginning balance was VND 557,683,586,078), have been mortgaged to guarantee the loan from VietinBank – Western Hanoi Branch (See Note V.14).

8. Tangible fixed assets

	Buildings and structures	Vehicles	Office equipment	Total
Historical costs				
Beginning balance	48,777,746,930	12,190,252,181	35,454,545	61,003,453,656
Purchase during the year		4,622,343,182	354,079,091	4,976,422,273
Decrease due to handing over to the Management Board of apartment block	(9,315,912,395)			(9,315,912,395)
Ending balance	39,461,834,535	16,812,595,363	389,533,636	56,663,963,534
<i>In which:</i>				
Fully depreciated but being still in use		12,190,252,181	35,454,545	12,225,706,726
To be liquidated				
Depreciation				
Beginning balance	17,216,659,504	12,190,252,181	35,454,545	29,442,366,230
Depreciation during the year	2,229,613,105	300,440,500	43,107,348	2,573,160,953
Decrease due to handing over to the Management Board of apartment block	(4,827,246,179)			(4,827,246,179)
Ending balance	14,619,026,430	12,490,692,681	78,561,893	27,188,281,004
Net book value				
Beginning balance	31,561,087,426		-	31,561,087,426
Ending balance	24,842,808,105	4,321,902,682	310,971,743	29,475,682,530
<i>In which:</i>				
Temporarily unused				
To be liquidated				

9. Long-term operating expenses in progress

	Ending balance	Beginning balance
Xuan Dinh Project	10,731,253,192	10,731,253,192
Dong Ngac Staff Hostel	1,389,448,777	1,389,448,777
NO11 Building	59,482,254,532	59,482,254,532
17.5m road project	55,100,000	
Total	71,658,056,501	71,602,956,501

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Notes to the financial statements (cont.)**10. Short-term payable to supplier**

	<u>Ending balance</u>	<u>Beginning balance</u>
<i>Payable to other suppliers</i>	<i>12,051,251,920</i>	<i>549,398,400</i>
Capital Development and Construction JSC.	2,118,724,260	
Incopin PIDI Corp	3,446,979,000	
My Dinh Inco., JSC	1,882,475,620	
Lideco 8 JSC.	3,019,968,000	47,768,400
Center for Application Research of Fire Extinguishment Science and Technology	-	438,034,000
Others	1,583,105,040	63,596,000
Total	12,051,251,920	549,398,400

11. Short-term prepayments from customers

	<u>Ending balance</u>	<u>Beginning balance</u>
<i>Prepayments from other customers</i>	<i>36,096,642,738</i>	<i>24,814,242,738</i>
House buyers of the Project of New Urban Area of Northern 32 Highway	36,096,642,738	22,964,242,738
Others	-	1,850,000,000
Total	36,096,642,738	24,814,242,738

12. Taxes and other obligations to the State Budget

	<u>Beginning balance</u>	<u>Amount payable during the year</u>	<u>Amount already paid during the year</u>	<u>Amount transferred from Ha Long Branch</u>	<u>Ending balance</u>
VAT on local sales	5,962,290,771	37,554,721,612	(35,063,164,890)		8,453,847,493
Corporate income tax	2,823,479,475	52,690,810,777	(48,791,785,115)	18,123,093,796	24,845,598,933
Corporate income tax temporarily paid for advance from real estate transfer	553,206,274	4,459,349,649	(3,862,195,068)		1,150,360,855
Property tax, land rental		770,591,813	(770,591,813)		-
Personal income tax	1,027,742,218	12,043,562,651	(9,025,124,308)		4,046,180,561
Fees, legal fees, and other duties		1,190,114,350	(1,190,114,350)		-
Total	10,366,718,738	108,709,150,852	(98,702,975,544)	18,123,093,796	38,495,987,842

Value added tax (VAT)

The Head Office has to pay VAT in accordance with the deduction method. VAT rates are as follows:

- Transfer of land use right without infrastructure	Non-taxable
- Transfer of infrastructure on land, sales of rough construction, completion	10%
- Other sales	10%

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The Head Office has to pay corporate income tax for taxable income at the tax rate of 20% (that in the same period of the previous year was 20%).

Corporate income tax payable during the year is estimated as follows:

	Current year	Previous year
Total accounting profit before tax	265,951,135,109	21,741,907,740
Increase/decrease adjustments of accounting profit to determine profit subject to corporate income tax:	17,483,700,781	8,310,726,265
- Increase adjustments	17,483,700,781	8,310,726,265
- Decrease adjustments		
Income subject to tax	283,434,835,890	30,052,634,005
Tax-exempted income		
Loss of previous years brought forward	-	
Taxable income	283,434,835,890	30,052,634,005
Corporate income tax rate	20%	20%
Corporate income tax payable at common tax rate	56,686,967,178	6,010,526,801
Adjustment of corporate income tax payable of the previous years	366,921,292	
Corporate income tax payable	57,053,888,470	6,010,526,801
Offsetting corporate income tax temporarily paid for advance from real estate transfer, for which the revenue has been recognized during the year and corporate income tax payable	(4,363,077,693)	(826,398,840)
Total corporate income tax payable	52,690,810,777	5,184,127,961

Details of corporate income tax in the current year for each activity are as follows:

	Activity of trading real estate	Other activity	Total
Sales of selling goods and providing expenses	509,554,421,825	8,626,197,499	518,180,619,324
Allocation rate among activities	98.34%	1.66%	
Sales deductions			
Costs of goods sold	211,407,812,524	8,620,964,679	220,028,777,203
Financial income		3,256,233,761	3,256,233,761
Financial expenses		778,800,000	778,800,000
Selling expenses	2,883,981,764	519,094,545	3,403,076,309
Administrative overheads	14,701,736,072	248,884,267	14,950,620,339
Other income	827,340,199	944	827,341,143
Other expenses	17,227,071,140	291,635,420	17,518,706,560
Total accounting profit before tax	264,161,160,524	1,423,053,293	265,584,213,817
Increase/decrease adjustments of accounting profit to determine profit subject to corporate income tax:	11,544,694,680	5,939,006,101	17,483,700,781
- Increase adjustments	11,544,694,680	5,939,006,101	17,483,700,781
- Decrease adjustments			

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Notes to the financial statements (cont.)

	Activity of trading real estate	Other activity	Total
Income subject to tax	276,066,668,326	7,368,167,564	283,434,835,890
Tax-exempted income			
Loss of previous years brought forward			
Taxable income	276,066,668,326	7,368,167,564	283,434,835,890
Corporate income tax rate	20%	20%	
<i>Corporate income tax payable at common tax rate</i>	<i>55,213,333,665</i>	<i>1,473,633,513</i>	<i>56,686,967,178</i>
<i>Adjustment of corporate income tax payable of the previous years</i>	<i>366,921,292</i>		<i>366,921,292</i>
Corporate income tax payable	55,580,254,957	1,473,633,513	57,053,888,470
<i>Offsetting corporate income tax temporarily paid for advance from real estate transfer, for which the revenue has been recognized during the year and corporate income tax payable</i>	<i>(4,363,077,693)</i>		<i>(4,363,077,693)</i>
Total corporate income tax payable	51,217,177,264	1,473,633,513	52,690,810,777

The determination of corporate income tax payable of the Head Office is based on the prevailing regulations on taxes. However, these regulations change for each period and the regulations on taxes for various transactions can be explained in various ways. Therefore, the tax amount presented in the financial statements of the Head Office could change when being examined by the Tax Office.

Corporate income tax temporarily paid for advance from real estate transfer

The Head Office has to temporarily pay corporate income tax at the rate of 1% on advance from real estate transfer as stipulated in the Circular No. 78/2014/TT-BTC dated 18 June 2014 of the Ministry of Finance. The Head Office will finalize corporate income tax payable for this activity when handing over real estate.

Land rental

Land rental is paid according to the notices of the tax department.

Other taxes

The Head Office has declared and paid these taxes in line with the prevailing regulations.

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Notes to the financial statements (cont.)

13. Short-term accrued expenses**13a. Other short-term payable**

	<u>Ending balance</u>	<u>Beginning balance</u>
<i>Payable to related parties</i>	<i>27,542,129,250</i>	<i>15,297,848,000</i>
Dividends payable to the BOM	27,542,129,250	15,297,848,000
<i>Payable to other organizations and individuals</i>	<i>171,538,049,504</i>	<i>168,962,806,364</i>
Trade Union's expenditure	21,900,690	23,754,150
Ha Do Group - JSC (*)	120,000,000,000	120,000,000,000
Building maintenance fee, fire insurance	84,275,970	
Dividends, profit payable	30,520,729,550	45,705,778,000
Deposits for hiring office, purchasing houses	3,599,946,602	2,237,330,000
Newton Education Development Investment Co., Ltd.	15,754,200,000	
Others	1,556,996,692	995,944,214
Total	<u>199,080,178,754</u>	<u>184,260,654,364</u>

(*) This is the capital contribution of Ha Do Group - JSC to invest in HH land lot of Dich Vong Project in accordance with the Appendix No. 03/2016 dated 20 June 2016 of the Business Co-operation Contract No. 03/HDHTKD dated 19 November 1999.

13b. Other long-term payable

This is the capital contribution of Trung Tin JSC. to pay land use charge of CT3 land lot of Xuan Dinh Project.

14. Short-term/Long-term loans**14a. Short-term loans**

This is the loan from Vietinbank – Western Hanoi Branch in accordance with the credit contract No. 01/2019-HDTDDA/NHCT146-LIDECO to pay the legal investment costs of the project of investment in building and trading infrastructure of urban areas in Cao Thang, Ha Khanh and Ha Lam Wards, Ha Long City with the interest rate stipulated in each bill of debts, the term of 15 months commencing from the initial disbursement date (in maximum by 30 September 2020). This loan is secured by the asset mortgage contracts formed in the future No. 76, 77, 78/2017 signed between Tu Liem Urban Development JSC. and Vietinbank - Western Hanoi Branch. (See Note V.7).

Details of increase/decrease of the short-term loan are as follows:

	<u>Current year</u>
Beginning balance	177,862,762,441
Increase	168,007,234,095
Amount already paid	(177,862,762,441)
Ending balance	<u>168,007,234,095</u>

14b. Long-term loans

This is the loan from VietinBank – Western Hanoi Branch to pay the legal investment costs of the Project of re-building 5-storey tenement house at Lots 4, 5, Tran Hung Dao Ward, Ha Long City, Quang Ninh Province with the interest rate of 8.5%/year, the term of 30 months, the grace term of 12 months. This loan is secured by the mortgage of the whole assets on the land and the asset rights arising from the contracts of purchasing, selling, transferring and exploiting products under the Project of re-building 5-storey tenement house at Lots 4, 5, Tran Hung Dao Ward, Ha Long City, Quang Ninh Province. On 5 March 2020, the Company liquidated the long-term loan contract.

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Notes to the financial statements (cont.)

Details of increase/decrease of the long-term loan during the year are as follows:

	<u>Current year</u>
Beginning balance	41,290,000,000
Amount already paid	(41,290,000,000)
Ending balance	-

15. Bonus and welfare funds

The Head Office only has welfare fund. Details of increase/decrease are as follows:

	<u>Current year</u>	<u>Previous year</u>
Beginning balance	9,617,618,220	10,805,798,018
Increase due to appropriation from profit	5,100,000,000	4,700,000,000
Disbursement	(6,843,014,470)	(5,888,179,798)
Ending balance	<u>7,874,603,750</u>	<u>9,617,618,220</u>

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Notes to the financial statements (cont.)

16. Owner's equity

16a. Statement of fluctuations in owner's equity

	Owner's contribution capital	Share premium	Treasury stocks	Business promotion fund	Retained profit after tax	Total
Beginning balance of the previous year	636,000,000,000	8,994,035,440	(139,616,197,028)	79,580,000,000	375,426,996,345	960,384,834,757
Profit in the previous year	-	-	-	-	21,693,447,068	101,165,894,296
Appropriation of funds	-	-	-	4,700,000,000	(9,400,000,000)	(4,700,000,000)
Share of dividends	-	-	-	-	(60,989,950,000)	(60,989,950,000)
Allowance for the BOM	-	-	-	-	(1,876,987,000)	(1,876,987,000)
Ending balance of the previous year	636,000,000,000	8,994,035,440	(139,616,197,028)	84,280,000,000	324,853,506,413	993,983,792,053
Beginning balance of the current year	636,000,000,000	8,994,035,440	(139,616,197,028)	84,280,000,000	324,853,506,413	993,983,792,053
Profit in the current year	-	-	-	-	208,897,246,639	233,809,176,529
Profit of Ha Long Branch	-	-	-	-	104,384,377,118	-
Appropriation of welfare fund	-	-	-	-	(5,100,000,000)	(5,100,000,000)
Share of dividends	-	-	-	-	(91,484,925,000)	(91,484,925,000)
Dividend advance in 2019	-	-	-	-	(60,989,950,000)	(60,989,950,000)
Allowance for the BOM	-	-	-	-	(2,023,318,000)	(2,023,318,000)
Ending balance of the current year	636,000,000,000	8,994,035,440	(139,616,197,028)	84,280,000,000	478,536,937,170	1,068,194,775,582

16b. Details of the owners' capital contribution

	Ending balance	Beginning balance
Contribution capital of shareholders	636,000,000,000	636,000,000,000
Share premiums	8,994,035,440	8,994,035,440
Treasury stocks	(139,616,197,028)	(139,616,197,028)
Total	505,377,838,412	505,377,838,412

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Notes to the financial statements (cont.)**16c. Shares**

	<u>Ending balance</u>	<u>Beginning balance</u>
Number of shares registered to be issued	63,600,000	63,600,000
Number of shares already issued	63,600,000	63,600,000
- <i>Common shares</i>	63,600,000	63,600,000
- <i>Preferred shares</i>		
Number of shares repurchased	2,610,050	2,610,050
- <i>Common shares</i>	2,610,050	2,610,050
- <i>Preferred shares</i>		
Number of outstanding shares	60,989,950	60,989,950
- <i>Common shares</i>	60,989,950	60,989,950
- <i>Preferred shares</i>		

Face value per outstanding share: VND 10,000.

16d. Profit distribution

During the year, the Company distributed profit in accordance with the Resolution of 2019 Annual General Shareholder Meeting dated 20 April 2019 as follows:

	VND
• Appropriation of welfare fund	: 5,100,000,000
• Allowances for the BOM	: 2,023,318,000
• Share of dividends	: 91,484,925,000
• Dividend advance in 2019 in cash (10% of charter capital)	: 60,989,950,000

During the year, the Company temporarily appropriated dividends in cash in accordance with the Resolution of the BOM No. 24/2019/NQ-HDQT dated 16 December 2019 at the rate of 10%/share, 1 share receiving VND 1,000. The Company made payment on 14 January 2020.

17. Off- balance sheet items***Bad debts already treated***

	<u>Ending balance</u>	<u>Beginning balance</u>	<u>Reasons for writing off</u>
SUDICO	504,546,000	504,546,000	Long-lasting liabilities unrecoverable
House buyers of the Project of Northern 32 Highway	7,359,520,000	7,359,520,000	Long-lasting liabilities unrecoverable
Other customers	626,414,275	376,524,586	Long-lasting liabilities unrecoverable
Total	<u>8,490,480,275</u>	<u>8,240,590,586</u>	

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Notes to the financial statements (cont.)

VI. ADDITIONAL INFORMATION ON THE ITEMS OF THE INCOME STATEMENT**1. Sales of selling goods and providing services**

	<u>Current year</u>	<u>Previous year</u>
Sales of trading real estate	509,554,421,825	88,115,145,023
Sales of construction activity		593,337,971
Sales of goods already sold	1,589,616,534	
Sales of providing services	7,036,580,965	7,014,860,229
Total	518,180,619,324	95,723,343,223

2. Costs of goods sold

	<u>Current year</u>	<u>Previous year</u>
Costs of real estate trading activity	211,407,812,524	40,895,702,830
Costs of construction activity		593,337,971
Costs of merchandise already sold	1,582,502,657	
Costs of services already provided	7,038,462,022	6,569,718,783
Total	220,028,777,203	48,058,759,584

3. Financial income

Including bank deposit interest.

4. Financial expenses

	<u>Current year</u>	<u>Previous year</u>
Loan interest expenses		519,844,204
Refund of provision for devaluation of trading securities and investment loss	778,800,000	(587,804,405)
Loss from liquidation of long-term investments		5,508,000,000
Total	778,800,000	5,440,039,799

5. Selling expenses

	<u>Current year</u>	<u>Previous year</u>
Expenses for commission, brokerage	2,883,981,764	494,682,000
Others	519,094,545	
Total	3,403,076,309	494,682,000

6. Administrative overheads

	<u>Current year</u>	<u>Previous year</u>
Expenses for staff	4,480,451,758	7,624,744,291
Expenses for office stationery	296,624,145	56,748,451
Depreciation of fixed assets	1,240,083,317	1,001,337,281
Taxes, fees and duties	533,204,495	260,279,858
External services hired	6,115,345,098	4,565,020,086
Others	2,284,911,526	1,718,818,238
Total	14,950,620,339	15,226,948,205

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Notes to the financial statements (cont.)**7. Other income**

	Current year	Previous year
Penalty due to breach of contracts	827,340,199	
Others	944	392,727
Total	827,341,143	392,727

8. Other expenses

	Current year	Previous year
Tax fined, recovered, administrative penalty	10,848,712,323	2,392,200
Loss from liquidation, disposal of fixed assets, investment property	4,488,666,216	
Compensation		756,601,940
Expenses not serving production and business	1,500,000,000	350,000,000
Expenses for suspended projects	74,915,455	545,454,545
Others	239,491,274	143,522,009
Total	17,151,785,268	1,797,970,694

9. Earnings per share

Information on basic earnings per share is presented in the combined financial statements.

10. Operating expenses per element

	Current year	Previous year
Expenses for materials and supplies	10,485,377,043	67,476,557
Labor costs	5,960,629,549	15,123,199,551
Depreciation of fixed assets	2,573,160,953	2,495,887,337
External services hired	99,223,532,691	170,346,341,642
Others	9,789,782,268	46,568,238,261
Total	128,032,482,504	234,601,143,349

VII. OTHER INFORMATION**1. Transactions and balances with related parties**

Related parties of the Head Office include: the key managers, their related individuals and other related parties.

Transactions and balances with the key managers and their related individuals

The key managers include: the Board members and Executive officers (the General Directors). Related individuals with the key managers are their relatives.

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Notes to the financial statements (cont.)*Transactions with the key managers and their related individuals*

The Company has not had any transactions of selling goods and providing services to the key managers and their related individuals. During the year, the Head Office has only had the advance transaction to the key managers and their related individuals.

	<u>Current year</u>	<u>Previous year</u>
Mr. Tran Trong Nghia		
Advance	138,627,500,000	78,354,644,000
Refund	29,629,544,000	29,938,100,000
Mr. Le Minh Tuan		
Advance		10,800,000,000
Refund	10,800,000,000	

Liabilities with the key managers and their related individuals

Liabilities with the key managers and their related individuals are presented in Note V.6.

Income of the key managers is as follows:

	<u>Current year</u>	<u>Previous year</u>
Salary	4,206,569,338	3,814,027,318
Bonus	1,096,500,000	885,000,000
Allowances for the BOM	1,876,000,000	1,397,487,800
Total	7,179,069,338	6,096,515,118

2. Segment information

The Head Office only operates in one major operating field which is trading real estates and in Vietnamese territory. Therefore, the Head Office does not present the segment reporting.

3. Subsequent events

There have been no material events after the balance sheet date, which need to make adjustments on the figures or the disclosures in the financial statements.

Prepared on 18 March 2020

Prepared by

Chief Accountant

Legal representative



Nguyen Kim Hue



Do Huy Khai




Nguyen Van Kha