

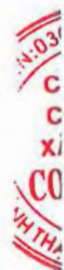
COTECCONS CONSTRUCTION JOINT STOCK COMPANY

**CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

COTECCONS CONSTRUCTION JOINT STOCK COMPANY

**CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

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COTECCONS CONSTRUCTION JOINT STOCK COMPANY

CORPORATE INFORMATION

Enterprise Registration Certificate

Business Registration Certificate No. 4103002611 dated 24 August 2004 issued by the Department of Planning and Investment of Ho Chi Minh City and subsequent amended Enterprise Registration Certificate No. 0303443233 dated 23 August 2010 and its latest amended Enterprise Registration Certificate dated 8 March 2019.

Board of Directors

Mr. Nguyen Ba Duong	Chairman
Mr. Nguyen Sy Cong	Member
Mr. Tran Quyet Thang	Member
Mr. Nguyen Quoc Hiep	Member
Mr. Talgat Turumbayev	Member
Mr. Tan Chin Tiong	Member
Mr. Yerkin Tatishev	Member

Board of Supervision

Mr. Luis Fernando Garcia Agraz	Head
Mr. Dang Hoai Nam	Member
Mr. Nguyen Minh Nhut	Member

Board of Management

Mr. Nguyen Sy Cong	General Director
Mr. Tran Quang Quan	Deputy General Director
Mr. Tu Dai Phuc	Deputy General Director
Mr. Tran Van Chinh	Deputy General Director
Mr. Vo Thanh Liem	Deputy General Director

Legal representative

Mr. Nguyen Ba Duong	Chairman
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Registered office

236/6 Dien Bien Phu, Ward 17, Binh Thanh District,
Ho Chi Minh City, Vietnam

Auditor

PwC (Vietnam) Limited

COTECCONS CONSTRUCTION JOINT STOCK COMPANY

STATEMENT OF RESPONSIBILITY OF THE BOARD OF MANAGEMENT OF THE COMPANY IN RESPECT OF THE CONSOLIDATED FINANCIAL STATEMENTS

The Chairman has authorized the Board of Management of Coteccons Construction Joint Stock Company ("the Company") to be responsible for preparing the consolidated financial statements of the Company and its subsidiaries (together, "the Group") which give a true and fair view of the consolidated financial position as at 31 December 2019, and of the consolidated results of its operations and its consolidated cash flows for the year then ended. In preparing these consolidated financial statements, the Board of Management is required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent; and
- prepare the consolidated financial statements on a going concern basis unless it is inappropriate to presume that the Group will continue in business.

The Board of Management is responsible for ensuring that proper accounting records are kept which disclose, with reasonable accuracy at any time, the consolidated financial position of the Group and which enable consolidated financial statements to be prepared which comply with the basis of accounting set out in Note 2 to the consolidated financial statements. The Board of Management is also responsible for safeguarding the assets of the Group and hence for taking reasonable steps for the prevention and detection of fraud or errors.

APPROVAL OF THE CONSOLIDATED FINANCIAL STATEMENTS

We hereby approve the accompanying consolidated financial statements as set out on pages 5 to 48 which give a true and fair view of the consolidated financial position of the Group as at 31 December 2019, and of the consolidated results of its operations and its consolidated cash flows for the year then ended in accordance with Vietnamese Accounting Standards, the Vietnamese Corporate Accounting System and applicable regulations on preparation and presentation of consolidated financial statements.



On behalf of the Board of Management

Nguyen Sy Cong
General Director

Ho Chi Minh City, SR Vietnam
27 March 2020



INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF COTECCONS CONSTRUCTION JOINT STOCK COMPANY

We have audited the accompanying consolidated financial statements of Coteccons Construction Joint Stock Company ("the Company") and its subsidiaries (together, "the Group") which were prepared on 31 December 2019 and approved by the Board of Management on 27 March 2020. These consolidated financial statements include the consolidated balance sheet as at 31 December 2019, the consolidated income statement and consolidated cash flow statement for the year then ended, and notes to these consolidated financial statements, as set out on pages 5 to 48.

The Board of Management's Responsibility

The Board of Management of the Company is responsible for the preparation and the true and fair presentation of the consolidated financial statements in accordance with Vietnamese Accounting Standards, the Vietnamese Corporate Accounting System and applicable regulations on preparation and presentation of consolidated financial statements and for such internal control which the Board of Management determines is necessary to enable the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

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

Auditor's Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 31 December 2019, its consolidated financial performance and consolidated cash flows for the year then ended in accordance with Vietnamese Accounting Standards, the Vietnamese Corporate Accounting System and applicable regulations on the preparation and presentation of consolidated financial statements.

Other Matter

The independent auditor's report is prepared in Vietnamese and English. Should there be any conflict between the Vietnamese and English copies, the Vietnamese copy shall take precedence.

For and on behalf of PwC (Vietnam) Limited



Mai Viet Hung Tran
Audit Practising Licence No.
0048-2018-006-1
Authorised signatory

Report reference number: HCM9180
Ho Chi Minh City, 27 March 2020



Tran Van Thang
Audit Practising Licence No.
3586-2017-006-1

CONSOLIDATED BALANCE SHEET

Code	ASSETS	Note	As at 31 December	
			2019 VND	2018 VND
100	CURRENT ASSETS		14,727,405,324,722	15,323,459,276,998
110	Cash and cash equivalents	3	800,791,418,362	552,833,230,980
111	Cash		116,191,418,362	149,333,230,980
112	Cash equivalents		684,600,000,000	403,500,000,000
120	Short-term investment		3,241,650,000,000	3,907,058,000,000
123	Investments held to maturity	4	3,241,650,000,000	3,907,058,000,000
130	Short-term receivables		8,797,679,575,624	9,053,952,559,022
131	Short-term trade accounts receivable	5	8,416,090,588,256	8,583,155,443,151
132	Short-term prepayments to suppliers	6	397,567,198,072	408,522,628,085
136	Other short-term receivables	7	198,529,552,115	272,136,385,866
137	Provision for doubtful debts – short-term	8	(214,507,762,819)	(209,861,898,080)
140	Inventory		1,626,319,466,015	1,443,523,976,605
141	Inventory	9	1,626,319,466,015	1,443,523,976,605
150	Other current assets		260,964,864,721	366,091,510,391
151	Short-term prepaid expenses	10(a)	3,456,235,463	3,715,158,612
152	Value Added Tax ("VAT") to be reclaimed		257,508,629,258	362,376,351,779

The notes on pages 10 to 48 are an integral part of these consolidated financial statements.


**CONSOLIDATED BALANCE SHEET
(continued)**


Code	ASSETS (continued)	Note	As at 31 December	
			2019 VND	2018 VND
200	LONG-TERM ASSETS		1,471,429,330,005	1,499,602,669,344
220	Fixed assets		704,482,424,910	743,708,162,486
221	Tangible fixed assets	11(a)	606,653,633,812	648,195,904,621
222	Historical cost		1,055,852,299,665	1,033,129,306,154
223	Accumulated depreciation		(449,198,665,853)	(384,933,401,533)
227	Intangible fixed assets	11(b)	97,828,791,098	95,512,257,865
228	Historical cost		118,687,800,078	111,780,039,500
229	Accumulated amortisation		(20,859,008,980)	(16,267,781,635)
230	Investment properties	12	49,603,357,264	52,358,883,694
231	Historical cost		69,677,550,622	69,677,550,622
232	Accumulated depreciation		(20,074,193,358)	(17,318,666,928)
240	Long-term assets in progress		161,115,839,300	1,005,828,500
241	Long-term work in progress	13	160,541,000,000	-
242	Construction in progress		574,839,300	1,005,828,500
250	Long-term investment		394,287,974,564	350,744,031,635
252	Investments in associates	14	394,287,974,564	350,744,031,635
260	Other long-term assets		161,939,733,967	351,785,763,029
261	Long-term prepaid expenses	10(b)	161,939,733,967	348,602,442,291
262	Deferred income tax assets	33	-	3,183,320,738
270	TOTAL ASSETS		16,198,834,654,727	16,823,061,946,342


The notes on pages 10 to 48 are an integral part of these consolidated financial statements.

CONSOLIDATED BALANCE SHEET
(continued)

Code	RESOURCES	Note	As at 31 December	
			2019 VND	2018 VND
300	LIABILITIES		7,729,313,976,168	8,860,568,747,448
310	Short-term liabilities		7,710,283,750,131	8,851,372,781,946
311	Short-term trade accounts payable	15	4,571,387,201,404	5,813,051,490,169
312	Short-term advances from customers	16	720,914,499,291	671,428,472,219
313	Tax and other payables to the State	17	87,849,950,894	164,994,438,949
315	Short-term accrued expenses	18	2,102,171,113,108	1,759,584,094,811
318	Short-term unearned revenue	19	54,781,130,228	5,135,013,358
319	Other short-term payables	20(a)	41,603,836,458	204,297,216,319
321	Provision for short-term liabilities	21(a)	65,205,053,085	75,606,055,937
322	Bonus and welfare fund	22	66,370,965,663	157,276,000,184
330	Long-term liabilities		19,030,226,037	9,195,965,502
337	Other long-term payables	20(b)	542,006,657	662,352,826
341	Deferred income tax liabilities	33	12,177,967,496	-
342	Provision for long-term liabilities	21(b)	6,310,251,884	8,533,612,676
400	OWNERS' EQUITY		8,469,520,678,559	7,962,493,198,894
410	Capital and reserves		8,469,520,678,559	7,962,493,198,894
411	Owners' capital	23, 24	792,550,000,000	783,550,000,000
411a	- Ordinary shares with voting rights	23, 24	792,550,000,000	783,550,000,000
412	Share premium	24	3,038,990,175,385	2,997,645,175,385
415	Treasury shares	24	(443,424,538,999)	(439,558,938,999)
418	Investment and development fund	24	3,998,330,960,122	3,016,565,960,122
421	Undistributed earnings	24	1,029,019,001,156	1,604,291,002,386
421a	- Undistributed earnings of the previous years	24	318,128,283,386	93,883,453,112
421b	- Post-tax profit of current year	24	710,890,717,770	1,510,407,549,274
429	Non-controlling interests	24	54,055,080,895	-
440	TOTAL RESOURCES		16,198,834,654,727	16,823,061,946,342



 Ha Thi Thuy Hang
 Preparer



 Vu Thi Hong Hanh
 Chief Accountant



 Nguyen Sy Cong
 General Director
 27 March 2020


CONSOLIDATED INCOME STATEMENT

Code	ITEMS	Note	For the year ended 31 December	
			2019 VND	2018 VND
01	Revenue from sales of goods and rendering of services		23,733,028,252,165	28,560,857,297,395
02	Less deductions		-	-
10	Net revenue from sales of goods and rendering of services	27	23,733,028,252,165	28,560,857,297,395
11	Cost of goods sold and services rendered	28	(22,684,921,110,980)	(26,727,845,024,426)
20	Gross profit from sales of goods and rendering of services		1,048,107,141,185	1,833,012,272,969
21	Financial income	29	263,864,493,550	321,096,425,107
22	Financial expenses		(9,346,944)	(256,508,001)
24	Share of profit of investments in associates	14	4,069,273,547	97,618,204,914
26	General and administration expenses	30	(458,979,143,450)	(505,217,213,266)
30	Net operating profit		857,052,417,888	1,746,253,181,723
31	Other income	31	41,825,059,246	141,186,784,790
32	Other expenses	31	(8,146,550,269)	(14,465,680,949)
40	Net other income		33,678,508,977	126,721,103,841
50	Net accounting profit before tax		890,730,926,865	1,872,974,285,564
51	Business income tax ("BIT") - current	32	(164,453,039,966)	(362,105,809,452)
52	BIT - deferred	32,33	(15,361,288,234)	(460,926,838)
60	Net profit after tax		710,916,598,665	1,510,407,549,274
61	Attributable to: Shareholders of the company		710,890,717,770	1,510,407,549,274
62	Non-controlling interests		25,880,895	-
70	Basic earnings per share	34	8,859	18,357
71	Diluted earnings per share	34	8,859	18,357


Ha Thi Thuy Hang
Preparer


Vu Thi Hong Hanh
Chief Accountant


Nguyen Sy Cong
General Director
27 March 2020

The notes on pages 10 to 48 are an integral part of these consolidated financial statements.

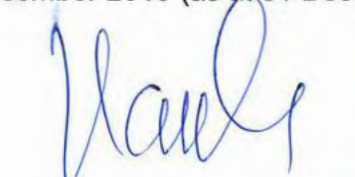
CONSOLIDATED CASH FLOW STATEMENT
(Indirect method)

		For the year ended 31 December	
Code ITEMS	Notes	2019 VND	2018 VND
CASH FLOWS FROM OPERATING ACTIVITIES			
01	Net accounting profit before tax	890,730,926,865	1,872,974,285,564
	Adjustments for:		
02	Depreciation and amortisation	108,513,963,904	93,961,932,263
03	Reversal of provisions	(6,825,375,905)	(2,334,235,286)
04	Unrealised foreign exchange (gains)/losses	(636,401,875)	177,561,364
05	Profits from investing activities	(273,887,773,585)	(420,738,017,892)
08	Operating profit before changes in working capital	717,895,339,404	1,544,041,526,013
09	Decrease/(increase) in receivables	311,858,953,486	(2,797,703,359,814)
10	(Increase)/decrease in inventories	(182,795,489,410)	430,287,773,421
11	(Decrease)/increase in payables	(997,251,807,534)	331,806,119,643
12	Decrease in prepaid expenses	186,921,631,473	55,321,720,026
15	BIT paid	(207,963,845,299)	(386,537,444,561)
17	Other payments on operating activities	(167,578,157,521)	(111,107,156,003)
20	Net cash outflows from operating activities	(338,913,375,401)	(933,890,821,275)
CASH FLOWS FROM INVESTING ACTIVITIES			
21	Purchases of fixed assets	(76,630,918,237)	(134,239,595,441)
22	Proceeds from disposals of fixed assets	9,545,855,152	17,589,916,354
23	Term deposits	(4,708,893,000,000)	(4,352,058,000,000)
24	Term deposits collections	5,374,301,000,000	5,163,527,000,000
25	Investments in associates	(163,516,404,212)	(40,590,000,000)
27	Dividends and interest received	334,358,499,651	366,917,856,522
30	Net cash inflows from investing activities	769,165,032,354	1,021,147,177,435
CASH FLOWS FROM FINANCING ACTIVITIES			
31	Proceeds from issuance of shares and sales of treasury shares	50,345,000,000	73,236,000,000
32	Payments for share repurchases	(3,865,600,000)	(437,817,478,999)
36	Dividends paid	(229,028,397,550)	(390,953,176,000)
40	Net cash outflows from financing activities	(182,548,997,550)	(755,534,654,999)
50	Net increase/(decrease) in cash and cash equivalents	247,702,659,403	(668,278,298,839)
60	Cash and cash equivalents at beginning of year	3	552,833,230,980
61	Effect of foreign exchange differences		1,221,114,590,570
		255,527,979	(3,060,751)
70	Cash and cash equivalents at end of year	3	800,791,418,362
			552,833,230,980

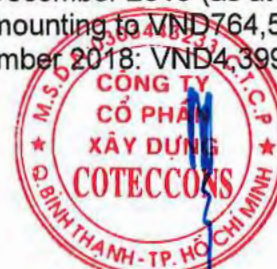
Major non-cash transactions during the year are mainly sales of fixed assets amounting to VND5,190,836,657 which have not been collected as at 31 December 2019 (as at 31 December 2018: VND1,690,909,091), and purchases of fixed assets amounting to VND764,507,000 which have not been paid as at 31 December 2019 (as at 31 December 2018: VND4,399,656,194).



Ha Thi Thuy Hang
Preparer



Vu Thi Hong Hanh
Chief Accountant



Nguyen Sy Cong
General Director
27 March 2020

The notes on pages 10 to 48 are an integral part of these consolidated financial statements.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019****1 GENERAL INFORMATION**

Coteccons Construction Joint Stock Company ("the Company") is a joint stock company established in SR Vietnam pursuant to Business Registration Certificate No. 4103002611 dated 24 August 2004 issued by the Department of Planning and Investment of Ho Chi Minh City, and subsequent amended Enterprise Registration Certificate No. 0303443233 dated 23 August 2010 and its latest 22nd amended Enterprise Registration Certificate dated 8 March 2019, approving for increase in its charter capital to VND792,550,000,000.

The Company's shares were listed in the Ho Chi Minh City Stock Exchange with trading code "CTD" in accordance with the Decision No. 155/QĐ-SGDHCM dated 9 December 2009 issued by the Ho Chi Minh City Stock Exchange.

The Group's principal activities of the Group are to provide design and construction services, equipment installation, interior decoration and office leasing, real estate and construction materials trade.

The normal business cycle of the Group is 12 months.

As at 31 December 2019, the Group had 2 direct subsidiaries which are Unicons Investment Construction Company Limited ("Unicons") and Covestcons Company Limited ("Covestcons"); and 1 indirect subsidiary is Phu Nhuan 168 Joint Stock Company ("Phu Nhuan 168") and 4 direct associates as presented in Note 14 and 2 indirect associates are Riland Investment Joint Stock Company ("Riland") and Quihub Industrial Development and Investment Joint Stock Company ("Quihub").

- (i) Unicons, a wholly owned subsidiary of the Company, is a one-member limited liability company established in Ho Chi Minh City pursuant to Business Registration Certificate No. 4103005020 dated 14 July 2006 issued by the Department of Planning and Investment of Ho Chi Minh City, subsequently changed to Enterprise Registration Certificate No. 0304472276 dated 22 June 2018. The principal activities are construction and equipment installation services.
- (ii) Covestcons, a wholly owned subsidiary of the Company, is a one-member limited liability company established in Ho Chi Minh City pursuant to Enterprise Registration Certificate No. 0314326002 dated 31 March 2017 issued by the Department of Planning and Investment of Ho Chi Minh City. The principal activities are engaged in real estate, owned, used and leased land use right business.
- (iii) Phu Nhuan 168, a subsidiary of Covestcons owned 69.98% of charter capital, is a joint stock company established in Ho Chi Minh City pursuant to Enterprise Registration Certificate No. 0315807693 dated 22 July 2019 issued by the Department of Planning and Investment of Ho Chi Minh City. The principal activities are engaged in real estate, owned, used and leased land use right business.
- (iv) Riland, a 98%-owned subsidiary of Ricons Construction Investment Joint Stock Company ("Ricons"), is a joint stock company established in Ho Chi Minh City pursuant to Enterprise Registration Certificate No. 0315066903 dated 23 May 2018 issued by the Department of Planning and Investment of Ho Chi Minh City. The principal activities are engaged in real estate, owned, used and leased land use right business and construction material trading.

1 GENERAL INFORMATION (continued)

- (v) Quihub, a 97%-owned subsidiary of Ricons, is a joint stock company established in Binh Dinh Province pursuant to Enterprise Registration Certificate No. 4101553128 dated 4 November 2019 issued by the Department of Planning and Investment of Binh Dinh Province. The principal activities are engaged in real estate, owned, used and leased land use right business.

As at 31 December 2019, the Group had 2,272 employees (as at 31 December 2018: 2,720 employees).

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation of consolidated financial statements

The consolidated financial statements have been prepared in accordance with Vietnamese Accounting Standards, the Vietnamese Corporate Accounting System and applicable regulations on preparation and presentation of consolidated financial statements. The consolidated financial statements have been prepared under the historical cost convention except for investments in associates, and business combinations as presented in Note 2.5.

The accompanying consolidated financial statements are not intended to present the consolidated financial position and consolidated results of operations and its consolidated cash flows in accordance with accounting principles and practices generally accepted in countries and jurisdictions other than Vietnam's. The accounting principles and practices utilised in Vietnam may differ from those generally accepted in countries and jurisdictions other than Vietnam's.

The consolidated financial statements in Vietnamese language are the official statutory consolidated financial statements of the Group. The consolidated financial statements in English language have been translated from the Vietnamese version.

2.2 Fiscal year

The Group's fiscal year is from 1 January to 31 December.

2.3 Currency

The consolidated financial statements are measured and presented in Vietnamese Dong ("VND"). The Company and its subsidiaries determine their accounting currencies based on the currencies which are mainly used in sales of goods and rendering of services, which have a significant impact on selling prices of goods and services, which are normally used to list selling prices and receive payments; which are mainly used in purchases of goods or services, which have a significant impact on costs of labor, materials and other production or operating costs and normally used as payments for those costs.

Additionally, the Company and its subsidiaries also use these currencies to raise financial resources (such as via issuance of shares or bonds) and/or regularly collect these currencies from business operations and savings.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**2.4 Exchange rates**

Transactions arising in foreign currencies are translated at exchange rates ruling at the transaction dates. Foreign exchange differences arising from these transactions are recognised in the consolidated income statement.

Monetary assets and liabilities denominated in foreign currencies at the consolidated balance sheet date are respectively translated at the buying and selling exchange rates at the consolidated balance sheet date of the commercial bank where the Group regularly trades. Foreign currencies deposited in bank at the consolidated balance sheet date are translated at the buying exchange rate of the commercial bank where the Group opens the foreign currency accounts. Foreign exchange differences arising from these translations are recognised in the consolidated income statement.

2.5 Basis of consolidation**Subsidiaries**

Subsidiaries are all entities over which the Group has the power to govern the financial and operating policies in order to gain future benefits from their activities generally accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

The purchase method of accounting is used to account for the acquisition of subsidiaries by the Group. The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any non-controlling interest. The excess of the cost of acquisition over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill. If the cost of acquisition is less than the fair value of the net assets of the subsidiary acquired, the difference is recognised directly in the consolidated income statement.

Inter-company transactions, balances and unrealised gains and losses on transactions between group companies are eliminated. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

The financial statements of the Group's subsidiaries are prepared for the same accounting period. If there are differences in end dates, the gap must not exceed 3 months. Adjustments are made to reflect impacts of significant transactions and events occurring between the end dates of the subsidiaries' accounting period and that of the Group's. The length of the reporting period and differences in reporting date must be consistent between periods.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**2.5 Basis of consolidation (continued)****Non-controlling transactions and interests**

The Group applies a policy for transactions with non-controlling interests as transactions with external parties to the Group.

Non-controlling interests ("NCI") are measured at their proportionate share of the acquiree's identifiable net assets at date of acquisition.

Associates

Associates are all entities over which the Group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting and are initially recognised at cost. The Group's investment in associates includes goodwill identified on acquisition, net of any accumulated impairment loss.

The Group's share of its associates' post-acquisition profits or losses is recognised in the consolidated income statement, and its share of post-acquisition movements in reserves is recognised in consolidated reserves. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. When the Group's share of losses in associates equals or exceeds its interest in associates, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associates.

Accounting policies of associates have been changed where necessary to ensure consistency with the policies adopted by the Group.

Unrealised gains and losses on transactions between the Group and its associates are eliminated to the extent of the Group's interest in the associates. Accounting policies of the associates have been changed where necessary to ensure consistency with the policies adopted by the Group.

2.6 Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, cash at bank and other short-term investments with an original maturity of three months or less.

2.7 Trade receivables

Receivables represent trade receivables from customers arising from sales of goods and rendering of services or non-trade receivables from others and are stated at cost. Provision for doubtful debts is made for each outstanding amount based on overdue days in payment according to the initial payment commitment (exclusive of the payment rescheduling between parties) or based on the expected loss that may arise. Bad debts are written off when identified.

Receivables are classified into long-term and short-term receivables on the consolidated balance sheet based on the remaining period from the consolidated balance sheet date to the maturity date.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**2.8 Inventories**

Construction works-in-progress are stated at the lower of cost and net realisable value. Cost comprises the original cost of purchase plus the cost of bringing the construction materials and construction costs to their present location and condition. Net realisable value is the estimated selling price in the normal course of business, less the estimated costs of completion and necessary estimated hand-over expenses.

2.9 Investments held-to-maturity

Investments held-to-maturity are investments which the Board of Management has a positive intention and ability to hold until maturity.

Investments held-to-maturity include term deposits, treasury bills, bonds, commercial bill, preference shares which the issuer is required to buy back in the future, lendings held to maturity for interest earning, and other investments held-to-maturity. Those investments are initially accounted for at cost. Subsequently, the Board of Management reviews all outstanding investments to determine the amount of provision to recognise at the year end.

Provision for diminution in value of investments held-to-maturity is made when there is evidence that the investment is uncollectible in whole or in part. Changes in the provision balance during the accounting fiscal year are recorded as an increase or decrease in financial expenses. A reversal, if any, is made only to the extent the investment is restored to its original cost.

2.10 Fixed assets*Tangible and intangible fixed assets*

Fixed assets are stated at historical cost less accumulated depreciation/amortisation. Historical cost includes expenditure that is directly attributable to the acquisition of the fixed assets bringing them to their suitable conditions for their intended use. Expenditure incurred subsequently which has resulted in an increase in the future economic benefits expected to be obtained from the use of fixed assets, can be capitalised as an additional historical cost. Otherwise, they are charged to the consolidated income statement when incurred.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**2.10 Fixed assets (continued)***Depreciation and amortisation*

Fixed assets are depreciated and amortised using the straight-line method so as to write off the historical cost of the fixed assets over their estimated useful lives as follows:

	Year
Buildings and structures	6 - 45
Machinery and equipment	3 - 10
Motor vehicles	6 - 8
Office equipment	3 - 5
Software	3
Others	5 - 6
Land use rights	45 - 49

Land use right with indefinite useful life is recorded at historical cost and is not amortised.

Disposals

Gains or losses on disposals are determined by comparing net disposal proceeds with the carrying amount of the fixed assets and are recognised as income or expense in the consolidated income statement.

2.11 Investment properties held for lease

The historical cost of an investment property represents the amount of cash or cash equivalents paid or the fair value of other consideration given to acquire the investment property at the time of its acquisition or completion of construction. Expenditure incurred subsequently which has resulted in an increase in the expected future economic benefits from the use of investment properties can be capitalised as an additional historical cost. Otherwise, they are charged to the consolidated income statement when incurred.

Depreciation

Investment properties held for lease are depreciated under the straight-line method to write off the historical cost of the assets over their estimated useful lives as follows:

	Year
Office buildings	30 - 45
Others	25

Disposals

Gains or losses on disposals are determined by comparing net disposal proceeds with the carrying amount of investment properties and are recognised as income or expense in the consolidated income statement.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**2.12 Leased assets**

Leases where a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases are charged to the consolidated income statement on a straight-line basis over the term of the lease.

2.13 Prepaid expenses

Prepaid expenses include short-term and long-term prepayments on the consolidated balance sheet. Prepaid expenses are recorded at historical cost and allocated on the straight-line basis over estimated useful lives.

2.14 Payables

Classifications of payables are based on their nature as follows:

- Trade accounts payable are trade payables arising from purchase of goods and services.
- Other payables are non-trade payables, and not relating to purchases of goods and services.

Payables are classified into long-term and short-term payables on the consolidated balance sheet based on remaining period from the consolidated balance sheet date to the maturity date.

2.15 Accrued expenses

Accrued expenses include liabilities for goods and services received in the period but not yet paid for due to pending invoice or insufficient records and documents. Accrued expenses are recorded as expenses in the reporting period.

2.16 Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation and the amount has been reliably estimated. Provision is not recognised for future operating losses.

Provisions are measured at the expenditures expected to be required to settle the obligation. If the time value of money is material, provision will be measured at the present value using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as a financial expense. Changes in the provision balance during the accounting fiscal year are recorded as an increase or decrease in operating expenses.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**2.17 Provision for severance allowances**

In accordance with Vietnamese labour laws, employees of the Group who have worked regularly for full 12 months or longer, are entitled to a severance allowance. The working period used for the calculation of severance allowance is the period during which the employee actually works for the Group less the period during which the employee participates in the unemployment insurance scheme in accordance with the labour regulations and the working period for which the employee has received severance allowance from the Group.

The severance allowance is accrued at the end of the reporting period on the basis that each employee is entitled to half of an average monthly salary for each working year. The average monthly salary used for calculating the severance allowance is the employee contract's average salary for the period prior to the consolidated balance sheet date.

This allowance will be paid as a lump sum when the employees terminate their labour contracts in accordance with current regulations.

2.18 Unearned revenue

Unearned revenue mainly comprises the amounts that customers paid in advance for one or many accounting periods for revenues corresponding to the value of goods, services. The Group records unearned revenue for the future obligations that the Group has to fulfill. Once recognition criteria have been satisfied, unearned revenue will be recognised as revenue in the income statement³ to the extent that it has met the recognition criteria.

2.19 Capital and reserves

Owners' capital is recorded according to the actual amounts contributed and is recorded according to the par value of the shares.

Share premium is the difference between the par value and the issue price of shares and the difference between the repurchase price and re-issuing price of treasury shares.

Treasury shares are shares issued by the Company and bought-back by itself, but these are not cancelled and may be re-issued subsequently in accordance with the Law on securities.

Undistributed earnings record the Group's consolidated results after business income tax at the reporting date.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**2.20 Appropriation of profit**

Profit after BIT could be distributed to shareholders after approval at the Annual General Meeting, and after appropriation to other funds in accordance with the Group's charter and Vietnamese regulations.

(a) Development and investment fund

Development and investment fund is appropriated from profit after BIT of the Group and subject to shareholders' approval at the Annual General Meeting of shareholders. The fund is set aside for the use in the Group's expansion of its operation or in-depth investments.

(b) Bonus and welfare fund

Bonus and welfare fund is appropriated from the Group's profit after BIT and subject to shareholders' approval at the Annual General Meeting of shareholders. This fund is presented as a liability on the consolidated balance sheet. The fund is set aside for the purpose of pecuniary rewarding and encouragement, common benefits and improvement of the employees' benefits.

(c) Dividend distribution

Dividend of the Company is recognised as a liability in the consolidated financial statements in the period in which the dividends are approved by the shareholders at the General Meeting of shareholders.

2.21 Revenue recognition**(a) Revenue from sale of goods**

Revenue from sale of goods is recognised in the consolidated income statement when all five (5) following conditions are satisfied:

- The Group has transferred to the buyer the significant risks and rewards of ownership of the goods;
- The Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- The amount of revenue can be measured reliably;
- It is probable that the economic benefits associated with the transaction will flow to the Group; and
- The costs incurred or to be incurred in respect of the transaction can be measured reliably.

No revenue is recognised if there are significant uncertainties regarding recovery of the consideration due or the possible return of goods.

Revenue is recognised in accordance with the "substance over form" principle and allocated to each sales obligation. In cases where the Group gives promotional goods to customers associated with their purchases, the Group allocates the total considerations received between goods sold and promotional goods. The cost of promotional goods is recognised as cost of sales in the consolidated income statement.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**2.21 Revenue recognition (continued)****(b) Revenue from rendering of services**

Revenue from rendering of services is recognised in the consolidated income statement when the services are rendered, by reference to completion of the specific transaction assessed on the basis of the actual service provided as a proportion of the total services to be provided. Revenue from rendering of services is only recognised when all four (4) following conditions are satisfied:

- The amount of revenue can be measured reliably;
- It is probable that the economic benefits associated with the transaction will flow to the Group;
- The percentage of completion of the transaction at the consolidated balance sheet date can be measured reliably; and
- The costs incurred for the transaction and the costs to complete the transaction can be measured reliably.

(c) Revenue from construction contracts

A construction contract is a contract specifically negotiated for the construction of an asset or a combination of assets that are closely interrelated or interdependent in terms of their design, technology and functions or their ultimate purpose of use.

When the outcome of a construction contract can be estimated reliably, revenue and costs are recognised by reference to the amount of work completed and certified by customers. Claimable receivable and other receivable are included in revenue to the extent that they have been agreed and verified by the customers.

When the outcome of a construction contract cannot be reliably estimated, contract revenue is recognised to the extent of contract costs incurred where it is probable those costs will be recoverable. Contract costs are only recognised when incurred during the year.

(d) Interest income

Interest income is recognised on an earned basis.

(e) Dividend income

Income from dividend is recognised when the Group has established the receiving right from investees.

2.22 Cost of goods sold and services rendered

Cost of goods sold and services rendered are cost of materials sold or services provided during the year, and recorded on the basis of matching with revenue and on prudent concept.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**2.23 General and administration expenses**

General and administration expenses represent expenses for administrative purposes which mainly include salary expenses of administrative staffs; social insurance, medical insurance, labour union fees, unemployment insurance of administrative staff, expenses of office materials, tools and supplies, depreciation of fixed assets used for administration, provision for doubtful debts, outside services and other expenses.

2.24 Current and deferred income tax

Income taxes include all income taxes which are based on taxable profits including profits generated from production and trading activities in other countries with which the Socialist Republic of Vietnam has not signed any double taxation agreement. Income tax expense comprises current tax expense and deferred tax expense.

Current income tax is the amount of income taxes payable or recoverable in respect of the current year taxable profits at the current year tax rates. Current and deferred tax should be recognised as an income or an expense and included in the profit or loss of the period, except to the extent that the tax arises from a transaction or event which is recognised, in the same or a different period, directly in equity.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. Deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of occurrence affects neither the accounting nor the taxable profit or loss. Deferred income tax is determined at the tax rates that are expected to apply to the financial year when the asset is realised or the liability is settled, based on tax rates that have been enacted or substantively enacted by the consolidated balance sheet date.

Deferred income tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

2.25 Related parties

Enterprises and individuals that directly, or indirectly through one or more intermediaries, control, or are controlled by, or are under common control with the Group, including holding companies, subsidiaries and fellow subsidiaries are related parties of the Group. Associates and individuals owning, directly or indirectly, an interest in the voting power of the Group that gives them significant influence over the Group, key management personnel, including directors of the Group and close members of the family of these individuals and companies associated with these individuals also constitute related parties.

In considering the related party relationship, the Group considers the substance of the relationship not merely the legal form.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**2.26 Segment reporting**

A segment is a component which can be separated by the Group engaged in providing products or services ("business segment"), or providing products or services within a particular economic environment ("geographical segment"). Each segment is subject to risks and returns that are different from those of other segments. A reportable segment is the Group's business segment.

Segment reporting is prepared and presented in accordance with accounting policies applied to the preparation and presentation of the Group's consolidated financial statements in order to help users of consolidated financial statements understand and evaluate the Group's operations in a comprehensive way.

2.27 Use of estimates

The preparation of consolidated financial statements in conformity with Vietnamese Accounting Standards, the Vietnamese Corporate Accounting System and applicable regulations on preparation and presentation of consolidated financial statements requires the Board of Management to make estimates and assumptions that affect the reported amounts of assets, liabilities and disclosures of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the financial year.

Such estimates and assumptions are continually evaluated. They are based on historical experience and other factors, including expectations of future events that may have a financial impact on the Company and that are believed to be reasonable under the circumstances.

3 CASH AND CASH EQUIVALENTS

	2019 VND	2018 VND
Cash on hand	1,985,476,702	829,504,253
Cash at bank	114,205,941,660	148,503,726,727
Cash equivalents (*)	684,600,000,000	403,500,000,000
	<u>800,791,418,362</u>	<u>552,833,230,980</u>

(*) Including term deposits with original maturity of less than 3 months, earning applicable interest rates.

4 INVESTMENTS HELD-TO-MATURITY

	2019		2018	
	Cost VND	Book value VND	Cost VND	Book value VND
Term deposits (i)	3,241,650,000,000	3,241,650,000,000	3,707,058,000,000	3,707,058,000,000
Bonds	-	-	200,000,000,000	200,000,000,000
	<u>3,241,650,000,000</u>	<u>3,241,650,000,000</u>	<u>3,907,058,000,000</u>	<u>3,907,058,000,000</u>

(i) Including term deposits with original maturity of more than 3 months and less than 12 months, earning applicable interest rates.

5 SHORT-TERM TRADE ACCOUNTS RECEIVABLE

	2019 VND	2018 VND
Third parties (*)	8,239,982,359,374	8,582,384,080,678
Related parties (Note 37(b))	176,108,228,882	771,362,473
	<u>8,416,090,588,256</u>	<u>8,583,155,443,151</u>

(*) As at 31 December 2019, details for customers accounting from 10% or more of the total balance of short-term trade accounts receivable – third parties are as follows:

	2019 VND	2018 VND
Hoi An South Development Limited	<u>1,052,674,643,124</u>	<u>46,657,905,845</u>

6 SHORT-TERM PREPAYMENTS TO SUPPLIERS

	2019 VND	2018 VND
Third parties	<u>397,567,198,072</u>	<u>408,522,628,085</u>

As at 31 December 2019, details for suppliers accounting from 10% or more of the total balance of short-term prepayments to suppliers are as follows:

	2019 VND	2018 VND
An Gia Real Estate Investment and Development Corporation	130,000,000,000	130,000,000,000
TTT Corporation	68.336.868.742	-
Bao Thach International Corporation	<u>45.520.372.208</u>	<u>-</u>

7 OTHER SHORT-TERM RECEIVABLES

	2019 VND	2018 VND
Interest receivable	143,191,829,835	191,758,223,203
Advances to construction teams and employees	19,678,975,560	54,822,089,532
Short-term deposits	33,114,069,591	23,465,571,821
Others	2,544,677,129	2,090,501,310
	<u>198,529,552,115</u>	<u>272,136,385,866</u>

8 PROVISION FOR DOUBTFUL DEBTS – SHORT-TERM

Movements of provision for doubtful debts – short-term during the year are as follows:

	2019 VND	2018 VND
Opening balance	209,861,898,080	209,861,898,080
Increase	4,645,864,739	-
Closing balance	<u>214,507,762,819</u>	<u>209,861,898,080</u>

9 INVENTORY

	2019 VND	2018 VND
Construction works in process	<u>1,626,319,466,015</u>	<u>1,443,523,976,605</u>

10 PREPAID EXPENSES**(a) Short-term**

	2019 VND	2018 VND
Office tools and equipment	3,456,235,463	2,264,893,751
Construction tools and equipment	-	1,450,264,861
	<u>3,456,235,463</u>	<u>3,715,158,612</u>

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10 PREPAID EXPENSES (continued)

(b) Long-term

	2019 VND	2018 VND
Construction tools and equipment	130,882,866,044	311,190,894,485
Operating leases and office tools and equipment	31,056,867,923	37,411,547,806
	<u>161,939,733,967</u>	<u>348,602,442,291</u>

Movements of long-term prepaid expenses during the year are as follows:

	2019 VND	2018 VND
Opening balance	348,602,442,291	397,566,418,597
Increase	77,095,873,506	173,115,059,891
Allocation and disposal	(263,758,581,830)	(222,079,036,197)
Closing balance	<u>161,939,733,967</u>	<u>348,602,442,291</u>

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11 FIXED ASSETS

(a) Tangible fixed assets

	Buildings and structures VND	Machineries and equipment VND	Motor vehicles VND	Office equipment VND	Others VND	Total VND
Historical cost						
As at 1 January 2019	229,123,237,453	729,958,612,062	39,275,238,504	31,722,501,844	3,049,716,291	1,033,129,306,154
New purchases	9,480,219,170	40,248,619,405	12,062,627,273	4,727,531,817	-	66,518,997,665
Disposals	-	(41,982,125,479)	(943,797,875)	(870,080,800)	-	(43,796,004,154)
As at 31 December 2019	238,603,456,623	728,225,105,988	50,394,067,902	35,579,952,861	3,049,716,291	1,055,852,299,665
Accumulated depreciation						
As at 1 January 2019	(71,901,077,746)	(261,040,951,286)	(26,393,308,581)	(22,548,347,629)	(3,049,716,291)	(384,933,401,533)
Charge for the year	(13,337,852,058)	(77,422,016,504)	(5,371,231,882)	(5,036,109,685)	-	(101,167,210,129)
Disposals	-	35,135,350,578	943,797,875	822,797,356	-	36,901,945,809
As at 31 December 2019	(85,238,929,804)	(303,327,617,212)	(30,820,742,588)	(26,761,659,958)	(3,049,716,291)	(449,198,665,853)
Net book value						
As at 1 January 2019	157,222,159,707	468,917,660,776	12,881,929,923	9,174,154,215	-	648,195,904,621
As at 31 December 2019	153,364,526,819	424,897,488,776	19,573,325,314	8,818,292,903	-	606,653,633,812

As at 31 December 2019, historical cost of fully depreciated tangible fixed assets but still in use was VND135,254,518,736 (as at 31 December 2018: VND152,776,936,179).

11 FIXED ASSETS (continued)**(b) Intangible fixed assets**

	Land use rights VND	Software VND	Total VND
Historical cost			
As at 1 January 2019	94,881,924,366	16,898,115,134	111,780,039,500
New purchases	-	5,331,880,578	5,331,880,578
Transfers from construction in progress	-	1,575,880,000	1,575,880,000
As at 31 December 2019	94,881,924,366	23,805,875,712	118,687,800,078
Accumulated amortisation			
As at 1 January 2019	(6,068,832,197)	(10,198,949,438)	(16,267,781,635)
Charge for the year	(611,035,860)	(3,980,191,485)	(4,591,227,345)
As at 31 December 2019	(6,679,868,057)	(14,179,140,923)	(20,859,008,980)
Net book value			
As at 1 January 2019	88,813,092,169	6,699,165,696	95,512,257,865
As at 31 December 2019	88,202,056,309	9,626,734,789	97,828,791,098

As at 31 December 2019, historical cost of fully amortised intangible fixed assets as at 31 December 2019 was VND8,820,466,435 (as at 31 December 2018 was VND5,920,076,435).

12 INVESTMENT PROPERTIES HELD FOR LEASE

	Office buildings VND	Others VND	Total VND
Historical cost			
As at 1 January 2019 and 31 December 2019	51,057,186,713	18,620,363,909	69,677,550,622
Accumulated depreciation			
As at 1 January 2019	(13,493,216,576)	(3,825,450,352)	(17,318,666,928)
Charge for the year	(2,010,711,858)	(744,814,572)	(2,755,526,430)
As at 31 December 2019	(15,503,928,434)	(4,570,264,924)	(20,074,193,358)
Net book value			
As at 1 January 2019	37,563,970,137	14,794,913,557	52,358,883,694
As at 31 December 2019	35,553,258,279	14,050,098,985	49,603,357,264

The income and expenses from renting investment properties during the year are as follows:

	2019 VND	2018 VND
Income from renting investment properties	11,983,510,668	11,903,425,626
Expenses regarding investment properties' renting	5,501,858,231	5,534,480,905

13 LONG-TERM WORK IN PROGRESS

As at 31 December 2019, the balance represents land use rights at Lot 54, Map 11 - BĐĐC, No. 168, Thich Quang Duc Street, Ward 4, Phu Nhuan District, Ho Chi Minh City with an area of 1,504.3 m² according to the land use right certificate dated 28 August 2013 issued by the People's Committee of Ho Chi Minh City. The Group plans to construct an office building on this land for sale and renting business purpose.

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14 INVESTMENTS IN ASSOCIATES

Company name	2019			2018		
	Percentage of ownership	Percentage of voting rights	Cost VND	Percentage of ownership	Percentage of voting rights	Cost VND
Ricons Construction Investment Joint Stock Company (i)	14.30	23.11	301,605,477,459	14.87	24.03	286,190,247,872
FCC Infrastructure Investment Joint Stock Company (ii)	42.36	42.36	90,000,220,565	35.00	35.00	61,933,245,486
Quang Trong Commercial Joint Stock Company (iii)	36.00	36.00	145,332,815	36.00	36.00	147,269,515
Hiteccons Investment Joint Stock Company (iv)	31.00	31.00	2,536,943,725	31.00	31.00	2,473,268,762
			<u>394,287,974,564</u>			<u>350,744,031,635</u>

- (i) Ricons Construction Investment Joint Stock Company, a joint stock company established in Ho Chi Minh City pursuant to Business Registration Certificate No. 4103002810 dated 27 October 2004 issued by the Department of Planning and Investment of Ho Chi Minh City, which was subsequently amended with the Enterprise Registration Certificate No. 0303527596 dated 9 June 2011. The principal activities are civil and industrial construction services, trading of construction materials and real estate.
- (ii) FCC Infrastructure Investment Joint Stock Company, a joint stock company established in Ha Noi City pursuant to Enterprise Registration Certificate No. 0106605407 dated 21 July 2014 issued by the Department of Planning and Investment of Ha Noi City. The principal activities are civil and industrial project constructions.
- (iii) Quang Trong Commercial Joint Stock Company, a joint stock company established in Ba Ria Vung Tau Province pursuant to Business Registration Certificate No. 4903000474 dated 18 December 2007 issued by the Department of Planning and Investment of Ba Ria Vung Tau Province, which was subsequently amended to Enterprise Registration Certificate No. 3500740022. The principal activities are real estate business and provision of project management services.
- (iv) Hiteccons Investment Joint Stock Company, a joint stock company established in Ha Noi City pursuant to Enterprise Registration Certificate No. 0108007089 dated 2 October 2017 issued by the Department of Planning and Investment of Ha Noi City. The principal activities are real estate business and constructions.

As at 31 December 2019, the Group was unable to determine its investments in associates' fair value as those investments are not listed on the stock exchange market, therefore, there was no available fair value information of those investments.

14 INVESTMENTS IN ASSOCIATES (continued)**VND****Cost of investments**

As at 1 January 2019	176,750,000,000
Capital contributions to associates	61,600,000,000
As at 31 December 2019	238,350,000,000

Accumulated profits shared after the acquisition

As at 1 January 2019	173,994,031,635
Share of profit of investments in associates	4,069,273,547
Dividend from an associate	(22,680,000,000)
Net unrealised profits during the year	554,669,382
As at 31 December 2019	155,937,974,564

Value

As at 1 January 2019	350,744,031,635
As at 31 December 2019	394,287,974,564

15 SHORT-TERM TRADE ACCOUNTS PAYABLE

	2019		2018	
	Book value VND	Able-to-pay amount VND	Book value VND	Able-to-pay amount VND
Third parties (*)	3,822,501,234,309	3,822,501,234,309	3,764,218,694,747	3,764,218,694,747
Related parties (Note 37(b))	748,885,967,095	748,885,967,095	2,048,832,795,422	2,048,832,795,422
	4,571,387,201,404	4,571,387,201,404	5,813,051,490,169	5,813,051,490,169

(*) As at 31 December 2019, there is no supplier accounting from 10% or more of the total balance of short-term trade accounts payable – third parties.

16 SHORT-TERM ADVANCES FROM CUSTOMERS

	2019 VND	2018 VND
Third parties (*)	720,914,499,291	655,423,317,361
Related parties (Note 37(b))	-	16,005,154,858
	<u>720,914,499,291</u>	<u>671,428,472,219</u>

(*) As at 31 December 2019, details for customers accounting from 10% or more of the total balance of short-term advances from customers – third parties are as follows:

	2019 VND	2018 VND
Phuong Nam 3A-2 Real Estate Trading Joint Stock Company	114,618,345,120	30,660,106,030
Nam Long Investment Joint Stock Company	81,985,535,472	6,149,022,000
Thai Son Investment Construction Joint Stock Company	<u>76,609,584,169</u>	<u>-</u>

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17 TAX AND OTHER PAYABLES TO THE STATE

	Opening balance VND	Payable during the year VND	Net-off during the year	Paid during the year VND	Closing balance VND
Business income tax	84,216,068,850	171,637,517,330	-	(207,963,845,299)	47,889,740,881
Personal income tax	40,704,357,798	147,370,082,522	-	(148,114,230,307)	39,960,210,013
Value added tax	40,074,012,301	2,333,746,561,260	(1,985,463,575,781)	(388,356,997,780)	-
Others	-	6,970,709,216	-	(6,970,709,216)	-
	<u>164,994,438,949</u>	<u>2,659,724,870,328</u>	<u>(1,985,463,575,781)</u>	<u>(751,405,782,602)</u>	<u>87,849,950,894</u>



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18 SHORT-TERM ACCRUED EXPENSES

	2019 VND	2018 VND
Construction costs	2,099,811,113,108	1,759,584,094,811
Others	2,360,000,000	-
	<u>2,102,171,113,108</u>	<u>1,759,584,094,811</u>

19 SHORT-TERM UNEARNED REVENUE

	2019 VND	2018 VND
Unearned revenue from constructions	<u>54,781,130,228</u>	<u>5,135,013,358</u>

20 OTHER PAYABLES**(a) Short-term**

	2019 VND	2018 VND
Payables to construction teams and employees	28,265,070,533	189,807,201,010
Allowance for the Board of Directors and Board of Supervision	600,000,000	8,062,530,000
Dividend payable	697,164,375	847,842,925
Others	12,041,601,550	5,579,642,384
	<u>41,603,836,458</u>	<u>204,297,216,319</u>

(b) Long-term

	2019 VND	2018 VND
Deposits	<u>542,006,657</u>	<u>662,352,826</u>

21 PROVISION FOR LIABILITIES**(a) Short-term**

	2019 VND	2018 VND
Provision for construction warranty	65,205,053,085	75,606,055,937

Movements of provision for construction warranty during the year are as follows:

	2019 VND	2018 VND
Opening balance	75,606,055,937	76,554,779,913
Increase	31,764,428,200	42,500,017,018
Reversal	(16,881,423,182)	(11,140,154,153)
Utilisation	(25,284,007,870)	(32,308,586,841)
Closing balance	65,205,053,085	75,606,055,937

(b) Long-term

	2019 VND	2018 VND
Provision for severance allowance	6,310,251,884	8,533,612,676

Movements of provision for severance allowance during the year are as follows:

	2019 VND	2018 VND
Opening balance	8,533,612,676	10,249,956,011
Reversal	(1,070,237,792)	(1,385,511,310)
Utilisation	(1,153,123,000)	(330,832,025)
Closing balance	6,310,251,884	8,533,612,676

22 BONUS AND WELFARE FUND

Movements of bonus and welfare fund during the year are as follows:

	2019 VND	2018 VND
Opening balance	157,276,000,184	169,473,324,162
Increase	75,520,000,000	98,579,000,000
Utilisation	(166,425,034,521)	(110,776,323,978)
Closing balance	<u>66,370,965,663</u>	<u>157,276,000,184</u>

23 OWNERS' CAPITAL**(a) Number of shares**

	2019 Ordinary shares	2018 Ordinary shares
Number of shares registered	<u>79,255,000</u>	<u>78,355,000</u>
Number of shares issued	79,255,000	78,355,000
Number of shares repurchased/resold	(2,962,427)	(2,876,127)
Number of existing shares in circulation	<u>76,292,573</u>	<u>75,478,873</u>

(b) Details of owners' shareholding

	2019		2018	
	Ordinary shares	%	Ordinary shares	%
Kustocem Pte Ltd.	13,906,666	18.23	13,906,666	18.42
Success Investment and Business One Member Limited Company	11,192,652	14.67	11,192,652	14.83
Others	51,193,255	67.10	50,379,555	66.75
	<u>76,292,573</u>	<u>100.00</u>	<u>75,478,873</u>	<u>100.00</u>

COTECCONS CONSTRUCTION JOINT STOCK COMPANY**Form B 09 – DN/HN****23 OWNERS' CAPITAL (continued)****(c) Movement of share capital**

	Number of shares
As at 1 January 2018	77,050,000
New shares issued	1,305,000
	<hr/>
As at 31 December 2018	78,355,000
New shares issued	900,000
	<hr/>
As at 31 December 2019	79,255,000
	<hr/>

Par value per share: VND10,000.



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24 MOVEMENTS IN OWNERS' EQUITY

	Owners' capital VND	Share premium VND	Treasury shares VND	Investment and development fund VND	Undistributed earnings VND	Non-controlling interests VND	Total VND
As at 1 January 2018	770,500,000,000	2,958,550,175,385	(22,832,460,000)	1,858,988,669,927	1,741,481,463,307	-	7,306,687,848,619
New shares issued	13,050,000,000	39,095,000,000	-	-	-	-	52,145,000,000
Net profit during the year	-	-	-	-	1,510,407,549,274	-	1,510,407,549,274
Sales of treasury shares	-	-	21,091,000,000	-	-	-	21,091,000,000
Shares repurchases	-	-	(437,817,478,999)	-	-	-	(437,817,478,999)
Appropriation to investment and development fund	-	-	-	1,157,577,290,195	(1,157,577,290,195)	-	-
Appropriation to bonus and welfare fund	-	-	-	-	(98,579,000,000)	-	(98,579,000,000)
Dividend declared	-	-	-	-	(391,441,720,000)	-	(391,441,720,000)
As at 31 December 2018	783,550,000,000	2,997,645,175,385	(439,558,938,999)	3,016,565,960,122	1,604,291,002,386	-	7,962,493,198,894
New shares issued (i)	9,000,000,000	41,345,000,000	-	-	-	-	50,345,000,000
Net profit during the year	-	-	-	-	710,890,717,770	25,880,895	710,916,598,665
Acquisition of a subsidiary	-	-	-	-	-	43,829,200,000	43,829,200,000
Capital contribution to a subsidiary	-	-	-	-	-	10,200,000,000	10,200,000,000
Shares repurchases	-	-	(3,865,600,000)	-	-	-	(3,865,600,000)
Appropriation to investment and development fund (ii)	-	-	-	981,765,000,000	(981,765,000,000)	-	-
Appropriation to bonus and welfare fund (ii)	-	-	-	-	(75,520,000,000)	-	(75,520,000,000)
Dividend declared (ii)	-	-	-	-	(228,877,719,000)	-	(228,877,719,000)
As at 31 December 2019	792,550,000,000	3,038,990,175,385	(443,424,538,999)	3,998,330,960,122	1,029,019,001,156	54,055,080,895	8,469,520,678,559

- (i) According to Resolution No. 01/2018/NQ-DHCB dated 2 June 2018, the General Meeting of shareholders approved the Employee Stock Ownership Plan ("ESOP") for the Company's employees with total ordinary shares of 900,000 shares at the issue price of VND56,000 per share.
- (ii) According to Resolution No. 01/2019/NQ-DHCB dated 9 April 2019, the General Meeting of shareholder approved the appropriation of the investment and development fund, bonus and welfare fund, and declared dividend from the 2018 post-tax undistributed earnings with the respective amounts of VND981,765,000,000, VND75,520,000,000 and VND228,877,719,000.

24 MOVEMENTS IN OWNERS' EQUITY (continued)**Utilisation of New Share Capital**

As at 31 December 2019, the Company has managed the remaining capital from the new share issuance during the period from 18 October 2016 to 16 November 2016 as follows:

No	Items	Amount VND
A	Total capital resulting from new share issuance	1,761,910,813,520
B	Issuance fee	17,619,108,135
C	Net capital resulting from new share issuance	1,744,291,705,385
D	Remaining capital as at 11 March 2017	1,744,291,705,385
	Utilised for	
1	Capital contribution to a newly established entity for business expansion purposes (*)	1,328,897,025,832
2	Purchases of machinery and equipment for business operation purposes	415,394,679,553
E	Accumulated capital expenditure from 11 March 2017 to 31 December 2019	1,744,291,705,385
F	Remaining capital as at 31 December 2019	-

(*) Capital contribution to a newly established entity during the year are as follows:

- The Company has made capital contributions to Covestcons Company Limited, a wholly owned subsidiary, with an amount of VND1,267,297,025,832 from the share issuance.
- The Company has made capital contribution with an amount of VND61,600,000,000 to FCC Infrastructure Investment Joint Stock Company, an associate.

25 DIVIDENDS

Movements of dividends payable during the year are as follows:

	2019 VND	2018 VND
Opening balance	847,842,925	359,298,925
Dividend declared	228,877,719,000	391,441,720,000
Dividends paid in cash	(229,028,397,550)	(390,953,176,000)
Closing balance	697,164,375	847,842,925

26 OFF CONSOLIDATED BALANCE SHEETS ITEMS**(a) Foreign currency**

As at 31 December 2019, included in cash and cash equivalents are balances held in foreign currency of USD 752,648.47 (as at 31 December 2018: USD1,128,534.26).

(b) Commitments under operating leases

As at 31 December 2019 and 31 December 2018, the future minimum lease receipts under non-cancellable operating leases were presented in Note 39(a)).

(c) Capital contribution commitments

As at 31 December 2019 and 31 December 2018, the Group had capital obligations which were presented in Note 39(b)).

27 NET REVENUE FROM SALES OF GOODS AND RENDERING OF SERVICES

	2019 VND	2018 VND
Net revenue from constructions (*)	23,619,283,888,092	28,526,690,225,430
Net revenue from investment property	11,983,510,668	11,903,425,626
Net revenue from leasing out construction equipment	5,699,361,534	7,888,773,343
Net revenue from sales of construction materials, tools and equipment	96,061,491,871	14,374,872,996
	<u>23,733,028,252,165</u>	<u>28,560,857,297,395</u>

(*) Net revenue from constructions are as follows:

	2019 VND	2018 VND
Net revenue from outstanding construction contracts recognised during the year	22,092,156,759,821	27,866,183,379,608
Net revenue from completed construction contracts recognised during the year	1,527,127,128,271	660,506,845,822
	<u>23,619,283,888,092</u>	<u>28,526,690,225,430</u>

	2019 VND	2018 VND
Net accumulated revenue from outstanding construction contracts up to end of this year	<u>67,155,159,766,955</u>	<u>54,137,132,918,522</u>

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28 COST OF GOODS SOLD AND SERVICES RENDERED

	2019 VND	2018 VND
Cost of construction contracts	22,586,608,633,250	26,707,460,016,608
Cost of investment property activities	5,501,858,231	5,534,480,905
Cost of construction equipment leased out	3,551,644,401	6,275,376,091
Cost of construction materials, tools and equipment sold	89,258,975,098	8,575,150,822
	<u>22,684,921,110,980</u>	<u>26,727,845,024,426</u>

29 FINANCIAL INCOME

	2019 VND	2018 VND
Interest income	254,817,694,365	320,894,817,797
Net gains from investment	8,294,411,918	-
Realised foreign exchange gains	115,985,392	171,866,664
Unrealised foreign exchange gains	636,401,875	29,740,646
	<u>263,864,493,550</u>	<u>321,096,425,107</u>

30 GENERAL AND ADMINISTRATION EXPENSES

	2019 VND	2018 VND
Salary expenses	324,052,057,490	344,573,390,651
Depreciation and amortisation	34,344,122,138	27,499,694,439
Reversal of provision for severance allowances	(1,070,237,792)	(1,385,511,310)
Provision for short-term doubtful debts	4,645,864,739	-
Outside service expenses	42,773,397,376	49,428,109,832
Other expenses	54,233,939,499	85,101,529,654
	<u>458,979,143,450</u>	<u>505,217,213,266</u>

31 OTHER INCOME AND OTHER EXPENSES

	2019 VND	2018 VND
Other income		
Reversal of provision for construction warranty	16,881,423,182	11,140,154,153
Reversal of over-accrued constructions costs	12,067,878,931	120,114,919,748
Net gains from disposal of fixed assets	6,151,724,373	3,285,957,391
Others	6,724,032,760	6,645,753,498
	<u>41,825,059,246</u>	<u>141,186,784,790</u>
Other expense		
Construction warranty expenses	8,146,550,269	14,438,531,365
Others	-	27,149,584
	<u>8,146,550,269</u>	<u>14,465,680,949</u>

32 BIT

The reconciliation of business income tax ("BIT") with the net accounting profit before tax using the applicable tax rate of 20% are as follows:

	2019 VND	2018 VND
Net accounting profit before tax	890,730,926,865	1,872,974,285,564
Tax calculated at a rate of 20%	178,146,185,373	374,594,857,113
Effect of:	-	-
Income not subject to tax	(813,854,709)	(19,523,640,983)
Non-deductible expenses	2,594,091,331	3,667,960,716
(Over)/under-provision in previous years	(112,093,795)	3,827,559,444
BIT charge	<u>179,814,328,200</u>	<u>362,566,736,290</u>
Charged to consolidated income statement:		
BIT – current	164,453,039,966	362,105,809,452
BIT – deferred	15,361,288,234	460,926,838
BIT charge	<u>179,814,328,200</u>	<u>362,566,736,290</u>

The BIT charge for the year is based on estimated taxable income and is subject to review and possible adjustments by the tax authorities.

33 DEFERRED INCOME TAX

Movements in the deferred income tax assets/(liabilities) during the year are as follows:

	2019 VND	2018 VND
Opening balance	3,183,320,738	3,644,247,576
Credit to the consolidated income statement	(15,361,288,234)	(460,926,838)
Closing balance	<u>(12,177,967,496)</u>	<u>3,183,320,738</u>

Details of deferred income tax are as follows:

	2019 VND	2018 VND
Provision for long-term investments	(13,997,620,725)	(76,576,360)
Taxable temporary differences	(6,801,121)	(6,801,121)
Deductible temporary differences	1,826,454,350	3,266,698,219
	<u>(12,177,967,496)</u>	<u>3,183,320,738</u>

Deductible temporary differences mainly comprise provision for severance allowance.

The Group uses tax rate of 20% for determining deferred income tax.

Deferred income tax are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

34 EARNINGS PER SHARE**(a) Basic earnings per share**

Basic earnings per share is calculated by dividing the net profit attributable to shareholders after deducting the bonus and welfare fund by the weighted average number of ordinary shares outstanding during the year, excluding ordinary shares repurchased by the Company and held as treasury shares. The details were as follows:

	2019	2018
Net profit attributable to shareholders (VND)	710,890,717,770	1,510,407,549,274
Less amount allocated to bonus and welfare fund (VND) (*)	(35,544,535,889)	(75,520,377,464)
	<u>675,346,181,881</u>	<u>1,434,887,171,810</u>
Weighted average number of ordinary shares in issue (shares)	76,232,012	78,167,792
Basic earnings per share (VND)	<u>8,859</u>	<u>18,357</u>

34 EARNINGS PER SHARE (continued)**(a) Basic earnings per share (continued)**

(*) Estimated amounts appropriated to bonus and welfare fund for the year 2019 are determined based on the 2019 profit distribution plan of the Group approved by shareholders at General Meeting of shareholders.

(b) Diluted earnings per share

Diluted earnings per share is calculated by dividing the net profit attributable to shareholders, which already subtracted the bonus and welfare fund, by the weighted average number of ordinary shares outstanding during the year and the ordinary shares expected to be issued.

During the year and up to the date of these consolidated financial statements, there is no potential ordinary shares. Potential ordinary shares shall be treated as dilutive when, and only when, their conversion to ordinary shares would decrease earnings per share or increase loss per share.

35 COSTS OF OPERATION BY FACTORS

Costs of operation by factor represent all costs incurred during the year, excluding cost of merchandises for trading activities. The details are as follows:

	2019 VND	2018 VND
Raw materials	6,570,708,886,147	7,094,996,010,251
Salary expenses	1,324,689,003,789	2,840,294,383,515
Tools and supplies	322,965,271,017	375,613,096,276
Depreciation and amortisation	108,513,963,904	93,969,492,263
Outside service expenses	14,625,860,046,650	16,046,325,576,984
Other expenses	284,699,597,235	351,575,904,982
	<u>23,237,436,768,742</u>	<u>26,802,774,464,271</u>

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36 SEGMENT REPORT

Business segment:

	2019				
	Construction services VND	Investment properties activities VND	Leasing out construction equipment VND	Selling construction materials, tools and equipment VND	Total VND
Net revenue from sales of goods and rendering of services	23,619,283,888,092	11,983,510,668	5,699,361,534	96,061,491,871	23,733,028,252,165
Cost of goods sold and services rendered	(22,586,608,633,250)	(5,501,858,231)	(3,551,644,401)	(89,258,975,098)	(22,684,921,110,980)
Gross profit from sales of goods and rendering of services	<u>1,032,675,254,842</u>	<u>6,481,652,437</u>	<u>2,147,717,133</u>	<u>6,802,516,773</u>	<u>1,048,107,141,185</u>
	2018				
	Construction services VND	Investment properties activities VND	Leasing out construction equipment VND	Selling construction materials, tools and equipment VND	Total VND
Net revenue from sales of goods and rendering of services	28,526,690,225,430	11,903,425,626	7,888,773,343	14,374,872,996	28,560,857,297,395
Cost of goods sold and services rendered	(26,707,460,016,608)	(5,534,480,905)	(6,275,376,091)	(8,575,150,822)	(26,727,845,024,426)
Gross profit from sales of goods and rendering of services	<u>1,819,230,208,822</u>	<u>6,368,944,721</u>	<u>1,613,397,252</u>	<u>5,799,722,174</u>	<u>1,833,012,272,969</u>

Geographical segment

The Group's business activities are engaged in Vietnam only. Therefore, the Group did not present geographical segment.

37 RELATED PARTY DISCLOSURES

The Company is a joint stock company. Details of the shareholders are presented in Note 23.

(a) Related party transactions

During the year, the following transactions are carried out with related parties:

	2019 VND	2018 VND
<i>i) Sales of goods and rendering of services</i>		
Ricons Construction Investment Joint Stock Company	335,687,193,182	75,806,841,033
<i>ii) Purchases of goods and services</i>		
Ricons Construction Investment Joint Stock Company	1,332,912,181,478	4,033,847,895,182
Riland Investment Joint Stock Company	459,551,718,277	-
<i>iii) Dividend received</i>		
Ricons Construction Investment Joint Stock Company	22,680,000,000	13,608,000,000
<i>iv) Capital contribution to associates</i>		
FCC Infrastructure Investment Joint Stock Company	61,600,000,000	-
Ricons Construction Investment Joint Stock Company	-	37,800,000,000
Hiteccons Investment Joint Stock Company	-	2,790,000,000
<i>v) Remuneration of the Board of Directors, Board of Supervision and salaries, bonus of Board of Management</i>	47,400,067,413	46,401,475,416

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37 RELATED PARTY DISCLOSURES (continued)

(b) Year end balances with related parties

	2019 VND	2018 VND
Short-term trade accounts receivable (Note 5)		
Ricons Construction Investment Joint Stock Company	176,108,228,882	771,362,473
Short-term trade accounts payable (Note 15)		
Ricons Construction Investment Joint Stock Company	594,123,185,007	2,048,832,795,422
Riland Investment Joint Stock Company	154,762,782,088	-
	748,885,967,095	2,048,832,795,422
Short-term advances from customers (Note 16)		
Ricons Construction Investment Joint Stock Company	-	16,005,154,858

38 BUSINESS COMBINATION

As at 24 August 2019, Covestcons Company Limited, a subsidiary of the Company, acquired 69.98% of shares in Phu Nhuan 168 Joint Stock Company with a consideration of VND102,170,800,000.

This business combination impacts to the net assets of the Group at the acquisition date are as follows:

Fair value as at 24 August 2019
VND

Assets	160,845,100,000
Cash	254,395,788
Land use right	160,541,000,000
Other assets	49,704,212
Liabilities	14,845,100,000
Total identifiable net assets	146,000,000,000
Non-controlling interests	(43,829,200,000)
Consideration transfered	102,170,800,000
Cash acquired	(254,395,788)
Net cash out flows	101,916,404,212

39 COMMITMENTS**(a) Commitments under operating lease**

The Group has been leasing out Coteccons building in accordance with operating lease contract. The future minimum receivables under non-cancellable lease contracts are as follows:

	2019 VND	2018 VND
Within 1 year	9,098,747,924	5,744,036,100
From 1 to 5 years	32,788,984,563	6,642,765,000
	<u>41,887,732,487</u>	<u>12,386,801,100</u>

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39 COMMITMENTS (continued)

(b) Capital contribution commitments

The Group had the capital contribution obligations as follows:

As at 31 December 2019 and 31 December 2018					
Investee name	Charter capital	Committed amount		Contributed amount	To be contributed
	VND	VND	%	VND	VND
Hiteccons Investment Joint Stock Company	300,000,000,000	93,000,000,000	31	2,790,000,000	90,210,000,000
Nguyen Kim – Cong Truong Quoc Te Company Limited	100,000,000,000	50,000,000,000	50	-	50,000,000,000
	<u>400,000,000,000</u>	<u>143,000,000,000</u>		<u>2,790,000,000</u>	<u>140,210,000,000</u>



39 COMMITMENTS (continued)**(c) Other commitments**

As at 31 December 2019, the Group had outstanding guarantees with the banks with total amount of VND5,671,532,491,240.

The consolidated financial statements were approved by the Board of Management on 27 March 2020.



Ha Thi Thuy Hang
Preparer



Vu Thi Hong Hanh
Chief Accountant



Nguyen Sy Cong
General Director